



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.

If you have a unique scenario that you would like to pre-screen with Quorum, please contact your Account Executive. Pre-screen Requirements: Copy of the 1008/1003, credit report, and a breakdown of all closing and post-closing asset reserves

	<b>Second Lien HELOC Product Features</b>	
<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>	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	\$25,000
Maximum Loan Amount	\$500,000
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	<p>Quorum does not provide subordinate financing for non-QM first lien mortgages except interest only first mortgages (Principal &amp; Interest payment used for DTI qualification on all Interest Only loans).</p> <p>Examples of non-QM loans:            Negative Amortization First Mortgage, Balloon and Loan Terms &gt; 30 years</p>
High-Cost Loans	Not Eligible
<b>Credit</b>	
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 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	640
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 FNMA Guidelines. We will accept LP for simultaneous transactions with eligible LP findings.
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	<p>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.</p> <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 or Short Sale	<p>Quorum follows Fannie Mae guidelines for seasoning requirements however these overlays will apply regardless of the timing of the event:</p> <ul style="list-style-type: none"> <li>• Max DTI: 34/38%</li> <li>• Max CLTV: 80%</li> <li>• FICO: 700</li> <li>• MAX Loan Amount: \$150K</li> <li>• Minimum Reserves: 12 Months</li> </ul>
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 CLTV: 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>	
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, Variable Income, and Other Income Types	Standard FNMA income verification required.
Self Employed	<ul style="list-style-type: none"> <li>Two years signed tax returns with all schedules for standalone and simultaneous transactions. Quorum will accept one year tax returns for simultaneous transactions with approved/eligible DU/LP findings that only require one year. All jumbo loans will require 2 years.</li> <li>Quorum requires an executed 4506C form at closing on all self-employed Borrowers and Borrowers employed by family.</li> </ul>
RSU Income	Permitted using Freddie Mac Guidelines.
Income from Departing Residence	<p>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:</p> <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>
<b>Additional Income Sources with Limited CLTV</b>	
Bank Statement	<ul style="list-style-type: none"> <li>12-month or 24-month business or personal bank statements</li> <li>Must have 100% ownership of business</li> <li>Must be self-employed for a minimum of two years</li> <li>Max CLTV 65%</li> <li>Minimum FICO 680</li> </ul>
	<ul style="list-style-type: none"> <li>Bank Statement Verification and Income Requirements               <ul style="list-style-type: none"> <li>≤ \$250K &amp; ≥ 680 FICO - 12 months bank statements</li> <li>&gt; \$250K &amp; ≥ 680 FICO - 24 months bank statements</li> </ul> </li> <li>Bank statements deposit calculation               <ul style="list-style-type: none"> <li>100% of all deposits from personal bank statements</li> <li>50% of business bank statements</li> </ul> </li> <li>Bank Statement Requirements               <ul style="list-style-type: none"> <li>Only deposits will be used</li> <li>The following transfers will not be counted:                   <ul style="list-style-type: none"> <li>· Wire transfer</li> <li>· Overdraft protection transfers</li> <li>· Interest credits</li> <li>· Rental income deposits</li> <li>· Large deposits that are not typical account transactions.</li> </ul> </li> <li>Must have 12/24 consecutive months of statements (no gaps)</li> <li>Must provide all pages of the bank statements (even the last pages with advertising)</li> <li>Cannot use two different accounts statements. Multiple accounts are considered on a case-by-case basis when:                   <ul style="list-style-type: none"> <li>· one account is closing and reopening of a new account, or</li> <li>· for business accounts that have two different autonomous businesses</li> </ul> </li> </ul> </li> </ul>

	<ul style="list-style-type: none"> <li>○ If account was used and closed the new account for remainder of statements must show closing of old account and opening of new account</li> </ul>
Asset Depletion	<ul style="list-style-type: none"> <li>● Eligible assets include 401K, IRA, inheritance, unrestricted stock, lottery winnings, lawsuit earnings, sale of real estate, divorce proceeds.</li> <li>● Cash-out allowed</li> <li>● No age Restriction</li> <li>● Max CLTV 65%</li> <li>● Asset depletion income calculation = total assets/360 months.</li> </ul>
Collateral	
Eligible Occupancy Types	<ul style="list-style-type: none"> <li>● Primary Residence</li> <li>● Second Homes</li> </ul>
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 (See Condo section below for restrictions)</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>												
Subject Property in Declining Market	<p>Primary Residence (1 Unit)</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" style="margin-left: auto; margin-right: auto;"> <thead> <tr> <th colspan="2" style="background-color: #4F81BD; color: white; text-align: center;">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>Primary Residence (2 Unit) &amp; Second Home</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%
AVM/Appraisal Declining Market Max CLTV Caps													
0%	95%												
≤ 1%	85%												
>1%-5%	80%												
>5%-10%	75%												
>10%	65%												
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 CLTV. A new valuation will be required if the original appraisal is expired.												
Refinance of Listed Properties	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).												
Power of Attorney (POA)	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.												
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>• 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>
Property Report	<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	<p>Permitted only for Borrowers that have 100% ownership in the business. Documentation Requirements include:</p> <ol style="list-style-type: none"> <li>1. Letter from CPA, Third Party or Borrower to document the following: <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> </ul> </li> <li>2. 3 months bank statements.</li> <li>3. Copy of year-to-date P&amp;L.</li> </ol> <p>Underwriter will complete a cash flow analysis using most recent 3 months business bank statements to determine impact of funds withdrawal from business.</p>
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 Borrower Contribution	5% minimum contribution from Borrower.
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.

**Layering Risks & Compensating Factors**

(Examples of Layering Risks and Compensating Factors Considered in Underwriting)

<p>Layering Risk Factors</p>	<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 (&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>
<p>Compensating Factors</p>	<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>



### Second Lien HELOC Rates

**Rates effective as of: 09/03/2024**

**Current Prime Rate: 8.50% | Floor Rate: Rates cannot go below floor rate of 6.95%\***

CLTV %	0-60	60.01-70	70.01-80	80.01-85	85.01-90	90.01%-95% (Only available in CT, ME, MA, NH, RI, VT)	Max Loan Amount > 85% CLTV	Max Loan Amount ≤ 85% CLTV
FICO								
800+	<b>Prime - 0.25%</b>	Prime + 0.00%	Prime + 0.25%	Prime + 0.50%	Prime + 1.24%	Prime + 3.00%	\$350,000	\$500,000
780-799	Prime + 0.25%	Prime + 0.25%	Prime + 0.50%	Prime + 0.75%	Prime + 1.49%	Prime + 3.00%	\$350,000	\$500,000
760-779	Prime + 0.50%	Prime + 0.75%	Prime + 1.00%	Prime + 1.25%	Prime + 2.00%	Prime + 3.125%	\$350,000	\$500,000
740-759	Prime + 0.75%	Prime + 1.00%	Prime + 1.25%	Prime + 1.375%	Prime + 2.125%	Prime + 3.25%	\$350,000	\$500,000
720-739	Prime + 1.50%	Prime + 1.50%	Prime + 1.75%	Prime + 1.875%	Prime + 2.375%	Prime + 3.75%	\$350,000	\$500,000
700-719	Prime + 2.50%	Prime + 2.50%	Prime + 2.75%	Prime + 3.25%	Prime + 4.00%	N/A	\$350,000	\$500,000
680-699	Prime + 3.25%	Prime + 3.375%	Prime + 3.50%	Prime + 3.625%	Prime + 5.00%	N/A	\$350,000	\$500,000
660-679	Prime + 4.75%	Prime + 5.00%	Prime + 5.50%	N/A	N/A	N/A	N/A	\$150,000
640-659	Prime + 4.875%	Prime + 5.125%	Prime + 5.625%	N/A	N/A	N/A	N/A	\$75,000

#### <sup>1</sup>Rate Adjustments: Margin Add-Ons and Reductions

Loan Amount < \$50,000	0.500%
Loan Amount > \$500,000	0.250%
Second Home	0.500%
Simul Purchase Transactions	-0.500%

#### <sup>2</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%

<sup>1</sup> In the event a HELOC is approved above our \$500,000 limit, there will be a 25bps add-on to margin.

<sup>2</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>HELOC Fees</b>	
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
<b>Appraisal fee due at the time of application all other fees are due at closing and debited from the HELOC.</b>	
<b>Borrower Paid Compensation (BPC):</b> <ul style="list-style-type: none"> <li>Brokers can charge up to 2% (<b>NO MAX</b>). BPC is paid on the Line of Credit Amount</li> <li><b>Only Eligible for approved brokers with executed agreements.</b></li> <li>BPC amount must be selected from the drop-down selection when submitting the application.               <ul style="list-style-type: none"> <li>BPC drop down selection: 0, .50%, 1%, 1.50%, or 2%.</li> </ul> </li> <li>Once the application is submitted the BPC amount cannot be changed.</li> </ul>	

<b>Eligibility Matrix</b>			
All loans are subject to the underwriter's discretion. Additional underwriting conditions or overlays may be required			
<b>Maximum Loan Amount Matrix</b>			
FICO	CLTV	Max Loan Amount	
720+	≤ 85%	\$500,000	
	85.01-95%	\$350,000	
680-719	≤ 85%	\$500,000	
	85.01-90%	\$350,000	
660-679	≤ 80%	\$150,000	
640-659	≤ 80%	\$75,000	
<b>Occupancy Eligibility Matrix</b>			
Occupancy	FICO	# Of Units	CLTV
Primary	720+	1 Unit	95%
	680-719		90%
	640-679		80%
Primary	680+	2 Unit	90%
	640-679		80%
Second Home	680+	1 Unit	90%
	640-679		80%

Asset Reserve Requirement Matrix			
Occupancy	FICO	Loan Amount	Minimum Reserves
Primary	640-659	≤ \$75,000	3 Months
Second Home			6 Months
Primary	660-679	≤ \$150,000	3 Months
Second Home			6 Months
Primary	680+	≤ \$100,000	0 Months
		> \$100,000 - \$350,000	6 Months
		> \$350,000	9 Months
Second Home	680+	≤ \$100,000	3 Months
		> \$100,000 - \$350,000	9 Months
		> \$350,000	12 Months

Valuation Requirement Matrix				
Loan Amount	Loan Purpose	Occupancy	# Of Units	Standard Requirement
≤ \$400K	Simul Purchase Simul Refinance Standalone	Primary	1-2 Unit	AVM
		Second Home	1 Unit	
> \$400K	Simul Purchase Simul Refinance Standalone	Primary	1-2 Unit	Full Appraisal
		Second Home	1 Unit	

**Rates and APR:**

\*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 (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: 09/03/24.

