

**BULLETIN 19MAR14**

**SUBJECT: Freddie Mac Updates**

**March 14, 2019**

## **Freddie Mac Important Updates!**

### **Self-Employed Borrowers – Effective Date: Immediately.**

#### **Current Guideline:**

Only one year of business and personal tax returns are required when the business has been in existence for five or more years.

#### **Change:**

Specific clarification that the Borrower must be self-employed (i.e., have an ownership interest of 25% or more) in the same business for at least five years to take advantage of this flexibility. \*\*Document with articles of incorporation or a CPA letter, the letter will need to confirm the % of ownership and the length of time. Only required when the one year of tax returns is being used to qualify vs 2 years.

### **Alimony or Maintenance Payments - Effective Date: Loans Closing on or after 7/6/19.**

#### **Current Guideline:**

Alimony or Maintenance Payment Debts are entered into the liability section of the 1003 and calculated into the debt to income.

#### **Change:**

The obligation must now be entered as a reduction to the income in the income section of the 1003 under Alimony/Child Support. \*\*This must be listed as a negative number.

Reminder: Alimony and Maintenance Payments are treated as an installment loan, 10 payments or less do not have to be a reduction in income or a liability.

Note: Child Support will continue to be entered as a liability, and not as a reduction to the income.

#### **Complete Freddie Mac Bulletin can be located at:**

<http://www.freddiemac.com/singlefamily/guide/bulletins/pdf/bll1905.pdf>

Thank you,

Operations Group

**Towne Family of Companies**