

Texas A6 Product Profile

Matrix

Eligibility Matrix			
Units	Credit Score	LTV	CLTV
Rate and Term Refinance			
1	640	80%	80%
Cash-Out Refinance			
1	660	80%	80%

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Matrix

Quick Links

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Section 1: Program Summary

1.1 Program Summary

Program Summary

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.

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.

For Texas 50(f)(2) guidelines, reference the applicable profile.

1.2 Underwriting

Underwriting

Underwriting

Refer to the applicable conventional product profile for guidelines not referenced in this product profile.

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.

Automated Underwriting

- 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.

Manual Underwriting

- Manual underwriting is not permitted.

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

Special Considerations	<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.
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1.5 Fee Caps

Fee Caps	<p>Texas 50(a)(6)</p> <ul style="list-style-type: none"> A 2% Fee cap exists on all Texas (a)(6) loans 	
	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 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 	<ul style="list-style-type: none"> 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.)

1.6 Attorney Review		
Attorney Review	All Texas 50(a)(6) loans must be reviewed and certified by one of the following NewRez approved Texas attorneys prior to closing: <ul style="list-style-type: none"> • Black, Mann and Graham • PeirsonPatterson 	
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 • Mortgage Credit Certificates (MCC) • Temporary Buydowns 	
Section 2: Transaction Details		
2.1 Loan Limits		
Loan Limits	https://www.fanniemae.com/singlefamily/loan-limits http://www.freddiemac.com/singlefamily/selbuln/limit.htm	
2.2 Eligible Terms and Programs		
Eligible Terms & Programs	10 Year Fixed	Conf Fixed 10 yr
	15 Year Fixed	Conf Fixed 15 yr
	20 Year Fixed	Conf Fixed 20 yr
	25 Year Fixed	Conf Fixed 25 yr
	30 Year Fixed	Conf Fixed 30 yr
2.3 Eligible Transactions		
Eligible Transactions	Purpose of Refinance: Texas 50 (a)(6) and Texas (f)(2)	
2.4 Seasoning		
Seasoning	If an existing Texas 50(a)(6) first or second mortgage will be paid off: <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"> • New subordinate financing is not permitted. • 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. • HELOCs are not eligible for subordinate financing. • A copy of the subordinating Note, Mortgage/Deed and Subordination Agreement are also required. 	

Section3: 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 Power of Attorney	
Power of Attorney	Not permitted
3.4 Living Trust (Inter Vivos Revocable Trust)	
Living Trust (Inter Vivos Revocable Trust)	<p>A living trust is an eligible mortgage borrower if it meets the following requirements as well as State requirements. All trusts must be approved by NewRez legal prior to Loan Approval.</p> <p>To determine whether or not the Trust meets all the criteria required by State and investor standards, one of the following is required:</p> <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
3.5 Non-Arm's Length Transactions	
Non-Arm's Length Transactions	Not permitted
3.6 Multiple Mortgages to the Same Borrower	
Multiple Mortgages to the Same Borrower	<ul style="list-style-type: none"> NewRez exposure not to exceed \$3M per individual loan or in aggregate with a maximum of four (4) financed properties Maximum of two (2) financed units in a single condo project or PUD
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/Exterior 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) Rural Homesteads- maximum 25 acres 	
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 excessive acreage Properties with manufactured on site being used as storage Unique property types (geodesic domes, berms, and earth homes) 	
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 	
Section 6: Version Control		
4.2 Appraisal	Added an Interior/Exterior Report is always required	4/14/20
Eligibility Matrices	Credit Score 660	May 7, 2020
1.1 Program Summary	A Texas 50(a)(6) loan where there is any cash back to the borrower is not permitted. A Texas 50(a)(6) that is treated as a rate and term refinance and the borrower receives no cash at closing is eligible	May 7, 2020
Eligibility Matrix update	Cash out credit score 680	May 28,2020
Eligibility Matrix update	Rate/Term credit score 640,Cash-out credit score 660	July 13,2020