

Bulletin 21-28

Updates to Freddie Mac Program

Freddie Mac issued [Bulletin 2021-15](#) May 5, 2021 which detailed updates to multiple topics detailed below. Homebridge is updating our guidelines to align with Freddie Mac new policy. The effective dates vary, refer to the individual topics below.

Limited Cash-Out (Rate/Term) Refinance Transactions: Effective for loans funding/being purchased on or after July 15, 2021

- A 30 day seasoning requirement will be required on rate/term transactions, measured from the Note date of the loan being refinanced to the Note date of the new loan (currently no seasoning is required)

Cash-Out Refinance Transactions: Effective immediately

Freddie Mac requires at least one borrower to have been on title for a minimum of six (6) months prior to the Note date on cash-out. Freddie Mac is updating their policy for satisfying this requirement when title is held in the name of a limited liability corporation (LLC) or a limited partnership (LP).

Title held in the name of an LLC or LP will satisfy the 6-month title requirement when the following is met:

- The borrower has been a majority owner or had control of the LLC/LP since the date the property was acquired by the LLC/LP, **AND**
- Title is transferred from the LLC/LP to the borrower **prior to** the Note date of the new loan

Future Long-Term Disability Payments: Effective immediately

Future income received from long-term disability payments is now eligible for qualifying when it will begin **after** the first payment due date of the subject loan when the following requirements are met (currently must begin **prior to** the first payment due date):

- The borrower is currently receiving short-term disability benefits that will be converting to long-term benefits, **and**
- The borrower is qualified on the **lesser** amount of the long or short-term disability payments, **and**
- All other requirements are met (detailed in the Homebridge Freddie Mac guidelines)

Pro-Rated Real Estate Tax Credits: Effective for loans funding/being purchased on or after July 15, 2021

The following applies to transactions where the property is located in a state where real estate taxes are paid in arrears:

- Prorated real estate tax credits contributed by the property seller are not considered IPCs and are not included in financing concession limits, and
- Prorated real estate tax credits cannot be considered when determining if the borrower has sufficient assets for the transaction. The Homebridge Underwriter will be required to verify the borrower has the assets available without relying on the tax credit

Freddie Mac Bulletin 2021-16 also addressed upcoming changes to power of attorney requirements which Homebridge will address in a separate communication in the near future.

The Homebridge Freddie Mac guidelines have been updated and posted on the website at www.HomebridgeWholesale.com

If you have any questions, please contact your Account Executive