



Announcement: CWL2021-22

Issue Date: August 5, 2021

Effective Date: Immediately unless otherwise noted

Attachment: none

Updates to Conventional Guidelines

The following enhancements / clarifications have been made to the Conventional Guidelines.

Limited Cash-Out Transaction Clarification (DU)

Effective with application dates on or after September 1, 2021, a transaction is not eligible as a limited cash-out refinance if the borrower completed a cash-out refinance transaction with a note date 30 days or less prior to the application date of a new refinanced secured by the same property.

Guidelines have been updated with this upcoming change.

Credit Card Reward Points Enhancement (DU)

Fannie Mae is allowing the use of credit card reward points as eligible assets to be used for down payment, closing costs, and financial reserves provided they are converted to cash prior to the closing of the loan. If the funds are deposited into the borrower's depository account and the deposit is considered a large deposit, documentation must be provided to show the source of the large deposit was from the conversion of credit card reward points.

Asset Job Aid has been updated with this enhancement.

Cash-Out Refinance Update (LP)

Freddie Mac revised their cash-out refinance transaction requirements when none of the borrowers have been on the title to the subject property for at least six months prior to the Note date, the borrower did not obtain a mortgage secured by the subject property when purchasing the property and is seeking delayed financing.

Previous Requirements	Revised Requirements
Any funds borrowed to purchase the subject property must be paid off.	Funds borrowed to purchase the subject property may be paid off or paid down.
Additional cash-out if permitted only after borrowed funds are paid off.	<ul style="list-style-type: none"> • Additional cash-out is permitted only after borrowed funds are paid off. • When borrowed funds are paid down and a balance remains: <ul style="list-style-type: none"> ○ No additional cash-out permitted ○ The payment on the remaining outstanding balance of the borrowed funds must be included in the DTI ratio.

Guidelines have been updated with this change.