

Announcement # 23-03

Date: January 19, 2023

New Seasoning Requirement for Freddie Mac Cash-Out Refinance Transactions

Pennymac is aligning with the new seasoning requirements for a cash-out refinance when the proceeds are being used to pay off a first lien mortgage as announced in Freddie Mac Bulletin 2022-25.

Effective with loans delivered for purchase on or after 2/8/23, the first lien mortgage being refinanced must be seasoned for at least 12 months (i.e. at least 12 months must have passed between the Note date of the mortgage being refinanced and the Note date of the cash-out refinance mortgage), as documented in the mortgage file (e.g. on the credit report or title commitment).

The seasoning requirement does not apply when the cash-out is a special purpose cash-out refinance or the first lien being refinanced is a Home Equity Line of Credit (HELOC).

Note: these new requirements also apply to Pennymac AUS Jumbo Cash-Out transactions that are closed with a LPA feedback certificate.

Please note that LPA will not be updated to support this change until 4/3/23. In the interim, Correspondents are responsible for manually verifying the cash-out seasoning requirements are being met.

Please contact your Sales Representative with any questions.