



IMPORTANT UPDATE

BULLETIN 02-01112023

Issued to: All Channels

Date: January 11, 2023

Subject: Freddie Mach Cash Out Refinance Update

Effective: January 11, 2023

Freddie Mac has updated the seasoning requirements for the Mortgage being refinanced on cash out refinance transactions. When the transaction will be utilized to pay off an existing first lien mortgage, it must be seasoned for at least 12 months (defined as the Note Date of mortgage being refinanced to the Note Date of the cash out refinance), except in the following circumstances.

The 12-month seasoning requirement does not apply when:

- Cash out refinance mortgage is a special purpose cash-out that meets requirements outlined in [Section 4301.6](#), OR
- First lien mortgage being refinanced is a Home Equity Line of Credit (HELOC).

Please take note of the following Effective dates for cash-out transactions with LPA findings:

- New submissions/locks received on or after January 11, 2023, must comply with the new requirements.
- Existing pipeline loans underwritten to existing guidance must fund by February 17, 2023.
- Non-Delegated submissions underwritten to existing guidance must be purchased by February 17, 2023.

Updates		
Section	Date	Update
Refinance of Mortgaged Property	01.10.2023	<p>Added: When proceeds of a cash-out refinance are used to pay off a first lien mortgage, the first lien mortgage being refinanced must be seasoned for at least 12 months (Between Note Date of the mortgage being refinanced and Note Date of the Cash-Out refinance).</p> <p>Seasoning requirements do not apply when:</p> <ul style="list-style-type: none"> • Cash-Out refinance mortgages is a special purpose cash-out that meets requirements outlined in Section 4301.6 • First Lien mortgage being refinanced is a Home Equity Line of Credit (HELOC).

Please contact your Account Executive with any questions.

We appreciate your business!