

Equity Access

Primary Residence - Purchase and Refinance				
Property Type	SFR / PUD / Condos / Townhomes / 2 Units			
Max Combined Liens*	Max CLTV	Minimum FICO	Max HELOC	Prime** +
\$1,250,000	89.99%	700	\$350,000 (89.99 CLTV) \$500,000 (85% CLTV)	1.49%
	80.00%			.99%
	70.00%			.49%
	85.00%	680		1.74%
	80.00%			1.24%
	70.00%			.74%
\$2,000,000	89.99%	730		1.49%
	80.00%			.99%
	70.00%			.49%
Second Home – Purchase and Refinance				
Property Type	SFR / PUD / Condos / Townhomes			
Max Combined Liens*	Max CLTV	Minimum FICO	Max HELOC	Prime** +
\$1,275,000	85.00%	730	\$250,000	1.49%
	80.00%			.99%
	70.00%			.49%
Additional Considerations:				
* Maximum combined liens: total combined 1 st mortgage and 2 nd HELOC exposure against subject property				
** Start rate = current Prime rate + margin percentage listed in the above Prime+ column				
<ul style="list-style-type: none"> Equity Access HELOC program must close simultaneously with a loanDepot Wholesale (LDW) 1st mortgage (see specific 1st mortgage guidelines for acceptability) Investor allows 1 Equity Access program per borrower only Note: Must use the most restrictive of LDW 1st TD guidelines 				

Equity Access

Minimum HELOC Amount	<ul style="list-style-type: none"> • \$5,000
Geographic Restrictions	<ul style="list-style-type: none"> • The following states are not eligible: Alabama, Alaska, Hawaii, Louisiana, Mississippi, Oklahoma, Texas and West Virginia
Age of Documentation	<ul style="list-style-type: none"> • Credit and Income: 90 days from application to closing • Appraisal: 120 days
Eligible Terms	<ul style="list-style-type: none"> • 30 Year HELOC Term: 18% Life cap <ul style="list-style-type: none"> ○ Draw Period – Interest only payments over 10 year draw period (Years 1-10) ○ Repayment Period – Payments amortized over remaining term (Years 11-30) • Annual Fee: \$75 annual maintenance fee collected with first statement • No Early Termination fee or prepayment penalty • Borrower can choose a full, partial, or zero draw • Origination/Settlement charge: \$295 investor origination charge and any applicable third party settlement charges from net wire
Eligible / Ineligible Property Types	<ul style="list-style-type: none"> • SFR / PUD • Condos • Townhomes • 2 Units <p>Ineligible:</p> <ul style="list-style-type: none"> • 3-4 Units • Leasehold • Dome/Earth-Berm/Log • Co-ops • Agricultural zoned • Rentals/Investment • Vacant land • Deed Restricted
Borrower Eligibility	<ul style="list-style-type: none"> • U.S. Citizens • Permanent Resident Alien • Non-Permanent Residents <ul style="list-style-type: none"> ○ Must live and work in U.S., ○ Provide machine readable Immigrant Visa, ○ Copy of unexpired foreign passport, and ○ I-94 or I-797A form <p>Ineligible:</p> <ul style="list-style-type: none"> • Foreign National • Non-occupant borrower(s)

Equity Access

<p>Qualifying Ratios</p>	<ul style="list-style-type: none"> • Max 45% DTI ratios – no exceptions • Qualifying Rates/payments: <ul style="list-style-type: none"> ▪ Fully amortized over 30 year term (P&I) HELOC payment using start rate, plus ▪ Payment shock factor (HELOC line amount x .0018) <p>Note: Start rate is calculated using current Prime rate + margin percentage in the above Prime+ column based on CLTV. Investor HELOC worksheet must be completed.</p>
<p>Assets</p>	<ul style="list-style-type: none"> • No bank or asset statements required, unless documenting income. • No documentation required for source of down payment • Gift of equity allowed • Gifts allowed – full gift with no borrower contribution; no documentations required • List all assets on 1003 • No reserve requirements
<p>Credit</p>	<ul style="list-style-type: none"> • The primary wage earner (borrower with most income) must meet minimum score requirement. Note: If the 1st mortgage excluded the lower wage earner’s income from qualifying due to score, that individual’s income can be added into qualifying for the HELOC as long as that he/she is on title for the first. • Minimum 2 FICO scores are required. Note: Investor re-pulls credit on every file submission (see Notice & Authorization Concerning Your Loan Application disclosure). Investor uses their credit report and Broker/LDW credit report for analysis/new debts. There is a 40 point threshold for the FICO requirement (i.e. minimum requirement 700, new credit pulled 660 – ok to proceed; if FICO drops > 40 point, loan is ineligible). • Minimum Credit Trade Lines: <ul style="list-style-type: none"> ○ Minimum 3 trade lines combined between all borrower(s) with one trade line seasoned 3 years ○ Accounts can be open or closed ○ No installment debt or VOR required ○ No trade line activity rule ○ Authorized user account(s) do not qualify as a trade line • Housing payment history/VOM: LOE required for mortgage lates in recent 12 months <ul style="list-style-type: none"> ○ Must verify and qualify with fully amortized (PITIA) payments <ul style="list-style-type: none"> ▪ Interest only non-subject 1st mortgages must be qualified P&I the balance at current rate over 30 years ▪ Mortgage statement or Note required to disclose the balance and rate • Waiting periods for the following delinquency events as follows: <ul style="list-style-type: none"> ○ BK: No bankruptcy filing in the past 7 years – all BK chapters ○ Foreclosure, deed-in-lieu, short sale or any real estate transaction settled for less than full balance ≥ 5 years ○ Loan modification with any principal forgiven > 5 years – need LOE and a copy of the modification agreement • Disputed accounts requires proof of resolution • Collections, judgment and tax liens must be paid off: <ul style="list-style-type: none"> ○ Smaller collections or medical collections requires LOE from borrower addressing why not want them to be paid

Equity Access

	<ul style="list-style-type: none"> ○ Larger collections requires to be paid off unless there is some extenuating circumstance ● IRS unpaid taxes due (not a lien) in a IRS payment plan acceptable with supporting documentation and include payment into DTI ratio ● Pay off debts with the HELOC proceeds at closing – not required to close accounts ● 30 day revolving accounts (no payment on credit report) – calculate 4% of balance ● Installment debt (non-real estate) excluded with 6 or less payments remaining ● Student loans in deferment and no payment listed on the credit report, use 1% of the balance for each loan or provide an estimated payment from the creditor’s calculator Payment from an Income Based Repayment Plan allowed ● 401K loans exclude from DTI. Provide a 401K Statement to show account balance exceeds 401K loan ● Co-signed debt: <ul style="list-style-type: none"> ○ Non-mortgage - if credit bureau specifically labels as “co-signer”, can exclude debt as long as no lates in the previous 24 months. If it is not labeled as cosigned, need supporting documentation from creditor to validate borrower is a cosigner ○ Mortgage – can only exclude if the borrower is not on title (can do quit claim prior to final approval) and document another makes payments with 12 months cancelled checks; must include co-signed mortgage into DTI if any late payments in the past 24 months ● Real estate owned by a business: borrower owns < 25% business, will not include in DTI; borrower owns ≥ 25% business, use rental income to offset PITIA (positive cash flow use as income); provide mortgage/tax/insurance statement(s) or Sched E of tax returns to document real estate taxes and property insurance for each property ● Business debts can only exclude if truly used for business purposes. Need 6 months proof business pays and if ownership > 50%, requires LOE how the debts are used for business purposes ● A filed marriage separation agreement or divorce decree must be provided to document and exclude debt that has been assigned to an ex-spouse
<p>Departing Residence</p>	<ul style="list-style-type: none"> ● Departing residence converting to rental requirements: <ul style="list-style-type: none"> ○ Provide a 12 month lease and proof a security check has been deposited, ○ Apply 75% of gross rent to offset PITIA (positive rents can use as income), ○ No departing property equity requirement, and ○ No prior landlord experience required ● Housing debt when departing residence is under contract: <ul style="list-style-type: none"> ○ Include PITIA if departing transaction is not closed or closing simultaneously ● Departing properties can be excluded if sold by closing with the following: <ul style="list-style-type: none"> ○ A listing showing pending sale, ○ Executed purchase contract or estimated settlement statement, ○ Final approval will require the settlement statement/selling disclosure for the departing property with a closing date listed
<p>Maximum Properties</p>	<ul style="list-style-type: none"> ● Maximum of 10 properties either financed or free and clear properties

Equity Access

<p>Title Requirements</p>	<ul style="list-style-type: none"> • Uses title from LDW 1st mortgage • Junior title insurance or Flag policy needed if the HELOC is greater than \$250,000 • Title insurance required if there will be a 3rd lien to ensure this Equity Access program/investor is in 2nd lien position
<p>Income</p>	<ul style="list-style-type: none"> • Wage earners: Tax returns and transcripts are not required for W-2 employees <ul style="list-style-type: none"> ○ Most recent paystubs with YTD income within 90 days of closing ○ Prior year W-2 or year-end paystub • Borrower(s) working only 9 – 11 month of the year, income must be annualized • Declining Income: Income declining by more than 20%, use lower income • Average all variable income (shift differentials, overtime, auto allowance, housing allowance, or commission income) over 2 years. However, if current period/YTD is declining by more than 20% use the lower income • Bonus Income: WVOE required to verify when bonuses are paid and income likely to continue; average over 24 months unless there is YTD bonus in which case average prior year + YTD based on frequency of bonus payout (ex: Quarterly, semi-annually, annually) • Two years tax returns required for seasonal/temp workers and wages from Tips • Borrower on leave: <ul style="list-style-type: none"> ○ If borrower will return to work prior to the HELOC 1st payment is due (23rd of month following funding), can use the final prior to leave paystub to calculate full-time base income, ○ If borrower <i>will not</i> return to work prior to the HELOC 1st payment is due, qualify using income received prior to temporary leave and any income received to date, including leave pay, ○ Borrower must provide written confirmation of intent to return to work, and ○ Employer must provide documentation evidencing date of return to work • Self-Employed Borrowers: <ul style="list-style-type: none"> ○ 2 year self-employment history required, ○ Document with recent two years tax returns (personal and corporate, if applicable). Investor will follow first mortgage DU/LPA approval for one year tax returns, if applicable, ○ A stamped or E Filed return is acceptable, ○ No transcripts required, ○ If S/E borrower pays his/herself wages, average wages over recent 2 years. Also require recent YTD paystub; if no YTD wages yet, provide LOE explaining reason on why no W-2 wages taken yet • K-1 Income: <ul style="list-style-type: none"> ○ If borrower is 25% owner of business or 25% owner with the co-borrower (spouse), can use ordinary business income adding back depreciation, distributions, items affecting shareholder basis, guaranteed payments and W-2 wages through the business ○ If borrower < 25% owner, cannot use the ordinary business income and cannot add back depreciation (generally box 1 of K1s that carries over to Sched E). This also applies to S Corp and C Corp. The distributions, items affecting shareholder basis, guaranteed payments and W-2 wages are allowed

Equity Access

Income cont'd

- Miscellaneous:
 - Only child support, foster care, and social security non-taxable income(s) can gross up by 25%; requires most recent tax returns to determine tax/non-tax portion; 3 year's continuance required
 - Do not deduct 2106 expenses from income
- Rental income:
 - Positive cash flow can be used as income. Subtract net rental income (75% of 12-month lease or Sched. E with standard add-backs) from the rental PITIA,
 - Negative cash flow must include in DTI
 - Using a lease requires proof of minimum 1 month rent received in past 60 days (cancelled check, property management statement, etc.)
 - If a rental or second home has an I/O first mortgage, document and qualify using fully amortized PITIA payment,
 - Use 1040s schedule E or 12 month lease, and
 - If rental is owned free and clear, rental income must be on a schedule E
 - Rental properties owned through a business must provide mortgage statements on all applicable properties. If properties through an S Corp:
 - Ownership < 25%, ignore business properties including business loss
 - Ownership ≥ 25%, need mortgage/tax/HOI statements to validate and offset mortgage debt same way as personal property through Sched E
- Employment history and gap:
 - One year job history required for W-2 employees; can include education
 - Work history does not have to be continuous,
 - Signed and dated LOE is required for employment gap(s) > 30 days
- IRA Depletion: 70% of account balance with 3 years continuance; provide letter from Financial Institution stating amount of monthly distribution and date of first distribution if newly established or recently changed
- Retirement Account Distribution:
 - Borrower can establish a monthly distribution or increase an existing distribution;
 - Provide written document from Financial Institution or proof distribution was received from a bank or brokerage account statement;
 - 70% of account(s) must support distribution for a minimum of 3 years
- A filed marriage separation agreement or divorce decree must be provided to document alimony or child support income:
 - Proof of recent 3 months of receiving income (bank statements, cancelled checks), and
 - Document 3 years continuance required

Equity Access

<p>Appraisal Requirements</p>	<ul style="list-style-type: none"> • Uses full appraisal from LDW 1st mortgage – PIWs/AVMs/Drive-by are not allowed <ul style="list-style-type: none"> ○ Must be < 120 days when submitted to investor and ○ Must be < 150 days old at closing ○ Re-certification of value not allowed • Desk Review – orders by the investor to validate the original appraisal (will not accept rebuttal for higher value). If desk review supports value: <ul style="list-style-type: none"> ○ No seasoning requirement to use current market value, including flips ○ No restriction on unpermitted improvements • Ineligible condition C-5 properties. Properties needing significant work not eligible • Property “off the market one day” allowed – remove from MLS • Legal Non-Conforming zoning allowed • Rural properties acceptable • Transferred appraisal is allowed; requires a transfer letter and an A.I.R. letter
<p>Condo Requirement</p>	<ul style="list-style-type: none"> • None
<p>Maximum Acreage</p>	<ul style="list-style-type: none"> • Max 10 acres in all states
<p>Transaction Types</p>	<ul style="list-style-type: none"> • Investor Prior Approval is required • Non-arm’s length transactions allowed • Escrow Holdbacks (investor case by case) <p>Ineligible:</p> <ul style="list-style-type: none"> • Interest Only 1st mortgage • Sweat Equity • Texas 50(a)(6) loans • Mobile/Manufactured Homes • HomeStyle Renovation loans • No MCC • No Temporary Buydowns • NDC
<p>Miscellaneous</p>	<ul style="list-style-type: none"> • HELOCs are not subject to TRID: No LE/CD • Investor requires the Notice Right to Cancel (NRTC) on all transactions (Purchase money funds not applicable to the 3 day rescission but the form is still required to be signed • Investor sends the HELOC disclosure to the borrower(s) upon receipt of LDW submission • Investor requires LOE’s to be signed, docu-signed or an email from the borrower in lieu of a signed LOE. The LOE cannot be signed at the closing table

7.12.18