

# TCF HELOCs

MiMutual works directly with TCF to be able to offer simultaneous secondary financing in the form of a HELOC. These are not permitted to be submitted through the correspondent channel – they must be brokered, with MiMutual as the lender. These HELOCs must close with a corresponding first lien; they **cannot** be closed as standalone second.

## Eligibility Matrix

Primary Residences <sup>1,2</sup>			
Minimum FICO (Purchase & Refinance)	CLTV	Combined 1 <sup>st</sup> & 2 <sup>nd</sup> Mortgage Exposure	Prime <sup>3</sup> +
730	80.01 – 89.99%	\$2,000,000	1.24%
730	70.01 – 80.00%	\$2,000,000	0.99%
730	< 70.00%	\$2,000,000	0.49%
700	80.01 – 89.99%	\$1,250,000	1.49%
700	70.01 – 80.00%	\$1,250,000	0.99%
700	< 70.00%	\$1,250,000	0.49%
680	80.01 – 85.00%	\$1,250,000	1.74%
680	70.01 – 80.00%	\$1,250,000	1.24%
680	< 70.00%	\$1,250,000	0.74%
Second Homes <sup>4,5</sup>			
Minimum FICO (Purchase & Refinance)	CLTV	Combined 1 <sup>st</sup> & 2 <sup>nd</sup> Mortgage Exposure	Prime <sup>3</sup> +
730	80.01 – 85.00%	\$1,275,000	1.24%
730	70.01 – 80.00%	\$1,275,000	0.99%
730	< 70.00%	\$1,275,000	0.49%

<sup>1</sup>Primary residence property types: SFR, PUD, townhome, condo, 1-2 unit

<sup>2</sup>Primary residence line amounts: \$5,000 to \$350,000 with a maximum CLTV of 89.99%; \$350,001 to \$500,000 with a maximum CLTV of 85.00%

<sup>3</sup>See [TCF's Rate Sheet](#) for current Prime Rate

<sup>4</sup>Second home property types: SFR, PUD, townhome, condo, 1-2 unit

<sup>5</sup>Second home line amounts: \$5,000 to \$250,000 with a maximum CLTV of 85%

## Additional Underwriting Criteria

### Eligibility

- HELOCs may be combined with any type of first lien (Conventional, FHA, RD, or VA), providing the first lien allows for institutional subordinate financing at the desired HCLTV, and the guidance of both the applicable Agency and HELOC direction contained within this document is met
- Loan features a 30 year term: 10 year interest-only draw period, and then a 20 year repayment period
  - No early termination fee
  - No draw required at closing
  - Borrower pays a TCF loan origination charge of \$295 and all third party settlement charges
  - There is a \$75.00 annual maintenance fee

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- Qualifying rate (ARM): use qualifying payment from 1008 or DU. Documentation must be provided.
- Qualifying payment for TCF HELOC: use the start rate based on CLTV (see Eligibility Matrix). Amortize TCF Bank HELOC line amount for 30 year term to determine P&I payment, **plus** add the shock payment (HELOC line amount x 0.0018). Use the [TCF HELOC Qualifying Worksheet](#).
- Maximum DTI 45%
  - No restrictions on front-end DTI
- Age of documents:
  - Credit & income docs: 90 days
  - Appraisal: 120 days
- No additional seasoning requirements for rate/term or cash out refinances
- Both permanent resident aliens and non-permanent resident aliens are permitted
- Only one TCF HELOC is permitted per household
- Title commitment from first lien used. However, a junior lien title insurance policy is required if the credit limit is > \$250,000

***Ineligible Features:***

- Non-occupant coborrowers
- No renovation loans
- No escrow holdbacks
- No standalone seconds
- Paying off debt at closing to qualify on a purchase

**Credit**

- Minimum credit score (for combined 1<sup>st</sup> and 2<sup>nd</sup> lien total exposure) detailed in Eligibility Matrix
  - The score used to determine eligibility is the mid score of the primary wage earner
- A minimum of 3 tradelines (open or closed) between all borrowers, with 1 tradeline originated at least 3 years prior to the date of the credit report, is required
- A satisfactory LOX may be required for derogatory mortgage tradelines in the past 12 months
- Proceeds may be used to pay off debt to qualify on refinance transactions
  - Revolving accounts are not required to be closed
- Adverse credit seasoning requirements (measured from date of event to application date of new loan):
  - Bankruptcy: no filings within 7 years, all chapters
  - Foreclosure: 5 years
  - Short Sale/Settlement: 5 years
  - Deed-in-Lieu: 5 years
  - Collection/Judgment: must be paid off
    - Medical collections are not considered
  - Tax liens: must be paid off
  - Disputed amounts: proof of resolution
- Student loans: monthly payment must be included in debt ratio (1% of balance if deferred)
- Installment loans: may be excluded from the DTI with less than or equal to 6 months remaining
- 401k loans: excluded from the DTI when 401k loan balance is less than the total 401k vested asset amount. Most recent statement is required.
- Co-signed loans: included in the DTI
- Amounts for local taxes and assessments should be taken from the title commitment

## **Income**

- Income documentation:
  - Follow the guidance of the applicable Agency (first lien) unless otherwise stated below
  - Self-employed: 2 years taxes unless DU/LP findings only require 1 year.
    - Business losses will be subtracted from income
    - Ordinary business income allowed for 25% ownership or greater. If application is joint, combined ownership allowed to be 25% or greater for the applicants
- Gaps in employment greater than 30 days require an LOX
- Declining income: the 20% rule for declining income applies to borrowers who are self-employed and/or earn variable income (bonus, commission, etc). TCF will average income over two years. However, if current period is declining by more than 20%, TCF will use the lower income

## **Assets**

- There is no minimum borrower contribution
- Gift funds are permitted
- There are no reserve requirements
- Bank statements are not required

## **Collateral**

- TCF will order a desk review on all appraisals
- Eligible collateral:
  - SFR/PUD
  - Condo
  - Townhouse
  - 1-2 units
- Ineligible collateral:
  - 3+ units
  - Leasehold
  - Dome
  - Earth-berm
  - Co-Ops
  - Agricultural zoning
  - Investment/rental properties
  - Vacant land
- Full appraisal required; PIW or exterior only reports not permitted
  - Appraisal from the first lien is used, provided it is less than 120 days old when submitted, less than 150 days old at closing, and meets Agency and TCF requirements
  - Recertification of value not allowed
  - Transferred appraisals are permitted with transfer letter
- Maximum 10 acres permitted

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## Turntimes

- Initial approval from TCF (including desk review): 4-5 business days
  - Submissions occurring late in the day may add an additional day to the turntime
  - Any changes to terms as approved will require a new approval from TCF, which can take 1-2 business days
- Once loan is Cleared to Close with MiMutual, MiMutual will work with TCF to get docs sent to the title company for both 1<sup>st</sup> and 2<sup>nd</sup> liens, which can take up to 3 business days

## Ineligible States

AL, LA, MS, OK, TX, WV, and all other states MiMutual is not licensed in

## Process Flow

- Broker will register loan within the wholesale portal, designating a TCF HELOC is being requested
- MiMutual will include in the disclosure package to the borrower:
  - [TCF 765 \(Notice and Authorization\)](#): must be signed by all borrowers
- Broker will upload their submission package to MiMutual, including the [TCF 1017 \(TCF HELOC Worksheet\)](#)
  - Worksheet is an excel form; cannot be handwritten
- MiMutual will deliver the loan to TCF for approval upon receipt of all credit/income docs and the appraisal
- TCF mails the Command Credit HELOC Disclosure, the CFPB HELOC Booklet, and the BSA disclosure to the borrowers
  - No returned documents required
  - HELOCs are open-ended credit, and not subject to TRID; therefore, TCF does not issue an LE or CD.
- TCF will complete an initial review and advance the file to their underwriting department. The desk review will be ordered when the file is advanced to underwriting.
- TCF will issue the conditional approval.
- TCF closing docs are sent directly to escrow/title.
  - TCF documents must be signed and emailed/faxed back to TCF within 7 calendar days.
- TCF wires funds after reviewing executed closing documents. Originals can be returned after funding. Escrow must notify TCF that they are ready for funds. Wire cut-off time is 11:00AM Pacific time / 1:00PM Central / 2:00PM Eastern.

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