



Announcement 17-60

Date: December 11, 2017

Topic: Texas a(6) Updates

Texas Proposition 2, passed November 7, 2017, updated Texas home equity refinance requirements by expanding the fee cap from 3% to 2%, explicitly detailing which fees may be excluded from the cap, updating the 12 day notice, and removing the “once an a(6) always an a(6)” provision. Homeowners may now refinance an a(6) home equity loan into a non-a(6) loan as long as:

- the refinanced loan is signed at least a year after the original home equity loan was signed;
- the refinanced loan cannot provide any additional money to the borrower other than to cover the costs to do the refinancing;
- the refinanced loan cannot exceed 80 percent of the fair market value of the house; and
- the lender of the loan must provide the borrower with a notice about their rights associated with a home equity or non-home equity loan 12 or more days before the date of refinance.

Effective with a(6) transactions made or refinanced on or after January 1, 2018, PennyMac will be aligning with the updated a(6) requirements.

Per the Texas Joint Financial Regulatory Agencies “Statement on Passage of SJR 60,” any a(6) loan that is in process prior to January 1, 2018 and does not close by December 31, 2017 will need to comply with the updated disclosure and fee requirements to be eligible for purchase.

As a reminder, Lenders must be approved with PennyMac to deliver a(6) refinance transactions.

Please contact your Sales Representative with any questions.