

# HELOAN Guidelines



May 9, 2022

Receiving a complete document package upfront is the key to a one-touch underwrite.  
Contact us at [lending@buttonfinance.com](mailto:lending@buttonfinance.com) to get started.

FICO / CLTV	HELOAN					
FICO / CLTV / Occupancy Limits	FICO	Max CLTV				
	Owner Occupied 1-unit	Owner Occupied 2-units	Owner Occupied 3-4 units	2nd Home	Investment	
	660-679	80%	75%	70%	70%	
	680-699	80%	75%	70%	70%	
	700-759	90%	80%	75%	75%	
	760-779	90%	80%	75%	75%	
	780+	90%	80%	75%	75%	
Maximum CLTV for Piggyback loans is based off first Lien Terms and Conditions						

TERMS AND ELIGIBILITY	HELOAN								
<b>Product Terms</b>	• Fixed Rate. 10, 15, 20, or 30 year. Fully amortizing.								
<b>Loan Amounts</b>	<ul style="list-style-type: none"> <li>• Minimum: \$20,000</li> <li>• Maximum Standalone: \$500,000</li> <li>• Maximum Piggyback: \$500,000</li> </ul>								
<b>Debt to Income (DTI) Limits</b>	FICO / CLTV	Max DTI							
		<= 60	>60-65	>65-70	>70-75	>75-80	>80-85	>85-90	>90-95
	660-679	45%	45%	45%	40%	40%			
	680-699	45%	45%	45%	40%	40%			
	700-759	50%	50%	50%	45%	45%	40%	40%	
	760-779	50%	50%	50%	50%	50%	45%	40%	
780+	50%	50%	50%	50%	50%	45%	45%		
<b>Housing Ratio</b>	N/A								
<b>Occupancy</b>	<ul style="list-style-type: none"> <li>• Owner-Occupied</li> <li>• 2nd Home</li> </ul>								
<b>Income Requirements</b>	• Income calculations must comply with all Appendix Q requirements in the ATR Final Ruling								
<b>Employment / Income Verification</b>	• Must adhere to FNMA requirements								
<b>Short-term Rental Income</b>	<ul style="list-style-type: none"> <li>• Eligible for Purchase, Cash-out and No-Cashout Refis. Capped at 15% of total income.</li> <li>• Must provide: <ul style="list-style-type: none"> <li>• Two years personal tax returns showing Schedule E Part I Rental Income</li> <li>• Two years personal tax return transcripts</li> <li>• Previous two years payout records from source of income (i.e. from AirBnB, VRBO, etc)</li> <li>• Year-To-Date Print out of payout records from source of income</li> </ul> </li> </ul>								
<b>Credit Score</b>	<ul style="list-style-type: none"> <li>• Credit score used will be based upon the middle score from a tri-merge credit report</li> <li>• Non-traditional credit is not eligible for financing</li> </ul>								
<b>Significant Derogatory Credit</b>	<ul style="list-style-type: none"> <li>• Foreclosure – 4 Years</li> <li>• Charge-Off of a Mortgage Account, DIL, Pre-foreclosure Sale, Short Sale or Short Payoff – 5 Years</li> <li>• Modified or Restructured of any mortgage – 1 year</li> <li>• Chapter 7 or 11 Bankruptcy – 4 years from discharge or 4 years from dismissal</li> <li>• Chapter 13 Bankruptcy – 2 years from discharge or 4 years from dismissal</li> <li>• See Button Finance Underwriting Guidelines for Multiple Derogatory Events</li> </ul>								
<b>Trade Lines</b>	<ul style="list-style-type: none"> <li>• Two active tradelines with 24 month history</li> <li>• Active Mortgage/Rental History with 12 months 0x30</li> </ul> OR <ul style="list-style-type: none"> <li>• 3 years of 0x30 mortgage history</li> </ul>								
<b>Appraisal Requirements</b>	<p><b>AVMs permissible when the following conditions have been met, else full (1004) appraisal needed:</b></p> <ul style="list-style-type: none"> <li>• APR does not exceed APOR by 3.5% on a primary residence</li> <li>• Loan Amounts &lt;\$200,000 and AVM CLTV &lt; 90</li> </ul> <p>*NOTE: When an appraisal is &gt;90 days old, loans will be requalified at the lower of the AVM/Appraised Value.</p> <p>Borrower is responsible for paying appraisal fees upfront at the time of order, via the Triserv payment link. See appraisal pricing pdf for fee details.</p>								
<b>Seasoning Period for Appraisals (if appraisal is required)</b>	<ul style="list-style-type: none"> <li>• Ownership 0-6 Months, O/O or 2nd Homes: Use purchase appraisal or new appraisal value</li> <li>• Ownership 0-6 Months, Investment Properties: Use lower of purchase price or appraised value</li> </ul>								

TERMS AND ELIGIBILITY	HELOAN
<b>Title Requirements</b>	<ul style="list-style-type: none"> <li>• Loans &lt;\$250,000 require a title search with Owner and Encumbrance property report with E&amp;O insurance</li> <li>• Full Title Insurance is required on loans that are &gt;/\$250,000</li> <li>• Borrower is responsible for all title insurance costs associated with the transaction</li> </ul>
<b>Reserve Requirements</b>	<b>No Reserves Required</b>
<b>Housing History</b>	<ul style="list-style-type: none"> <li>• Max 0x30 in the last 12 months mortgage payment history is required inclusive of all REO for all borrowers on the transaction</li> <li>• Piggyback FTHB Housing History: 1st lien provider to verify housing history on first-time homebuyer Once the deferment/forbearance period has expired borrower must make 3 timely monthly payments over 3 months.</li> </ul>
<b>Eligible first Liens</b>	<ul style="list-style-type: none"> <li>• Fixed Rate</li> <li>• ARMs with &gt;3 year fixed period from app date; qualified at full note rate (index+margin)</li> <li>• Fully amortizing</li> <li>• Terms up to 30 years</li> <li>• Modified mortgages reporting current for past 12 months</li> <li>• Mortgages must be held in title holder's name</li> </ul>
<b>Ineligible first Liens</b>	<ul style="list-style-type: none"> <li>• Negative Amortization</li> <li>• Interest-Only</li> <li>• Assumed mortgage loans</li> <li>• Prepayment penalties have not expired</li> <li>• Balloon payments</li> <li>• Loans currently in forbearance w/o 3 consecutive monthly payments made</li> <li>• Capitalizations or other non-standard features</li> </ul>

OTHER REQUIREMENTS		HELOAN	
<b>Borrower Age</b>	<ul style="list-style-type: none"> <li>• 18 years or older</li> </ul>		
<b>Citizenship</b>	<ul style="list-style-type: none"> <li>• US Citizens</li> <li>• Permanent Residents</li> <li>• Non-Permanent Residents with valid US H, L, E-1, F-1 with OPT, G or TN visa or EAD card</li> </ul>		
<b>Ineligible Borrowers</b>	<ul style="list-style-type: none"> <li>• LLCs, Corporations, Partnerships</li> <li>• Power of Attorney on Cash-out deals is not perm</li> <li>• Borrower's holding diplomatic immunity</li> <li>• Temporary protected status</li> <li>• Foreign nationals with only ITIN</li> </ul>	<ul style="list-style-type: none"> <li>• Deferred enforced departure</li> <li>• Humanitarian parole</li> <li>• Irrevocable trusts are not permitted</li> <li>• Life Estates</li> <li>• Land Trusts</li> </ul>	
<b>Eligible Property Types</b>	<ul style="list-style-type: none"> <li>• Single Family Residence</li> <li>• Mixed Use Single Family</li> <li>• Condominium</li> <li>• PUDs</li> </ul>	<ul style="list-style-type: none"> <li>• Townhouses</li> <li>• Cooperative with board approval (NYC / DC)</li> <li>• Modular Homes</li> </ul>	
<b>Ineligible Property Types</b>	<ul style="list-style-type: none"> <li>• Condotels</li> <li>• New construction condos</li> <li>• Mobile Homes</li> <li>• Manufactured Homes</li> <li>• Commercial Operations</li> <li>• Geodesic Homes</li> <li>• Properties listed for sale in the last 12 months</li> </ul>	<ul style="list-style-type: none"> <li>• Working farms and ranches</li> <li>• Properties &gt;25 Acres</li> <li>• Timeshares</li> <li>• Leaseholds</li> <li>• Tenants In Common</li> </ul>	
<b>Condominiums</b>	<ul style="list-style-type: none"> <li>• Established projects only</li> <li>• Limited Project Review to be completed by lender</li> <li>• Confirmation of subject property not being a condotel</li> <li>• H06 policy is required</li> </ul>		

OTHER REQUIREMENTS		HELOAN				
	Minimum FICO	Max CLTV				
		Owner Occupied Cash Out	Owner Occupied Purchase & Rate / Term	2nd Home Cash Out	2nd Home Purchase & Rate / Term	Investment
<b>Geographic Restrictions: Texas Loans</b>	660-679	80%	80%	70%	70%	0%
	680-699	80%	80%	70%	70%	0%
	700-759	80%	90%	75%	75%	0%
	760-779	80%	90%	75%	75%	0%
	780+	80%	90%	75%	75%	0%
<i>Owner Occupied 2-4 units, Purchase / Rate and Term - refer to HELOAN Max CLTV limits  Maximum CLTV for Piggyback loans is based off first Lien Terms and Conditions</i>						
<b>Mixed Use</b>	<ul style="list-style-type: none"> <li>• The following special eligibility criteria must be met: <ul style="list-style-type: none"> <li>• The property must be a one-unit dwelling that the borrower occupies as a primary residence or vacation home</li> <li>• The borrower must be both the owner and the operator of the business</li> <li>• The property must be primarily residential in nature</li> <li>• The dwelling may not be modified in a manner that has an adverse impact on its marketability as a residential property</li> <li>• Full appraisal required</li> </ul> </li> </ul>					
<b>Piggyback Additional Requirements</b>	<ul style="list-style-type: none"> <li>• Final closing disclosure from first lien lender to confirm final CLTV and DTI Calculation</li> <li>• Use of existing appraisal from first lien is acceptable subject to collateral review</li> <li>• Agreement of sale on purchase contracts</li> </ul>					
<b>Liabilities</b>	<ul style="list-style-type: none"> <li>• Paying off debt is allowed for qualifying purposes, although debt must be closed at or prior to loan closing</li> <li>• Paying down installment debt is allowed to &lt;=10 Months</li> <li>• Lease payments not be excluded</li> <li>• See Button Finance Underwriting Guidelines for Liabilities and Ratios</li> </ul>					
<b>Solar Panel UCC</b>	<ul style="list-style-type: none"> <li>• Recorded UCCs and liens on title do not impact lien position</li> <li>• Obtain copy of monthly statement unless able to obtain payment from credit report</li> </ul>					
<b>Assumptions</b>	<ul style="list-style-type: none"> <li>• Loans are not assumable</li> </ul>					
<b>Prepayment Penalty</b>	<ul style="list-style-type: none"> <li>• Not permitted</li> </ul>					
<b>Escrows</b>	<ul style="list-style-type: none"> <li>• No escrow</li> </ul>					
<b>Ineligible Transaction Types</b>	<ul style="list-style-type: none"> <li>• Non-arms length transaction</li> </ul>					

DOC REQUIREMENTS	HELOAN
Age of Documents	<p><b>Expiration dates are based upon the note date</b></p> <ul style="list-style-type: none"> <li>• Credit documents (credit, income, and assets) - 120 days</li> <li>• Credit refresh done at final Underwriting Approval, prior to clear to close</li> <li>• Title report - 90 days</li> <li>• Appraisal/AVMs</li> <li>• If appraisal is used, it is good for 180 days</li> <li>• If appraisal is older than 90 days, we will use the lower of AVM and appraisal value</li> <li>• If AVM is used, it is good for 60 days</li> </ul>
Identity	<p><b>Any of:</b></p> <ul style="list-style-type: none"> <li>• Valid state driver's license with photo</li> <li>• Valid state non-driver's license with photo</li> <li>• Valid US passport with photo</li> <li>• Valid international passport with photo</li> <li>• Valid Permanent Resident card with photo</li> <li>• Birth Certificate</li> <li>• Valid Military photo ID</li> <li>• Valid Medicare card</li> <li>• Valid Military dependents photo ID</li> </ul>
Citizenship	<p><b>Any of:</b></p> <ul style="list-style-type: none"> <li>• Valid US passport with photo</li> <li>• Valid Permanent Resident card with photo</li> <li>• Valid international passport with photo (must be accompanied by valid visa)</li> <li>• Valid US H, L, E-1, G or TN visa with photo</li> <li>• Valid Employment Authorization Document (EAD) card with photo</li> </ul>
Social Security Verification	<p><b>Any of:</b></p> <ul style="list-style-type: none"> <li>• Valid Social Security Card</li> <li>• Current Paystub</li> <li>• W-2</li> <li>• Tax transcript</li> </ul>
Income	<p><b>Wage Earners:</b></p> <ul style="list-style-type: none"> <li>• VOIE from The Work Number</li> </ul> <p>OR</p> <ul style="list-style-type: none"> <li>• Paystubs covering most recent 30 days</li> <li>• Borrower provided most recent 2 years W2 Transcripts</li> </ul> <p><b>Self-Employed</b></p> <ul style="list-style-type: none"> <li>• Most recent 2 years 1040s, including all schedules</li> <li>• Borrower provided most recent 2 years 1040 transcripts</li> <li>• Borrower provided most recent 2 years W2 Transcripts</li> <li>• Paystubs covering most recent 30 days</li> <li>• Most recent 2 years business tax returns (25% ownership or more), including all schedules</li> <li>• Unaudited Year-to-date Profit and Loss Statement</li> <li>• Unaudited Year-to-date Balance Sheet</li> </ul>
Mortgage and Collateral	<ul style="list-style-type: none"> <li>• Latest statements for mortgage and / or additional liens on additional real estate owned</li> <li>• AUS DU or LP Findings, if applicable</li> <li>• Latest homeowner's association statement, if applicable</li> <li>• Completed homeowner's association questionnaire, if condo</li> </ul> <p><b>Standalone Transactions</b></p> <ul style="list-style-type: none"> <li>• Latest statements for mortgage and / or additional liens on subject property</li> <li>• Homeowners' and/or flood insurance</li> </ul> <p><b>Piggyback Transactions</b></p> <ul style="list-style-type: none"> <li>• 1003 reflecting the terms of both mortgages</li> <li>• 1008 reflecting the terms of both mortgages</li> <li>• Fully-executed purchase agreement and all addenda</li> <li>• First Mortgage Approval Letter</li> <li>• Appraisal supporting estimated value/purchase price</li> <li>• Title report to be reviewed by Button Finance</li> </ul>