

## HELOC Program (Program offered in partnership with TCF Bank)

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

**Footnotes:**

1. Minimum HELOC amount is \$25,000
2. The applicable Fannie Mae/Freddie Mac CLTV limits apply when lower than detailed above (e.g. the maximum CLTV on Fannie Mae 1-unit owner-occupied cash-out transaction is 80%; the 80% CLTV limit applies)

**HELOC Overview**

- Exceed conforming and high balance loan limits using a combo loan instead of a Jumbo
- Available with Fannie Mae or Freddie Mac transactions
- The borrower can avoid mortgage insurance and mandatory impounds on the first when doing HELOC concurrently
- Draw period: Years 1-10; interest-only payment required during draw period
- Repayment period: Years 11-30; principal and interest payment amortized over remaining term
- No prepayment penalty

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Topic	Guideline
Required Documents	<ul style="list-style-type: none"> <li><b>TCF Notice and Authorization Concerning Your Loan Application</b> (TCF 765 RLU-WSL) Signed by all borrowers (all states)</li> <li><b>TCF HELOC Qualifying Worksheet</b> (TCF 1017 RLU-WSL). Required for all transactions (all states). Completed by REMN Underwriting</li> <li><b>TCF Pre-Application Disclosure and Fee Agreement</b> (TCF Doc 1328 RLU/H) New York <b>only</b> signed by all borrowers</li> <li><b>TCF Anti-Coercion Insurance Notice</b> (TCF 1376 RLU) Florida <b>only</b> signed by all borrowers</li> <li><b>TCF Net Tangible Benefit Worksheet</b> (TCF Doc 1545 RL) Maryland refinance transactions <b>only</b> signed by all borrowers</li> <li>Mortgage statements for any other financed properties owned by the borrower (if taxes/insurance <b>not</b> impounded documentation showing amount of taxes/insurance paid is required)</li> <li>DU/LP Findings for first mortgage</li> <li>A written VOE <b>or</b> year-end paystub if bonus/commission/OT income is used for qualifying (regardless of percentage received)</li> </ul> <p><b>NOTE:</b></p> <ul style="list-style-type: none"> <li>TCF issues the Command Credit HELOC Disclosure, the CFPB HELOC Booklet and the BSA Disclosure directly to the borrower (<b>not</b> required to be signed/returned)</li> <li>A separate 1003/1008 is <b>not</b> required; the information from the first lien 1003/1008 is used</li> <li>An LE or CD is <b>not</b> issued on HELOCs; HELOCs are consumer loans and not subject to TRID.</li> </ul>
4506-T	Not required
Age of Documents	<ul style="list-style-type: none"> <li>Income documentation cannot be older than the applicable requirement for the first lien product</li> <li><b>The credit report must be ≤ 90 days old at the time REMN submits the HELOC to TCF</b></li> <li>The appraisal cannot be &gt; 120 days old at the time the desk review is ordered by TCF or &gt; 150 days old at closing</li> </ul>
Appraisals	<ul style="list-style-type: none"> <li>A full appraisal on the first lien is required</li> <li>A Desk Review is also required and is ordered by TCF</li> </ul>
Assets	Asset documentation not required
AUS	<ul style="list-style-type: none"> <li>Not required for HELOC</li> <li>AUS Findings from first mortgage required</li> </ul>
Available Markets	<p>All 50 states with the exception of:</p> <ul style="list-style-type: none"> <li>Alabama,</li> <li>Alaska,</li> <li>Hawaii,</li> <li>Louisiana,</li> <li>Mississippi,</li> <li>Oklahoma,</li> <li>Texas,</li> <li>West Virginia</li> </ul> <p>NOTE: Guam, Puerto Rico and the Virgin Islands are also ineligible</p>

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<b>Borrowers – Eligible</b>	<ul style="list-style-type: none"> <li>• U.S citizens,</li> <li>• Permanent resident aliens <ul style="list-style-type: none"> <li>- An unexpired “Green Card” issued by the USCIS. A copy of the front and back required</li> </ul> </li> <li>• Non-permanent resident aliens. <ul style="list-style-type: none"> <li>- The non-permanent resident alien must live and work in the U.S. and provide all of the following: <ul style="list-style-type: none"> <li>- Copy of unexpired passport, <b>and</b></li> <li>- An eligible unexpired visa (refer to REMN <a href="#">Fannie Mae or Freddie Mac</a> guidelines, as applicable, for acceptable visa types), <b>and</b></li> <li>- I-94 Form (Arrival/Departure Record) or I-797A (Notice of Action)</li> </ul> </li> </ul> </li> </ul>
<b>Borrowers – Ineligible</b>	<ul style="list-style-type: none"> <li>• Non-occupant co-borrowers</li> <li>• Borrowers with diplomatic immunity</li> <li>• Foreign Nationals</li> <li>• Borrowers without a social security number</li> <li>• Borrowers previously convicted of mortgage fraud</li> </ul>
<b>Conversion of Primary Residence</b>	<ul style="list-style-type: none"> <li>• If the borrower is converting their current primary residence to an investment property the following is required to use proposed rental income for qualifying: <ul style="list-style-type: none"> <li>- A copy of a 12-month lease agreement, <b>and</b></li> <li>- Documentation the security deposit has been deposited into the borrower’s account, <b>and</b></li> <li>- 75% of the gross rent may be used to offset PITI</li> </ul> </li> </ul> <p>NOTE: No prior landlord experience required and no equity requirement for the departing residence</p>
<b>Credit Report/Scores</b>	<p><b>Credit Score</b></p> <ul style="list-style-type: none"> <li>• <b>Combined loan amounts \$750,000 or less Primary Residence:</b> <ul style="list-style-type: none"> <li>- Minimum credit score is 700</li> </ul> </li> <li>• <b>Combined loan amount of &gt; \$750,000 Primary Residence or Second Home</b> (regardless of loan amount): <ul style="list-style-type: none"> <li>- Minimum credit score is 730</li> </ul> </li> <li>• The primary borrower (the borrower with the highest income) must meet the minimum credit score requirement. <b>There is no minimum credit score for the lower wage earner.</b></li> <li>• The representative credit score is determined as follows: <ul style="list-style-type: none"> <li>- If there are three (3) valid scores, the middle score is used. If two of the three scores are a duplicate, the duplicate score is used.</li> <li>- If there are two (2) valid scores, the lower of the two is used</li> <li>- If there is one (1) valid score, that score is used</li> </ul> </li> </ul> <p><b>Tradelines</b></p> <ul style="list-style-type: none"> <li>• A total of 3 tradelines (between all borrowers) with one seasoned a minimum of 3 years required NOTE: An installment tradeline is <b>not</b> required</li> <li>• Accounts may be opened or closed NOTE: Authorized user accounts do <b>not</b> qualify as a tradeline</li> </ul>

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<b>Current/Departing Residence Pending Sale</b>	If the borrower's departing residence transaction will not close either prior to or concurrently with the new loan the PITIA must be included in the qualifying ratios
<b>Derogatory Credit</b>	<p><b>Bankruptcy</b> No BK filing in previous 7 years (measured from filing date)</p> <p><b>Foreclosure/Short Sale/Deed-in-Lieu</b> 5 year seasoning including any real estate transaction settled for less than owed (including loan modification with principal reduction/forgiveness)</p>
<b>DTI</b>	<ul style="list-style-type: none"> <li>• Maximum 38%/45% DTI; <b>no exceptions</b></li> <li>• The borrower is qualified using the applicable qualifying HELOC start rate amortized over a 30 year term <b>plus</b> a payment shock factor of .0018 (payment shock factor is the HELOC loan amount multiplied by .0018)</li> </ul> <p><b>Example:</b></p> <ul style="list-style-type: none"> <li>• HELOC amount of \$93,342.50.</li> <li>• The 30 year P&amp;I payment with a 5.99% start rate = \$556.26</li> <li>• Payment shock calculation: \$93,342.50 multiplied by .0018 = \$168.02</li> <li>• \$556.26 (P&amp;I payment) <b>plus</b> \$168.02 (payment shock) = \$724.28 used for qualifying</li> </ul> <p>NOTE: 401(k) loans are <b>not</b> included in the DTI calculation. Account statement must be provided to document the account balance is greater than the amount of the loan secured by the account</p>
<b>Employment</b>	<p><b>W-2 Employees</b></p> <ul style="list-style-type: none"> <li>• A one year employment history is required; education may be combined with employment to satisfy the one year requirement</li> <li>• Gaps in employment are acceptable; any gaps greater than 30 days will require a signed and dated letter of explanation from the borrower</li> </ul> <p><b>Self-Employed</b></p> <ul style="list-style-type: none"> <li>• 2-year employment history required</li> </ul>
<b>Fees</b>	<ul style="list-style-type: none"> <li>• \$295 origination fee (deducted from HELOC at closing)</li> <li>• \$75 annual maintenance fee (charged on first statement)</li> <li>• A separate title fee applies when the HELOC is &gt; \$250,000. A Jr. Lien or Flag policy is required. Title insurance is also required when there is a third lien to ensure the HELOC is in second lien position</li> </ul>
<b>Financed Properties</b>	<p>Copies of the mortgage statement for any additional properties owned/financed by the borrower <b>including</b> any properties owned through an LLC in their ownership is <b>≥ 25%</b> are required.</p> <p>NOTE: Documentation of taxes and insurance required if not impounded with the loan.</p>
<b>Flood Insurance</b>	Flood insurance premiums <b>must be paid in full prior to loan documents</b>
<b>Gift Funds</b>	Gift funds are allowed; no minimum borrower contribution required
<b>Gift of Equity</b>	Allowed
<b>HELOC Amount</b>	<p><b>Minimum HELOC Amount – Owner Occupied and Second Home</b></p> <ul style="list-style-type: none"> <li>• Minimum HELOC amount: \$25,000</li> </ul> <p><b>Maximum HELOC Amount</b></p> <ul style="list-style-type: none"> <li>• Owner-Occupied Primary Residence <ul style="list-style-type: none"> <li>- 85.01% - 89.99% CLTV: \$350,000</li> <li>- ≤ 85% CLTV: \$500,000</li> </ul> </li> <li>• Second Home <ul style="list-style-type: none"> <li>- ≤ 85% CLTV: \$250,000</li> </ul> </li> </ul>

### Income

#### 2106 Expenses

2106 expenses are not deducted from income

#### Alimony/Child Support

Eligible subject to:

- A copy of the filed Separation Agreement or Divorce Decreed required
- Three (3) months bank statements or cancelled checks to document receipt
- Documentation indicating a minimum of 3 years continuance must be provided

#### Asset Depletion

Eligible subject to:

- 70% of the borrowers account divided by 360
- Borrower must be eligible to withdraw funds without penalty

#### Bonus Income

Bonus income is generally averaged over 24 months. A written VOE or year-end paystub from prior year (**regardless of percentage of income**) is required

#### Commission/OT/Shift Differentials (Variable Income)

- Income is averaged using current YTD and previous year. A written VOE or year-end paystub from prior year (**regardless of percentage of income**) is required
- If income for current year indicates decline of 20% or more the previous 2 years income will be averaged

#### Borrower on Leave

- If the borrower **is** returning to work prior to the HELOC first payment due date (the 23<sup>rd</sup> of the month after the loan has funded) the borrower's last paystub prior to the leave will be used to calculate the full-time base income for qualifying
- If the borrower **is not** returning to work prior to the HELOC first payment due date the income received prior to the leave and any income received during the leave will be used for qualifying

NOTE: The borrower must provide written confirmation of their intent to return to work and documentation must be provided from the employer that states the borrower's return to work date.

#### Declining Income

If income is declining by more than 20% the lower income is used

#### IRA Depletion

- 70% of the value may be used to determine income stream
- 3-year continuance required.
- If the distribution is newly established or recently changed a letter from the financial institution required that states the amount of the distribution and the date of the first distribution

#### K-1 Income

- If the borrower is 100% owner of the business or 100% owner with the co-borrower the taxable income can be used with depreciation added back.
- If the borrower is less than 100% owner, guaranteed payments, distributions, and items affecting shareholder basis can be used. The taxable income cannot be used.

#### Non-Taxable Income

- TCF will gross up the following forms of non-taxable income by 25%
  - Social Security Income\*\*
  - Child Support
  - Foster Care
- 3-year continuance required.

\*\*Only nontaxable portion of SSI can be grossed up.

#### Offer Letter/Employment Contract

Income is eligible if the start date is within 45 days of loan closing when the income and the employment is commensurate with the borrower's previous position

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<b>Income (cont.)</b>	<p><b>Rental Income</b> Rental income is subject to the following:</p> <ul style="list-style-type: none"> <li>Positive cash flow can be used as income. Subtract rental property PITI/HOA from Net rental income (75% of 12-month lease or Schedule E with standard add-backs). Positive cash flow is added to Income.</li> <li>Negative cash flow is included with revolving and installment debt.</li> <li>Schedule E or 12-month lease required to document rental income</li> <li>Properties owned free and clear the rental income must be on Schedule E</li> <li>Refer to the <a href="#">Mortgage on Additional Properties</a> topic for requirements if there is an interest-only mortgage payment on an investment property. If a rental or second home has an I/O first mortgage, convert it to a PITI payment for.</li> </ul> <p><b>Restricted Stock Units</b></p> <ul style="list-style-type: none"> <li>Requires 2 periods of receipt (i.e. if distributed quarterly would need documentation received in 2 consecutive quarters)</li> <li>Vesting schedule that indicates past and future vesting</li> <li>A copy of a recent investment account statement showing the conversion of some portion of the restricted stock to cash</li> </ul> <p><b>Seasonal Workers and Wages from Tips</b> Two (2) years tax returns required</p> <p><b>Self-Employed Borrower Paid Wages</b> If the self-employed borrower pays themselves wages, the income is averaged over the prior year and the current year YTD income.</p>
<b>Income Documentation</b>	<p><b>Salaried Borrowers</b></p> <ul style="list-style-type: none"> <li>Current paystubs for previous 30 days with YTD income (minimum 2 paystubs required)</li> <li>W-2 for previous year <b>or</b> year-end paystub NOTE: If bonus/OT/commission etc. income used to qualify (<b>regardless of percentage of income</b>) a written VOE <b>or</b> year-end paystub required</li> </ul> <p><b>Self-Employed Borrowers</b></p> <ul style="list-style-type: none"> <li>Two (2) years signed tax returns (personal and business, as applicable) and all schedules required unless one (1) year if allowed by DU/LP</li> </ul>

## TCF Bank HELOC Program

<b>Liabilities</b>	<p><b>Installment Debt</b> May be excluded from DTI calculation when account has ≤ 6 payments remaining excluding lease payments; lease payments must be included in the DTI calculation regardless of the number of payments remaining</p> <p><b>Student Loans</b></p> <ul style="list-style-type: none"> <li>• The payment on the credit report will be used if reported</li> <li>• Payment not reported on credit report or payment is deferred 1% of the balance for each loan will be used</li> <li>• Income based payments are acceptable</li> </ul> <p><b>Co-Signed Mortgage Debt</b></p> <ul style="list-style-type: none"> <li>• Co-signed mortgage debt <b>may be</b> excluded from DTI when: <ul style="list-style-type: none"> <li>- Documentation is provided that another party has been making the mortgage payments for a minimum of 6 months, <b>and</b></li> <li>- The borrower executes a Quit Claim if on title to the property</li> </ul> </li> </ul> <p>NOTE: Co-signed debt <b>may not</b> be excluded if any late payment reported in the previous 24 months</p> <p><b>Payoff of Debt for Qualifying</b> Payoff of debt with proceeds from the HELOC is eligible for qualifying. Revolving accounts paid off to qualify do <b>not</b> need to be closed</p> <p><b>Court Ordered Assignment of Debt</b> A copy of the Divorce Decree or filed Separation Agreement must be provided to document debt that was assigned by the court to the spouse/ex-spouse and to exclude from the DTI calculation</p> <p><b>Mortgage on Additional Properties</b> If the borrower owns additional property, second home or investment, and the mortgage payment(s) are interest-only <b>the borrower will be qualified using the full PITI payment</b></p>
<b>Mortgagee Clause</b>	<p>TCF National Bank Mail Code PCC-2E-I Attn: Escrow Dept. 1405 Xenium Lane Plymouth, MN 55441</p>
<b>Mortgagee Clause – Flood Insurance</b>	<p>TCF National Bank Mail Code PCC-2E-L Attn. Flood Clerk 1405 Xenium Lane Plymouth, MN 55441</p>
<b>Non-Arm’s Length</b>	Eligible subject to REMN Fannie Mae or Freddie Mac matrix requirements (as applicable)
<b>Occupancy</b>	<ul style="list-style-type: none"> <li>• 1-2 unit owner-occupied primary residence</li> <li>• 1-unit second home</li> </ul>
<b>Power of Attorney</b>	Allowed on an exception basis for closing only; cannot be used for the execution of the initial application and disclosures.
<b>Prepayment Penalty</b>	An early termination fee does <b>not</b> apply

## TCF Bank HELOC Program

<b>Product</b>	<ul style="list-style-type: none"> <li>30 year term</li> <li>HELOC rate is current prime rate <b>plus</b> margin below:             <ul style="list-style-type: none"> <li>- CLTV &gt; 80%: 1.99%</li> <li>- CLTV 70.01% - 80%: 1.49%</li> <li>- CLTV 70% and less: 0.99%</li> </ul> </li> <li><b>Draw Period:</b> Years 1-10; interest-only payments required during draw period</li> <li><b>Repayment Period:</b> Years 11-30; principal and interest payments amortized over remaining term of the loan</li> <li><b>Floor:</b> The floor is the <b>greater of</b> 51 bps below the initial start rate <b>or</b> 4.99% unless the initial start rate is less than 4.99% then the floor rate is the initial start rate</li> <li><b>Life Cap:</b> 18%</li> </ul>
<b>Properties – Eligible</b>	<ul style="list-style-type: none"> <li>Single family residence</li> <li>PUDs (attached/detached)</li> <li>Townhomes</li> <li>Condominium (attached/detached)</li> <li>2- unit owner-occupied</li> <li>Maximum 10 acres excluding Arizona; <b>maximum 2 acres in Arizona</b></li> </ul>
<b>Properties – Ineligible</b>	<ul style="list-style-type: none"> <li>3-4 unit properties</li> <li>Investment property</li> <li>AZ properties with &gt; 2 acres</li> <li>Manufactured home</li> <li>Mobile home</li> <li>Leaseholds</li> <li>Dome, earth berm , or log homes</li> <li>Properties zoned for agriculture use</li> <li>Vacant land</li> <li>Property with a condition rating of C-5</li> <li>Commercial property</li> <li>Condominiums &lt; 450 square feet</li> <li>Cooperative projects</li> <li>Non-warrantable condominiums</li> <li>New or newly converted condominium projects in FL without a PERS approval</li> </ul>
<b>Property with an Unpermitted Addition</b>	Allowed subject to applicable first lien guidelines and the desk review supports value



## TCF Bank HELOC Program

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<b>Reserves</b>	Not required
<b>Subordinate Financing – Refinance Transaction</b>	Existing subordinate financing must be resubordinated to third lien position. Refer to the Title Insurance topic below for requirements
<b>Title Insurance</b>	<ul style="list-style-type: none"> <li>Title from the first is acceptable when HELOC amount is ≤ \$250,000</li> <li>A Junior Lien or Flag policy will be required if the HELOC amount is &gt; \$250,000</li> <li>An additional full title policy for the HELOC amount will always be required if there is a third lien to ensure the HELOC remains in second lien position</li> </ul>
<b>Transactions – Ineligible</b>	<ul style="list-style-type: none"> <li>Transactions involving investment property</li> <li>Transactions involving 3-4 units</li> <li>Transactions with a property that has a condition rating of C-5</li> <li>Transactions where the borrower has another open HELOC with TCF; only one TCF HELOC is allowed</li> <li style="background-color: yellow;">• FNMA Homestyle</li> <li style="background-color: yellow;">• Emerging Banker</li> </ul>