B3-3.8-05, Rental Income from Non-Subject Property: Departing Resid

This topic contains requirements for documentation and qualifying rental income from a departing residence.

Eligibility	A primary residence that will be vacated and converted to an investment property whe residence is eligible.
Documentation Required to Determine Monthly Gross Rental Income	The lender must document a current housing payment to use any rental income from include all documentation used to determine monthly market rents in the loan file. Do • a complete appraisal report that includes market rents, or • a *Single-Family Comparable Rent Schedule* (Form 1007) for the occupied unit, or • market analysis tools to determine the gross rental income amount, such as Zillo lender must obtain at least three comparable rental properties. Comparable renta market area (including subdivision or project) when possible. When the departing analysis information should be limited to the borrower-occupied unit. **Note**: Lease agreements **are not** permitted for any departing residence. In addition, for a multi-unit property, the lender must obtain the most recent year of ir 1040) to support rental income received for tenant occupied properties.
Determination of Qualifying Rental Income	To determine adjusted monthly net rental income (ANRI), the lender must • multiply the monthly gross rent(s) by 75% for the net rental income amount,[2] the • subtract the PITIA for the departing residence. If ANRI is positive, the lender may use rental income to offset the departing residence I If ANRI is negative, the lender must include the amount in the DTI ratio.[3] **Note:** For multi-unit departing residences, the lender must calculate the rental incor

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Additional Reserves	The lender must verify the borrower has six months of reserves to cover the PITIA oblig borrower has less than 12 months of property management experience. **Note:** The six-month reserve requirement calculated by the lender is in addition to a properties. Also, when converting the principal residence to an investment property, Real Estate Owned, for guidance in using that rental income to qualify the borrowe
Uniform Appraisal Dataset (UAD) 3.6 Policy	Lenders using UAD 3.6 must follow the requirements in the UAD 3.6 Policy Supplem

1 See *Eligibility Standards for Qualifying Rental Income* in B3-3.8-01, General Rental Income Information for current

2 See *Rental Income Calculation Tools* in B3-3.8-01, General Rental Income Information for additional information.

3 See *Treatment of Rental Income (or Loss)* in B3-3.8-01, General Rental Income Information for additional informat

Recent Related Announcements

The table below provides reference to recently issued Announcements related to this topic.

Announcement SEL-2026-08	September 02, 2

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