

**BULLETIN #2015-17**

**TO:** Distribution

**DATE:**

June 10, 2015

**RE:** Freddie Mac Updates to Certain Income Requirements and Guidance, Update to Texas Disaster Areas

**EFFECTIVE DATE:**

As indicated below

**FREDDIE MAC GUIDANCE: STABLE MONTHLY INCOME QUALIFICATION SOURCES**

**Summary: Effective for Mortgages on or after July 20, 2015** Freddie Mac is updating certain income requirements and guidance. The updates for **stable monthly income qualification sources** include, but are not limited to, the following:

***Retirement account distributions as qualifying income***

- Due to a number of variables, retirement account distributions may consist of fixed or fluctuating income amounts. Therefore, one defined history of receipt requirement is not appropriate or provided; however, a list of factors that may be used to make a determination of the length of a reasonable history of receipt, ranging from zero up to 24 months, will be summarized in Freddie Mac Selling Guide Section 37.13.

***Income qualification sources and documentation for certain income types***

- Updates are being made to a number of income types such as Retirement income, Long-term disability income, Survivor and dependent benefit income, and Social Security Supplemental Security Income (SSI).
- The updates include, but are not limited to:
  - Eliminating the requirement that the Lender document the Borrower's receipt of the income for the most recent two months, provided the source, pre-determined payment amount, payment frequency and current receipt are verified
  - Award letters and benefit verification letters are viable sources of information and at times can provide all or the majority of the information required for certain income types; therefore, we are specifying that these sources may be used to verify current receipt, provided they meet the age of documentation requirements. However, if the documentation is being used solely to verify income source, type, payment frequency and amount, it does not have to meet the age of documentation requirements.
  - Updating the age of documentation requirements to specifically mention current receipt of income. Income types that reference current receipt are retirement income, retirement account distributions as income, long-term disability, survivor and dependent benefits, SSI and public assistance
  - For newly established income sources, we are allowing the Lender to use qualifying income that becomes effective after the Note Date, but prior to the first Mortgage payment due date, as documented on the benefit verification letter, notice of award letter or other equivalent documentation from the payor.

***Income continuance requirements***

- Freddie Mac is updating the income documentation requirements to better distinguish between income types where the continuance of the income is always defined and documentable and those income types for which the continuance may or may not be defined and/or documentable. These updates include, but are not limited to, the following:
  - Revising requirements to state "must continue" instead of "must be likely to continue" for income for which continuance is always defined and documentable (e.g., mortgage differential, notes receivable)
  - Removing income continuance documentation requirements for income types that do not always have defined and/or documentable continuance (i.e., tips, overtime, tax-exempt)

**Effective Date:**

Loan Prospector feedback messages will be updated July 19, 2015 to support these updates. Loans with clear LP feedback messaging pertaining to these updates are eligible for purchase under the new guidance beginning July 20<sup>th</sup>, 2015.

**Reference:**

- Freddie Mac Bulletin 2015-07: <http://www.freddiemac.com/singlefamily/guide/bulletins/pdf/bll1507.pdf>
- LP Doc Matrix: <http://www.freddiemac.com/learn/pdfs/uw/docmatrix.pdf>

**TEXAS DISASTER AREAS UPDATE**

The federal disaster declaration has been expanded to include Individual Assistance to more counties as a result of the severe storms, tornadoes, straight-line winds and flooding that began May 4, according to the Texas Division of Emergency Management (TDEM) and the Federal Emergency Management Agency (FEMA).

The initial three counties—Harris, Hays and Van Zandt—were previously designated for assistance under the federal disaster declaration of May 29. New counties are noted below with an asterisk.

Texas					
Bastrop*	Blanco*	Caldwell*	Deaf Smith*	Denton*	Eastland*
Fort Bend*	Gaines*	Guadalupe*	Harris	Hays	Henderson*
Hidalgo*	Johnson*	Milam*	Montague*	Navarro*	Rusk*
Smith*	Travis*	Van Zandt	Wichita*	Williamson*	Wise*

Note: Deaf Smith County is listed as a county eligible for individual assistance on the FEMA website; Smith County is highlighted on FEMA's individual assistance map. Both Deaf Smith & Smith Counties will be included in CMG's list code at this time.

**Effective Date: Immediately**

**Reference:**

- FEMA Disasters: [www.fema.gov/disasters](http://www.fema.gov/disasters)
- FEMA Texas: <http://www.fema.gov/disaster/4223>
- [CMG Disaster Policy](#)

***Please contact your Correspondent Regional Manager or  
your Correspondent Liaison with any questions.***

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