

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.

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

Bridge Loan – 1 <sup>st</sup> Lien HELOC Product Features	
Draw Period	10 years
Repayment Period	20 years
Index	Prime Rate
Margin	Risk based - determined by FICO, LTV, 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	6.95%
Annual Rate Caps	2% increase or decrease
Lifetime Cap	18%
Prepayment Penalty	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</li> <li>Non-Occupant Borrower</li> <li>Land Trusts</li> <li>Life Estates</li> <li>Tenancy in Common</li> <li>Corporations, General and Limited Partnerships</li> </ul>
Maximum Borrowers	Four (4) borrowers per loan.
Minimum Loan Amount	\$50,000
Maximum Loan Amount	\$1,000,000
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.
Lien Position	1 <sup>st</sup> Lien Position Only. 2 <sup>nd</sup> Lien not permitted.
High-Cost Loans	Not Eligible
Credit	
Maximum Housing Ratio	<ul style="list-style-type: none"> <li>38%</li> </ul>
Maximum Debt Ratio	<ul style="list-style-type: none"> <li>43%</li> </ul>
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. Credit report is valid for 60 days. New applications and resubmissions require a new credit report.
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	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.
Student Loans	Student Loans will be underwritten to FNMA Guidelines.
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	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.
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	<p>Quorum follows Fannie Mae guidelines for qualifying however, the following overlays would apply if the event occurred is within the last 3 years:</p> <ul style="list-style-type: none"> <li>• Max DTI: 34/38%</li> <li>• Max LTV: 80%</li> <li>• FICO: 700</li> <li>• MAX Loan Amount: \$150K</li> <li>• Minimum Reserves: 12 Months</li> </ul> <p>Exception may be granted on a case-by-case basis if underwriting deems that the Modification, Deferment or Forbearance was not related to hardship and original mortgage terms were not modified. Additional documentation will include but not limited to the following:</p> <ul style="list-style-type: none"> <li>• LOE from Borrower – reason for the Modification, Deferment or Forbearance.</li> <li>• Credit report and VOM to show satisfactory payment history and no mortgage lates in last 3 years.</li> </ul>
<b>Income and Employment</b>	
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>• Two years signed tax returns with all schedules.</li> <li>• Quorum requires an executed 4506C form at closing on all self-employed Borrowers and Borrowers employed by family.</li> </ul>
RSU Income	Permitted using Freddie Mac Guidelines.
<b>Collateral</b>	
Eligible Occupancy Types	<ul style="list-style-type: none"> <li>• Primary Residence</li> </ul>

Ineligible Occupancy Types	<ul style="list-style-type: none"> <li>• Second Homes</li> <li>• Investment Properties</li> </ul>										
Eligible Property Types	<ul style="list-style-type: none"> <li>• 1 Unit</li> <li>• PUDs</li> <li>• Warrantable Condos</li> <li>• Townhouse</li> </ul>										
Ineligible Property Types	<ul style="list-style-type: none"> <li>• 2-4 Units</li> <li>• Co-ops</li> <li>• Leasehold Properties</li> <li>• Manufactured Homes</li> </ul>										
Condos	Must be FNMA warrantable. Limited review permitted meeting FNMA requirements.										
Appraisal	<ul style="list-style-type: none"> <li>• 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>• 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 drive-by, desktop, full appraisal, or other valuation methods.</li> </ul>										
Subject Property in Declining Market	<p>Max LTV 65% to 80%. The cap will be based on the declining market trend analysis obtained by Quorum and will be tiered as outlined below:</p> <table border="1" style="margin-left: auto; margin-right: auto;"> <thead> <tr> <th colspan="2" style="background-color: #002060; color: white; text-align: center;">AVM Declining Market Max LTV Caps</th> </tr> </thead> <tbody> <tr> <td style="text-align: center;">0%</td> <td style="text-align: center;">80%</td> </tr> <tr> <td style="text-align: center;">≤ 1%</td> <td style="text-align: center;">75%</td> </tr> <tr> <td style="text-align: center;">&gt;1%-5%</td> <td style="text-align: center;">70%</td> </tr> <tr> <td style="text-align: center;">&gt;5%</td> <td style="text-align: center;">65%</td> </tr> </tbody> </table> <p>Interior or Exterior appraisal reflecting a decline in housing trend will be capped at 65% LTV.</p>	AVM Declining Market Max LTV Caps		0%	80%	≤ 1%	75%	>1%-5%	70%	>5%	65%
AVM Declining Market Max LTV Caps											
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≤ 1%	75%										
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>5%	65%										
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 LTV. A new valuation will be required if the original appraisal is expired.										
Refinance of Listed Properties	Subject Property may be listed for sale or listed in the near future.										
Power of Attorney (POA)	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.										

Title Insurance	Required
<b>Assets</b>	
Business Assets	<p>Permitted only for Borrowers that have 100% ownership in the business. Documentation Requirements include:</p> <ol style="list-style-type: none"> <li>1. Letter from CPA, Third Party or Borrower 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> <li>2. 3 months bank statements.</li> <li>3. Copy of year-to-date P&amp;L.</li> </ol> <p>Underwriter will complete a cash flow analysis using most recent 3 months business bank statements to determine impact of funds withdrawal from business.</p>
Personal Asset Reserves	<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>
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.
<b>Layering Risks &amp; Compensating Factors</b> <b>(Examples of Layering Risk Factors and Compensating Factors That Are Considered in Underwriting)</b>	
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>• LTV (&gt; 80%)</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</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 LTV (&lt; 65%)</li> <li>• Low DTI (&lt; 36%)</li> <li>• FICO Score 780+</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>

**Rates effective as of: 11/01/2023**

**Current Prime Rate: 8.50%**

**Floor Rate: Rates cannot go below floor rate of 6.95%\***

LTV %	0-60	60.01-70	70.01-80	Max Loan Amount > 65%	Max Loan Amount/CLTV ≤ 65%	Max Loan Amount/CLTV ≤ 50%
Origination Fee						
<b>Credit Rating</b>						
780+	Prime + 2.00%	Prime + 2.00%	Prime + 2.25%	\$500,000	\$750,000	\$1,000,000
720-779	Prime + 3.00%	Prime + 3.50%	Prime + 4.00%	\$500,000	\$750,000	\$1,000,000
680-719	Prime + 3.50%	Prime +4.00%	Prime + 4.50%	\$500,000	\$750,000	\$750,000
<b>Rate Adjustments: Margin Add-Ons and Reductions</b>						
Loan Amount >\$250,000				0.500%		
<b>*Relationship discount pricing adjustment: Margin Reductions</b>						
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%		
<b>*In order to qualify, the member would need to establish these account(s) prior to the loan closing.</b>						
<b>HELOC Fees:</b>						
Origination Fee	\$995					
Processing Fee	\$100					
Flood Cert Fee	\$7					
Credit Report Fee	\$39.65/\$79.30 (single/joint)					
Closing Agent/Settlement Fees, Recording Fees	Varies					
Property Report/Title Report	Varies					
Mortgage/Transfer Tax, Government Fees (if applicable)	Varies					
Appraisal (if applicable)	Varies					
<b>Appraisal fee due at the time of application all other fees are due at closing and debited from the HELOC.</b>						
<b>Borrower Paid Compensation (BPC):</b>						
<ul style="list-style-type: none"> <li>• <b>Brokers can charge up to 2% with a max of \$5,000. BPC is paid on the Line of Credit Amount</b></li> <li>• <b>Only Eligible for approved brokers with executed agreements.</b></li> <li>• <b>BPC amount must be selected from the drop-down selection when submitting the application. Once the application is submitted the BPC amount cannot be changed. BPC drop down selection: 0, .50%, 1%, 1.50%, or 2%</b></li> </ul>						

**Eligibility Matrix:**

All loans are subject to the underwriter's discretion. Additional underwriting conditions or overlays may be required

**Asset Reserve Requirement Matrix**

Occupancy	FICO	Loan Amount	Minimum Reserves
Primary	680+	≤ \$100,000	0 Months
		> \$100,000 - \$250,000	6 Months
		>\$250,000 - \$500,000	9 Months
		>\$500,000	12 Months

**Valuation Requirement Matrix**

Loan Amount	Loan Purpose	Occupancy	# Of Units	Standard Requirement
≤ \$100K	Standalone	Primary	1 Unit	AVM
> \$100K to \$250K	Standalone	Primary	1 Unit	Exterior Drive-by
> \$250K	Standalone	Primary	1 Unit	Full Appraisal

**Rates and APR:**

\*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 (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 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 time of application). Additional fees for helocs, including all lender fees, origination fees and third-party fees 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: 11/01/2023