



Texas 50(a)6 Refinancing Matrix

Current Lien(s) <small>(against owner occupied primary homestead property)</small>		Current 1 st a 50(a)6	Current 2 nd a 50(a)6	2 nd to be paid off	2 nd to be subordinated	Any Cash to Borrower?	Loan Purpose Limited Cash (Rate & Term) Refinance	Loan Purpose Cash Out Refinance	Subject to 50(a)6	
		Then new loan is considered:								
<ul style="list-style-type: none"> • Definition <ul style="list-style-type: none"> ○ 50(a)6 = Cash Out Refinance <i>(Borrower receives ANY cash back)</i> ○ 50(f)2 = Limited Cash Out, No Cash Out Rate & Term Refinance as defined by agency. <i>(Borrower receives zero cash back; even when the GSEs classify the loan as a Cash out refinance)</i> • Underwriting <ul style="list-style-type: none"> ○ Regardless of higher LTVs allowed by agencies, ALL Texas owner occupied Cash Out and Limited Cash (Rate & Term) Refinance loans paying off a 1st or 2nd 50(a)6 is subject to a maximum 80% LTV. Any subsequent limited Cash Out or No Cash Out Rate & Term Refinance may close at standard agency allowable Loan to Values (LTVs) if zero cash back to the borrower. ○ Regardless of agency allowances for incidental cash back, borrower may receive ZERO cash back on 50(f)2 (Limited Cash Out (No Cash Out Rate & Term refinance) loans. This includes first conversion to 50(f)2 Limited Cash Out, No Cash Out Rate & Term Refinance and all subsequent agency refinances. ○ Property that is zoned agricultural is eligible to close either as 50(a)6 or 50(f)2 subject to meeting agency requirements for property zoned agricultural. • Costs and Disclosures: <ul style="list-style-type: none"> ○ When a refinance loan is closing as a 50(a)6; 2% limitation on closing costs applies. Loans closed as a 50(f)2; normal closing costs may be charged. ○ 50(a)6 loans must have disclosure "Notice Concerning Extensions of Credit Defined by 50(a)6, Article XVI, Texas Constitution" fully executed by all borrowers at least 12 days prior to closing. ○ 50(f)2 loans must deliver within 3 days of loan application "Notice Concerning Extensions of Credit Defined by Section 50(f)2, Article XVI, Texas Constitution" fully executed by all borrowers at least 12 days prior to closing. <p>If the following conditions exist:</p>		No				Zero cash back to borrower; even those amounts allowed by agency.	X		No Close as standard agency refinance	
		No				Yes	Zero cash back to borrower; even those amounts allowed by agency.	X	X	Yes Must close as 50(a)6
		Yes*				Zero cash back to borrower; even those amounts allowed by agency.	Loan Application must be dated on or after 1-1-18 with required "Notice Concerning Extensions of Credit Defined by Section 50(f)2, Article XVI, Texas Constitution" signed and dated at least 12-days prior to closing.			No Borrower may proceed as 50(f)2 subject to 80% LTV; regardless of agency guidelines. (Borrower may opt to close as a 50(a)6)
		Yes*				Yes	Zero cash back to borrower; even those amounts allowed by agency.		X	Yes Must close as 50(a)6



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1 st Mortgage & 2 nd Mortgage (purchase Money lien)	No		No	Yes	Zero cash back to borrower; even those amounts allowed by agency. Yes	X		No Close as standard agency Limited Cash Out or No Cash Out Rate & Term refinance
	No		No	Yes	Yes		X	Yes Must close as 50(a)6
	No		Yes*		Zero cash back to borrower; even those amounts allowed by agency. Yes	X		No Close as standard agency Limited Cash Out or No Cash Out Rate & Term refinance
	No		Yes*		Yes		X	Yes Must close as 50(a)6
* Must be seasoned 12 mos.	Yes*		No	Yes	Zero cash back to borrower; even those amounts allowed by agency.	X		No Borrower has option to proceed as a 50(f)2 subject to 80% LTV; regardless of agency guidelines. (Borrower may opt to close as a 50(a)6)
	Yes*		No	Yes	Yes		X	Yes Must close as 50(a)6
	Yes*		Yes		Zero cash back to borrower; even those amounts allowed by agency.	X		No Borrower has option to proceed as a 50(f)2 subject to 80% LTV; regardless of agency guidelines. (Borrower may opt to close as a 50(a)6)
	Yes*		Yes		Yes		X	Yes Must close as 50(a)6



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	No		No	Yes	Zero cash back to borrower; even those amounts allowed by agency.	X		No Close as standard agency refinance
	No		No	Yes	Yes		X	Yes Must close as 50(a)6
	No		Yes		Zero cash back to borrower; even those amounts allowed by agency.	X		No Close as standard agency Refinance. <i>(Classified by Fannie and Freddie as a cash out refinance. Must be noted in lock and priced as a cash out)</i>
	No		Yes		Yes		X	Yes Must close as 50(a)6
1st Mortgage & 2nd Mortgage (Qualified Home Improvement Loan) *Must be seasoned 12 months.	Yes*		No	Yes	Zero cash back to borrower; even those amounts allowed by agency.	X		No Borrower has option to proceed as a 50(f)2 agency refinance subject to 80% LTV; regardless of agency guidelines. (Borrower may opt to close as a 50(a)6) <i>(Classified by Fannie and Freddie as a cash out refinance. Must be noted in lock and priced as a cash out)</i>
	Yes*		No	Yes	Yes		X	Yes Must close as 50(a)6
	Yes*		Yes		Zero cash back to borrower; even those amounts allowed by agency.	X		No Borrower has option to proceed as a 50(f)2 agency cash out refinance subject to 80% LTV; regardless of agency guidelines. (Borrower may opt to close as a 50(a)6) <i>(Classified by Fannie and Freddie as a cash out refinance. Must be noted in lock and priced as a cash out)</i>
	Yes*		Yes		Yes		X	Yes Must close as 50(a)6



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1st Mortgage & 2nd Mortgage (NOT purchase money or qualified home improvement lien) *Must be seasoned 12 months.	No	Yes	No	Yes	Zero cash back to borrower; even the amounts allowed by agency.	X		No Close as standard agency refinance
	No	Yes*	Yes		Zero cash back to borrower; even those amounts allowed by agency.	X	Loan Application must be dated on or after 1-1-18 with required "Notice Concerning Extensions of Credit Defined by Section 50(f)2, Article XVI, Texas Constitution" signed and dated at least 12-days prior to closing.	No Borrower has option to proceed as a 50(f)2* subject to 80% LTV; regardless of agency guidelines. (Borrower may opt to close as a 50(a)6) (Classified by Fannie and Freddie as a cash out refinance. Must be noted in lock and priced as a cash out)
	No	Yes*	Yes		Yes		X	Yes Must close as 50(a)6
	No	Yes	No	Yes	Yes		X	Not Permitted <ul style="list-style-type: none"> Second mortgage that is subject to 50(a)6 may not be re-subordinated if the new first mortgage will be subject to Section 50(a)6; it must be closed. Only one 50 (a)6 lien may be against a homestead at any given time.



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1 st Mortgage with/ without 2 nd Mortgage	No	No	No	Yes	Zero cash back to borrower; even those amounts allowed by agency.	<ul style="list-style-type: none"> Finance the payment of real estate taxes that are more than 60 days delinquent for the subject property in the loan amount; or Finance the payment of real estate taxes for the subject property in the loan amount; but does NOT establish an escrow account. 	X	No Close as standard agency refinance. (Classified by Fannie and Freddie as a cash out refinance. <i>Must be noted in lock and priced as a cash out</i>)
	Free and Clear				Yes		X	Yes Must always close as 50(a)6
Free and Clear <i>(No liens against the property)</i>	No	Yes*	Yes		Zero cash back to borrower; even those amounts allowed by agency	<ul style="list-style-type: none"> Finance the payment of real estate taxes that are more than 60 days delinquent for the subject property in the loan amount; or Finance the payment of real estate taxes for the subject property in the loan amount; but does NOT establish an escrow account. Loan Application must be dated on or after 1-1-18 with required "Notice Concerning Extensions of Credit" Defined by Section 50(f)2, Article XVI, Texas Constitution" signed and dated at least 12-days prior to closing 		No Borrower has option to proceed as a 50(f)2 subject to 80% LTV; regardless of agency guidelines. (Borrower may opt to close as a 50(a)6) (Classified by Fannie and Freddie as a cash out refinance. <i>Must be noted in lock and priced as a cash out</i>)

DISCLAIMER: All loans must be originated and delivered in accordance with requirements set forth in: 1) the Texas Constitution; 2) Texas Civil Statutes; 3) the Texas Finance Code; 4) all Applicable Laws; 5) applicable Agency or Investor guidelines, unless otherwise noted in this document. This document is as an aid to help determine whether a Mortgage Loan qualifies for certain Texas refinancing. In the event of any conflicts between this document, Agency, or Investor Guidelines; follow the more restrictive guidance. This Matrix may not account for all scenarios.