

What's New

A summary of recent and upcoming changes:

Updates	
<p>Freddie Mac Rental Income Updates</p>	<p>The Freddie Mac updates to rental income requirements announced in Freddie Mac Bulletin 2018-19, are effective for Settlement Dates on and after March 1, 2019. The updates include expanded requirements to ensure reasonable expectations of the continuance of rental income in an effort to support sustainable homeownership.</p> <p>Key Updated Rental Income Requirements</p> <ul style="list-style-type: none"> • Borrowers must own a primary residence to use rental income to qualify when purchasing a new rental property; and • Whether purchasing a new rental property or converting a primary residence to a rental property, if the borrower does not have a minimum of one-year investment property management experience: <ul style="list-style-type: none"> ○ the rental income can only offset the principal, interest, taxes and insurance (PITI) of the rental property; and ○ Rental income exceeding the PITI cannot be added to the Borrower's gross monthly income to qualify. • Only the borrower's most recent federal income tax return will be required (instead of the most recent two years' as previously required) <ul style="list-style-type: none"> ○ Rental income must be annualized unless the mortgage file documents that the property was renovated or purchased late in the prior calendar year)
<p>2018 W-2 and Tax Return Requirements</p>	<p>W-2 Income: All loans submitted for initial underwrite on or after 2/19/2019, must contain the 2018 W-2, when the most recent W-2 is required.</p> <p>Federal Tax Returns: Files closed after 4/15/2019 must contain 2018 tax returns (when required for loan approval) or a copy of IRS Form 4868 (Application for Automatic Extension):</p> <ul style="list-style-type: none"> • For self-prepared tax returns, evidence of an e-file or tax returns that have been officially stamped by the IRS, are acceptable. • For 2018 tax returns that have not been filed on/before 4/15/2019, a copy of the filing extension is required to use 2017 tax returns. <p>IRS Transcripts: If the processed 4506-T shows no record of the 2018 1040s, a letter from the CPA stating the returns were professionally prepared, filed, and accurate to the best of their knowledge, is required to use the tax returns for income calculation purposes.</p>



	Note: Please review the Tax Transcripts/4506-T Policy for additional guidance.
Equity Access Program Update	<p>The Equity Access Program Matrix has been updated with the following changes:</p> <ul style="list-style-type: none"> • Margin updates • Guidance for excluding business debt • Added non occupant co-borrower as eligible
Trust Policy	loanDepot Wholesale has published a new, expanded Trust Policy that includes new/additional information. This new policy replaces the prior Living Trust policy.

