

Updated: September 8th, 2020 – Guideline in **RED** represent changes from prior published matrices

Fully Amortized, Stand-alone 2nd Mortgage Product Matrix

Minimum FICO	Max CLTV
740	90%
680-739	85%

Product Type

- Stand-alone second lien – No Piggybacks (simultaneous close) allowed

Eligible Amortization

- Fixed rate terms of 5, 10, 15 and 20 years

Debt to Income

- Max 43% DTI

Loan Amount

- Minimum Loan amount \$25,000
- Maximum Loan Amount \$500,000
- **Max total financing is limited to \$2,000,000 (total amount of 1st and 2nd lien combined)**

Credit Score

- The credit score used to qualify will be based on a single Experian (version 8) repository score – **The lower of all borrowers score**

Occupancy

- Owner-Occupied and **Second homes**

Trade lines

- Minimum of three trade lines are required for all borrowers that are contributing income to qualify. At least one trade line must be open and active for the past 12 months.
- A current mortgage paid as agreed for past 36 months will override the minimum trade line requirement

Housing History

- No mortgage lates are permitted in the past 24 months for all borrowers and all REO
- For Purchase transactions 12 months rental history verification is required
- ***IF VOM/VOR is from a private party, cancelled checks or bank statements are required**

Seasoning

- Minimum 6 months seasoning is required from original acquisition

Significant Derogatory Credit (Measured from the disbursement date)

- Time period that must elapse prior to loan eligibility is as follows:
 - Foreclosure - 7 years
 - Charge-Off of a Mortgage Account, Deed-in Lieu, Pre-foreclosure Sale or Short Sale - 4 years
 - Modified, Restructured or Short Payoff of a mortgage secured by any REO- 4 Years **See modified loan section**
 - Chapter 7 or 11 Bankruptcy - 4 years from discharge or dismissal
 - Chapter 13 Bankruptcy- 2 years from discharge or 4 years from dismissal
 - Multiple events within the past 7 years are not permitted and both events must be greater than 7 years

Appraisal Requirements

All orders to be placed by Broker <https://www.clearcapital.com/spring-eq/> and may not be ordered until the borrower has e-signed their intent to proceed.

- Clear Val Exterior Valuation (Drive By)
 - Loan amounts less than or equal to \$175,000
 - Full Interior Appraisal (1004/1025/1073) is required when:
 - Loan amounts greater than \$175,000
 - Borrower request
 - Collateral Desktop Analysis for Recertification of existing appraisal:
 - Existing appraisal report ordered by another lender that has been completed within the past 12 months from the settlement date ordered by another lender
 - Appraisal product has not been completed by Spring EQ
 - Current appraisal provided must be on form 1004(Single family) 1025(multi-family) 1073(Condo)
 - CLTV to be calculated based on the lower of the CDA value and the Appraised Value
 - Risk Score = Low or moderate with no additional review recommended by reviewer
 - Analysis commentary contains no comments that adversely impact value, marketability, or condition of the property
 - Home Data Index must support either a neutral or increasing market trend
- **IF ANY OF THE ABOVE REQUIREMENTS ARE NOT MET APPRAISAL WILL NOT BE ACCEPTED****

Assumptions

- Loans are not assumable

Age of Documents

- Expiration date is based on the note date
- Credit Documents (Income/Asset/Credit report) – 60 Days
- Collateral 90 days
- Title 90 Days

Modified Loans

- When a modification is present, the following requirements must be met:
- Max CLTV is 85% if within the past 7 years
- If the modification contains a balloon feature, the balloon payment CANNOT become due during the amortization period of our new 2nd lien.) EXAMPLE - If the balloon is in 16 years, our new 2nd lien transaction amortization must be a 15-year term. You are not permitted to originate at a 20-year term since the balloon payment will be due prior to the maturity date of our loan.)

Employment/Income Verification

- Income derived from self-employment cannot be used to qualify
- Refer to Spring EQ employment and income guide a more comprehensive list of income types
- Income calculation must comply with all Appendix Q requirements as required in the ATR Final Ruling
- Tax Transcripts are required unless income is validated using an automated VOI such as WorkNumber (etc)

Liabilities

- Paying off debt to qualify is permitted.
- Lease payments are not permitted to be excluded
- Student loan – 1% of the balance is used to calculate the payment to qualify when there is no payment reporting

Eligible Property Types

- Single Family (including Modular homes and PUD's)
- Condominiums
- Second Homes

Ineligible Property Types

- Cooperatives
- Condotels
- New Construction Condominium Projects
- Hotel/Motel Condominiums
- Mobile Homes
- Manufactured Housing
- Commercial Operations
- Geodesic Domes
- Working farms and ranches
- Unimproved Land
- Properties with >10 Acres
- Timeshares
- Leasehold
- 2-4-unit properties
- Properties in flood zones which require flood insurance

Ineligible Senior Lien Senior liens with high risk features which can include, but are not limited to:

- Interest Only
- Negative Amortization
- Balloon, if the balloon payment becomes due during the amortization period of our new 2nd lien
- **Balloon terms that resulted from a modification are acceptable so long as all requirements in the modification section is met
- Reverse Mortgages
- Private mortgage opened within the past 12 months

Ineligible Borrowers

- Non-Occupant co-borrowers are not permitted
- Vesting is not permitted to be in the name of an LLC, corporation, or partnership
- Use of a power of attorney is not permitted
- Irrevocable Trusts are not permitted

Condominiums

- Established projects only
- Online search for no condotel or short-term rental
- H06 policy is required

Recently Listed Properties

- Properties listed for sale in the past 12 months are not eligible

Title Insurance

- **Loan amount less than \$250,000: Owner and Encumbrance Property report to be ordered by Spring EQ**
- **Loan amount greater or equal to \$250,000: Full Title is required and will be ordered by Spring EQ**
- For combo transactions:
- Title insurance and CPL are required for Spring EQ proposed loan
- Spring EQ requires risk review to be completed by Secure Insight to validate the settlement agent

Solar Panel UCC

- UCC Filings do not need to be calculated in the CLTV with the following documentation:
- Copy of account statement to ensure obligation is accounted for in the DTI if not reporting on credit
- ***NOTE: UCC filings that are paid through tax assessments (such as HERO and PACT loans) are not eligible and must be paid in full with the loan proceeds***

Prepayment Penalty

- Not permitted

Escrows

- Not required

3rd Party Estimated of Fees

- The following fees are an estimate and will vary based on specific loan characteristics. Spring EQ will disclose all accurate fees to the customer within 3 days of receiving the loan application and fees are calculated based on the information provided in the registration.

Credit Report & Flood Cert	\$8
Doc Prep/ Docutech	\$30
Title Report/Title 365 Fee	\$80
Notary/Disbursement Fee /Title 365	\$290
Recording Fee – Varies by State & program	\$90- \$200
Drive-By Appraisal (POC)	\$149
Full Appraisal – See Website	Varies