



January 6, 2023

2905 Corporate Circle

To: Clients and Friends

Flower Mound, TX 75028

From: Shawn P. Black

Phone: 972-353-4174

Subject: Freddie Mac Announces New Seasoning Requirement for Certain Cash-Out Refinances

Fax: 972-221-9316

Partners

Shawn P. Black¹

Ryan Black²

In Bulletin No. 2022-25, issued on December 7, 2022 ([Bulletin No. 2022-25](#)), Freddie Mac announced a new seasoning requirement for cash-out refinances used to pay off first-lien mortgages. This new, additional seasoning requirement looks to the date of the loan being refinanced to establish eligibility. The updated guideline requires that the first-lien mortgage being refinanced (as part of a cash-out refinance) be seasoned for at least 12 months, as documented by the credit report or title commitment.

Managing Attorney Dallas

Steven Kubik

This new seasoning requirement does not apply:

- to Special purpose cash-out refinance mortgages that meet the requirements of Section 4301.6 of the Selling Guide (i.e., mortgages used to buy out a co-owner's equity in the property), or
- when the first-lien mortgage being refinanced is a Home Equity Line of Credit.

Senior Lawyers

Daniel S. Engle³

Margaret A. Noles

Syndy Davis

As to the seasoning exception for Home Equity Line of Credit mortgages listed above, Texas law would still require that a Home Equity Line of Credit secured by the borrower's homestead pursuant to Tex. Const. art. XVI, §§ 50(a)(6) and 50(t) not be refinanced before the first anniversary of the closing date.

Of Counsel

David M. Tritter

Calvin C. Mann, Jr.

Thomas E. Black, Jr.³

Gregory S. Graham⁴

As a note, the current six-month ownership seasoning rule, along with its delayed financing exception, will remain in effect. However, in the typical situation in which a borrower acquires ownership via a purchase-money loan, this existing rule will be eclipsed by the new, 12-month seasoning requirement from the existing first-lien mortgage.

Retired Partner(s)

Calvin C. Mann, Jr.

Thomas E. Black, Jr.³

Gregory S. Graham⁴

This updated seasoning requirement is effective for Mortgages with settlement dates on and after March 7, 2023.

¹ Also Licensed in Kentucky and New York

² Also Licensed in District of Columbia

³ Also Licensed in New York

⁴ Also Licensed in Georgia

This Memorandum is provided as general information regarding the subject matter covered, but no representations or warranty of the accuracy or reliability of the content of this information are made or implied. Opinions expressed in this memorandum are those of the author alone. In publishing this information, neither the author nor the law firm of Black, Mann & Graham L.L.P. is engaged in rendering legal services. While this information concerns legal and regulatory matters, it is not legal advice, and its use creates no attorney-client relationship or any other basis for reliance on the information. Readers should not place reliance on this information alone but should seek independent legal advice regarding the law applicable to matters of interest or concern to them. The law firm of Black, Mann & Graham L.L.P. expressly disclaims any obligation to keep the content of this information current or free of errors.