

Texas Cash-Out Program Conforming Balance
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Summary

Product Types	30yr & 15yr Fixed Only
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For Conforming Loan Amounts, view State/County limits: <https://www.fanniemae.com/singlefamily/loan-limits>

Conforming Balance

Primary Residence

Minimum FICO	Units	Max LTV	Max CLTV
620	1	80%	80%

Requirements and Eligibility

<p>Document Providers</p>	<p>All documents must be reviewed by McGlinchey Stafford and Youngblood & Associates.</p> <ul style="list-style-type: none"> • The Notice Concerning Equity Loan Extension of Credit must be provided to the borrower in the language spoken during the initial interview. To ensure the disclosure is provided to the borrower in the correct language, the loan officer must add a comment to the Loan Submission form identifying the language spoken. The processor must properly identify the language spoken when ordering documents.
<p>Fees</p>	<ul style="list-style-type: none"> • Borrowers paid fees are limited to 3% of the principal balance (including the origination fee). The following are not included in the 3% limitation: <ul style="list-style-type: none"> ○ Closing costs paid with premium pricing ○ Broker fees if taken out of Pacific Union Financial discount points or paid out of premium pricing; if fees paid other than out of Pacific Union Financial discount, Broker fees must be included in the fee cap. ○ Per diem interest ○ Discount points used to reduce the interest rate ○ Escrow/impound funds ○ Escrow waiver fees ○ If borrowers are paying discount points, the borrowers, owners-in-title and/or spouse must execute the TX Home Equity Discount Point Acknowledgment. • Only fees which are allowed by State Law and RESPA/ECOA regulatory guidelines can be charged to the borrower and MUST be accurate and reflected on the GFE and the HUD-1. Only the following fees are allowed to be collected in the State of Texas: <ul style="list-style-type: none"> ○ Origination ○ Discount ○ Credit Report ○ Appraisal ○ Administrative Fee ○ Broker Fees ○ Title Search fees ○ Title Insurance Premium Fee ○ T2, T42 and T42.1 Endorsement Fees ○ Title Examination fee ○ Survey ○ Recording Fee

AUS	<ul style="list-style-type: none"> • DU Only • Must be Approve/Eligible; No manual underwrites
General	<ul style="list-style-type: none"> • An equity loan may not be refinanced more than once a year (>12 months). • A full appraisal must be obtained regardless of DU Findings.
Program Restrictions	<ul style="list-style-type: none"> • Maximum LTV/CLTV is the lesser of 80% or the LTV/CLTV listed in the program-specific LTV Matrix • Primary Residence only • Fully Amortizing programs only • None of the following: <ul style="list-style-type: none"> ○ Interest Only ○ Temporary buy-downs ○ ARM loans ○ Balloon loans ○ Special Purpose Cash-Out Refinance loans ○ High Balance Loans
Borrower Restrictions	<ul style="list-style-type: none"> • 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. • An owner-in-title (whether a spouse or individual) must sign the application and Texas Home Equity Notice (English) or Texas Home Equity Notice (Spanish) notice at the time of application, along with all appropriate documentation. • Ineligible Borrowers include: <ul style="list-style-type: none"> ○ Co-Signer(s) ○ Non-Occupant Co Borrowers ○ Foreign Nationals ○ Trusts
Power of Attorney	<ul style="list-style-type: none"> • Not Allowed

<p>Property Restrictions</p>	<ul style="list-style-type: none"> • 1 unit dwellings only • Maximum 10 acres • Survey required to: <ul style="list-style-type: none"> ○ Confirm lot size ○ Evidence homestead property and any adjacent land are separate ○ Evidence homestead and property is a separately platted and subdivided lot for which full ingress and egress is available • Properties must be served by municipal utilities, fire and police protection • Homestead must be separate parcel within permissible acreage • The following property types are not eligible: <ul style="list-style-type: none"> ○ 2-4 unit dwellings ○ Properties zoned or designated commercial ○ Properties designated or zoned as agricultural (including properties used primarily for milk production) ○ Resale Restricted properties ○ Mixed Use properties ○ On-Frame modular homes built on a steel undercarriage ○ Working farms and ranches • Escrow holdbacks are not allowed. • Rural Property will be considered on an exception basis. A property that DOES NOT meet the following guidelines is considered to be rural: • Dwelling must be located within the limits of a municipality or its extraterritorial jurisdiction or a platted subdivision, and • Served by at least 3 of the following public utilities: <ul style="list-style-type: none"> ○ Electric ○ Natural Gas ○ Sewer ○ Storm Sewer ○ Water
<p>12-Day Cooling Off Period</p>	<ul style="list-style-type: none"> • Loan may not be closed until at least 12 calendar days after the borrower has dated and signed the initial application and Notice Concerning Equity Loan Extension of Credit. <ul style="list-style-type: none"> ○ Esignatures are acceptable • The "cooling off" period in which the borrowers, owners-in-title, and/or spouse (including non-borrowing spouse) can change his/her mind about the Texas Home Equity first mortgage runs from the later of: <ul style="list-style-type: none"> ○ The date the initial loan application is signed, or ○ The date that the Notice Concerning Equity Loan Extension of Credit is signed and dated by the borrowers, owners-in-title, and/or spouse.
<p>Secondary Financing</p>	<ul style="list-style-type: none"> • New subordinate financing is not allowed. • Existing subordinate financing may remain in place subject to the following: <ul style="list-style-type: none"> ○ Second liens must re-subordinate. ○ Maximum 80% CLTV. ○ Second Lien may not be a HELOC.

<p>Pay-Off of Debt</p>	<ul style="list-style-type: none"> • NDM may require the payoff of the existing first lien as part of the loan approval. However: <ul style="list-style-type: none"> ○ NDM may not require any other lender-owned debt be paid off as part of the transaction as a condition of loan approval. ○ Loan approval may require the payoff of non-lender owned debt if necessary for qualifying purposes.
<p>Closing</p>	<ul style="list-style-type: none"> • Final HUD-1 and final loan application <ul style="list-style-type: none"> ○ The final HUD-1 and a copy of the final loan application must be delivered to/accepted by the borrower(s) during normal business hours. Closing may occur the business day after the receipt of the final HUD-1 and a copy of the final loan application. If any changes are made to the HUD-1 or final loan application, the borrower(s) must close the business day after the receipt of the revised documents: <ul style="list-style-type: none"> ▪ Weekends and state federal holidays are not considered business days ▪ Examples of required time periods are: <ul style="list-style-type: none"> • HUD-1 and final loan application delivered to/accepted by the borrower(s) on Tuesday, loan can close on Wednesday; or • HUD-1 and final loan application delivered to/accepted by the borrower(s) on Friday, loan can close on Monday ○ If the final HUD-1 and copy of the final loan application are not provided to the borrower(s) on the same day, the loan must close the business day after the latest date that the borrower(s) receives the final HUD-1 or copy of the final loan application. ○ Borrower must sign the Acknowledgment of Itemization of Fees, Points, Interest, Costs and Charges for Texas Home Equity Loan or Line of Credit to evidence their receipt of the final HUD-1 and loan application at least one day prior to closing.
<p>Title</p>	<ul style="list-style-type: none"> • A title insurance policy written on Texas Land Title Association forms (standard or short) including T42 and T42.1 endorsements is required. • For self-employed borrowers operating a business from the homestead property, the title company must issue a T42.1 endorsement without exception or deletion. • Title may not include language that: <ul style="list-style-type: none"> ○ excludes coverage for a title defect that arises because financed origination expenses are held not to be "reasonable costs necessary to refinance" or ○ defines the "reasonable costs necessary to refinance" requirement as a "consumer credit protection" law since the standard title policy excludes coverage when lien validity is questioned due to a failure to comply with consumer credit protection laws.

Escrow Waivers	<ul style="list-style-type: none"> • Escrow waivers are allowed. The escrow waiver fee is a loan level price adjustment (LLPA) and is NOT included in the 3% fee limit.
Mobile Notaries	<ul style="list-style-type: none"> • Loans must be closed in a Texas title office. No mobile notaries.
Texas Specific Loan Documents	<ul style="list-style-type: none"> • Federal Notice of Right to Cancel and Texas Home Equity/Texas HELOC Notice of Right to Rescind must be signed by all borrowers, owners-in-title, and/or spouse (including non-borrowing spouse) • The following additional Texas Home Equity Specific documents must be included in the closing package: <ul style="list-style-type: none"> ○ Acknowledgement of Fair Market Value signed by lender and borrower ○ Texas Home Equity Security Instrument (form 3244.1) ○ Texas Home Equity Note (Fannie form 3044) ○ Texas Home Equity Affidavit and Agreement (Form 3185) ○ Texas Home Equity Condo Rider (form 3140.44), if condo ○ Texas Home Equity PUD Rider, (form 3150.44), if PUD ○ Texas Home Equity Certificate from Originating Lender’s Regarding Compliance with Section 50(a)(6) Article XVI of the Texas Constitution signed by the Seller’s Attorney ○ If borrower owns more than one dwelling, loan file must include an Affidavit of Non-Homestead for all other dwellings.

***** Please refer to our Fannie Mae Matrix for all other restrictions*****