



A division of Homebridge Financial Services, Inc.

Bulletin 21-42

Freddie Mac Delayed Financing Update

Freddie Mac [Bulletin 2021-27](#), issued August 4, 2021, announced a change to cash-out transactions utilizing delayed financing. Homebridge is updating our Freddie Mac guidelines to align with this policy update.

A cash-out refinance transaction utilizing delayed financing is a transaction where the borrower(s) did not obtain a mortgage to purchase the property (e.g. purchased with cash, borrowed funds that were not a mortgage loan, etc.) and is now refinancing the property.

The update below applies to cash-out transactions utilizing delayed financing **AND** none of the borrowers have been on title to the subject property for at least 6 months prior to the Note date

- Freddie Mac will no longer require any funds borrowed to purchase the property be paid in full; they will now allow borrowed funds **to be paid down** in lieu of paid off
- If the borrowed funds are paid down and a balance remains:
 - **No additional** cash-out is allowed, **and**
 - The payment on the remaining outstanding balance of the borrowed funds must be included in the borrowers DTI calculation

This update is effective immediately and may be applied to new submissions and loans currently in the pipeline.

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

If you have any questions, please contact your Account Executive