

Home Equity Products – HELOAN & HELOC

Release Date: 10/30/2024

FICO / CLTV & HCLTV / Occupancy Maximums	Minimum FICO	Max HCLTV/CLTV		
		Primary Residence	Second Home	Investment
	740+	90%	80%	80%
	680-739	90%	70%	70%
	660-679	80%		
	640-659	70%		
Product Terms	- Fixed Rate HELOAN Terms: 5, 10, 15, 20, 25 & 30 Years 30 Year HELOC (HELOC30103) with 3 Year Draw Period Terms: 30-year variable term (Index plus a margin) 3-year draw period and 10-year interest only payment period with a 20-year fully amortizing repayment period - Fixed Rate HELOC Terms: 15, 20 & 30 Years - HELOCF153 3-year draw period with a 12-year fully amortizing repayment period - HELOCF203 3-year draw period with a 17-year fully amortizing repayment period - HELOCF303 3-year draw period with a 27-year fully amortizing repayment period			
Loan or Line Amounts	- Minimum- \$25,000 (Fixed Rate HELOC & Fixed Rate HELOAN) - Minimum- \$50,000 (Variable Rate HELOC) - Maximum- \$500,000			
Variable Rate HELOC Initial Draw	Minimum- The greater of \$50,000 or 50% of the total line amount			
Fixed Rate HELOC Initial Draw	Minimum- The greater of \$25,000 or 75% of the total line amount			
HELOC Additional Draws	- Prohibited during the first 90 days following closing date - Minimum- \$1,000 - Not to exceed the credit limit - Review the state specific restrictions for Texas			
Debt to Income	- Max 45% DTI - Max 50% DTI with Minimum 700 FICO Score and \$3,500 of Monthly Residual Income. Max 45% DTI otherwise - Monthly Residual Income = Total Monthly Income – Total Monthly Mortgage and Non-Mortgage Obligations listed in the Underwriting Guidelines			
Maximum Total Financing	- Single Borrower - \$500,000 in aggregate (principal balance of Spring EQ originated loans) - Aggregate is defined as the sum of all outstanding closed end loans and the loan or maximum line amount - Owner-Occupied - Limited to \$3,000,000 (total amount of 1st and 2nd lien combined) - Second Homes - Limited to \$2,000,000 (total amount of 1st and 2nd lien combined) - Investment Properties - Limited to \$2,000,000 (total amount of 1st and 2nd lien combined) - Limited to 10 Financed Properties			
Housing Payment History	- Owner Occupied - Max 1x30x24 inclusive of all mortgages for all borrowers on the transaction when the borrower is obligated on the mortgage/note (No late payments in the last 6 months with one allowable 30-day late payment in the past 7 to 24 months) 2nd Home and Investment properties - Max 0x30x24 inclusive of all mortgages for all borrowers on the transaction when the borrower is obligated on the mortgage/note (No late payments in the last 24 months) - Any mortgage lien on the subject property where the borrower is not a note holder (e.g. mortgage held by another party), or is not reporting on credit requires payment history to verify no late or missed payments in the most recent 24-month period - Purchase transactions- 12 months rental history verification is required - Rent-free borrowers are eligible for purchase transactions if: - The borrower has not lived rent free for more than 6 months AND - The borrower provides 12-months housing history prior to becoming rent free AND - The borrower qualifies with the housing payment for the property being purchased - If the verification of rent is from a private party, cancelled checks and/or bank statements are required - Cancelled checks and/or bank statements are required for all private mortgages - 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			
Credit Score	- The credit score used to qualify will be based on a single Experian repository score (version 2) – The lowest of all borrowers' scores will be used - A credit score must be available; non-traditional credit is not permitted			

Tradeline Requirements	The credit report(s) utilized, whether joint or individual, must show ONE of the following: - Minimum of three tradelines regardless of timeline with at least one of the tradelines being open with a date of the last activity within 6 months from the current date and reporting for at least the past 12 months OR - A current mortgage paid as agreed for past 36 months						
Self-Employed Income	Self-Employed greater than or equal to 5 years - All pages and schedules of the most recent years personal and business tax returns - Most recent years 1040 tax transcripts Self-Employed less than 5 years - All pages and schedules of the most recent 2 years personal and business federal tax returns - The most recent 2 years 1040 tax transcripts						
Appraisal Requirements	HELOAN - Eligible Appraisal Types						
	Lien Position	Loan Criteria	AVM* Not Allowed for Non-QM Loans	Drive-By** Not Allowed for Non-QM Loans	Full***	Prior Use	Piggyback 1 st Lien
	2nd	Loan amounts less than \$250,000	Yes	Yes	Yes	No	Yes
	2nd	Loan amounts greater than or equal to \$250,000 and less than or equal to \$400,000 with CLTV less than or equal to 80%	Yes	Yes	Yes	No	Yes
	2nd	Loan amounts greater than or equal to \$250,000 and less than or equal to \$400,000 with CLTV greater than 80%	No	Yes	Yes	No	Yes
	2nd	Loan amounts greater than \$400,000	No	No	Yes	No	Yes
	2nd	Investment properties with loan amounts greater than or equal to \$250,000	No	No	Yes	No	No
	2nd	2-4 Units properties with loan amounts greater than or equal to \$250,000	No	No	Yes	No	No
	HELOC - Eligible Appraisal Types						
	Lien Position	Loan Criteria	AVM*	Drive-By**	Full***	Prior Use	Piggyback 1 st Lien
	2nd	Maximum Line amounts less than \$250,000	Yes	Yes	Yes	Yes	No
	2nd	Maximum Line amounts greater than or equal to \$250,000 and less than or equal to \$400,000 with HCLTV less than or equal to 80%	Yes	Yes	Yes	Yes	No
	2nd	Maximum Line amounts greater than or equal to \$250,000 and less than or equal to \$400,000 with HCLTV greater than 80%	No	Yes	Yes	Yes	No
	2nd	Maximum Line amounts greater than \$400,000	No	No	Yes	Yes	No
	1st	ALL Maximum Line Amounts	No	No	Yes	Yes	No
	1st & 2nd	Investment properties with maximum line amounts greater than or equal to \$250,000	No	No	Yes	No	No
	1st & 2nd	2-4 Units properties with maximum line amounts greater than or equal to \$250,000	No	No	Yes	No	No
	* The maximum line amount or loan amount will be determined by the FSD score as indicated below: - FSD less than or equal to 0.13 - Max loan amount + Unpaid principal balance = 90% of the value shown on the AVM - FSD greater than 0.13 and less than or equal to 0.20 - Max loan amount + Unpaid principal balance = 80% of the value shown on the AVM ** Wholesale Only: Spring EQ to order with UW Approval *** When a full interior appraisal shows "SUBJECT TO", a 1004D from the same appraiser who completed the appraisal is required to certify that any required repairs or improvements mentioned in the appraisal have been completed. A 1004D is required to recertify the value of a full interior appraisal ordered by Spring EQ that is older than 90 days.						

	A prior use appraisal or piggyback first lien appraisal is an existing full interior appraisal that was completed prior to or in conjunction with the mortgage loan application from a lender other than Spring EQ. - Prior Use Appraisal or Piggyback First Lien Appraisal - Recertification is acceptable when the following requirements are met: - Report has been completed within 12 months of settlement date - Current appraisal provided must be on form 1004(Single family), 1025(multi-family), or 1073(Condo) - Original appraisal must be "AS IS" or be accompanied by a 1004D from the same appraiser who completed the prior use appraisal certifying that any required repairs or improvements mentioned in the appraisal have been completed when "SUBJECT TO" shows - A Desktop Review and Property Condition Report** are required and will be ordered by Spring EQ to validate any use of a prior use appraisal ** For Piggyback transactions using a first lien appraisal, a Property Condition Report is only required if the appraisal was completed more than 90 days ago - Desktop Review Risk Score must be low or moderate with no additional review recommended by reviewer - Desktop Review commentary contains no comments that adversely impact value, marketability, or condition of the property - Desktop Review Home Data Index must support either a neutral or increasing market trend - Desktop Reviews & Property Condition Reports will be ordered by Spring EQ to validate the use of an existing appraisal - When using a Full Interior, Exterior Drive-By or Prior Use appraisal, the following requirements must be met: - Minimum Q5 quality rating - Minimum C5 condition rating - Shows As Is (Full Interior ordered by Spring EQ or Prior Use only)
Value Seasoning	0-6 Months – Must use the lower of the value from the earliest date when the current title holder(s) obtained title OR the appraised value >6 Months – Must use the appraised value
Ownership Seasoning	- Owner Occupied and 2nd Home- None - Investment Properties- At least one borrower must have been on title for a minimum of 6 months prior to the application date - Inherited Properties- At least one borrower must have been on title for a minimum of 6 months prior to the application date
Eligible Property Types	- Single Family - PUDs - Modular homes (as defined by Fannie Mae) - Condominiums 2-unit primary residence properties in which the borrower occupies one of the units
Ineligible Property Types	- Cooperatives - Condotel - New Construction Condominium Projects - Hotel/Motel Condominiums - Mobile Homes - Manufactured Housing - Commercial Operations - Geodesic & Monolithic Domes - Working farms and ranches - Unimproved Land - Properties with >20 Acres (Review the state specific restrictions for Texas) - Timeshares - Leasehold - Properties listed for sale in the past 120 days (determined by the earliest of the withdrawn, cancelled, or expiration date) - Mixed Use - Properties with solar power as the only source of electricity - Vacant Properties (purchase transactions excluded) - Barndominiums - Second Homes greater than 1 unit - Properties with unpermitted additions and/or improvements - Boarding Homes (Investment properties with individual room rentals) - Properties located on tribal lands - Properties with more than 1 Accessory Dwelling Unit (ADU) 2-4 unit investment properties
Condominiums	- Established projects only - Online search for no condotel or short-term rental - If Master Condominium insurance policy does not contain walls-in coverage, an H06 policy is required - An H03 policy is acceptable for properties identified as a detached condo
Piggyback Additional Requirements	- 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 use a supplemental title policy to the first lien transaction that must include title insurance, CPL, and Wire Instructions - Use of a first lien appraisal is acceptable. Review the Appraisal Requirements section for additional information - Agreement of sale on purchase transactions - Piggyback refinance or purchase transactions are not permitted in Texas - Spring EQ to perform closing agent validation audit prior to closing

Ineligible Senior Lien	• Senior liens with high-risk features which can include, but are not limited to: ◦ Tax and judgement liens ◦ Loans in active forbearance or deferment ◦ Negative amortization mortgages (this does not include language in the mortgage note warning Borrower's that the lack of payment may result in negative equity and negative amortization is not a feature of the product) ◦ Balloon mortgages, (balloon terms resulting from a loan modification are acceptable subject to the terms in modification requirement. The Spring EQ mortgage term cannot exceed the balloon payment due date) ◦ Partial claim as a result of a loan modification ◦ Reverse Mortgages ◦ Construction loans (this does not include construction loans that have been modified to permanent financing as evidenced by all pages of the fully executed loan documents detailing the terms of the permanent financing and the most recent mortgage statement showing fully amortizing loan terms) ◦ Private Mortgages opened within the past 12 months ◦ Texas 50(a)(6) ◦ HELOC in the draw period
Age of Documents	• Expiration Dates are based on the Note Date of the Loan: ◦ Credit Report - 60 Days ◦ Income Documents – 60 Days ◦ Asset Documents – 60 Days ◦ Collateral - 90 days ◦ Title - 90 Days ◦ Appraisal – 90 Days ◦ A 1004D is required to recertify the value of a full interior appraisal ordered by Spring EQ that is older than 90 days
Significant Derogatory Credit	• Measured from the Disbursement Date • Period of time 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, Short Sale, Restructured, or Short Payoff of a mortgage secured by a property - 4 Years ◦ 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
Major Adverse Credit	• Major adverse credit is identified as collection accounts, charge-off accounts, judgments, liens, delinquent property taxes, repossessions, garnishments, and non-mortgage accounts currently 90 calendar days or more delinquent • Collection accounts and/or charge-offs on non-mortgage accounts do not have to be paid off at or prior to closing if the balance of an individual account is less than \$250 or the total balance of all accounts is \$1,000 or less. Medical accounts do not need to be paid off at or prior to closing if less than \$5,000. These accounts may be left open provided they do not affect title • All past due State and IRS taxes in addition to property tax liens (for the Mortgaged Property and other properties), regardless of seasoning, are required to be paid in full whether or not they currently affect title. Past due State and IRS taxes are defined as unpaid taxes due on the current or previous year's tax deadline which is generally on or around April 15th. No payment plans or subordination are allowed
Liabilities	• Paying off debt to qualify is permitted (Paying down debt to qualify is not permitted) • Student loans- ◦ When a monthly student loan payment is provided on the credit report, it is acceptable to use that amount (other than \$0) for qualifying purposes ◦ When the credit report does not reflect the correct monthly payment, use the monthly payment that shows on the student loan documentation (most recent student loan statement) to qualify the borrower ◦ When the credit report does not provide a monthly payment for the student loan, or if the credit report shows \$0 as the monthly payment, determine the qualifying monthly payment using one of the following options: ◦ Income-driven payment plans- Obtain student loan documentation to verify the Borrowers actual monthly payment is \$0. Once verified, the Borrower can be qualified with the \$0 payment ◦ Deferred loans or loans in forbearance- Calculate one of the following: ▪ A payment equal to 1% of the outstanding student loan balance (even if this amount is lower than the actual fully amortizing payment), OR • A fully amortizing payment using the documented loan repayment terms
Title Insurance	• Loan or Maximum Line amounts less than or equal to \$250,000: Owner and Encumbrance Property Report • Loan or Maximum Line amounts greater than \$250,000: Full Title is required • Spring EQ to order all title work • For piggyback transactions: ◦ Title insurance, Wire Instructions, and CPL are required for the Spring EQ proposed loan • Spring EQ requires risk review to be completed by Secure Insight to validate the settlement agent
Title Restrictions	• Vesting in the name of an LLC (at closing) is not permitted. Review the Borrower Types guideline for additional information • Power of Attorney is limited to Piggyback Purchases only and must follow GSE Requirements • Ineligible Ownership Interests: ◦ Life Estates and/or Lady Bird Deeds ◦ Leasehold Estate ◦ Properties Titled in an Irrevocable Trust ◦ Properties Titled in a Land Trust • Land Contracts

Homeowners Insurance	- Loan or Maximum Line Amounts less than \$250,000- - Use of existing coverage amount is permitted. Replacement cost estimator or increases in coverage are not required regardless of outstanding lien amounts - Loan or Maximum Line Amounts greater than or equal to \$250,000- - Existing coverage amount must be equal to the lesser of the following: 100% of the insurable value of the improvements, as established by the property insurer; OR - The unpaid principal balance of all existing liens against the subject property, plus the new Loan or Maximum Line amount - Homeowners Insurance policies are good through disbursement
Mortgagee Clause	Shellpoint Mortgage Servicing ISAOA/ATIMA P.O. Box 7050 Troy, MI 48007-7050
Ineligible Borrowers	- Non-individual legal entities such as corporations, general partnerships, limited partnerships, real estate syndications, or investment trusts - Individuals classified under diplomatic immunity, temporary protected status, deferred enforced departure or humanitarian parole - Foreign nationals that do not meet the requirements in the non-permanent resident guideline - Non-Occupant Co-Borrowers - Guarantors or Co-Signers - Borrowers party to a lawsuit in which they have any personal financial liability - Rent free borrowers- Review the Housing Payment History section for additional information
Assumptions	Spring EQ originated loans are not assumable
Prepayment Penalty	Not Permitted
Escrows	Not Required
Lien Positions & States	<u>Variable Rate HELOC</u> 1st Liens 1st Lien HELOC cannot be used for Purchase Transactions - Available in all states except: AK, AR, DC, HI, IN, LA, MT, ND, NE, NM, NY, PA, SD, TN, TX, WV 2nd Liens - Spring EQ must be in 2nd lien position at the time of closing - Available in all states except: AK, HI, ND, NY, SD, TN, TX, WV 3rd liens or any subordinate lien following a Spring EQ lien are not permitted <u>Fixed Rate HELOC</u> 1st Liens 1st Lien HELOC cannot be used for Purchase Transactions - Available in all states except: AK, AR, DC, HI, IN, LA, MT, ND, NE, NM, NY, PA, SD, TN*, WV * The 15-year term Fixed Rate HELOC is available in Tennessee 2nd Liens - Spring EQ must be in 2nd lien position at the time of closing - Available in all states except: AK, HI, ND, NY, SD, TN*, WV * The 15-year term Fixed Rate HELOC is available in Tennessee 3rd liens or any subordinate lien following a Spring EQ lien are not permitted <u>HELOAN</u> 2nd Lien Only - Spring EQ must be in 2nd lien position at the time of closing - Available in all states except: AK, HI, ND, NY, SD, WV 3rd liens or any subordinate lien following a Spring EQ lien are not permitted
State Specific Restrictions	- Texas (HELOAN and Fixed Rate HELOC only) - - Max CLTV is 80% - Properties with >10 Acres - Minimum loan or line amount- \$60,000 - Minimum additional draw- \$4,000 - Second Home and Investment/Non-Owner-Occupied refinance or purchase transactions are not permitted - Piggyback refinance or purchase transactions are not permitted - For loans secured by subject properties, non-married vested persons who occupy the property must be added as a co-borrower - Massachusetts (All products)- Loans with mortgage liabilities marked to be paid with loan proceeds opened within 60 months from the application date are ineligible
Disaster Policy	- Please refer to the list of affected counties published by FEMA using the following link: http://www.fema.gov/disasters - Prior to closing, Spring EQ will require a property inspection for any loan secured by a property in the affected area where individual assistance was provided If the subject property is located in one of the impacted counties and the collateral valuation was completed prior to the incident period end date, Spring EQ will require one of the following: - Collateral valuation (completed by a Spring EQ vendor) after the disaster incident period end date OR Post disaster inspection confirming the property was not adversely affected by the disaster

Qualified Mortgage (QM)	Spring EQ offers both QM (qualified mortgage) and non-QM loan products. All higher-priced mortgage loans (HPMLs) that are also non-QM loans require full interior appraisals. The following explains the General QM Rule as it applies to Spring EQ's subordinate lien closed-end products. This is a nonexclusive list of the characteristics of QM loans. A complete list is set forth at 12 CFR 1026.43(e). The QM rule does not apply to home equity lines of credit. QM Loans – Subordinate Liens (Safe Harbor): The annual percentage rate (APR) does not exceed the average prime offer rate (APOR) for a comparable transaction as of the date the interest rate is set by 3.5 or more percentage points QM Loans – Subordinate Liens (Rebuttable Presumption – Loan Amounts < \$78,277): The annual percentage rate (APR) does not exceed the average prime offer rate (APOR) for a comparable transaction as of the date the interest rate is set by 6.5 or more percentage points Non-QM Loans – Subordinate Liens: For loan amounts at or above \$78,277, the APR exceeds APOR by 3.5 or more percentage points. For loan amounts below \$78,277, the APR exceeds APOR by 6.5 or more percentage points To be considered a QM loan, total points and fees may not exceed: ○ 3% of the total loan amount for loans greater than or equal to \$130,461; ○ \$3,914 for loans greater than or equal to \$78,277 and less than \$130,461; ○ 5% of the total loan amount for loans greater than or equal to \$24,866 and less than \$78,277
Additional HELOC Terms - Variable Rate	• Index- Prime Rate as published in the WSJ on the 1st of the month, if there is a range published the highest rate will be used • Lifetime Rate Cap = 18.00% unless prohibited by law • Floor Rate = 4.00% • Payment- 30 year, fully amortized based on start rate + 2% and the maximum line amount used to qualify
Additional HELOC Terms - Fixed Rate	• The qualifying payment will be a fully amortized payment based on the maximum line amount
HELOC Annual Maintenance Fee	The fee is charged automatically, on an annual basis, as an advance against the line. An annual maintenance fee of the lesser of the amount listed below or the maximum amount that may be charged in accordance with laws of the state of the subject property securing the lien: • There is no annual maintenance fee in Maryland, Virginia, Texas, Minnesota (if the line amount is less than \$100,000) and North Carolina (if the line amount is less than \$300,000) • \$50.00 in Missouri, New Jersey, Pennsylvania, and Washington • \$99.00 in all other states not listed above, including Minnesota (line amounts greater than or equal to \$100,000) and North Carolina (line amounts greater than or equal to \$300,000)
Estimated Wholesale Fees	Wholesale Fee Breakdown