

# HELOAN 2

## (Standalone 2<sup>nd</sup> TD)

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

Loan Amt	Min FICO	Max CLTV					
		Primary		2 <sup>nd</sup> 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
<p>* Condo max CLTV: 80%</p> <p>* 2-4 Unit max CLTV: 75%</p> <p>* NJ: Max CLTV 80%, Min FICO 720</p> <p>* The CLTV of the combined loan balances are restricted as follows:</p> <ul style="list-style-type: none"> <li>○ Combined loan balance &gt; \$2M Max CLTV: 80%</li> <li>○ Combined loan balance &gt; \$3M Max CLTV: 75%</li> </ul> <p>* Declining Market and State/CBSA Restrictions: Maximum LTV/CLTV is limited to 80% for purchase and refinance:</p> <ol style="list-style-type: none"> <li>1) the appraisal report identifies the property as a declining market;</li> <li>2) the subject property is in a state or CBSA in the table at (<a href="#">Click to see list of zip code</a>)</li> </ol>							
Documentation Option							
Full Doc	<ul style="list-style-type: none"> <li>▪ <b>Wage/Salary</b> <ul style="list-style-type: none"> <li>○ Most recent 30-day paystubs</li> <li>○ 1 or 2-years W-2s,</li> <li>○ IRS Form 4506-C,</li> <li>○ Verbal VOE</li> </ul> </li> <li>▪ <b>Self-Employed</b> <ul style="list-style-type: none"> <li>○ 25% or greater ownership required</li> <li>○ 1 or 2-Years of Personal and Business (if applicable) Tax Returns,</li> <li>○ YTD P&amp;L,</li> <li>○ Most recent 2-month business bank statements</li> <li>○ IRS Form 4506-C</li> </ul> </li> </ul>						

<b>Personal Bank Statement</b> (Self Employed Only)	<ul style="list-style-type: none"> <li>▪ Must be self-employed for at least 2 years</li> <li>▪ 24 or 12-months of Personal and 2-months of business bank statements</li> <li>▪ 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</li> <li>▪ The business bank statements must reflect business activity and transfers to the personal account.</li> </ul>
<b>Business Bank Statement</b> (Self Employed Only)	<ul style="list-style-type: none"> <li>▪ Must be self-employed for at least 2 years</li> <li>▪ 24 or 12-months of business bank statements</li> <li>▪ Qualifying income is determined by one of the following analysis methods:             <ul style="list-style-type: none"> <li>○ Fixed expense ratio of 50%</li> <li>○ Expense ratio provided by a 3rd party (CPA or EA) min ratio of 10%</li> <li>○ 3rd party prepared Profit &amp; Loss Statement (CPA or EA)</li> </ul> </li> </ul>
<b>1099</b>	<ul style="list-style-type: none"> <li>▪ 2-Years or 1-Year 1099</li> <li>▪ Fixed expense ratio of 10%</li> <li>▪ YTD documentation to support continued receipt of income</li> </ul>
<b>General Requirements</b>	
<b>DTI</b>	<ul style="list-style-type: none"> <li>▪ Maximum DTI ratio:             <ul style="list-style-type: none"> <li>○ 50% DTI for CLTV less than or equal to 80%</li> <li>○ 45% DTI for CLTV greater than 80%</li> </ul> </li> </ul>
<b>Occupancy</b>	<ul style="list-style-type: none"> <li>▪ Primary Residence</li> <li>▪ Second Home</li> <li>▪ Investment</li> </ul>
<b>Product Type</b>	<ul style="list-style-type: none"> <li>▪ 30-Yr Fixed</li> <li>▪ 20-Yr Fixed</li> <li>▪ 15-Yr Fixed</li> <li>▪ 10-Yr Fixed</li> </ul>
<b>Loan Purpose</b>	<ul style="list-style-type: none"> <li>▪ Stand-Alone Cash-Out (Simultaneous/Piggyback not allowed)</li> </ul>
<b>Loan Amount</b>	<ul style="list-style-type: none"> <li>▪ Min: \$75,000</li> <li>▪ Max: \$500,000</li> </ul>
<b>Combined Loan Balance</b>	<ul style="list-style-type: none"> <li>▪ The CLTV of the combined loan balances are restricted as follows:             <ul style="list-style-type: none"> <li>○ Combined loan balance &gt; \$2M Max CLTV: 80%</li> <li>○ Combined loan balance &gt; \$3M Max CLTV: 75%</li> </ul> </li> <li>▪ Maximum combined loan balance for all liens not to exceed \$4M</li> </ul>
<b>Cash-Out</b>	<ul style="list-style-type: none"> <li>▪ <b>Max Cash-Out: \$500,000</b></li> </ul>
<b>Property Type</b>	<ul style="list-style-type: none"> <li>▪ Single Family</li> <li>▪ 2-4 Units</li> <li>▪ PUD</li> <li>▪ Fannie Mae Warrantable Condo</li> </ul>
<b>Property Requirement</b>	<ul style="list-style-type: none"> <li>▪ Minimum property size: 750 square feet</li> <li>▪ Condition rating of C5/C6: Not eligible</li> <li>▪ Any property located in a declining market as reported by the appraiser requires a 5% CLTV reduction.</li> <li>▪ Subject property minimum ownership of 12 months required</li> <li>▪ Properties with unpermitted additions/alternations to the subject property are not eligible</li> </ul>

<b>Ineligible Property</b>	<ul style="list-style-type: none"> <li>▪ Non-Warrantable Condo</li> <li>▪ Property &gt; 10 acres</li> <li>▪ Manufactured Homes</li> <li>▪ Agricultural Zoned</li> <li>▪ Rural</li> <li>▪ Mixed-Use</li> <li>▪ Unique Properties</li> <li>▪ Bed and Breakfast</li> <li>▪ Geodesic Domes</li> <li>▪ Log Homes</li> <li>▪ Modular Homes</li> <li>▪ Ranches and Orchards</li> <li>▪ Properties in Litigation</li> <li>▪ Commercially Zones</li> <li>▪ Properties with zoning violations</li> <li>▪ Properties listed for sale in the last 6 months</li> </ul>
<b>State/CBSA Restrictions</b>	<ul style="list-style-type: none"> <li>▪ 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"> <li>○ The appraisal report identifies the property as a declining market;</li> <li>○ The subject property is in a state or CBSA in the table (<a href="#">Click to see list of zip code</a>)</li> </ul> </li> <li>▪ TX: Not allowed</li> <li>▪ NJ: Max CLTV 80%, Min FICO 720</li> </ul>
<b>Appraisals</b>	<ul style="list-style-type: none"> <li>▪ New appraisal (1004/1025/1073)</li> </ul>
<b>Escrow Impound</b>	<ul style="list-style-type: none"> <li>▪ Not allowed</li> </ul>
<b>Document Age</b>	<ul style="list-style-type: none"> <li>▪ Credit documents may not be over 90 days old at the time of closing</li> <li>▪ Appraisal may not be over 120-days old at time of closing</li> </ul>
<b>General Underwriting Guidelines</b>	
<b>Credit Score</b>	<ul style="list-style-type: none"> <li>▪ Determine a representative score for each borrower using middle of 3 scores or lower of 2, use lowest representative score amongst all borrowers.</li> <li>▪ Rapid rescoring not allowed.</li> </ul>
<b>Tradelines</b>	<ul style="list-style-type: none"> <li>▪ Minimum 3 tradelines:             <ul style="list-style-type: none"> <li>○ One currently open and active for at least 24-months based upon the credit report pull date.</li> <li>○ The other 2 must have reported for a minimum of 12-months but can be open or closed.</li> </ul> </li> </ul>
<b>Housing History</b>	<ul style="list-style-type: none"> <li>▪ 0x30x12 - Verification of mortgage history required on all loans.</li> <li>▪ Verify the 1<sup>st</sup> lien P&amp;I payment with all of the following:             <ul style="list-style-type: none"> <li>○ Copy of 1<sup>st</sup> lien Note, and</li> <li>○ Copy of most recent monthly mortgage payment statement</li> </ul> </li> </ul>
<b>Housing Event Seasoning</b>	<ul style="list-style-type: none"> <li>▪ Foreclosure: 84 month waiting period</li> <li>▪ Short Sale, Deed in Lieu, Modification: 60 month waiting period</li> <li>▪ Any Bankruptcy: 60 month waiting period</li> <li>▪ Forbearance: 24 months of consecutive payments since exiting plan</li> </ul>
<b>Reserves</b>	<ul style="list-style-type: none"> <li>▪ NA</li> </ul>

<b>Borrower Eligibility</b>	<ul style="list-style-type: none"> <li>▪ US Citizen</li> <li>▪ Permanent Resident Alien</li> </ul>
<b>Ineligible Borrower</b>	<ul style="list-style-type: none"> <li>▪ Non-occupant co-borrowers</li> <li>▪ Non-Permanent Resident Alien (with US Credit).</li> <li>▪ Vesting is not permitted to be in the name of an LLC, Corporation or Partnership</li> <li>▪ DACA and C08 visa not allowed</li> </ul>
<b>Assets Requirements</b>	<ul style="list-style-type: none"> <li>▪ None Required</li> </ul>
<b>Ineligible Senior Liens</b>	<ul style="list-style-type: none"> <li>▪ Senior liens with high-risk features which can include, but are not limited to:           <ul style="list-style-type: none"> <li>○ Forbearance, modification, or deferrals (including COVID-19 related events) completed or reinstated within 12- months of the Note date</li> <li>○ Loans in active forbearance or deferment</li> <li>○ Negative amortization</li> <li>○ Balloon, if the balloon payment becomes due during the amortization period of the new 2nd lien</li> <li>○ Reverse mortgages</li> <li>○ Private mortgages</li> <li>○ First liens for the subject property not reporting on credit report. Example: Private party mortgages including any loan not reporting on credit report</li> <li>○ Loans secured by more than one underlying property, including cross collateralized loans or blanket mortgages</li> <li>○ Home Equity Line of Credit (HELOC)</li> <li>○ Note with default interest rate greater than the Note rate</li> </ul> </li> </ul>
<b>Ineligible Loan Features</b>	<ul style="list-style-type: none"> <li>▪ Lien free properties: If the subject property is lien free, including delayed financing</li> <li>▪ Unseasoned cash-out: If the existing lien is a cash-out, measured within six months of the note date to note date.</li> <li>▪ Frequent Refinances: Two or more cash-out refinances in the past twelve months</li> <li>▪ Purchase transaction</li> <li>▪ All existing subordinate liens must be satisfied. No resubordinated permitted</li> <li>▪ All solar panel loans and leases must be paid off</li> </ul>
<b>Compliance</b>	<ul style="list-style-type: none"> <li>▪ No Section 32 or state High Cost</li> <li>▪ Loans must comply with all applicable federal and state regulations</li> <li>▪ Fully documented Ability to Repay including Borrower Attestation</li> <li>▪ Higher-Priced Mortgage Loans (HPML) and Higher-Priced Covered Transactions (HPCT) are permitted subject to complying with all applicable regulatory requirements.</li> <li>▪ Points/Fees not to exceed 5%</li> </ul>
<b>HPML</b>	<ul style="list-style-type: none"> <li>▪ Evidence of senior lien escrow account for hazard insurance and property tax is required if the subject loan is a HPML</li> <li>▪ In no case will an escrow be created with the 2nd lien servicer</li> </ul>
<b>Title Insurance</b>	<ul style="list-style-type: none"> <li>▪ Owner and Encumbrance Report for loan balances less than or equal to \$250,000, or</li> <li>▪ ALTA full title policy,</li> <li>▪ Residential limited coverage junior policy</li> </ul>
<b>Homeowners Insurance</b>	<ul style="list-style-type: none"> <li>▪ Use of the existing coverage amount is permitted. Loss payee clause must reflect seller as additional insured.</li> </ul>