

HELOAN - Home Equity Loan

(The information shown below is specific to the product listed on this page. Refer to the Spring EQ underwriting guidelines for additional information and requirements)

Release Date: 5/3/2024

FICO / CLTV / Occupancy Maximums	Minimum FICO	Max CLTV		
		Owner Occupied	2 nd Home	Investment
	740+	95%	80%	80%
	720-739	90%	80%	70%
	700-719	90%	70%	70%
	680-699	90%	70%	70%
	660-679	80%		
	640-659	70%		
Terms	<ul style="list-style-type: none">• Stand-Alone Second Liens and Piggybacks• Fixed rate terms: 5, 10 ,15, 20, 25 & 30 years			
Debt to Income	<ul style="list-style-type: none">• Loan amounts greater than or equal to \$250,000 – Max 43% DTI• Loan amounts less than \$250,000 with CLTV less than 90%– Max 50% DTI with Minimum 700 FICO Score and \$3,500 of Monthly Residual Income. Max 45% DTI otherwise<ul style="list-style-type: none">◦ Monthly Residual Income = Total Monthly Income – Total Monthly Mortgage and Non-Mortgage Obligations listed in the Underwriting Guidelines• Loan amounts less than \$250,000 with CLTV greater than or equal to 90%– Max 45% DTI			
Loan Amount	<ul style="list-style-type: none">• Minimum Loan Amount- \$25,000• Maximum Loan Amount- \$500,000			
Maximum Total Financing	<ul style="list-style-type: none">• Single Borrower - \$500,000 in aggregate (principal balance of Spring EQ originated loans)<ul style="list-style-type: none">◦ Aggregate is defined as the sum of all outstanding closed end loans and the max available credit on a HELOC• 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)<ul style="list-style-type: none">◦ Limited to 10 Financed Properties			
Ineligible Senior Lien	<ul style="list-style-type: none">• Senior liens with high-risk features which can include, but are not limited to:<ul style="list-style-type: none">◦ 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			
Assumptions	<ul style="list-style-type: none">• Spring EQ originated loans are not assumable			
Housing History	<ul style="list-style-type: none">• 0x30x6 inclusive of all mortgages when the borrower is obligated on the mortgage/note on all REO for all borrowers on the transaction (No Late Payments in the last 6 months)• Max 1x30x12 inclusive of all mortgages when the borrower is obligated on the mortgage/note on all REO for all borrowers on the transaction (Max of 1 - 30 Day late payments in the past 12 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 12-month period• Purchase transactions- 12 months rental history verification is required• Rent-free borrowers are eligible for purchase transactions if:<ul style="list-style-type: none">◦ The borrower has not lived rent free for more than 6 months AND◦ The borrower provides the most recent 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			

Homeowners Insurance	<ul style="list-style-type: none"> Maximum Loan Amounts less than \$250,000- <ul style="list-style-type: none"> Use of existing coverage amount is permitted. Replacement cost estimator or increases in coverage are not required regardless of outstanding lien amounts Maximum Loan Amounts greater than or equal to \$250,000- <ul style="list-style-type: none"> Existing coverage amount must be equal to the lesser of the following: <ul style="list-style-type: none"> 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 Maximum Loan Amount Homeowners insurance policies are good through the disbursement date
Mortgagee Clause	<ul style="list-style-type: none"> SLS LLC ISAOA/ATIMA PO Box 4500 Springfield, OH 45501 NOTE: The seller listed as the loss payee is acceptable. Upon purchase by Spring EQ, the Seller must immediately send an endorsement notice to the applicable insurance agents / companies requesting that the insurance policy be updated to show the Specialized Loan Servicing mortgagee clause above
State Specific Restrictions	<ul style="list-style-type: none"> Texas- <ul style="list-style-type: none"> Max CLTV is 80% Properties with >10 Acres Minimum loan amount- \$60,000 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
Lien Positions & States	<ul style="list-style-type: none"> 2nd Lien Only (Spring EQ must be in 2nd lien position at the time of closing) Available in all states except: AK, HI, ND, NV, NY, SD, WV
Qualified Mortgage (QM)	<p>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.</p> <p>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</p> <p>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</p> <p>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</p> <p>To be considered a QM loan, total points and fees may not exceed:</p> <ul style="list-style-type: none"> 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 \$26,092 and less than \$78,277.
Appraisal Requirements	<ul style="list-style-type: none"> Loan amounts less than \$250,000 with CLTV less than or equal to 90%, any of the following options are permitted: <ul style="list-style-type: none"> AVM with Property Condition Report with the following requirements: <ul style="list-style-type: none"> Not Allowed for Non-QM Loans (HELOAN products only) Piggyback First Lien Appraisal (review the requirements below) Drive By Appraisal <ul style="list-style-type: none"> Not Allowed for Non-QM Loans (HELOAN products only) Full Interior Appraisal (1004/1025/1073)* Loan amounts greater than or equal to \$250,000 with CLTV less than or equal to 90%, any of the following options are permitted: <ul style="list-style-type: none"> Full Interior Appraisal (1004/1025/1073)* Piggyback First Lien Appraisal (review the requirements below) Loans with CLTV greater than 90%, the following options are permitted: <ul style="list-style-type: none"> Full Interior Appraisal (1004/1025/1073)* Piggyback First Lien Appraisal (review the requirements below) <p>* 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.</p> <p>Please refer to the AVM guideline for additional eligibility information</p> <p>A 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.</p> <ul style="list-style-type: none"> First Lien Appraisal (Piggyback Only) - Recertification is acceptable when the following requirements are met: <ul style="list-style-type: none"> 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 first lien 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 to validate any use of a first lien appraisal <p>** For Piggyback transactions using a first lien appraisal, a PCI is only required if the appraisal was completed more than 90 days ago</p>

	<ul style="list-style-type: none"> 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 When using a Full Interior or an Exterior Drive-By appraisal, the following requirements must be met: <ul style="list-style-type: none"> Minimum Q5 quality rating Minimum C5 condition rating Shows As Is Cost to cure cannot exceed the lower of \$2,000 or 2% of the appraisal value
Value Seasoning	<ul style="list-style-type: none"> 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	<ul style="list-style-type: none"> Owner Occupied and 2nd Home- None Investment Properties- 6 months ownership is required Inherited Properties- 6 months ownership is required
Eligible Property Types	<ul style="list-style-type: none"> Single Family PUD's Modular homes (as defined by Fannie Mae) Condominiums 1-4 Unit Properties
Ineligible Property Types	<ul style="list-style-type: none"> Cooperatives Condoteles 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 Mixed Use Properties in a flood zone that require flood insurance 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 with more than 1 Accessory Dwelling Unit (ADU)
Condominiums	<ul style="list-style-type: none"> 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
Self-Employed Income	<p>Self-Employed greater than or equal to 5 years</p> <ul style="list-style-type: none"> All pages and schedules of the most recent years personal and business tax returns Most recent years 1040 tax transcripts <p>Self-Employed less than 5 years</p> <ul style="list-style-type: none"> All pages and schedules of the most recent 2 years personal and business federal tax returns Most recent 2 years 1040 tax transcripts
Credit Score	<ul style="list-style-type: none"> Single repository score- The credit score used to qualify will be based on a Experian credit report (version 2) – The lowest of all borrowers' scores must be used When the credit score used to qualify is based on two repository scores – The lowest of all borrowers' scores must be used When the credit score used to qualify is based on three repository scores – The lowest middle score of all borrowers' must be used A credit score must be available; non-traditional credit not permitted
Tradeline Requirements	<p>The credit report must show ONE of the following:</p> <ul style="list-style-type: none"> Minimum of 3 tradelines regardless of the timeline with at least 1 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
Significant Derogatory Credit	<ul style="list-style-type: none"> Measured from the Disbursement Date Period of time that must elapse prior to loan eligibility is as follows: <ul style="list-style-type: none"> Foreclosure - 7 years Charge-Off of a Mortgage Account, Deed-in Lieu, Pre-foreclosure Sale, or Short Sale - 4 years Restructured or Short Payoff of a mortgage secured by a property other than the subject- 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	<ul style="list-style-type: none"> 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. 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 is allowed
Liabilities	<ul style="list-style-type: none"> Paying off debt to qualify is permitted (Paying down debt to qualify is not permitted) Student loans- <ul style="list-style-type: none"> 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: <ul style="list-style-type: none"> 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: <ul style="list-style-type: none"> 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	<ul style="list-style-type: none"> 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 For piggyback transactions: <ul style="list-style-type: none"> Title insurance, Wire Instructions, and CPL are required for the Spring EQ proposed loan
Title Restrictions	<ul style="list-style-type: none"> Properties titled in Irrevocable Trusts are not permitted Properties titled in Land Trusts are not permitted 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 Borrowers	<ul style="list-style-type: none"> 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 Power of Attorney 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
Prepayment Penalty	<ul style="list-style-type: none"> Not permitted
Escrows	<ul style="list-style-type: none"> Not required
Piggyback Additional Requirements	<ul style="list-style-type: none"> 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 from 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
Disaster Policy	<ul style="list-style-type: none"> 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. <p>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:</p> <ul style="list-style-type: none"> 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.
Age of Documents	<ul style="list-style-type: none"> Expiration Dates are based on the Note Date of the Loan: <ul style="list-style-type: none"> Credit Report – 60 Days Income documents – 60 Days Asset documents – 60 Days Collateral – 90 Days Title – 90 Days Appraisal – 90 Days <ul style="list-style-type: none"> Full Interior Appraisal greater than 90 Days- A Desktop Review or a 1004D is acceptable to recertify the value