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.

Quorum's New Construction First Lien HELOC Product Features

Draw Period	3 years
Interest Only Period	10 years (including the 3-draw period)
Repayment Period	20 years
Index	Prime Rate
Margin	Risk-based - determined by FICO, LTV, Loan Amount
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 PLUS $149 per month fee 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	$1,999,000
Max Properties Owned	Total of ten properties owned (combined for all borrowers & includes properties in an LLC.)
Eligible Lien Position	**First Lien Position Only**
State Eligibility	Not available in Texas.
State Restrictions	**Nevada** • Restricted to 80% LTV **Florida** • Restricted to 80% LTV ****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	40%
Maximum Debt Ratio	45%
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	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	• 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 for 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.
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.
Collateral	
Eligible Occupancy Types	• Primary Residence • Second Homes
Eligible Property Types	• 1- 4 Unit (ADU's allowed on 1-2 Units)
Ineligible Property Types	• Leasehold Properties • Manufactured Homes

<table>
<tr><td>Subject Property in Declining Market</td><td>

- **Primary Residence (1 Unit)**
  - 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 Appraisal the LTV will be capped at 65%.

<table>
<tr><th colspan="2">Appraisal Declining Market
Max LTV Caps</th></tr>
<tr><td>0%</td><td>85%</td></tr>
<tr><td>≤ 1%</td><td>75%</td></tr>
<tr><td>>1%-5%</td><td>70%</td></tr>
<tr><td>>5%-10%</td><td>65%</td></tr>
<tr><td>>10%</td><td>60%</td></tr>
</table>

- **Primary Residence (2-4 Unit) & Second Home**
  - Appraisals that reflect a declining market regardless of the percentage will be capped at 65% LTV.

</td></tr>
<tr><td>Power of Attorney (POA)</td><td>Not Permitted.</td></tr>
<tr><td>Trust Agreements</td><td>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.</td></tr>
<tr><td>Title Insurance</td><td>

- Title insurance is required.
- Quorum will order title and closing services unless otherwise specified at the time of application.

</td></tr>
<tr><th colspan="2">Assets</th></tr>
<tr><td>Assets</td><td>

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:

- 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.

</td></tr>
<tr><td>Minimum Reserve Requirement</td><td>See new construction matrix included in this document for the minimum reserve requirement. Minimum reserves include principal and interest payment, taxes, and insurance for subject property.</td></tr>
</table>

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
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

New Construction Rates

Rates effective as of: 07/07/2026

Current Prime Rate: 6.75%* | 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	Max Loan Amount > 65% LTV	Max Loan Amount ≤ 65% LTV
Credit Rating						
800+	**Prime - 0.50%**	Prime + 0.50%	Prime + 0.75%	Prime + 1.00%	$1,000,000	$1,999,000
780-799	Prime + 0.75%	Prime + 0.75%	Prime + 1.00%	Prime + 1.25%	$1,000,000	$1,999,000
760-779	Prime + 1.00%	Prime + 1.25%	Prime + 1.50%	Prime + 1.75%	$1,000,000	$1,999,000
740-759	Prime + 1.25%	Prime + 1.50%	Prime + 1.75%	Prime +2.00%	$1,000,000	$1,999,000
720-739	Prime + 2.00%	Prime + 2.00%	Prime + 2.25%	Prime +2.375%	$1,000,000	$1,999,000
700-719	Prime + 3.00%	Prime + 3.00%	Prime + 3.125%	Prime + 3.625%	$1,000,000	$1,999,000
680-699	Prime + 3.75%	Prime +3.875%	Prime + 4.00%	Prime +4.125%	$1,000,000	$1,999,000

Rate Adjustments: Margin Add-Ons

Loan Amount < $250,000	0.250%
2 Unit (Primary)	0.250%
3-4 Unit (Primary)	0.500%
Second Home	0.500%

New Construction Fees

Origination Fee	$995
Processing Fee	$200
Monthly Loan Fee - New Construction fee (commence at loan opening until they get COC issued)	$149
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	Varies

Appraisal fee due at the time of application and 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-to-Value (LTV) Matrix

Occupancy	# Of Units	LTV
Primary Residence	1 Unit	85%
	2 Unit	80%
	3-4 Units	65%
Second Home	1 Unit	80%

Asset Reserve Requirement Matrix

Occupancy	Loan Amount	Minimum Reserves
Primary Residence	$100K- $500K	6 Months
	>$500K- $1,000,000	9 Months
	>$1,000,000	12 Months
Second Home	$100K- $500K	9 Months
	>$500K- $1,000,000	12 Months
	>$1,000,000	15 Months

2-4 Units additional 3 months of reserves

Valuation Requirement Matrix

Occupancy	Standard Requirement
Primary Residence & Second Home	Full Appraisal

Rates and APR:

**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. 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 product is not available in TX. All loans are subject to credit approval.

Fees:
Fees are due at closing and debited from the loan (except appraisal fee, if applicable, due at the time of application). Additional fees for new construction loan, including all lender fees, origination fees and third-party fees will be passed to the borrower.