

HELOC Guidelines	
Target Market	Home Equity Line of Credit (HELOC) Product may be originated as a standalone (also see Standalone HELOC Documentation sheet) or as a piggyback combined with a conventional Agency first mortgage to avoid non-conforming loan amounts or combined with an Agency first mortgage product to reduce down payment below 20%.
Term/Amortization	30 Year Term: 10 Year Interest Only Draw Period followed by 20 Year Amortization
DU/LPA Eligibility	Piggyback's must have DU/LPA Approve/Eligible/Accept or Approve/Accept/Ineligible due to loan size for non-conforming 1 st liens; Standalones are manually underwritten (also see Standalone HELOC Documentation sheet).
Eligible Transactions	Purchase, Rate/Term or Cash-out refinance
Max Credit Limit	Maximum Credit Limit \$250,000 to 95% HCLTV, \$300,000 to 80% HCLTV, \$350,000 to 70% HCLTV on Owner Occupied Maximum Credit Limit \$250,000 to 80% HCLTV, \$300,000 to 70% HCLTV on Second/Vacation homes
Max Combined Liens	\$1.5MM
Max CLTV/HCLTV	Owner Occupied – 95%; Second Home – 80%; see Geographic Restrictions
Eligible Properties	1 unit primary residence <ol style="list-style-type: none"> a. SFD / PUD / townhouse / rowhome b. Low-rise condominium (Fannie/Freddie Warrantable) c. High-rise condominium (Fannie/Freddie Warrantable) 1 unit second / vacation home <ol style="list-style-type: none"> a. SFD / PUD / townhouse / rowhome
Ineligible Properties	<ul style="list-style-type: none"> • Condominiums • Non-warrantable condos • Manufactured • Co-Ops • Multi-Unit (2-4) • Unique properties • Log Homes • Working or Hobby Farms • Tracts greater than 10 acres (larger properties considered on a case-by-case basis) • Properties subject to completion or repairs (without satisfactory certification of completion)

Occupancy	<ul style="list-style-type: none"> • Owner Occupied • Second/Vacation homes • Non-owner occupied home are ineligible • Non-occupant co-borrowers are ineligible
Eligible Borrowers	<p>Follow Fannie Mae Seller Guide except:</p> <ul style="list-style-type: none"> • No non-occupant co-borrowers • No E-2 investor visas • No DACA recipients • No tax IDs in lieu of valid social security numbers • See section for Self Employed Borrowers
Eligible First Lien Programs	<ul style="list-style-type: none"> • Agency & Government Fixed Rate and ARM's with initial fixed rate term \geq 5 years • Non-Conforming Fixed Rate and ARM's with initial fixed rate terms \geq 5 years • AUS approval required (DU/LPA) for piggybacks • Interest Only, Negative Amortization and other High Risk product features are ineligible
Credit	<ul style="list-style-type: none"> • Minimum underwriting credit score is 680 • Credit limits: \$250,001-\$300,000 require minimum score of 700 • Credit limits: \$300,001-\$350,000 require minimum score of 720 • Underwriting score is determined as the middle of three indicator scores or the lower of two. For multiple borrowers, the lowest middle score for all borrowers is used. Non-traditional credit scoring is ineligible. • For piggybacks, credit document age must follow the AUS requirements • For standalones, credit documents must be no older than 120 days old on the note date • If there are past due unpaid Federal income taxes, provide installment agreement with the IRS, payment history showing at least 1 payment being made and that the borrower is current, and include the monthly payment in the borrower's debt obligations. Proof of income tax payment may be required to verify there are no past due taxes. • Tax liens must be paid off at or before closing • No mortgage delinquency (0x30) in the last 24 months • For any mortgage forbearance or payment deferral agreements that occurred during the COVID-19 pandemic time period, borrower(s) must have made at least 6 consecutive separate on-time monthly housing payments and at least 6 months must have elapsed since the forbearance/deferment arrangement ended • Borrower(s) must be current on all mortgage debt • No judgements, repossessions, or charge offs in the past 60 months • The following are considered severe delinquency, regardless of AUS feedback; <i>Borrowers with these profiles are ineligible until a period of 7 years has passed since occurrence and credit has been re-established.</i>

Credit (continued)	<ul style="list-style-type: none"> ○ Bankruptcy ○ Foreclosure / Deed in Lieu of Foreclosure ○ Short Sale or Short Payoff ○ Mortgage modification, forbearance, or deferment (excluding COVID-19 related) • Borrowers with extenuating, isolated, one-time circumstances may be considered on a case-by-case basis, as determined by underwriting.
Qualifying Ratios/DTI	45.00% DTI maximum on credit limits <= \$250,000 36.00% DTI maximum on credit limits over \$250,000
Qualifying Factor	Note Rate + 2% P&I over 30 year amortization
Income/Employment	<ul style="list-style-type: none"> • Piggybacks: follow first lien requirements. See Self Employed Borrowers section for additional restrictions. • Standalones: for salaried borrowers, most recent paystub dated within 30 days of application containing at least 30 days of YTD earnings and most recent year’s W-2 (follow FNMA guidelines for other types of income). See Eligible Borrowers Section and Standalone HELOC Documentation sheet for additional details. • Third party verifications of income, debts, and assets are acceptable
Self Employed Borrowers	<ul style="list-style-type: none"> • Minimum income documentation: <ul style="list-style-type: none"> • Follow AUS for tax return requirements • Year to Date P&L • For businesses impacted by pandemic, follow FNMA seller guide, including Lender Letters (such as LL-2020-03) and all updates • Maximum Credit Limit \$250,000 to Maximum HCLTV 85% on Owner Occupied • Maximum Credit Limit \$250,000 to Maximum HCLTV 70% on Second/Vacation Homes • Minimum underwriting credit score is 720 • Complex ownership structures, business models (multiple affiliates or entities), or borrowers with significant contingent liabilities are ineligible (inquire with your BDM for scenarios)
Assets/Funds to Close/Reserves	<ul style="list-style-type: none"> • Piggybacks: follow first lien requirements • Standalones: no asset verification is required if borrower is receiving cash-out (otherwise provide at least one month liquid asset statements showing sufficient funds to close)
Interested Party Contributions	<ul style="list-style-type: none"> • See first lien eligibility

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<p>Appraisal/Property Valuation</p>	<ul style="list-style-type: none"> • Piggybacks: follow FNMA/FHLMC guidelines (based upon the applicable AUS feedback type provided) except OGI will not accept appraisal waivers. If AUS permits an appraisal waiver, then instead provide: 1) AVM and exterior minimum property condition report (including photos) dated within 120 days of the note date or 2) an appraisal (can be a desktop, exterior inspection and/or interior inspection) completed by a licensed/state certified appraiser dated within 120 days of note date. • Standalones (First and Second Liens): 1)AVM and exterior minimum property condition report (including photos) dated within 120 days of the note date or 2) an appraisal (can be a desktop, exterior inspection and/or interior inspection) completed by a licensed/state certified appraiser dated within 120 days of note date or 3) FIRREA and USPAP compliant hybrid valuation may be acceptable. • For credit limits > \$250,000, a full appraisal with interior & exterior inspection containing color photos is required.
<p>Disasters</p>	<ul style="list-style-type: none"> • For properties located in individual assistance designated areas that have been declared a major disaster by FEMA after an appraisal/property inspection has been completed, then an exterior minimum re-inspection report (including a post-disaster photo) prepared by an independent third party dated after the disaster declaration date with confirmation that the property has not been adversely affected by the disaster is required.
<p>Geographic Restrictions</p>	<ul style="list-style-type: none"> • Properties located in AK, HI, [TX] and NY are ineligible • For TN, interest rate set at time of lock may not exceed Maximum Effective Interest Rate listed here: https://www.tn.gov/content/tn/tdfi/tdfi-how-do-i/info/mortgage-rate-of-interest/max-effective-interest-rate-history.html <p>For NC properties total lender fees may not exceed 1% of credit limit</p>
<p>Property Insurance</p>	<p>Follow FNMA Selling Guide. Mortgagee clause for appropriate lien must be in the name of the creditor, ISAOA, ITIMA.</p>
<p>Title Policy</p>	<p>Full ALTA (for first liens) or Junior ALTA required. Lender’s title insurance in the amount of the credit limit is required (final policy must be separate from 1st lien title policy). Both short form and long form policies are acceptable. ALTA Endorsements are not required. Closing protection letters are not required. For second lien Standalone transactions, a title report is acceptable.</p>
<p>Escrows</p>	<p>First lien HELOC’s with collateral located in a FEMA designated Flood Zone require an Escrow/Impound account for Flood Insurance. Additionally, follow applicable state laws regarding Escrow/Impound accounts on first liens.</p>
<p>Trusts</p>	<p>Title may not be held in the name of a trust</p>
<p>Power of Attorney</p>	<p>POAs are permitted for all transaction types but must cover the appropriate lien transaction if utilized</p>
<p>Lien Position</p>	<p>Loan may be in first or second lien position</p>



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Conversion	Non-convertible
Assumability	Not assumable
High Cost Loans	May not be defined as High Cost by any applicable agency
Prepayment Penalty	None
Leasehold	Not eligible
Payment Date	Payment will be due on the 15th of each respective month
Late Charges	5% late fee will be assessed on the payment due date + 15 days (unless there is a more restrictive state requirement)
Annual Fee	No Annual Fee
Minimum Payment	None
Lifetime Max Rate	18% or state maximum
Lifetime Rate Floor	2.500%
Disbursement Documents	HELOC Revolving Disbursement Schedules, ALTA Settlement Statements or HUD-1 Settlement Statements are required (open-end loans are not subject to TRID so CDs should not be used) and must be specific to the subject lien
Rescission Notice	Notice of Right to Cancel is required for both purchases and refinances of primary residences
E-Signatures	<p>In accordance with the ESIGN Act and with evidence of ESIGN consent provided within each loan file, electronic signatures are permitted on all initial disclosures and closing documents except for the following that must be wet/ink signed:</p> <ul style="list-style-type: none"> • HELOC agreement with endorsement/Allonge • Any document that has to be recorded including security instruments with riders, property deeds, POAs, etc. • Notice of Right to Cancel <p>Remote online notarization (RON) and Remote ink-signed notarization (RIN) are not permitted.</p>
UAD/Loan Closing Advisor	Not required
UCDP/SSRs	Not required
Other Guidelines	If not addressed, follow FNMA selling guide. Additional documentation may be required in addition to AUS required documentation.