PENNYMAC TPO

Non-Delegated Announcement

Announcement # 26-123 **Date:** November 27, 2026

Freddie Mac Reclassifies the Special Purpose Cash-Out Refinance as a No Cash-Out Equity Buyout Refinance

Pennymac is announcing alignment with Freddie Mac's Bulletin 2026-15 reclassification of the Special Purpose Cash-Out Refinance mortgage as a "no cash-out" refinance offering newly named Equity Buyout Refinance, effective for note dates on and after November 4, 2026.

This offering allows a property owner to use refinance proceeds to buy out the equity of one or more co-owners while adhering to standard no cash-out refinance requirements, except where specifically modified.

Key Policy Changes

- Eligibility now includes the standard LTV ratios, underwriting requirements, and affordable programs currently available for standard no cash-out refinance transactions.
- Under the previous policy, loan proceeds were strictly limited to paying off the first mortgage, junior liens, related closing costs, and buying out the co-owner. Under the new policy, proceeds must first be applied to buy out the co-owner(s), then standard no cash-out refinance requirements apply.
- The prior joint occupancy requirement for the borrower and co-owner(s) has been eliminated.
- Documented evidence of 12-month joint ownership is required (unless exempt).
- A written buyout agreement, signed by all parties, must be provided, detailing the terms of the property transfer and the disposition of the refinance proceeds.

Refer to the Freddie Mac seller guide and Bulletin 2026-15 for complete details.

Please contact your Sales Representative with any questions.