

# Bulletin

TO: Freddie Mac Sellers

July 3, 2024 | 2024-9

## SUBJECT: SELLING UPDATES

This Guide Bulletin announces:

- **Rental income**
  - Greater specificity related to the eligibility of [rental income](#)
- **Condominium and Cooperative Projects**
  - Project eligibility updates allowing all [residential projects](#) (Condominium Projects, Cooperative Projects and Planned Unit Developments (PUDs)) to share Amenities
- **Quality control**
  - An update related to documentation considered during [quality control review](#)

## EFFECTIVE DATE

All of the changes announced in this Bulletin are effective immediately.

## RENTAL INCOME

We have updated our rental income requirements to provide additional flexibility as follows:

Source of rental income	Requirement update
Subject Investment Property (purchase transaction)	<ul style="list-style-type: none"> <li>• Permitting use of rental income to qualify when the Borrower <b>rents</b> their Primary Residence, provided the rental payment is documented. Previously, rental income could be used to qualify only when the Borrower owned their Primary Residence.</li> <li>• Permitting an exception to the requirement that the Borrower must rent or own their Primary Residence (i.e., be on the Mortgage or the lease) to apply to <b>at least one Borrower</b> when multiple Borrowers share their Primary Residence. Previously, all Borrowers on the subject transaction were required to own their Primary Residence, regardless of whether they resided together.</li> </ul>
Subject Investment Property (purchase transaction) and Primary Residence being converted to an Investment Property	Permitting the full amount of net rental income to be used to qualify as long as <b>at least one Borrower</b> has a minimum of one year of investment property management experience. Previously, all Borrowers were required to have the one-year investment property management experience.



Source of rental income	Requirement update
Property owned as a rental property during the entire prior calendar year	<p>Permitting the following exception to the requirement to annualize (i.e., divide by 12) the net income or loss reported on Schedule E; the qualifying income may be established based on <b>the number of days in service on</b> Schedule E, provided that:</p> <ul style="list-style-type: none"> <li>• The property was out of service for any time period during the prior year, and</li> <li>• The Mortgage file contains documentation of an event such as a renovation, as supported by a reduced number of days in use and repair costs on Schedule E</li> </ul>
Property purchased or converted to a rental property later in the prior calendar year	<ul style="list-style-type: none"> <li>• Permitting for the income used for qualifying to be based on <b>the number of months after the purchase or conversion date</b>. Previously, the net income or loss reported on Schedule E was required to be annualized.</li> <li>• Permitting the following exception to the above requirement: the qualifying income may be established based on <b>the number of days in service on</b> Schedule E, provided that: <ul style="list-style-type: none"> <li>➤ The property was out of service for a period of time after the purchase or conversion, and</li> <li>➤ The Mortgage file contains a documentation of an event such as a renovation, as supported by a reduced number of days in use and repair costs on Schedule E</li> </ul> </li> </ul>

In addition, we have made language updates for the purpose of added specificity without a change in intent of the Guide requirements.

Guide impacts: Sections 5306.1 and 5306.4

## CONDOMINIUM AND COOPERATIVE PROJECT OWNERSHIP OF COMMON ELEMENTS

We have updated our project eligibility requirements to allow Condominium Projects and Cooperative Projects to share Amenities with other residential projects. Previously, a Cooperative Project was not permitted to share Amenities with a Condominium Project or a Planned Unit Development (PUD). Residential projects include residential Condominium Projects, Cooperative Projects and PUDs.

Guide impacts: Sections 5701.3 and 5705.3

## QUALITY CONTROL

A minor wording change is being made to Section 3401.1 to better reflect our intentions regarding documentation provided to Freddie Mac's Quality Control for review.

Guide impact: Section 3401.1

## GUIDE UPDATES SPREADSHEET

For a detailed list of the Guide updates associated with this Bulletin and the topics with which they correspond, access the Bulletin 2024-9 (Selling) Guide Updates Spreadsheet via the Download drop-down available at <https://guide.freddiemac.com/app/guide/bulletin/2024-9>.



## CONCLUSION

If you have any questions about the changes announced in this Bulletin, please contact your Freddie Mac representative or call the Customer Support Contact Center at 800-FREDDIE.

Sincerely,

A handwritten signature in black ink, appearing to read 'K. Kauffman', located below the 'Sincerely,' text.

Kevin Kauffman

Senior Vice President, Single-Family Seller Engagement