

Texas 50(a)(6)



New applications not permitted on or after March 30, 2020

Primary Residence		
Refinances		
Property Type	Max LTV/CLTV	Min Credit Score
1 Unit	80% / 80%	620

COVID-19 Temporary Process Effective 03/23/20	<p>Refer to Fannie Mae and Freddie Mac Temporary Guideline Relief Bulletin for additional guidance.</p> <p>Employed Borrowers: 10-Day Pre-Closing Verbal Verification of Employment (VVOE) Due to COVID-19, there may be difficulty in obtaining the VVOE due to disruption to operations of the borrower's employer. An attempt to obtain the VVOE in accordance with existing requirements must be made. The following alternatives are allowed if a VVOE cannot be obtained:</p> <ul style="list-style-type: none"> • Written VOE <ul style="list-style-type: none"> ◦ Email must originate from the employer's email address/ domain (e.g. @loanDepot.com) ◦ Name and title of individual verifying the borrower's current employment status • YTD Paystub from the pay period that immediately precedes the note date • Bank statements evidencing the payroll deposit from the pay period that immediately precedes the note date <p>Note: DU: If employment has been validated by the Desktop Underwriter (DU) validation service, the validation will remain eligible for representation and warranty relief on employment provided the lender complies with the "close by" date in the DU message. LPA: Follow LPA Feedback Certificate for 10-Day Pre-Closing VVOE documentation relief using Asset and Income Modeler (AIM).</p> <p>Self-employed Borrowers: Continuity of Income Given the current economic climate associated with COVID-19 and its impact on employment and income, loanDepot must apply additional due diligence to ensure the most recent information is obtained. loanDepot must ensure that any disruption to borrowers' employment (or self-employment) and/or income due to COVID-19 is not expected to negatively impact their ability to repay the loan. The health of the business should be constantly checked throughout the full loan process. Recommendation is to validate the borrower's business is operational at each phase of the process from application to closing.</p> <p>Appraisal Due to COVID-19, appraisal inspection and reporting requirements have been revised. The following table provides appraisal requirements based on mortgage purpose, loan-to-value (LTV) ratio, occupancy type and mortgage ownership:</p>																				
	<table border="1"> <thead> <tr> <th colspan="5">Appraisal Requirements</th> </tr> <tr> <th>Mortgage Purpose</th> <th>LTV Ratio</th> <th>Occupancy Type</th> <th>Ownership of Mortgage being refinanced</th> <th>Permissible appraisals</th> </tr> </thead> <tbody> <tr> <td>Limited Cash-out Refinance</td> <td>Refer to Program Matrix</td> <td>Primary Residence</td> <td>Texas 50(a)(6)</td> <td>Interior and exterior inspection appraisal or exterior-only inspection</td> </tr> <tr> <td>Cash-out Refinance</td> <td>Refer to Program Matrix</td> <td>Primary Residence</td> <td>Not a Texas 50(a)(6)</td> <td>Interior and exterior inspection appraisal or exterior-only inspection</td> </tr> </tbody> </table>	Appraisal Requirements					Mortgage Purpose	LTV Ratio	Occupancy Type	Ownership of Mortgage being refinanced	Permissible appraisals	Limited Cash-out Refinance	Refer to Program Matrix	Primary Residence	Texas 50(a)(6)	Interior and exterior inspection appraisal or exterior-only inspection	Cash-out Refinance	Refer to Program Matrix	Primary Residence	Not a Texas 50(a)(6)	Interior and exterior inspection appraisal or exterior-only inspection
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<p>Conventional Lending Guide</p> <ul style="list-style-type: none"> • All loans must be underwritten to the standards contained within this matrix. • Refer to Fannie Mae Selling Guide and Freddie Mac Guide if policy not stated. 																					
<p>Ineligible Transactions</p> <ul style="list-style-type: none"> • Temporary rate buydowns • Non-occupants • Co-signers • Trusts/POAs • Appraisal waivers 																					
<p>Minimum Loan Amount</p> <p style="text-align: center;">Conforming \$60,000</p>																					
<p>Debt-To-Income (DTI)</p> <ul style="list-style-type: none"> • Per AUS 																					
<p>AUS Requirements</p> <ul style="list-style-type: none"> • DU Approve / Eligible • LPA Eligible / Accept • Manual Underwriting not permitted 																					



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	<ul style="list-style-type: none"> The payoff of a TX 50(a)(6) is subject to TX 50(a)(6) restrictions regardless of whether the new transaction is considered a No Cash-Out or Cash-Out refinance. The purpose of refinance in AUS must indicate whether or not the new refinance is considered No Cash-Out or Cash-Out for pricing/delivery purposes. 	
Appraisal Requirements	<ul style="list-style-type: none"> Full Interior/Exterior Inspection required; appraisal waiver is not allowed. The appraisal for the property and the acknowledgment of fair market value must not include any property other than the homestead. 	
Qualifying Ratios	Fixed Rate	
	Qualify at the Note Rate	
	Salaried Borrowers	
Income	<ul style="list-style-type: none"> A current paystub dated within 120 days from the Note date W-2's: Per AUS or; <ul style="list-style-type: none"> ≥ 2 years on job: W-2 covering the most recent year < 2 years on job: W-2 covering the 2 most recent years 	
	Self-Employed Borrower	
	<ul style="list-style-type: none"> Business in existence for at least two years (as stated on application) Personal signed individual tax returns, including all pages and schedules per LPA 	
Asset Documentation	<ul style="list-style-type: none"> Per AUS 	
Reserves	<ul style="list-style-type: none"> Per AUS 	
Borrower Eligibility	Eligible	Ineligible
	<ul style="list-style-type: none"> U.S. Citizens Permanent Resident –Refer to Non-U.S. Citizens Non-Permanent Residents 	<ul style="list-style-type: none"> Inter Vivos Revocable Trusts Non-Occupant Borrowers Foreign Nationals
Property Types	Eligible	Ineligible
	<ul style="list-style-type: none"> SFR/PUD (detached/attached) Condo (low/high rise) Manufactured Home 	<ul style="list-style-type: none"> Agricultural/Income producing properties Single wide manufactured housing Non-Warrantable Condo/Condotel Co-ops Geodesic Dome Berm Home
Maximum Acreage	<ul style="list-style-type: none"> Urban Homestead: 10 acres maximum Rural Homestead: 100 acres maximum if single and 200 acres maximum if married (family) (cannot be income producing) Properties with agricultural exemptions in place are eligible 	
Subordinate Financing	<ul style="list-style-type: none"> New subordinate financing is not allowed Existing subordinate loans: <ul style="list-style-type: none"> Must not be 50(a) (6) loans – verification of security instrument is required. Must not exceed max CLTV. Must not be a Home Equity Line of Credit (HELOC). 	
No Cash Out Refinance (Rate/Term)	<ul style="list-style-type: none"> The following are considered rate/term refinance transactions: <ul style="list-style-type: none"> A loan is considered a rate/term refinance if the first mortgage being paid off is a Texas 50(a)(6) loan and the borrower is not getting any cash back from the refinance transaction (not including reimbursement of POCs). <ul style="list-style-type: none"> A second mortgage that is not a Texas 50(a)(6) loan that was used in whole to purchase the subject property may be paid off. May include closing costs and prepaids. Previous transactions combining a first and non-purchase money subordinate lien into a new first mortgage, loan must be designated as cash out. <ul style="list-style-type: none"> If the new transaction combines a first and non-purchase money subordinate lien into a new first mortgage loan, it is considered cash out. 	
Cash Out Refinance	<ul style="list-style-type: none"> The following are considered cash out refinance transactions: <ul style="list-style-type: none"> Borrower is paying off a first and/or second mortgage that is not a Texas Section 50(a)(6) loan AND getting any cash-out from the refinance. Borrower is paying off a first mortgage that is a Texas Section 50(a)(6) loan but is not getting any cash-out AND paying off a second lien that is not a Texas Section 50(a)(6) loan which was not used entirely to purchase the subject property. Paying off a first mortgage that is not a Texas Section 50(a)(6) loan AND is paying off a second lien that is a Texas Section 50(a)(6) loan and: <ul style="list-style-type: none"> Borrower is getting cash back from the refinance transaction, OR Borrower is not getting cash-out but is paying off a Texas Section 50(a)(6) second mortgage that was not used in whole to purchase the subject property. Maximum Cash-Out: <ul style="list-style-type: none"> No limit to cash-out amount 	
Max Fees	<ul style="list-style-type: none"> Maximum total allowable fees are 2% of the loan amount including fees paid to third parties for services rendered. 	
12 Day Notice Concerning	<ul style="list-style-type: none"> The loan cannot close until 12 days after the borrower has received and executed the Notice Concerning Extensions of Credit. 	

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	<ul style="list-style-type: none"> ○ If a borrower is added, the Notice Concerning Extension of Credit must be disclosed to that borrower, and the 12 days waiting period starts over from the when that borrower receives and executes the document. ● 12 Day Notice disclosure is required to be provided within three (3) business days of application and at least twelve (12) days before the refinance is closed. Note: Disclosure is supplied or made available when it is delivered to the borrower.
Credit	Mortgage/Rental History
	● Per AUS: loans with one or more 60 day delinquency reported within the 12 months prior to the credit report date not acceptable
	Installment/ Revolving
	● Per AUS
Additional Requirements	<ul style="list-style-type: none"> ● The borrower's first payment must be due no later than two months after closing. ● All borrowers must occupy the property ● 6-month title seasoning is required for all cash-out refinances (measured from the previous Note Date to Disbursement Date). LTV is based on the appraised value unless the property is owned free & clear and was purchased within 6-12 months prior to the Application Date. ● 12 month title seasoning is required if existing loan (1st or 2nd) is a Texas 50(a)(6) loan (measured from recording date to disbursement date of new loan). Okay to take application prior to the 12-month mark. ● There can only be one outstanding 50(a) (6) loan at any given time. If the borrower has an existing 50(a) (6) second lien, the existing second lien must be paid off. ● The borrower(s) must be provided a complete and accurate copy of the Final CD and closing cannot occur less than one (1) business day thereafter. ● All spouses must execute the mortgage/Deed of Trust; however, they are not required to be on the Promissory Note. All individuals on title and their spouse must sign all Texas cash-out documents. Only Homestead owners can be on title at closing.
Survey Requirements	<ul style="list-style-type: none"> ● A survey obtained within the last 7 years is required. ● The survey (or other acceptable evidence) must demonstrate that: <ul style="list-style-type: none"> ○ The homestead property and any adjacent land are separate parcels, and ○ The homestead property is a separately platted and subdivided lot for which full ingress and egress is available.
Net Tangible Benefit	● Net Tangible Benefit Requirements – All refinance transactions must meet the more restrictive of loanDepot Net Tangible Benefit Policy or agency/program Net Tangible Benefits Requirements.

	Conforming	
	Description	Terms
Fixed Rate	10 Year Fixed	Fully amortizing 10 Years
	15 Year Fixed	Fully amortizing 15 Years
	20 Year Fixed	Fully amortizing 20 Years
	25 Year Fixed	Fully amortizing 25 Years
	30 Year Fixed	Fully amortizing 30 Years

