

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.

| <div>★</div> <b>Second Lien Investment HELOC Product Features</b> <div>★</div> |   |
|--|---|
| <b>Draw Period</b>   | 5 years   |
| <b>Repayment Period</b>  | 10 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 ten (10) year term to calculate DTI and DSCR. |
| <b>Borrower Payment</b>  | Interest only payments are due during the draw period. Payments are based on a ten (10) 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.  |

| General Eligibility         |   |
|-----------------------------|---|
| 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 Aliens</li> <li>Land Trusts</li> <li>Life Estates (<i>Except for Enhanced Life Estate-Ladybird</i>)</li> </ul>   |
| Eligible Transactions       | <ul style="list-style-type: none"> <li>Non-Occupant Borrower</li> <li>Tenancy in Common</li> <li>Property owned in a Limited Liability Corporation (LLC) <ul style="list-style-type: none"> <li>Personal guarantee required.</li> <li>For all loans held in an LLC a Business Membership Account must be established prior to closing.</li> </ul> </li> </ul> |
| Maximum Borrowers           | Four (4) borrowers per loan.  |
| Minimum Loan Amount         | \$50,000  |
| Maximum Loan Amount         | \$250,000   |
| 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><b>Examples of non-QM loans:</b><br/>Negative Amortization First Mortgage, Balloon and Loan Terms &gt; 30 years</p>                    |
| Eligible Lien Position      | Second lien only  |
| Credit                      |   |
| Maximum Housing Ratio       | 38%   |
| Maximum Debt Ratio          | 43%   |
| Debt Service Coverage Ratio | Minimum 1.25%   |
| 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. Approval is valid for 45 days.</p>  |
| Minimum FICO                | 680   |
| 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 Freddie Mac Guidelines.   |

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| 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   | No mortgage lates in the past five (5) years.  |
| Tax Liens  | Must be paid prior to/at closing.  |
| IRS Installment Plan   | Must be paid prior to/at closing.  |
| Foreclosure, Bankruptcy, Deed-in-Lieu, Pre-Foreclosure or 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.  |
| <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>Quorum requires two years signed tax returns with all schedules on self-employed borrowers for simultaneous and standalone transactions. We will accept one year tax returns if the borrower meets the following eligibility: <ul style="list-style-type: none"> <li><b>Simultaneous Transactions:</b><br/>Quorum will accept one year tax returns for simultaneous transactions with approved/eligible DU/LP findings that only require one year. <i>Note: All Jumbo loans and DU/LP ineligible findings will require 2 years.</i></li> <li><b>Standalone Transactions:</b><br/>Quorum will accept one year tax returns for standalone transactions if the CLTV <math>\leq</math> 65%. The most recent one year signed personal and business tax returns with all schedules are required. <b>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.</b></li> </ul> </li> <li>Must be self-employed for a minimum of 2 years.</li> <li>Quorum requires an executed 4506C form at closing on all self-employed borrowers and borrowers employed by family.</li> </ul> |
| Distribution Income  | <ul style="list-style-type: none"> <li>Most recent asset (401K, IRA) statement reflecting the current balance.</li> <li>3-year continuance of the distribution must be documented.</li> <li>Proof of distribution not required.</li> </ul>   |
| RSU Income   | Permitted using Freddie Mac Guidelines.  |

| Collateral                           |   |
|--------------------------------------|---|
| Eligible Occupancy Types             | <ul style="list-style-type: none"> <li>Investment Properties</li> </ul>   |
| Ineligible Occupancy Types           | <ul style="list-style-type: none"> <li>Primary Residence</li> <li>Second Homes</li> </ul>   |
| Eligible Property Types              | <ul style="list-style-type: none"> <li>1-4 Unit Residential</li> <li>PUDs</li> <li>Warrantable Condos (<b>See Condo section below for restrictions</b>)</li> <li>Townhouse</li> </ul>   |
| Ineligible Property Types            | <ul style="list-style-type: none"> <li>Co-ops</li> <li>Leasehold Properties</li> <li>Manufactured Homes</li> </ul>  |
| Financed Properties                  | <ul style="list-style-type: none"> <li>Refer to Fannie Mae Guidelines.</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: FNMA Value Acceptance (PIW) not acceptable. 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) not acceptable. 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 full appraisal.</li> </ul> |
| Subject Property in Declining Market | <ul style="list-style-type: none"> <li>1 Unit: Max 65% CLTV</li> <li>2-4 Units: Not Permitted</li> </ul>  |
| Seasoning                            | <ul style="list-style-type: none"> <li>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.</li> </ul>  |
| Refinance of Listed Properties       | <ul style="list-style-type: none"> <li>Six (6) months seasoning. Must remove listing prior to submitting application.</li> <li>1-Unit CLTV max reduced to 65% if property was listed within the last six (6) months.</li> <li>2-4 Unit not permitted if subject property was listed in the last six (6) months.</li> </ul>  |
| Power of Attorney (POA)              | <ul style="list-style-type: none"> <li>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.</li> </ul>   |

|                               |   |
|-------------------------------|---|
| Trust Agreements              | <ul style="list-style-type: none"> <li>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.</li> </ul>  |
| Title Insurance               | <ul style="list-style-type: none"> <li>Required on all first lien helocs.</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 all loan amounts &lt; \$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  |
| Assets                        | <p><b><u>Personal Asset Reserves:</u></b></p> <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> <p><b><u>Business Assets Reserves:</u></b></p> <p>Borrowers must have 100% ownership in the business to use business assets. Documentation Requirements include:</p> <ul style="list-style-type: none"> <li>Two (2) months bank statements.</li> <li>Letter from <b>CPA, Third Party or Borrower</b> 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> </ul> |
| Reserve Requirement           | <p><b>Asset reserves are required for both subject property and all financed properties.</b></p> <p><b><u>Reserve Requirement: Subject Property:</u></b></p> <ul style="list-style-type: none"> <li>Minimum reserves include principal and interest payment for both the first and second mortgage, taxes, and insurance.</li> <li>Refer to the <b>Asset Reserve Requirement Matrix</b> for asset verification calculations for subject property.</li> </ul> <p><b><u>Reserve Requirement: Financed Properties:</u></b></p> <ul style="list-style-type: none"> <li>Asset reserve requirements are based on all financed properties.</li> <li>Refer to the <b>FNMA Selling Guide</b> for asset verification calculations for other financed properties.</li> </ul>   |
| Minimum Borrower Contribution | 20% minimum contribution from Borrower.   |

| <b>Layering Risks &amp; Compensating Factors</b><br>(Examples of Layering Risks and Compensating Factors Considered in Underwriting) |   |
|--|---|
| Layering Risk Factors  | <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>• DSCR &lt; 1.25</li> <li>• CLTV (&gt; 70%)</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> |
| Compensating Factors   | <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>• DSCR &gt; 1.35</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>   |

### Investment HELOC Rates

Rates effective as of: 12/11/25

Current Prime Rate: 6.75%\* | Floor Rate: Rates cannot go below floor rate of 6.95%\*\*

| CLTV %  | 0-50           | 50.01-60       | 60.01-65.00    | 65.01-70       | 70.01-75.00    | 75.01 - 80     |
|---------|----------------|----------------|----------------|----------------|----------------|----------------|
| FICO    |                |                |                |                |                |                |
| 780+    | Prime + 3.125% | Prime + 3.625% | Prime + 3.875% | Prime + 4.125% | Prime + 4.625% | Prime + 4.875% |
| 720-779 | Prime + 3.625% | Prime + 4.125% | Prime + 4.375% | Prime + 4.625% | Prime + 5.125% | Prime + 5.375% |
| 680-719 | Prime + 5.625% | Prime + 6.125% | Prime + 6.625% | N/A            | N/A            | N/A            |

### Rate Adjustments: Margin Add-Ons

|                         |        |
|-------------------------|--------|
| Loan Amount < \$100,000 | 0.250% |
| 2 Unit                  | 0.250% |
| 3-4 Unit                | 0.500% |

### HELOC Fees

|  |                                 |
|--|---------------------------------|
| Origination Fee  | \$695                           |
| 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                          |
| Annual Servicing Fee (billed on the anniversary year)  | \$100                           |
| 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](mailto: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, Units and CLTV Matrix  |   |            |                      |                      |
| FICO  | # of Units                                      | CLTV       | Max Loan Amount      |                      |
| 680-719   | 1-2 Units                                       | ≤ 65%      | \$250,000            |                      |
|   | 3-4 Units                                       | ≤ 50%      | \$250,000            |                      |
| 720+  | 1 Unit  | ≤ 80%      | \$250,000            |                      |
|   | 2 Unit  | ≤ 65%      | \$250,000            |                      |
|   | 3-4 Units                                       | ≤ 50%      | \$250,000            |                      |
| Asset Reserve Requirement Matrix  |   |            |                      |                      |
| Occupancy   | FICO  | CLTV       | Loan Amount          | Minimum Reserves     |
| Investment  | 680-719   | ≤ 65%      | ≤\$100,000           | 12 Months            |
|   |   |            | >\$100,000-\$250,000 | 18 Months            |
|   | 720+  | ≤ 80%      | ≤\$100,000           | 12 Months            |
|   |   |            | >\$100,000-\$250,000 | 18 Months            |
| Valuation Requirement Matrix  |   |            |                      |                      |
| Loan Amount   | Loan Purpose                                    | Occupancy  | # Of Units           | Standard Requirement |
| ≤ \$100K  | Simul Purchase<br>Simul Refinance<br>Standalone | Investment | 1-4 Unit             | AVM                  |
| > \$100K to \$250K  | Simul Purchase<br>Simul Refinance<br>Standalone | Investment | 1-4 Unit             | Full Appraisal       |

**Rates and APR:**

\*The Current Prime Rate indicated is as published in The Wall Street Journal as of 12/11/2025. 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 1/1/2026 will reflect an initial APR based on this Current Prime Rate. Loans that fund/disburse prior to 1/1/2026 will reflect an initial APR based on the previous Prime Rate; then on 1/1/2026 the APR will change to reflect this Current Prime Rate.

\*\*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 1-4 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.