

Texas 50(f)(2) Refinance Checklist

Texas Constitution, Section 50(f) refinance permit an existing home equity loan that meets certain requirements to be refinanced in a rate/term refinance loan (doing away with the “once a home equity loan, always a home equity loan” requirement for loans meeting the Constitutionally-mandated criteria.) Does not apply to investment properties.

Complete the following checklist to confirm eligibility for Texas 50(a)(6) converting to Texas 50(f)(2) refinance.

ELIGIBLE PROGRAMS	
<input type="checkbox"/>	Conventional (Fannie Mae and Freddie Mac)
<input type="checkbox"/>	Zuma

DISCLOSURE DESK REQUIREMENTS	
<input type="checkbox"/>	Notice Concerning Refinance of Existing Home Equity Loan to Non-Home Equity Loan Under Section 50(f)(2), Article XVI, Texas Constitution Disclosure has been provided within 3 business days* of application date

Note: If the disclosure was not provided within 3 business days of application date, add condition “Loan cannot change to Texas 50(f)(2) if previously Texas 50(a)(6) due to disclosure not being provided within 3 business days of application date. Must remain Texas 50(a)(6).”

UNDERWRITING REQUIREMENTS	
<input type="checkbox"/>	Notice Concerning Refinance of Existing Home Equity Loan to Non-Home Equity Loan Under Section 50(f)(2), Article XVI, Texas Constitution Disclosure has been provided within 3 business days* of application date
<input type="checkbox"/>	No cash back allowed
<input type="checkbox"/>	When paying off an existing 50(f)(2) mortgage, 12 months seasoning is required from closing date.
<input type="checkbox"/>	Borrower(s) must have a minimum FICO Score 620
<input type="checkbox"/>	Leasehold property not allowed
<input type="checkbox"/>	Maximum LTV/CLTV is 80%
<input type="checkbox"/>	Full Appraisal (Maximum acreage cap at 10)
<input type="checkbox"/>	Requires 2nd signature from underwriting manager

Note: Texas 50(f)(2) will be considered a Texas 50(a)(4) once loan is closed. Texas 50(a)(4) to Texas 50(a)(4) does not require seasoning.

CLOSING REQUIREMENTS	
<input type="checkbox"/>	Affidavit Regarding Refinance of an Existing Home Equity Loan to a Non-Home Equity Loan – Section 50(a)(6) to 50(f)(2)
<input type="checkbox"/>	No cash back allowed (principal reduction allowed based on principal reduction policy) (Allowable fees cannot exceed 3%)
<input type="checkbox"/>	Form T-19 Endorsement: Requires Survey or T-47 Residential Real Property Affidavit
<input type="checkbox"/>	Black, Mann & Graham: Renewal and Extension Rider
<input type="checkbox"/>	Black, Mann & Graham: Affidavit Made Pursuant to Subsection (f-1) of Section 50. Article XVI, of the Texas Constitution
<input type="checkbox"/>	Polunsky Beitel Green: Renewal and Extension Rider (recommended for NOO, not required)
<input type="checkbox"/>	Polunsky Beitel Green: Affidavit Regarding Refinance of an Existing Home Equity Loan to a Non-Home Equity Loan (50(a)(4))

*Business Day: Under Title 7, Section 153.1(2) of the Texas Administrative Code, “business day” is defined as all calendar days except Sundays and federal public holidays.