

Conventional Delayed Financing

[Guide Section 4301.5 \(freddiemac.com\)](#)

OR, all of the following (for Borrowers seeking delayed financing):

- The Settlement/Closing Disclosure Statement or an alternative form required by law from the purchase transaction must reflect that no financing secured by the subject property was used to purchase the subject property. A recorded trustee's deed or equivalent documentation may be used when a Settlement/Closing Disclosure Statement or an alternative form required by law was not used for the purchase transaction.
- The preliminary title report for the refinance transaction must reflect the Borrower as the owner of the subject property and must reflect that there are no liens on the property
- The source of funds used to purchase the subject property must be fully documented
- If funds were borrowed to purchase the subject property:
 - Cash-out proceeds must be used to pay off or pay down the borrowed funds, as reflected on the Settlement/Closing Disclosure Statement for the refinance transaction
 - Additional cash-out is permitted only when all borrowed funds are paid in full
 - The payment on any remaining outstanding balance of the borrowed funds must be included in the debt payment-to-income ratio as described in [Section 5401.2](#)
- The amount of the refinance Mortgage must not exceed the sum of the original purchase price and related Closing Costs as documented by the Settlement/Closing Disclosure Statement or an alternative form required by law for the purchase transaction, less any gift funds used to purchase the subject property. A recorded trustee's deed or equivalent documentation may be used when a Settlement/Closing Disclosure Statement or an alternative form required by law was not used for the purchase transaction.
- There must have been no affiliation or relationship between the buyer and seller of the purchase transaction