

Announcement #25-33

Date: April 01, 2025

Freddie Mac Restricted Stock and Restricted Stock Unit Income Updates

Pennymac is aligning with the changes announced in Freddie Mac Bulletin 2024-16 regarding the use of restricted stock (RS) and restricted stock unit income (RSU) to qualify for a mortgage. These changes may be implemented immediately, but are effective with note dates on or after April 1, 2025.

Freddie Mac's updates include:

- Adding definitions of performance-based RS and RSU income and time-based RS and RSU income.
- Expanding requirements for calculation of qualifying income from performance-based RS and RSU to permit the use of less than 24 months (but not less than 12 months) in the calculation when the history of receipt of income with the current employer is between 12 and 24 months.
 - Lenders must support the use of a shorter timeframe in the calculation with a written analysis and compensating factors.
- Expanding requirements to state that RS and RSU awarded on a recurring basis must be likely to continue for at least three years and specifying that nonrecurring awards must have at least three years' vesting and distribution remaining on the vesting schedule.
- Replacing the 52-week average stock price with a 200-day simple moving average stock price as the basis for calculating RS and RSU income.
- Additionally, Freddie Mac is retiring the requirement for the average stock price to be determined as of the Application Received Date and will accept an average dated in accordance with standard age of documentation requirements.

Please refer to the Freddie Mac Selling Guide for complete requirements.

Please contact your Sales Representative with any questions.