



Conforming Texas 50 (a)(6) Product Profile: Correspondent

NewRez overlays are identified with yellow highlighting

FANNIE MAE DU AND FREDDIE MAC LPA TEXAS 50(A)(6) ELIGIBILITY MATRIX						
Excludes Manufactured Housing						
Units	Transaction Type	Occupancy	Credit Score	LTV	CLTV	DTI
1	Cash-out Refi	Primary residence	620	80%	80%	Follow AUS
	Rate and Term Refi					

FANNIE MAE DU AND FREDDIE MAC LPA TEXAS 50(A)(6)						
MANUFACTURED HOUSING ELIGIBILITY MATRIX						
Units	Transaction Type	Occupancy	Credit Score	LTV	CLTV	DTI
1	Cash-out Refi	Primary residence	640	65%	65%	Follow AUS
	Rate and Term Refi					
Not permitted for properties on a leasehold						

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1. Loan Terms	<ul style="list-style-type: none"> Fixed Rate: 10- to 30-year terms in annual increments Manufactured Housing: maximum 20-year term for cash-out refi 	
2. Product Codes	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
3. Temporary Buydown	Not permitted	
4. QM Rebuttable Presumption/ HPML	HPML loans not permitted	
5. Net Tangible Benefit	Not required	
6. Loan Limits	https://www.fanniemae.com/singlefamily/loan-limits https://www.fhfa.gov/DataTools/Downloads/Pages/Conforming-Loan-Limits.aspx	
7. Eligible AUS Decisions	DU Approve/Eligible per Fannie Mae guidelines	LPA Accept per Freddie Mac guidelines
8. Ineligible AUS Decisions	<ul style="list-style-type: none"> DU Approve/Ineligible DU Refer with Caution LPA Caution 	
9. Manual Underwrite	Not permitted	
10. Qualifying Rate	Note Rate	
11. Ratios	Follow DU Approve/Eligible	Follow LPA Accept
12. Types of Financing	<ul style="list-style-type: none"> Rate & Term Refinance (Limited Cash-out Refinance) Cash-out Refinance 	<ul style="list-style-type: none"> Rate & Term Refinance (No Cash-out Refinance) Cash-out Refinance

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13. Texas Home Equity Restrictions	<ul style="list-style-type: none"> • Non-Delegated Clients -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(a)(4) 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) • Premium pricing is permitted if disclosed to the borrower at time of initial application • Loan may not close until: <ul style="list-style-type: none"> • Twelve days after the borrower submits the loan application or all borrowers sign the 12-Day Notice: Exception Notice—Important Notice Concerning Refinancing a Home Equity Loan • One day after the borrowers receive a copy of the Closing Disclosure 	
14. Fee Caps	<ul style="list-style-type: none"> • 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 	
	Subject to the 2% Cap	Not subject to the 2% Cap
	<ul style="list-style-type: none"> • 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 • Doc prep fees (may be changed only by a Texas licensed attorney) • Escrow waiver fees • Flood certification • Mortgage insurance 	<ul style="list-style-type: none"> • Appraisal – portion of appraisal fee paid to non-affiliate • Discount points (if legitimate and bona fide) • 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) • Flood insurance • HOA maintenance fees • Interest • 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) • Property insurance

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	<ul style="list-style-type: none"> • Origination fees • Pest infection fees • Processing fees • Property tax certification fees • Property tax service fees • Recording fees • Title company escrow fees • Title examination or search • Valid discount points used to buy down the interest rate, (suggest written buy down request from the borrower) • Underwriting fees • Warehouse fees 	<ul style="list-style-type: none"> • Property taxes • Survey performed by state licensed or registered surveyor • Title endorsements
15. Properties Listed for Sale	<ul style="list-style-type: none"> • Property must be taken off the market before the disbursement date • Borrower provides written confirmation of intent to occupy if primary residence 	NA
16. Eligible Subordinate Financing	<ul style="list-style-type: none"> • Existing subordinate liens not paid off with the new Texas 50(a)(6) loan are permitted provided that: <ul style="list-style-type: none"> ◦ the subordinated second mortgage is not subject to Texas 50(a)(6) loan (verification is required-the title company must obtain a copy of the security instrument) 	
17. Ineligible Subordinate Financing	<ul style="list-style-type: none"> • HELOC • New subordinate financing • Third liens 	
18. Occupancy	Primary residence (borrower's Homestead property)	
19. Eligible Property Types	<ul style="list-style-type: none"> • 1-unit • Condos <ul style="list-style-type: none"> ◦ Must be reviewed by PRD (Non-Delegated Clients) • Leasehold estates • Manufactured housing • Modular homes • PUDs 	
20. Ineligible Property Types	<ul style="list-style-type: none"> • 2-4 units • Agricultural zoning • Condo hotels • Co-ops • Leasehold estate condo projects • Manufactured housing condo projects (Non-Delegated Clients) • Non-warrantable condos • Properties with a C5 condition rating 	

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21. Acreage Requirements	<ul style="list-style-type: none"> • Acreage requirements <ul style="list-style-type: none"> ○ If adjacent property is owned, the file must show that the subject property is a separate parcel and does not include the additional lot ○ <u>Urban Property</u> <ul style="list-style-type: none"> • Maximum 10 acres, and • 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 ○ <u>Rural Property</u> <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 <ul style="list-style-type: none"> • Maximum 25 acres • 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 	
22. Eligible Borrowers	<ul style="list-style-type: none"> • US citizens • Permanent resident alien • Non-permanent resident alien • Inter vivos revocable trust: Trust must be reviewed by NewRez legal for Non-Delegated Clients <p>NewRez will not purchase loans from Principal/Owners of NewRez Correspondents.</p>	
23. Non-Occupant Co-Borrower	Not permitted; all borrowers must occupy subject property	
24. Housing Payment History	<ul style="list-style-type: none"> • Inclusive of all liens regardless of position • Applies to all mortgages on all financed properties • Follow DU Approve/Eligible 	<ul style="list-style-type: none"> • Inclusive of all liens regardless of position • Applies to all mortgages on all financed properties • Follow LPA Accept
25. Reserves	<p>Follow DU Approve/Eligible</p> <ul style="list-style-type: none"> • Cash-out Refinance: Cash out may not be used to meet the reserve requirements 	<p>Follow LPA Accept</p> <ul style="list-style-type: none"> • Rate & Term and Cash-out Refinance: Cash out may not be used to meet the reserve requirements
26. IRS Form 4506-C	<ul style="list-style-type: none"> • Prior to Underwriting (NewRez underwritten loans) <ul style="list-style-type: none"> ○ Signed 4506-C for each borrower whose income must be documented with tax returns and used for qualification (self-employment, rental income, etc.) • At Closing (all loans) <ul style="list-style-type: none"> ○ 4506-C for each borrower whose income is used to qualify (regardless of income type) signed at closing even if DU Validation Service or LPA AIM waives the requirement ○ 4506-C for the business tax return transcript(s) signed at closing when the business returns are used for qualification even if DU Validation Service or LPA AIM waives the requirement 	

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27. Maximum Financed Properties	<ul style="list-style-type: none"> Primary Residence: No limitation New multiple loans must be underwritten simultaneously 	
28. Appraisal	<ul style="list-style-type: none"> Interior and Exterior Appraisal Report required Re-use of an appraisal report not permitted 	
29. Escrow Waivers	Permitted	
30. Principal Curtailment	A principal curtailment is permitted up to the lesser of 2% of the loan amount of \$2,500	
31. Power of Attorney	Not permitted	
32. Ineligible Programs	<ul style="list-style-type: none"> Fannie Mae Homestyle Fannie Mae MH Advantage Fannie Mae Rural High-Needs Appraisal Waiver (appraisal waiver with home inspection) Freddie Mac CHOICEHome Freddie Mac GreenCHOICE 	

33. Version History		
Section	Update	Date
Loan Terms	<ul style="list-style-type: none"> Fixed Rate: 10- to 30-year terms in annual increments Remove Custom Loan Term information 	April 15, 2021
Eligibility Matrix	Credit Score update 620, DTI Follow AUS	August 13, 2021
Ineligible Property Types	Add Non-warrantable condos as ineligible	August 13, 2021

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