

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.

 **HELOC Express (2<sup>nd</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, CLTV, 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>	4.95%
<b>Annual Rate Caps</b>	2% increase or decrease.
<b>Lifetime Cap</b>	18%
<b>Prepayment Penalty</b>	No prepayment penalty.

General Eligibility	
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 Resident Aliens</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	\$25,000
Maximum Loan Amount	\$350,000
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.
Ineligible First Lien Types	Quorum does not provide subordinate financing for non-QM first lien mortgages except interest only first mortgages (Principal & Interest payment used for DTI qualification on all Interest Only loans). Examples of non-QM loans: Negative Amortization First Mortgage, Balloon and Loan Terms > 30 years.
High-Cost Loans	Not Eligible
Credit	
Maximum Housing Ratio/ Maximum Debt Ratio	<ul style="list-style-type: none"> <li>• 38%/43% for FICO &lt; 720</li> <li>• 43%/45% for FICO ≥ 720</li> </ul>
Credit Report	<p>A triple merge credit report is required for all 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.</p> <p>Approval is valid for 45 days.</p>
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.

Current Principal Residence Pending Sale	Current principal residence is pending sale, but the transaction will not close with title transfer to the new owner prior to the Borrower purchasing a new principal residence. <ul style="list-style-type: none"> <li>• Max DTI: 49.99%.</li> <li>• Current PITI and the proposed PITI must be used in qualifying the Borrower.</li> <li>• Copy of fully executed listing agreement or contract of sale.</li> </ul>
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/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	Not permitted if the event occurred is within the last 3 years.
<b>Income and Employment</b>	
Day 1 Certainty	Day 1 Certainty permitted for income.
Employment History	Verify start/end dates for all employers from the most recent two years (written VOE or verbal is acceptable)
Base Income	<ul style="list-style-type: none"> <li>• 1 Paystub</li> <li>• Most recent W2</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>
Variable Income and Other Income Types	Standard FNMA income verification required.
Self Employed	Not permitted.
RSU Income	Permitted using Freddie Mac Guidelines.
Income from Departing Residence	Heavy scrutiny will be placed on these transactions. All borrowers must have compensating factors to offset the risk. To include income from departing residence, Quorum require the following: <ul style="list-style-type: none"> <li>• Copy of fully executed lease agreement.</li> <li>• Copy of security deposit and first month's rent check.</li> <li>• Copy of bank statement reflecting the deposit.</li> </ul>

Collateral	
Eligible Occupancy Types	<ul style="list-style-type: none"> <li>• Primary Residence</li> <li>• Second Homes</li> </ul> <p><i>Short-Term Rentals: If a property listed as a rental on tax returns (e.g., short-term or seasonal) is also occupied by the borrower part-time, it qualifies as a second home, provided the rental income is not used for loan qualification).</i></p>
Ineligible Occupancy Types	<ul style="list-style-type: none"> <li>• Investment Properties</li> </ul>
Eligible Property Types	<ul style="list-style-type: none"> <li>• 1-2 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>• 3-4 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% CLTV</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>• Simultaneous Transactions: Quorum will accept the first mortgage lender's appraisal for simultaneous loan transactions. All appraisals are subject to the underwriter's review and Quorum may order our own appraisal at our cost if it is needed to support value. 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>• Delayed Standalone: Quorum will accept the first mortgage lender's appraisal for delayed standalone transactions as long as the appraisal is dated within 120 days of our closing date. FNMA Value Acceptance (PIW's) not permitted. All appraisals are subject to the underwriter's review and Quorum may require a new appraisal if it is needed to support value. Please refer to the Valuation Eligibility Matrix.</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> <li>• For transactions that allow for FNMA Value Acceptance (PIW's): The AUS findings must reflect both the 1st and 2nd mortgage transaction and the correct LTV/CLTV. Refer to valuation matrix for eligibility.</li> </ul>

<p>Subject Property in Declining Market</p>	<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 CLTV caps as outlined below.</li> <li>• If a declining market percentage is not reflected on the AVM or Appraisal the CLTV will be capped at 65%.</li> </ul> <table border="1" data-bbox="521 426 1466 693"> <thead> <tr> <th colspan="2" style="background-color: #4F81BD; color: white;">AVM/Appraisal Declining Market Max CLTV Caps</th> </tr> </thead> <tbody> <tr> <td style="text-align: center;">0%</td> <td style="text-align: center;">95%</td> </tr> <tr> <td style="text-align: center;">≤ 1%</td> <td style="text-align: center;">85%</td> </tr> <tr> <td style="text-align: center;">&gt;1%-5%</td> <td style="text-align: center;">80%</td> </tr> <tr> <td style="text-align: center;">&gt;5%-10%</td> <td style="text-align: center;">75%</td> </tr> <tr> <td style="text-align: center;">&gt;10%</td> <td style="text-align: center;">65%</td> </tr> </tbody> </table> <p><b>Primary Residence (2 Unit) &amp; Second Home</b></p> <ul style="list-style-type: none"> <li>• AVM's or Appraisals that reflect a declining market regardless of the percentage, will be capped at 65% CLTV.</li> </ul>	AVM/Appraisal Declining Market Max CLTV Caps		0%	95%	≤ 1%	85%	>1%-5%	80%	>5%-10%	75%	>10%	65%
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<p>Seasoning</p>	<p>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 CLTV. A new valuation will be required if the original appraisal is expired.</p>												
<p>Refinance of Listed Properties</p>	<p>Six (6) months seasoning. Must remove listing prior to submitting application (CLTV max reduced to 80% if property was listed within the last six (6) months).</p>												
<p>Power of Attorney (POA)</p>	<p>POA must be specific to the transaction and must state both the first and second transaction separately. Cash out transactions not permitted. A copy of the POA must be reviewed and approved by Quorum prior to CTC and recorded at closing.</p>												
<p>Trust Agreements</p>	<p>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.</p>												
<p>Title Insurance</p>	<ul style="list-style-type: none"> <li>• Required for loan amounts &gt; \$250,000.</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>												
<p>Property Report</p>	<ul style="list-style-type: none"> <li>• Required for loan amounts ≤ \$250,000.</li> <li>• For standalone transactions, that require a property report, Quorum will order the property report and closing services unless otherwise specified at the time of application.</li> </ul>												

<b>Assets</b>	
Day 1 Certainty	Day 1 Certainty permitted for assets
Business Assets	Not permitted.
Assets	<ul style="list-style-type: none"> <li>Asset required for closing costs and down-payment must be stated on the loan application (1003). Source of funds or documentation for these assets will not be required.</li> <li>Asset Reserves not required.</li> </ul>
Minimum Borrower Contribution	5% minimum contribution from borrower.
<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>CLTV (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 CLTV (&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>

### HELOC Express (2<sup>nd</sup> Lien) Rates

Rates effective as of: 11/18/2024

Current Prime Rate: 7.75%\* | Floor Rate: Rates cannot go below floor rate of 4.95%\*\*

CLTV %	0-60	60.01-70	70.01-80	80.01-85	85.01-90	90.01-95	Max Loan Amount
FICO							
800+	<b>Prime - 0.25%</b>	Prime + 0.00%	Prime + 0.25%	Prime + 0.50%	Prime +1.24%	Prime + 3.00%	\$350,000
780-799	Prime + 0.25%	Prime + 0.25%	Prime + 0.50%	Prime + 0.75%	Prime + 1.49%	Prime + 3.00%	\$350,000
760-779	Prime + 0.50%	Prime + 0.75%	Prime + 1.00%	Prime + 1.25%	Prime + 2.00%	Prime + 3.125%	\$350,000
740-759	Prime + 0.75%	Prime + 1.00%	Prime + 1.25%	Prime +1.375%	Prime + 2.125%	Prime + 3.25%	\$350,000
720-739	Prime + 1.50%	Prime + 1.50%	Prime + 1.75%	Prime +1.875%	Prime + 2.375%	Prime + 3.75%	\$350,000
700-719	Prime + 2.50%	Prime + 2.50%	Prime + 2.75%	Prime + 3.25%	Prime + 4.00%	N/A	\$350,000
680-699	Prime + 3.25%	Prime +3.375%	Prime + 3.50%	Prime +3.625%	Prime + 5.00%	N/A	\$350,000

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

Loan Amount < \$50,000	0.500%
Second Home	0.500%
Simul Purchase Transactions	-0.500%

#### <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	\$495
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.

**Eligibility Matrix**

All loans are subject to the underwriter's discretion. Additional underwriting conditions or overlays may be required

**Maximum Loan Amount and Occupancy Matrix**

Occupancy	FICO	# of Units	CLTV	Loan Amount
Primary	720+	1 Unit	95%	\$350,000
Primary	680+	1 Unit	90%	\$350,000
		2 Unit	90%	\$350,000
Second Home	680+	1 Unit	90%	\$350,000

**Valuation Requirement Matrix**

Loan Amount	Loan Purpose	Occupancy	# Of Units	Standard Requirement
≤ \$350K	Simul Purchase Simul Refinance Standalone	Primary	1-2 Unit	AVM
		Second Home	1 Unit	

**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 4.95%. 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 (CLTV) 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 1-2 family residential properties and condominiums, excluding co-ops. Minimum line-of-credit amount: \$25,000.00. 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 the 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.

