

HomeEQ Underwriting Guide

Version 2.5

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1. Matrix

HELOC Adjustable Rate							
Occupancy	**Purpose**	**Units**	**Maximum HELOC Line Amount**	**Maximum Combined (1st lien UPB + HELOC Line) Amount**	**Minimum FICO**	**HCLTV**	**Maximum DTI**
Primary Residence	Cash-Out	1	$500,000	$3,000,000	740	70%	50%
			$350,000	$3,000,000	740	75%	
			$300,000	$3,000,000	740	80%	
			$250,000	$3,000,000	740	85%	
			$250,000	$3,000,000	700	80%	
			$200,000	$3,000,000	680	80%	
			$125,000	$3,000,000	660	80%	
			$125,000	$3,000,000	640	75%	
Second Home	Cash-Out	1	$300,000	$2,000,000	720	75%	50%
			$200,000	$2,000,000	700	70%	
			$150,000	$2,000,000	680	65%	
Investment Property	Cash-Out	1	$300,000	$2,000,000	720	75%	50%
			$200,000	$2,000,000	700	70%	
			$150,000	$2,000,000	680	65%	

Amortization Type	Adjustable-Rate Mortgage Draw period is Interest Only; fully amortized payment after the draw period See Section 2.2 regarding Usury Limits Full Principal and Daily Interest: • 5, 10, 15, 20, and 30 Year HELOC (Index + margin) • Qualified at the fully amortized payment based on start rate + 2% and the total credit limit used to qualify. • Not assumable
ARM Information	Index: Prime as described in "HELOC Agreement" Margin: Variable based on pricing
Draw Periods	• 10, 15, 20, and 30-year amortization: 3 and 5-year draw period • 5-year amortization: 3-year draw period • Payments during the draw period are Interest Only • Qualifying payment on loan for approval is based on fully amortized loan payment of full line amount on remaining term after draw ○ Example: 20-year term/3 year IO – Amortization Term is 17 years for full line of

	credit amount
Minimum Line Amount (Credit Limit)	$25,000
Initial Draw (Loan Amount)	The borrower will be approved for a total line amount (the "credit limit") and that amount must be at least 90% drawn at the time of origination. The amount drawn at the time of origination is considered the loan amount. HELOCs are structured to allow up to a 100% draw feature.
Additional Draw Limit	An unlimited number of additional draws can be taken up to 100% of the credit limit provided that: • Subsequent draws must be 60 days after the initial draw. • The draw amount is above the loan draw minimum of $500 or such higher amount as required by applicable state law. • The borrower has draw capacity on their credit limit. • Additional draws which exceed the credit limit are not permitted.
Credit/Payment History Requirements	• No foreclosure/bankruptcy/short sale/deed-in lieu within last 60 months • All borrower(s) and co-borrowers must meet the credit score requirements individually. • Non-traditional credit report as defined by Fannie Mae is not permitted. • Payment history requirements: 0x30x12 mortgage/rental history on the subject property and all financed REOs under the borrower's name.
Occupancy	Primary Residence, Second Home and Investment Property
Property Types	**Eligible:** • 1-unit SFR • PUD (Detached) • Condominiums (Detached, Attached) • Properties with 10 acres or less (properties must not be rural) • Homes listed for sale Refer to Property and Collateral Requirements for further details on eligible and ineligible property types.
Reserve Requirements	None
DTI Calculation	For purposes of determining DTI, the sum of the borrower's total monthly debt obligation (as described in Debt Obligation Requirements) is divided by the sum of the borrower's total monthly income (as verified in accordance with Salary Employment Income Requirements and Self-Employment Income Requirements).

2. Introduction

2.1. Purpose

The purpose of HomeEQ's Home Equity Line (HELOC) product is to allow qualified borrowers to borrow against their home equity for debt consolidation, home renovation, major purchases, and other personal use. HomeEQ leverages direct data feeds and automation to create a more consistent and faster decision-making process while evaluating of the Borrower's ability to repay. This Underwriting Guide defines the parameters for borrower and collateral eligibility, loan terms, credit requirements and income requirements for approval. Additional reviews, requirements or parameters for qualification are not required unless specified within the confines of the written guidelines. Exceptions are not allowed.

2.2. Usury Limits

HomeEQ complies with all applicable usury laws. If an additional draw would result in an interest charge that exceeds the applicable usury cap, HomeEQ may refuse to make the additional draw until the interest charge is less than the rate cap.

2.3. Fraud Check

HomeEQ runs Data Verify on all individual borrowers to detect and prevent fraud. If any of the High-Risk indicators are flagged, the application will be directed to the HELOC team for manual review. The application will resume once the review is completed and the fraud risk is ruled out. If fraud is confirmed, the application will be declined.

3. Underwriting Criteria

3.1. Prequalification

Borrowers may begin with a pre-qualification. A single bureau soft pull will be pulled, and the application may proceed if the borrower's credit score is >= 640

3.2. Lien Position

The HomeEQ HELOC must be in second lien position. A first lien must already in place. The first lien must be seasoned for a minimum of 90 days prior to the application date. Concurrent closings are ineligible. HomeEQ will use multiple sources of property data to identify outstanding liens on the borrower's subject property. The current balance will be added to the amount owed on the property.

Ineligible First liens: The following are NOT permitted to be in a lien position with higher priority than this HomeEQ HELOC:

- Any HELOC regardless of the loan balance
- Loans in active forbearance or deferment
- Tax and judgement liens
- Negative Amortization
- Balloon, if the balloon payment becomes due during the amortization period of this HomeEQ HELOC
- Reverse mortgages
- Private mortgages
- Any combination of HELOC balance plus first mortgage Balance should be greater than $100,000.

3.3. Occupancy Type

Primary Residence, Second Home and Investment Properties.

3.4. Transaction Eligibility

All transactions are treated as cash out transactions. Texas 50(a)(6) ineligible.

3.5. Maximum HomeEQ Exposure

HomeEQ's HELOC Exposure: Borrowers can have 1 HELOC on their primary residence and 1 HELOC on their second home with HomeEQ.

4. Borrower Eligibility

4.1. Eligible Borrowers

- US Citizens
- Permanent Resident Aliens who permanently reside in the United States. A valid social security number is required.
- Non-Permanent Resident Aliens who are wage earners and have a valid social security number is required.

4.2. Eligible Vesting

- Property must have been owned by the borrower at least 90 days prior to the application date.
- At least one responsible party from the first lien must be on the HELOC application.
- Not all owners are required to be on the application but everyone currently on title must continue to be vested on title.
- The most recent quit claim deed must be seasoned for a minimum of 90 days prior to the application date. Owners may not be added or removed in the most recent 90 days. At closing, only a spouse may be added to title. No other parties may be added.
- Property ownership must be vested in the name of an individual (sole or jointly)
- Any additional persons with a vested interest in the property (community property/homestead) must also sign the security instrument.
- Property must be owned in fee simple or fee simple absolute at the time of application.

4.3. Ineligible Borrowers or Vesting

- Corporations, General Partnerships, LLC
- Non-occupant co-borrower
- Foreign Nationals
- ITIN borrowers
- Revocable, Irrevocable or Blind Trusts
- Land Trusts
- Properties owned as anything less than fee simple (leasehold, life estate, defeasible, future interest)
- Borrowers with diplomatic immunity or otherwise excluded from U.S. jurisdiction.
- Borrowers from OFAC sanctioned Countries
- Tenants in common
- POA (Power of Attorney) is not permissible.

5. Credit Requirements

5.1. General Information

A tri-merged in file credit report from all three repositories is required for all HELOCs. Frozen credit reports are not allowed. The report must include the full name, address, and telephone number of the credit reporting agency, as well as the names of the national repositories that the agency used to provide information for the report.

The credit reporting agency must make responsive statements about all items on the credit report indicating “unable to verify” or “employer refused to verify,” when appropriate.

5.2. Age of Documentation

Credit Documentation: All credit documentation must be no more than 29 days old at time of closing.

Income Documentation: The most recent income documentation must be dated no more than 29 calendar days before the Note date.

5.3. Representative Credit Score

Each Borrower must have a minimum of two FICO scores and must meet the credit score requirements in the LTV matrix individually. The Representative Credit Score is the lowest mid score of both borrowers.

Rapid rescore is not allowed.

5.4. Charge-Offs and Collections

Non-medical collections cannot exceed $1,000.

Charge offs cannot exceed $500.

Medical collection accounts are excluded and are not required to be paid in full at or prior to closing.

5.5. Credit Inquiries

A max of 3 retail, inquiries are allowed within 90 days of application. A max of 4 mortgage inquires within 30 days. No limit on installment inquiries.

5.6. Derogatory Credit

A Derogatory Credit Event is defined as a short-sale (SS), deed-in-lieu (DIL), mortgage loan charge-off (MCO), pre-foreclosure, foreclosure (FCL), modification, all Bankruptcy (BK), Notice of Default (NOD), or 120-day mortgage late payment.

All Derogatory Credit Event must be seasoned 60 months prior to the note date. The length of time is measured from the date of discharge/dismissal or property resolution (completion date) to the note date.

5.7. Mortgage History

A 0x30x12 mortgage payment history is required for the subject property, primary residence, and all financed properties listed on the credit report. If the existing lien is seasoned less than 12 months, then all month's reporting must be paid on time. Existing mortgage payments must be current as of

the most recent tradeline reporting date.

5.8. Taxes and Insurance

Real estate taxes, homeowner's insurance and flood insurance must be current at the time of funding date. HomeEQ is not required to be listed as a mortgagee prior to funding, nor is there a requirement for an updated coverage amount when originating an approved HELOC. The insurance validation must clearly state the subject property address, the effective dates of coverage, and the total annual premium.

6. Debt Obligation Requirements

6.1. Total Monthly Debt Obligation

The total monthly debt obligation is the sum of all housing expenses plus all other monthly debt obligations or expenses incurred by the Borrower. Monthly debt obligations include:

- Real Estate Mortgages & Related Expenses
- Rental Payments
- Authorized User Accounts
- Installment Debt
- Auto and Commercial Lease Payments
- Revolving Charges/Lines of Credit
- Student Loans
- Monthly HOA Dues
- Child Support and Alimony

6.2. Real Estate Mortgages & Related Expenses

Mortgage payments and related expenses (including principal, interest, real estate taxes, hazard insurance premiums, Flood Insurance and Homeowner association dues on the subject property must be included in the Borrower's recurring debt obligations. This includes mortgage payments and related expenses on any property which is currently pending sale (not closing prior to subject transaction), or a property retained as a second home and/or an investment property. No insurance other than hazard insurance (or flood insurance, if applicable) is required or will be written in connection with a HELOC transaction.

6.3. Rental Payments

When the Borrower is currently renting and is applying for a HELOC on their second home, the rental payment for their primary residence must be included in the debt calculation.

6.4. Authorized User Accounts

When the Borrower is authorized to use a credit account, the payment must be included in the debt calculation.

6.5. Installment Debt

Installment debt, such as mortgages and auto accounts, on the credit report with more than 10-months remaining must be included in the Borrower's monthly debt obligations. Installment Debt that is deferred or in forbearance must always be included in the Borrower's monthly debt obligations. If the credit report does not indicate the monthly amount that will be payable at the end of the deferment period, a payment equal to 5% of the outstanding balance must be used for qualifying purposes.

6.6. Lease Payments

Lease payments must always be included in the Borrower's recurring monthly debt obligations, regardless of the number of months remaining on the lease.

6.7. Revolving Charge/Lines of Credit

Revolving charge accounts, such as credit cards, open 30-day charge accounts, department store charge cards, and personal lines of credit, on the credit report must be considered part of the Borrower's recurring monthly debt obligations.

If the credit report does not provide a minimum monthly payment, a payment equal to 5% of the outstanding balance must be used for qualifying purposes.

6.8. Student Loans

When a monthly student loan payment is provided on the credit report, use that amount for qualifying purposes.

When the credit report does not provide a minimum monthly payment, or if the credit report shows $0 as the monthly payment, a payment equal to 1% of the outstanding balance must be used for qualifying purposes.

6.9. Debt Consolidation Eligibility

Borrowers may elect to pay off non-mortgage debts with the proceeds of their HELOC. The following requirements apply:

- Borrowers must indicate their intent to pay off non-mortgage debts during the application process.
- Debt may be paid off to qualify.
- Only debts that appear on the borrower's credit report are eligible for payoff.
- Borrowers must meet all other credit and income eligibility requirements to qualify for the HELOC with debt consolidation.
- **If a borrower elects to have HomeEQ pay off debt on their behalf, they are unable to use asset utilization.**

7. Asset Utilization Qualification

Borrowers may use assets to supplement income for qualification, if they meet the following criteria:

- Borrowers must have sufficient liquid assets to meet required income thresholds.
- Eligible asset types for qualification include:
  - Checking Accounts (100% of value)
  - Savings Accounts (100% of value)
  - Money Market Accounts (100% of value)
  - Stocks (70% of value)
  - Bonds (70% of value)
  - Mutual Funds (70% of value)
- The value of qualifying assets must be verified through Plaid CRA Services.
- **Asset depletion calculation:**
  - Adjusted total assets are divided by 60 months to determine monthly income contribution.
  - Monthly Income from Assets = Adjusted Total Assets / 60 months
  - Income from asset depletion cannot exceed 30% of total qualifying income for individual or borrower pair.
- **Example Calculation**:
  - Liquid Assets (100%): $200,000
  - Stocks & Bonds (70%): $400,000 × 0.70 = $280,000
  - Total Adjusted Assets: $200,000 + $280,000 = $480,000
  - Monthly Income: 480,000 / 60 = $8,000
  - Total Qualifying Income (from other sources): $10,000/month
  - Asset Income Cap: $10,000 × 30% = $3,000/month
  - Qualifying Asset Income: $3,000/month (limited by 30% cap)
- Borrowers must meet all other credit and income eligibility requirements to qualify for the HELOC with asset utilization.
- Borrowers may use asset utilization for qualification if they have not elected to have HomeEQ pay off debt on their behalf.
- Asset utilization cannot be used as the sole source of income for qualification.
- Cryptocurrency holdings are explicitly ineligible for inclusion.

8. Salary Employment Income Requirements

8.1. Minimum Length of Employment

Wage earner income is considered stable and effective if the borrower has been employed for 12 months. A maximum 2-month gap is allowed; however, the most recent 3 months may not have a gap in income.

8.2. Salaried Income Verification

HomeEQ uses vendor-provided income verification methods to support the disclosed income on all applications. Monthly Income is derived from a 3rd party income verification source, refer to the Salaried Income Waterfall Requirements section below for the documentation requirements. Income must be stable and consistent. Income that is unlikely to continue is not allowed. For salaried income verification using a 12-month bank statement CRA report (per the Salaried Income Waterfall Requirements), HomeEQ applies the gross-up factors as outlined in Salaried Income CRA Gross-Up Factors chart. When using a 12-month verification bank statement report, the borrower must have received at least 60 days of income from their current employer, as evidenced within the bank statements used for qualifying.

During the application process, the borrower must attest that they are still employed at the same employer and at least the same level of pay.

If stated income is less than 30% of verified income, and does not qualify, a manual review is required.

8.3. Salaried Income Waterfall Requirements

Income Verification Type	Income Type	Income Stability Requirements	Documentation Requirements
12 Month Bank statement verification	Salaried Income: Salaried/Wage Earner, Bonus and Commission	Plaid will directly link to depository accounts to pull all transactions (savings/checking) for the past 365 days.	Plaid generates a 12-month bank statement CRA Report. The CRA report identifies and summarizes borrower income streams, including: Detailed Income Sources, Pay Frequency and Consistency. The Income calculation is based on Plaid's 12-month analysis of the stated salary categories. The gross-up factors will be applied per the Salaried Income CRA Gross-Up Factors chart.
Payroll Report	Salaried Income: Salaried/Wage Earner, Bonus and Commission	Plaid will link directly to the payroll provider to obtain the employment history available for the current employer.	Payroll calculations are determined by Plaid's ability to link directly to third-party payroll providers to access the most recent information: YTD Gross Income, YTD Net Income and Pay Frequency. See below for excluded payroll categories

*****Salaried Income borrowers are eligible for 12-month Bank statement verification or Payroll Report income verification only. *****

9. Self-Employment Income Requirements

9.1. Minimum Length of Employment

HomeEQ uses vendors to obtain the most recent tax returns available for self-employed borrowers.

Minimum Length of Employment Self-employment income is considered stable and effective if the borrower has been self-employed for 24 months with the same business. A gap in income is not allowed.

If stated income is less than 30% of verified income, and does not qualify, a manual review is required.

9.2. Income Stability and Documentation Requirements

9.2.1. Tax Returns

HomeEQ will utilize the lower of the stated income on the application or the calculated income based on the income documentation. Income must be stable and consistent.

Income Verification Type	Income Type	Income Stability Requirements	Documentation Requirements
Tax Returns	Self Employed Income: Sole Proprietor (Schedule C), Partnership/S-Corp (Schedule K), and 1120 Partnerships (Schedule E).	Two-year transcripts are required in the consistent schedule being used for income, which ensures a minimum of two years of receiving self-employed income from the same business type.	The borrower most recently filed two years of transcripts using the vendor service, PointServ, which links directly to the IRS portal and instantly sends the transcripts to the income portal for calculation.

***Self Employed borrowers are eligible tax transcript verification process verification only. ***

Gig Economy Income is included as eligible self-employed income if it is the borrower's primary income source and has been filed on the most recent two years of tax returns.

10. 1099 Income

If a borrower has 1099 income, allow prior two years of 1099 for income calculation

1. Please select the industry category from the drop down:

Industry Options	Business Category
Beauty and Wellness	Service
Construction	Capital Intensive
Design	Service
Education	Service
Farming & Agricultural	Capital Intensive
Finance	Service
Fitness	Service
Healthcare	Service
Hospitality/Tourism	Service
Manufacturing	Capital Intensive

Marketing and Sales	Service
Mechanical	Service
Media and entertainment	Service
Money Lenders	Capital Intensive
Oil and Gas	Capital Intensive
Public Service	Service
Telecommunications	Capital Intensive
Transportation	Capital Intensive

2. Determine the Expense Ratio: Based on the business category associated to the selected industry and the number of employees, the expense factor chart is listed below:

Fixed Expense Ratio			
Number of Employees/Contractors	0-4	5-10	10+
Service Business	20%	40%	60%
Capital Intensive Business	30%	50%	70%

3. Submit request to PointServ for prior two years of 1099's
4. Calculate income:
   a) Add two years of 1099 together
   b) Multiply total from "a" by profit margin (100 – expense ratio)
   c) Divide total by 24 = monthly income
   d) Populate result of "c" to "Income" field for the borrower

11. Rental Income

If a borrower has investment REO, we would like to give the options to obtain Schedule E Rental Income to offset the mortgage debt.

Rental Income

5. Pull Gross Rents from Schedule E Tax Returns
6. Reduce the Gross rent from Schedule E by the 25% vacancy factor
   - Gross Rents multiplied by .75
7. Add rental income to 'Other Income'

12. Social Security and Disability Income Requirements

HomeEQ will utilize the lower of 115% of the stated income on the application or the calculated income based on the income documentation. Income must be stable and consistent. Gaps in income are not allowed.

Income Verification Type	Income Type	Income Stability Requirements	Documentation Requirements
12 Month Bank statement verification	Social Security Income (SSI)	Plaid will directly link to depository accounts to pull all transactions (savings/checking) for the past 365 days.	Plaid generates a 12-month bank statement CRA Report. The CRA report identifies and summarizes the SSI deposits. The Income calculation is based on Plaid's 12-month analysis of the SSI category. A 15% gross-up factor will be applied.
12 Month Bank statement verification	Military or Long-Term Disability	Plaid will directly link to depository accounts to pull all transactions (savings/checking) for the past 365 days.	Plaid generates a 12-month bank statement CRA Report. The CRA report identifies and summarizes the SSI and VACP TREAS deposits. The Income calculation is based on Plaid's 12-month analysis of the SSI category. A 15% gross-up factor will be applied.

13. Pension/Retirement Income

Pension and retirement income are permitted under the following terms:

Income Verification Type	Income Type	Income Stability Requirements	Documentation Requirements

Manual Review	Retirement and Pension	Award Letter and/or monthly statements must show a minimum of 90 days of payments	Pension/Retirement Award Letter, Statements and/or Bank Statements must show a minimum of 90 days of regular payments. The Income calculation is based on average monthly income calculated.

14. Ineligible Income

- Gig Economy income that is not identifiable on tax returns
- C-Corporation income
- Note income
- Trust income
- Short term rental income
- Capital gains income
- Auto Allowance
- Int/Dividend
- Royalty
- Unemployment
- Restricted stock units
- Illegal federal sources of income

15. Property and Collateral Requirements

15.1. Lien and Vesting Search

HomeEQ does not require a title commitment; instead, it utilizes vendor-provided publicly available data to assess current vesting status and seasoning of the vesting, land use, zoning, and any outstanding liens. The information obtained from the report is then compared to various elements within the loan, including, but not limited to, any open liens on the subject property and the applicant's information, which is reviewed for current vesting purposes based on the length of ownership.

15.2. Eligible Property Types

- 1-unit Single Family Residence (SFR) inclusive of townhomes

- Condos (Mid & High Rise included)
- Planned Unit Development (PUD)
- Properties with 10 acres or less (properties must not be rural)
- Homes listed for sale – Arc will check MLS to validate if home is currently listed for sale. Pricing adjustments will apply.

15.3. Ineligible Property Types

All collateral types other than those listed in Eligible Collateral Type above, including the following, are prohibited:

- Greater than 1-unit properties
- Commercially zoned properties
- Agricultural zoned properties
- Rural properties
- Manufactured/Mobile Homes
- Vacant land
- Community Land Trusts
- Houseboats
- Leasehold properties
- Properties less than 500 square feet
- Fractional Ownership/Time Shares
- Properties located in an active FEMA disaster area.
- Properties located in Texas, New York, Missouri, Tennessee, Vermont, Illinois, Hawaii, Puerto Rico, Guam and the US Virgin Islands

16. Collateral Valuation

16.1. Valuation Method

For all credit line amounts > $400,000, a full appraisal is required.

HomeEQ calculates the value of the property using an Automated Valuation Model ("AVM") Waterfall. HomeEQ must be able to determine the value of the property using our AVM.

The AVM must be ordered in the below order and receive an acceptable Forecast Standard Deviation ("FSD") score:

- The AVM will first be ordered through CoreLogic and must have an FSD score < 0.15.
- If Corelogic cannot determine a value, then an AVM will be ordered through Clear Capital. Clear Capital must have an FSD score < 0.15

Broker may request an appraisal thru SPARC 2.0. The Borrower must pay for the appraisal upfront. The appraisal will require an ARC Collateral Review. If the value on the appraisal is lower than the

AVM, the appraised value will be used.

16.2. Validity Period of AVM Waterfall

The AVM will be pulled at the start of every new application. Once the borrower consents to the hard credit pull, a new AVM will be pulled if 30 days has passed since the first pull.

Once the hard credit pull has been completed, the application will remain open for an additional 29 days. If the application is expired, the borrower will be required to restart a new application to proceed.

16.3. Disaster Areas

All properties must be verified that they are not located in an area designated as an Active FEMA declared disaster area with individual assistance prior to closing. Any property closing within 60 days of the FEMA incident end date must provide a post disaster inspection with exterior and street photos. Please note that if damage is noted, this will result in a decline for collateral.

17. Exhibits

			BLENDED TAX RATE:							GROSS UP FACTOR:						
		Proxy Progressive	10.00%	11.21%	15.30%	19.24%	21.70%	26.05%	31.77%	10.00%	11.21%	15.30%	19.24%	21.70%	26.05%	31.77%
		Fed Tax Rate:	10.00%	12.00%	22.00%	24.00%	32.00%	35.00%	37.00%	10.00%	12.00%	22.00%	24.00%	32.00%	35.00%	37.00%
		Income Avg:	5,600	29,375	73,638	146,238	217,638	426,538	609,350	5,600	29,375	73,638	146,238	217,638	426,538	609,350
	State	Income Tax		$11,600-	$47,150-	$100,525-	$191,950-	$243,725-			$11,600-	$47,150-	$100,525-	$191,950-	$243,725-	
State	Code	Type	$0-$11,600	$47,150	$100,525	$191,950	$243,725	$609,350	$609,350+	$0-$11,600	$47,150	$100,525	$191,950	$243,725	$609,350	$609,350+
Alabama	AL	Low	15.00%	16.21%	20.30%	24.24%	26.70%	33.05%	36.77%	1.18	1.19	1.25	1.32	1.37	1.49	1.58
Alaska	AK	None	10.00%	11.21%	15.30%	19.24%	21.70%	26.05%	31.77%	1.11	1.13	1.18	1.24	1.28	1.39	1.47
Arizona	AZ	Low	12.50%	13.71%	17.80%	21.74%	24.20%	30.55%	34.27%	1.14	1.16	1.22	1.28	1.32	1.44	1.52
Arkansas	AR	Low	14.40%	15.61%	19.70%	23.64%	26.10%	32.45%	36.17%	1.17	1.18	1.25	1.31	1.35	1.48	1.57
California	CA	High	11.00%	13.16%	20.07%	26.25%	29.52%	36.77%	41.26%	1.12	1.15	1.25	1.35	1.42	1.58	1.70
Colorado	CO	Low	14.40%	15.61%	19.70%	23.64%	26.10%	32.45%	36.17%	1.17	1.18	1.25	1.31	1.35	1.48	1.57
Connecticut	CT	Medium	12.00%	14.66%	19.76%	24.39%	27.22%	34.19%	38.16%	1.14	1.17	1.25	1.32	1.37	1.52	1.62
District of Columbia	DC	High	14.00%	16.53%	21.62%	26.65%	29.52%	36.49%	40.54%	1.16	1.20	1.26	1.33	1.42	1.57	1.68
Delaware	DE	Medium	11.68%	15.36%	20.52%	25.15%	27.88%	34.42%	38.21%	1.13	1.18	1.26	1.31	1.39	1.52	1.62
Florida	FL	None	10.00%	11.21%	15.30%	19.24%	21.70%	26.05%	31.77%	1.11	1.13	1.18	1.24	1.28	1.39	1.47
Georgia	GA	Medium	15.49%	16.70%	20.79%	24.73%	27.20%	33.54%	37.26%	1.18	1.20	1.26	1.33	1.37	1.50	1.59
Hawaii	HI	High	12.65%	17.21%	22.91%	26.98%	30.16%	37.74%	41.85%	1.15	1.21	1.29	1.37	1.43	1.61	1.72
Idaho	ID	Medium	15.80%	17.01%	21.10%	25.04%	27.50%	33.85%	37.57%	1.19	1.20	1.27	1.33	1.38	1.51	1.60
Illinois	IL	Low	14.95%	16.16%	20.25%	24.19%	26.71%	33.00%	36.72%	1.18	1.19	1.25	1.32	1.36	1.49	1.58
Indiana	IN	Low	13.05%	14.26%	18.35%	22.29%	24.81%	31.10%	34.82%	1.15	1.17	1.22	1.29	1.33	1.45	1.53
Iowa	IA	Medium	14.40%	15.94%	20.58%	24.74%	27.32%	33.68%	37.42%	1.17	1.19	1.26	1.33	1.38	1.51	1.60
Kansas	KS	Medium	13.10%	15.36%	20.36%	24.63%	27.25%	33.65%	37.40%	1.15	1.18	1.26	1.33	1.37	1.51	1.60
Kentucky	KY	Low	14.00%	15.21%	19.30%	23.24%	25.70%	32.05%	35.77%	1.16	1.18	1.24	1.30	1.35	1.47	1.56
Louisiana	LA	Low	11.65%	14.01%	18.76%	23.09%	25.74%	32.16%	35.92%	1.13	1.16	1.23	1.30	1.35	1.47	1.56
Maine	ME	Medium	15.00%	17.12%	21.70%	26.05%	28.68%	35.09%	39.04%	1.19	1.21	1.28	1.35	1.40	1.54	1.64
Maryland	MD	Medium	13.64%	15.76%	19.96%	24.07%	26.60%	33.13%	37.26%	1.16	1.19	1.25	1.32	1.37	1.50	1.59
Massachusetts	MA	Medium	15.00%	16.21%	20.30%	24.24%	26.70%	33.05%	36.77%	1.18	1.19	1.25	1.32	1.37	1.49	1.58
Michigan	MI	Low	14.25%	15.46%	19.55%	23.49%	26.01%	32.30%	36.02%	1.17	1.18	1.24	1.31	1.35	1.48	1.56
Minnesota	MN	Medium	15.35%	16.56%	21.46%	26.03%	28.12%	36.63%	40.73%	1.18	1.20	1.27	1.35	1.41	1.58	1.69
Mississippi	MS	Low	14.70%	15.91%	20.00%	23.94%	26.40%	32.75%	36.47%	1.17	1.19	1.25	1.31	1.36	1.49	1.57
Missouri	MO	Low	14.00%	16.01%	20.10%	24.04%	26.50%	32.85%	36.57%	1.17	1.19	1.25	1.32	1.36	1.49	1.58
Montana	MT	Medium	14.70%	16.27%	20.85%	24.97%	27.54%	33.90%	37.63%	1.17	1.19	1.26	1.33	1.38	1.51	1.60
Nebraska	NE	Medium	12.64%	14.90%	20.24%	24.63%	27.29%	33.74%	37.50%	1.15	1.18	1.25	1.33	1.38	1.51	1.60
Nevada	NV	None	10.00%	11.21%	15.30%	19.24%	21.70%	26.05%	31.77%	1.11	1.13	1.18	1.24	1.28	1.39	1.47
New Hampshire	NH	OTHER	10.00%	11.21%	15.30%	19.24%	21.70%	26.05%	31.77%	1.11	1.13	1.18	1.24	1.28	1.39	1.47
New Jersey	NJ	High	11.40%	12.72%	18.60%	24.16%	27.15%	33.93%	38.26%	1.13	1.15	1.23	1.32	1.37	1.51	1.62
New Mexico	NM	Medium	11.78%	15.10%	19.62%	23.95%	26.50%	33.10%	37.20%	1.13	1.18	1.25	1.31	1.36	1.50	1.59
New York	NY	High	14.00%	16.15%	20.35%	24.65%	27.51%	34.34%	38.23%	1.16	1.19	1.26	1.33	1.38	1.52	1.62
North Carolina	NC	Low	14.50%	15.71%	19.80%	23.74%	26.20%	32.55%	36.27%	1.17	1.19	1.25	1.31	1.36	1.49	1.57
North Dakota	ND	Low	10.00%	11.21%	16.07%	20.60%	23.31%	30.06%	33.80%	1.11	1.13	1.19	1.26	1.30	1.43	1.51
Ohio	OH	Low	10.00%	11.53%	17.08%	21.70%	24.64%	31.22%	35.04%	1.11	1.13	1.21	1.28	1.33	1.45	1.54
Oklahoma	OK	Low	14.75%	15.96%	20.05%	23.99%	26.51%	32.80%	36.52%	1.17	1.19	1.25	1.32	1.36	1.49	1.58
Oregon	OR	Medium	15.27%	16.94%	23.04%	27.95%	30.60%	37.55%	41.39%	1.18	1.23	1.31	1.39	1.45	1.60	1.71
Pennsylvania	PA	Low	13.07%	14.28%	18.37%	22.31%	24.83%	31.12%	34.84%	1.15	1.17	1.23	1.30	1.33	1.45	1.53
Rhode Island	RI	Medium	13.75%	14.96%	19.05%	23.16%	25.78%	33.25%	37.20%	1.16	1.18	1.24	1.31	1.36	1.50	1.59
South Carolina	SC	Medium	11.21%	15.25%	20.76%	25.17%	27.84%	34.29%	38.06%	1.13	1.18	1.26	1.31	1.39	1.52	1.62
South Dakota	SD	None	10.00%	11.21%	15.30%	19.24%	21.70%	26.05%	31.77%	1.11	1.13	1.18	1.24	1.28	1.39	1.47
Tennessee	TN	None	10.00%	11.21%	15.30%	19.24%	21.70%	26.05%	31.77%	1.11	1.13	1.18	1.24	1.28	1.39	1.47
Texas	TX	None	10.00%	11.21%	15.30%	19.24%	21.70%	26.05%	31.77%	1.11	1.13	1.18	1.24	1.28	1.39	1.47
Utah	UT	Low	14.65%	15.86%	19.95%	23.89%	26.41%	32.70%	36.42%	1.17	1.19	1.25	1.31	1.36	1.49	1.57
Vermont	VT	Medium	13.35%	14.56%	19.90%	25.08%	28.17%	35.58%	39.07%	1.15	1.17	1.25	1.33	1.39	1.55	1.66
Virginia	VA	Medium	12.70%	16.08%	20.70%	24.62%	27.39%	33.74%	37.46%	1.15	1.19	1.26	1.33	1.38	1.51	1.60
Washington	WA	OTHER	10.00%	11.21%	15.30%	19.24%	21.70%	26.05%	31.77%	1.11	1.13	1.18	1.24	1.28	1.39	1.47
West Virginia	WV	Medium	12.36%	14.15%	19.22%	23.75%	26.47%	32.97%	36.75%	1.14	1.16	1.24	1.31	1.36	1.49	1.58
Wisconsin	WI	Medium	13.50%	15.19%	20.08%	24.20%	26.88%	33.68%	38.14%	1.16	1.18	1.25	1.32	1.37	1.51	1.62
Wyoming	WY	None	10.00%	11.21%	15.30%	19.24%	21.70%	26.05%	31.77%	1.11	1.13	1.18	1.24	1.28	1.39	1.47

Notes:
Low = <=5% highest, Medium = <=10% highest, High = >10% highest
I did NOT blend the state tax rate if the highest income bucket is >10k

Salaried Income CRA Gross-Up Factors

Version logic: The first digit in the revision number represents the year. Revision numbers will switch to '2.1' starting 11/7/2025			
Effective Date	**Version**	**Author**	**Summary of the Changes**
1/16/2025	1.1	Tish Divirgilio	Modified Credit Inquiries: Allowed max 3 retail inquiries within 90 days, and max 4 mortgage inquiries within 30 days.
1/16/2025	1.1	Tish Divirgilio	Expanded Self-Employed Income requirements to include Gig economy income as valid when reported on the last 2 years' tax returns as the main income.
1/16/2025	1.1	Tish Divirgilio	Added Child Support and Alimony as part of DTI calculations.
1/16/2025	1.1	Tish Divirgilio	Updated FSD score for all AVM models to 0.15.
1/16/2025	1.1	Tish Divirgilio	Updated Vesting requirements to allow a spouse to be added at close
1/16/2025	1.1	Tish Divirgilio	Properties located in a Flood zone are allowed with proof of flood policy
1/16/2025	1.1	Tish Divirgilio	Properties in a non-active FEMA disaster are allowed with Post Disaster Inspection
1/16/2025	1.1	Tish Divirgilio	Removed Hawaii from the ineligible property list.
1/22/2025	1.2	Tish Divirgilio	Updated the table for gross-up factors to correct VT
2/24/2025	1.3	Tish Divirgilio	Added the use of Asset Depletion to be used for qualifying income
2/24/2025	1.3	Tish Divirgilio	Updated to allow HomeEq to pay off debt on behalf of the borrower directly to the creditors.
2/24/2025	1.3	Tish Divirgilio	Removed the FSD requirement when 2 appraisals are needed to qualify.
4/2/2025	1.4	Mike Harsche	Removed Louisiana and Nebraska as Ineligible States
4/11/2025	1.5	Lauren Biscamp	Increased the variance between the 2 AVM values from 10% to 20% for when the HELOC will be declined.
7/28/2025	1.6	Mike Harsche	Added social security and disability income as eligible income.
10/13/2025	1.7	Mike Harsche	Added option for Borrower to obtain appraisal to determine value and rental income to be eligible
10/29/2025	1.8	Mike Harsche	Updated guidelines to add Investment Property Eligibility, Interest-Only Draw Period
11/10/2025	1.9	Mike Harsche	Added 1099 as eligible income type as well as requirements
11/17/2025	2.0	Mike Harsche	Compliance Review – removed ineligible income
12/9/2025	2.1	Mike Harsche	Properties listed for sale are eligible. Pricing adjustments will apply.
1.23.2026	2.2	Mike Harsche	Changed qualifying rate to Start Rate +2%

4.3.2026	2.3	Mike Harsche	Changed seasoning requirement for first lien as well as ownership of subject property from 12 months to 6 months
4.20.2026	2.4	Mike Harsche	Changed seasoning requirement for first lien as well as ownership of subject property from 6 months to 90 days
4.28.2026	2.5	Mike Harsche	Max Line Amount increased to $500k ; Loan amounts > $400k require full appraisal