

HELOC Program (Program offered in partnership with TCF Bank)

1-2 Unit Primary Residence ^{1,2}			
First Lien Purchase, Rate/Term or Cash-Out Refinance Transactions			
CLTV ^{1, 2, 4}	Maximum Combined Loan Amount (First and HELOC)	Minimum Credit Score	Current Prime Rate ³ Plus Below Margin
85.01% - 89.99% ¹	\$1,250,000	700	2.49%
80.01% - 89.99% ¹	\$2,000,000	760	.99%
80.01% - 89.99% ¹	\$2,000,000	730	1.49%
80.01% - 85% ²	\$1,250,000	700	2.24%
60.01% - 80% ²	\$2,000,000	760	.49%
60.01% - 80% ²	\$2,000,000	730	.99%
60.01% - 80% ²	\$1,250,000	700	1.74%
≤ 60% ²	\$2,000,000	800	-.01%
≤ 60% ²	\$2,000,000	760	-.24%
≤ 60% ²	\$2,000,000	730	.74%
≤ 60% ²	\$1,250,000	700	1.49%

Footnotes:

- 85.01% to 89.99% CLTV: Maximum HELOC amount is \$350,000**
- 85% CLTV and below: Maximum HELOC amount is \$500,000**
- Floor is the greater of 51 bps below the initial start rate or 4.99% unless the initial start rate is < 4.99% then the floor is equal to the initial start rate
- The applicable Fannie Mae/Freddie Mac CLTV limits apply when lower than detailed above (e.g. the maximum CLTV on Fannie Mae 1-unit owner-occupied cash-out transaction is 80%; the 80% CLTV limit applies)

1-Unit Second Home ¹			
First Lien Purchase, Rate/Term or Cash-Out Refinance Transactions			
CLTV ³	Maximum Combined Loan Amount (First and HELOC)	Minimum Credit Score	Current Prime Rate Plus Below Margin ²
80.01% - 85%	\$1,275,000	760	.99%
80.01% - 85%	\$1,275,000	730	1.49%
60.01% - 80%	\$1,275,000	760	.49%
60.01% - 80%	\$1,275,000	730	.99%
≤ 60%	\$1,275,000	800	-.01%
≤ 60%	\$1,275,000	760	-0.24%
≤ 60%	\$1,275,000	730	.74%

Footnotes:

- Maximum HELOC amount is \$250,000**
- Floor is the greater of 51 bps below the initial start rate or 4.99% unless the initial start rate is < 4.99% then the floor is equal to the initial start rate
- The applicable Fannie Mae/Freddie Mac CLTV limits apply when lower than detailed above (e.g. the maximum CLTV on Fannie Mae 1-unit owner-occupied cash-out transaction is 80%; the 80% CLTV limit applies)



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HELOC Overview

- Minimum HELOC amount is \$25,000
- Maximum HELOC amount for a primary residence is determined by CLTV:
 - 85.01% to 89.99% CLTV: Maximum HELOC amount is \$350,000
 - 85% CLTV and below: Maximum HELOC amount is \$500,000
- Maximum HELOC amount for a second home is \$250,000
- Exceed conforming and high balance loan limits using a combo loan instead of a Jumbo
- Available with Fannie Mae or Freddie Mac transactions; **this is not a stand-alone HELOC**
- The borrower can avoid mortgage insurance and mandatory impounds on the first when doing HELOC concurrently
- Draw period: Years 1-10; interest-only payment required during draw period
- Repayment period: Years 11-30; principal and interest payment amortized over remaining term
- No prepayment penalty
- Borrower qualified on back-end DTI only; 45% back-end DTI except:
 - < 720 FICO **and** credit report indicates 5 or more credit inquiries in prior 6 months; max back-end DTI 38%

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Topic	Guideline
Required Documents	<ul style="list-style-type: none"> • TCF Notice and Authorization Concerning Your Loan Application (TCF 765 RLU-WSL) Signed by all borrowers (all states) • TCF HELOC Qualifying Worksheet (TCF 1017 RLU-WSL). Required for all transactions (all states). Completed by Homebridge Underwriting • TCF Pre-Application Disclosure and Fee Agreement (TCF Doc 1328 RLU/H) New York only signed by all borrowers • TCF Anti-Coercion Insurance Notice (TCF 1376 RLU) Florida only signed by all borrowers • TCF Net Tangible Benefit Worksheet (TCF Doc 1545 RL) Maryland refinance transactions only signed by all borrowers • Mortgage statements for any other financed properties owned by the borrower (if taxes/insurance not impounded documentation showing amount of taxes/insurance paid is required) • DU/LP Findings for first mortgage • A written VOE or year-end paystub if bonus/commission/OT income is used for qualifying (regardless of percentage received) <p>NOTE:</p> <ul style="list-style-type: none"> • TCF issues the Command Credit HELOC Disclosure, the CFPB HELOC Booklet and the BSA Disclosure directly to the borrower (not required to be signed/returned) • A separate 1003/1008 is not required; the information from the first lien 1003/1008 is used • An LE or CD is not issued on HELOCs; HELOCs are consumer loans and not subject to TRID.
4506-T	Not required
Age of Documents	<ul style="list-style-type: none"> • Income documentation cannot be older than the applicable requirement for the first lien product • The credit report must be ≤ 80 days old at the time Homebridge submits the HELOC to TCF • The appraisal cannot be > 120 days old at the time the desk review is ordered by TCF or > 150 days old at closing
Appraisals	<ul style="list-style-type: none"> • A full appraisal on the first lien is required (see Appraisal Waiver/ACE Offer topic below for exception), and • A desk review, ordered by TCF, is required <p>Appraisal Waiver/ACE Offer</p> <ul style="list-style-type: none"> • A Fannie Mae appraisal waiver or a Freddie Mac ACE offering on the first lien is eligible, in lieu of a full appraisal, subject to Homebridge review for TCF eligibility • An AVM, Property Condition Report (PCR), and/or desk review, ordered by TCF, will be required on transactions where an appraisal waiver was offered and accepted on the first lien • An appraisal waiver/ACE is not eligible on the following transactions; a full appraisal will be required: <ul style="list-style-type: none"> - Purchase transactions with a CLTV > 80% - HELOC amount > \$250,000 - Combined loan amount (first lien and HELOC) exceeds \$899,900 - 2-unit or second home transactions
Assets	Asset documentation not required
AUS	<ul style="list-style-type: none"> • Not required for HELOC • AUS Findings from first mortgage required

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<p>Available Markets</p>	<p>All 50 states with the exception of:</p> <ul style="list-style-type: none"> • Alabama, • Alaska, • Hawaii, • Louisiana, • Mississippi, • Oklahoma, • Texas, • West Virginia <p>NOTE: Guam, Puerto Rico and the Virgin Islands are also ineligible</p>
<p>Borrowers – Eligible</p>	<ul style="list-style-type: none"> • U.S citizens, • Permanent resident aliens <ul style="list-style-type: none"> - An unexpired “Green Card” issued by the USCIS. A copy of the front and back required • Non-permanent resident aliens. <ul style="list-style-type: none"> - The non-permanent resident alien must live and work in the U.S. and provide all of the following: <ul style="list-style-type: none"> - Copy of unexpired passport, and - An eligible unexpired visa (refer to Homebridge Fannie Mae or Freddie Mac guidelines, as applicable, for acceptable visa types), and - I-94 Form (Arrival/Departure Record) or I-797A (Notice of Action) • Non-occupant co-borrower <ul style="list-style-type: none"> - All borrowers will be credit qualified - Only one (1) borrower is required to be on title - Only one (1) borrower is required to occupy the property as their primary residence
<p>Borrowers – Ineligible</p>	<ul style="list-style-type: none"> • Borrowers with diplomatic immunity • Foreign Nationals • Borrowers without a social security number • Borrowers previously convicted of mortgage fraud
<p>Conversion of Primary Residence</p>	<ul style="list-style-type: none"> • If the borrower is converting their current primary residence to an investment property the following is required to use proposed rental income for qualifying: <ul style="list-style-type: none"> - A copy of a 12-month signed lease agreement, and - 75% of the gross rent may be used to offset PITI <p>NOTE: No prior landlord experience required and no equity requirement for the departing residence</p>
<p>Credit Report/Scores</p>	<p>Credit Score</p> <ul style="list-style-type: none"> • Minimum credit score varies by loan amount/LTV etc. Refer to the matrix on page one for requirements. • The primary borrower (the borrower with the highest income) must meet the minimum credit score requirement. There is no minimum credit score for the lower wage earner. • The representative credit score is determined as follows: <ul style="list-style-type: none"> - If there are three (3) valid scores, the middle score is used. If two of the three scores are a duplicate, the duplicate score is used. - If there are two (2) valid scores, the lower of the two is used - If there is one (1) valid score, that score is used <p>Tradelines</p> <ul style="list-style-type: none"> • A total of 3 tradelines (between all borrowers) with one seasoned a minimum of 3 years required NOTE: An installment tradeline is not required • Accounts may be opened or closed NOTE: Authorized user accounts do not qualify as a tradeline

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Current/Departing Residence Pending Sale	<p>The borrower's PITIA payment may be excluded from the DTI calculation subject to the following:</p> <ul style="list-style-type: none"> • A copy of the fully executed purchase contract/agreement is provided, and • The transaction for the current/departing residence will close within 60 days of loan closing on the HELOC transaction
Derogatory Credit	<p>Bankruptcy</p> <ul style="list-style-type: none"> • Chapter 7 or 11: 4 years from discharge date • Chapter 13: <ul style="list-style-type: none"> - 2 years from discharge date, OR - 4 years from dismissal date <p>Foreclosure/Short Sale/Deed-in-Lieu</p> <p>A 4 year seasoning including any real estate transaction settled for less than owed (including loan modification with principal reduction/forgiveness) is required</p> <p>Disputed Accounts</p> <p>Disputed accounts require proof of resolution</p>
DTI	<ul style="list-style-type: none"> • Maximum 45% DTI back end only; no front end limit. See exception to 45% DTI below • Maximum 38% DTI (back end) when the following applies: <ul style="list-style-type: none"> - The primary borrower's credit score is < 720, and - The credit report indicates 5 or more credit inquiries in the previous 6 months • The borrower is qualified using a P&I payment at 2% over the start rate <p>NOTE: 401(k) loans are not included in the DTI calculation. Account statement must be provided to document the account balance is greater than the amount of the loan secured by the account</p>
Employment	<p>W-2 Employees</p> <ul style="list-style-type: none"> • A one year employment history is required; education may be combined with employment to satisfy the one year requirement • Gaps in employment are acceptable; any gaps greater than 30 days will require a signed and dated letter of explanation from the borrower <p>Self-Employed</p> <ul style="list-style-type: none"> • 2-year employment history required
Fees	<ul style="list-style-type: none"> • \$295 origination fee (deducted from HELOC at closing) • \$75 annual maintenance fee (charged on first statement) • A separate title fee applies when the HELOC is > \$250,000. A Jr. Lien or Flag policy is required. Title insurance is also required when there is a third lien to ensure the HELOC is in second lien position
Financed Properties	<p>Copies of the mortgage statement for any additional properties owned/financed by the borrower including any properties owned through an LLC in their ownership is ≥ 25% are required.</p> <p>NOTE: Documentation of taxes and insurance required if not impounded with the loan.</p>
Flood Insurance	Flood insurance premiums must be paid in full prior to loan documents
Gift Funds	Gift funds are allowed; no minimum borrower contribution required
Gift of Equity	Allowed

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HELOC Amount	<p>Minimum HELOC Amount – Owner-Occupied and Second Home</p> <ul style="list-style-type: none"> Minimum HELOC amount: \$25,000 <p>Maximum HELOC Amount</p> <ul style="list-style-type: none"> Owner-Occupied Primary Residence <ul style="list-style-type: none"> - 85.01% - 89.99% CLTV: \$350,000 - ≤ 85% CLTV: \$500,000 Second Home <ul style="list-style-type: none"> - ≤ 85% CLTV: \$250,000
Income	<p>2106 Expenses 2106 expenses are not deducted from income</p> <p>Alimony/Child Support Eligible subject to:</p> <ul style="list-style-type: none"> A copy of the filed Separation Agreement or Divorce Decreed required Three (3) months bank statements or cancelled checks to document receipt Documentation indicating a minimum of 3 years continuance must be provided <p>Asset Depletion Eligible subject to:</p> <ul style="list-style-type: none"> 70% of the borrowers account divided by 360 Borrower must be eligible to withdraw funds without penalty <p>Bonus Income Bonus income is generally averaged over 24 months. A written VOE or year-end paystub from prior year (regardless of percentage of income) is required</p> <p>Commission/OT/Shift Differentials (Variable Income)</p> <ul style="list-style-type: none"> Income is averaged using current YTD and previous year. A written VOE or year-end paystub from prior year (regardless of percentage of income) is required If income for current year indicates decline of 20% or more the previous 2 years income will be averaged <p>Borrower on Leave</p> <ul style="list-style-type: none"> If the borrower is returning to work prior to the HELOC first payment due date (the 23rd of the month after the loan has funded) the borrower's last paystub prior to the leave will be used to calculate the full-time base income for qualifying If the borrower is not returning to work prior to the HELOC first payment due date the income received prior to the leave and any income received during the leave will be used for qualifying <p style="padding-left: 40px;">NOTE: The borrower must provide written confirmation of their intent to return to work and documentation must be provided from the employer that states the borrower's return to work date.</p> <p>Declining Income If income is declining by more than 20% the lower income is used</p> <p>IRA Depletion</p> <ul style="list-style-type: none"> 70% of the value may be used to determine income stream 3-year continuance required. If the distribution is newly established or recently changed a letter from the financial institution required that states the amount of the distribution and the date of the first distribution <p>K-1 Income</p> <ul style="list-style-type: none"> If the borrower is 100% owner of the business or 100% owner with the co-borrower the taxable income with depreciation added back is allowed If the borrower is not 100% owner taxable income is not eligible however guaranteed payments, distributions, and items affecting shareholder basis can be used

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Income (cont.)	<p>Non-Taxable Income A 3 years' continuance is required for non-taxable income. Only the following types of non-taxable income may be grossed -up 25%:</p> <ul style="list-style-type: none"> • Social security, • Child support, and • Foster care <p>Offer Letter/Employment Contract Income is eligible if the start date is within 45 days of loan closing when the income and the employment is commensurate with the borrower's previous position</p> <p>Rental Income Rental income is subject to the following:</p> <ul style="list-style-type: none"> • Schedule E or 12 month signed lease required to document rental income • If the monthly qualifying rental income minus the full PITIA is positive, it may be added to the borrower's total monthly income (calculate rental income using 75% of rental income identified on lease or Schedule E) • Negative cash flow is deducted from the total income when calculating borrower's DTI • Properties owned free and clear the rental income must be on Schedule E • Refer to the Mortgage on Additional Properties topic for requirements if there is an interest-only mortgage payment on an investment property <p>Restricted Stock Units Eligible for qualifying income subject to:</p> <ul style="list-style-type: none"> • Documentation the income was received the previous year (tax return, bank statement, etc.) • The income is reflected on the borrower's current paystub, and • A copy of an employer-generated vesting schedule, showing past and future vesting of shares is provided <p>Seasonal Workers and Wages from Tips Two (2) years tax returns required</p> <p>Self-Employed Borrower Paid Wages</p> <ul style="list-style-type: none"> • If the self-employed borrower pays themselves wages, the income is averaged over the prior year and the current year YTD income. • If the YTD income does not accurately reflect the borrower's normal earnings (e.g. the borrower pays themselves at the end of the year and/or borrower receives inconsistent income through out the year) the following documentation may be obtained to verify wages: <ul style="list-style-type: none"> - Two (2) years most recent tax returns, or - Two (2) years most recent W-2s, or - Year-end paystubs from the most recent two (2) years
Income Documentation	<p>Salaried Borrowers</p> <ul style="list-style-type: none"> • Current paystubs for previous 30 days with YTD income (minimum 2 paystubs required) • W-2 for previous year or year-end paystub NOTE: If bonus/OT/commission etc. income used to qualify (regardless of percentage of income) a written VOE or year-end paystub required • Employment and income commencing after the Note date may be considered for qualifying subject to meeting Fannie Mae or Freddie Mac requirements subject to Homebridge management approval <p>Self-Employed Borrowers</p> <ul style="list-style-type: none"> • Two (2) years signed tax returns (personal and business, as applicable) and all schedules required unless one (1) year if allowed by DU/LPA. • Business losses will be subtracted from income • Borrowers with ≥ 25% ownership interest may use ordinary business income for qualifying NOTE: A P&L that covers 12 months, prepared by a 3rd party, is acceptable for the most recent years' tax returns if the borrower has not completed their returns (e.g. if 2-years documentation is required, the 2016 tax returns and a P&L covering 12 months' prepared by a 3rd party is acceptable for 2017 in lieu of the 2017 tax returns.

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Liabilities

Co-Borrower Mortgage Debt and Co-Signed Mortgage Debt

Co-borrower and co-signed mortgage debt may be excluded from the DTI when:

- Documentation is provided that another party has been making the payments for a minimum of 12 months, **and**
- There have been **no** late payments in the previous 12 months (0x30 in 12 months), **and**
- **The borrower does not currently occupy the property, and**
- **The property is not an investment property**

Co-Signed Debt - Non-Mortgage

Co-signed non-mortgage debt may be excluded from the DTI when:

- Documentation is provided that another party has been making the payments for a minimum of 12 months, **and**
- There have been no late payments in the previous 24 months (0x30 in 24 months)

Co-Borrower Debt – Non-Mortgage

Co-borrower non-mortgage debt may be excluded from the DTI when:

- The party making the payments is contractually obligated on the debt, **and**
- Documentation is provided evidencing the other party has been making the payments for a minimum of 12 months, **and**
- There have been no late payments in the previous 12 months (0x30 in 12 months)

Court Ordered Assignment of Debt

A copy of the Divorce Decree or filed Separation Agreement must be provided to document debt that was assigned by the court to the spouse/ex-spouse and to exclude from the DTI calculation

Forgivable Employer Loans

Employer loans that are forgivable are not required to be included in the borrower's DTI calculation as long as there are no payments due on the loan

Installment Debt

May be excluded from DTI calculation when account has ≤ 6 payments remaining excluding lease payments; lease payments must be included in the DTI calculation regardless of the number of payments remaining

Revolving Debt

If a payment is not shown on the credit report, 4% of the balance is used as a payment

Non-Mortgage Debt Paid by Business

Accounts paid through the borrower's business are not required to be included in the borrower's DTI calculation when:

- Documentation provided the debt has been paid by the business (bank statements, cancelled checks, etc.)
- There has been no delinquency in the most recent 12 months

Mortgage on Additional Properties

If the borrower owns additional property, second home or investment, and the mortgage payment(s) are interest-only **the borrower will be qualified using the full PITI payment**

Payoff of Debt for Qualifying

Payoff of debt with proceeds from the HELOC is eligible for qualifying. Revolving accounts paid off to qualify do **not** need to be closed

Student Loans

Student loan payments must be included in the DTI calculation

- The payment on the credit report will be used if reported
- Payment not reported on credit report or payment is deferred:
- 1% of the balance of the loan, or
- Obtain the estimated payment from the student loan lender/servicer
- Income based payments are acceptable

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Mortgagee Clause	TCF National Bank ISAOA/ATIMA Mail Code PCC-2E-I Attn: Escrow Dept. 1405 Xenium Lane Plymouth, MN 55441
Mortgagee Clause – Flood Insurance	TCF National Bank ISAOA/ATIMA Mail Code PCC-2E-L Attn. Flood Clerk 1405 Xenium Lane Plymouth, MN 55441
Non-Arm’s Length	Eligible subject to Homebridge Fannie Mae or Freddie Mac matrix requirements (as applicable)
Occupancy	<ul style="list-style-type: none"> • 1-2 unit owner-occupied primary residence • 1-unit second home
Power of Attorney	Allowed on an exception basis for closing only; cannot be used for the execution of the initial application and disclosures.
Prepayment Penalty	An early termination fee does not apply
Product	<ul style="list-style-type: none"> • 30 year term • HELOC rate is current prime rate plus margin; refer to the matrices on pages 1 and 2 for applicable margins • Draw Period: Years 1-10; interest-only payments required during draw period • Repayment Period: Years 11-30; principal and interest payments amortized over remaining term of the loan • Floor: The floor is the greater of 51 bps below the initial start rate or 4.99% unless the initial start rate is less than 4.99% then the floor rate is the initial start rate • Life Cap: 18%
Properties – Eligible	<ul style="list-style-type: none"> • Single family residence • PUDs (attached/detached) • Townhomes • Condominium (attached/detached) Fannie Mae/Freddie Mac warrantable • 2- unit owner-occupied • Maximum 10 acres excluding Arizona; maximum 2 acres in Arizona
Properties – Ineligible	<ul style="list-style-type: none"> • 3-4 unit properties • Investment property • AZ properties with > 2 acres • Manufactured home • Modular • Mobile home • Leaseholds • Dome, earth berm , or log homes • Properties zoned for agriculture use • Vacant land • Property with a condition rating of C-5 • Commercial property • Condominiums < 450 square feet • Cooperative projects • Non-warrantable condominiums • New or newly converted condominium projects in FL without a PERS approval

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Property with an Unpermitted Addition	Allowed subject to applicable first lien guidelines and the desk review supports value
Reserves	Not required
Subordinate Financing – Refinance Transaction	Existing subordinate financing must be resubordinated to third lien position. Refer to the Title Insurance topic below for requirements
Title Insurance	<ul style="list-style-type: none"> • Title from the first is acceptable when HELOC amount is ≤ \$250,000 • A Junior Lien or Flag policy will be required if the HELOC amount is > \$250,000 • An additional full title policy for the HELOC amount will always be required if there is a third lien to ensure the HELOC remains in second lien position
Transactions – Ineligible	<ul style="list-style-type: none"> • Transactions involving investment property • Transactions involving 3-4 units • Transactions with a property that has a condition rating of C-5 • Transactions where the borrower has another open HELOC with TCF; only one TCF HELOC is allowed