



**Announcement:** CWL2021-21

**Issue Date:** July 15, 2021

**Effective Date:** July 15, 2021

**Attachment:** Conventional Guidelines

### **Conventional Updates – LPA Gift Funds Used to Pay Earnest Money Deposit**

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Conventional Guidelines have been updated to reflect the following LPA Gift Fund expansion.

#### **LPA Gift Funds**

Previously, Freddie Mac required that in all instances gift funds be transferred directly from the donor's account in a financial institution to the borrower's account or to the settlement or closing agent. Freddie Mac is expanding this to also permit a gift donor to pay the borrower's earnest money deposit (EMD) directly to the builder or real estate agent if the Lender provides evidence of the transfer of funds from the donor's account in a financial institution to the earnest money deposit holder. All other gift funds will continue to apply.

For any mortgage where the source of the borrower's EMD is gift funds, enter the EMD amount as gift funds in Loan Product Advisor, and not as EMD.