



# WHOLESALE ANNOUNCEMENT 2023-46

September 20, 2023

Freddie Mac Updates



## **Effective Date**

Effective Immediately

## **Guideline Updates:**

### **Student Loan Payment Amounts Included in DTI**

- All Student Loans
  - Any amounts greater than zero must be included in the monthly debt payment-to-income (DTI) ratio for all student loans, including loans in income-driven repayment plans. Additionally, when the monthly payment amount reported on the credit report is zero, Freddie Mac now permits the use of other documentation in the Mortgage file to determine the amount for inclusion in the monthly DTI ratio

### **Cash-Out Refinance Mortgage**

- The following updated requirements have been made for cash-out refinance mortgages:
  - When title is held by a limited liability company or limited partnership, the transfer of the title into the Borrower's name must be completed on or before the Note Date, replacing the previous requirement that the transfer of title must be completed "prior to the Note Date", and
  - The 12-month seasoning requirement for the First Lien Mortgage being paid off with proceeds of a cash-out refinance Mortgage does not apply to Construction Conversion and Renovation Mortgages or Manufactured Homes being converted to legally classified real property under applicable State law
- In addition, Section 4301.5 has been reorganized into subsections for requirements that apply to all cash-out refinance Mortgages, requirements specific to a cash-out refinance Mortgage used to pay off a First Lien Mortgage and requirements for a cash-out refinance Mortgage on a property owned free and clear
- Title seasoning requirement for cash-out refinance Mortgages secured by a Manufactured Home
- For a cash-out refinance Mortgage secured by a Manufactured Home, the Borrower must have owned both the Manufactured Home and land for 12 months or more prior to the Note Date. For additional flexibility, we have reduced this requirement to allow for at least one Borrower to be on title to the subject property for at least 6 months prior to the Note Date for properties owned free and clear



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## **Effective Date**

Loans with Settlement Dates on or after January 4, 2024

## **Guideline Updates:**

### **Income-driven Repayment Plans**

- Requirements have been added for Student Loans in income-driven repayment plans where documentation in the Mortgage file indicates that the Borrower must recertify their income and/or that the Borrower's payment will increase prior to or on the first Mortgage payment due date

**Freddie Mac Product Announcement has been posted on FCM's  
[Wholesale Knowledge Center](#)**

**Should you have any questions, please reach out to your Account Executive or Client Manager**