

## Homebridge Standalone HELOC FAQ

### General Information

**Does the Broker need to be approved with Homebridge?**

- Yes, the Broker must be approved with Homebridge to submit a standalone HELOC

**Does the Broker need to be licensed in the state where the subject property is located?**

- Yes, the Broker and the MLO must be licensed in the subject property state

**How does the Broker submit a HELOC request to Homebridge?**

- The Broker completes the **HELOC Eligibility Analysis and Certification** form by selecting the Standalone HELOC button on the home page of the Homebridge website for each application
- Resubmissions require a new **HELOC Eligibility Analysis and Certification** form be completed
- The **HELOC Eligibility Analysis and Certification** form must be completed in its entirety, including the mailing address where compensation should be sent
- The Broker will be sent a unique URL link for the borrower to use for the application

**How long after closing on a purchase must a borrower wait before applying for a standalone HELOC?**

- The borrower must wait 90 days after closing on a purchase before applying

**How long after closing on a refinance must a borrower wait before applying for a standalone HELOC?**

- The borrower must wait 45 days after closing on a refinance before applying

**Can a borrower use the HELOC funds to pay off or refinance an existing HELOC lien?**

- No

**Can the borrower use the HELOC to pay off debt to qualify?**

- No

### Pricing and Fees

**What are the interest rates on the HELOC?**

- The interest rate is determined by loan components within the system once the application is submitted (aka black box). The HELOC is fully amortized; there is no interest-only period
- Currently there is no rate sheet to calculate the rate by specific loan qualifications
- Rates may range from 5.49% to 11%

**Are there any pricing discounts?**

- Yes. A discount of 0.25% for automatic payments is automatically applied. If the borrower chooses to opt out the pricing will increase by that amount

**What are the closing fees?**

- The only closing fee is the origination fee. Borrowers will see the origination fee offerings when selecting a loan term in the application process. Origination fees vary; maximum origination fee is 4.99%

## Homebridge Standalone HELOC FAQ

### General Assistance

#### Who do I contact for HELOC status or if my borrower is having issues completing their application?

- Email [hb-homeequitysupport@homebridge.com](mailto:hb-homeequitysupport@homebridge.com)

#### What if the borrower wants to change loan terms after they have applied; how do they do that?

- Changes to the loan terms require the borrower to call 888-321-4032
  - Customer Service can assist to make certain changes such as:
    - Updates to borrower email address **and/or** phone number
    - Updates to additional signer date of birth **and/or** last 4 of additional signer SSN
    - Updates to ownership type **and/or** editing or removing an additional signer (provided closing documents have not been generated)
    - Selecting a new offer (provided closing documents have not been generated)
  - The following changes require the borrower to contact Customer Service to request that their application be cancelled. Once the application is cancelled, the borrower can reapply:
    - Updates to applicant name, address, date of birth and/or SSN
    - Changes to an offer (provided closing documents have not been generated)
    - Changes to applicant stated income
    - Changes to the application after final loan documents have been generated
- After the existing application is cancelled, the Broker is required to begin the process again with Homebridge by completing the **HELOC Eligibility Analysis and Certification** form
- A new URL link will be sent to the Broker to provide to the borrower

#### Can a borrower apply again after a decline?

- Yes

### Application Process

#### What does the borrower need to know when completing the application?

- Borrowers should not manually enter property liens separately. This creates duplicate entries and borrowers have been denied due to inflated ratios
- Borrowers **MUST** answer the question “Is this property for financing listed for sale?” as **NO** to be eligible for a standalone HELOC
- Borrower must use their full legal name for the application
- Borrowers should be prepared to provide valid ID or to create an account at ID.me as an alternative to providing a valid ID

#### What is the timeline to complete the application?

- Applications remain active for 14 days if the borrower has not continued beyond the account linkage stage (this is needed to verify income and asset disbursement)
- Once loan documents are generated for the borrower’s review, the borrowers have another 14 days to complete their application
- If an application expires, the borrower will need to reapply

## Homebridge Standalone HELOC FAQ

### General Eligibility Requirements

#### Available Loan Terms

- 5, 10, 15, and 30 years with a fixed rate

#### Loan Amount

- Minimum loan amount: \$20,000
- Maximum loan amount: \$400,000

#### Eligible States

- AK, AL, AR, AZ, CA, CO, CT, FL, GA, IA, ID, IL, IN, KS, LA, MA, ME, MI, MN, MO, MT, NC, ND, NJ, NM, NV, OH, OK, OR, TN, VA, VT, WA, WI

#### Property Types

- **Eligible:** 1-unit SFR, PUD, Condo
- **Ineligible:** Co-ops, commercially zoned real estate, 2-4 units, multi-family (5+) real estate, manufactured housing, timeshares, log homes, houseboats, mixed-use properties, mid-rise and high-rise condos, properties greater than 20 acres, properties located in a disaster area

#### Credit

- Prior to completing the **HELOC Eligibility Analysis and Certification** form, the Broker should have an indication of the borrower's FICO
- At the time the borrower applies, a soft credit check is performed
- A hard credit check is performed at the time of final underwriting approval which is valid for 30 calendar days

#### Income/Income Verification

- **Borrower Income:** Income will be validated by one of the following options within the online application. The borrower must select one of the following:
  - Link checking account information (business accounts ineligible), **or**
  - Validate income on [IRS.gov](https://www.irs.gov) (on the IRS home page, the borrower selects **Sign into Your Online Account**, and signs into their existing online account, **OR** follows the instructions to create an account), **or**
  - Link **or** upload paystubs, **or**
  - Link other asset accounts
- **Income from Spouse not on Title:** Income from a spouse not on title **is eligible**. Documentation that supports the total annual household income (before taxes) including salary, bonuses, retirement income, rental income, and any other income must be provided
  - **All household income must come from a spouse (husband or wife).** All states are considered either Community Property or Homestead except for the following:
    - ❖ CT, GA, IN, ME, MA, and OR
  - Household income from a domestic partner can be considered in certain states
- **Self-Employment:** A minimum of 1-year self-employment is required

## Homebridge Standalone HELOC FAQ

### General Eligibility Requirements (cont.)

#### Required Documentation

- Borrower ID: The borrower can either upload a copy of a valid state issued ID **OR** during the application process, the borrower can request an email be sent to them and they can attach their ID to the email
- Property and/or flood insurance will be required in some instances
- Certificate of Trust, as applicable

#### Property Value Determination

- An AVM will be obtained to determine the value of the subject property. At this time, no rebuttals are allowed
- Properties located in a FEMA declared disaster area are ineligible

### Closing

#### Can a Power of Attorney be used for the transaction?

- No, POAs are not currently accepted. All signers must be able to personally execute the closing documents

#### If there is more than one person on title of the subject property, does everyone on title need to be on the loan (Co-Trustor)?

- Only one owner applies and signs for the loan
- All additional owners on the title are required to sign the mortgage document
- All states with the exception of CT, GA, IN, ME, MA, and OR are considered either Community Property or Homestead states and require a spouse not on title to sign the mortgage document

#### What options does the borrower have for how docs are drawn?

- Closing docs may be drawn as sole ownership, joint, or revocable trust owners

#### What documentation is needed if the property is held in a trust?

- The full Certification of Trust is required (Trust Agreements are not accepted). Trust eligible states: AR, AZ, CA, CO, CT, DE, FL, IA, ID, IL, KS, MA, ME, MI, MS, MN, NH, NM, NV, OR, SC, SD, TN, UT, WA, WY, VA

#### Who completes the closing?

- Online video notary sessions are available in some locations. If the borrower is in a county that requires a "wet signature", a notary appointment will be arranged at no cost to the borrower

#### How does the eNotary process work?

- Borrowers can connect with an eNotary through a video conference by logging into their customer dashboard and selecting "Talk to a notary"
- The borrower will need a device that has a camera and microphone to interact with the eNotary
- The eNotary will complete all legal signing requirements in about a 10 minute session

## Homebridge Standalone HELOC FAQ

### Closing (cont.)

#### How and when does an additional signer sign loan docs?

- Any additional signer(s) identified in the application process are required to log in and complete a separate eNotary session. The additional signer will receive an email inviting them to set up a session after completing the online application

#### Is title required on the HELOC?

- No, title is not required

#### Are property and flood insurance required?

- Property and/or flood insurance will be required in some instances

#### What does the funding timeline look like?

- Primary Residence:** Most funding happens within about 5 business days, which **includes** a 3-day rescission period. The rescission period lasts for three consecutive business days (all calendar days except Sundays and Federal holidays)  
**NOTE:** Fundings do not occur on weekends, so if an applicant has a rescission period ending on a Friday, this will “end” at 11:59 p.m., and funding will be initiated the next business day
- Second Home/Investment:** No rescission period and most funding occurs within approximately 5 business days

### After Closing

#### How does the initial draw work?

- The borrower will receive 100% of the HELOC amount at closing
- Additional draws are based on the original credit limit approved (loan amount **plus** origination fee)
- As the borrower begins to pay down their loan, they will be able to redraw up to 100% of their credit limit
- Additional draws must be at least \$500, and the total outstanding balance cannot exceed 100% of the credit limit
- APR is based on the prime index **at the time of the redraw** and the fixed margin rate outlined in the HELOC agreement

#### What are the additional draw periods?

Term	Draw Period
5	2 years
10	3 years
15	4 years
30	5 years

## Homebridge Standalone HELOC FAQ

### After Closing (cont.)

#### Draw/Additional Draw Example

- The HELOC has a 30 year loan term with a 5 year draw period and is for \$250,000. The interest rate is 6% (prime + margin)
  - \$250,000 is disbursed at funding and the payment on the \$250,000 is fixed at 6%, amortized over 30 years
- The borrower then makes significant payments or pays off the entire \$250,000 in the first 3 years of the 5 year draw period so there are funds available for additional draws
- The borrower makes an additional draw of \$50,000 in year 3 and the interest rate at that time is 7% (prime + margin)
  - The payment for that \$50,000 re-draw is based on the interest rate at the time of the re-draw in year 3 amortized over the remaining 27 years
- The borrower would then be making a cumulative payment on the initial \$250,000 draw at the 6% rate (if not paid in full prior to the additional draw) and then a payment on the \$50,000 additional draw at 7%

#### How will the HELOC appear on the borrower's credit profile?

- The Homebridge HELOC will show as a "revolving tradeline" on the borrower's credit profile

#### Is there a prepayment penalty?

- No, there is no prepayment penalty

#### Is it possible to recast after a large payment?

- Yes, there is an option to recast a loan after a large payment. An automatic recast after a large payment of 10% or more will be performed. The borrower may also reach out to Customer Service to request an additional recast. There are no fees or limits to number of recasts

#### Can the HELOC be subordinated after closing?

Subordinations are eligible on a case-by-case basis, including properties owned free and clear. A subordination is not allowed after a cash-out transaction

#### How do Brokers get paid?

- The Broker will be sent a check from Homebridge approximately 5-8 days after closing

### Miscellaneous

#### Can the borrower apply for multiple HELOC transactions secured by different properties?

- Yes, a borrower can apply for multiple HELOCs provided there is a minimum of 45 days between the funding/recording of the prior HELOC

#### Are exceptions allowed?

- Exceptions will **not** be considered

#### Is the HELOC tax deductible?

- It may be, but not in all instances. It depends how the funds are ultimately used, and several other variables. Borrowers should contact their tax advisor for more information