

Introduction to the HELOC Product

Offered in Partnership with Symmetry Lending



A division of HomeBridge Financial Services, Inc.

9/6/24

- Benefits of a HELOC:
 - Avoid mortgage insurance and mandatory impounds on Homebridge 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

- Homebridge is partnering with Symmetry Lending to offer a new HELOC product that will close simultaneously with the first mortgage on 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%
- Homebridge 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. Symmetry will issue required HELOC disclosures to the borrower(s)
- Minimum initial draw:
 - All states (excluding AZ, CA, FL, OR, WA): \$25,000
 - AZ, CA, FL, OR, WA: \$50,000

- Maximum HELOC amount:
 - Primary Residence:
 - ✓ CLTV ≤ 80%: \$750,000*
 - ✓ CLTV > 80%: \$500,00
 - *Transactions secured by property located in the state of Maryland, the maximum loan amount is \$500,000 regardless of CLTV
 - Second Home: \$500,000
- Eligible on primary residence and second homes
 - 1-4 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 for a primary residence is 45% (back-end)
- Maximum DTI for a second home is 43% (back-end)
- The HELOC is qualified using the fully drawn line amount at the start rate **plus** 2% amortized over 30 years

- No additional title insurance required for HELOC ≤ \$250,000;
 - > \$250,000 requires a Jr. Lien or Limited title policy.
 - A full title insurance policy for HELOC amount is required if third lien to ensure Symmetry second lien position
- The appraisal from the first is acceptable (full, desktop, or exterior-only) subject to a desk review ordered by Symmetry

NOTE: A full appraisal is required on the following

- The HELOC request is > \$250,000, **OR**
 - An appraisal waiver or ACE was offered and accepted on the first lien transaction
- The appraisal cannot be older than 120 days from date of submission to Symmetry by Homebridge
- Transferred appraisals are eligible, including FHA/VA appraisals

- The credit report must be no older than 120 days old from date of submission to Symmetry by Homebridge
- 30 year HELOC term:
 - Draw Period: 5 year draw period with interest-only payments on any draws
 - Repayment Period: 25 year amortizing repayment period (principal and interest payment)
- Homebridge first mortgage underwriting fee with Symmetry HELOC = \$1295
- Symmetry origination fee: \$450 (excluding New Jersey) deducted from HELOC at close. New Jersey is \$450 application fee
- Symmetry annual maintenance fee: \$150 (excluding Iowa) collected with 1st Symmetry statement. Iowa annual maintenance fee is \$15
- Pricing is the current prime rate plus margin. Margin determined by credit score; refer to slide 8 for details

■ HELOC Eligible States:

The HELOC is available in the following states:

- Alabama
- Alaska
- Arizona
- California
- Colorado
- Connecticut
- Delaware
- Florida
- Georgia
- Idaho
- Iowa
- Illinois
- Indiana
- Kansas
- Kentucky
- Massachusetts
- **Maine**
- Maryland
- Michigan
- Minnesota
- Montana
- North Carolina
- Nebraska
- Nevada
- **New Hampshire**
- New Jersey
- **New Mexico**
- Ohio
- Oklahoma
- Oregon
- Pennsylvania
- South Carolina
- Tennessee
- Utah
- Vermont
- Virginia
- Washington
- Wisconsin
- Wyoming

HELOC Overview (cont.)



- Summary of Combined Loan Amount and Credit Score Requirements

1-4 Unit Primary Residence 1-Unit Second Home Concurrent Close with Fannie Mae/Freddie Mac First Lien Purchase or Refinance				
Occupancy/ Transaction Type	Maximum CLTV	Maximum Combined Loan Amount (First Lien and HELOC) ¹	Minimum Credit Score	Maximum DTI
Primary Residence Purchase & Refinance	89.99%	\$3,000,000	680	45%
Second Home Purchase & Refinance	85%	\$3,000,000	700	43%

HELOC Start Rate				
HCLTV ≤ 89.99%				
	Draw Amount:	\$25,000-\$99,000	\$100,000-\$199,999	≥ \$200,000
Credit Score	740+	Prime + 1.50%	Prime + 0.25%	Prime + 0.00%
	720-739	Prime + 1.50%	Prime + 0.25%	Prime + 0.25%
	700-719	Prime + 1.75%	Prime + 1.50%	Prime + 1.50%
	680-699	Prime + 2.00%	Prime + 1.75%	Prime + 1.75%

Eligible Borrowers



- U.S. citizens
- Non-occupant co-borrowers are eligible when the primary borrower on the transaction has a minimum 720 credit score
- Permanent resident aliens with unexpired green card
- Non-permanent resident alien requirements:
 - Borrower(s) must have a social security number (ITIN **ineligible**)
 - Borrowers must be eligible to earn income in the U.S. (an EAD or Matricula Consular card are **not acceptable** to document borrower's eligibility)
 - A valid, eligible, unexpired visa issued by the USCIS is required. The borrower may be required to verify their ability to travel out of and return to the U.S.

NOTES:

1. DACA status borrower are **not** eligible
 2. Transactions originated in the state of Maryland require at least one borrower to be a U.S. citizen
- **Ineligible** Visa Types: A-3; B-1; B-2; C-3 OPT; F-1; H-1C; I; J-1; K-1; M-1; M-2; O-2; P-1; P-2; P-3; Q-1; Q-2; R-1; U-1; U-2; U-3; U-4; U-5

Partners for the Path Ahead

- Symmetry orders a tri-merged credit report
 - The primary borrower must meet the minimum credit score requirement (middle score is used)

NOTE: Primary borrower is the borrower with the highest income
- Minimum 1 tradeline (total/combined for all borrowers):
 - One open/active tradeline required, **OR**
 - One closed tradeline reporting that was paid as agreed for a minimum of five years

- Fannie Mae or Freddie Mac guidance, as applicable, applies to the following derogatory credit events:
 - Foreclosure,
 - Bankruptcy,
 - Short sale,
 - Deed-in-Lieu

NOTE: No major derogatory credit allowed following any of the above

■ **Installment Debt**

- May be excluded from the DTI calculation when the account has ≤ 10 payments remaining

■ **Revolving Debt**

- Assets may not be used to offset revolving debt
- If the monthly payment is not included on the credit report, 5% of the outstanding balance will be used to determine the monthly payment
- The most recent account statement may be used to validate the account balance and payment if it is lower than the credit report indicates
- Open 30 day charge accounts that do not reflect a monthly payment on the credit report, or 30 day accounts that reflect a monthly payment that is identical to the account balance, Fannie Mae policy applies

- **Alimony Payments**
 - The payment must be deducted from the borrower's monthly income
- **Child Support Payments**
 - The payment must be included in the DTI calculation
- **Accounts with a Modification, Deferment, or Forbearance:**
 - Fannie Mae policy applies to mortgages, HELOCs, installment, or revolving accounts that have been subject to a modification, payment deferral or forbearance plan

- **Salaried Borrowers**

- Fannie Mae/Freddie Mac requirements apply
- A current paystub with YTD income dated no more than 60 days prior to HELOC submission to Symmetry required for wage earner borrowers

- **Self-Employed Borrowers**

- Fannie Mae/Freddie Mac self-employed income calculation policies apply

■ **Declining Income:**

- Generally, income is averaged over 24 months
- If income is declining by >20%, calculation will be based on the most recent 12 months earnings
- If income is declining due to one-time event (e.g. medical leave, etc.) income may be adjusted to exclude that time period subject to Homebridge management review and approval

■ **Rental Income: Eligible subject to:**

- An executed lease agreement with a duration of 12 months or more required, **and**
- Documentation that verifies the deposit of the rent as stated on the lease agreement, into the borrowers account required, **OR**
- If a new lease, documentation the security deposit was deposited into the borrower's account

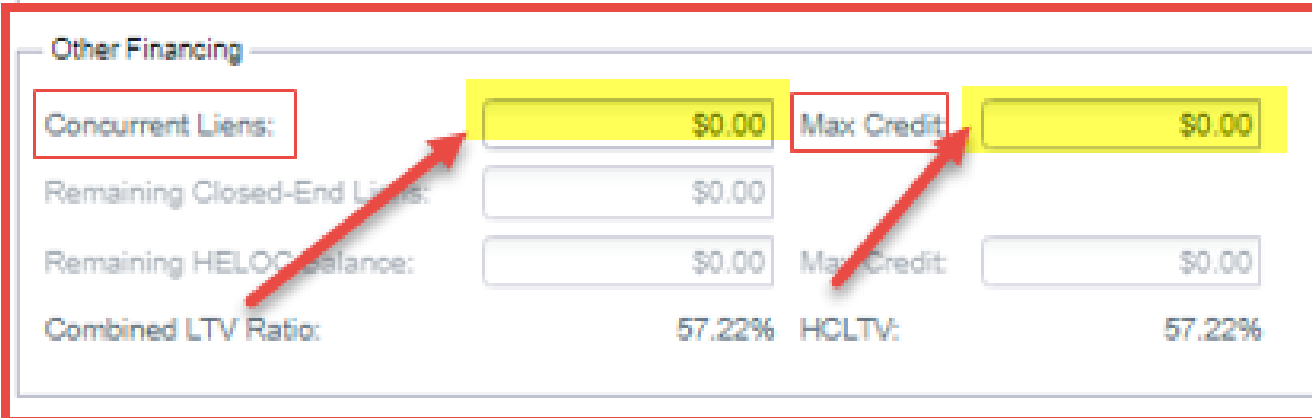
NOTE: FNMA forms 1007 and 1025 or any other rent schedule for rental income calculations **are not acceptable to document rental income**

Eligible Properties



- Single family residence
- PUD
- Condos - Fannie Mae warrantable (condo questionnaire **not** required)
- 2- 4 units
- Manufactured home (double wide and built after 1976)

- The following steps are required when submitting the Fannie Mae/Freddie Mac first lien with a concurrent Symmetry HELOC
 - **STEP ONE:** Identify the HELOC on the Short Application by going to the **Other Financing** section
 - ✓ Input the initial draw amount in the **Concurrent Liens** field, and
 - ✓ Input the high credit amount in the **Max Credit** field



Other Financing			
Concurrent Liens:	\$0.00	Max Credit:	\$0.00
Remaining Closed-End Liens:	\$0.00		
Remaining HELOC balance:	\$0.00	Max Credit:	\$0.00
Combined LTV Ratio:	57.22%	HCLTV:	57.22%

- **STEP TWO:** Identify the Symmetry HELOC on the Liabilities screen of the Full Application. **The fields identified below are required to be input (see next slide for screen shot) Fields with a red asterisk are mandatory; the remaining fields must be completed correctly to avoid AUS issues on the first lien**
- ✓ 1* Debt type Select HELOC from drop down
 - ✓ 2* Name of Creditor: Enter “Symmetry HELOC”
 - ✓ 3* Payment: Enter, as applicable (FNMA/FHLMC qualifies using the draw amount; see example on slide 20)
 - ✓ 4 Outstanding Balance: Enter the initial draw amount
 - ✓ 5 Total Credit Line: Enter the high credit amount of the HELOC
 - ✓ 6 Principal & Interest: Enter the same payment amount as field 3
 - ✓ 7* Handling: Select “Include in Debt Calculations” from the dropdown
 - ✓ 8 Lien Type: Select “Second Mortgage”
 - ✓ 9 Lien Position: Select “2”
 - ✓ 10 Concurrent: Place a checkmark in the box
 - ✓ 11 Associated Property: If subject property is a refinance, concurrent lien must be associated to the subject property

Submitting the HELOC in P.A.T.H. (cont.)

- See previous slide for information correlating to the numbers below

Add Liability

Liability Details | Additional Information | Account History

Liability Type: Revolving Debt/Installment Loans/Mortgages Other Monthly Debts

* Debt Type **1**: HELOC

* Name of Creditor **2**: Symmetry HELOC

Address: _____

Zip, City & State: _____

Account Number: _____

Phone Number: _____ Fax Number: _____

Credit Report Balance: \$0.00

* Payment **3**: \$201.21 Months Remaining: 0

Outstanding Balance **4**: \$29,970.00 * Handling **7**: include In Debt Calculations

Total Credit Line **5**: \$50,000.00

Principal & Interest **6**: \$201.21 Lien Type **8**: Second Mortgage Lien Position **9**: 2 Concurrent **10**

Source/EIN: _____ Payoff Expiration Date: _____

Source of Financing: _____

In House Loan:

Associated Property **11**

PROPERTY	CURRENT VALUE	CURRENT VALUE
2022 1st Street Burbank, CA 91502-1234	\$300,000.00	

HELOC Payment Calculation Example



- When inputting the Symmetry HELOC in conjunction with the FNMA/FHLMC first, the borrower is qualified using the payment on the initial draw amount (**not** the total credit line)

Example:

- Initial draw amount: \$50,000
- Current prime rate (4%) **plus** margin .49% = 4.49%
(margin determined by FICO. In this example the margin for a 720 FICO was used; additional add-ons may apply. Refer to slide 8 for details)
- Symmetry qualification rate: 4.49% + 2% = 6.49%
- Interest-Only Payment: \$195.42 (**based on initial draw**)
- Enter the payment in both the Payment **AND** Principal & Interest fields

Add Liability

Liability Type: Revolving Debt/Installment Loans/Mortgages Other Monthly Debts

* Debt Type: HELOC

* Name of Creditor: Symmetry

Applies To: Ken Customer

Address: _____

Zip, City & State: _____

Account Number: _____

Phone Number: _____ Fax Number: _____

Credit Report Balance: _____

* Payment: \$195.42 Months Remaining: _____

Outstanding Balance: \$50,000.00 * Handling: Include In Debt Calculations

Total Credit Line: \$100,000.00

Principal & Interest: \$195.42 Lien Type: Second Mortgage Lien Position: 2 Concurrent:

Source/EIN: _____ Payoff Expiration Date: _____

Source of Financing: _____

In House Loan:

Associated Property:

Choose... New

- Homebridge will submit the HELOC to Symmetry at the time Homebridge is in receipt of the following:
 - **Symmetry Borrower(s) Certification & Authorization**, signed by all borrowers, **and**
 - Sufficient income and other additional documentation on other REO, if applicable, has been provided in order for Symmetry to make a credit decision

NOTE: The Symmetry Borrower(s) Certification & Authorization can be found on the Homebridge website at www.HomebridgeWholesale.com under Working With Us >> Symmetry HELOC

- Upon receipt of the submission package from Homebridge, Symmetry 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

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

www.HomebridgeWholesale.com