

HELOAN 2 (Standalone 2nd TD)

Program Codes: HELOAN-2 Doc -30, 20, 15 & 10

Loan Amount	Min FICO	CLTV					
		Owner Occupied		2nd Home		Investment	
		Full Doc	Alt Doc	Full Doc	Alt Doc	Full Doc	Alt Doc
75,000-350,000	720	90%	85%	80%	75%	75%	70%
	700	85%	80%	80%	70%	65%	60%
	680	75%	75%	75%	65%	NA	NA
350,000-500,000	720	85%	80%	75%	70%	75%	65%
	700	85%	75%	75%	65%	65%	60%
	680	75%	70%	70%	60%	NA	NA

* Condo max CLTV: 80%

Declining Market and State/CBSA Restrictions: Maximum LTV/CLTV is limited to 80% for purchase and refinance:

- 1) the appraisal report identifies the property as a declining market;
- 2) the subject property is in a state or CBSA in the table at [\(Click to see list of zip code\)](#)

Documentation Options

Full Doc	<p>Wage/Salary</p> <ul style="list-style-type: none"> - Most recent 30 day paystubs, - 1 or 2-years W-2s, - IRS Form 4506-C, - Verbal VOE <p>Sel-eEmployed</p> <ul style="list-style-type: none"> - 25% or greater ownership required - 1 or 2-Years of Personal and Business (if applicable) Tax Returns, - YTD P&L, - Most recent 2 month business bank statements - IRS Form 4506-C
Personal Bank Statement	<p>Sel-Employed Only</p> <ul style="list-style-type: none"> - Must be self-employed for at least 2 years - 24 or 12-months of Personal and 2-months of business bank statements - 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 - The business bank statements must reflect business activity and transfers to the personal account.
Business Bank Statement	<p>Sel-Employed Only</p> <ul style="list-style-type: none"> - Must be self-employed for at least 2 years - 24 or 12-months of business bank statements - Qualifying income is determined by one of the following analysis methods: <ul style="list-style-type: none"> ▪ Fixed expense ratio of 50% ▪ Expense ratio provided by a 3rd party (CPA or EA) min ratio of 10% ▪ 3rd party prepared Profit & Loss Statement (CPA or EA)
1099	<ul style="list-style-type: none"> - 2-Years or 1-Year 1099 - Fixed expense ratio of 10% - YTD documentation to support continued receipt of income

General Requirement	
DTI	- 80% CLTV: Max DTI 50% - 90% CLTV: Max DTI 45%
Product Type	30-Yr Fixed, 20-Yr Fixed, 15-Yr Fixed, 10-Yr Fixed
Loan Purpose	Stand-Alone Cash-Out (Simultaneous/Piggyback not allowed)
Min. & Max Loan Amount	- Min \$75,000 - Max 500,000
Max Cash-Out	\$500,000
Property Type	SFR, PUD, Fannie Mae Warrantable Condo
Assets	None required.
Age of Documents	- Credit documents may not be over 90 days old at the time of closing - Appraisal may not be over 120-days old at time of closing
Appraisal Requirements	- New appraisal (1004/1025/1073)
Property	- Minimum property size: 750 square feet - Condition rating of C5/C6: Not eligible - Any property located in a declining market as reported by the appraiser requires a 5% CLTV reduction. - Subject property minimum ownership of 12 months required - Properties with unpermitted additions/alternations to the subject property are not eligible
Ineligible Property	- 2-4 Units - Non-Warrantable Condo - Property > 10 acres - Manufactured Homes - Agricultural Zoned - Rural - Mixed-Use - Unique Properties - Bed and Breakfast - Geodesic Domes - Log Homes - Modular Homes - Ranches and Orchards - Properties in Litigation - Commercially Zones - Properties with zoning violations
Recently Listed Properties	Properties listed for sale in the last 6 months are not eligible.
Borrowers - Eligible	- US Citizen - Permanent Resident Alien
Borrowers - Ineligible	- Non-occupant co-borrowers - Non-Permanent Resident Alien (with US Credit). - Vesting is not permitted to be in the name of an LLC, Corporation or Partnership - DACA and C08 visa not allowed
Compliance	- 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. - Points/Fees not to exceed 5%
HPML	- Evidence of senior lien escrow account for hazard insurance and property tax is required if the subject loan is a HPML - In no case will an escrow be created with the 2nd lien servicer
Credit	Minimum 3 tradelines: - One currently open and active for at least 24-months based upon the credit report pull date. - The other 2 must have reported for a minimum of 12-months but can be open or closed.
Credit Scores	- Determin a representative score for each borrower using middle of 3 scores or lower of 2, use lowest representative score amongst all borrowers. - Rapid rescoring not allowed.

Credit Event Seasoning	<ul style="list-style-type: none"> - Foreclosure: 84 month waiting period - Short Sale, Deed in Lieu, Modification: 60 month waiting period - Any Bankruptcy: 60 month waiting period - Forbearance: 24 months of consecutive payments since exiting plan
Housing Lates	0x30x12 - Verification of mortgage history required on all loans.
Ineligible Senior Liens	<p>Senior liens with high-risk features which can include, but are not limited to:</p> <ul style="list-style-type: none"> - Loans in active forbearance or deferment - Negative amortization - Balloon, if the balloon payment becomes due during the amortization period of the new 2nd lien - Reverse mortgages - Private mortgages
Ineligible Loan Features	<ul style="list-style-type: none"> - Lien free properties: If the subject property is lien free, including delayed financing - Unseasoned cash-out: If the existing lien is a cash-out, measured within six months of the note date to note date. - Frequent Refinances: Two or more cash-out refinances in the past twelve months - Purchase transaction - All existing subordinate liens must be satisfied. No resubordinated permitted - All solar panel loans and leases must be paid off
State/CBSA Restrictions	<p>Maximum LTV/CLTV is limited to 80% for purchase and refinance if either or both of the following apply:</p> <ol style="list-style-type: none"> 1) the appraisal report identifies the property as a declining market; 2) the subject property is in a state or CBSA in the table at (Click to see list of zip code) <ul style="list-style-type: none"> - TX: Not allowed - NJ: Max CLTV 80%, Min FICO 720
Title Insurance	<ul style="list-style-type: none"> - Owner and Encumbrance Report for loan balances less than or equal to \$250,000, or - ALTA full title policy, - Residential limited coverage junior policy
Homeowners Insurance	Use of the existing coverage amount is permitted. Loss payee clause must reflect seller as additional insured.