

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.

Fixed Home Equity Product Features	
Loan Term	Fixed rate terms: 10 ,15, and 20 years
Interest Rate	Fixed
Qualifying Payment	Use principal & interest payments amortized over the loan term to calculate DTI.
Borrower Payment	Principal & Interest
Prepayment Penalty	No prepayment penalty.
General Eligibility	
Eligible Borrowers	<ul style="list-style-type: none"> US Citizens Permanent Resident Alien
Ineligible Borrowers	<ul style="list-style-type: none"> Non-Permanent Resident Aliens Non-Occupant Borrower Land Trusts Life Estates (<i>Except for enhanced Life Estate-Ladybird</i>) Tenancy in Common Corporations, General and Limited Partnerships
Maximum Borrowers	Four (4) borrowers per loan.
Lien Position	2 nd lien only (first lien not permitted)
Transaction Type	Standalone transactions only. <i>Simultaneous transactions not permitted.</i>
Minimum Loan Amount	\$50,000
Maximum Loan Amount	\$500,000
Maximum CLTV	90%
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
QM/HPML	Must meet all QM guidelines including rate, points and fees. Quorum will still originate loans that fall out of QM/HPML threshold however all loans are subject to additional requirements see "Valuation" section below.

Credit	
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 60 days.
Minimum FICO	640
Borrowers With No Credit Score	Borrowers that do not have a credit score due to insufficient credit are eligible. The maximum loan amount, CLTV, rate and reserves will be established using the 640-659 FICO Tier. Refer to the Rate Matrix and Eligibility Matrix below. Minimum tradeline requirement is not applicable.
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 (Co-signed Debt)	<ul style="list-style-type: none"> • Non-mortgage debt and mortgage debt not on the subject property can be excluded from the debt ratio based on FNMA guidelines. • All mortgages on subject property will be included in the overall debt ratio regardless of whether the borrower is obligated on the mortgage debt.
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.
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/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.
Income/Employment	
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"> • Two years signed tax returns with all schedules. • Quorum requires an executed 4506C form at closing on all self-employed borrowers and borrowers employed by family.
RSU Income	Permitted using Freddie Mac Guidelines.

Collateral													
Eligible Occupancy Types	<ul style="list-style-type: none"> • Primary Residence 												
Ineligible Occupancy Types	<ul style="list-style-type: none"> • Second Homes • Investment Properties 												
Eligible Property Types	<ul style="list-style-type: none"> • 1-2 Unit • PUDs • Warrantable Condos (See Condo section below for restrictions) • Townhouse 												
Ineligible Property Types	<ul style="list-style-type: none"> • 3-4 Unit • Co-ops • Leasehold Properties • Manufactured Homes 												
Condos	<ul style="list-style-type: none"> • All Condos <ul style="list-style-type: none"> ○ Must be FNMA warrantable. Limited review permitted meeting FNMA requirements. • Florida Condos <ul style="list-style-type: none"> ○ All Florida Condos - Restricted to 80% CLTV ○ Miami Dade County Condos valued >\$1,000,000 – Restricted to 70% ○ Additional Declining Market restrictions may apply. See Declining Market Section 												
Valuation	<ul style="list-style-type: none"> • 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. PIW's are 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. • Age Requirements: Appraisal is good for 120 days (re-certifications allowed on a case-by-case basis). • 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. • Full Appraisal required for all loans that fall outside QM 												
Subject Property in Declining Market	<p>Primary Residence (1 Unit)</p> <ul style="list-style-type: none"> • AVM's or Appraisals that reflect a declining market percentage are subject to the Max CLTV caps as outlined below. • If a declining market percentage is not reflected on the AVM or Appraisal the CLTV will be capped at 65%. <table border="1" style="margin-left: auto; margin-right: auto; text-align: center;"> <thead> <tr> <th colspan="2" style="background-color: #fce4ec;">AVM/Appraisal Declining Market Max CLTV Caps</th> </tr> </thead> <tbody> <tr> <td>0%</td> <td>90%</td> </tr> <tr> <td>≤ 1%</td> <td>85%</td> </tr> <tr> <td>>1%-5%</td> <td>80%</td> </tr> <tr> <td>>5%-10%</td> <td>75%</td> </tr> <tr> <td>>10%</td> <td>65%</td> </tr> </tbody> </table> <p>Primary Residence (2 Unit)</p> <ul style="list-style-type: none"> • AVM's or Appraisals that reflect a declining market regardless of the percentage, will be capped at 65% CLTV. 	AVM/Appraisal Declining Market Max CLTV Caps		0%	90%	≤ 1%	85%	>1%-5%	80%	>5%-10%	75%	>10%	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 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)	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"> • Required for loan amounts > \$250,000. • For transactions that require title insurance, Quorum will order title and closing services unless otherwise specified at the time of application.
Property Report	<ul style="list-style-type: none"> • Required for loan amounts ≤ \$250,000. • For transactions, that require a property report, Quorum will order the property report and closing services unless otherwise specified at the time of application.
Assets	
Assets	<p><u>Personal Asset Reserves:</u></p> <ul style="list-style-type: none"> • Asset reserves must be from the Borrower's funds. • Quorum does not allow gift funds to be used as reserves. • Refer to the Reserve Matrix in this document. <p><u>Business Assets Reserves:</u></p> <p>Borrowers must have 100% ownership in the business to use business assets. Documentation Requirements include:</p> <ul style="list-style-type: none"> • Two (2) months bank statements. • Letter from CPA, Third Party or Borrower to document the following: <ul style="list-style-type: none"> ○ Funds will not have a negative effect on business cash flow. ○ Funds are not an advancement or loan of future earnings or cash distributions.
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"> • Attributes near guideline limits • Payment shock (> 150%) • Use of unsecured debt (> 20% of total unsecured debt divided by annual income) • High DTI (> 36%) • CLTV (> 80%) • Adverse credit history • Variable pay being used to qualify especially when variable pay exceeds 25% of the base salary • Debt consolidation • Paying down/off debt to qualify for DTI purposes. • Using departing residence rental income to meet the DTI qualifications. • Rapid appreciation in subject property market area (Subject property purchased in the last 24 months reflecting rapid increases >15% annually) • Minimal assets (< 12 months PITI reserves) • Gift funds
<p>Compensating Factors</p>	<ul style="list-style-type: none"> • Substantial assets (24 months of reserves including liquid) • Low CLTV (< 65%) • Low DTI (< 36%) • FICO Score 740+ • Strong credit history • Low use of unsecured debt (< 20% of total unsecured debt divided by annual income) • Job stability and solid/stable income sources (five (5) years with current employer/base income)

Eligibility Matrix			
All loans are subject to the underwriter's discretion. Additional underwriting conditions or overlays may be required			
Maximum Loan Amount Matrix			
FICO	CLTV	Max Loan Amount	
680+	≤ 90%	\$500,00	
660-679	≤ 80%	\$200,000	
640-659	≤ 80%	\$100,000	
Occupancy/CLTV Eligibility Matrix			
Occupancy	FICO	# Of Units	Max CLTV
Primary	≥680	1-2 Unit	90%
	<680		80%
Asset Reserve Requirement Matrix			
Occupancy	FICO	Loan Amount	Minimum Reserves
Primary	640-659	≤ \$100,000	3 Months
Primary	660-679	≤ \$200,000	3 Months
Primary	680+	≤ \$200,000	0 Months
		> \$200,000 - \$350,000	6 Months
		> \$350,000 - \$500,000	9 Months
Valuation Requirement Matrix			
Loan Amount	Occupancy	# Of Units	Standard Requirement
≤ \$250K	Primary	1-2 Units	AVM (only for QM Loans)
> \$250K	Primary	1-2 Units	Full Appraisal
A full appraisal is required on all loans that fall outside QM guidelines regardless of the Loan Amount.			

10 Year Fixed Home Equity Rates

Rates effective as of: 03/31/25

CLTV %	0-60	60.01-70	70.01-80	80.01-85	85.01-90	Max Loan Amount
800+	6.375%	6.375%	7.125%	7.750%	8.875%	\$500,000
780-799	6.375%	6.375%	7.125%	7.750%	8.875%	\$500,000
760-779	6.375%	6.375%	7.125%	7.750%	8.875%	\$500,000
740-759	6.875%	6.875%	7.250%	8.000%	9.125%	\$500,000
720-739	7.125%	7.125%	7.500%	8.250%	9.625%	\$500,000
700-719	7.375%	7.375%	7.750%	8.750%	10.375%	\$500,000
680-699	7.625%	7.750%	8.375%	10.375%	11.725%	\$500,000
660-679	9.125%	9.500%	10.000%	N/A	N/A	\$200,000
640-659	10.000%	10.375%	11.000%	N/A	N/A	\$100,000

Rate Adjustments: Margin Add-Ons

Loan Amount < \$100,000	0.250%
15 Year Term	0.125%
20 Year Term	0.250%

Fixed Home Equity Loan Fees

Origination Fee	\$495
Processing Fee	\$100
Flood Cert Fee	\$6
Credit Report Fee	\$81.25/\$162.50 (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 Home Equity Loan.

Borrower Paid Compensation (BPC):

- Brokers can charge up to 2% (**NO MAX**). BPC is paid on the Loan 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.

The Fine Print:

Interest rates are subject to change daily. A home equity loan is secured by the member's home and is available only for 1-2 family residential properties and condominiums, excluding co-ops. Minimum loan amount: \$50,000. No application, or termination fees; appraisal fee varies. No pre-payment penalty. Mortgage tax may apply in some states. Available in all 50 states except Texas. All loans are subject to credit approval.

Fees:

Fees are due at closing and debited from the home equity loan. Additional fees for standalone second mortgages, including appraisal, flood, and title report, 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: 03/31/25.