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To: Clients and Friends

From: Steven Kubik

Subject: Fannie Mae Announces New 12-Month Seasoning Requirement for Cash-Out Refinances

On February 1, 2023, Fannie Mae announced a new seasoning requirement for cash-out refinances in Selling Guide Announcement [SEL-2023-01](#). Specifically, it requires first lien mortgages paid off with a cash-out refinance be at least 12 months old. The 12-month period is measured from the note date of existing loan to the note date of the new loan. This requirement does not apply:

- to any existing subordinate liens being paid off through the transaction, or
- when buying out a co-owner pursuant to a legal agreement.

This change is in addition to the existing requirement that at least one borrower be vested in title of the subject property for at least six months prior to the disbursement date of the new loan, unless subject to one of the ownership exceptions permitted in the Selling Guide.

Effective Date: Lenders are encouraged to implement these changes immediately but must do so for all cash-out refinances with note dates **on and after April 1, 2023**.

You may recall, Freddie Mac issued a similar announcement imposing a 12-month seasoning requirement for cash-out refinances used to pay off first-lien mortgages. Freddie Mac’s seasoning requirement is effective for Mortgages with a settlement date on or after March 7, 2023. Our prior memorandum on Freddie Mac’s announcement is available [here](#).

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