

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.

 First Lien HELOC Product Features 	
Draw Period	10 years
Repayment Period	20 years
Index	Prime Rate
Margin	Risk-based - determined by FICO, LTV, 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 (<i>Except for Enhanced Life Estate-Ladybird</i>) - Tenancy in Common - Corporations, General and Limited Partnerships
Eligible Transactions (applicable to investment only)	- Non-Occupant Borrower - Tenancy in Common - Property owned in a Limited Liability Corporation (LLC) - Personal guarantee required. - For all loans held in an LLC a Business Membership Account must be established prior to closing.
Maximum Borrowers	Four (4) borrowers per loan.
Minimum Loan Amount	\$50,000
Maximum Loan Amount	\$750,000
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 3-4 units not permitted 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**
Age/Related Resale Restrictions	Adhere to FNMA requirements
High-Cost Loans	Not Eligible
Credit	
Maximum Housing Ratio	45%
Maximum Debt Ratio	45%
Debt Service Coverage Ratio (applicable to investment properties only)	Minimum 1.25%
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	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.
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. - 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	- Underwritten to FNMA 2-year tax returns required for self-employed borrowers - Bank Statement income option is not allowed
Modification, Deferment or Forbearance	Three (3) years seasoning.
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 is required. (See alternative income document methods below)
Self Employed	- 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 requires 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.
Additional Income Sources with Limited LTV	
Asset Depletion	• Eligible assets include 401K, IRA, inheritance, unrestricted stock, lottery winnings, lawsuit earnings, sale of real estate, divorce proceeds. • Cash-out allowed • No age Restriction • Max LTV 65% • Asset depletion income calculation = total assets/360 months.
Bank Statement Eligibility Requirements	Bank Statements Required - 12 or 24 months of personal or business bank statements Max Loan Amount - \$500,000 Borrower Requirements - Must own 100% of the business - Must be self-employed for a minimum of 2 years - Minimum FICO: 680 (No prior Foreclosure, Bankruptcy, Deed-in-Lieu, Pre-Foreclosure or Short Sale) - Maximum CLTV: 65% - Not eligible: W-2 or 1099 wage earners Bank Statement Type & Loan Amount Guidelines - Loan Amount ≤ \$250K & FICO ≥ 680: 12 months required - Loan Amount > \$250K & FICO ≥ 680: 24 months required Deposit Calculation - Personal statements: Use 100% of deposits - Business statements: Use 50% of deposits - Additional adjustments may apply based on business type or business activity Bank Account Ownership - Personal accounts: Must be solely in borrower's name (no joint accounts) - Joint applications: Allowed only if combined business ownership = 100% Multiple Businesses - Income from multiple businesses may be used - Ownership must be verified with one of the following: ○ Operating Agreement or Partnership Agreement ○ Articles of Incorporation ○ CPA letter verifying ownership % and business start date NSFs (Non-Sufficient Funds) - Up to 1 NSF allowed within the 12-month review period Tax Returns - Do not submit tax returns - If tax returns are provided, the file will be underwritten to tax return income, not bank statement income (no exceptions)

Bank Statement Requirements	Income Calculation Rules - Only deposits used for income calculation Excluded Deposits (not counted as income): - <i>Wire transfers, Overdraft protection transfers, Interest credits, Rental income deposits, Loan proceeds, large deposits not typical to account activity, Credit card cash advances, Tax refunds, Product returns or credits, Gift funds, non-business-related transfers, Credit line/business financing proceeds</i> Statement Requirements - Must provide 12 or 24 consecutive months (no gaps) - All pages must be included (including blank or advertising pages) - Only one account may be used, unless: - o Account was closed and a new one opened (must provide proof) - o Two business accounts represent autonomous businesses (case-by-case basis)
Collateral	
Eligible Occupancy Types	• Primary Residence • Second Homes - o 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. • Investment Properties
Eligible Property Types	• 1-4 Unit (ADU's allowed on 1-2 Units) • PUDs • Townhouse • Warrantable Co-ops (See Co-op section below for restrictions) • Warrantable Condos (Non-warrantable condos max 65% LTV. Management must review the project to ensure acceptable risk) - o See Condo section below for restrictions
Ineligible Property Types	• Leasehold Properties • Manufactured Homes
Condos	• All Condos - o Must be FNMA warrantable. Limited review permitted meeting FNMA requirements. - o Non-warrantable condos max 65% LTV. Management must review the project to ensure acceptable risk. • Florida Condos - o All Florida Condos - Restricted to 80% LTV - o Miami Dade County Condos valued >\$1,000,000 – Restricted to 70% - o Additional Declining Market restrictions may apply. See Declining Market Section
Co-ops	• Warrantable Co-ops - o Allowed only in New York City - o Primary Residence Only - o Max 65% LTV
Valuation	• Please refer to the Valuation Eligibility Matrix. • Quorum will order the appraisal through a third-party vendor. • Age Requirements: Appraisal is good for 120 days (re-certifications allowed on a case-by-case basis). • For transactions that allow for AVMs: AVMs 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.

Subject Property in Declining Market	• Primary Residence (1 Unit) ○ AVM's or Appraisals that reflect a declining market percentage are subject to the Max LTV caps as outlined below. ○ If a declining market percentage is not reflected on the AVM or Appraisal the LTV will be capped at 65%. <table border="1" data-bbox="571 359 1500 600"> <thead> <tr> <th colspan="2">AVM/Appraisal Declining Market Max LTV 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> • Primary Residence (2-4 Unit), Second Home & Investment (1-2 Unit) ○ AVM's or Appraisals that reflect a declining market regardless of the percentage, will be capped at 65% LTV.	AVM/Appraisal Declining Market Max LTV Caps		0%	90%	≤ 1%	85%	>1%-5%	80%	>5%-10%	75%	>10%	65%
AVM/Appraisal Declining Market Max LTV Caps													
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>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 LTV. 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 (LTV 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. • Quorum will order title 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, taxes, and insurance for subject property.												

Layering Risks & Compensating Factors

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

Layering Risks	If a loan reflects one or more risk layers listed below, then the loan must meet an equal number of compensating factors. For example, 2 LR = 2 CF, 4 LR = 4 CF.	
	LR1-Payment Shock	Payment shock (> 150%)
	LR2-Adverse Credit	Adverse credit history 1X30 in last 12 months
	LR3-Variable Pay	Variable pay exceeds 25% of the total income.
	LR4-Debt to Qualify	Paying down/off debt to qualify for DTI purposes.
	LR5-Departing Residence	Using departing residence rental income to meet the DTI qualifications.
	LR6 –Assets	Use of gift funds.
	LR7-Loan Amount	≥ \$250,000
	LR8- Rapid Appreciation	Subject property purchased in the last 24 months reflecting rapid increases >15% annually
Compensating Factors	LR9- DSCR (applicable to investment only)	DSCR < 1.25
	CF1-LTV	≤ 65%
	CF2-FICO	≥ 740
	CF3-DTI	≤ 36%
	CF4-Post Closing Reserves	Additional 6 months of PITI reserves above what is required by guidelines
	CF5-Payment History	No lates/derogatory history in the last 5 years
	CF6-Employment Stability	<u>Employment</u> - Primary wage earner ≥5 years with same employer.
	CF7-Ownership Stability	<u>Ownership</u> – Subject property owned for ≥5 years
	CF8- DSCR (applicable to investment only)	DSCR > 1.35

First Lien HELOC Rates

Rates effective as of: 10/14/2025

Current Prime Rate: 7.25%* | Floor Rate: Rates cannot go below floor rate of 4.95%**

Refer to the Eligibility Matrix below to determine maximum LTV based on Occupancy, of Units and FICO

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

Rate Adjustments: Margin Add-Ons

Loan Amount < \$100,000	0.500%
3-4 Unit (Primary Residence Only)	0.500%
Second Home	0.500%
Investment Property	1.000%
Bank Statement Loan	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 fee due at the time of application all other fees are due at closing and debited from the HELOC.

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
680+	≤ 65%	\$750,000
	>65%	\$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	LTV
Primary (1 Unit)	680+	1 Unit	90%
	640-679		80%
	640+	Co-op	65%
Primary (2 to 4 Unit)	680+	2 Unit	90%
	640-679		80%
	680+	3-4 Unit	75%
Second Home	680+	1 Unit	90%
	640-679		80%
Investment	640+	1 Unit	80%
		2 Unit	65%

Asset Reserve Requirement Matrix

Occupancy	FICO	LTV	Loan Amount	Minimum Reserves
Primary & Second Home	640-659	≤ 80%	≤ \$100K	3 Months
	660-679	≤ 80%	≤ \$200K	3 Months
	680+	≤ 65%	≤ \$500K	0 Months
		65.01% - 85%	>\$250K- \$500K	3 Months
		> 85%	>\$250K- \$500K	6 Months
Investment	640-659	≤ 80%	≤ \$100K	6 Months
	660-679	≤ 80%	≤ \$200K	6 Months
	680+	≤ 65%	≤ \$100K	3 Months
			>\$100K- \$500K	6 Months
		65.01-80%	≤ \$500K	9 Months

• Additional 3 months of reserves for loan amounts over \$500K

Valuation Requirement Matrix			
Loan Amount	Occupancy	# Of Units	Standard Requirement
≤ \$400K	Primary	1-4 Unit	AVM
		Co-op	Full Appraisal
	Second Home	1 Unit	AVM
	Investment	1-2 Unit	AVM
>\$400K	Primary	1-4 Unit Co-op	Full Appraisal
	Second Home	1 unit	
	Investment	1-2 Unit	

Rates and APR:

*The Current Prime Rate indicated is as published in The Wall Street Journal as of 9/18/2025. 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 10/1/2025 will reflect an initial APR based on this Current Prime Rate. Loans that fund/disburse prior to 10/1/2025 will reflect an initial APR based on the previous Prime Rate; then on 10/1/25 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 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 1-4 family residential properties, condominiums, and co-ops. Minimum line-of-credit amount: \$50,000.00. No draw is 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.
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