

HELOC Guidelines



May 9, 2022

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

FICO / CLTV		HELOC					
FICO	CLTV	Max CLTV					
		Owner Occupied 1-unit	Owner Occupied 2-units	Owner Occupied 3-4 units	2nd Home 1-unit	Max Loan Standalone	Max Loan Piggyback
600-619		70%	70%	65%	70%	\$50,000	\$50,000
620-639		80%	80%	65%	80%	\$75,000	\$75,000
640-659		85%	85%	65%	85%	\$100,000	\$100,000
660-679		90%	90%	65%	90%	\$200,000	\$200,000
680-719		95%	90%	65%	90%	\$250,000	\$500,000
720+		95%	90%	65%	90%	\$250,000	\$500,000

Maximum CLTV for Piggyback loans is based off first Lien Terms and Conditions

TERMS AND ELIGIBILITY		HELOC							
Product Terms	<ul style="list-style-type: none"> 10yr IO / 20yr repay. Variable Rate, indexed to Prime + Margin. 								
Loan Amounts	<ul style="list-style-type: none"> Minimum: \$20,000 Maximum Standalone: \$250,000 Maximum Piggyback: \$500,000 								
Debt to Income (DTI) Limits	FICO / CLTV	Max DTI							
		<= 60	>60-65	>65-70	>70-75	>75-80	>80-85	>85-90	>90-95
	600-619	45%	45%	45%					
	620-639	45%	45%	45%	45%	45%			
	640-659	45%	45%	45%	45%	45%	43%		
	660-679	45%	45%	45%	45%	45%	43%	43%	
	680-719	45%	45%	45%	45%	45%	43%	43%	43%
	720+	45%	45%	45%	45%	45%	45%	45%	
	DTI for piggyback transactions: Based off of first lien requirements								
Housing Ratio	38%								
Occupancy	<ul style="list-style-type: none"> Owner-Occupied 2nd Home 								
Income Requirements	Income calculations must comply with all Appendix Q requirements in the ATR Final Ruling								
Employment / Income Verification	<ul style="list-style-type: none"> Must adhere to FNMA requirements 								
Short-term Rental Income	<ul style="list-style-type: none"> Not eligible 								
Credit Score	<ul style="list-style-type: none"> Credit score used will be based upon the middle score from a tri-merge credit report Non-traditional credit is not eligible for financing 								
Significant Derogatory Credit	Button follows Fannie Mae guidelines for seasoning requirements however these overlays will apply regardless of the timing of the event: <ul style="list-style-type: none"> Max DTI: 34/38% Max CLTV: 90% FICO: 700 Max Loan Amount: \$200K Minimum Reserves: 12 Months 								
Trade Lines	<ul style="list-style-type: none"> Three tradelines with 12 month history 								
Appraisal Requirements	Loan Amount	Loan Purpose	Occupancy	No of Units	Requirement				
			Primary	1 - 4 Units					
	<= \$100k	Simul Purchase Simul Refinance Standalone	Second Home	1 Unit	AVM				
	> \$100K to \$250K	Simul Purchase Simul Refinance Standalone	Primary	1 Unit	PIW (if applicable) and AVM (supporting PIW value) or Exterior Drive-by or Desktop Appraisal				
			Second Home		Full Appraisal				
> \$250k	Simul Purchase Simul Refinance	Primary	1 - 4 Units	Full Appraisal					
		Second Home	1 Unit	Full Appraisal					
	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.								
Seasoning Period for Appraisals (if appraisal is required)	<ul style="list-style-type: none"> Ownership 0-6 Months, loan amount <= \$100k: Use purchase price Ownership 0-6 Months, loan amount > \$100k: Use lower of purchase price and appraisal value 								

TERMS AND ELIGIBILITY		HELOC				
Title Requirements	<ul style="list-style-type: none"> Loans <\$250,000 require a title search with Owner and Encumbrance property report with E&O insurance Full Title Insurance is required on loans that are >=\$250,000 Borrower is responsible for all title insurance costs associated with the transaction 					
Reserve Requirements	CLTV %	FICO	# Units	Occupancy	Loan Amount	Minimum Reserves
	<= 95%	600+	1 -4 Unit	Primary/Second	<= \$50,000	0 Months
	<= 80%	620-639	1 Unit	Primary	> \$50,000- \$75,000	3 Months
	<= 85%	640-659	1 Unit	Primary	> \$50,000- \$100,000	6 Months
	<= 90%	660-679	1 Unit	Primary	> \$50,000- \$100,000	3 Months
					> \$100,000 - \$200,000	9 Months
	<= 90%	680+	1 Unit	Primary	<= \$100,000	0 Months
					> \$100,000 - \$250,000	6 months
					> \$250,000 - \$500,000	9 months
	> 90%	680+	1 Unit	Primary	> \$50,000 - \$100,000	6 months
					> \$100,000 - \$250,000	9 months
					> \$250,000 - \$500,000	12months
Non-Permanent Resident			add three (3) months additional reserves			
Second Home			add three (3) months additional reserves			
3-4 Unit			add six (6) months additional reserves			
Housing History	<ul style="list-style-type: none"> 0x30 in the last 24 months, if lates occurred in months 25-36, letter of explanation is required 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. 					
Eligible first Liens	<ul style="list-style-type: none"> Fixed Rate ARMs with >3 year fixed period from app date; qualified at full note rate (index+margin) Fully amortizing Terms up to 30 years Modified mortgages reporting current for past 12 months Mortgages must be held in title holder's name 					
Ineligible first Liens	<ul style="list-style-type: none"> Negative Amoritzation Interest-Only Assumed mortgage loans Prepayment penalties have not expired Balloon payments Loans currently in forbearance w/o 3 consecutive monthly payments made Capitalizations or other non-standard features 					

OTHER REQUIREMENTS	HELOC
Borrower Age	<ul style="list-style-type: none"> • 18 years or older
Citizenship	<ul style="list-style-type: none"> • US Citizens • Permanent Residents • Non-Permanent Residents with valid US H, L, E-1, F-1 with OPT, G or TN visa or EAD card • Non-Permanent Residents: Must meet the following overlays: <ul style="list-style-type: none"> • Maximum CLTV: 80% • Primary Residence Only • Minimum FICO: 680 • Maximum Loan Amount: \$150K • Minimum Reserves: refer to the asset matrix below. Additional 3 months reserves must be added to the standard reserve requirement • Credit History: No prior Foreclosure, Bankruptcy, Deed-in-Lieu, PreForeclosure/Short Sale, Modification, Forbearance, No Mortgage Lates
Ineligible Borrowers	<ul style="list-style-type: none"> • LLCs, Corporations, Partnerships • Power of Attorney on Cash-out deals is not permitted • Borrower's holding diplomatic immunity • Temporary protected status • Land Trusts • Foreign nationals with only ITIN • Single Army • Deferred enforced departure • Humanitarian parole • Irrevocable trusts are not permitted • Non-Occupant Borrower • Life Estates
Eligible Property Types	<ul style="list-style-type: none"> • Single Family • Condominium • PUDs
Ineligible Property Types	<ul style="list-style-type: none"> • Condotels • New construction condos • Mobile Homes • Manufactured Homes • Commercial Operations • Geodesic Homes • Properties listed for sale in the last 12 months • Working farms and ranches • Properties >25 Acres • Timeshares • Leaseholds • Tenants In Common • Cooperatives
Condominimums	<ul style="list-style-type: none"> • Max CLTV 90% • Established projects only • Limited Project Review to be completed by lender • Confirmation of subject property not being a condotel • H06 policy is required

OTHER REQUIREMENTS	HELOC
Geographic Restrictions: Texas Loans	HELOCs are not available in Texas
Mixed Use	Mixed Use Properties not allowed
Piggyback Additional Requirements	<ul style="list-style-type: none"> • Final closing disclosure from first lien lender to confirm final CLTV and DTI Calculation • Use of existing appraisal from first lien is acceptable subject to collateral review • Agreement of sale on purchase contracts
Liabilities	<ul style="list-style-type: none"> • Payoff / Paydown of debt is not Permitted if CLTV > 90 • Paying off debt is allowed for qualifying purposes, although debt must be closed at or prior to loan closing • Paying down installment debt is allowed to <math>\leq 10</math> Months • Lease payments not be excluded • See Button Finance Underwriting Guidelines for Liabilities and Ratios
Solar Panel UCC	<ul style="list-style-type: none"> • Recorded UCCs and liens on title do not impact lien position • Obtain copy of monthly statement unless able to obtain payment from credit report
Assumptions	<ul style="list-style-type: none"> • Loans are not assumable
Prepayment Penalty	<ul style="list-style-type: none"> • Not permitted
Escrows	<ul style="list-style-type: none"> • No escrow
Ineligible Transaction Types	<ul style="list-style-type: none"> • Non-arms length transaction

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