

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
- Risk based pricing engine; rates vary

Are there any pricing discounts?

- Yes. A discount of 0.25% for automatic payments and a **0.30%** discount for enrollment in credit union account are automatically applied
- If the borrower chooses to opt out of either or both 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. Maximum 2.99% origination fee

NOTE: If the property is currently listed for sale a 2.99% origination fee required **AND** maximum 80% CLTV

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General Assistance

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

- Email helochelp@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
- 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 as required for the hard credit pull)
- Once hard credit has been obtained, the borrower will have a total timeframe of 29 days to complete the remainder of the loan process
- If an application expires, the borrower will need to reapply

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General Eligibility Requirements

Available Loan Terms

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

Loan Amount

- Minimum loan amount: \$25,000
- Maximum loan amount: \$400,000

Eligible States

- AK, AL, AR, AZ, CA, CO, CT, FL, GA, HI, IA, ID, IL, IN, KS, LA, MA, MD, ME, MI, MN, MO, MS, MT, NC, ND, NE, NH, NJ, NM, NV, OH, OK, OR, PA, RI, SD, TN, UT, VA, VT, WA, WI, WY

Property Types

- **Eligible:** 1-unit SFR, PUD, Condo

NOTE: Properties listed for sale are **eligible**. A 2.99% origination fee required **AND** maximum 80% CLTV

- **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, MA, ME, OR, PA, RI, UT, and VA
 - Household income from a domestic partner can be considered in certain states
- **Self-Employment:** A minimum of 1-year self-employment is required

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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

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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 fundings occur 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

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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