



Last Reviewed: 04/27/2023

# 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.

<b>Conventional Purchase</b>	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).
<b>Conventional Limited/ Rate and Term Refinance</b>	Cash back is limited to the lesser of 2% or \$2,000.00. Freddie Mac’s policy of the greater of 1% or \$2,000.00 may be used when required. Principal reduction cannot exceed cash back amount allowed.
<b>Conventional Cash Out Refinance</b>	Cash back is allowed.
<b>Conventional DU Refi Plus</b>	Only \$250.00 cash back is permitted, any remaining excess funds must be applied as a principal reduction. Principal reduction cannot exceed cash back amount allowed.
<b>Freddie Open Access</b>	Only \$250.00 of cash back is permitted, principal reductions in excess are not permitted. Principal reduction cannot exceed cash back amount allowed.
<b>FHA Purchase</b>	After minimum contribution requirements are validated, the borrower may receive a refund of their earnest money deposit, gift funds wire transfer at closing, and POC’s (credit report/appraisal fee –paid by debit card or personal check only). Principal reduction cannot exceed cash back amount allowed.



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FHA Limited  
Rate and Term  
Refi/Streamline  
Refinance

Cash back is limited to no more than \$500.00. Principal reduction cannot exceed cash back amount allowed.

FHA Cash Out  
Refinance

Cash back is allowed.

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-ration (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 than \$500.00. Principal reduction cannot exceed cash back amount allowed.

Rural Development  
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.