

MPF Announcement:

2026-36

Date:

June 3, 2026

Alert:

Clarification

New Policy

Policy Update

Reminder

Training Information

Marketing Bulletin

Audience:

Compliance/Legal

Program Management

Origination

Quality Control

Servicing

Underwriting

Product:

MPF Government MBS

MPF Traditional

MPF Xtra[®]

Effective Date:

September 1, 2026

MPF Traditional Selling – Income Assessment Updates

The MPF Program has updated the Income Assessment section of the [MPF Traditional Selling Guide](#) to improve clarity and consistency in income evaluation requirements.

The revised requirements are set forth in **Section 5.3 Income Assessment (For Mortgage Loan Applications on or After September 1, 2026)**.

PFIs are encouraged to follow the updated requirements prior to the mandatory effective date and **must** apply them to all mortgage loan applications received on or after September 1, 2026.

To support implementation and allow Originators to complete pipeline loans, the prior income assessment requirements will remain effective for mortgage loan applications dated before September 1, 2026, as outlined in **Chapter 5. Underwriting the Borrower (Effective for Mortgage Loan Applications prior to September 1, 2026)**.

During the transition period, Originators may apply **either** income assessment section in its entirety; however, combining or selectively applying requirements from both versions is not permitted.

Given the extent of these revisions, an attachment to this Announcement provides a detailed summary of the updates.

For questions or assistance, please contact the MPF Service Center by using one of the following options:

- [MPF Customer Service Portal](#)
- Email: MPF-Help@fhlbc.com
- Phone: (877) 345-2673

Reference

Please note you can access the [MPF Guides](#) and [MPF Announcements](#) on our [MPF Website](#).

Visit the [MPF Website](#) to review and register for upcoming complimentary [MPF Webinars](#).

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The following table describes the changes made to Section 5.3 Income Assessment.

New Policies	
Section 5.3.6.1 – Alimony, Child Support, Equalization Payments, and Separate Maintenance	Adding requirements for Equalization Payments
Section 5.3.6.2 – Annuity, Pension or Retirement Income	Permitting personal and insurance annuity as allowable income types and outlining documentation and history of receipt requirements
Section 5.3.1.2 – Continuance of Income	Requiring income continuance to be based on the note date
Section 5.3.4.5 – Employment by a Family /Interested Party	Documenting and qualifying income when the borrower is employed by a family member or interested party
Section 5.3.4.5 – Employment Gaps	Adding guidance for borrowers with employment gaps in the most recent 12 months
Section 5.3.4.5 – Pay Raises	Adding guidance for qualifying borrowers with a recent pay increase from the same employer
Section 5.3.5.1 Fixed Base Income	Enhancing clarity and consistency in the treatment of this income, including the definition of fixed base income, and providing guidance for income history
Section 5.3.5.1 Variable Base Income	Clarifying requirements by defining variable base income, providing an alternative calculation method, and addressing when an employment job gap may be excluded
Section 5.3.5.4 – Housing (Parsonage) and Automobile Allowances	Outlining documentation requirements and reducing the required history of receipt for auto allowance from two years to one year
Section 5.3.6.11 – Public Assistance	Permitting Adoption Assistance as an acceptable public assistance income type, with verification that at least one payment has been received by the first due date
Section 5.3.5.8 – Seasonal Income	Providing guidance for calculating qualifying income
Section 5.3.6.13 – Section 8 Housing Choice Voucher Homeownership Program Payments	Requiring verification that at least one payment has been received by the first due date
Section 5.3.6.16 – Unemployment Benefit Income	Requiring income to be calculated by averaging the applicable months based on income trends
Section 5.3.6.17 – VA Benefits Income	Requiring verification that at least one payment has been received by the first due date and adding income continuance requirements
Updated Policy	
Section 5.3.5.2 – Bonus, Commission, Overtime, and Tip Income	Creating a single consolidated section addressing qualifying income and exclusion of job gaps due to documented non-recurring events
Section 5.3.5.3 – Employment Offers or Contracts	Requiring a verbal VOE for both options and clarifying guidance on the executed offer or contract

Section 5.3.6.6 – Foster Care Income	Revising documentation requirements and establishing that income must be calculated by averaging the applicable months based on income trends
Section 5.3.6.8 – Long-Term Disability	Establishing a requirement for the lender to verify receipt of at least one payment by the first due date
Section 5.3.5.5 – Military Income	Incorporating National Guard and Reserve members as eligible borrowers for military income, and providing additional guidance on the treatment of allowances
Section 5.3.5.9 – Temporary Leave Income	Providing guidance on income continuance requirements during a period of temporary leave
Secondary Employment – moved to Section 5.3.4.5 Standards for Employment-Related Income	Eliminating the reference to secondary employment and introducing a standalone section clarifying requirements when a borrower is simultaneously employed in more than one job

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