

HELOAN Guidelines



March 24, 2023

Contact us at lending@buttonfinance.com to get started.

FICO / CLTV		HELOAN				
FICO	Max CLTV	Owner Occupied 1-unit	Owner Occupied 2-units	Owner Occupied 3-4 units	2nd Home	Investment
		660-679	70%	70%	70%	70%
680-699	75%	75%	75%	75%	75%	
700-719	80%	80%	80%	80%	80%	
720-739	80%	80%	80%	80%	80%	
740+	85%	85%	85%	85%	85%	

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

TERMS AND ELIGIBILITY		HELOAN								
Product Terms	HELOAN: 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	65	70	75	80	85	90	95	
	<= 60	>60-65	>65-70	>70-75	>75-80	>80-85	>85-90	>90-95		
	660-679	50%	50%	50%	50%					
	680-699	50%	50%	50%	50%					
	700-759	50%	50%	50%	50%	45%	45%			
760-779	50%	50%	50%	50%	50%	45%				
780+	50%	50%	50%	50%	50%	45%				
Housing Ratio	N/A									
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"> 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 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 – 7 Years Charge-Off of a Mortgage Account, DIL, Pre-foreclosure Sale, Short Sale or Short Payoff – 5 Years Modified or Restructured of any mortgage – 4 years 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 <= 85 CLTV Loan is not HPML <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 Borrowers are able to recertify (1004D) the full appraisal if a recent AVM is lower than the 1004 appraised value If we have both a 1004 and an AVM within 90 days, we will use the 1004/Full Appraisal 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 0x30x6, 1x30x24 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: Buton Finance Inc, requires at least one borrower who is on the Note of the 1st mortgage be on the Buton 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 Mortgages must be held in title holder's name
Ineligible first Liens	<ul style="list-style-type: none"> Negative Amortization ARM loans with fixed periods <= 3 years Prepayment penalties Balloon payments Assumed Mortgage Loans Capitalizations or other non-standard features TX 50(a)(6). Texas regulations allow for only one 50(a)(6) loan on a property at a time

OTHER REQUIREMENTS	HELOAN																																				
Borrower Age	• 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 																																				
Ineligible Borrowers	<ul style="list-style-type: none"> Non-Occupant Co-Borrower Eligible on Owner Occupied Purchase Transactions only 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"> Non-warrantable condos Condotels New construction condos Mobile Homes Manufactured Homes Commercial Operations Properties listed for sale in the last 6 months (on cash-outs) Geodomes Working farm with ranch Properties > 10 Acres Timeshares Leaseholds Tenants In Common Property must be worth over \$200,000 																																				
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 																																				
Geographic Restrictions: Texas Loans	Max CLTV																																				
	<table border="1"> <thead> <tr> <th>Minimum FICO</th> <th>Owner Occupied Cash Out</th> <th>Owner Occupied Purchase & Rate / Term</th> <th>2nd Home Cash Out</th> <th>2nd Home Purchase & Rate / Term</th> <th>Investment</th> </tr> </thead> <tbody> <tr> <td>660-679</td> <td>70%</td> <td>70%</td> <td>70%</td> <td>70%</td> <td></td> </tr> <tr> <td>680-699</td> <td>75%</td> <td>75%</td> <td>75%</td> <td>75%</td> <td></td> </tr> <tr> <td>700-719</td> <td>80%</td> <td>80%</td> <td>80%</td> <td>80%</td> <td></td> </tr> <tr> <td>720-739</td> <td>80%</td> <td>80%</td> <td>80%</td> <td>80%</td> <td></td> </tr> <tr> <td>740+</td> <td>80%</td> <td>85%</td> <td>85%</td> <td>85%</td> <td></td> </tr> </tbody> </table>	Minimum FICO	Owner Occupied Cash Out	Owner Occupied Purchase & Rate / Term	2nd Home Cash Out	2nd Home Purchase & Rate / Term	Investment	660-679	70%	70%	70%	70%		680-699	75%	75%	75%	75%		700-719	80%	80%	80%	80%		720-739	80%	80%	80%	80%		740+	80%	85%	85%	85%	
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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 																																				

OTHER REQUIREMENTS	HELOAN
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. VOE within 10 days of closing. • Credit refresh done at final Underwriting Approval, prior to clear to close • Title report - 90 days • Appraisal/AVMs <ul style="list-style-type: none"> • 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