



July 5, 2023

2905 Corporate Circle

Flower Mound, TX 75028

Phone: 972-353-4174

Fax: 972-221-9316

Partners

Shawn P. Black ¹

Ryan Black ²

Managing Attorney Dallas

Steven Kubik

Senior Lawyers

Daniel S. Engle ³

Margaret A. Noles

Sydney Davis

Associates

Logan Hastings

Kyle Beckwith

Of Counsel

David M. Tritter

Calvin C. Mann, Jr.

Thomas E. Black, Jr.

Gregory S. Graham ⁴

Retired Partner(s)

Calvin C. Mann, Jr.

Thomas E. Black, Jr.

Gregory S. Graham ⁴

To: Clients and Friends

From: Daniel S. Engle

Subject: Fannie Mae Updates Limited Cash-Out Requirements

On July 5, 2023, Fannie Mae issued an announcement (SEL-2023-06) ([click here](#)) updating their Selling Guide. Among the updates was a revision to eligibility requirements for limited cash-out refinances. Fannie Mae will now require that at least one borrower on the new loan was “a current owner of the subject property (on title)” at the time of the initial loan application. Fannie Mae noted two exceptions to this policy: 1) if the borrower acquired the property through inheritance or was legally awarded the property via a legal settlement or divorce decree or 2) if the property was previously held in an *inter vivos* revocable trust and the borrower is the primary beneficiary of the trust.

Lenders are encouraged to comply with this new requirement immediately. Compliance is required on loans with new loan applications on or after September 1, 2023.

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.

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