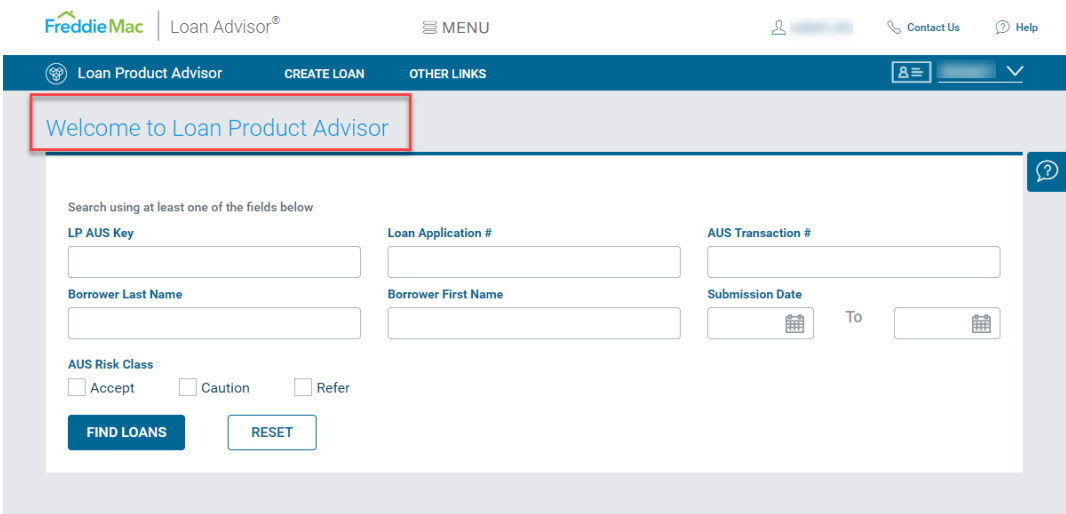
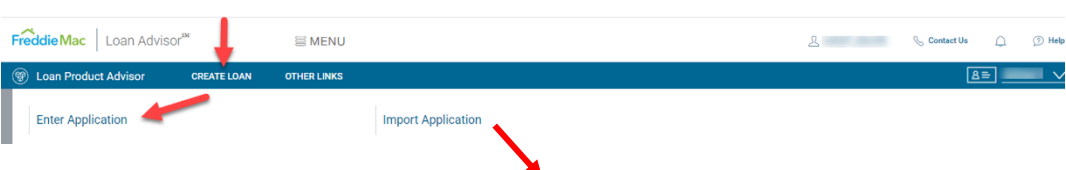


# How to Enter Rental Income for a Non-Subject Investment Property

Rental income may be used in qualifying the borrower(s) provided the requirements of Guide Chapter 5306 and the documentation requirements contained in Guide Sections 5102.3 and 5102.4 and Chapter 5302 are met.

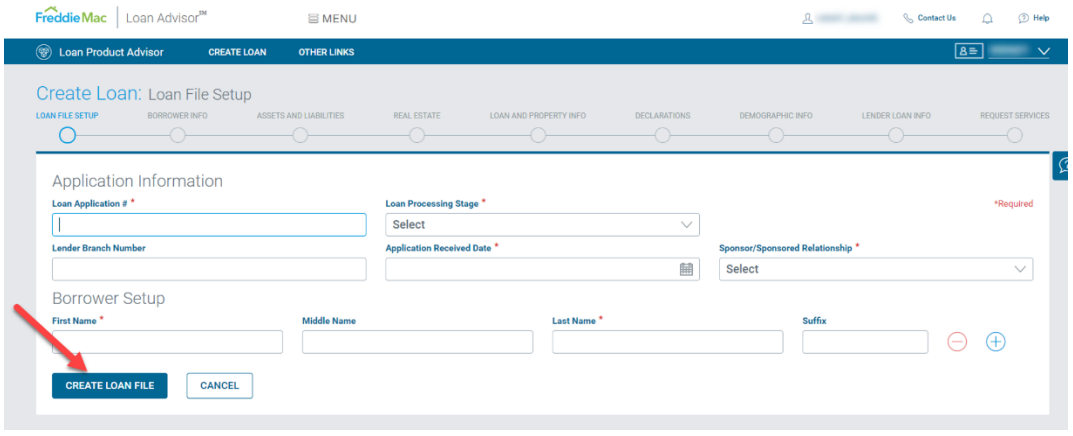
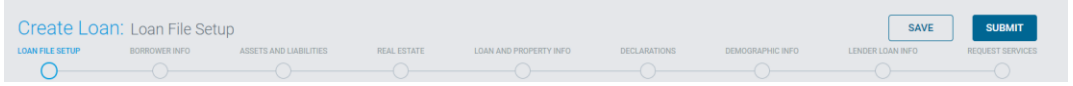
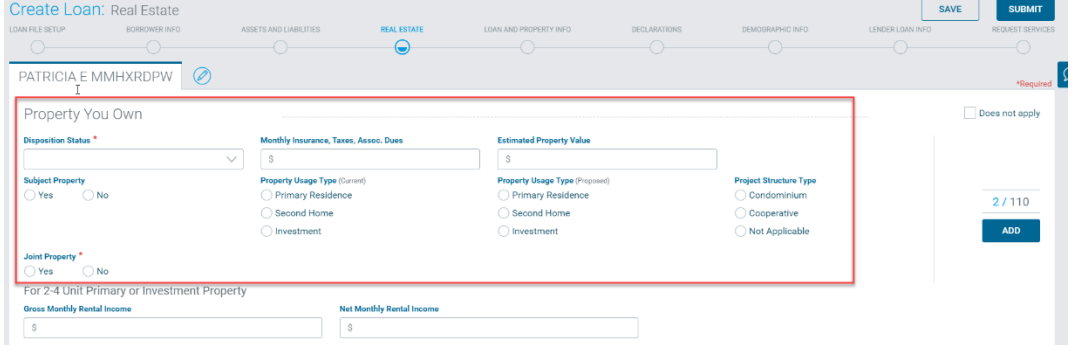
This document is for entering rental income generated from a **non**-subject investment property owned by the borrower (aka: Other Real Estate Owned (REO)) through Loan Product Advisor® (LPA<sup>SM</sup>).

Note: For rental income generated from a subject investment property refer to [How to Enter Rental Income for a Subject Investment Property](#) resource.

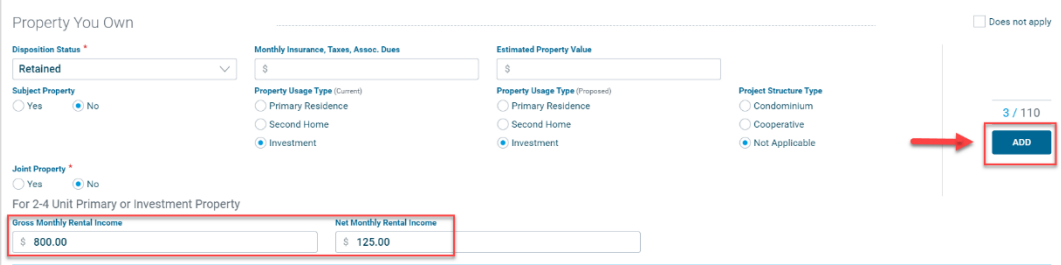
Steps	Results
1. After logging in to Loan Product Advisor, the Loan Product Advisor Welcome Page displays.	
2. Click on Create Loan and select Enter Application.	 <p>Note: You have the option to select "Import Application" to import the loan data into Loan Product Advisor.</p>

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Steps	Results
<p>3. Enter the loan information on the Loan File Setup metro stop and then select Create Loan File.</p>	
<p>4. Complete all the required fields as you navigate through each metro stop.</p>	 <p>Tip: If you selected "Import Application" take the opportunity to review each metro stop for data accuracy.</p>
<p>5. Navigate to the Real Estate metro stop to complete the "Property You Own" fields.</p>	 <div data-bbox="488 1312 1555 1722" style="background-color: #004a7c; color: white; padding: 10px;"> <p><b>Notes:</b></p> <ul style="list-style-type: none"> <li>• <b>Disposition Status</b> selections: Pending Sale, Retained, Sold. <b>Select, "Retained"</b></li> <li>• <b>Monthly, Insurance, Taxes, Assoc Dues:</b> When the application indicates the property is retained, the total monthly debt must include taxes, insurance, and HOA, Condo or Cooperative Corporation fees, as applicable, refer to Guide Section <a href="#">5401.1</a>. To avoid double counting a liability amount, include <b>only the amount not entered as part of a mortgage liability</b> (e.g., taxes included in the monthly mortgage payment should not also be included in this field). If there is no mortgage, enter taxes, insurance, and HOA/Condo fees or Cooperative Corporation assessments, as applicable. Refer to Steps 7-9.</li> </ul> </div>


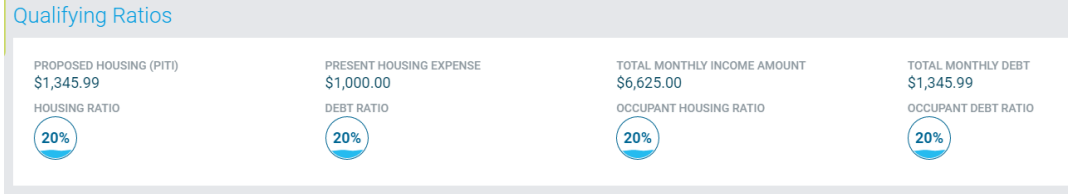


Steps	Results
<p>6. Enter rental income generated from a non-subject investment property in the “For 2-4 Unit Primary or Investment Property” Section.</p>	<p>For 2-4 Unit Primary or Investment Property</p> <p>Gross Monthly Rental Income <input type="text" value="\$"/> Net Monthly Rental Income <input type="text" value="\$"/></p> <p>Determine rental income based on the requirements outlined in Guide Section <a href="#">5306.1</a> and <a href="#">5306.4</a>.</p> <p><b>Note:</b> Refer to <a href="#">Bulletin 2023-19</a>, which announced updates to requirements for rental income. Sellers may implement the new requirements prior to the mandatory effective April 1, 2024 version of this section.</p> <p>1. If providing the <b>net rental income</b>:</p> <ul style="list-style-type: none"> <li>• Enter the gross monthly rent received in the <b>Gross Monthly Rental Income</b> field, <b>and</b>,</li> <li>• Enter the net monthly rental income amount in the <b>Net Monthly Rental Income</b> field.</li> </ul>  <p><b>Notes:</b></p> <ul style="list-style-type: none"> <li>• If the property has a negative net monthly rental income value, use a “-” to indicate a negative amount. This negative value will be included in the borrower’s Total Monthly Debt.</li> <li>• If the net monthly rental income value is zero, you must enter the net rental income as either \$0.00 or depending on the specific LOS data entry, you may need to enter \$0.01/-\$0.01.</li> <li>• Loan Product Advisor will include all liabilities and expenses associated with the property as a debt if the Gross Monthly Rental Income and the Net Monthly Rental Income fields are either not completed or entered as “\$0.00”.</li> </ul> <p>2. If providing <b>gross monthly rental income</b>:</p> <ul style="list-style-type: none"> <li>• If the requirements outlined in Guide Section 5306.1 and 5306.4 are met to use the “gross” rental income, complete the <b>Gross Monthly Rental Income</b> field. <b>Do not enter a numeric value in the Net Monthly Rental Income field.</b> This field must be left blank. <ul style="list-style-type: none"> <li>– Loan Product Advisor will determine the net rental income/loss, as described in Guide Section 5306.4(a)(i)(iii): (e.g., Gross Rental Income x 75% - monthly payment amount). The result of the calculation will display in the <b>Net Monthly Rental Income</b> field <b>after you click submit.</b></li> </ul> </li> </ul>



Steps	Results
<p>7. Click, "ADD" on the right side of the page.</p>	
<p>8. Click the icon, "Add mortgage to property".</p>	
<p>9. Complete the required fields for the mortgage for the non-subject investment property. Click "Save".</p>	
<p>10. The Property Details section will display the added Mortgage information.</p>	



Steps	Results
<p>11. Once all the required fields on each of the metro stops are complete, click "Submit".</p>	
<p>12. The Loan Product Advisor Feedback Certificate will display.</p>	 <p>LPA adds the net rental income to the qualifying income if the combined total net rental income for all applicable rental properties is positive, regardless of the approach chosen. If the total net rental income is negative, LPA considers the loss as a liability and includes the amount in the total monthly debt-to-income ratio.</p> <p><b>Example</b>, refer to Step #10:</p> <ul style="list-style-type: none"> <li>Property #1: Net monthly rental income = \$125.00</li> <li>Property #2: Net monthly rental income = \$-50.00.</li> </ul> <p>Total net monthly rental income = \$75.00.</p> <p>LPA included the positive net monthly rental income in the total monthly income amount: \$6550.00 + \$75.00 = \$6625.00</p>
<p>13. Check out additional Loan Product Advisor resources.</p>	<p><a href="#">Seller/Servicer Guide Chapter 5306</a>      <a href="#">Form 92</a></p> <p><a href="#">Freddie Mac Learning: Loan Product Advisor Training website</a>      <a href="#">Rental Income Matrix</a></p> <p>   <a href="#">Rental Income webinar</a></p>

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