

Alert

**Update**

Reminder

Clarification

Training  
Information

Preview

## Refinances in the State of Texas for the Key Loan

Truist Bank (Truist) announces the availability of Texas Equity Section 50(a)(6) and Texas Section 50(f)(2) refinances for the Correspondent Key Loan.

### Effective Dates

Effective for new locks on or after October 17, 2022.

### Background Information

A Texas Equity Section 50(a)(6) mortgage is a loan originated in accordance with and secured by a lien permitted under the provisions of Article XVI, Section 50(a)(6), of the Texas Constitution, which allow a client to take equity out of a homestead property under certain conditions.

A Texas Section 50(f)(2) mortgage is the refinance of an existing Section 50(a)(6) mortgage which closes as a non-Section 50(a)(6) loan under Section 50(a)(4) of the Texas Constitution, which disallows any cash back.

### Bulletin Details

#### Eligible Products for Key Loan Texas Equity Section 50(a)(6) Transactions

Eligible loan products available under the Texas 50 (a)(6) Key loan program include a fully amortizing fixed rate. Key Loan Texas Equity 50(a)(6) first mortgage transactions must comply with the more restrictive of Section 2.06: Key Loan Standard requirements or the Texas Section 50(a)(6) Mortgages standards.

#### Loan Parameters for Key Loan Texas Equity Section 50(a)(6) Transactions

Criteria	Product
Eligible Transactions	<ul style="list-style-type: none"> <li>Limited cash-out (rate/term) refinance</li> <li>Cash-out refinance</li> </ul>
Property Type/ Occupancy	1-unit Primary Residence, including condominiums and Planned Urban Developments (PUDs)
Maximum LTV/TLTV	80% or the more restrictive of the applicable first mortgage product guidelines
Appraisal	Full appraisal required
Secondary Financing	Home Equity Lines of Credit (HELOCs) are not permitted
Additional Required Disclosure	Truist and the owner of the homestead must sign an Acknowledgement as to Fair Market Value of the Homestead Property at closing.
Special Considerations	A special security instrument, notes and riders must be used in connection with Texas Section 50(a)(6) mortgage loans, and a special affidavit must be prepared and recorded with each Texas Section 50(a)(6) loan transaction.

## Bulletin Details, continued

### Lender Certifications

By sale of a Texas Section 50(a)(6) mortgage loan to Truist, the lender certifies that with respect to all of the Texas Section 50(a)(6) loans delivered to Truist:

- All Texas Section 50(a)(6) loans were (or will be) originated pursuant to written processes and procedures that comply with the provisions of the Texas Constitution applicable to mortgage loans authorized by Section 50(a)(6), Article XVI of the Texas Constitution, as amended from time to time.
- The lender has in place a specific process for the receipt, handling, and monitoring of notices from borrowers that lender (or mortgage originator, if lender is the servicer but not the mortgage originator) failed to comply with the provisions of the law applicable to Texas Section 50(a)(6) loans. Such process must be adequate to ensure that the lender will correct the failure to comply by one of the authorized means no later than the 60th day after the date the lender is notified of the failure to comply by the borrower.
- An attorney familiar with the provisions of Section 50(a)(6), Article XVI of the Texas Constitution was consulted (or will be consulted prior to origination of the Texas Section 50(a)(6) loans) in connection with the development and implementation of the processes and procedures used for the origination of the Texas Section 50(a)(6) loans.
- To ensure ongoing compliance with the law applicable to mortgage loans authorized by Section 50(a)(6), Article XVI of the Texas Constitution, the processes and procedures used for the origination of the Texas Section 50(a)(6) loans will be reviewed by the lender regularly and will be updated and revised, as appropriate pursuant to clarifications of the law, on a regular and continual basis.

### Other Texas Primary Residence Refinance Transactions

As a reminder, Truist continues to permit the following non-equity refinance transactions in the state of Texas:

- Texas Section 50(a)(3): An owelty of partition imposed against the entirety of the property by a court order or a written agreement of the parties to the partition, including a debt of one spouse in favor of the other spouse resulting from a division or award of a family homestead in a divorce proceeding.
- Texas Section 50(a)(4): The refinance of a lien against a homestead, including a federal tax lien resulting from the tax debt of both spouses, if the homestead is a family homestead, or from the tax debt of the owner. Under Texas law these transactions are considered rate-term refinances, however, these transactions must be underwritten based on Truist guidelines.
- Texas Section 50(a)(5): Home improvement loan or new construction on homestead property. Under Texas law these transactions are considered rate-term refinances, however, these transactions must be underwritten based on Truist guidelines.

**Bulletin Details, continued**

Reference: See the “Limited Cash-Out (Rate/Term) Refinance” outlined in the Key Loan Standard of the Seller Guide.

**Before and After Matrix**

[Click here](#) to see the before and after matrix that provides a detailed overview of all standard revisions

**Revised Material**

Click [Texas Section 50\(a\)\(6\) Mortgages Standard](#), [Key Loan Standard](#) and [Key Loan Eligibility Checklist COR0650](#) to review the revised material.

**Former Guidelines**

Previously, the Truist Correspondent Channel did not allow Texas Equity Section 50(a)(6) and Texas Section 50(f)(2) refinances with the Key Loan.

**Other Resources**

Support Group	Description and Contact Information:
Correspondent Relations Coordinator	Specific questions on applying this procedure to specific loan files. Contact Correspondent Relations Coordinators at 800.382.2111, Option 1.
Product Support	Provides phone and email support on products, policies, and procedures as well as new product rollout and existing product enhancement. Contact Product Support at 800.382.2111, option 3.

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