

## TCF Bullet Points –Effective April 1, 2016

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**Primary Residence** -- 89.99% Max CLTV --- combined liens to \$1,500,000 Max \$350K HELOC

**Second homes**- 85% Max CLTV –combined liens to \$1,275,000 Max \$250K HELOC

**Min FICO 720 for California PRIMARY WAGE EARNER ( Most Income)**

Owner Occupied properties/ Second homes: SFR, Condo, Town, 1-2 units

**No Investment Properties, No 3-4 units No non-occupant Co-Borrowers/No blended ratios.**

Maximum 7 properties (primary residence + 6) whether financed or free and clear, including Commercial properties.

First TD can be: Conventional, High Balance, Jumbo , FHA /VA & All ARMS except for an I/O Product

**Condo's** : Existing Project - 51% O/O; New Construction- 70% of units *sold/closed must be Owner Occ.*

TCF Max Acreage is 10 acres (2 acres in AZ).

TCF accepts your appraisal, subject to TCF ordered Desk Review. Appraisal cannot be > 120 days old when TCF orders Desk Review or >150 days at closing.

**Title Insurance** – Simultaneous Close TCF uses your title from the 1st mortgage if HELOC is \$250K or less. If HELOC is greater than \$250,000 order Title Insurance for the full HELOC amount. Can be a Limited Policy or Flag Policy.

**Stand Alone:** Submitting for HELOC within 90 days of closing your first - Title Insurance (a Flag or Limited Policy) is required and you'll have to open a sub-escrow. NO Full ALTA/ESCROW required.

**HELOCs are Consumer Loans - NOT SUBJECT TO TRID.** TCF's \$295.00 Origination Charge is not disclosed on the first mortgage LE .TCF will disclose the \$295.00 and our \$75.00 Annual Maintenance in our HELOC disclosure, mailed to the Borrowers when we receive your submission. TCF does not issue a CD. We'll condition for your "initial CD" – can be unsigned-to release TCF docs.

TCF HELOCs close simultaneously with your first or submit within 90 days of closing for max cash out

**Three Pricing Tiers for Primary or Second/Vacation Homes- Purchase or Refinance**

Primary Residence Max HELOC \$350,000; Second Home Max HELOC \$250,000. Min HELOC \$5,000.00

**80.01%-89.99 CLTV** Prime + 1.99% - Start Rate of 5.49% based on current Prime

**70.01-80.00% CLTV** Prime + 1.49% Start Rate of 4.99% based on current Prime Rate

**70.00% or below Prime + 0.99% Start Rate of 4.49% based on current Prime Rate**

**TERMS:** 30 year HELOC Years 1-10 "Draw Period" with min I/O payments; Years 11-30 Repayment Period with amortized payments; 18% Life cap; \$75.00 annual maintenance fee, collected with first statement. No Early Termination fee. Borrower can choose full draw, partial draw or zero draw. \$295.00 TCF Origination Charge Origination Charge is put on the line and a net wire is sent to closing. Borrower is responsible for Title Fees

## TCF Overlays that can help save deals!!

TCF has **no reserve requirements**. No documentation required for source of down payment. Gifts allowed – even a full gift with no Borrower Contribution.

**Only the Primary Wage Earner (most income) must meet TCF Minimum Mid Scores**. No minimum score for the lower wage earner. If you excluded a lower wage earner on your first mortgage due to score, you can add that Borrower/their income to the HELOC. Need 1003/1008 for Co-Borrower+ their credit report and income docs.

**Only 3 trade lines required (Borrower+ Co-Borrower combined)**. Opened or closed. One trade line seasoned 3 years. TCF does not require Installment Debt or a VOR. Can use non-US Credit to document seasoned trade line OK to pay off debts to qualify. Can pay off debts with the HELOC proceeds, at closing.

**TCF will average variable income, including commission income, over 2015+ YTD 2016** if borrower rec'd in 2016. May result in higher qualifying income. If income is declining by > 20%, TCF uses lower income.

TCF does not deduct 2106 expenses from income.

Tax Returns not needed for W-2 employees. No Transcripts needed.

TCF does not include 401K loans in DTI. Provide a 401K Statement to show account balance exceeds loan.

**TCF only requires a one year Job History** – this can include education. Job History does not have to be continuous. TCF will require a signed and dated LOE for gap in employment greater than 30 days.

**Non-Resident Aliens**– TCF allows all type of Work VISAs with the right documentation. Provide machine readable Immigrant VISA ; copy of unexpired foreign passport and I-94 or I-797A form. TCF requires 1 trade line seasoned 3 years. **If Borrower does not have US credit seasoned 3 years**, your Borrower can provide a credit report for the purpose of documenting a seasoned trade line. This can be closed credit.

**IRA Depletion** –70% of account balance with 3 years continuance; Need letter from Financial Institution stating amount of monthly distribution and date of first distribution if newly established or recently changed.

**Asset Depletion** - To use assets as income - 70% of savings or brokerage account divided by 360. Borrower must be able to withdraw assets with no penalty. Assets cannot be in a trust.

**Departing Residence** converting to rental– Provide 12 month lease - cancelled security deposit check. 75% of gross rent to offset PITI. No departing property equity requirement. No prior landlord experience required. Offer Letter or Employment Contract for Salary (closing before *new job* commences) – Start Date must be within 45 days of loan closing. Income and type of employment must be commensurate with previous position.

**Income from RSU**: need 2 periods of receiving through payroll - 2014-15, or 2015 + YTD. Provide documentation verifying it is a continuing part of the compensation package or that the Borrower is eligible to receive vesting schedule, and history of converting some of the restricted stock to cash through investment account statement. Non ARMS length transactions allowed. Gift of equity allowed. Property “off the market one day” OK.

## TCF Overlays and Reminders

**TCF does not follow DU or LP findings.** The only exception is; we'll follow a finding for one year tax returns.

**TCF has a front end ratio (38.00%) and back end ratio (45.00%).** Cannot exceed either ratio – no exceptions.

How We Qualify: Even though the HELOC has I/O payments for years 1-10, we qualify using an amortized HELOC payment (30 year P & I payment @HELOC Start Rate) + a Payment Shock Factor of .0018 x the line amount. Our Qualifying Worksheet will calculate these items and build them into the ratios. Max Ratios 38.00/45.00%

**5 year seasoning for a short sale or foreclosure. No BK FILING in past 8 years.**

**If Rental Property is mortgaged - rental income used only as an offset!** Positive cash flow not added to income. If a rental or second home has an I/O first mortgage, TCF converts to a PITI payment. Can use Schedule E or 12 month lease and proof security deposit or proof rental income received. If rental is owned free and clear must be on a Schedule E and you can use rental income to qualify, but must carry taxes and insurance in DTI.

**TCF does not gross up non-taxable income.** TCF can use final prior to leave paystub to calculate full-time base income. Applicant must provide written confirmation of intent to return to work and employer must provide documentation evidencing date of return to work. If Borrower will not return prior to first TCF Payment, will qualify using income received prior to temporary leave and any income received to date, including leave pay..

20% Declining Income Rule – when looking at a 2 year income history, if current year is declining by > 20%, TCF will use the lower income to qualify.

**K1 income...** TCF can use the following:

- a) Distributions;
- b) Ordinary Dividends
- c) Guaranteed Payments
- d) items effecting Shareholder Basis

**Ordinary business income can only be used if the borrower is 100% owner of the company and if the company doesn't show a loss.**

**C-Corp,** must be 100% owner to be able to use depreciation & Business Income-otherwise W-2 income is used.

**Commercial Property or Owner of a business that owns real estate.** This is not a good fit for TCF. TCF does not distinguish between business owned and personally owner real estate when calculating DTI. TCF can use final prior to leave paystub to calculate full-time base income. Applicant must provide written confirmation of intent to return to work and employer must provide documentation evidencing date of return to work. If borrower will not return prior to first TCF payment, will qualify using income received prior to temporary leave and any income received to date, including leave pay.

**20% Decline Rule**—when looking at a 2 year income history, if current year is declining by >20%, TCF will use the lower income to qualify.