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Refinancing Info Regarding **R-8 CREDIT**

What is Texas Rate Rule R-8 and Am I Eligible?

What is R-8

The Texas Department of Insurance (TDI) regulates and prescribes rules for title insurance companies and policies. The set rate for a title insurance policy is a function of the amount of the purchase and is called the Base Rate. This rate can be adjusted through specific TDI Rate Rules. One such rule, R-8, specifies a discount for refinancing a mortgage if it happens within seven years from the original purchase date of the property.

The rule specifically states that if a lender takes a new loan that pays off the existing loan, the premium on the new mortgage policy will be the Base Rate less a specific discount determined by when the original mortgage policy was issued. The younger the original policy is, the greater the discount rate.

Eligibility

To qualify for the R-8 credit, the following must be met:

- The new loan must fully take up, renew, extend, or satisfy the existing lien that is already insured by an existing Loan Policy;
- The new loan cannot cover property that was not included in the existing Loan Policy;
- The new Loan Policy must be in the amount of the note of the new loan; and
- The current loan must be less than eight years old.

Years With Current Loan	Credit*
4 years or less	50%
More than 4 years but less than 8 years	25%
More than 8 years	None

Calculating Your R-8 Credit

To see if you qualify, gather the following information and plug it into the formula below. You will find the information below on your most current mortgage statement. The title insurance premium for your area and property value can be obtained by contacting your Escrow Officer.

Principal balance (what you owe) on existing loan: _____

Title insurance premium (based on existing loan balance): _____

Original date of existing loan: ____/____/____

Credit percentage (see below): _____

$$\begin{matrix} \$ \text{_____} & \times & \text{_____} \% & = & \$ \text{_____} \\ \text{Premium based on loan balance} & & \text{Credit} & & \text{Amount of R-8 credit to be applied} \end{matrix}$$

Calculating the new Premium for Your Loan Policy

Once you calculate the amount of your R-8 credit, you would deduct it from the title insurance premium associated with the amount of your new loan.

Amount of new loan: _____

Title insurance premium (based on amount of new loan): _____

Less reissue credit: _____

New premium amount**: _____

*The premium for the new Loan Policy is the Basic Premium less the R-8 credit; but not less than the minimum Basic Rate.

**The actual premium will be collected at closing and is determined on the facts provided to the title company. Additionally, the premium above does not include any endorsement premiums or applicable fees. For details, please contact your Escrow Officer.