

Introduction to the HELOC Product

Offered in Partnership with TCF Bank



- Benefits of a HELOC:
 - Avoid mortgage insurance and mandatory impounds on REMN Wholesale first mortgage when doing HELOC concurrently
 - Better interest rate on the first due to lower LTV
 - HELOC funds may be used to consolidate debt and/or pay off existing liens
 - Provides borrower with additional funds for home improvement, future investments or just a safety net for borrowers with limited savings

- REMN Wholesale is partnering with TCF Bank to offer a HELOC product that will close simultaneously with the first mortgage on conventional (Fannie Mae/Freddie Mac) transactions. The HELOC allows you to:
 - Exceed both conforming and high balance county limits without doing a Jumbo loan
 - Avoid mortgage insurance on CLTVs greater than 80%
- REMN Wholesale will facilitate both the first and the second
- HELOCs are consumer loans and are **not** subject to TRID. An LE and CD are not required. TCF will issue required HELOC disclosures to the borrower(s)
- Minimum HELOC amount is \$25,000
- Maximum HELOC amount:
 - 85.01% to 89.99% CLTV: \$350,000
 - 85% CLTV and Less: \$500,000 (second home max \$250,000)

- Eligible on primary residence and second homes
 - 1-2 unit primary residence with max CLTV 89.99%
 - 1-unit second home with max CLTV 85%
- Eligible with purchase, rate/term and cash-out first transactions
- Maximum DTI 38%/45%, **no exceptions**
 - ➤ Borrower is qualified using the HELOC start rate plus a payment shock factor of .0018 (HELOC amount multiplied by .0018)
- REMN Wholesale first mortgage underwriting fee with TCF HELOC = \$1195
- No additional title insurance required for HELOC \leq \$250,000; $>$ \$250,000 requires a Jr. Lien or Flag policy. A full title insurance policy for HELOC amount is required if third lien to ensure TCF second lien position

- Full appraisal from first is acceptable subject to TCF Desk Review
- The credit report must be ≤ 80 days old at the time REMN Wholesale submits the HELOC to TCF
- 30 year HELOC term:
 - Draw Period: Years 1-10 with interest-only payments on any draws
 - Repayment Period: Years 11-30 with principal and interest payment amortized over the remaining term
- TCF origination fee: \$295 (deducted from HELOC at close)
- TCF annual maintenance fee: \$75 (collected with 1st TCF statement)
- Pricing is the current prime rate plus margin. Margin determined by CLTV, combined loan amount, and credit score; refer to the HELOC program guidelines for details

- Eligible in all states with the exception of:
 - Alabama,
 - Alaska,
 - Hawaii,
 - Louisiana,
 - Mississippi,
 - Oklahoma,
 - Texas,
 - West Virginia

HELOC Overview (cont.)



■ Summary of Combined Loan Amount and Credit Score Requirements

1-2 Unit Primary Residence First Lien Purchase and Rate/term or Cash-out Refinance Transactions				
CLTV	Maximum Combined Loan Amount (First and HELOC)	Maximum HELOC Amount ¹	Credit Score	Prime Rate Plus Below Margin ²
85.01% - 89.99%	\$750,000	\$350,000	700	1.99%
80.01% - 85%	\$750,000	\$500,000	700	1.99%
70.01% - 80%	\$750,000	\$500,000	700	1.49%
70% and lower	\$750,000	\$500,000	700	.99%
85.01% - 89.99%	\$1,500,000	\$350,000	730	1.99%
80.01% - 85%	\$1,500,000	\$500,000	730	1.99%
70.01% - 80%	\$1,500,000	\$500,000	730	1.49%
70% and lower	\$1,500,000	\$500,000	730	.99%
1-Unit Second Home First Lien Purchase and Rate/term or Cash-out Refinance Transactions				
CLTV	Maximum Combined Loan Amount (First and HELOC)	Maximum HELOC Amount ¹	Credit Score	Prime Rate Plus Below Margin ²
80.01% - 85%	\$1,275,000	\$250,000	730	1.99%
70.01% - 80%	\$1,275,000	\$250,000	730	1.49%
70% and lower	\$1,275,000	\$250,000	730	.99%

- U.S. citizens
- Permanent resident aliens with unexpired green card
- Non-permanent resident aliens with:
 - Unexpired passport,
 - Unexpired eligible work visa (refer to REMN Wholesale guidelines for REMN Wholesale eligible visa types), and
 - I-94 Form

NOTE: Non-occupant co-borrowers are **ineligible**

- Only the primary borrower (the borrower with the highest income) must meet the minimum credit score requirement detailed on slide 6
NOTE: There is **no** minimum credit score requirement for the lower wage earner(s)
- Minimum 3 tradelines (total/combined for all borrowers):
 - One tradeline must be seasoned a minimum of 3 years
 - Tradelines may be open or closed
 - Installment account **not** required
 - Authorized user accounts do **not** qualify as tradeline

- **Bankruptcy**
 - No BK filing in previous 8 years (measured from filing date)
- **Foreclosure/Short Sale/Deed-in-Lieu**
 - 5-year seasoning required. Includes any real estate transaction settled for less than owed including a loan modification with principal reduction/forgiveness

- **Installment Debt**

- May be excluded from the DTI calculation when the account has ≤ 6 payments remaining excluding lease payments; lease payments included regardless of number of payments remaining

- **Student Loans**

- The payment listed on the credit report is used. If not on credit report/payment deferred then 1% of loan amount for each student loan is used. IBR payments are eligible

- **Co-signed Mortgage Debt**

- May be excluded when documentation provided the other party has been making the mortgage payment for a minimum of 6 months and the borrower executes a quit claim if on title to the property

- **Court Ordered Assignment of Debt**

- May be excluded from the DTI calculation if the divorce decree/filed separation agreement assigning the debt to the spouse/ex-spouse

- **Mortgage on Additional Properties**

- If borrower owns additional properties and the mortgage payment is interest-only the borrower will be qualified using the full PITI payment

- **Payoff of Debt**

- Payoff of debt with proceeds from HELOC is eligible for qualifying. Revolving account(s) paid off for qualifying are **not** required to be closed

■ Salaried Borrowers

- 1 year employment required; may be combined with education
- Current paystubs (minimum 2 required) with YTD income
- W-2 for previous year or year-end pay stub

NOTE: If bonus/OT/commission income used to qualify (**regardless of percentage of income**) a written VOE **or** year-end paystub required

■ Self-Employed Borrowers

- 2 year history required; 2 years' tax returns unless DU/LP allow for 1-year on first mortgage

- 2106 expenses not deducted from income
- Non-taxable income is not grossed up
- Rental income is only used to offset the mortgage payment for the rental property; any positive cash flow is not added to the borrower's income
- Bonus income generally averaged over 24 months. A written VOE or year-end paystub (regardless of percentage of income) is required
- Commission/OT is averaged using current YTD and previous year. At TCF discretion 24 months average may be required. A written VOE or yearend paystub (regardless of percentage of income) is required

Refer to the HELOC guidelines posted on the REMN Wholesales website for complete income guidelines

- Single family residence
- Townhomes
 - Condos:
 - Existing projects require 51% owner-occupied;
- New projects 70% of the units sold/closed must be owner-occupied
- 2-units

NOTE: Properties may be on a maximum 10 acres in all states except Arizona; **Arizona maximum of 2 acres**

Submitting the HELOC to REMN Wholesale



- The REMN Wholesale Broker Submission Form has been updated to include the HELOC
 - Complete the applicable HELOC information along with the standard conventional loan information
 - Submit the required HELOC documentation along with the first mortgage required docs
- Brokers must indicate on the REMN Wholesale Broker Submission form that a TCF HELOC is requested

PROPERTY & LOAN INFORMATION			
Subject Street Address			
City, State, Zip			
Value /Purchase Price	/	Property Type	
Base Loan Amount		Loan Purpose	
Interest Rate		Occupancy	
Amortization		Est. Closing Date	
Loan Product Type		Loan Term	
TCF Second Mortgage	<input type="checkbox"/> Yes <input type="checkbox"/> No	PMI/UFMIP/FF options, as applicable	
Escrows Included	<input type="checkbox"/> Yes <input type="checkbox"/> No		
Rate Lock Submitted	<input type="checkbox"/> Yes <input type="checkbox"/> No	Low Middle Fico Score	
If Yes, Reference			

- The REMN Wholesale underwriter will submit the HELOC to TCF once the minimum TCF required documents detailed below have been received/completed:
 - TCF Notice & Authorization Concerning Your Loan Application (TCF form 765) signed by all borrowers
 - TCF HELOC Qualifying Worksheet (TCF form 1017) completed by REMN Underwriting
 - Mortgage statement(s) for any other financed properties owned by the borrower **or** documentation of taxes/insurance paid if not impounded
 - Written VOE **or** year-end paystub for prior year if bonus/commission/OT used for qualifying
 - **New York transactions only:** TCF Pre-Application Disclosure and Fee Agreement (TCF form 1328) signed by all borrowers
 - **Florida transactions only:** TCF Anti-Coercion Insurance Notice (TCF form 1376) signed by all borrowers

- Additional required documents for REMN Wholesale to submit HELOC to TCF:
 - Mortgage statements for any other financed properties owned by the borrower if applicable **or** if taxes/insurance **not** impounded documentation showing amount of taxes/insurance required
 - A written VOE **or** year-end paystub if bonus/commission/OT income is used for qualifying (regardless of percentage of income)

- Upon receipt of the submission package from REMN Wholesale, TCF will mail the following HELOC required disclosures directly to the borrower:
 - Command Credit HELOC Disclosure
 - CFPB HELOC Booklet
 - BSA Disclosure

NOTE: The borrower is **not** required to sign and return disclosures

- REMN Wholesale will work directly with TCF to coordinate the simultaneous closing of the REMN Wholesale first mortgage and the TCF HELOC.
- A complete file flow document is available under the HELOC topic on the Working With Us page of the REMN Wholesale website at:

www.REMNWholesale.com