

# Junior Lien Guidelines **GOLD**



May 7, 2024

Contact us at [lending@buttonfinance.com](mailto:lending@buttonfinance.com) to get started or select Gold program in our price lock portal:

<https://modelportal.buttonfinance.com/>

[http://www.mortgagecalculator.com](#)

BUTTON FINANCE		Junior Liens					
FICO / CLTV / Occupancy Limits	FICO	Max CLTV					
		Owner Occupied 1-unit	Owner Occupied 2-units	Owner Occupied 3-4 units	2nd Home 1-unit	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+	85%	85%	85%	85%		
	Maximum CLTV for Piggyback loans is based off first Lien Terms and Conditions						

TERMS AND ELIGIBILITY		Junior Liens							
Product Terms	HELOAN: Fixed Rate. 10, 15, 20, or 30 year. Fully amortizing.				HELOC: 3yr/5yr/10yr IO term - 10yr/15yr/20yr/30yr final term. ARM, indexed to Prime				
States	HELOAN: AZ, CA, CO, DC, FL, IL, MI, NJ, SC, TN, TX, UT, WA				HELOC: Available in all HELOAN states except Texas				
Loan Amounts	<ul style="list-style-type: none"><li>• Minimum: \$50,000</li><li>• Maximum Standalone: \$350,000</li><li>• Maximum Piggyback: \$350,000</li></ul>								
Initial Draw Required	HELOC: Greater of \$50,000 or 75% of the total line amount								
Lifetime Floor	HELOC: Initial Fully Indexed Rate - 2%								
Monthly and Lifetime Caps	HELOC: No Monthly Cap, Lifetime Cap 18%								
Qualifying Rate	HELOAN: Fixed Note Rate				HELOC: Fully Indexed Rate + 2%				
Adjustment Period	HELOC: Monthly with a 30-day lookback								
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%					
	680-699	50%	50%	50%	50%				
	700-759	50%	50%	50%	50%	45%	43%		
	760-779	50%	50%	50%	50%	50%	43%		
	780+	50%	50%	50%	50%	50%	43%		
Housing Ratio	N/A								
Occupancy	<ul style="list-style-type: none"><li>• Owner-Occupied</li><li>• 2nd Home</li></ul>								
Income Requirements	• Income calculations must comply with all Appendix Q requirements in the ATR Final Ruling								
Employment / Income Verification	• Must adhere to FNMA requirements								
Short-term Rental Income	<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>• Year-To-Date Print out of payout records from source of income</li></ul></li></ul>								
Credit Score	<ul style="list-style-type: none"><li>• Qualifying FICO must be either a Tri-Merge FICO or a Single Bureau Experian</li><li>• Single Bureau reports are permitted, however, if a Tri-Bureau report is available it must be used<ul style="list-style-type: none"><li>• The qualifying credit score is from the primary wage earner. The primary wage earner is the applicant with the greatest income on application.</li></ul></li><li>• If Tri-merge is available, the representative credit score is the middle of 3 FICO scores, or the lower of 2<ul style="list-style-type: none"><li>• When multiple borrowers exist, the lowest representative FICO is used</li><li>• Credit scores must be available from at least 2 credit bureaus in case of frozen credit</li></ul></li><li>• Non-traditional credit is not eligible for financing</li></ul>								
Significant Derogatory Credit	<ul style="list-style-type: none"><li>• Foreclosure – 7 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 – 4 years</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>								
Trade Lines	<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>								

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Appraisal Requirements	<p><b>Full appraisals are required if any of the following conditions are true, else AVMs are acceptable:</b></p> <ul style="list-style-type: none"> <li>• Loan Amount &gt;\$250,000</li> <li>• Mortgage CLTV is &gt;85 CLTV</li> <li>• Loan is HPML</li> <li>• Loan is a piggyback or a first-lien HELOC with CLTV &gt; 65%</li> </ul> <p>NOTES: AVMs must have a high confidence score as defined by the AVM Confidence Score Matrix If AVMs are not acceptable, a full 1004 appraisal is needed. Appraisal recertification is allowed if it is within 12 months of note date and the recertified value is at least as high as the original appraisal. All loans must follow CFPB HPML appraisal guidelines. A full appraisal must be within 120 days of note date. An AVM must be within 30 days of note date. <b>If a broker pays for an appraisal out of pocket, Button Finance will reimburse the broker at closing.</b> <b>Borrower is responsible for paying appraisal fees upfront at the time of order, via the Triserv payment link.</b> <b>See appraisal pricing pdf for fee details.</b></p>
Title Requirements	<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 or are first liens</li> <li>• Borrower is responsible for all title insurance costs associated with the transaction</li> </ul>
Reserve Requirements	No Reserves Required
Housing History	<ul style="list-style-type: none"> <li>• Max 0x30x6, 1x30x24 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</li> <li>• Continuity of Obligation: at least one borrower who is on the 1st mortgage be on the Button Finance, Inc. loan.</li> <li>• Piggyback transactions follow FNMA DU AUS guidance</li> </ul>
Eligible First Liens	<ul style="list-style-type: none"> <li>• Fixed Rate</li> <li>• ARMs: If the senior lien is an ARM, follow FNMA guidance for qualifying payment</li> <li>• IOs: If the senior lien is an IO loan, then the fully amortizing payment will be used to qualify</li> <li>• Fully amortizing</li> <li>• Terms up to 30 years</li> <li>• Mortgages must be held in title holder's name</li> </ul>
Ineligible first Liens	<ul style="list-style-type: none"> <li>• Negative Amortization or reverse mortgages</li> <li>• Loans with balloon payments during the life of our loan</li> <li>• Capitalizations or other non-standard features</li> <li>• TX 50(a)(6). Texas regulations allow for only one 50(a)(6) loan on a property at a time</li> </ul>

OTHER REQUIREMENTS	Junior Liens
Borrower Age	<ul style="list-style-type: none"> <li>• 18 years or older</li> </ul>
Citizenship / Eligible Borrowers	<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> <li>• Non-Occupant Co-Borrower Eligible on Owner Occupied Purchase Transactions only</li> </ul>
Ineligible Borrowers	<ul style="list-style-type: none"> <li>• LLCs, Corporations, Partnerships</li> <li>• POA on Cash-out deals is not permitted</li> <li>• Borrower's holding diplomatic immunity</li> <li>• Temporary protected status</li> <li>• Foreign nationals</li> <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>
Eligible Property Types	<ul style="list-style-type: none"> <li>• Single Family Residence (1-4 Units)</li> <li>• Condominium (Warrantable)</li> <li>• PUDs</li> <li>• Townhouses</li> <li>• Modular Homes</li> <li>• 1-unit Second Homes only</li> </ul>
Ineligible Property Types	<ul style="list-style-type: none"> <li>• Non-warrantable condos</li> <li>• Condotel</li> <li>• New construction condos</li> <li>• Mobile Homes</li> <li>• Manufactured Homes</li> <li>• Commercial Operations</li> <li>• Properties listed for sale in the last 6 months (on cash-outs)</li> <li>• Geodomes</li> <li>• Working farm with ranch</li> <li>• Properties &gt; 10 Acres</li> <li>• Timeshares</li> <li>• Leaseholds</li> <li>• Tenants In Common</li> <li>• Property must be worth over \$200,000</li> </ul>
Condominiums	<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>

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Geographic Restrictions: Texas	Minimum FICO	Max CLTV				HELOCs not available in Texas	
		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%		
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							
Mixed Use	<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>						
Piggyback Additional Requirements	<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><li>• Note</li><li>• Mortgage / Deed of Trust</li></ul>						
Liabilities	<ul style="list-style-type: none"><li>• Paying off debt is allowed for qualifying purposes</li><li>• Paying down installment debt is allowed to &lt;=10 Months</li><li>• Lease payments not be excluded</li><li>• Student Loan - 1% of the balance is used to calculate the payment to qualify when no payment is reported</li><li>• See Button Finance Underwriting Guidelines for Liabilities and Ratios</li></ul>						
Solar Panel UCC	<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>						
Assumptions	<ul style="list-style-type: none"><li>• Loans are not assumable</li></ul>						
Prepayment Penalty	<ul style="list-style-type: none"><li>• Not permitted</li></ul>						
Escrows	<ul style="list-style-type: none"><li>• No escrow</li></ul>						
Ineligible Transaction Types	<ul style="list-style-type: none"><li>• Non-arms length transaction</li></ul>						

DOC REQUIREMENTS		Junior Liens	
Age of Documents	<b>Expiration dates are based upon the note date</b> <ul style="list-style-type: none"><li>• Credit documents (credit, income, and assets) - 120 days. VOE within 10 days of closing.</li><li>• Credit refresh done at final Underwriting Approval, prior to clear to close</li><li>• Title documents - 90 days</li><li>• Appraisal/AVMs</li><li>• A full appraisal must be within 120 days of the note date when used to determine the value of the home</li><li>• A full appraisal can be used for HPML purposes for up to 365 days, but it cannot be used for CLTV calculation</li><li>• AVMs must be within 30 days of the note date</li></ul>		
Identity	<b>Any of:</b> <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	<b>Any of:</b> <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	<b>Any of:</b> <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>		

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Income	<p><b>Wage Earners:</b></p> <ul style="list-style-type: none"> <li>• VOIE from The Work Number</li> <li>OR</li> <li>• Paystubs covering most recent 30 days</li> <li>• Borrower provided most recent 2 years W2</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</li> <li>• Borrower provided most recent 2 years W2</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>