

HELOAN Guidelines



August 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		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	90%	80%	75%	75%	
	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								
Product Terms	<ul style="list-style-type: none"> Fixed Rate. 10, 15, 20, or 30 year. Fully amortizing. 									
Loan Amounts	<ul style="list-style-type: none"> Minimum: \$50,000 Maximum Standalone: \$350,000 Maximum Piggyback: \$350,000 									
Debt to Income (DTI) Limits	FICO / CLTV	Max DTI								
		<= 60	>60-65	>65-70	>70-75	>75-80	>80-85	>85-90	>90-95	
	660-679	45%	45%	45%	45%	45%				
	680-699	45%	45%	45%	45%	45%	43%	43%		
	700-759	50%	50%	50%	50%	45%	45%	45%		
	760-779	50%	50%	50%	50%	50%	45%	45%		
	780+	50%	50%	50%	50%	50%	45%	45%		
Housing Ratio	N/A									
Occupancy	<ul style="list-style-type: none"> Owner-Occupied 2nd Home 									
Income Requirements	<ul style="list-style-type: none"> 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"> Eligible for Purchase, Cash-out and No-Cashout Refis. Capped at 15% of total income. Must provide: <ul style="list-style-type: none"> Two years personal tax returns showing Schedule E Part I Rental Income Two years personal tax return transcripts Previous two years payout records from source of income (i.e. from AirBnB, VRBO, etc) Year-To-Date Print out of payout records from source of income 									
Credit Score	<ul style="list-style-type: none"> Credit score used will be based upon the middle score from a tri-merge credit report Credit scores must be available from at least 2 credit bureaus in case of frozen credit Non-traditional credit is not eligible for financing 									
Significant Derogatory Credit	<ul style="list-style-type: none"> Foreclosure – 4 Years Charge-Off of a Mortgage Account, DIL, Pre-foreclosure Sale, Short Sale or Short Payoff – 5 Years Modified or Restructured of any mortgage – 1 year Chapter 7 or 11 Bankruptcy – 4 years from discharge or 4 years from dismissal Chapter 13 Bankruptcy – 2 years from discharge or 4 years from dismissal See Button Finance Underwriting Guidelines for Multiple Derogatory Events 									
Trade Lines	<ul style="list-style-type: none"> Two active tradelines with 24 month history Active Mortgage/Rental History with 12 months 0x30 OR <ul style="list-style-type: none"> 3 years of 0x30 mortgage history 									
Appraisal Requirements	<p>AVMs permissible when the following conditions have been met, else full (1004) appraisal needed:</p> <ul style="list-style-type: none"> Loan Amount <=\$200,000 Mortgage CLTV is <= 90 CLTV APR does not exceed APOR by 3.5% on a primary residence <p>*NOTE: When a full appraisal is > 90 days old from the origination date, Button Finance will use the lower of the AVM / Appraised Value</p> <p>Borrowers are able to recertify (1004D) the full appraisal if a recent AVM is lower than the 1004 appraised value</p> <p>If we have both a 1004 and an AVM within 90 days, we will use the 1004/Full Appraisal</p> <p>If a broker pays for an appraisal out of pocket, Button Finance will reimburse the broker at closing</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>									

TERMS AND ELIGIBILITY	HELOAN
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	No Reserves Required
Housing History	<ul style="list-style-type: none"> Max 0x30 in the last 12 months mortgage payment history is required inclusive of all REO for all borrowers on the transaction Piggyback FTHB Housing History; 1st lien provider to verify housing history on first-time homebuyer Continuity of Obligation: Button Finance Inc, requires at least one borrower who is on the Note of the 1st mortgage be on the Button Finance, Inc. loan. Piggyback transactions follow FNMA DU AUS guidance
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 Amortization 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	HELOAN
Borrower Age	<ul style="list-style-type: none"> 18 years or older
Citizenship / Eligible Borrowers	<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-Occupant Co-Borrower Eligible on Owner Occupied Purchase Transactions only
Ineligible Borrowers	<ul style="list-style-type: none"> LLCs, Corporations, Partnerships POA on Cash-out deals is not permitted Borrower's holding diplomatic immunity Temporary protected status Foreign nationals Deferred enforced departure Humanitarian parole Irrevocable trusts are not permitted Life Estates Land Trusts
Eligible Property Types	<ul style="list-style-type: none"> Single Family Residence Mixed Use Single Family Condominium PUDs Townhouses Cooperative with board approval (DC) Modular Homes
Ineligible Property Types	<ul style="list-style-type: none"> Condotels New construction 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
Condominiums	<ul style="list-style-type: none"> 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		HELOAN				
	Minimum FICO	Max CLTV				Investment
		Owner Occupied Cash Out	Owner Occupied Purchase & Rate / Term	2nd Home Cash Out	2nd Home Purchase & Rate / Term	
Geographic Restrictions: Texas Loans	660-679	80%	80%	70%	70%	
	680-699	80%	90%	75%	75%	
	700-759	80%	90%	75%	75%	
	760-779	80%	90%	75%	75%	
	780+	80%	90%	75%	75%	
<i>Owner Occupied 2-4 units, Purchase / Rate and Term - refer to HELOAN Max CLTV limits</i> <i>Maximum CLTV for Piggyback loans is based off first Lien Terms and Conditions</i>						
Mixed Use	<ul style="list-style-type: none"> The following special eligibility criteria must be met: <ul style="list-style-type: none"> The property must be a one-unit dwelling that the borrower occupies as a primary residence or vacation home The borrower must be both the owner and the operator of the business The property must be primarily residential in nature The dwelling may not be modified in a manner that has an adverse impact on its marketability as a residential property Full appraisal required 					
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 Note Mortgage / Deed of Trust 					
Liabilities	<ul style="list-style-type: none"> 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 <=10 Months Lease payments not be excluded Student Loan - 1% of the balance is used to calculate the payment to qualify when no payment is reported 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	HELOAN
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 359 days • If appraisal is older than 90 days but less than 360 days, we will use the lower of AVM and appraisal value • 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 OR • 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