

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.

INVESTMENT HELOC	Product Features
Draw Period	5 years
Repayment Period	10 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 ten (10) year term to calculate DTI and DSCR.
Borrower Payment	Interest only payments are due during the draw period. Payments are based on a ten (10) year amortization.
Floor Rate	4.95%
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
Ineligible Borrowers	Non-Permanent Resident Aliens
Eligible Transactions	Property owned in a Limited Liability Corporation (LLC) For all loans held in an LLC a Business Membership Account must be established prior to closing.
Maximum Borrowers	Four borrowers per loan.

Eligibility	Guideline Overlay
Minimum Loan Amount	\$10,000
Maximum Loan Amount	\$250,000 (based on borrower's qualifications) HELOC's > \$250,000 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%
Debt Service Coverage Ratio	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.
Minimum FICO	680
Minimum Tradelines	A minimum of three tradelines, open or closed, that have been evaluated at least twelve (12) months.
Contingent Liability (Co-signed Debt)	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	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/ Short Sale, Modification, Forbearance	Regardless of the seasoning, this product is not available for any loans with any prior Foreclosure, Bankruptcy, Deed-in-Lieu, Pre-Foreclosure/Short Sale, Modification, and Forbearance.

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	<ul style="list-style-type: none"> Two years signed tax returns with all schedules Property held in an LLC will require two years of entity tax returns Quorum requires an executed 4506T form at closing on all self-employed borrowers and borrowers employed by family

Property	Guideline Overlay
Eligible Properties	1-4 Unit Residential, PUD, Condo, Townhouse
Property Ownership	Fee Simple
Ineligible Properties	Co-ops Leasehold Properties Manufactured Homes Primary or Second Homes
Financed Properties	Refer to Fannie Mae Guidelines.
Condos	Must be FNMA warrantable. Limited review permitted meeting FNMA requirements.
Occupancy Type	Investment Property

Appraisal	<ul style="list-style-type: none"> • Simultaneous Transactions: PIWs are 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 • 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.
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 65% 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	<ul style="list-style-type: none"> • 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
Asset Reserves	Asset reserves must be from the borrower's own personal or business funds. Quorum does not allow gift funds to be used as reserves. Refer to the Reserve Matrix in this document.
Asset Verification	Asset reserve requirements are based on all financed properties. Refer for FNMA guides for asset verification calculations for other financed properties. For the subject property, refer to the minimum reserve requirement matrix included in this document.
Minimum Borrower Contribution	20% minimum contribution from borrower.
Reserve Requirement for Subject Property	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%) • DSCR < 1.25 • CLTV (> 70%) • 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 (< 70%) • Low DTI (< 36%) • DSCR > 1.25 • 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 4.95%						
CLTV %	0 – 50	50.01 - 60.00	60.01 - 65.00	65.01 - 70.00	70.01 - 75.00	75.01-80
Credit Rating						
780+	Prime + 2.20	Prime + 2.25	Prime + 2.50	Prime + 3.00	Prime + 3.50	Prime + 4.00
720-779	Prime + 2.45	Prime + 2.50	Prime + 2.75	Prime + 3.25	Prime + 3.75	Prime + 4.50
680-719	Prime + 2.50	Prime + 2.75	Prime + 3.25	Prime + 4.00	Prime + 4.50	Prime + 5.00
Occupancy/Loan Amount Adjustments Rate: Margin Add-Ons						
Loan Amount \geq \$250,000					0.500%	
Loan Amount \geq \$500,000					1.000%	
*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		
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.						

Eligibility and Asset Reserve Requirement Matrix– CLTV, FICO, Occupancy, # of Units						
All loans are subject to the underwriter's discretion. Additional underwriting conditions or overlays may be required.						
CLTV %	FICO	Max Ratio (front/back)	# Units	Occupancy	Loan Amount	Minimum Reserves
<= 80%	680+	38%/43%	1 Unit	Investment	\leq \$50,000	0 Months
					>50,000- \$100,000	12 Months
>\$100,000-\$250,000	18 Months					
<= 65%	680+	38%/43%	2-4 Unit		\leq \$50,000	0 Months
					>50,000- \$100,000	12 Months
>\$100,000-\$250,000	18 Months					

Valuation Requirement Matrix				
Loan Amount	Loan Purpose	Occupancy	# of Units	Requirement
\leq \$100K	Simul Purchase Simul Refinance Standalone	Investment	1 – 4 Unit	AVM
> \$100K to \$250K	Simul Purchase Simul Refinance Standalone	Investment	1 – 4 Unit	Full Appraisal

The Fine Print:

Rates and APR:

The Annual Percentage Rate (APR) is as low as 5.45% as of 04/19/21. 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 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: \$10,000. 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. 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.
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