

All loans are manually underwritten by a mortgage professional. Quorum's underwriters review each loan to assess risk and streamline the approval process. Quorum follows Fannie Mae underwriting guidelines; however, Quorum's underwriting guidelines are not the only criteria for a final credit decision. Layering risk factors and compensating factors may be considered for loans that fall outside the product features and guidelines. For any additional requirements not addressed in this product matrix, refer to FNMA Selling Guide for details.

Contact your Account Executive if you have any questions regarding our guidelines or a scenario.

 **Bridge Loan HELOC (1<sup>st</sup> Lien) Product Features** 

<b>Draw Period</b>	10 years
<b>Repayment Period</b>	20 years
<b>Index</b>	Prime Rate
<b>Margin</b>	Risk based - determined by FICO, LTV, Loan Amount & Occupancy Type
<b>Interest Rate</b>	Index + Margin
<b>Qualifying Payment</b>	Use principal & interest payments at the prevailing rate amortized over a twenty (20) year term to calculate DTI.
<b>Borrower Payment</b>	Interest only payments are due during the draw period. Payments are based on a twenty (20) year amortization.
<b>Floor Rate</b>	6.95%
<b>Annual Rate Caps</b>	2% increase or decrease
<b>Lifetime Cap</b>	18%
<b>Prepayment Penalty</b>	No prepayment penalty.

<b>General Eligibility</b>	
Eligible Borrowers	<ul style="list-style-type: none"> <li>US Citizens</li> <li>Permanent Resident Alien</li> </ul>
Ineligible Borrowers	<ul style="list-style-type: none"> <li>Non-Permanent Residents</li> <li>Non-Occupant Borrower</li> <li>Land Trusts</li> <li>Life Estates</li> <li>Tenancy in Common</li> <li>Corporations, General and Limited Partnerships</li> </ul>
Maximum Borrowers	Four (4) borrowers per loan.
Minimum Loan Amount	\$50,000
Maximum Loan Amount	\$1,000,000
Aggregate Loan Limit	No maximum aggregate limit of combined mortgages.
Max Properties Owned	Total of ten properties owned (combined for all borrowers & includes properties in an LLC.)
State Eligibility	Not available in Texas.
High-Cost Loans	Not Eligible
<b>Credit</b>	
Maximum Housing Ratio	38%
Maximum Debt Ratio	43%
Credit Report	A triple merge credit report is required for Borrowers and will use our score for qualifying the Borrower. Quorum follows Fannie Mae guidelines for determining the Borrowers qualifying credit score. New applications and resubmissions require a new credit report. Approval is valid for 45 days.
Minimum FICO	680
Minimum Tradelines	A minimum of two (2) tradelines, open or closed, that have been evaluated for at least twenty-four (24) months is required. Cannot include self-reported or authorized user tradelines.
Contingent Liability	<ul style="list-style-type: none"> <li>Non-mortgage debt and mortgage debt not on the subject property can be excluded from the debt ratio based on FNMA guidelines.</li> <li>All mortgages on subject property will be included in the overall debt ratio regardless of whether the borrower is obligated on the mortgage debt.</li> </ul>
Unsecured Debt	High use of unsecured debt (> 20% of annual income) presents additional risk factors and may result in a decline.
Student Loans	Student Loans will be underwritten to Freddie Mac Guidelines.
Paying Down/Off Debt to Qualify for DTI purposes	Payoff or paydown of debt solely to qualify must be carefully evaluated and considered in the overall loan analysis. The Borrower's history of credit use will be a factor in determining whether the appropriate approach is to include or exclude debt for qualification.
Mortgage Lates	0x30 in the last 24 months.

Tax Liens	Must be paid prior to/at closing.
IRS Installment Plan	Quorum follows Fannie Mae guidelines for IRS repayment plans. Quorum cannot accept the payment plan if the unpaid taxes are reflected as a lien on credit or title.
Foreclosure, Bankruptcy, Deed-in-Lieu, Pre-Foreclosure or Short Sale	Regardless of the seasoning, this product is not available for any loans with any prior Foreclosure, Bankruptcy, Deed-in-Lieu, Pre-Foreclosure or Short Sale.
Modification, Deferment or Forbearance	<p>Quorum follows Fannie Mae guidelines for qualifying however, the following overlays would apply if the event occurred is within the last 3 years:</p> <ul style="list-style-type: none"> <li>• Max DTI: 34/38%</li> <li>• Max LTV: 80%</li> <li>• FICO: 700</li> <li>• MAX Loan Amount: \$150K</li> <li>• Minimum Reserves: 12 Months</li> </ul> <p>Exception may be granted on a case-by-case basis if underwriting deems that the Modification, Deferment or Forbearance was not related to hardship and original mortgage terms were not modified. Additional documentation will include but not limited to the following:</p> <ul style="list-style-type: none"> <li>• LOE from Borrower – reason for the Modification, Deferment or Forbearance.</li> <li>• Credit report and VOM to show satisfactory payment history and no mortgage lates in last 3 years.</li> </ul>
<b>Income and Employment</b>	
Employment History	Verify start/end dates for all employers from the most recent two years (written VOE or verbal is acceptable)
Base Income, Variable Income, and Other Income Types	Standard FNMA income verification required.
Self Employed	<ul style="list-style-type: none"> <li>• Quorum requires two years signed tax returns with all schedules on self-employed borrowers. We will accept one year tax returns if the borrower meets the following eligibility: <ul style="list-style-type: none"> <li>○ CLTV ≤ 65%. We require the most recent one year signed personal and business tax returns with all schedules is required. The use of a Tax Extension (IRS Form 4868) is not permitted.</li> </ul> </li> <li>• Must be self-employed for a minimum of 2 years.</li> <li>• Quorum requires an executed 4506C form prior to closing on all self-employed Borrowers and Borrowers employed by family.</li> </ul>
Distribution Income	<ul style="list-style-type: none"> <li>• Most recent bank statement reflecting the current balance.</li> <li>• 3-year continuance of the distribution must be documented.</li> <li>• Proof of distribution not required.</li> </ul>
RSU Income	Permitted using Freddie Mac Guidelines.

<b>Collateral</b>											
Eligible Occupancy Types	<ul style="list-style-type: none"> <li>• Primary Residence</li> </ul>										
Ineligible Occupancy Types	<ul style="list-style-type: none"> <li>• Second Homes</li> <li>• Investment Properties</li> </ul>										
Eligible Property Types	<ul style="list-style-type: none"> <li>• 1 Unit</li> <li>• PUDs</li> <li>• Warrantable Condos (<b>See Condo section below for restrictions</b>)</li> <li>• Townhouse</li> </ul>										
Ineligible Property Types	<ul style="list-style-type: none"> <li>• 2-4 Units</li> <li>• Co-ops</li> <li>• Leasehold Properties</li> <li>• Manufactured Homes</li> </ul>										
Condos	<ul style="list-style-type: none"> <li>• <b>All Condos</b> <ul style="list-style-type: none"> <li>○ Must be FNMA warrantable. Limited review permitted meeting FNMA requirements.</li> </ul> </li> <li>• <b>Florida Condos</b> <ul style="list-style-type: none"> <li>○ All Florida Condos - Restricted to 80% LTV</li> <li>○ Miami Dade County Condos valued &gt;\$1,000,000 – Restricted to 70%</li> <li>○ Additional Declining Market restrictions may apply. See Declining Market Section</li> </ul> </li> </ul>										
Valuation	<ul style="list-style-type: none"> <li>• Please refer to the Valuation Eligibility Matrix.</li> <li>• Standalone Transactions: Quorum will order the appraisal on a standalone transaction through a third-party vendor.</li> <li>• Age Requirements: Appraisal is good for 120 days (re-certifications allowed on a case-by-case basis).</li> <li>• For transactions that allow for AVM's: AVM's will be ordered by Quorum and will be reviewed by underwriting to determine if the value is supported. If the underwriter deems the value is not supported, we will upgrade the report to a drive-by, desktop, full appraisal, or other valuation methods.</li> </ul>										
Subject Property in Declining Market	<p><b>Primary Residence (1 Unit)</b></p> <ul style="list-style-type: none"> <li>• AVM's or Appraisals that reflect a declining market percentage are subject to the Max LTV caps as outlined below.</li> <li>• If a declining market percentage is not reflected on the AVM or Appraisal the LTV will be capped at 65%.</li> </ul> <table border="1" style="margin-left: auto; margin-right: auto;"> <thead> <tr style="background-color: #0070C0; color: white;"> <th align="center" colspan="2">AVM/Appraisal Declining Market Max LTV Caps</th> </tr> </thead> <tbody> <tr> <td align="center">0%</td> <td align="center">80%</td> </tr> <tr> <td align="center">≤ 1%</td> <td align="center">75%</td> </tr> <tr> <td align="center">&gt;1%-5%</td> <td align="center">70%</td> </tr> <tr> <td align="center">&gt;5%</td> <td align="center">65%</td> </tr> </tbody> </table>	AVM/Appraisal Declining Market Max LTV Caps		0%	80%	≤ 1%	75%	>1%-5%	70%	>5%	65%
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Seasoning	Six (6) months seasoning. If the home was purchased less than 6 months ago, we will use the lower of the purchase price or the appraisal value to determine the LTV. A new valuation will be required if the original appraisal is expired.										
Refinance of Listed Properties	Subject Property may be listed for sale or listed in the near future.										
Power of Attorney (POA)	Not Permitted.										

Trust Agreements	Permitted based on FNMA guidelines. Irrevocable Trusts not permitted. If the loan is held in a trust, a copy of the fully executed trust agreement with all amendments must be reviewed and approved by Quorum prior to CTC.
Title Insurance	<ul style="list-style-type: none"> <li>• Title insurance is required.</li> <li>• For standalone transactions that require title insurance, Quorum will order title and closing services unless otherwise specified at the time of application.</li> </ul>
<b>Assets</b>	
Assets	<p><b><u>Personal Asset Reserves:</u></b></p> <ul style="list-style-type: none"> <li>• Asset reserves must be from the Borrower's funds.</li> <li>• Quorum does not allow gift funds to be used as reserves.</li> <li>• Refer to the Reserve Matrix in this document.</li> </ul> <p><b><u>Business Assets Reserves:</u></b></p> <p>Borrowers must have 100% ownership in the business to use business assets. Documentation Requirements include:</p> <p>Letter from CPA, Third Party or Borrower to document the following:</p> <ul style="list-style-type: none"> <li>• Funds will not have a negative effect on business cash flow.</li> <li>• Funds are not an advancement or loan of future earnings or cash distributions.</li> <li>• 3 months bank statements.</li> <li>• Copy of year-to-date P&amp;L.</li> <li>• Underwriter will complete a cash flow analysis using most recent 3 months business bank statements to determine impact of funds withdrawal from the business.</li> </ul>
Personal Asset Reserves	<ul style="list-style-type: none"> <li>• Asset reserves must be from the Borrower's funds.</li> <li>• Quorum does not allow gift funds to be used as reserves.</li> <li>• Refer to the Reserve Matrix in this document.</li> </ul>
Minimum Reserve Requirement	See HELOC matrix included in this document for the minimum reserve requirement. Minimum reserves include principal and interest payment for both the first and second mortgage, taxes and insurance.

<b>Layering Risks &amp; Compensating Factors</b> (Examples of Layering Risks and Compensating Factors Considered in Underwriting)	
Layering Risk Factors	<ul style="list-style-type: none"> <li>Attributes near guideline limits</li> <li>Payment shock (&gt; 150%)</li> <li>Use of unsecured debt (&gt; 20% of total unsecured debt divided by annual income)</li> <li>High DTI (&gt; 36%)</li> <li>LTV (&gt; 80%)</li> <li>Adverse credit history</li> <li>Variable pay being used to qualify especially when variable pay exceeds 25% of the base salary</li> <li>Debt consolidation</li> <li>Paying down/off debt to qualify for DTI purposes.</li> <li>Using departing residence rental income to meet the DTI qualifications</li> <li>Rapid appreciation in subject property market area (Subject property purchased in the last 24 months reflecting rapid increases &gt;15% annually)</li> <li>Minimal assets (&lt; 12 months PITI reserves)</li> <li>Gift funds</li> </ul>
Compensating Factors	<ul style="list-style-type: none"> <li>Substantial assets (24 months of reserves including liquid)</li> <li>Low LTV (&lt; 65%)</li> <li>Low DTI (&lt; 36%)</li> <li>FICO Score 740+</li> <li>Strong credit history</li> <li>Low use of unsecured debt (&lt; 20% of total unsecured debt divided by annual income)</li> <li>Job stability and solid/stable income sources (five (5) years with current employer/base income)</li> </ul>

### Bridge Loan HELOC (1<sup>st</sup> Lien) Rates

**Rates effective as of: 11/18/2024**

**Current Prime Rate: 7.75%\* | Floor Rate: Rates cannot go below floor rate of 6.95%\*\***

LTV %	0-60	60.01-70	70.01-80	Max Loan Amount > 65% LTV	Max Loan Amount 50.01-65% LTV	Max Loan Amount ≤ 50% LTV
Credit Rating						
780+	Prime + 2.00%	Prime + 2.00%	Prime + 2.25%	\$500,000	\$750,000	\$1,000,000
720-779	Prime + 3.00%	Prime + 3.50%	Prime + 4.00%	\$500,000	\$750,000	\$1,000,000
680-719	Prime + 3.50%	Prime +4.00%	Prime + 4.50%	\$500,000	\$750,000	\$750,000

#### Rate Adjustments: Margin Add-Ons and Reductions

Loan Amount > \$250,000	0.500%
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#### <sup>1</sup>Relationship Discount Pricing Adjustment: Margin Reductions

New Checking Account with Quorum must be established prior to closing. (Minimum monthly balance of \$5,000)	-0.250%
New CD with Quorum must be established prior to closing. (Maintaining at least \$50,000 in CDs any duration)	-0.500%

#### HELOC Fees

Origination Fee	\$995
Processing Fee	\$100
Flood Cert Fee	\$7
Credit Report Fee	\$54.65/\$109.30 (single/joint)
Closing Agent/Settlement Fees, Recording Fees	Varies
Property Report/Title Report	Varies
Mortgage/Transfer Tax, Government Fees (if applicable)	Varies
Appraisal (if applicable)	Varies

**Appraisal fee due at the time of application all other fees are due at closing and debited from the HELOC.**

#### **Borrower Paid Compensation (BPC):**

- Brokers can charge up to 2% (**NO MAX**). BPC is paid on the Line of Credit Amount
- Only Eligible for approved brokers with executed agreements.
- BPC amount must be selected from the drop-down selection when submitting the application.
  - BPC drop down selection: 0, .25%, .50%, .75%, 1%, 1.25%, 1.50%, 1.75% or 2%.
- Once the application is submitted the BPC amount cannot be increased.

<sup>1</sup> To qualify for the relationship price discount, the member would need to establish and fund these account(s) prior to the loan closing

<b>Eligibility Matrix</b>				
All loans are subject to the underwriter's discretion. Additional underwriting conditions or overlays may be required				
<b>Asset Reserve Requirement Matrix</b>				
Occupancy	FICO	Loan Amount		Minimum Reserves
Primary	680+	≤ \$100,000	> \$100,000 - \$250,000	0 Months
		> \$250,000 - \$500,000	> \$500,000	6 Months
				9 Months
				12 Months
<b>Valuation Requirement Matrix</b>				
Loan Amount	Loan Purpose	Occupancy	# Of Units	Standard Requirement
≤ \$100K	Standalone	Primary	1 Unit	AVM
> \$100K to \$250K	Standalone	Primary	1 Unit	Exterior Drive-by
> \$250K	Standalone	Primary	1 Unit	Full Appraisal

**Rates and APR:**

\*The Current Prime Rate indicated is as published in The Wall Street Journal as of 11/8/2024. The Daily Periodic Rate and its corresponding Annual Percentage Rate (APR) may change the first day of each month. Therefore, loans that fund/disburse on or after 12/1/2024 will reflect an initial APR based on this Current Prime Rate. Loans that fund/disburse prior to 12/1/2024 will reflect an initial APR based on the previous Prime Rate.

\*\*The Annual Percentage Rate (APR). The Floor Rate is 6.95%. Maximum APR is 18.00%. The APR is a variable rate, plus or minus a margin, and is based on the Prime rate (index - as published in The Wall Street Journal) plus a margin. The margin is determined based on credit history, loan amount and combined loan-to-value (LTV) ratio. Rate will not increase or decrease more than 2% annually. A home equity line-of-credit is secured by the member's home and is available only for 1 family residential properties and condominiums, excluding co-ops. Minimum line-of-credit amount: \$50,000.00. No draw required at closing. No application, or termination fees; appraisal fee varies. No pre-payment penalty. Mortgage tax may apply in some states. This Home Equity Line of Credit is not available in TX. All loans are subject to credit approval.

**Fees:**

Fees are due at closing and debited from the HELOC (except appraisal fee, if applicable, due at time of application). Additional fees for HELOCs, including all lender fees, origination fees and third-party fees will be passed to the borrower.

Quorum is an Equal Housing Lender. We do business in accordance with the Federal Fair Lending Laws.  
 Property of Quorum Federal Credit Union | Revised: 11/18/2024

