

Fannie Mae recently made a **significant change to "departing residence" rental income rules** for borrowers who are buying a new primary residence while converting their current home into a rental property. The change was announced in **Selling Guide Announcement SEL-2026-08 on September 2, 2026** and becomes mandatory for loan applications dated on or after **November 1, 2026**.

What changed?

Old Rule

Previously, borrowers generally needed:

- A fully executed lease agreement on the departing residence.
- Evidence that the security deposit and/or first month's rent had been received.
- Lenders would use **75% of the lease rent** to offset the departing residence housing payment.

New Rule

Under the new framework:

- **A lease is no longer the primary requirement.**
- Lenders will determine rental income based on **market-supported rent**.
- Market rent can be established through:
 - An appraisal with market rent analysis.
 - Form 1007 (Single-Family Comparable Rent Schedule).
 - Other approved market analyses using comparable rentals.



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This is a major benefit because borrowers no longer have to find a tenant and execute a lease before qualifying for their new home.

How is the income calculated now?

The 75% factor remains.

Example:

- Market Rent = \$3,000/month
- Fannie Mae uses 75% = \$2,250/month

The key difference is that the \$2,250 is based on **market rent**, not necessarily an actual lease amount. [\[voce.com\]](https://www.voce.com),

Important limitations

For borrowers without an established landlord history, the rental income:

✓ Can offset the departing residence PITIA (Principal, Interest, Taxes, Insurance, and Association dues)

✗ Cannot create additional qualifying income above the property's housing expense.

Example

Current home PITIA: \$2,000

Market rent: \$3,000



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75% of rent: \$2,250

Under the new rules:

- The entire \$2,000 housing expense can be offset.
- The extra \$250 cannot generally be added as income for qualification.

New reserve requirement

Another important change:

If the borrower has **less than 12 months of property management/landlord experience**, Fannie Mae now requires:

- **Six months of PITIA reserves** on the departing residence.

Example

Departing residence PITIA = \$2,500/month

Required reserves =

$$\$2,500 \times 6 = \$15,000$$



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