



Home Equity Second

Effective Date:
9/14/2023

Program Max CLTV		Primary Residence		Second Home		Investment		Program Requirements	
Loan Amount	FICO	Full Doc	Bank Statement	Full Doc	Bank Statement	Full Doc	Bank Statement	Limits	
\$75,000 – \$350,000	720+	90%	85%	80%	75%	80%	75%	Minimum Loan Amount	\$75,000
	700 – 719	90%	80%	80%	70%	80%	70%	Minimum Loan Amount (Balloons)	\$200,000
	680 – 699	85%	75%	75%	65%	75%	65%	Maximum Loan Amount	\$550,000
	660 – 679	80%	70%	70%	60%	70%	60%	Maximum DTI	50%
\$350,001 - \$450,000	720+	85%	80%	75%	70%	80%	70%	Condo / 2-4 Units (Primary/2nd Home)	75% CLTV
	700 – 719	85%	75%	75%	65%	75%	65%	Condo / 2-4 Units (Investment)	70% CLTV
	680 – 699	80%	70%	70%	60%	70%	60%	Declining Markets (Primary/2nd Home)	75% CLTV
	660 – 679	75%	65%	65%	55%	65%	55%	Declining Markets (Investments)	70% CLTV
\$450,001 - \$550,000	720+	80%	75%	70%	65%	75%	65%	Credit Event (BK/FC/DIL/SS)	48 Months
	700 – 719	80%	70%	70%	60%	70%	60%	Maximum Combined Liens (<=\$350,000 L/A)	\$2,000,000
	680 – 699	75%	65%	65%	55%	65%	55%	Maximum Combined Liens (>\$350,000 L/A)	\$2,500,000
	660 – 679	70%	60%	60%	50%	60%	50%		

Income

2 Year Full Documentation	<ul style="list-style-type: none"> Salaried: 2 years W2 and YTD paystub covering minimum 30 days Self-Employed: 2 years tax returns, all schedules. YTD P&L or 3 months business bank statements to support continuance of tax return income
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1 Year Full Documentation	<ul style="list-style-type: none"> Salaried: 1 year W2 and YTD paystub covering minimum 30 days Self-Employed: 1 year tax returns, all schedules. YTD P&L or 3 months business bank statements to support continuance of tax return income
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Alternative Documentation (12 or 24 Month Bank Statements)	<ul style="list-style-type: none"> The primary borrower (greater than 50% of income) must be self-employed for at least 2 years Borrower must document two years current continuous self-employment with business license or statement from corporate accountant/CPA confirming the same Business Bank Statements must be operating account(s) reflecting normal business expenses Underwriter may use a higher expense factor than 50% if the analysis of the bank statements reflects higher expenses When the borrower is in an inter vivos trust, personal bank statements in the name of the trust are allowed for qualification The Bank Statements should show a trend of ending balances that are stable over the 24 or 12 month period Large deposits inconsistent with history must be sourced as business income Excessive NSF's on the bank statements may cause the loan to be ineligible Net deposits must not reflect any other income sources already taken into consideration (deduct SS payments, W-2 wages, etc that have already been used for income) A borrower who is a "1099 contractor" may be considered self-employed for this program with confirmation from a CPA that the borrower is a 1099 contractor and filed sch. C or sch. E with personal tax returns. Borrower cannot have ownership of the 1099 Payor's business
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Business Bank Statements OR Combined Personal & Business Bank Statements	<ul style="list-style-type: none"> At least one of the borrowers must be self-employed for at least 2 years (25% or greater ownership) Asset Depletion allowed with Bank Statement documentation Standard expense factors apply: 50% expense factor <ul style="list-style-type: none"> If business operates < standard expense factor, P&L or expense letter from CPA, CTEC (California Tax Education Council), or EA (Enrolled Agent) required Minimum expense factor with 3rd party prepared P&L or letter is 20%. NOTE: the annual deposits on bank statements must be at least 75% of gross receipts per P&L
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Separated Personal & Business Bank Statements	<ul style="list-style-type: none"> At least one of the borrowers must be self-employed for at least 2 years (25% or greater ownership) Asset Depletion allowed with Bank statement documentation Personal used to qualify, 2 months business to show business cash flows in order to utilize 100% of business related deposits in personal account (no expense factor) Deposits from sources other than self-employment are not to be included
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Asset Depletion (Supplemental Income)	<ul style="list-style-type: none"> May only be used in conjunction with Bank Statements Allowable and documented assets are divided by 84 months to determine amount added to qualifying income
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Other

Amortization	10, 15, 20, and 30 Year Fixed Fully Ammortizing; 30/15 and 40/15 Year Balloon Notes
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Occupancy	Primary, Second Homes, Investment Properties
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Eligible Property Types	SFR, PUD, 2-4 Units and Warrantable Condo, Townhome, Rowhome, Modular
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Ineligible Property Types	<ul style="list-style-type: none"> Rural, Condotels, Non-Warrantable Condos, Manufactured, Log Homes, Working Farms and Hobby Farms, Unique Properties Agricultural or Commercial Zoned Properties, Co-Ops, Room and Board Facilities, Adult Assisted Living/Care Facilities Properties > 10 acres
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Eligible Borrowers	<ul style="list-style-type: none"> U.S. Citizen Permanent Resident Alien Non-Permanent Resident Alien (with U.S. credit)
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Ineligible Borrowers	Non-Occupant Co-Borrowers, Foreign Nationals, Irrevocable and Land Trusts, Diplomats with Immunity, parties found on LDP/GSA, no SSN
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Assets	None Required
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Other (continued)	
Self Employment Verification	Verify Existence within 30 days of the Note Date with one of the following: <ul style="list-style-type: none"> Letter from business tax professional, OR On-line verification from regulatory agency or licensing bureau, OR Certification verifying business existence through direct contact or internet search
Age of Documentation	<ul style="list-style-type: none"> 60 days – Income and Assets 120 days – New Appraisal, Credit and Title 180 days – Appraisal with Recertification of Value
Appraisal Requirements	Primary / 2nd Home: <ul style="list-style-type: none"> New Appraisal and AVM supporting value within 10% variance. Greater than 10% variance, use lower of the two values. 90% or high confidence required Investment: <ul style="list-style-type: none"> Previous appraisal within 12 months + Appraisal Desk Review. Review value must be equal to or greater than the appraisal. Or; New 2055 Appraisal and Appraisal Desk review supporting value within 10% variance. Greater than 10% variance, use lower of the two values
Allowable AVM Providers	HVE, GeoAVM, and Pass
Asset Depletion	<ul style="list-style-type: none"> Allowed as a Supplemental Income source Eligible assets are divided over 84 months
Tradelines	<ul style="list-style-type: none"> 3 tradelines for 12+ months or 2 tradelines for 24+ months, all with activity within the last 12 months No accounts currently delinquent or in CCCS Ineligible Tradelines: liabilities in deferment, accounts discharged in BK, authorized user, charge-offs, collections, foreclosures, 'deed-in-lieu, short sales, pre-foreclosures
Credit Scores	<ul style="list-style-type: none"> Qualifying FICO: lowest of 2 scores or middle of 3 scores from the Primary Wage Earner Non-traditional credit ineligible Minimum Co-Borrower score: 500 Use lower score of self-employed borrowers with equal partnership Security freezes must be removed
Multiple Credit Events	Multiple Credit Events (BK, FC, DIL, SS) within the last 7 years are ineligible
Disputed Accounts	Provide Signed and Dated Letter of Explanation for disputed tradelines with derogatory information reported in the last 2 yrs
Housing History	<ul style="list-style-type: none"> 0x30x12 on all mortgages for all borrowers; Minimum 12 months housing history required VOR must be institutional or provide alt docs (bank statements/cancelled checks) First-Time Homebuyer: 0x30x12 housing history required; Alt Doc is ineligible
Seasoning	<ul style="list-style-type: none"> > 6 months seasoning as of application date, no restrictions. Less than 6 months seasoning ineligible No seasoning required for properties that are inherited or legally acquired through a divorce, separation or dissolution of a domestic partnership
Property Standards	<ul style="list-style-type: none"> 600 square feet, constructed for year-round use, permanently affixed continuous heat source Maximum deferred maintenance \$2,000 (no health or safety issues)
Max Financed Properties	<ul style="list-style-type: none"> Primary and Second Homes max 20 residential, including the subject (exclude commercial/>5 units) Investments: Unlimited
Condominiums	Fannie Mae eligible condominium projects allowed
Ineligible Senior Liens	<ul style="list-style-type: none"> Negative Amortization, Reverse Mortgages, and Private Party Loans in active forbearance or deferment are ineligible. Deferred balance due to documented hardship may remain open Balloon loans that the balloon payment comes due during the amortization period of the 2nd lien
Interest Only Senior Lien	Max DTI: 45%
Senior Lien Calc (ARM)	1st lien ARMS with < 3 years fixed period remaining qualified on fully indexed payment
State Restrictions	Ineligible: Texas Section 50(a)(6) Equity Cash-Out
Derogatory Credit	<ul style="list-style-type: none"> Collections or Charge-Offs are acceptable if paid off over 12 months prior. No delinquent tradelines at closing Open medical collections <\$1,000 per occurrence is eligible All judgements, liens/tax liens must be paid prior to or at closing
Title Report	<ul style="list-style-type: none"> ALTA Short Form – Lenders Policy Eligible Vesting: Individuals, Joint Tenants, Tenants in Common, Inter Vivos Revocable Trust Eligible Vesting (Investment Only): LLC, Limited and General Partnerships, Corporations <ul style="list-style-type: none"> Must be solely business purpose loans All persons with >= 25% interest must apply for the loan and meet credit requirements Maximum 4 members/partners/shareholders. No entities as members Persons who sign the note or a personal guaranty must sign an Occupancy Affidavit prior to closing See guidelines for collateral signing requirements
Property Insurance	Insurance does not need to be increased to cover the 2nd loan amount
Compliance	<ul style="list-style-type: none"> No Section 32 or state high cost allowed Fully documented ATR including Borrower Attestation HPML and HPCT are permitted subject to complying with all applicable regulatory requirements Loans must comply with all applicable federal and state regulations
3rd Party Processing Fee	<ul style="list-style-type: none"> \$495 Maximum