

Equity Default Insurance

Increase your loan volume while mitigating your risk



Equity Default Insurance has been developed to expand your second loan lending production and manage the risk of second mortgage portfolios related to charge-off loans. SWBC Lending Solutions™ has designed a program that will allow you to provide Equity Default Insurance for your qualifying loans.

The Equity Default Insurance program is a fully insured loan program designed to protect a lender's home equity portfolio against losses due to borrower default. Under our comprehensive policy, you will be reimbursed for any loss sustained on qualifying loans and reported for insurance within the policy period. In addition to the default protection, the program reduces loan loss reserve requirements which can improve a lender's capital ratio. Loans up to 100% loan-to-value (LTV) are available for coverage.

Equity Default Insurance has been designed to provide lenders a great deal of flexibility in designing loan programs and underwriting individual loans. Significant emphasis is put on responding to the individual underwriting concerns for each loan, as well as simplified reporting and premium remittance procedures.

Expand lending opportunities without the risk

Eligible Loan Types Include:

- Closed-End Seconds
- Home Equity Lines of Credit
- Purchase-Money Seconds
- Home Improvement Loans (Secured and Unsecured)

Program Highlights

- Policy is underwritten by A.M. Best "A" rated carriers
- Expands LTV threshold to 100%
- Increase loan volume with protection against borrower default
- No foreclosure required
- Premium is calculated on the monthly outstanding balance of insured loans
- One rate for all loan types
- Implementation is seamless—utilizing existing documents and loan systems
- A slight bump in rate covers the cost and is transparent to the borrower
- Balance sheet protection by eliminating charged off loans
- Allows lower loan loss reserves which improves capital ratio
- Value-added Unsecured Home Improvement programs allow for easy processing and expedited turn times



REST EASY GUARANTEEING YOUR SECOND POSITION LOANS

The monthly rate for eligible loans is determined by the expected volume and loss history with the types of loans insured. A rate will be quoted once an application is completed and reviewed by a Lending Solutions' representative and the program underwriter. One rate will apply for all types of loans insured under the program, and one policy covers all types of loans insured.

In the event of a home equity default, the lending institution files a claim for the entire loan balance. No foreclosure is required to file a claim. A claim check for the entire loan balance is remitted to the financial institution in approximately 30 days.

Equity Default Insurance—New Loan Criteria

	Closed— End Home	HELOC	Purchase-Money Second Loan or Line	Secured HI	Unsecured HI	\$25,000 Unsecured HI
Loan Purpose	Any Purpose	Any Purpose	Purchase Money Second (Combo, Piggyback)	HI Only	HI Only	HI Only
FICO Score	660	680	680	660	660	700
Max Loan Line	\$250,000	\$250,000	\$250,000	\$250,000	\$10,000	\$25,000
Max Term	240 Months	300 Months	360 Months	240 Months	120 Months	180 Months
Max LTV	100%	100%	100%	133%	N/A	N/A
Debt Ratio Limits	43% Gross	40% Gross	40% Gross	43% Gross	43% Gross	40% Gross

SWBC Lending Solutions™ is the ONE SOLUTION for the tools and services financial institutions need to efficiently originate, service, and manage real estate loans, while ensuring compliance in today's regulatory environment.

To learn all the ways Lending Solutions can impact your institution, call **888.594.6575** or check out our other products and services now!

We offer:

- [Valuations](#)
- [Alternative Title](#)
- [Compliant Document Services](#)
- [Verification Services](#)

Max CLTV Ratio	<ul style="list-style-type: none"> • 100% combined loan-to-value
Max Loan Amount	<ul style="list-style-type: none"> • Delegated authority up to \$100,000 Loans • \$100,001–\$250,000 must be faxed or emailed for approval
Qualifying Payment	<ul style="list-style-type: none"> • Standard amortization
Loan Purpose	<ul style="list-style-type: none"> • Any purpose except Purchase Money Seconds (see Purchase Money Guidelines)
Max Loan Term	<ul style="list-style-type: none"> • 20-year amortization
Property Types	<ul style="list-style-type: none"> • Single-family detached (mobile homes not allowed) • Townhouse • Condominium • Duplex
Property Valuation Options	<ul style="list-style-type: none"> • Appraisal (must be performed within six months of application date) • Automated Valuation Method (AVM) • Tax assessment
Credit Parameters	<ul style="list-style-type: none"> • No mortgage delinquency (0x30) in the last 24 months • No judgments, repossessions, charge-offs in the last 60 months • Cumulative collections over \$500 must be paid (up to \$500 of medical collections are allowed) • No Third Party Originated loans • No previous foreclosures or short sales • Previous bankruptcies required to be discharged minimum of two years with at least two installment trade lines and two revolving trade lines paid as agreed. No derogatory items since the bankruptcy.
Title Search	<ul style="list-style-type: none"> • Basic title search or last lien search required (alternative title impairment products must be approved)
Lien Position	<ul style="list-style-type: none"> • Insured loan must be in no more than second lien position
Credit Score / DTI	<ul style="list-style-type: none"> • 660 using lesser of the two scores if a joint application (if there are three scores per borrower then use the lesser of the two middle scores) • 43% max debt-to-income ratio utilizing gross income
Income	<ul style="list-style-type: none"> • All income must be verified • Two years of tax returns are required for: <ul style="list-style-type: none"> – Self-employed borrowers – Borrowers where 25% or more of their income is from commissions – Part-time and second income with minimum of 24 month continuance • Salaried borrowers require current (within the last 30-days) paystub, or written verification. A W-2 must be accompanied by a current paystub or written verification. • Retirement and social security may be verified by tax returns/award letters • Alimony and child support income must continue for 36 months and be verified by tax returns, court ledgers, or 6-months canceled checks • Bonus and overtime must be verified and should be consistent for 24 months • Rental income allowed on a max of three properties (utilizing the 3 borrower has owned the longest) and must be verified by tax returns/lease agreement
Other Requirements	<ul style="list-style-type: none"> • All borrowers on loan must have ownership interest and occupy property • Mortgage must be filed • Property must be borrower(s) primary residence (seasonal /second homes ineligible) • All loans must be retail originated • Bridge loan is ineligible • Borrowers must be U.S. citizen or have valid green card (if card is set to expire within six months of loan application must be able to provide supporting documentation have reapplied)

Max CLTV Ratio	<ul style="list-style-type: none"> • 100% combined loan-to-value
Max Loan Amount	<ul style="list-style-type: none"> • Delegated authority up to \$100,000 Loans • \$100,001–\$250,000 must be faxed or emailed for approval
Qualifying Payment	<ul style="list-style-type: none"> • 1% of the loan amount
Loan Purpose	<ul style="list-style-type: none"> • Any purpose except Purchase Money Seconds (see Purchase Money Guidelines)
Max Loan Term	<ul style="list-style-type: none"> • The draw period (max 10 years) combined with the amortization period cannot exceed 25 years • A renewal situation would require the loan to be underwritten as a new loan
Property Types	<ul style="list-style-type: none"> • Single-family detached (mobile homes not allowed) • Townhouse • Condominium • Duplex
Property Valuation Options	<ul style="list-style-type: none"> • Appraisal (must be performed within six months of application date) • Automated Valuation Method (AVM) • Tax assessment
Credit Parameters	<ul style="list-style-type: none"> • No mortgage delinquency (0x30) in the last 24 months • No judgments, repossessions, charge-offs in the last 60 months • Cumulative collections over \$500 must be paid (up to \$500 of medical collections are allowed) • No Third Party Originated loans • No previous foreclosures or short sales • Previous bankruptcies required to be discharged minimum of two years with at least two installment trade lines and two revolving trade lines paid as agreed. No derogatory items since the bankruptcy.
Title Search	<ul style="list-style-type: none"> • Basic title search or last lien search required (alternative title impairment products must be approved)
Lien Position	<ul style="list-style-type: none"> • Insured loan must be in no more than second lien position
Credit Score / DTI	<ul style="list-style-type: none"> • 680 using lesser of the two scores if a joint application (if there are three scores per borrower then use the lesser of the two middle scores) • 40% max debt-to-income ratio utilizing gross income
Income	<ul style="list-style-type: none"> • All income must be verified • Two years of tax returns are required for: <ul style="list-style-type: none"> – Self-employed borrowers – Borrowers where 25% or more of their income is from commissions – Part-time and second income with minimum of 24 month continuance • Salaried borrowers require current (within the last 30-days) paystub, or written verification. A W-2 must be accompanied by a current paystub or written verification. • Retirement and social security may be verified by tax returns/award letters • Alimony and child support income must continue for 36 months and be verified by tax returns, court ledgers, or 6-months canceled checks • Bonus and overtime must be verified and should be consistent for 24 months • Rental income allowed on a max of three properties (utilizing the 3 borrower has owned the longest) and must be verified by tax returns/lease agreement
Other Requirements	<ul style="list-style-type: none"> • All borrowers on loan must have ownership interest and occupy property • Mortgage must be filed • Property must be borrower(s) primary residence (seasonal /second homes ineligible) • All loans must be retail originated • Bridge loan is ineligible • Borrowers must be U.S. citizen or have valid green card (if card is set to expire within six months of loan application must be able to provide supporting documentation have reappplied)

Purchase Money Second Mortgage Guidelines



Max CLTV Ratio	<ul style="list-style-type: none">• 100% combined loan-to-value
Max Loan Amount	<ul style="list-style-type: none">• Delegated authority up to \$100,000 Loans• \$100,001–\$250,000 must be faxed or emailed for approval
Qualifying Payment	<ul style="list-style-type: none">• 1% of the loan amount• Standard Amortization for Closed-End Second
Loan Purpose	<ul style="list-style-type: none">• Any purpose except Purchase Money Seconds (see Purchase Money Guidelines)
Max Loan Term	<ul style="list-style-type: none">• The draw period (max 10 years) combined with the amortization period cannot exceed 30 years for Open—End Line• Max 30—year amortization for Close—End Second
Property Types	<ul style="list-style-type: none">• Single-family detached (mobile homes not allowed)• Townhouse• Condominium• Duplex
Valuation Options	<ul style="list-style-type: none">• Lesser of the appraised value of purchase price
Credit Parameters	<ul style="list-style-type: none">• No mortgage delinquency (0x30) in the last 24 months• No judgments, repossessions, charge-offs in the last 60 months• Cumulative collections over \$500 must be paid (up to \$500 of medical collections are allowed)• No Third Party Originated loans• No previous foreclosures or short sales• Previous bankruptcies required to be discharged minimum of two years with at least two installment trade lines and two revolving trade lines paid as agreed. No derogatory items since the bankruptcy.
Title Search	<ul style="list-style-type: none">• Title Policy from 1st mortgage transaction is acceptable, otherwise title search is required.
Lien Position	<ul style="list-style-type: none">• Insured loan must be in no more than second lien position
Credit Score / DTI	<ul style="list-style-type: none">• 680 using lesser of the two scores if a joint application (if there are three scores per borrower then use the lesser of the two middle scores)• 40% max debt-to-income ratio utilizing gross income
Assets/Down Payment	<ul style="list-style-type: none">• Monies being used for down payment must be verified• Down payment funds may not be borrowed
Income	<ul style="list-style-type: none">• All income must be verified• Two years of tax returns are required for:<ul style="list-style-type: none">– Self-employed borrowers– Borrowers where 25% or more of their income is from commissions– Part-time and second income with minimum of 24 month continuance• Salaried borrowers require current (within the last 30-days) paystub, or written verification. A W-2 must be accompanied by a current paystub or written verification.• Retirement and social security may be verified by tax returns/award letters• Alimony and child support income must continue for 36 months and be verified by tax returns, court ledgers, or 6-months canceled checks• Bonus and overtime must be verified and should be consistent for 24 months• Rental income allowed on a max of three properties (utilizing the 3 borrower has owned the longest) and must be verified by tax returns/lease agreement
Other Requirements	<ul style="list-style-type: none">• All borrowers on loan must have ownership interest and occupy property• Mortgage must be filed• Property must be borrower(s) primary residence (seasonal /second homes ineligible)
First Mortgage Requirements	<ul style="list-style-type: none">• Must not be a negative amortization• Must not be an Option ARM If it is a variable rate it must be a fixed for the first 60 months• Borrowers must be U.S. citizen or have a valid green card (if card is set to expire within six months of loan application must be able to provide supporting documentation have reappplied)

Max CLTV Ratio	<ul style="list-style-type: none"> • 133% combined loan-to-value
Max Loan Amount	<ul style="list-style-type: none"> • Up to \$7,500 unsecured (no requirement for CLTV, Valuation, or Title Search) • Over \$7,500 must be secured by a mortgage • Up to \$100,000 delegated. Maximum loan amount \$250,000 Loans over delegated amount must be faxed or emailed for approval.
Qualifying Payment	<ul style="list-style-type: none"> • Standard Amortization for Closed-End Second
Loan Purpose	<ul style="list-style-type: none"> • Home Improvement Only
Max Loan Term	<ul style="list-style-type: none"> • Max 10 year amortization unsecured/20-year amortization secured
Property Types	<ul style="list-style-type: none"> • Single-family detached (mobile homes not allowed) • Townhouse • Condominium • Duplex
Property Valuation Options For Secured Loans	<ul style="list-style-type: none"> • Appraisal (must be performed within six months of application date) • Automated Valuation Model (AVM) • Tax assessment (50% of improvements can be added back for secured loans) • **If using a "subject to" appraisal there must be a completion certificate or final inspection**
Credit Parameters	<ul style="list-style-type: none"> • No mortgage delinquency (0x30) in the last 24 months • No judgments, repossessions, charge-offs in the last 60 months • Cumulative collections over \$500 must be paid (up to \$500 of medical collections are allowed) • No Third Party Originated loans • No previous foreclosures or short sales • Previous bankruptcies required to be discharged minimum of two years with at least two installment trade lines and two revolving trade lines paid as agreed. No derogatory items since the bankruptcy.
Title Search	<ul style="list-style-type: none"> • Title search/last lien search required or approved title impairment product (secured loans only)
Lien Position	<ul style="list-style-type: none"> • Insured loan must be in no more than second lien position
Credit Score / DTI	<ul style="list-style-type: none"> • 660 using lesser of the two scores if a joint application (if there are three scores per borrower then use the lesser of the two middle scores) • 43% max debt-to-income ratio utilizing gross income
Income	<ul style="list-style-type: none"> • All income must be verified • Two years of tax returns are required for: <ul style="list-style-type: none"> – Self-employed borrowers – Borrowers where 25% or more of their income is from commissions – Part-time and second income with minimum of 24 month continuance • Salaried borrowers require current (within the last 30-days) paystub, or written verification. A W-2 must be accompanied by a current paystub or written verification. • Retirement and social security may be verified by tax returns/award letters • Alimony and child support income must continue for 36 months and be verified by tax returns, court ledgers, or 6-months canceled checks • Bonus and overtime must be verified and should be consistent for 24 months • Rental income allowed on a max of three properties (utilizing the 3 borrower has owned the longest) and must be verified by tax returns/lease agreement
Other Requirements	<ul style="list-style-type: none"> • All borrowers on loan must have ownership interest and occupy property • Property must be borrower(s) primary residence (seasonal/second homes ineligible) • All loans must be retail originated • A bid/material list must be included for both secured and unsecured loans • Borrowers must be U.S. citizen or have valid green card (if card is set to expire within six months of loan application must be able to provide supporting documentation have reappplied)

Unsecured Home Improvement Guidelines

Tier 1 Up to \$10,000



Max Loan Amount	<ul style="list-style-type: none">Up to \$10,000 unsecured (no requirement for CLTV, Valuation, or Title Search)
Qualifying Payment	<ul style="list-style-type: none">Standard Amortization
Loan Purpose	<ul style="list-style-type: none">Home Improvement Only
Max Loan Term	<ul style="list-style-type: none">Max 10 year amortization unsecured/20-year amortization secured
Property Types	<ul style="list-style-type: none">Single-family detached (mobile homes not allowed)TownhouseCondominiumDuplex
Credit Parameters	<ul style="list-style-type: none">No mortgage delinquency (0x30) in the last 24 monthsNo judgments, repossessions, charge-offs in the last 60 monthsCumulative collections over \$500 must be paid (up to \$500 of medical collections are allowed)No Third Party Originated loansNo previous foreclosures or short salesPrevious bankruptcies required to be discharged minimum of two years with at least two installment trade lines and two revolving trade lines paid as agreed. No derogatory items since the bankruptcy.
Credit Score / DTI	<ul style="list-style-type: none">660 using lesser of the two scores if a joint application (if there are three scores per borrower then use the lesser of the two middle scores)43% max debt-to-income ratio utilizing gross income
Income	<ul style="list-style-type: none">All income must be verifiedTwo years of tax returns are required for:<ul style="list-style-type: none">Self-employed borrowersBorrowers where 25% or more of their income is from commissionsPart-time and second income with minimum of 24 month continuanceSalaried borrowers require current (within the last 30-days) pay-stub, or written verification. A W-2 must be accompanied by a current pay-stub or written verification.Retirement and social security may be verified by tax returns/award lettersAlimony and child support income must continue for 36 months and be verified by tax returns, court ledgers, or 6-months canceled checksBonus and overtime must be verified and should be consistent for 24 monthsRental income allowed on a max of three properties (utilizing the 3 borrower has owned the longest) and must be verified by tax returns/lease agreement
Other Requirements	<ul style="list-style-type: none">All borrowers on loan must have ownership interest and occupy propertyProperty must be borrower(s) primary residence (seasonal/second homes ineligible)All loans must be retail originatedA bid/material list must be included for both secured and unsecured loansBorrowers must be U.S. citizen or have valid green card (if card is set to expire within six months of loan application must be able to provide supporting documentation have reapplied)

Unsecured Home Improvement Guidelines

Tier 2 Up to \$25,000



Max Loan Amount	<ul style="list-style-type: none">• Up to \$25,000
Qualifying Payment	<ul style="list-style-type: none">• Standard Amortization
Loan Purpose	<ul style="list-style-type: none">• Home Improvement Only
Max Loan Term	<ul style="list-style-type: none">• Max 15 year amortization
Property Types	<ul style="list-style-type: none">• Single-family detached (mobile homes not allowed)• Townhouse
Credit Parameters	<ul style="list-style-type: none">• No mortgage delinquency (0x30) in the last 24 months• No judgments, repossessions, charge-offs in the last 60 months• Cumulative collections over \$500 must be paid (up to \$500 of medical collections are allowed)• No dealer transactions• No Third Party Originated loans• No previous foreclosures or short sales• No previous bankruptcies
Credit Score / DTI	<ul style="list-style-type: none">• 700 using lesser of the two scores if a joint application (if there are three scores per borrower then use the lesser of the two middle scores)• 40% max debt-to-income ratio utilizing gross income
Income	<ul style="list-style-type: none">• All income must be verified• Two years of tax returns are required for:<ul style="list-style-type: none">– Self-employed borrowers– Borrowers where 25% or more of their income is from commissions– Part-time and second income with minimum of 24 month continuance• Salaried borrowers require current (within the last 30-days) paystub, or written verification. A W-2 must be accompanied by a current paystub or written verification.• Retirement and social security may be verified by tax returns/award letters• Alimony and child support income must continue for 36 months and be verified by tax returns, court ledgers, or 6-months canceled checks• Bonus and overtime must be verified and should be consistent for 24 months• Rental income allowed on a max of three properties (utilizing the 3 borrower has owned the longest) and must be verified by tax returns/lease agreement
Other Requirements	<ul style="list-style-type: none">• All borrowers on loan must have ownership interest and occupy property• Property must be borrower(s) primary residence (seasonal/second homes ineligible)• All loans must be retail originated• A bid/material list must be included for both secured and unsecured loans• Borrowers must be U.S. citizen or have valid green card (if card is set to expire within six months of loan application must be able to provide supporting documentation have reappplied)