



Bulletin 17-14

Updates to Freddie Mac Program

HomeBridge is updating our Freddie Mac guidelines to align with changes announced by Freddie Mac in Bulletin 2016-19 issued October 27, 2016 and Bulletin 2016-23 issued December 15, 2016.

The highlights below are not all inclusive of Freddie Mac's update; to read the Freddie Mac updates in their entirety click here [Bulletin 2016-19](#) and [Bulletin 2016-23](#).

Highlights of the Updates

- All lease payments, regardless of the number of payments remaining, must be included in the borrower's DTI calculation (excluding lease payments for solar panels). Previously only car lease payments were included

- **Income Topic**

The topic was updated to include the following:

- Tax return requirements will now be determined by the number of years the business has been operating:
 - **Business Operating 5 or More Years:** 1-year business and personal tax returns required
 - **Business Operating < 5 Years:** 2-years' business and personal tax returns required
- A chart was added to identify the documentation requirements based on the business structure and length of years the business has been in operation
- The chart for social security income was updated to reflect Freddie Mac's updated requirements and to include income types other than just social security (e.g. private disability payments, VA disability and/or survivor benefits)

- **Assets Topic**

The topic was updated to include:

- Reminder that all funds used to qualify the borrower, including but not limited to funds for down payment, closing costs, and reserves, must be verified to ensure they came from eligible sources
- Eligibility and documentation requirements for funds received as a wedding gift
- Proceeds from the refinance of a property currently owned by the borrower (including 1031 exchange) are eligible for down payment and closing costs (previously only addressed when proceeds were from the sale of a property)

Assets Topic (cont.)

- Funds received from disaster relief, lottery winnings, court-ordered settlements are eligible as long as the source is not an interested party to the transaction
- Real estate commissions earned by a borrower who is a licensed real estate agent
- Updated requirements for funds from outside the United States needed for closing
- Requirements for bank statements, including computer-generated statements, used for documenting assets

- **Contingent Liabilities Topic**

The topic for when business debt does not need to be considered was updated to add tax return requirements

- **Employment – General Requirements Topic**

The topic was updated for self-employed borrowers with a 12-24 month history to include additional eligibility requirements and that review of the borrower's YTD financial statement will be required

- **Employment History Topic**

The topic was updated to include requirements for:

- Borrowers re-entering the workforce, and
- Borrowers with gaps in employment > 30 days.

Loans utilizing current guidelines that are less restrictive must disburse no later than June 30, 2017; the more restrictive of the Freddie Mac updates will apply to loans disbursing on or after July 1, 2017.

The HomeBridge Freddie Mac guidelines have been updated with the above information and posted on the HomeBridge website at www.HomeBridgeWholesale.com.

If you have any questions, please contact your Account Executive