

Updated: November 9, 2020 – Guideline in **RED** represent changes from prior published matrices

**HELOC Piggyback and Stand-Alone Product Matrix**

Minimum FICO	Max CLTV
740+	90%
700-739	85%

**Product Terms**

- 30-year variable term (Index plus a margin)
- 10-year interest only draw period with a 20-year fully amortizing repayment period

**Initial Draw**

- Minimum \$25k

**Additional Draws**

- Minimum \$1,000 not to exceed the credit limit
- Prohibited during first 90 days following closing date

**Index**

- Prime Rate as published in the WSJ as of the 1<sup>st</sup> of the month, if there is a range published the highest rate should be used

**Lifetime Rate Cap/Floor**

- Lifetime Cap = 18.00% unless prohibited by law
- Floor Rate = 4.00%

**Debt to Income**

- Max 43% DTI
- 30 year, fully amortized payment based on start rate + 2% and the total credit limit used to qualify

**Line Amount**

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

**Occupancy**

- Owner-Occupied and Second homes only, max 80 CLTV on Second homes
- Investment properties are not permitted

**Piggyback Additional Requirements**

- Initial and Final DU/LP findings are required to be provided from the 1st mtg lender (If no DU/LP Findings, guideline will follow Spring EQ's Fixed 2<sup>nd</sup> Guidelines)
- Final Approval from first lien lender showing all conditions met
- Final Closing Disclosure from first lien to confirm final CLTV and DTI calculation
- Title policy from first lien transaction should be used and must include title insurance/CPL/Wire Instructions
- Spring EQ to perform closing agent validation audit prior to closing
- Use of existing appraisal from first lien is acceptable subject to a collateral desk review (CDA) *\*See Appraisal Requirements section below*
- Agreement of sale on purchase transactions

**Appraisal Requirements**

- Loan amounts <= \$175k - Clear Val Exterior Valuation
- Loan amounts > \$175k - Full Interior Appraisal (1004/1025/1073)





WHOLESALE LENDING

Home Equity Made Easy

- Use of an existing 1<sup>st</sup> Mortgage Full appraisal (1004) is acceptable based on the following:
  - Appraisal must have been done for a lender and be dated within 120 days
  - Appraisal provided must be on form 1004 (Single family) or 1073 (Condo); other external appraisals are not acceptable.
  - A Collateral Desktop Analysis (CDA) and Property Condition Inspection (PCI) are required and will be ordered by Spring EQ to validate any use of an existing appraisal.
  - CDA Risk Score must = Low or moderate with no additional review recommended by reviewer
  - CDA Analysis commentary contains no comments that adversely impact value, marketability, or condition of the property
  - CDA Home Data Index must support either a neutral or increasing market trend
  - CLTV to be calculated based on the lower of the Purchase Price/CDA value or the Appraised Value

\*Use of an existing appraisal is not allowed if Spring EQ has already completed an appraisal regardless of product.

### **Ineligible Senior Lien**

- Senior liens with high risk features which can include, but are not limited to:
  - Interest Only
  - Negative Amortization
  - Balloon
  - Reverse Mortgages
  - Loans in deferment or forbearance

### **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

### **Credit Score**

- The credit score used to qualify will be based on a single Experian repository score
- A credit score must be available; non-traditional credit not permitted

### **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
- The first mortgage loan cannot be in any active deferment or forbearance period. Once the deferment or forbearance period has expired, a minimum of three-monthly payments at the current payment must be documented.

### **Modified Loans**

- When a modification is present, the following requirements must be met:
    - Max CLTV is 85% if within the past 7 years
- \*\*Modified loan on the subject property cannot be a balloon\*\*

### **Employment/Income Verification**

- Piggybacks: Will follow the first mortgage DU/LP findings
- Standalones: Will follow Spring EQ's Fixed 2nd Mortgage Product Guidelines

### **Seasoning for recent purchase transactions**

- Seasoning 0-6 Months – Must use the lower of the purchase price or appraised value
- Seasoning > 6 Months – May use appraised value

### **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\*\*





WHOLESALE LENDING

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- 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

### Liabilities

- Paying off debt to qualify is permitted. (paying down to qualify is not 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
- PUDs
- Modular homes (as defined by Fannie Mae)
- Condominiums

### Ineligible Property Types

- Cooperatives
- Condotels
- New Construction Condominium Projects
- Hotel/Motel Condominiums
- Manufactured Housing
- Commercial Operations
- Geodesic Domes
- Working farms and ranches
- Unimproved Land
- Properties with >10 Acres
- Timeshares
- Leasehold
- 2-4-unit properties
- Properties listed for sale in the past 12 months

### Condominiums

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

### Title Insurance

- Loan amount less than or equal to \$249,999: Owner and Encumbrance Property report to be ordered by Spring EQ
- Loan amount equal to or greater than \$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

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### 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 proceeds.

### Eligible 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
- Revocable Trusts

### Assumptions

- Loans are not assumable



**Prepayment Penalty**

- Not permitted

**Escrows**

- Not permitted

**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.

Spring EQ Administration Fee - \$195

Annual Renewal Fee - \$99

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

