

Bulletin 21-38

Updated Freddie Mac Power of Attorney Requirements

Freddie Mac [Bulletin 2021-16](#) issued May 5, 2021, announced updates to Freddie Mac power of attorney (POA) requirements which are detailed below.

A POA is eligible as follows:

- A POA may be used for initial application/disclosures and closing documents on all transaction types (previously eligible for closing documents)
- A POA may not be used just for the convenience of the parties; it **may only be used** in the event of one of the following and an explanation must be included in the loan file:
 - Medical emergency,
 - Natural disaster,
 - Military deployment, or
 - Other hardship that prevents the borrower from signing the required docs, **OR**
 - Applicable law requires Homebridge accept the use of the POA
- The attorney-in-fact (person signing on behalf of the borrower) must:
 - Have a familial or fiduciary relationship with the borrower, **or**
 - Be an individual employed by the title insurer that is underwriting the title insurance insuring the mortgage, **or**
 - Be an individual employed or engaged contractually by the title agency issuing the title insurance for the mortgage and closing the transaction **IF** the title insurer has issued a CPL (or similar contractual indemnity) relating to the transaction for such policy issuing agent
- The POA is **not** required to be specific to the mortgage transaction and may be signed using an electronic signature. The following also applies to the POA:
 - It must be signed by the borrower prior to the use by the attorney-in-fact, **and**
 - It must be notarized
- **Cash-Out Transactions ONLY:** After the terms of the loan have been finalized but prior to closing the following is required **unless** the borrower is unavailable due to military service **or** is incapacitated such that the borrower cannot participate in a discussion, then this requirement may be waived:
 - The Broker/NDC must explain and discuss the terms of the mortgage and use of the POA with the borrower to confirm the borrower understands them. The attorney-in-fact is **not** required to be a participant. At minimum the discussion must include:
 - A review of the rate, term, and principal balance of the mortgage, **and**
 - The address of the property that will be securing the mortgage, **and**
 - The fact that the attorney-in-fact will use the borrower's POA to sign documents on behalf of the borrower, **and**
 - The scheduled/estimated closing date of the transaction

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- The discussion must be acknowledged, in writing, by the borrower. The acknowledgment may be:
 - In writing, **or**
 - An e-mail exchange with the borrower is acceptable provided it uses a borrower email that is on file, **and**
 - A copy of the acknowledgement must be provided to Homebridge and the acknowledgement will be maintained in the loan file

REMINDER: The use of a POA is only eligible on cash-out transactions with Homebridge management review and approval

The Freddie Mac guidelines have been updated to align with these changes and posted on the Homebridge website at www.HomebridgeWholesale.com

If you have any questions, please contact your Account Executive