

HELOAN 2

(Standalone 2nd TD)

Program Code: HELOAN-2 -30, -20, -15, -10

Loan Amt	Min FICO	Max CLTV					
		Primary		2 nd Home		Investment	
		Full Doc	Alt Doc	Full Doc	Alt Doc	Full Doc	Alt Doc
75,000-350,000	740	90%	85%	80%	75%	75%	70%
	700	85%	80%	80%	70%	65%	60%
	680	75%	75%	75%	65%	NA	NA
350,001-500,000	740	85%	80%	75%	70%	75%	65%
	700	85%	75%	75%	65%	65%	60%
	680	75%	70%	70%	60%	NA	NA
* Condo Max CLTV: 80% * 2-4 Unit Max CLTV: 75% * Declining Market and State Restrictions: See Below							
Documentation Option							
Full Doc	<ul style="list-style-type: none"> ▪ Wage/Salary <ul style="list-style-type: none"> ○ Most recent 30-day paystubs ○ 1 or 2-years W-2s, ○ IRS Form 4506-C, ○ Verbal VOE ▪ Self-Employed <ul style="list-style-type: none"> ○ 25% or greater ownership required ○ 1 or 2-Years of Personal and Business (if applicable) Tax Returns, ○ YTD P&L, ○ Most recent 2-month business bank statements ○ IRS Form 4506-C 						
Personal Bank Statement	<ul style="list-style-type: none"> ▪ Self-Employed Only ▪ Must be self-employed for at least 2 years ▪ 24 or 12-months of Personal and 2-months of business bank statements ▪ Qualifying income is determined by the total eligible deposits from the 24 or 12-months of personal bank statements divided by the number of statements ▪ The business bank statements must reflect business activity and transfers to the personal account. 						

Business Bank Statement	<ul style="list-style-type: none"> ▪ Self-Employed Only ▪ Must be self-employed for at least 2 years ▪ 24 or 12-months of business bank statements ▪ Qualifying income is determined by one of the following analysis methods: <ul style="list-style-type: none"> ○ Fixed expense ratio of 50% ○ Expense ratio provided by a 3rd party (CPA or EA) min ratio of 10% ○ 3rd party prepared Profit & Loss Statement (CPA, EA, or tax preparer)
1099	<ul style="list-style-type: none"> ▪ 2-Years or 1-Year 1099 ▪ Fixed expense ratio of 10% ▪ YTD documentation to support continued receipt of income
General Requirements	
DTI	<ul style="list-style-type: none"> ▪ Maximum DTI ratio: <ul style="list-style-type: none"> ○ 50% DTI for CLTV less than or equal to 80% ○ 45% DTI for CLTV greater than 80%
Credit and Fraud	<ul style="list-style-type: none"> ▪ Credit Report ▪ Gap Credit report or Undisclosed Debt Monitoring (UDM) ▪ Fraud report ▪ OFAC
Occupancy	<ul style="list-style-type: none"> ▪ Primary Residence ▪ Second Home ▪ Investment
Product Type	<ul style="list-style-type: none"> ▪ 30-Yr Fixed ▪ 20-Yr Fixed ▪ 15-Yr Fixed ▪ 10-Yr Fixed
Loan Purpose	<ul style="list-style-type: none"> ▪ Stand-Alone Cash-Out (minimum ownership of 6 months required) ▪ Simultaneous/Piggyback not allowed
Loan Amount	<ul style="list-style-type: none"> ▪ Min: \$75,000 ▪ Max: \$500,000
Combined Loan Balance	<ul style="list-style-type: none"> ▪ The CLTV of the combined loan balances are restricted as follows: <ul style="list-style-type: none"> ○ Combined loan balance > \$2M Max CLTV: 80% ○ Combined loan balance > \$3M Max CLTV: 75% ▪ Maximum combined loan balance for all liens not to exceed \$4M
Cash-Out	<ul style="list-style-type: none"> ▪ Max Cash-Out: \$500,000
Property Type	<ul style="list-style-type: none"> ▪ Single Family ▪ 2-4 Units ▪ PUD ▪ Fannie Mae Warrantable Condo
Property Requirement	<ul style="list-style-type: none"> ▪ Minimum property size <ul style="list-style-type: none"> • Single Family: 700 sq. ft. • Condo: 500 sq. ft. • 2-4 Units: 400 sq. ft. per individual unit ▪ Must Be improved real property ▪ Must be accessible and available for year-round residential use ▪ Must contain a full kitchen and a bathroom ▪ Must represent the highest and best use of the property ▪ Must not contain any health or safety issues

Ineligible Property	<ul style="list-style-type: none"> ▪ Condition rating of C5/C6: Not eligible ▪ Any property located in a declining market as reported by the appraiser requires a 5% CLTV reduction. ▪ Subject property minimum ownership of 12 months required ▪ Properties with unpermitted additions/alternations to the subject property are not eligible ▪ Non-Warrantable Condo ▪ Property > 10 acres ▪ Manufactured Homes ▪ Agricultural Zoned ▪ Rural ▪ Mixed-Use ▪ Unique Properties ▪ Bed and Breakfast ▪ Geodesic Domes ▪ Log Homes ▪ Modular Homes ▪ Ranches and Orchards ▪ Properties in Litigation ▪ Commercially Zones ▪ Properties with zoning violations ▪ Properties listed for sale in the last 6 months ▪ Properties currently listed for sale ▪ Leasehold properties are not eligible
Declining Market & State Restrictions	<ul style="list-style-type: none"> ▪ Maximum LTV/CLTV is limited to 80% for purchase and refinance if either or both of the following apply: <ul style="list-style-type: none"> ○ The appraisal report identifies the property as a declining market; ▪ TX: Not allowed ▪ NJ and FL: Max CLTV 80%, Min FICO 720 <ul style="list-style-type: none"> ○ SFR and Condo: Max CLTV 80%, Min FICO 720 ○ 2-4 Unit: MAX CLTV 75%, Min FICO 720
Appraisals	<ul style="list-style-type: none"> ▪ New appraisal (1004/1025/1073) ▪ Secondary valuation product required in every file <ul style="list-style-type: none"> ○ Acceptable review products include one of the following: <ul style="list-style-type: none"> ▪ The file must include a copy of the Submission Summary Report (SSR); or ▪ An enhanced desk review product from one of the following choice(s): <ul style="list-style-type: none"> ○ CDA from Clear Capital ▪ AVM within 90- days of Note date
AVM and FSD Score	<ul style="list-style-type: none"> ▪ The following AVM vendor(s) are acceptable: <ul style="list-style-type: none"> ○ Clear Capital – 0.00 to 0.13 (FSD Score)
Escrow Impound	<ul style="list-style-type: none"> ▪ Not allowed
Document Age	<ul style="list-style-type: none"> ▪ Credit documents may not be over 90 days old at the time of closing ▪ Appraisal may not be over 120-days old at time of closing

General Underwriting Guidelines	
Credit Score	<ul style="list-style-type: none"> ▪ Qualifying score is the lowest of 2 scores or middle of 3 scores from the primary income earner ▪ Non-traditional credit ineligible.
Tradelines	<ul style="list-style-type: none"> ▪ Minimum 3 tradelines: <ul style="list-style-type: none"> ○ One currently open and active for at least 24-months based upon the credit report pull date. ○ The other 2 must have reported for a minimum of 12-months but can be open or closed.
Housing History	<ul style="list-style-type: none"> ▪ 0x30x12 - Verification of mortgage history required on all loans. ▪ Verify the 1st lien P&I payment with all of the following: <ul style="list-style-type: none"> ○ Copy of 1st lien Note, and ○ Copy of most recent monthly mortgage payment statement
Housing Event Seasoning	<ul style="list-style-type: none"> ▪ Foreclosure: 84 month waiting period ▪ Short Sale, Deed in Lieu, Modification: 60 month waiting period ▪ Any Bankruptcy: 60 month waiting period ▪ Forbearance: 24 months of consecutive payments since exiting plan
Notice of Default	<ul style="list-style-type: none"> ▪ Notice of Default will be considered 1x90x12 under housing history restrictions.
Reserves	<ul style="list-style-type: none"> ▪ NA
Borrower Eligibility	<ul style="list-style-type: none"> ▪ US Citizen ▪ Permanent Resident Alien ▪ Non-Permanent Resident Alien: Max 80% LTV/CLTV <ul style="list-style-type: none"> ○ Acceptable Visa Types: E-1, E-2, E-3, G-1 through G-5, H-1B, L-1A, L-1B, O-1, R-1
Ineligible Borrower	<ul style="list-style-type: none"> ▪ Non-occupant co-borrowers ▪ DACA and C08 visa not allowed
Assets Requirements	<ul style="list-style-type: none"> ▪ None Required
Ineligible Senior Liens	<ul style="list-style-type: none"> ▪ Senior liens with high-risk features which can include, but are not limited to: <ul style="list-style-type: none"> ○ Forbearance, modification, or deferrals (including COVID-19 related events) completed or reinstated within 12- months of the Note date ○ Loans in active forbearance or deferment ○ Negative amortization ○ Balloon, if the balloon payment becomes due during the amortization period of the new 2nd lien ○ Reverse mortgages ○ First liens for the subject property not reporting on credit report. Example: Private party mortgages including any loan not reporting on credit report ○ Loans secured by more than one underlying property, including cross collateralized loans or blanket mortgages ○ Home Equity Line of Credit (HELOC) ○ Note with default interest rate greater than the Note rate

Ineligible Loan Features	<ul style="list-style-type: none"> ▪ Lien free properties: If the subject property is lien free, including delayed financing ▪ Unseasoned cash-out: If the existing lien is a cash-out, measured within six months of the note date to note date. ▪ Frequent Refinances: Two or more cash-out refinances in the past twelve months ▪ All existing subordinate liens must be satisfied. No resubordinating permitted. ▪ All solar panel loans must be paid off (example: PACE, HERO)
Compliance	<ul style="list-style-type: none"> ▪ No Section 32 or state High Cost ▪ Loans must comply with all applicable federal and state regulations ▪ Fully documented Ability to Repay including Borrower Attestation ▪ Higher-Priced Mortgage Loans (HPML) and Higher-Priced Covered Transactions (HPCT) are permitted subject to complying with all applicable regulatory requirements. ▪ Points/Fees not to exceed 5%
POA	<ul style="list-style-type: none"> ▪ Power of Attorney is not eligible
Title Insurance	<ul style="list-style-type: none"> ▪ ALTA full title policy
Escrow	<ul style="list-style-type: none"> ▪ Impound accounts are not required ▪ If property is located in a flood zone, evidence of flood insurance is required.
Homeowners Insurance	<ul style="list-style-type: none"> ▪ Use of the existing coverage amount is permitted. Loss payee clause must reflect seller as additional insured.