

## 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
50,000-350,000	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
Condominiums: Max CLTV 80% 2-4 Units: Max CLTV 75% *See State Restrictions for additional restrictions							
Non-Permanent Resident Alien: Max 80% LTV/CLTV							
Maximum LTV/CLTV is limited to 80% if the appraisal report identifies the property as a declining market							

General Requirements	
Max DTI	<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>
Loan Purpose	<ul style="list-style-type: none"> <li>Stand-Alone Cash-Out (minimum ownership of 6 months required)</li> <li>Simultaneous/Piggyback NOT allowed</li> </ul>
Loan Amount	<ul style="list-style-type: none"> <li>Min: \$50,000</li> <li>Max: \$500,000</li> </ul>
Combined Loan Balance	<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>
Cash-Out	<ul style="list-style-type: none"> <li>Max Cash-Out: \$500,000</li> </ul>
Product Type	<ul style="list-style-type: none"> <li>30-Yr Fixed</li> </ul>

<b>Product Type (Cont.)</b>	<ul style="list-style-type: none"> <li>▪ 20-Yr Fixed</li> <li>▪ 15-Yr Fixed</li> <li>▪ 10-Yr Fixed</li> </ul>
<b>Occupancy</b>	<ul style="list-style-type: none"> <li>▪ Primary Residence</li> <li>▪ Second Home</li> <li>▪ Investment</li> </ul>
<b>Property Type</b>	<ul style="list-style-type: none"> <li>▪ Single Family</li> <li>▪ 2-4 Units (Max CLTV 75%)</li> <li>▪ PUD</li> <li>▪ Fannie Mae Warrantable Condo (Max CLTV 80%)</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, ineligible.</li> <li>▪ Unseasoned cash-out – if the existing lien is a cash-out, measured within six (6) months of the note date to note date.</li> <li>▪ Frequent Refinances – Two (2) or more cash-out refinances in the past twelve (12) months.</li> <li>▪ All existing subordinate liens must be satisfied.</li> <li>▪ All Solar Panel loans and leases with PACE/HERO financing must be paid off.</li> </ul>
<b>Property Requirement</b>	<ul style="list-style-type: none"> <li>▪ Minimum property size <ul style="list-style-type: none"> <li>• Single Family: 700 sq. ft.</li> <li>• Condo: 500 sq.ft</li> <li>• 2-4 Units: 400 sq. ft. per individual unit</li> </ul> </li> <li>▪ Must Be improved real property</li> <li>▪ Must be accessible and available for year-round residential use</li> <li>▪ Must contain a full kitchen and a bathroom</li> <li>▪ Must represent the highest and best use of the property</li> <li>▪ Must not contain any health or safety issues</li> </ul>
<b>Ineligible Property</b>	<ul style="list-style-type: none"> <li>▪ Rural</li> <li>▪ Vacant land or land development properties</li> <li>▪ Properties not readily accessible by roads that meet local standards</li> <li>▪ Properties not suitable for year-round occupancy, regardless of location</li> <li>▪ Properties with agricultural features (e.g., vineyards, farms, ranches, orchards, equestrian facilities)</li> <li>▪ Manufactured or Mobile homes</li> <li>▪ Units subject to timeshare arrangements</li> <li>▪ Properties with fractional ownership</li> <li>▪ Units in a Co-op development</li> <li>▪ Properties used as boarding houses, bed/breakfast, or single room occupancy</li> <li>▪ Properties used as healthcare facilities (e.g., assisted living, elder care, recovery/treatment)</li> <li>▪ Properties with nonresidential, income-producing structures on premise (e.g., billboards, cell phone towers, commercial workshop)</li> <li>▪ Properties with zoning violations or illegal use</li> <li>▪ Dome or geodesic properties</li> <li>▪ Condominium hotel</li> <li>▪ Properties on Native American Land (Reservations)</li> <li>▪ Log homes that are not common to the area</li> <li>▪ Hawaii properties located in lava zones 1 and/or 2</li> <li>▪ Houseboats</li> </ul>

<b>Ineligible Property (Cont.)</b>	<ul style="list-style-type: none"> <li>Properties used for the cultivation, distribution, manufacture, or sale of marijuana</li> </ul>
<b>Declining Market</b>	<ul style="list-style-type: none"> <li>Maximum LTV/CLTV is limited to 80% for purchase and refinance if the appraisal report identifies the property as a declining market</li> </ul>
<b>Seasoning</b>	<ul style="list-style-type: none"> <li>Properties owned less than 6 months are ineligible</li> <li>Properties listed for sale within the past 6-months of note date are ineligible</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>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>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>State Restrictions</b>	<ul style="list-style-type: none"> <li>TX: Not allowed</li> <li>FL and NJ: <ul style="list-style-type: none"> <li>Single Family, Condominiums: Max CLTV 80%, min credit score 720</li> <li>2-4 Units: Max CLTV 75%, min credit score 720</li> </ul> </li> </ul>
<b>Escrow Impound</b>	<ul style="list-style-type: none"> <li>Not Required</li> </ul>
<b>Prepayment Penalty</b>	<ul style="list-style-type: none"> <li>Not Required</li> </ul>
<b>Maximum Financed Properties</b>	<ul style="list-style-type: none"> <li>The maximum number of financed properties to any one borrower is limited to twenty (20) residential properties including subject property.</li> </ul>
<b>General Underwriting Guidelines</b>	
<b>Credit Score</b>	<ul style="list-style-type: none"> <li>Qualifying score is the lowest of 2 scores or middle of 3 scores from the borrower with the highest qualifying income.</li> <li>Non-traditional credit ineligible.</li> </ul>
<b>Tradelines</b>	<ul style="list-style-type: none"> <li>Minimum: 2 reporting 24-months with/activity in the last 12 months or 3 reporting 12 months with recent activity</li> <li>If the primary borrower has 3 credit scores, the minimum tradeline requirement is waived.</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: 48 month waiting period</li> <li>Short Sale, Deed in Lieu, Modification: 48 month waiting period</li> <li>Any Bankruptcy: 48 month waiting period</li> <li>Forbearance: <ul style="list-style-type: none"> <li>Completed/reinstated within 12mo of the note date of the subject transaction is not eligible. If &gt;12mo is allowed</li> <li>12 months of consecutive payments since exiting plan</li> </ul> </li> </ul>
<b>Derogatory Credit</b>	<ul style="list-style-type: none"> <li>Open charge-offs or collections (including medical) with a balance of \$1,000 or more per occurrence must be paid at closing</li> <li>No delinquent tradelines at closing</li> </ul>
<b>Deferred Installment Debt</b>	<ul style="list-style-type: none"> <li>Deferred installment debts (other than student loans) must be included as part of the borrower's recurring monthly debt obligations.</li> </ul>
<b>Notice of Default</b>	<ul style="list-style-type: none"> <li>Notice of Default will be considered 1x90x12 under housing history restrictions.</li> </ul>
<b>Borrower Eligibility</b>	<ul style="list-style-type: none"> <li>US Citizen</li> <li>Permanent Resident Alien</li> <li>Non-Permanent Resident Alien: Max 80% LTV/CLTV <ul style="list-style-type: none"> <li>Acceptable Visa Types: E-1, E-2, E-3, G-1 through G-5, H-1B, L-1A, L-1B, O-1, R-1</li> <li>Residing in U.S and employed for at least 2 years.</li> <li>Non-occupant co-borrowers are not allowed</li> <li>Gift funds are not allowed</li> </ul> </li> </ul>
<b>Ineligible Borrower</b>	<ul style="list-style-type: none"> <li>First time homebuyers</li> <li>Non-occupant co-borrowers</li> <li>Foreign Nationals</li> <li>Persons sanctioned by OFAC</li> <li>Any material parties (company or individual) to the transaction listed on HUD's Limited Denial of Participation (LDP) list, the federal General Services Administration (GSA) Excluded Party list, or any other exclusionary list.</li> <li>Not-For-Profit entity</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, Title Report may not be over 120-days old at time of closing</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>All existing subordinate liens must be satisfied. No resubordinating permitted.</li> <li>Payoff of a Land Contract/Contract for Deed.</li> </ul>

<b>Ineligible Loan Features (Cont.)</b>	<ul style="list-style-type: none"> <li>▪ If the cash-out seasoning is less than 12-months, but greater than 6 months, the transaction property value is limited to the lower of the current appraised value or the property's purchase price plus documented improvements.</li> </ul>
<b>Appraisals</b>	<ul style="list-style-type: none"> <li>▪ New appraisal (1004/1025/1073)</li> <li>▪ Secondary valuation product required in every file. Acceptable review products include one of the following: <ul style="list-style-type: none"> <li>• The Seller may submit the appraisal report to Collateral Underwriter® (CU®) or Loan Collateral Advisor® (LCA). An eligible score is 2.5 or less. The file must include a copy of the Submission Summary Report (SSR). (Only one score required, if both scores (CU &amp; LCA) provided, both required to be 2.5 or less). If the score exceeds 2.5, the file must include either an enhanced desk review, field review, or second appraisal;</li> <li>• AVM within 90- days of Note date (If primary valuation based on an AVM, review must be a different vendor): <ul style="list-style-type: none"> <li>⊙ If two AVMs are ordered, the AVM with the higher FSD (closest to zero) will be treated as the primary valuation product. <ul style="list-style-type: none"> <li>○ The second AVM will be treated as the secondary valuation product and must support the primary AVM within 10%.</li> <li>○ If both AVMs have the same FSD, the lower of the two property values must be utilized for determining the CLTV.</li> </ul> </li> </ul> </li> </ul> </li> </ul>
<b>AVM and FSD Score</b>	<ul style="list-style-type: none"> <li>▪ The following AVM vendor(s) are acceptable:</li> <li>▪ Clear Capital – 0.00 to 0.13 (FSD Score)</li> </ul>
<b>Declining Market</b>	<ul style="list-style-type: none"> <li>▪ Maximum LTV/CLTV is limited to 80% for purchase and refinance if the appraisal report identifies the property as a declining market</li> </ul>
<b>State Condominium Requirements</b>	<ul style="list-style-type: none"> <li>▪ California: An inspection is required for projects with wood deck, balcony, stairway, walkway, or railing elevated more than 6 feet above the ground as evidenced on the condo questionnaire. Projects with an unacceptable or no inspection are ineligible.</li> <li>▪ Florida: An inspection is required for projects 3 stories or greater and over 30 years old (or 25 years if within 3 miles of the coast). Projects with an unacceptable or no inspection are ineligible.</li> </ul>
<b>Title</b>	<ul style="list-style-type: none"> <li>▪ ALTA Short Form – Lenders Policy</li> </ul>
<b>Title Vesting</b>	<ul style="list-style-type: none"> <li>▪ Individuals</li> <li>▪ Joint tenants</li> <li>▪ Tenants in Common</li> <li>▪ Inter Vivos Revocable Trust</li> </ul>
<b>Business Entity</b>	<ul style="list-style-type: none"> <li>▪ Permitted on Investment Properties if current vesting is already in the name of the borrower's business.</li> <li>▪ All persons with <math>\geq 25\%</math> interest in the business entity must apply for the loan and meet credit requirements</li> <li>▪ Max 4 members</li> <li>▪ Entity Documents: <ul style="list-style-type: none"> <li>• Operating agreement</li> <li>• Articles of Organization</li> <li>• EIN/ Tax Identification Number</li> <li>• Certificate of Good Standing</li> <li>• Additional documents may be required based on the entity type ( LLC, Corp, partnership)</li> </ul> </li> </ul>

<b>Required Forms</b>	<ul style="list-style-type: none"> <li>Borrower must complete and submit Ability-to-Repay Borrower Attestation&amp; Borrower Contact Consent Form</li> <li><a href="#">Click to download Ability-to-Repay Borr Attestation Form</a></li> <li><a href="#">Click to download Borrower Contact Consent Form</a></li> <li>Borrower must acknowledge the intended occupancy of the subject property ("Primary Residence", "Second Home", or "Investment") by completing and signing the appropriate sections of the "Occupancy Certification"</li> </ul>
<b>Reserves</b>	<ul style="list-style-type: none"> <li>Not required</li> </ul>
<b>Assets</b>	<ul style="list-style-type: none"> <li>Not required</li> </ul>
<b>Escrow</b>	<ul style="list-style-type: none"> <li>Impound accounts are not required</li> <li>If property is located in a flood zone, evidence of flood insurance is required.</li> </ul>
<b>POA</b>	<ul style="list-style-type: none"> <li>Power of Attorney is not eligible</li> </ul>
<b>Solar Liens</b>	<ul style="list-style-type: none"> <li>Properties with solar panels and other energy efficient items financed with a PACE loan are not eligible if the PACE loan is not paid in full prior to or at closing. <ul style="list-style-type: none"> <li>PACE loans, in some cases, are also referred to as HERO loans.</li> <li>Any property tax statement that reflects PACE, HERO, or equivalent will require proof of payoff.</li> <li>☉ If loan proceeds are used to pay off the PACE loan, transaction will be considered cash out.</li> </ul> </li> </ul>
<b>Income Requirements</b>	
<b>Full Doc</b>	<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-</li> </ul> </li> </ul>
<b>Personal Bank Statement</b>	<ul style="list-style-type: none"> <li>12- or 24-months of personal and 2-months of business bank statements</li> <li>Qualifying income is determined by the total eligible deposits from the 12- or 24-months of personal 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>	<ul style="list-style-type: none"> <li>12 or 24-months of business bank statements. Qualifying income is determined by one of the following analysis methods: <ul style="list-style-type: none"> <li>Fixed Expense Ratio (50%)</li> <li>Expense ratio provided by a 3rd party (CPA, EA, or tax preparer) with min ratio of 10%</li> <li>3rd party prepared Profit &amp; Loss Statement (CPA, EA, or tax preparer)</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>
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