

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.

If you have a unique scenario that you would like to pre-screen with Quorum, please contact your Account Executive.
 Pre-screen Requirements: Copy of the 1008/1003, credit report, and a breakdown of all closing and post-closing asset reserves.

INTEREST ONLY 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	3.95%
Annual Rate Caps	2% increase or decrease
Lifetime Cap	18%
Prepayment Penalty	No prepayment penalty.

Borrower	Guideline Overlay
Eligible Borrowers	US Citizens Permanent Resident Alien Non-Permanent Residents: Must meet the following overlays and present strong compensating factors to offset risk: <ul style="list-style-type: none"> Maximum CLTV: 80% Primary Residence Only Minimum FICO: 680 Maximum Loan Amount: \$150K Minimum Reserves: refer to the asset matrix below. Additional 3 months reserves must be added to the standard reserve requirement. Credit History: No prior Foreclosure, Bankruptcy, Deed-in-Lieu, Pre-Foreclosure/Short Sale, Modification, Forbearance, No Mortgage Lates
Maximum Borrowers	No more than four (4) borrowers per loan
Non-Occupant Borrower	Not permitted

Eligibility	Guideline Overlay
Minimum Loan Amount	\$10,000
Maximum Loan Amount	\$500,000 (based on borrower's qualifications) HELOC's > \$500,000 will be considered on a case-by-case basis for scenarios that present strong compensating factors.
Aggregate Loan Limit	No maximum aggregate limit of combined mortgages.
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

Credit	Guideline Overlay
Maximum Housing Ratio	38%
Maximum Debt Ratio	43% 45% for CLTV \leq 80% and FICO \geq 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.
Minimum FICO	600
Minimum Tradelines	A minimum of three tradelines, open or closed, that have been evaluated at least twelve (12) months.
Contingent Liability	Can be excluded with proof that primary obligor has been making timely payments for last twelve (12) months.
Unsecured Debt	High use of unsecured debt (> 20% of annual income) presents additional risk factors and may result in a decline.
Paying Down/Off Debt to Qualify for DTI purposes	Not Permitted on CLTV > 90% 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. <ul style="list-style-type: none"> 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, if lates occurred in months 25-36, letter of explanation is required.
Tax Liens	Must be paid prior to/at closing.
IRS Instalment 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/ Short Sale, Modification, Forbearance	Quorum follows Fannie Mae guidelines for seasoning requirements however these overlays will apply regardless of the timing of the event: <ul style="list-style-type: none"> Max DTI: 34/38% Max CLTV: 90% FICO: 700 MAX Loan Amount: \$200K Minimum Reserves: 12 Months
Income Employment	Guideline Overlay
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) and explain any employment gaps > 30 days.
Self Employed	Two years signed tax returns with all schedule unless DU/LP only require one, Quorum will follow the findings. All jumbo loans will require 2 years. Quorum requires an executed 4506T form at closing on all self-employed borrowers and borrowers employed by family.
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: <ul style="list-style-type: none"> Copy of fully executed lease agreement. Copy of security deposit and first month's rent check. Copy of bank statement reflecting the deposit.

Property	Guideline Overlay
Eligible Properties	1-4 Unit Residential, PUD, Condo, Townhouse
Ineligible Properties	Co-ops Leasehold Properties Manufactured Homes
Condos	Must be FNMA warrantable. Limited review permitted meeting FNMA requirements. CLTV >90% must have full review.
Occupancy Type	Primary Residence Second Homes
Appraisal	<ul style="list-style-type: none"> • Simultaneous Transactions: 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. • Standalone Transactions: Quorum will order the appraisal on a standalone transaction through a third-party vendor. • 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. PIW's are not permitted. 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. • Age Requirements: Appraisal is good for 120 days (re-certifications allowed on a case-by-case basis). • 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 drive-by, desktop, full appraisal, or other valuation methods. • For transactions that allow for PIW's: The AUS findings must reflect both the 1st and 2nd mortgage transaction and the correct LTV/CLTV. Refer to valuation matrix for eligibility.
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 CLTV. 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 (CLTV max reduced to 80% if property was listed within the last six (6) months).
Power of Attorney (POA)	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.
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	Required on all first lien HELOC's Required on second Lien HELOCs for loan amount \geq \$250,000

Assets	Guideline Overlay
Day 1 Certainty	Day 1 Certainty permitted for assets
Business Assets	Not permitted for closing or post-closing.
Asset Reserves	Asset reserves must be from the borrower's own personal funds. Quorum does not allow gift funds to be used as reserves. Refer to the Reserve Matrix in this document.
Minimum Borrower Contribution	5% minimum contribution from borrower.
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 Risk Factors and Compensating Factors That Are Considered in Underwriting
Layering Risk Factors	<ul style="list-style-type: none"> • Attributes near guideline limits • Payment shock (> 150%) • Use of unsecured debt (> 20% of total unsecured debt divided by annual income) • High DTI (> 36%) • CLTV (> 85%) • 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 • Minimal assets (< 12 months PITI reserves) • Gift funds
Compensating Factors	<ul style="list-style-type: none"> • Substantial assets (24 months of reserves including liquid) • Low CLTV (< 85%) • Low DTI (< 36%) • FICO Score 780+ • 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)

HELOC Rates:							
Rates effective as of 04/19/2021. Rates cannot go below floor rate of 3.95%							
CLTV %	0-60	60.01-70	70.01-80	80.01-85	85.01-90	90.01-95	Max Loan Amount
Credit Rating							
800+	Prime + 1.20%	Prime + 1.50%	Prime + 1.50%	Prime + 1.75%	Prime + 1.75%	Prime + 3.50%	\$500,000
780-799	Prime + 1.20%	Prime + 1.50%	Prime + 1.75%	Prime + 1.75%	Prime + 1.75%	Prime + 3.75%	\$500,000
760-779	Prime + 1.70%	Prime + 1.75%	Prime + 1.75%	Prime + 1.75%	Prime + 1.75%	Prime + 4.00%	\$500,000
740-759	Prime + 1.70%	Prime + 1.75%	Prime + 2.50%	Prime + 2.50%	Prime + 2.50%	Prime + 4.50%	\$500,000
720-739	Prime + 1.90%	Prime + 2.00%	Prime + 2.50%	Prime + 2.625%	Prime + 2.625%	Prime + 4.75%	\$500,000
700-719	Prime + 2.10%	Prime + 2.20%	Prime + 2.75%	Prime + 2.75%	Prime + 2.75%	Prime + 5.00%	\$500,000
680-699	Prime + 2.30%	Prime + 2.80%	Prime + 3.65%	Prime + 4.10%	Prime + 4.35%	Prime + 5.20%	\$500,000
660-679	Prime + 3.00%	Prime + 3.50%	Prime + 4.00%	Prime + 4.50%	Prime + 5.00%	N/A	\$200,000
640-659	Prime + 3.50%	Prime + 4.00%	Prime + 4.50%	Prime + 5.00%	N/A	N/A	\$100,000
620-639	Prime + 4.00%	Prime + 4.50%	Prime + 5.00%	N/A	N/A	N/A	\$75,000
600-619	Prime + 4.50%	Prime + 5.00%	N/A	N/A	N/A	N/A	\$50,000
Occupancy/Loan Amount Adjustments Rate: Margin Add-Ons							
Occupancy - Second Home						0.500%	
Loan Amount \geq \$250,000						0.250%	
Loan Amount \geq \$500,000						0.750%	
*Relationship discount pricing adjustment: Margin Reductions							
New Checking Account with Quorum must be established prior to closing. (minimum monthly balance of \$5,000)						-0.250%	
New CD with Quorum must be established prior to closing. (maintaining at least \$50,000 in CDs any duration)						-0.500%	
*In order to qualify, the member would need to establish these account(s) prior to the loan closing.							
HELOC Fees:							
Origination Fee				\$495			
Processing Fee				\$100			
Flood Cert Fee				\$7			
Credit Report Fee				\$45			
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.							

Eligibility Requirement Matrix– CLTV, FICO, Occupancy, # of Units								
All loans are subject to the underwriter's discretion. Additional underwriting conditions or overlays may be required.								
Occupancy # of Units	FICO	CLTV %	Occupancy # of Units	FICO	CLTV %	Occupancy # of Units	FICO	CLTV %
Primary/ *Second Home 1 Unit	600-619	70%	Primary 2 Unit	600-619	70%	Primary 3-4 Unit	600-619	65%
	620-639	80%		620-639	80%		620-639	
	640-659	85%		640-659	85%		640-659	
	660-679	90%		660-679	90%		660-679	
	680+	95%		680+	90%		680+	
*Second home -Maximum CLTV 90%								

Valuation Requirement Matrix				
Loan Amount	Loan Purpose	Occupancy	# of Units	Standard Requirement
≤ \$100K	Simul Purchase Simul Refinance Standalone	Primary Second Home	1 – 4 Unit 1 Unit	AVM
> \$100K to \$250K	Simul Purchase Simul Refinance	Primary Second Home	1 Unit	PIW (if applicable) and AVM (supporting PIW value) or Exterior Drive-by or Desktop Appraisal (Allowable by FNMA)
		Primary	2-4 Unit	Full Appraisal
> \$100K to \$250K	Standalone	Primary Second Home	1 Unit	Exterior Drive-by
		Primary	2-4 Unit	Full Appraisal
> \$250K	Simul Purchase Simul Refinance Standalone	Primary	1 – 4 Unit	Full Appraisal
		Second Home	1 Unit	Full Appraisal

Asset Reserve Requirement Matrix					
CLTV %	FICO	# Units	Occupancy	Loan Amount	Minimum Reserves
≤ 95%	600+	1 -4 Unit	Primary/Second	≤ \$50,000	0 Months
≤ 80%	620-639	1 Unit	Primary	> \$50,000- \$75,000	3 Months
≤ 85%	640-659	1 Unit	Primary	> \$50,000- \$100,000	6 Months
≤ 90%	660-679	1 Unit	Primary	> \$50,000- \$100,000	3 Months
				> \$100,000 - \$200,000	9 Months
≤ 90%	680+	1 Unit	Primary	≤ \$100,000	0 Months
				> \$100,000 - \$250,000	6 Months
				> \$250,000 - \$500,000	9 Months
> 90%	680+	1 Unit	Primary	> \$50,000- \$100,000	6 Months
				> \$100,000 - \$250,000	9 Months
				> \$250,000 - \$500,000	12 Months
Additional Reserve Requirement					
Non-Permanent Resident		add three (3) months additional reserves			
Second Home		add three (3) months additional reserves			
3-4 Unit		add six (6) months additional reserves			

The Fine Print:

Rates and APR:

The Annual Percentage Rate (APR) is as low as 4.45% as of 04/19/21. The Floor Rate is 3.95%. Maximum APR is 18.00%. The APR is a variable rate, based on the Prime rate (index - as published in The Wall Street Journal) plus or minus a margin. The margin is determined based on credit history, loan amount, property usage, 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 single family residence, 2-4-unit owner occupied, and condominiums, excluding co-ops. Minimum line-of-credit amount: \$10,000. No draw required at closing. No application, annual 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 time of application). Additional fees for standalone second mortgages, including appraisal, flood, and title report, will be passed to the borrower.

Quorum is an Equal Housing Lender.

We do business in accordance with the Federal Fair Lending Laws.

Property of Quorum Federal Credit Union | Revised: 04/19/2021