



UNDERWRITING STANDARDS AND PRODUCT MATRIX Land Loan – For Mortgage Professionals Use Only

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 as it relates to income, asset and collateral verification; 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.

LAND LOAN FEATURES	
LOAN TERM	10 YEAR FIXED
INTEREST RATE	FIXED
QUALIFYING PAYMENT	USE PRINCIPAL & INTEREST PAYMENTS AT THE PREVAILING RATE AMORTIZED OVER A TEN (10) YEAR TERM TO CALCULATE DTI.
BORROWER PAYMENT	PRINCIPAL & INTEREST
PREPAYMENT PENALTY	NO PREPAYMENT PENALTY
GENERAL ELIGIBILITY	
ELIGIBLE BORROWERS	• US CITIZENS • PERMANENT RESIDENT ALIENS
INELIGIBLE BORROWERS	• NON-PERMANENT RESIDENT ALIENS • LAND TRUSTS • LIFE ESTATES
ELIGIBLE TRANSACTIONS	• NON-OCCUPANT BORROWER • TENANCY IN COMMON • PROPERTY OWNED IN A LIMITED LIABILITY CORPORATION (LLC) ◦ PERSONAL GUARANTEE REQUIRED.
MAX BORROWERS	FOUR (4) BORROWERS PER LOAN
MIN LOAN AMOUNT	\$50,000
MAX LOAN AMOUNT	\$500,000
MAX PROPERTIES OWNED	TOTAL OF TEN PROPERTIES OWNED (COMBINED FOR ALL BORROWERS & INCLUDES PROPERTIES IN AN LLC.)
LIEN POSITION	FIRST LIEN ONLY
ELIGIBLE OCCUPANCY	• INVESTMENT (NON-OWNER OCCUPIED – NOO) ONLY ◦ NO RESTRICTIONS ON ABILITY TO BUILD A 1–4-UNIT RESIDENTIAL DWELLING IN THE FUTURE
INELIGIBLE OCCUPANCY	• PRIMARY RESIDENCE • SECOND HOME
ELIGIBLE LOAN PURPOSE TYPES	• PURCHASE • RATE & TERM REFINANCE CASHOUT NOT PERMITTED
STATE ELIGIBILITY	AVAILABLE IN ALL STATES
HIGH-COST LOANS	NOT ELIGIBLE

CREDIT

MAX HOUSING & DEBT RATIO	43%/43% 35%/35% FOR BORROWERS WITH NO PRIMARY HOUSING EXPENSE
CREDIT REPORT	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. APPROVAL IS VALID FOR 45 DAYS.
MIN FICO	680
MIN 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.
MORTGAGE LATE	0X30 IN THE LAST 24 MONTHS.
TAX LIENS	MUST BE PAID PRIOR TO OR AT CLOSING
IRS INSTALLMENT PLAN	QUORUM FOLLOWS FANNIE MAE GUIDELINES FOR IRS REPAYMENT PLANS. WE 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 GUIDELINES.
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.
SELF EMPLOYED	• MOST RECENT ONE YEAR SIGNED PERSONAL AND BUSINESS TAX RETURNS WITH ALL SCHEDULES ARE REQUIRED. THE USE OF A TAX EXTENSION (IRS FORM 4868) IS NOT PERMITTED. NOTE: IF A TAX EXTENSION HAS BEEN FILED, TWO YEARS OF 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.
RSU INCOME	PERMITTED USING FREDDIE MAC GUIDELINES.
ASSET DEPLETION	ADHERE TO FNMA GUIDELINES

COLLATERAL	
LAND LOAN REQUIREMENTS	GENERAL REQUIREMENTS • LOAN PURPOSE MUST REFLECT RESIDENTIAL INVESTMENT USE ONLY. • MAXIMUM 20 ACRE LIMIT • INTENDED FUTURE USE MUST BE CONSTRUCTION OF A 1–4-UNIT RESIDENTIAL DWELLING. • NO IMMEDIATE BUILD REQUIREMENT. • LOE MAY BE REQUIRED TO SUPPORT ADEQUATE LOAN PURPOSE FILES INDICATING ANY USE INCONSISTENT WITH THE ABOVE REQUIREMENTS ARE NOT ELIGIBLE AND WILL RESULT IN DECLINE.
ELIGIBLE LOT TYPES	LOT ELIGIBILITY IS DETERMINED PRIMARILY BY THE APPRAISAL, INCLUDING ZONING DESIGNATION AND THE APPRAISER’S ANALYSIS OF HIGHEST & BEST USE (HBU). THE APPRAISAL MUST CLEARLY SUPPORT RESIDENTIAL USE WHERE APPLICABLE. FINAL ELIGIBILITY IS SUBJECT TO APPRAISAL REVIEW. 1. RESIDENTIAL ZONING • ZONED FOR RESIDENTIAL USE • LIMITED TO 1–4 FAMILY DWELLINGS • APPRAISAL MUST SUPPORT RESIDENTIAL HIGHEST & BEST USE (HBU) PRICING ADJUSTMENT: NONE 2. ZONING NOT EXPLICITLY STATED (E.G., NO ZONING AREAS SUCH AS TX) LOTS MAY BE CONSIDERED ELIGIBLE WHEN: • THE APPRAISAL CLEARLY DOCUMENTS HIGHEST & BEST USE (HBU) AS RESIDENTIAL, AND • THE APPRAISAL ADEQUATELY SUPPORTS RESIDENTIAL USE OF THE PROPERTY PRICING ADJUSTMENT: NONE 3. NON-RESIDENTIAL ZONING (ELIGIBLE WITH PRICING ADJUSTMENT) LOTS MAY BE CONSIDERED WHEN ZONING IS SHOWN AS: • AGRICULTURAL • RECREATIONAL (RV LOTS, AND CAMPGROUNDS ONLY — RESORTS NOT PERMITTED) • UNCLASSIFIED / VACANT (RAW LAND, FOREST, TIMBER, FUTURE DEVELOPMENT) REQUIREMENTS: • THE APPRAISAL CLEARLY DOCUMENTS HIGHEST & BEST USE AS RESIDENTIAL OR • RESIDENTIAL USE IS ADEQUATELY SUPPORTED WITHIN THE APPRAISAL/RESIDENTIAL UNITS CAN BE BUILT IN CURRENT ZONING • INCOME MAY NOT BE USED TO QUALIFY PRICING ADJUSTMENT: +2.00% ADD ON TO RATE
INELIGIBLE LOT TYPES	THE FOLLOWING ARE NOT PERMITTED: • LANDLOCKED LOTS • LEASEHOLD • COMMERCIAL I.E. RETAIL PROPERTIES, OFFICE BUILDINGS, RESTAURANTS, SERVICE BUSINESSES • RECREATIONAL RESORTS • INDUSTRIAL I.E. FACTORIES, DISTRIBUTION CENTERS, STORAGE FACILITIES • MIXED USE I.E. COMBINATION RESIDENTIAL AND COMMERCIAL

COLLATERAL	
INCOME-PRODUCING LAND – ELIGIBILITY	LAND THAT MAY BE INCOME-PRODUCING MAY BE ELIGIBLE ONLY IF ALL OF THE FOLLOWING ARE MET: • THE PURPOSE OF LOAN IS INVESTMENT (NON-OWNER OCCUPIED) RESIDENTIAL USE. • THE INTENDED USE OF THE PROPERTY IS FOR THE FUTURE CONSTRUCTION OF A 1–4-UNIT RESIDENTIAL DWELLING. • RESIDENTIAL USE IS ADEQUATELY SUPPORTED WITHIN THE APPRAISAL/RESIDENTIAL UNITS CAN BE BUILT IN CURRENT ZONING • NO INCOME (CURRENT, PROJECTED, OR POTENTIAL) FROM ANY BUSINESS, AGRICULTURAL, OR COMMERCIAL ACTIVITY MAY BE USED TO QUALIFY. • THE APPRAISAL MUST ASSIGN VALUE TO LAND ONLY; NO CONTRIBUTORY VALUE MAY BE ATTRIBUTED TO ANY COMMERCIAL OPERATION OR BUSINESS USE. • THE TRANSACTION MAY NOT REFLECT COMMERCIAL ACQUISITION INTENT. LOANS WITH PRIMARY COMMERCIAL INTENT ARE NOT ELIGIBLE.
LAND LOANS WITH EXISTING STRUCTURES	• LAND LOANS WITH AN EXISTING STRUCTURE ARE ELIGIBLE ONLY IF THE STRUCTURE HAS NO CONTRIBUTORY VALUE. • THE APPRAISAL MUST SUPPORT LAND VALUE ONLY. LTV IS CALCULATED SOLELY ON LAND VALUE, AND NO VALUE MAY BE ATTRIBUTED TO ANY EXISTING STRUCTURE OR IMPROVEMENT. • IF THE APPRAISAL ASSIGNS ANY VALUE TO THE EXISTING STRUCTURE, THE LOAN IS INELIGIBLE UNDER THE LAND LOAN PROGRAM. • FLOOD INSURANCE IS REQUIRED ONLY WHEN: ◦ AN EXISTING STRUCTURE IS PRESENT, AND ◦ THE PROPERTY IS LOCATED IN A SPECIAL FLOOD HAZARD AREA (SFHA).
MULTIPLE LOTS	ADJOINED (ADJACENT) LOTS • ADJACENT LOTS MAY BE PROCESSED UNDER ONE LOAN APPLICATION. • ALTERNATIVELY, THE BORROWER MAY ELECT TO SUBMIT SEPARATE LOAN APPLICATIONS FOR EACH INDIVIDUAL LOT. • PARTIAL RELEASES ARE NOT PERMITTED AFTER LOAN CLOSING/FUNDING. NON-ADJOINED LOTS • SEPARATE LOAN APPLICATIONS ARE REQUIRED FOR EACH NON-ADJOINED LOT. • EACH LOT WILL BE INDIVIDUALLY UNDERWRITTEN AND CLOSED AS A SEPARATE TRANSACTION.
VALUATION	• 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).
POWER OF ATTORNEY	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. (MUST BE APPROVED BY TITLE)
TITLE INSURANCE	• TITLE INSURANCE IS REQUIRED. • QUORUM WILL ORDER TITLE AND CLOSING SERVICES UNLESS OTHERWISE SPECIFIED AT THE TIME OF APPLICATION.
HAZARD INSURANCE	NOT REQUIRED
FLOOD INSURANCE	FLOOD INSURANCE IS NOT REQUIRED EXCEPT WHEN ALL OF THE FOLLOWING APPLY: • AN EXISTING STRUCTURE IS PRESENT; AND • THE PROPERTY IS LOCATED IN A SPECIAL FLOOD HAZARD AREA (SFHA). IF FLOOD INSURANCE IS REQUIRED, IT MUST BE ESCROWED IN ACCORDANCE WITH FEDERAL REGULATIONS. IF THE STRUCTURE IS REMOVED, FLOOD INSURANCE IS NO LONGER REQUIRED.
PROPERTY TAX ESCROW	REQUIRED (NO EXCEPTIONS) IN ADDITION, ESCROWS MUST BE MAINTAINED FOR THE LIFE OF THE LOAN.

ASSETS

ASSETS	PERSONAL ASSET RESERVES: - 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. BUSINESS ASSETS RESERVES: BORROWERS MUST HAVE 100% OWNERSHIP IN THE BUSINESS TO USE BUSINESS ASSETS. DOCUMENTATION REQUIREMENTS INCLUDE: 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. 3 MONTHS BANK STATEMENTS. - COPY OF YEAR-TO-DATE P&L. - UNDERWRITER WILL COMPLETE A CASH FLOW ANALYSIS USING MOST RECENT 3 MONTHS BUSINESS BANK STATEMENTS TO DETERMINE IMPACT OF FUNDS WITHDRAWAL FROM THE BUSINESS.
MIN BORROWER CONTRIBUTION	20% MINIMUM CONTRIBUTION FROM BORROWER.
MIN RESERVE REQUIREMENT	SEE RESERVE MATRIX INCLUDED IN THIS DOCUMENT

LAYERING RISKS & COMPENSATING FACTORS

(EXAMPLES OF LAYERING RISKS AND COMPENSATING FACTORS CONSIDERED IN UNDERWRITING)

LAYERING RISK FACTORS	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 – Assets	Use of gift funds
	LR6 – Loan Amount	≥ \$250,000
	LR7 – Rapid Appreciation	Subject property purchased in the last 24 months reflecting rapid increases >15% annually
COMPENSATING FACTORS	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	Employment – Primary wage earner > 5 years with same employer
	CF7 – Ownership Stability	Ownership – Subject property owned for > 5 years

ELIGIBILITY MATRIX: VALUATION REQUIREMENT MATRIX								
LOAN AMOUNT			STANDARD REQUIREMENT					
≤ \$500,000			FULL APPRAISAL					
ELIGIBILITY MATRIX: MAXIMUM LOAN AMOUNT MATRIX								
ALL LOANS ARE SUBJECT TO THE UNDERWRITER'S DISCRETION. ADDITIONAL UNDERWRITING CONDITIONS OR OVERLAYS MAY BE REQUIRED								
FICO			LTV			MAX LOAN AMOUNT		
680+			≤ 80%			\$500,000		
ELIGIBILITY MATRIX: RESERVE MATRIX								
FICO			LTV			MIN RESERVES		
680+			≤ 50%			0 MONTHS		
680+			50.01% – 65%			3 MONTHS		
680+			≥ 65%			6 MONTHS		
ELIGIBILITY MATRIX: VALUATION REQUIREMENT MATRIX								
LOAN AMOUNT			STANDARD REQUIREMENT					
≤ \$500,000			FULL APPRAISAL					
LAND LOAN RATES								
RATES EFFECTIVE AS OF: 10/01/2026 RATES ARE SUBJECT TO CHANGE AT ANY TIME								
LTV %	0–50	50.01–55	55.01–60	60.01–65	65.01–70	70.01–75	75.01–80	MAX LOAN AMOUNT
FICO								
800+	9.875%	10.000%	10.250%	10.375%	10.500%	10.750%	10.875%	\$500,000
780 – 799	9.875%	10.000%	10.250%	10.375%	10.500%	10.750%	10.875%	\$500,000
760–779	10.000%	10.125%	10.375%	10.500%	10.625%	10.875%	11.000%	\$500,000
740–759	10.125%	10.250%	10.500%	10.625%	10.750%	11.000%	11.125%	\$500,000
720–739	10.250%	10.375%	10.625%	10.750%	10.875%	11.125%	11.250%	\$500,000
700–719	10.375%	10.500%	10.750%	11.000%	11.125%	N/A	N/A	\$500,000
680–699	10.625%	10.750%	11.000%	11.250%	11.375%	N/A	N/A	\$500,000
RATE ADD-ONS ADJUSTMENTS								
LOAN AMOUNT < \$100,000						0.50%		
NON-RESIDENTIAL ZONING						2.00%		
STATE ADJUSTMENTS – FLORIDA & TEXAS						0.50%		

LAND LOAN FEES

ORIGINATION FEE	\$495
PROCESSING FEE	\$100
CREDIT REPORT FEE	\$106.00/\$212.00 (SINGLE/JOINT)
TAX SERVICE FEE	VARIES (BEGINS AT \$61)
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.

BORROWER PAID COMPENSATION (BPC)

- BPC ONLY AVAILABLE TO “APPROVED” TIER 1, TIER 2, OR TIER 3 BROKERS
- BROKERS MAY CHARGE:
 - UP TO 3% FOR LOAN AMOUNTS UNDER \$100,000
 - UP TO 4% FOR LOAN AMOUNTS \$100,000 AND ABOVE
- BPC IS CALCULATED BASED ON THE LOAN 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

The Fine Print: Interest rates may change at any time. A land loan is secured by the member's land. The minimum loan amount is \$50,000. There are no application or termination fees, and no prepayment penalty, though the appraisal fee varies. Mortgage tax may apply in some states. This loan is available in all states and is subject to credit approval.

Fees: All fees are due at closing, except the appraisal fee, which is collected during loan processing. The borrower is responsible for all fees, including the appraisal and title report.