



Last Reviewed: 04/01/2025

## UHM CASH BACK GUIDANCE

Excerpt from the TPO Lending Guide

### ALL PRODUCT GUIDANCE

- Minimum contribution requirements must be met for all loan files and validated prior to closing.
- POC deposits paid by credit card cannot be returned to the customer at closing or credited towards the borrower's cash investment. UHM partners must complete a due diligence review to ensure POC items are paid by seasoned funds to be considered as an acceptable item returned to the customer at closing.
- In the event deposits exceed minimum requirements and part or all of the borrower's earnest money (hand money) can be returned to the customer at closing, UHM requires a front/back copy of the cancelled check or a statement validating the earnest money withdrawal of funds. Excess gift funds wired at closing may also be refunded to the borrower, provided minimum contributions have been met and the reason for the excess is a permitted source.

### CONVENTIONAL LOANS

#### Conventional Purchase

After minimum contribution requirements are validated, the borrower may receive a refund of their earnest money deposit, gift funds wire transfer at closing, POC deposit, or tax pro-ration (credit card deposits are not acceptable).

#### Conventional Limited/Rate and Term Refinance

Cash back is limited to the lesser of 2% or \$2000. Freddie Mac's policy of the greater of 1% or \$2000 may be used when required. Principal reduction cannot exceed cash back amount allowed.

#### Conventional Cash-Out Refinance

Cash back is allowed.

#### Conventional DU Refi Plus

Only \$250 cash back is permitted; any remaining excess funds must be applied as a principal reduction. Principal reduction cannot exceed cash back amount allowed.

#### Freddie Open Access

Only \$250 cash back is permitted; any remaining excess funds must be applied as a principal reduction. Principal reduction cannot exceed cash back amount allowed.

### FHA LOANS

#### FHA Purchase

After minimum contribution requirements are validated, the borrower may receive a refund of their earnest money deposit, gift funds wire transfer at closing, and POCs (credit report/appraisal fee – paid by debit card or persona check only). Principal reduction cannot exceed cash back amount allowed.



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## FHA Limited Rate and Term Refinance/Streamline Refinance

Cash back is limited to no more than \$500. Principal reduction cannot exceed cash back amount allowed.

## FHA Cash-Out Refinance

Cash back is allowed.

## VA LOANS

### VA Purchase

After minimum contribution requirements are validated (if there is a down payment), the borrower may receive a refund of their earnest money deposit, gift funds wire transfer at closing, POC deposit, or tax pro-ratio (credit card deposits are not acceptable). Any remaining excess funds must be applied as a principal reduction.

### VA Cash-Out Refinance

Cash back is allowed.

**Note:** VA does not permit a cash-out refinance on a property that is owned free and clear. There must currently be a secured lien on the property.

### VA Streamline Refinance

Details of the transaction must show no funds to the customer (zero out). In the event of a required adjustment at closing, cash back is limited to no more \$500. If the cash back to the borrower will exceed \$500, a closer may apply one monthly payment (PITIA) of the new loan as a principal reduction.

Notes:

- A principal reduction of more than one PITIA payment of the new loan is not permitted.
- Assets are not required to be verified for cash to close on IRRRL, unless credit qualifying.

## USDA LOANS

After minimum contribution requirements are validated (if there is a down payment), the borrower may receive a refund of their earnest money deposit, gift funds wire transfer at closing and POC deposits (No tax pro-rations are allowed, and credit card deposits are not acceptable). Any remaining excess funds must be applied as a principal reduction. Principal reductions cannot exceed the tax proportion credit.

## GIFT FUNDS: CASH BACK AT CLOSING

### Fannie Mae

Borrowers may receive excess funds from gifts of cash back at closing; however, excess funds from gifts of equity cannot be received as cash back at closing.

### Freddie Mac

Borrowers may receive excess funds from gifts of cash and gifts of equity as cash back at closing.



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## FHA

Borrowers may receive excess funds after settlement if a gift of cash or a gift of equity exceeds the borrower's required funds to close. Manually underwritten loans must exclude any excess gifts the borrower receives at closing from all calculations for required reserves.

## VA

Borrowers may receive excess funds from gifts of cash or gifts of equity as cash back at closing, with a maximum amount of \$500. Excess gift funds cannot be used to meet reserves on rental properties.

## USDA

Borrowers may receive excess funds after settlement if a gift of cash exceeds the borrower's required funds to close. Manually underwritten loans must exclude any excess gifts the borrower receives at closing from all calculations for required reserves.

Excess funds from gifts of equity cannot be received as cash back at closing.