

| SPECIALTY HOME LOAN PROGRAM (SHP) HELOC GUIDELINES (Investment Properties Only) – Effective 1.04.21 | |
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| LOAN AMOUNTS | <ul style="list-style-type: none"> ▪ Minimum - \$150,000 ▪ Loans above \$1,500,000 will be considered on a case by case basis ▪ Purchase and refinance transactions |
| LOAN TO VALUE | Maximum - 65% on all loan transactions |
| LENDING AREA | Brooklyn, Queens, Staten Island, Manhattan, Bronx, Long Island & parts of Upstate New York |
| PROPERTY TYPE | <p><i>Eligible Properties:</i></p> <ul style="list-style-type: none"> ▪ One to four family <u>Investor Properties Only</u> ▪ Condo & Co-ops <p><i>Ineligible Properties:</i></p> <ul style="list-style-type: none"> ▪ Owner Occupied Properties ▪ Mixed Use – <i>Ineligible</i> |
| PROPERTY CONDITION | <ul style="list-style-type: none"> ▪ The homes must conform city and state housing regulations and code. ▪ HPD/ECB violations will be reviewed and determination of a possible escrow holdback will be decided during the loan review. Borrower will be provided a reasonable time frame to resolve the issues. ▪ Violations that are minor, carry no penalties and does not affect the title policy may not be considered. |
| TERM | <ul style="list-style-type: none"> ▪ 10-year draw period with an interest only minimum payment, ▪ 20-year repayment period with the payment of principal and interest amortized over the remaining 20 years. ▪ The minimum Initial draw amount is \$25,000. ▪ Taxes and insurance will not be escrowed. |
| RATE | WSJ Prime Rate +2.00% (with autopay) *Add .125% to opt out |
| FEES | <ul style="list-style-type: none"> ▪ Application Fee: \$700 ▪ .50% Percent Origination Fee ▪ Termination fee of \$350 if the line is closed before 36 months ▪ Annual fee of \$200 after the first anniversary <ul style="list-style-type: none"> ➢ INITIAL CHECK DEPOSIT OF \$700 is required with application |
| COLLATERAL | <ul style="list-style-type: none"> ▪ A first position mortgage lien only ▪ Second liens – Only if FC SB is the first lien holder ▪ Property Ownership - Individual or Entity |
| DEBT-TO-INCOME | <ul style="list-style-type: none"> ▪ The Global Debt Service Coverage must be a minimum of 1.20X ▪ A moderate Stress test will be completed at 2.00% above the current loan rate followed by a severe test of 3.00% to the rate. |
| CREDIT | <ul style="list-style-type: none"> ▪ Minimum credit score of 660 ▪ Judgments or liens that affect our first lien position must be paid clear and prior to closing. ▪ Non-financial collections up to \$2,500 will not be evaluated. |

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| EXCEPTIONS TO LOAN POLICY | Loan to value (LTV) and other policy exceptions will be reviewed for approval with supporting credit profile and documentation. |
| EMPLOYMENT VERIFICATION | <ul style="list-style-type: none"> ▪ For salaried borrowers an employment letter on company letterhead must be provided with the date, address, position, and amount of time employed. The letter must be signed by an authorized representative. Alternatively, the FNMA form 1005 can be completed by the employer. ▪ Self-employed borrowers must provide a letter from their accountant certifying a minimum of two years business experience in the same line of work including amount of time the borrower has been in business, how long they've been preparing the tax returns, borrowers percentage of ownership, listing any DBAs and if the company is still operating. ▪ The Accountant letter must include name, address, phone and license number. Tax preparers should provide the above information and include the EA or PTIN number. ▪ A verbal verification of the business or employment will be completed. The information provided within the employment or the accountant letter will be verified with the employer, accountant or tax preparer. |
| INCOME VERIFICATION | <ul style="list-style-type: none"> ▪ Executed leases for ALL units within the subject property. ▪ Market rents will be verified through a full appraisal report. ▪ An Environmental report may be necessary for properties that neighbors a commercial unit that includes an environmentally sensitive business such as a dry cleaner, gas stations, etc. ▪ Drive-by appraisals will be completed for loans in <i>second lien position where FC SB holds the first lien.</i> |
| GUARANTORS | Title/Deed can be held in the name of an entity but all loans must be personally guaranteed. |
| TITLE INSURANCE | <ul style="list-style-type: none"> ▪ Title insurance is required on all loans for the full amount of the mortgage with the bank named as insured. ▪ Title Report with all searches including municipalities are required. ▪ Title update only for all loans in Second lien position. ▪ Title Insurance amounts must be sufficient to cover the loan amount. ▪ Survey or survey inspections is not required on refinances. |
| PROPERLY INSURANCE | <ul style="list-style-type: none"> ▪ A homeowner insurance policy must be obtained with a Dwelling Limit no less than 80% of the insurable value of the <i>Total Estimate of Cost-New</i> from the appraisal report of the subject property or the loan amount whichever is greater. In certain instances, 100% replacement cost is accepted in lieu of the above. <p style="text-align: center;"><u>Mortgagee Clause</u> First Central Savings Bank ISAOA/ATIMA Insurance Service Center P O Box 863329 Plano, TX 75086-3329</p> <ul style="list-style-type: none"> ▪ Flood insurance is required for all properties that are located in a flood zone. The application or declaration page with a paid in full invoice must be provided. |

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| <p>ASSET VERIFICATION</p> | <ul style="list-style-type: none"> ▪ Asset Savings form to provide the source of savings for the funds to close, the time of accumulation and include details such as employment history, additional mortgage and title owner contribution and gift funds received. ▪ A copy of the bank cancelled check copy of the Earnest Money Deposit. ▪ Upon return of the signed commitment a First Central Savings Bank retail checking account must be opened with the funds to close deposited. The loan will not be reviewed until the account has been fully funded. |
| <p>CONDO REQUIREMENTS</p> | <ul style="list-style-type: none"> ▪ At least 70% of building has been sold with at least 50% to purchasers who will occupy their unit as a primary residence. ▪ No more than 25% commercial usage. ▪ Income and Expense on building must demonstrate stable earnings. ▪ Balance sheet must show 10% cash reserves. ▪ Control of the homeowner's association has been turned over to the unit owners with limited sponsor interest. ▪ Maximum lender concentration will be determined by each individual project. ▪ If the master/blanket hazard policy does not cover "walls in" coverage a HO-6 policy with a minimum coverage of 20% of the appraised value is required. <p>➤ Note, these are general requirements that we may deviate from based on strong compensating loan characteristics captured on the credit approval memorandum.</p> |
| <p>CO-OP REQUIREMENTS</p> | <ul style="list-style-type: none"> • At least 80% of the building been sold with 80% to purchasers who will occupy their unit as a primary residence. Sponsorship ownership should not be more than 10%. There should be a minimum of 10 units in the building. • The flip tax (tax on sale of unit) should not exceed 3% of the sales price. • The building Insurance coverage should provide sufficient replacement value for all cooperative units. • The co-op financials must reference satisfactory earnings with adequate reserves. <p>➤ Note, these are general requirements that we may deviate from based on strong compensating loan characteristics captured on the credit approval memorandum.</p> |
| <p>CASH RESERVES</p> | <ul style="list-style-type: none"> • Three months PII reserves for 12 months |