



NMLS#411341

# Open End Home Equity Guidelines

<b>Max CLTV Ratio</b>	<ul style="list-style-type: none"> <li>100% Combined-Loan-to-Value</li> </ul>
<b>Max Loan Amount</b>	<ul style="list-style-type: none"> <li>Delegated authority up to \$250,000.00</li> </ul>
<b>Qualifying Payment</b>	<ul style="list-style-type: none"> <li>Calculation should be based on the fully drawn rate + 2% over 30 years to qualify the loan</li> </ul>
<b>Loan Purpose</b>	<ul style="list-style-type: none"> <li>Any Purpose except Purchase Money Seconds (See Purchase Money Guidelines)</li> <li><b>Not eligible</b> - Business use, Bridge loans</li> </ul>
<b>Max Loan Term</b>	<ul style="list-style-type: none"> <li>The draw period (Max 10 years) combined with the amortization period can't exceed 30 years</li> </ul>
<b>Property Types</b>	<ul style="list-style-type: none"> <li>Single-Family Detached, Townhouse, Condominium, Duplex</li> <li>Mobile Homes <b>not allowed</b></li> </ul>
<b>Property Valuation Options</b>	<ul style="list-style-type: none"> <li>Appraisal (must be performed within 6 months of application date)</li> <li>Automated Valuation Method (AVM)</li> <li>Tax Assessment</li> <li>If less than a year of ownership, the lower of the purchase price or appraised value is used for CLTV</li> </ul>
<b>Credit Parameters</b>	<ul style="list-style-type: none"> <li>No mortgage delinquency (0x30) in the last 24 months</li> <li>No judgments, repossessions, charge-offs or collections within the last 60 months unless they are \$ 500 or less</li> <li>Any Collections or charge offs that total \$500 or less can be unpaid</li> <li>No previous foreclosures, short sales or Deed In Lieu (<b>regardless of age</b>)</li> <li>Previous Bankruptcies are required to be discharged a minimum of 2 years with at least 2 installment trade lines and 2 revolving trade lines paid as agreed. No derogatory items since the bankruptcy. Multiple bankruptcies are not eligible</li> </ul>
<b>Title Search</b>	<ul style="list-style-type: none"> <li>Basic Title Search / last lien search required. (alternative title impairment products must be approved by FSB)</li> </ul>
<b>Lien Position</b>	<ul style="list-style-type: none"> <li>Insured loan must be in no more than second lien position</li> </ul>
<b>Credit Score/DTI</b>	<ul style="list-style-type: none"> <li>660 using lesser of the two scores if a joint application (if there are three scores per borrower then use the lesser of the two middle scores)</li> <li>40% Max debt-to-income ratio utilizing gross income</li> <li>45% Max debt-to-income with FICO of 700+ (based on the lesser of two scores if a joint application)</li> </ul>
<b>Income</b>	<ul style="list-style-type: none"> <li><b>All income must be verified</b></li> <li>The most recent 2 years tax returns are required for: <ul style="list-style-type: none"> <li>Self-employed borrowers</li> </ul> </li> <li>Salaried borrowers require current (within 30 days of the note date) paystub, or written verification. A W-2 must be accompanied by a current paystub or written verification</li> <li>Retirement and social security may be verified by tax returns, award letters or direct deposit</li> <li>Alimony and child support income must continue for 36 months and be verified by tax returns, court ledgers or 6 months cancelled checks.</li> <li>Bonus, commission, overtime, part time or second income must be verified and allow for a 12-24 month history where the income is stable and likely to continue.</li> <li>Rental income can be verified with one year of tax returns</li> <li>Lease agreements can be used for recently acquired properties or a prior residence that does not show on the tax return, provided the lease is for 12 months.</li> </ul>
<b>Other Requirements</b>	<ul style="list-style-type: none"> <li>All borrowers on loan must have ownership interest and occupy property</li> <li>Only 2 borrowers are allowed to qualify the loan.</li> <li>Mortgage must be filed</li> <li>Property must be borrower(s) primary residence and limited to one insured loan</li> <li>Seasonal / Second Homes are not eligible</li> <li>All loans must be retail originated</li> <li>TPO Originate HELOC's are permitted for non-delegated loans fully underwritten by FSB</li> <li>First mortgages that are Reverse Mortgages are not eligible</li> <li>An insured 2nd cannot be behind a first mortgage where the term is &gt; 360 months.</li> <li>Borrower(s) must be a U.S. Citizen or a Permanent Resident Alien with valid Green card (if card is set to expire within 6 months of note date, must be able to provide supporting documentation borrower(s) have reapplied). Non-Permanent Resident Aliens are not eligible.</li> <li>Not allowed in Texas</li> </ul>

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# Purchase Money Second Mortgage Guidelines

<b>Max CLTV Ratio</b>	<ul style="list-style-type: none"> <li>100% Combined-Loan-to-Value</li> </ul>
<b>Max Loan Amount</b>	<ul style="list-style-type: none"> <li>Delegated authority up to \$250,000.00</li> </ul>
<b>Qualifying Payment</b>	<ul style="list-style-type: none"> <li>Calculation should be based on the fully drawn rate + 2% over 30 years to qualify the loan</li> </ul>
<b>Loan Purpose</b>	<ul style="list-style-type: none"> <li>Purchase Money second mortgage</li> </ul>
<b>Max Loan Term</b>	<ul style="list-style-type: none"> <li>Max draw period of 10 years combined with the amortization period cannot exceed 30 years for Open-End Line</li> </ul>
<b>Property Types</b>	<ul style="list-style-type: none"> <li>Single-Family Detached, Townhouse, Condominium, Duplex</li> <li>Mobile Homes do not qualify for coverage</li> </ul>
<b>Valuation Options</b>	<ul style="list-style-type: none"> <li>Lesser of appraised value or purchase price</li> </ul>
<b>Credit Parameters</b>	<ul style="list-style-type: none"> <li>No mortgage delinquency (0x30) in the last 24 months</li> <li>No judgments, repossessions, charge-offs or collections within the last 60 months unless they are \$ 500 or less</li> <li>Any Collections or charge offs that total \$500 or less can be unpaid</li> <li>No previous foreclosures, short sales or Deed In Lieu (<b>regardless of age</b>)</li> <li>Previous Bankruptcies are required to be discharged a minimum of 2 years with at least 2 installment trade lines and 2 revolving trade lines paid as agreed. No derogatory items since the bankruptcy. Multiple bankruptcies are not eligible</li> </ul>
<b>Title Search</b>	<ul style="list-style-type: none"> <li>Title Policy form 1<sup>st</sup> mortgage transaction is acceptable, otherwise title search is required.</li> </ul>
<b>Lien Position</b>	<ul style="list-style-type: none"> <li>Insured loan must be in no more than second lien position</li> </ul>
<b>Credit Score/DTI</b>	<ul style="list-style-type: none"> <li>660 using lesser of the two scores if a joint application (if there are three scores per borrower then use the lesser of the two middle scores)</li> <li>40% Max debt-to-income ratio utilizing gross income</li> <li>45% Max debt-to-income with FICO of 700+ (based on the lesser of two scores if a joint application)</li> </ul>
<b>Assets / Down Payment</b>	<ul style="list-style-type: none"> <li>Monies being used for down payment must be verified</li> <li>Down payment funds may not be borrowed</li> </ul>
<b>Income</b>	<ul style="list-style-type: none"> <li><b>All income must be verified</b></li> <li>The most recent 2 years tax returns are required for: <ul style="list-style-type: none"> <li>Self-employed borrowers</li> </ul> </li> <li>Salaried borrowers require current (within 30 days of the note date) paystub, or written verification. A W-2 must be accompanied by a current paystub or written verification</li> <li>Retirement and social security may be verified by tax returns, award letters or direct deposit</li> <li>Alimony and child support income must continue for 36 months and be verified by tax returns, court ledgers or 6 months cancelled checks.</li> <li>Bonus, commission, overtime, part time or second income must be verified and allow for a 12-24 month history where the income is stable and likely to continue.</li> <li>Rental income is allowed and must be verified by tax returns/lease agreements</li> <li>Rental income can be verified with one year of tax returns.</li> <li>Lease agreements can be used for recently acquired properties or a prior residence that do not show on the tax return provided the lease is for 12 months.</li> </ul>
<b>Other Requirements</b>	<ul style="list-style-type: none"> <li>All borrowers on loan must have ownership interest and occupy property</li> <li>Only 2 borrowers are allowed to qualify the loan.</li> <li>Mortgage must be filed</li> <li>Property must be borrower(s) primary residence and limited to one insured loan</li> <li>Seasonal / Second Homes are not eligible</li> <li>All loans must be retail originated</li> <li>TPO Originate HELOC's are permitted for non-delegated loans fully underwritten by FSB</li> <li>An insured 2nd cannot be behind a first mortgage where the term is &gt; 360 months.</li> <li>Borrower(s) must be a U.S. Citizen or a Permanent Resident Alien with valid Green card (if card is set to expire within 6 months of note date, must be able to provide supporting documentation borrower(s) have reapplied). Non-Permanent Resident Aliens are not eligible.</li> <li>Not allowed in Texas</li> </ul>
<b>First Mortgage Requirements</b>	<ul style="list-style-type: none"> <li>Must not be a negative amortization</li> <li>Must not be an Option ARM</li> <li>Reverse Mortgage is Ineligible</li> <li>Cannot exceed a 360-month term.</li> <li>If it is a variable rate, it must be fixed for the first 60 months</li> </ul>

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