FREEDOM MORTGAGE® | WHOLESALE

FHLMC Texas 50(a)(6) and 50(a)(4) Fixed Rate

See full Product Guide for complete information.

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Loan Amount[1] and LTVs	
Occupancy and Property Type	**Max LTV / TLTV / HTLTV[2]**
Cash Out Refi – Primary Residence	
1 Unit Primary Residence	80%

1 Maximum $832,750 conforming loan amount.

2 Small Business Administration (SBA) loans secured by the subject property must be treated as subordinate financing and included in the calculation of the TLTV and HTLTV ratios.

Amortization	• 10, 15, 20, 25, 30 Year • Odd terms down to 96 Months Note, Texas 50(a)(6) and 50(a)(4) transactions are permitted with ARM products according to Texas law. **FMC offers Fixed-Rate terms only.**	
Secondary Financing	• Maximum LTV/CLTV is 80%. • Subordinate financing, new and/or existing is not permitted.	
Eligible Property Types	• Must be the borrower's Owner-Occupied Homestead property • 1 Unit • SFR, Warrantable Condo, PUD, Townhouse • Properties with auxiliary/mother-in-law units (when used for homestead purposes only)	
Ineligible Property Types	• 2-4 Units • Duplexes • Texas Urban Homestead Properties greater than 10 acres • **Manufactured Housing** • Non-warrantable Condo • Timeshare • Mixed Use • Mobile Home	• Cooperative • Condo/PUD Hotel • Commercial Property • Working Farms • **Properties with Resale Deed Restrictions** (other than Age Restricted) • Properties that are listed for sale at the time of disbursement • Life Estates • **Land Trust and Community Land Trust**
Occupancy	• Primary Residence only • 1 Unit • Refer to maximum LTV/TLTV chart above • Must be an Owner-Occupied Homestead • There are no limitations on the number of properties that the borrower has financed when the subject loan is secured by the borrower's primary residence • **FMC has a maximum of four FMC-financed properties for one individual.**	

Condos:
- Must be FHLMC warrantable

PUDS:
- The project must comply with all applicable state and local laws
- Must be in an eligible project. Refer to Freddie Mac Seller Guide Section 5702

Acreage Properties
- For acreage properties, it must be determined if the subject property is deemed Urban or Rural Homestead.

Age Restricted Properties:
- Eligible Age Restricted properties (4406):
  - 1-4 Unit properties
  - Primary Residence, Second Home, and Investment Properties are eligible

Refinance Transactions

Rate/Term Refinance
- Permitted under the terms of Texas(a)(4) conversion loan (rate/term refinance of a Section 50(a)(6) lien).

Cash Out Refinance
- Special purpose cash out refinances are not eligible as a Texas 50(a)(6)

Texas 50(a)(6) Refinance

There are important differences between transactions that are considered a cash out by Freddie Mac and not a cash out by Texas law. Only those loans meeting the definition of a Texas 50(a)(6) transaction must meet the additional state requirements. However, certain transactions which are not considered a Texas 50(a)(6) under the Texas law are considered a cash out for Freddie Mac purposes. Conversely, transactions that are considered a Texas 50(a)(6) may not be considered a cash out for Freddie Mac. These include:

Transaction Type	Texas Home Equity	Freddie Mac Cash Out
Refinance with cash to the borrower(s) to pay taxes on the homestead property	No	Yes
Refinance to buy out the equity of a co-owner, as a result of a court order. Only the person coming off of title may receive proceeds	No	Special Purpose Cash Out, Not permitted as a Texas 50(a)(6)
Refinance of a lien against a homestead property which includes funds to pay a federal tax lien resulting from tax debt of both spouses if a family homestead or the tax debt of the owner	No	Yes
Refinance of a first lien against a homestead property which is not currently a 50(a)(6) closed end or 50(t) open-end account	No	No
Home Improvement refinance loan	No	Yes

	Refinance of a Texas 50(a)(6) with no cash back to the borrower (may not have a second lien that was not used in full to purchase the property) | No, if the requirements of a Section 50(a)(4) apply | No **When the loan is identified as a Section 50(a)(6), Freddie Mac pricing and eligibility requirements must be followed for cash out transactions.**
Texas 50(a)(4) Conversion Refinance	When the current mortgage is identified as a Section 50(a)(6) and the new loan will be a rate/term refinance (identified as Section 50(a)(4) conversion), Freddie Mac pricing and eligibility requirements must be followed for a rate/term refinance, in addition to the below. • If the existing Note, Mortgage, or commitment for title insurance shows that the mortgage being refinanced is a Section 50(a)(6), the new mortgage must be considered a Texas Home Equity Loan or a Section 50(a)(4) conversion loan. The new mortgage may be considered a Section 50(a)(4) conversion loan if the following conditions exist: ○ **Seasoning**: New 50(a)(4) conversion refinance loan must close more than 12 months after the previous Texas Home Equity loan closed. ○ **80 LTV%**: The refinance is of a principal amount that when added to the aggregate total of the outstanding principal balance of all other indebtedness secured by the homestead, does not exceed 80% of the fair market value of the homestead on the date of the refinance. ○ **Refinance Disclosure 50(a)(4)**: The lender provides the owner (i.e. borrower) with the written notice required by Section (F)(2)(D) of the Texas Constitution on a separate document not later than the third business day after the date the owner submits the loan application to the lender and at least 12 days before the date the refinance of the loan closes. ○ **No prepayment penalties**: Must be a closed end first lien that is not subject to any prepayment penalties.
Underwriting	**Automated Underwriting (Loan Product Advisor)** • All loans are required to be submitted to Loan Product Advisor. **Manual underwriting is not permitted.** • Eligible Loan Product Advisor recommendation: Loan Product Advisor Accept • A verbal VOE 10 Business days prior to note date (for non-self-employed borrowers) and **60 Calendar days prior to note date (for self-employed) prior to note date.** ○ **Alternative forms of verification, such as bank statements or YTD Paystubs, are not permitted.** **Ratios** • According to Loan Product Advisor Feedback, however, must follow the more restrictive of Loan Product Advisor or 50.49%. • Loan Product Advisor must reflect all payments, regardless of the number of months remaining, except for installment loans with less than 10 months. • BNPL (Buy Now, Pay Later) debts identified on the borrower's asset statements, but not reported on the credit report, must be treated as undisclosed debt, and fully documented. Whether or not the payment is to be included in the DTI will be determined by the financing arrangement and the number of payments left. The financing agreement and/or a current statement reflecting the payment, balance, and terms are required. ○ Refer to Credit Policy Announcement 26-02 for requirements and list of BNPL companies. **Credit Profile** • **Minimum risk score of 780 for Borrowers utilizing any type of tax return based income, including but not limited to self-employment, rental income, interest /dividends, capital gains, royalty**

	payments, and accessory unit income. Otherwise, **a minimum risk score of 620** unless a higher score is required for Loan Product Advisor Accept recommendation.

This document is not all encompassing. It is a summary reference tool to be utilized in conjunction with agency guidelines and applicable FMC credit and compliance policies. Where this document is silent, refer to agency guidelines.

All bolded and highlighted items are Freedom Mortgage overlays.

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