

Texas A6 Product Profile:Correspondent

Matrix

Eligibility Matrix				
Units	Credit Score		LTV	CLTV
	DU	LPA		
Rate and Term Refinance				
1	620	Follow AUS	80%	80%
Cash-Out Refinance				
1	640		80%	80%

Manufactured Homes Eligibility Matrix				
Units	Credit Score		LTV	CLTV
	DU	LPA		
Rate and Term Refinance				
1	640	640	80%	80%
Cash-Out Refinance				
1	640		65%	65%
Maximum 20-year term for Fixed Rate cash-out refinance <ul style="list-style-type: none"> • Not permitted • Properties on a leasehold 				

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This document should not be relied upon or treated as legal advice. **Guidelines subject to change without notice**

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Matrix

Quick Links

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Section 1: Program Summary

1.1 Program Summary

Program Summary	<p>A Texas Section 50(a)(6) loan is a loan originated in accordance with and secured by a lien permitted under the provisions of Article XVI, Section 50(a)(6), of the Texas Constitution, which allow a borrower to take equity out of a homestead property under certain conditions.</p> <p>Refer to the applicable conventional product profiles and applicable agency's Selling Guide (Fannie Mae or Freddie Mac) for any information not specified in this product profile. Texas 50(a)(6) loans are eligible for licensed and certified originators only.</p> <p>For Texas 50(f)(2) guidelines, reference the applicable profile.</p>
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1.2 Underwriting

Underwriting	<p>Underwriting Refer to the applicable conventional product profile for guidelines not referenced in this product profile.</p> <p>Even though loans may receive an Eligible recommendation from DU/LPA, the loan may not be eligible for delivery according to the Texas Constitution or Selling Guide as DU/LPA does not contain specific eligibility rules needed to determine eligibility in accordance with this law.</p> <p>Automated Underwriting</p> <ul style="list-style-type: none"> Loans underwritten by Desktop Underwriter (DU) must receive an Approve/Eligible and may follow DU Underwriting Findings Report, except as outlined in this product profile. If DU issues a warning for excessive DU runs, a written explanation must be provided. Loans underwritten by Loan Product Advisor (LPA) must receive an LPA Accept and may follow the LPA Feedback Certificate, except as outlined in this product profile. <p>Manual Underwriting</p> <ul style="list-style-type: none"> Manual underwriting is not permitted.
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1.3 Texas 50(a)(6) Determination

Texas 50(a)(6) Determination	New Loan Amount pays off existing lien and....	If existing lien is a non-50(a)(6); then the new lien is....	If existing lien is a 50(a)(6); then the new lien is....
	Provides even \$1 cash to the borrower	Texas (a)(6)	Texas (a)(6)
	Pays off/down an existing TX (a)(6) lien with no cash to borrower	Texas (a)(6)	Texas (f)(2) – if seasoning requirements are met*
	Pays off/down an existing TX (a)(6) lien with cash to borrower	Texas (a)(6)	Texas (a)(6)
	The new lien is < existing UPB (no new funds)	Non-Texas (a)(6)	Texas (f)(2) – if seasoning requirements are met*
	Funds, prepaids and/or closing costs	Non-Texas (a)(6)	Texas (f)(2) – if seasoning requirements are met*
	Pays off/down a purchase money 2nd	Non-Texas (a)(6)	Texas (f)(2) – if seasoning requirements are met*
	Pays off/down an existing Secured Home Improvement Loan (mechanic's lien)	Non-Texas (a)(6)	Texas (f)(2) – if seasoning requirements are met*
	Provides funds to satisfy a court ordered Divorce Equity Buyout	Non-Texas (a)(6)	Texas (a)(6)
	*Borrower may elect to have loan remain a Texas 50(a)(6)		
Reference the applicable profile for Texas 50(f)(2) guidelines.			

1.4 Texas 50(a)(6) Special Considerations

<p>Special Considerations</p>	<p>Loan may not close until:</p> <ul style="list-style-type: none"> • Twelve days after the borrower submits the loan application or all borrowers sign the 12-day notice, whichever is later. • One day after the borrowers receive a copy of the Settlement Statement and Closing Disclosure. • After the one-year anniversary of the closing of an existing Texas (a)(6) loan. 				
1.5 Fee Caps					
<p>Fee Caps</p>	<p>Texas 50(a)(6)</p> <ul style="list-style-type: none"> • A 2% Fee cap exists on all Texas (a)(6) loans <table border="1" data-bbox="472 520 1446 1255"> <thead> <tr> <th style="background-color: #0056b3; color: white;">Subject to the 2% Cap</th> <th style="background-color: #0056b3; color: white;">Not Subject to the 2% Cap</th> </tr> </thead> <tbody> <tr> <td> Administrative Fees Appraisal – portion of appraisal fee paid to affiliate Assignment Fees Attorney File Review Fees Broker Fees Closing Fees Commitment Fees Courier Fee/Express Mail Fees Credit Life Insurance required by the Lender Valid discount points used to buy down the interest rate, (suggest written buy down request from the borrower) Doc Prep Fees (may be changed only by a Texas licensed attorney) Title Company Escrow Fees Escrow Waiver Fees Flood Certification Mortgage Insurance Origination Fees Pest Inspection Fees Processing Fees Property Tax Certification Fees Property Tax Service Fees Recording Fees Title Examination or Search Underwriting Fees Warehouse Fees </td> <td> Appraisal – portion of appraisal fee paid to non-affiliate Title Endorsements Discount points (if legitimate and bona fide) Flood Insurance Hazard Insurance HOA maintenance fees Interest Property taxes Survey performed by state licensed or registered surveyor Fees based on the failure of the borrower to live up to contractual obligations (for example, force-placed insurance, returned check charges, debt collection costs, late fees, foreclosure costs) Optional charges paid by the owner of the property (or his/her spouse) at his/her sole discretion that are not required by the lender. (Lenders should exercise caution when relying on this exception.) </td> </tr> </tbody> </table>	Subject to the 2% Cap	Not Subject to the 2% Cap	Administrative Fees Appraisal – portion of appraisal fee paid to affiliate Assignment Fees Attorney File Review Fees Broker Fees Closing Fees Commitment Fees Courier Fee/Express Mail Fees Credit Life Insurance required by the Lender Valid discount points used to buy down the interest rate, (suggest written buy down request from the borrower) Doc Prep Fees (may be changed only by a Texas licensed attorney) Title Company Escrow Fees Escrow Waiver Fees Flood Certification Mortgage Insurance Origination Fees Pest Inspection Fees Processing Fees Property Tax Certification Fees Property Tax Service Fees Recording Fees Title Examination or Search Underwriting Fees Warehouse Fees	Appraisal – portion of appraisal fee paid to non-affiliate Title Endorsements Discount points (if legitimate and bona fide) Flood Insurance Hazard Insurance HOA maintenance fees Interest Property taxes Survey performed by state licensed or registered surveyor Fees based on the failure of the borrower to live up to contractual obligations (for example, force-placed insurance, returned check charges, debt collection costs, late fees, foreclosure costs) Optional charges paid by the owner of the property (or his/her spouse) at his/her sole discretion that are not required by the lender. (Lenders should exercise caution when relying on this exception.)
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1.6 Texas Equity Restrictions					
<p>Texas Equity Restrictions</p>	<ul style="list-style-type: none"> • A copy of the current mortgage or note is required to determine whether the terms are subject to Texas Section 50(a)(6) (aka Home Equity Deed of Trust, Home Equity Installment Contract or Residential Home Loan Deed of Trust) • Payoff of an existing Texas Section 50(a)(6) loan (first or second mortgage) may be refinanced as a Texas non-Home Equity Section 50(f)(2) loan if there is no cash out from the first mortgage transaction and the LTV/CLTV does not exceed 80%. Refer to the Texas Home Equity Refinance Eligibility Matrix to determine product eligibility • There can only be one outstanding Texas Section 50(a)(6) loan on a property at any given time <ul style="list-style-type: none"> ○ If the borrower has an existing Texas Section 50(a)(6) second lien and is getting cash out from the first mortgage, that lien must be paid off • 12-month seasoning for any Texas Section 50(a)(6) loan (first or second mortgage) • Total fees paid by the borrower (excluding prepaids) cannot exceed 2% of the loan amount. The 2% cap includes fees paid to the lender, broker or any third party, excluding appraisal, property survey, title insurance premiums, and title examination. If closing costs are greater than 2%, reduce fees prior to closing. Refunds to the borrower are permitted • Premium pricing is permitted if disclosed to the borrower at time of initial application 				

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1.7 Ineligible Programs	
Ineligible Programs	<ul style="list-style-type: none"> • Homestyle/Homepath Renovations • HPML/Section 32 • Interest Only loan programs • Land trusts • Leaseholds secured by Indian/Tribal lands • Temporary Buydowns
Section 2: Transaction Details	
2.1 Loan Limits	
Loan Limits	https://www.fanniemae.com/singlefamily/loan-limits http://www.freddiemac.com/singlefamily/selbultn/limit.htm
2.2 Eligible Terms and Programs	
Eligible Terms & Programs	Fixed Rate
	X35 10 Yr Fannie/Freddie Fixed Texas Home Equity FF4 10 Yr Freddie Mac Eligible Fixed Texas Home Equity
	471 15 Yr Fannie/Freddie Fixed Texas Home Equity FF5 15 Yr Freddie Mac Eligible Fixed Texas Home Equity
	X45 20 Yr Fannie/Freddie Fixed Texas Home Equity FF6 20 Yr Freddie Mac Eligible Fixed Texas Home Equity
	472 30 Yr Fannie/Freddie Fixed Texas Home Equity FF7 30 Yr Freddie Mac Eligible Fixed Texas Home Equity
	Loan Term <ul style="list-style-type: none"> • Fixed Rate:10 to 30 -year terms in annual increments
2.3 Eligible Transactions	
Eligible Transactions	Purpose of Refinance: Texas 50 (a)(6) and Texas (f)(2)
2.4 Seasoning	
Seasoning	<p>If an existing Texas 50(a)(6) first or second mortgage will be paid off:</p> <ul style="list-style-type: none"> • Verify that 12 months have passed since the closing date of the existing Texas 50(a)(6) loan being paid off before the new lien is secured. • Texas only permits one equity loan at a time and only one within a 12-month period.
2.5 Principal Curtailments/Reductions	
Principal Curtailments/Reductions	Permitted in instances where there is excess lender credit only
2.6 Subordinate Financing	
Subordinate Financing	<ul style="list-style-type: none"> • Existing subordinate liens on the real estate that are not paid off with the new 50(a)(6) loan are permitted provided that: <ul style="list-style-type: none"> ○ the subordinated second mortgage cannot already be a 50(a)(6) loan (verification is required-the title company must obtain a copy of the security instrument), and ○ the subordinated second mortgage must meet the 80% CLTV requirement. • A copy of the subordinating Note, Mortgage/Deed and Subordination Agreement are also required.
2.7 Ineligible Subordinate Financing	
Ineligible Subordinate Financing	<ul style="list-style-type: none"> • New subordinate financing • HELOC • Third liens

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Section 3: Borrower Eligibility	
3.1 Eligible Applicants	
Eligible Borrowers	A married borrower cannot create a lien against the property unless his/her spouse consents to the lien by signing all applicable program and closing disclosures and documents.
3.2 Occupancy	
Occupancy	Eligible <ul style="list-style-type: none"> Primary residences serving as the borrower's Texas Homestead
3.3 Age of Documentation	
Age of Documentation	Income and asset documentation must be 60 days old as of the Note date
3.4 Power of Attorney	
Power of Attorney	Not permitted
3.5 Living Trust (Inter Vivos Revocable Trust)	
Living Trust (Inter Vivos Revocable Trust)	A living trust may be an eligible mortgage borrower To determine whether or not the Trust meets all the criteria required by State and investor standards, one of the following is required: <ul style="list-style-type: none"> A copy of the trust document must be included in the file Trust must meet "qualifying trust" under Texas law for purposes of owning residential property that qualifies for the homestead exemption
3.6 Non-Arm's Length Transactions	
Non-Arm's Length Transactions	Not permitted
3.7 Ineligible Borrowers	
Ineligible Borrowers	<ul style="list-style-type: none"> Borrowers with Diplomatic Immunity Co-Signers/Co-Guarantors Foreign Nationals Individuals Employed by NewRez Third Party Originators Individuals on the LPD/GSA exclusionary lists Limited Partnerships, Corporations and LLCs Non-Occupant Co-Borrowers Non-Revocable Trusts or Guardianships
Section 4: Collateral	
4.1 Eligible Properties	
Eligible Properties	<ul style="list-style-type: none"> Attached/Detached SFRs (1 Unit) Attached/Detached PUDs (1 Unit) Low/Mid/High-Rise Condos and site Condos Modular Homes Manufactured Homes <p>Deed Restricted Properties All deed restricted properties must be reviewed and approved prior to loan approval and must adhere to agency requirements and Texas State Law.</p>
4.2 Appraisals	
Appraisal Requirements	An Interior and Exterior Inspection Report is always required
4.3 Acreage Restrictions	
Acreage Restrictions	<ul style="list-style-type: none"> Urban Homesteads – maximum 10 acres per Article XVI, Section 50(a)(6) of the Texas Constitution (no exceptions)

	<ul style="list-style-type: none"> ○ The municipality provides police and fire protection (paid or volunteer) and 3 of the following services <ul style="list-style-type: none"> • Electric • Natural gas • Sewer • Storm sewer • Water • Rural Homesteads- maximum 25 acres <ul style="list-style-type: none"> ○ Property is considered rural if the municipality does not provide police and fire protection or any of the above services • If the definition of a rural property cannot be met and there is an excess of 10 acres, all acreage exceeding 10 acres must be subdivided or the loan is ineligible
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4.4 Ineligible Properties

Ineligible Properties	<ul style="list-style-type: none"> • 2-4 Unit Properties • Bed and Breakfast Properties • Condotels • Co-ops • Hobby Farms • Life Estate • Live-Work Units not meeting the standards of a Mixed-Use Property • Non-warrantable condos • Properties appraised with a property condition of C5 • Properties encumbered with private transfer fee covenants • Properties where farm or agricultural income from the subject property is claimed on borrower’s tax returns • Properties which are subject to a right of redemption • Properties with manufactured on site being used as storage • Unique property types (geodesic domes, berms, and earth homes)
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Section 5: References

5.1 References

References	<ul style="list-style-type: none"> • Fannie Mae Guidelines • Freddie Mac Guidelines • Limited Denial of Participation (LDP) List • General Services Administration (GSA) Exclusionary List
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Section 6: Version Control

4.2 Appraisal	Added an Interior and Exterior Inspection Report is always required	4/14/20
Eligibility Matrix	Added Cash out 640 credit	5/28/20
Eligibility Matrix	Added Manufactured Homes 640 Credit Score	7/8/20
1.6 Texas Equity Restrictions	Added information	7/8/20
2.2 Eligible Terms and Programs	Added product codes	7/8/20
2.7 Ineligible Subordinate Financing	Added Third Liens	7/8/20
4.3 Acreage Restrictions	Added information	7/8/20