

HELOC 1

(Standalone and Piggyback)

Program Code: HELOC1 IO 30

Loan Amount	Minimum FICO	Max CLTV						
		Primary		2 nd Home		Investment		
		Full Doc	Bank Stmt	Full Doc	Bank Stmt	Full Doc	Bank Stmt	
		12 or 24mo	12 or 24mo	12 or 24mo	12 or 24mo	12 or 24mo	12 or 24mo	
50,000 - 250,000	740	90%	80%	75%	75%	70%	65%	
	700	85%	80%	75%	75%	65%	60%	
	680	75%	N/A	75%	N/A	N/A	N/A	
250,001 - 350,000	720	85%	80%	75%	75%	65%	65%	
	700	85%	80%	75%	75%	65%	60%	
	680	75%	N/A	75%	N/A			
350,001 - 500,000	720	75%	75%	75%	75%			
	700	75%	75%	75%	75%			
	680	75%	N/A	75%	N/A			
Condo – Warrantable max 75% CLTV								
Rural Primary to 80% CLTV, max 10 acres								

Combined Lien Balance				
Max Combined Lien Bal	\$2,000,000	\$3,000,000	\$3,500,000	\$4,000,000
Max CLTV	90%	85%	75%	65%

General Requirements	
Max DTI	<ul style="list-style-type: none"> ▪ 50%
Loan Purpose	<ul style="list-style-type: none"> ▪ Stand-Alone Cash-Out ▪ Simultaneous/Piggyback allowed
Loan Amount	<ul style="list-style-type: none"> ▪ Min: \$50,000 ▪ Max: \$500,000
Product Type	<ul style="list-style-type: none"> ▪ 30-Yr
Qualifying Payment /DTI	<ul style="list-style-type: none"> ▪ 30 year fully Amortized payment based on Start Rate +2 on the Total Credit Limit used to qualify. ▪ ARMs on existing senior liens with <3 years Fixed Period remaining qualify on fully indexed payment.
Draw Term	<ul style="list-style-type: none"> ▪ 3 Year Draw ▪ 5 Year Draw
Minimum Drawn Amount	<ul style="list-style-type: none"> ▪ Minimum: \$50,000 ▪ Maximum: \$500,000 ▪ Draw required at close: 75% of the maximum line amount or minimum amount required by state law, whichever is greater
Subsequent Draws	<ul style="list-style-type: none"> ▪ Eligible 90 days after the note date ▪ \$5,000 or the minimum draw amount required by state law, whichever is greater ▪ Unlimited draws during draw period allowed. ▪ Interest only period same as draw period
Lien Position	<ul style="list-style-type: none"> ▪ 1st and 2nd Lien
Occupancy	<ul style="list-style-type: none"> ▪ Primary Residence ▪ Second Home ▪ Investment
Property Type	<ul style="list-style-type: none"> ▪ Single Family, PUD, Townhome, Rowhome, Modular ▪ Warrantable Condo - Max 75 CLTV ▪ Rural – Primary Only, Max 10 acres – Max 80 CLTV
Ineligible Property	<ul style="list-style-type: none"> ▪ 2-4 units ▪ Adult Assisted Living/Care Facilities ▪ Agricultural or Commercial Zoned Properties ▪ Condotels ▪ Co-ops ▪ Non-Warrantable Condo ▪ Deed-restricted properties ▪ Income producing properties (ie: Ranches, Orchards, etc) ▪ Log Homes ▪ Leasehold ▪ Land Trust ▪ Manufactured/Mobile Homes ▪ Mixed-Use

Ineligible Property (Cont.)	<ul style="list-style-type: none"> Multiple Dwellings on Single Lot (1 Legal ADU acceptable on SFR) Property > 10 acres Room and Board Facilities Rural 2nd Homes and Investment Properties Unique Properties (ie: Geodesic domes, etc) Working Farms and Hobby Farms
Senior Lien	<ul style="list-style-type: none"> Senior Lien Interest Only Max DTI: 45%. Senior Lien ARM with < 3 years fixed period remaining must qualified on fully indexed payment
State Restrictions	<ul style="list-style-type: none"> Texas not Permitted Maryland not Permitted
Seasoning	<ul style="list-style-type: none"> Properties owned less than 6 months are ineligible. Properties listed for sale within 6 months of Note date are ineligible. Any previous cash out refinance from subject within 6 months, either the 1st or a 2nd lien is ineligible
Ineligible Senior Liens	<ul style="list-style-type: none"> Loans in active forbearance or deferment. Deferred balance due to a documented hardship may remain open. Without documentation, the deferred balance must be paid through closing. Loans with negative amortization Reverse mortgages Balloon loans that the balloon payment comes due during the amortization period of the 2nd lien. Mortgages not reporting on credit report Private Party
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.
Escrow Impound	<ul style="list-style-type: none"> Not allowed
Prepayment Penalty	<ul style="list-style-type: none"> Not allowed
General Underwriting Guidelines	
Credit Score	<ul style="list-style-type: none"> Qualifying score is the lowest of 2 scores or middle of 3 scores. Lowest mid score of all borrowers Non-traditional credit ineligible.
Tradelines	<ul style="list-style-type: none"> 3 tradelines reporting for 12+ mo. or 2 tradelines reporting for 24+ mo. all with activity in the last 12 mo. On primary residence only, borrowers who do not have the minimum tradelines are acceptable with a current mortgage history on their credit reporting 0x30x12 (No Private Party Mortgages).
Piggyback	<ul style="list-style-type: none"> No minimum tradelines required Housing lates 0x30x12 waived Piggyback housing history will follow 1st TD approval

Housing History	<ul style="list-style-type: none"> ▪ 0x30x12 on all mortgages for all borrowers. ▪ Minimum 12mo housing history required. ▪ Subject Senior Lien Must be on reporting on Credit report
Housing Event Seasoning	<ul style="list-style-type: none"> ▪ 48 months - Foreclosure, short-sale, deed in lieu, bankruptcy. ▪ No multiple events in last 7 years.
Derogatory Credit	<ul style="list-style-type: none"> ▪ Open charge-offs or collections (including medical) with a balance of \$1,000 or more per occurrence must be paid at closing ▪ No delinquent tradelines at closing
Borrower Eligibility	<ul style="list-style-type: none"> ▪ US Citizen ▪ Permanent Resident Alien ▪ Non-Permanent Resident Alien (with US Credit). (Allowable visas: E1, E2, E3, EB5, G1 through G5, H1, L1, NATO, O1, R1, TN NAFTA). Visa must be current. If visa will expire within 6 months of loan closing date, documentation of extension steps and fees paid as shown by the USCIS website is required.
Ineligible Senior Liens	<ul style="list-style-type: none"> ▪ Interest Only ineligible ▪ Loans in active forbearance or deferment. Deferred balance due to a documented hardship may remain open. Without documentation, the deferred balance must be paid through closing ▪ Loans with negative amortization ▪ Reverse mortgages ▪ Balloon loans that the balloon payment comes due during the amortization period of the 2nd lien. ▪ Mortgages not reporting on credit report ▪ Private Party
Ineligible Borrower	<ul style="list-style-type: none"> ▪ Foreign Nationals ▪ DACA and Asylee borrowers not allowed ▪ Irrevocable Trust ▪ Borrowers who are party to a lawsuit
Required Forms	<ul style="list-style-type: none"> ▪ Borrower must complete and submit Ability-to-Repay Borrower Attestation& Borrower Contact Consent Form ▪ Click to download Ability-to-Repay Borr Attestation Form ▪ Click to download Borrower Contact Consent Form
Vesting	<ul style="list-style-type: none"> ▪ Individuals ▪ Joint tenants ▪ Tenants in Common ▪ Inter Vivos Revocable Trust
Business Entity	<ul style="list-style-type: none"> ▪ Permitted on Investment Properties if current vesting is already in the name of the borrower's business. ▪ All persons with >= 25% interest in the business entity must apply for the loan and meet credit requirements ▪ Max 4 members ▪ Entity Documents: <ul style="list-style-type: none"> • Operating agreement • Articles of Organization • EIN/ Tax Identification Number • Certificate of Good Standing

Assets	<ul style="list-style-type: none"> ▪ None Required on stand-alone HELOCs ▪ Piggyback purchases require copy of assets for 1st lien.
Title Report	<ul style="list-style-type: none"> ▪ ALTA Short Form – Lenders Policy
Appraisal	<ul style="list-style-type: none"> ▪ Full Appraisal (1004, 1073) ▪ Primary / 2nd Home <ul style="list-style-type: none"> • New Residential Appraisal and AVM supporting value within 10% variance. Lower of two values to be used. • Declining Market Max 75% CLTV ▪ Investment <ul style="list-style-type: none"> • Full Appraisal OR 2055 Appraisal + Residential Appraisal Review supporting value within 10% variance. If review variance is greater than 10% the lower of the two is to be used to determine CLTV. • Declining Market Max 75% CLTV
Declining Market	<ul style="list-style-type: none"> ▪ Full Appraisals that report subject is in a declining market are limited to maximum 75% CLTV
Minimum Property Standard	<ul style="list-style-type: none"> ▪ GLA must be at least 600 sq ft ▪ Property constructed for year-round use ▪ Permanently affixed continuous heat source ▪ Maximum deferred maintenance cannot exceed \$2,000 ▪ No health or safety issues both internal and external
Ineligible Property	<ul style="list-style-type: none"> ▪ Adult Assisted Living/Care Facilities ▪ Agricultural or Commercial Zoned Properties ▪ Condotels ▪ Co-ops ▪ Non-Warrantable Condo ▪ Deed-restricted properties ▪ Income producing properties (ie: Ranches, Orchards, etc) ▪ Log Homes ▪ Leasehold and Land Trust ▪ Manufactured/Mobile Homes ▪ Mixed-Use ▪ Multiple Dwellings on Single Lot (1 Legal ADU acceptable on SFR) ▪ Property > 10 acres ▪ Room and Board Facilities ▪ Rural 2nd Homes and Investment Properties ▪ Unique Properties (ie: Geodesic domes, etc) ▪ Working Farms and Hobby Farms
Solar Liens	<ul style="list-style-type: none"> ▪ Anything that will include a UCC filing associated with the property and/or will create an easement on title is ineligible.
Maximum Financed Properties	<ul style="list-style-type: none"> ▪ The maximum number of financed properties to any one borrower is limited to twenty (20) residential properties including subject property.

Income Doc Type	
Full Doc	<p><u>Standard Documentation</u></p> <ul style="list-style-type: none"> ➤ Self-Employed Borrowers: <ul style="list-style-type: none"> ▪ 1 or 2 years tax returns (business and personal) including all schedules. ▪ Current YTD P&L (borrower prepared ok), or 3 months bank statements. ▪ Qualifying income based on tax returns. P&L or bank statement to support tax return income. ▪ Tax transcripts. ➤ Wage/Salaried borrowers: <ul style="list-style-type: none"> ▪ W-2s for most recent 1 or 2-years and current paystubs reflecting 30 days earnings ▪ W-2 transcripts. ➤ Other Requirements: <ul style="list-style-type: none"> ▪ A verbal VOE from each employer within 10-days of the note date for wage and salaried employees. ▪ For self-employed verify existence of business within 30-days of the note date with one of the following: <ul style="list-style-type: none"> • Letter from business tax professional. • On-line verification from regulatory agency or licensing bureau. ▪ Treatment of miscellaneous income sources follow FNMA guidelines.
Alt Doc	<p><u>Bank Statement (12 or 24 months)</u></p> <p>Bank statements are used to calculate and show consistency of income for the self-employed borrower. When using 12 or 24 months of bank statements, no P&L is required. The bank statements should show a trend of ending balances that are stable over the 24 or 12 month period.</p> <ul style="list-style-type: none"> ▪ No more than 2 NSFs allowed per 12 month period ▪ Large deposits inconsistent with history must be documented as business income. ▪ Net deposits must not reflect any other income sources already taken into consideration (i.e. deduct SS payments, W-2 wage earnings, etc., that have already been used for income calculation). <p>➤ Personal & Business Bank Statements Combined</p> <ul style="list-style-type: none"> ▪ If personal and business bank activity are combined in one bank account, borrower is to provide the most recent 24 or 12 months consecutive bank statements from the same account. ▪ Standard expense factor applies; 50% expense factor. ▪ If the type of business operates more efficiently or typically has a materially different expense factor (lower than standard expense factor), then the expense factor per either a CPA/CTEC/EA letter. PTIN acceptable if documented as employed by a 3rd party tax preparation service.

Alt Doc (Cont.)

- **The minimum expense factor with CPA letter or P&L is 20%.**
- When the borrower is an inter vivos trust, personal bank statements in the name of the trust are allowed for qualification.

- **Personal & Business Bank Statements Separated**
 - If the borrower maintains separate bank accounts for personal and business, only personal bank statements are used for qualifying.
 - The borrower is to provide the most recent 24 or 12 months consecutive personal bank statements and two (2) months business bank statements (to support the borrower does maintain separate accounts, and to show business cash flows in order to utilize 100% of business-related deposits in personal account).
 - The deposits are analyzed and averaged to determine monthly income.
 - No expense factor
 - Deposits to a personal account from sources other than self-employment is not to be included.
 - When the borrower is an inter vivos trust, personal bank statements in the name of the trust are allowed for qualification.

- **Business Bank Statements Only**
 - If only using business bank statements, borrower is to provide the most recent 24 or 12 months consecutive business bank statements.
 - Standard expense factor applies; 50% expense factor.
 - If the type of business operates more efficiently or typically has a materially different expense factor (lower than 50%), then the expense factor per either a CPA/CTEC/EA letter. PTIN acceptable if documented as employed by a 3rd party tax preparation service.
 - The minimum expense factor with CPA letter or P&L is 20%.

