Program Overview:
Quorum's Renovation HELOC Program offers a flexible loan option for borrowers looking to renovate their homes with a home equity line of credit. Quorum uses the After Renovated Value (ARV) to determine the maximum loan amount, qualifying rate, and Loan-to-Value/Combined Loan-to-Value ratios. The maximum loan amount cannot exceed 125% of the current "as is" value, also known as the "Peak Value." Borrowers can easily complete home renovations according to plans and specifications by utilizing the line of credit to pay contractors without traditional draw requests. A monthly maintenance fee will be charged until the work is complete. Upon renovation completion, a certificate of completion from an appraiser is required to remove the fee and confirm the work was done.

Underwriting Overview:
Quorum Partners with Renofi, a renovation management company, who helps us review collateral documentation as part of Quorum's loan underwriting process. In addition to the collateral review, 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.

Renovation HELOC Product Features

Draw Period	10 years
Repayment Period	20 years
Index	Prime Rate
Margin	Risk based - determined by FICO, CLTV, Loan Amount & Occupancy Type
Interest Rate	Index + Margin
Qualifying Payment	Use principal & interest payments at the prevailing rate amortized over a twenty (20) year term to calculate DTI.
Borrower Payment	Interest only payments are due during the draw period. Payments are based on a twenty (20) year amortization.
Floor Rate	4.95%
Annual Rate Caps	2% increase or decrease
Lifetime Cap	18%
Prepayment Penalty	No prepayment penalty.

General Eligibility	
Eligible Borrowers	• US Citizens • Permanent Resident Alien
Ineligible Borrowers	• Non-Permanent Residents • Non-Occupant Borrower • Land Trusts • Life Estates *(Except for Enhanced Life Estate-Ladybird)* • Tenancy in Common • Corporations, General and Limited Partnerships
Maximum Borrowers	Four (4) borrowers per loan.
Minimum Loan Amount	$50,000
Maximum Loan Amount	• $750,000 (based on the borrower's qualifications) • Loan Amount cannot exceed the cost of the renovation
LTV/CLTV	• Max 95% After Renovated Value (ARV) • Max 125% Current "as is" value (Peak)
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.
State Restrictions	**Nevada** • 1-2 Units, Condo's, PUD's - Restricted to 80% CLTV **Florida** • All Florida Condos - Restricted to 80% CLTV • Miami Dade County Condos valued >$1,000,000 – Restricted to 70% ****Additional Declining Market restrictions may apply to all the above. Refer to the Declining Market Section****
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
Eligible Lien Position	First and second lien
Eligible Transaction	Standalone transactions only. Simultaneous transactions not permitted.
High-Cost Loans	Not Eligible

Credit	
Maximum Housing Ratio/ Maximum Debt Ratio	• 38%/43% for FICO < 720 • 43%/45% for FICO >720
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 90 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	• 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 Freddie Mac Guidelines.
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. • Max DTI: 49.99% • Current PITI and the proposed PITI must be used in qualifying the Borrower. • Copy of fully executed listing agreement or contract of sale.
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	Quorum follows Fannie Mae guidelines for seasoning requirements however these overlays will apply regardless of the timing of the event: • Max DTI: 34/38% • Max CLTV: 80% • FICO: 700 • MAX Loan Amount: $150K • Minimum Reserves: 12 Months

Modification, Deferment or Forbearance	Quorum follows Fannie Mae guidelines for qualifying however, the following overlays would apply if the event occurred within the last 3 years: • Max DTI: 34/38% • Max CLTV: 80% • FICO: 700 • MAX Loan Amount: $150K • Minimum Reserves: 12 Months Exceptions 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: • LOE from Borrower – reason for the Modification, Deferment or Forbearance. • Credit report and VOM to show satisfactory payment history and no mortgage lates in last 3 years.
Income and 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	• 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:
	  ○ **Standalone Transactions:**
	  Quorum will accept one year tax returns for standalone transactions if the 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. ***Note: 2024 tax returns must be filed to qualify for the one-year option. If an extension is filed, 2 years tax returns will be required.***
	• Must be self-employed for a minimum of 2 years.
	• Quorum requires an executed 4506C form at closing on all self-employed Borrowers and Borrowers employed by family.

Distribution Income	• Most recent asset (401K, IRA) statement reflecting the current balance. • 3-year continuance of the distribution must be documented. • Proof of distribution not required.
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: • Copy of fully executed lease agreement. • Copy of security deposit and first month's rent check. • Copy of bank statement reflecting the deposit.

Collateral	
Eligible Occupancy Types	• Primary Residence • Second Homes *Short-Term Rentals: If a property is listed as a rental on tax returns (e.g., short-term or seasonal) but is also occupied by the borrower part-time, it may qualify as a second home. To qualify, the rental income must not be used for loan qualification, and the property's location must reasonably support its use as a second home.*
Ineligible Occupancy Types	• Investment Properties
Eligible Property Types	• 1-2 Unit • ADU (Max of 1 ADU's permitted on a primary residence, 1-unit dwelling) • PUDs • Warrantable Condos (See Condo section below for restrictions) • Townhouse
Ineligible Property Types	• 3-4 Units • Co-ops • Leasehold Properties • Manufactured Homes
Condos	• **All Condos** ○ Must be FNMA warrantable. Limited review permitted meeting FNMA requirements. • **Florida Condos** ○ 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
Appraisal	• Standalone Transactions: Renofi will order the appraisal on a standalone transaction through third-party vendor. • Age Requirements: Appraisal is good for 120 days (re-certifications allowed on a case-by-case basis).
Collateral Value Determination	**Quorum uses the ARV value to determine the max loan amount, qualifying rate and LTV/CLTV ratios. In addition, the max loan amount cannot exceed 125% of the Peak value.** • **Conditional Approval** will be based on the estimated ARV and Peak values provided at the time of application. Quorum may also utilize a current AVM, or Purchase Price to determine the Peak Value (see seasoning rule) if applicable. • **Final Approval** will be based on the ARV and Peak values using the full appraisal.
Subject Property in Declining Market	**Primary Residence (1 Unit)** • Appraisals that reflect a declining market percentage are subject to the Max LTV/CLTV caps as outlined below. • If a declining market percentage is not reflected on the Appraisal the LTV/CLTV will be capped at 65%. (see table below) **Primary Residence (2 Unit) & Second Home** • Appraisals that reflect a declining market regardless of the percentage, will be capped at 65% LTV/CLTV.

Appraisal Declining Market Max LTV/CLTV Caps	
0%	95%
≤ 1%	85%
>1%-5%	80%
>5%-10%	75%
>10%	65%

Refinance of Listed Properties	Six (6) months seasoning. Must remove listing prior to submitting application (ARV LTV/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	• Title insurance is required for: ○ All first lien position HELOCS OR ○ Second lien position HELOCS > $250K. *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.*
Property Report	• Required for second lien position HELOCS for loan amounts ≤ $250,000. *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.*
Assets	
Assets	**<u>Personal Asset Reserves:</u>** • 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. **<u>Business Assets Reserves:</u>** Borrowers must have 100% ownership in the business to use business assets. Documentation Requirements include: • Two (2) months bank statements. • Letter from **CPA, Third Party or Borrower** to document the following: ○ 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)	
Layering Risk Factors	• 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
Compensating Factors	• 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)

Renovation HELOC Rates

Rates effective as of: 11/01/2025

Current Prime Rate: 7.00%* | Floor Rate: Rates cannot go below floor rate of 4.95%**

Matrix is based on the After Renovated Value (ARV)

CLTV %	0-60	60.01-70	70.01-80	80.01-85	85.01-90	90.01-95	Max Loan Amount > 65% CLTV	Max Loan Amount ≤ 65% CLTV
FICO								
800+	**Prime - 0.125%**	Prime + 0.125%	Prime + 0.375%	Prime + 0.625%	Prime +1.375%	Prime + 3.125%	$500,000	$750,000
780-799	Prime + 0.375%	Prime + 0.375%	Prime + 0.625%	Prime + 0.875%	Prime + 1.625%	Prime + 3.125%	$500,000	$750,000
760-779	Prime + 0.625%	Prime + 0.875%	Prime + 1.125%	Prime + 1.375%	Prime + 2.125%	Prime + 3.25%	$500,000	$750,000
740-759	Prime + 0.875%	Prime + 1.125%	Prime + 1.375%	Prime +1.50%	Prime + 2.25%	Prime + 3.375%	$500,000	$750,000
720-739	Prime + 1.625%	Prime + 1.625%	Prime + 1.875%	Prime +2.00%	Prime + 2.50%	Prime + 3.875%	$500,000	$750,000
700-719	Prime + 2.625%	Prime + 2.625%	Prime + 2.875%	Prime + 3.375%	Prime + 4.125%	N/A	$500,000	$750,000
680-699	Prime + 3.375%	Prime +3.50%	Prime + 3.625%	Prime +3.75%	Prime + 5.125%	N/A	$500,000	$750,000
660-679	Prime + 4.875%	Prime + 5.125%	Prime + 5.625%	N/A	N/A	N/A	$200,000	$200,000
640-659	Prime + 5.00%	Prime + 5.25%	Prime + 5.75%	N/A	N/A	N/A	$100,000	$100,000

Rate Adjustments: Margin Add-Ons

Loan Amount < $50,000	0.500%
Loan Amount > $500,000	0.250%
Second Home	0.500%

HELOC Fees

Origination Fee	$495
Processing Fee	$100
Flood Cert Fee	$6
Credit Report Fee	$71.65/$143.30 (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 orders will be placed by Renofi and fee will be collected by Renofi)
Supervision Fee	$149 Monthly Fee until COC is issued

- All other fees excluding appraisal are due at closing and debited from the HELOC.
- The Supervision Fee will commence once the loan is closed and will be charged monthly until the Certificate of Completion is obtained by Quorum.

Borrower Paid Compensation (BPC)

- **BPC only available to "APPROVED" Tier 1, Tier 2, or Tier 3 Brokers**
- **Brokers may charge:**
  - **Up to 3% for line amounts under $100,000**
  - **Up to 4% for line amounts $100,000 and above**
- BPC is calculated based on the full line amount (no max)
- BPC must be selected from the drop-down menu at the time of application submission
  - Drop-down options are in 25 bps increments
  - BPC cannot be increased after the application is submitted
- **If the selected BPC would result in a high-cost loan, Quorum will reduce the BPC to ensure compliance**

Not an approved broker? To learn more about partnering with us, please contact mortgagesales@quorumfcu.org

Eligibility Matrix

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

Maximum Loan Amount Matrix

FICO	LTV	Max Loan Amount
720+	≤ 65%	$750,000
	65.01-95%	$500,000
680-719	≤ 65%	$750,000
	65.01-90%	$500,000
660-679	≤ 80%	$200,000
640-659	≤ 80%	$100,000

Occupancy/CLTV Eligibility Matrix (Refer to State Restrictions Section for Florida & Nevada)

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	≤ $100,000	3 Months
Second Home			6 Months
Primary	660-679	≤ $200,000	3 Months
Second Home			6 Months
Primary	680+	≤ $200,000 > $200,000 - $350,000 > $350,000 - $500,000 > $500,000	0 Months 6 Months 9 Months 12 Months
Second Home	680+	≤ $200,000 > $200,000 - $350,000 > $350,000 - $500,000 > $500,000	3 Months 9 Months 12 Months 18 Months

Valuation Requirement Matrix

Standard Requirement
Full Appraisal Required

Rates and APR:

*The Current Prime Rate indicated is as published in The Wall Street Journal as of 10/30/2025. 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 11/1/2025 will reflect an initial APR based on this Current Prime Rate. Loans that fund/disburse prior to 11/1/2025 will reflect an initial APR based on the previous Prime Rate; then on 11/1/25 the APR will change to reflect this Current 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: $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 the time of application). Additional fees for HELOCs, including all lender fees, origination fees and third-party fees will be passed to the borrower