

Bulletin 19-12

Fannie Mae and Freddie Mac Update to Commission Income, Unreimbursed Business Expenses, and Auto Allowances

Fannie Mae and Freddie Mac both announced updates to their requirements for commission income the treatment of unreimbursed business expenses and automobile allowance in Fannie Mae Announcement [2018-09](#) issued December 4, 2018 and Freddie Mac Bulletin [2019-4](#) issued February 6, 2019.

Commission Income

Fannie Mae and Freddie Mac will no longer treat commission differently based on percentage received (currently requirements based on whether the commission income is < 25% of the borrower's total annual income or ≥ 25%).

When the borrower receives commission income, regardless of the percentage, only the borrower's current paystub and the most recent 2-years W-2s will be required. There is **no change** to history of receipt requirements

Unreimbursed Business Expenses

Unreimbursed business expenses will no longer be required to be subtracted from the gross commission income and IRS Form 2106 Employee Business Expenses will not be required.

Automobile Allowance

The full amount of any automobile allowance received by the borrower may now be included as income. There is no change to the requirement to include the lease or loan payment in the DTI calculation.

DU and LPA messaging will be updated in the near future with these changes

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

If you have any questions, please contact your Account Executive.