Junior Lien Guidelines **GOLD**

BUTTON FINANCE

August 18, 2026
Contact us at lending@buttonfinance.com to get started

Price loans: modelportal.buttonfinance.com

BUTTON FINANCE — Junior Liens

FICO / CLTV / Occupancy Limits

FICO	Max CLTV: Owner Occupied 1-unit	Owner Occupied 2-units	Owner Occupied 3-4 units	2nd Home 1-unit	Investor
620-659	65%	65%	65%	65%	
660-679	75%	75%	75%	75%	60%
680-699	80%	80%	80%	80%	65%
700-719	85%	85%	85%	80%	65%
720-739	85%	85%	85%	80%	70%
740+	85%	85%	85%	85%	75%

Maximum CLTV for Piggyback loans is based off first Lien Terms and Conditions; 620 FICO is subject to meeting company volume requirements

Overlays for Jumbo Loans $500k to $1mm

- Unit Count: 1-unit only
- Maximum DTI: 43%
- Minimum FICO Score: 700
- Major Derogatory Event Seasoning Requirements: 7 years (Foreclosure, Bankruptcy, Short Sale, etc.)
- Maximum CLTV Primary Residence: up to 80%
  - Above 75% CLTV: max combined liens of $8mm
  - Above 70% CLTV: max combined liens of $10mm
  - At or below 70% CLTV: no max combined liens
- Second / Vacation Home: 75% Investment Property 70%

Overlays for Bank Statement Loans

- Maximum Loan Balance: $750k
- Maximum CLTV: 80%
- Maximum DTI: 43%
- Minimum FICO Score: 660
- HELOCs not eligible

TERMS AND ELIGIBILITY — Junior Liens

Product Terms	HELOAN: Fixed Rate. 10, 15, 20, or 30 year. Fully amortizing. HELOC: 3yr/5yr/10yr IO term - 10yr/15yr/20yr/30yr final term. ARM, indexed to Prime
States	HELOAN: AL, AZ, CA, CO, CT, DC, FL, GA, IA, ID, IL, KS, MD, ME, MI, NC, NE, NJ, OH, OR, PA, SC, SD, TN, TX, UT, WA, WI, WY HELOC: Available in all HELOAN states except Texas
Loan Amounts	• Minimum: $50,000 • Maximum Standalone: $1,000,000 • Maximum Piggyback: $1,000,000
Initial Draw Required	HELOC: Greater of $50,000 or 75% of the total line amount
Lifetime Floor	HELOC: Initial Fully Indexed Rate - 2%
Monthly and Lifetime Caps	HELOC: No Monthly Cap, Lifetime Cap 18%
Qualifying Rate	HELOAN: Fixed Note Rate HELOC: Fully Indexed Rate + 2%
Adjustment Period	HELOC: Monthly with a 30-day lookback

Debt to Income (DTI) Limits

FICO / CLTV	Max DTI: 60 (< = 60)	65 (>60-65)	70 (>65-70)	75 (>70-75)	80 (>75-80)	85 (>80-85)	90 (>85-90)	95 (>90-95)
620-659	50%	43%						
660-679	50%	50%	50%	43%				
680-699	50%	50%	50%	50%	43%			
700-759	50%	50%	50%	50%	43%	43%		
760-779	50%	50%	50%	50%	50%	43%		
780+	50%	50%	50%	50%	50%	43%		

Housing Ratio	N/A
Occupancy	• Owner-Occupied • 2nd Home • Investor Properties
Income Requirements	• Income calculations must comply with all Appendix Q requirements in the ATR Final Ruling
Employment / Income Verification	• Must adhere to FNMA requirements

Short-term Rental Income	• Eligible for Purchase, Cash-out and No-Cashout Refis. Capped at 15% of total income.
	• Must provide:
	  • Two years personal tax returns showing Schedule E Part I Rental Income
	  • Two years personal tax return transcripts
	  • Year-To-Date Print out of payout records from source of income

Credit Score	• Qualifying FICO must be either a Tri-Merge FICO or a Single Bureau Experian (recommended)
	• Single Bureau reports are permitted, however, if a Tri-Bureau report is available it must be used
	  • When using Single Bureau reports, the qualifying credit score is from the primary wage earner. The primary wage earner is the applicant with the greatest income on application.
	    • If Tri-merge is available, the representative credit score is the middle of 3 FICO scores, or the lower of 2
	  • When using Tri-Merge reports, when multiple borrowers exist, the lowest representative FICO is used
	  • Non-traditional credit is not eligible for financing

Significant Derogatory Credit	• Foreclosure – 7 Years • Charge-Off of a Mortgage Account, DIL, Pre-foreclosure Sale, Short Sale or Short Payoff – 5 Years • Modified or Restructured of any mortgage – 4 years • Chapter 7 or 11 Bankruptcy – 4 years from discharge or 4 years from dismissal • Chapter 13 Bankruptcy – 2 years from discharge or 4 years from dismissal • See Button Finance Underwriting Guidelines for Multiple Derogatory Events
Trade Lines	• All trade lines must be current

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BUTTON FINANCE	Junior Liens	
Appraisal Requirements	**Full appraisals are required if any of the following conditions are true, else AVMs are acceptable:** • Loan Amount > $400,000 • Loan is HPML and requires a full appraisal under CFPB guidelines • Loan is a piggyback or a first-lien HELOC with CLTV > 65% • Subject property is an investment property (2–4 units)	
	Full Appraisals	**Automated Valuation Models (AVMs)**
	If any conditions above are met, a full 1004 appraisal is needed • Full appraisal must be within 120 days of note date. • Appraisal recertification is allowed within 12-months of note (recertified value is at least as high as the original appraisal)	**If none of the above conditions apply, an AVM may be used:** • AVMs must be completed within 30 days of closing • If available AVMs do not meet standards below, a full appraisal is required **AVM Rules for loans up to and including $250,000** One AVM with an FSD ≤ 0.20 or lower required **AVM rules for loan Amounts $250,000.01 – $400,000** AVMs may be used only if all of the following criteria are met: **• CLTV ≤ 75%** **• At least two AVMs are obtained** • Button will attempt to obtain at least one AVM with FSD ≤ 0.10 • If no AVM returns an FSD ≤ 0.10, two AVMs with FSD ≤ 0.20 may be used • The Subject Property Value is the lower of the two AVM values
Title Requirements	• 2nd liens <=$250,000 require either O&E Property Report, Instant Title or Attorney Opinion Letter • 1st liens, piggybacks or loans > $250,000 require Full Title Insurance and a Closing Protection Letter • Texas Loans closing in a Trust require Full Title Insurance and a Survey • Borrower is responsible for all title insurance costs associated with the transaction	
Reserve Requirements	No Reserves Required	
Housing History	• Max 0x30x6, 1x30x24 mortgage payment history is required inclusive of all REO for all borrowers on the transaction • Piggyback FTHB Housing History: 1st lien provider to verify housing history on first-time homebuyer • Continuity of Obligation: at least one borrower who is on the 1st mortgage be on the Button Finance, Inc. loan. • Piggyback transactions follow FNMA DU AUS guidance	
Eligible First Liens	• Fixed Rate • ARMs: If the senior lien is an ARM, follow FNMA guidance for qualifying payment • IOs: If the senior lien is an IO loan, then the fully amortizing payment will be used to qualify • Fully amortizing • Terms up to 30 years • Mortgages must be held in title holder's name	
Ineligible first Liens	• Negative Amortization or reverse mortgages • Loans with ballon payments during the life of our loan • Capitalizations or other non-standard features • TX 50(a)(6). Texas regulations allow for only one 50(a)(6) loan on a property at a time	

OTHER REQUIREMENTS	Junior Liens	
Borrower Age	• 18 years or older	
Citizenship / Eligible Borrowers	• US Citizens • Permanent Residents • Non-Permanent Residents with valid US H, L, E-1, F-1 with OPT, G or TN visa or EAD card • Non-Occupant Co-Borrowers Eligible	
Ineligible Borrowers	• LLCs, Corporations, Partnerships • POA on Cash-out deals is not permitted • Borrower's holding diplomatic immunity • Temporary protected status • Foreign nationals	• Deferred enforced depature • Humanitarian parole • Irrevocable trusts are not permitted • Life Estates • Land Trusts
Eligible Property Types	• Single Family Residence (1-4 Units) • Condominium (Warrantable) • PUDs	• Townhouses • Modular Homes • 1-unit Second Homes only
Ineligible Property Types	• Non-warrantable condos • Condotels • New construction condos • Mobile Homes • Manufactured Homes • Commercial Operations • Properties listed for sale in the last 6 months (on cash-outs)	• Geodomes • Working farm with ranch • Properties > 10 Acres • Timeshares • Leaseholds • Tenants In Common • Property must be worth over $200,000
Condominimums	• Established projects only • Limited Project Review to be completed by lender • Confirmation of subject property not being a condotel • H06 policy is required	

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Geographic Restrictions: Texas

Minimum FICO	Max CLTV: Owner Occupied Cash Out	Owner Occupied Purchase & Rate / Term	2nd Home Cash Out	2nd Home Purchase & Rate / Term	Investment
620-659	65%	65%	65%	65%	
660-679	75%	75%	75%	75%	60%
680-699	80%	80%	80%	80%	65%
700-719	80%	85%	80%	80%	65%
720-739	80%	85%	80%	80%	70%
740+	80%	85%	85%	85%	75%

Owner Occupied 2-4 units, Purchase / Rate and Term - refer to HELOAN Max CLTV limits
Maximum CLTV for Piggyback loans is based off first Lien Terms and Conditions

HELOCs not available in Texas

Mixed Use Properties
Mixed Use properties are not allowed

Piggyback Additional Requirements
- Final closing disclosure from first lien lender to confirm final CLTV and DTI Calculation
- Use of existing appraisal from first lien is acceptable subject to collateral review
- Agreement of sale on purchase contracts
- Note, Mortgage, Deed of Trust

Liabilities
- Paying off debt is allowed for qualifying purposes
- Paying down installment debt is allowed to </=10 Months
- Lease payments not be excluded
- Student Loan - 1% of the balance is used to calculate the payment to qualify when no payment is reported
- See Button Finance Underwriting Guidelines for Liabilities and Ratios

Solar Panel UCC
- Recorded UCCs and liens on title do not impact lien position
- Obtain copy of monthly statement unless able to obtain payment from credit report

Assumptions
- Loans are not assumable

Prepayment Penalty
- Not permitted

Escrows
- No escrow

Ineligible Transaction Types
- Non-arms length transaction

Age of Documents

Expiration dates are based upon the note date
- Credit documents (credit, income, and assets) - 120 days. VOE within 10 days of closing.
- Credit refresh done at final Underwriting Approval, prior to clear to close
- Title documents - 90 days
- **Appraisal/AVMs**
  - A full appraisal must be within 120 days of the note date when used to determine the value of the home
  - A full appraisal can be used for HPML purposes for up to 365 days, but it cannot be used for CLTV calculation
  - AVMs must be within 30 days of the note date

Identity

Any of:
- Valid state driver's license with photo
- Valid state non-driver's license with photo
- Valid US passport with photo
- Valid international passport with photo
- Valid Permanent Resident card with photo
- Birth Certificate
- Valid Military photo ID
- Valid Medicare card
- Valid Military dependents photo ID

Citizenship

Any of:
- Valid US passport with photo
- Valid Permanent Resident card with photo
- Valid international passport with photo (must be accompanied by valid visa)
- Valid US H, L, E-1, G or TN visa with photo
- Valid Employment Authorization Document (EAD) card with photo

Social Security Verification

Any of:
- Valid Social Security Card
- Current Paystub
- W-2
- Tax transcript

Income

Wage Earners:
- VOIE from The Work Number

OR
- Paystubs covering most recent 30 days
- Borrower provided most recent 2 years W2

Self-Employed
- Most recent 2 years 1040s, including all schedules
- Borrower provided most recent 2 years 1040
- Borrower provided most recent 2 years W2
- Paystubs covering most recent 30 days
- Most recent 2 years business tax returns (≥25% ownership), including all schedules
- Unaudited Year-to-date Profit and Loss Statement
- Unaudited Year-to-date Balance Sheet

Mortgage and Collateral
- Latest statements for mortgage and / or additional liens on additional real estate owned
- AUS DU or LP Findings, if applicable
- Latest HOA statement, if applicable
- Completed homeowner's association questionnaire, if condo

Standalone Transactions
- Latest mortgage statement for all liens on subject property
- Homeowners insurance and flood insurance

PiggybackTransactions
- 1003 reflecting the terms of both mortgages
- 1008 reflecting the terms of both mortgages
- Fully-executed purchase agreement and all addenda
- First Mortgage Approval Letter
- Appraisal supporting estimated value/purchase price
- Title report to be reviewed by Button Finance