



FHA Program (203b)

revised 05/03/2022

HELOC

When a loan has a HELOC that will be subordinated or a HELOC that the borrower holds on another property and won't be closed, this is what may be required by underwriting:

HELOC Reporting on Credit:

- If the credit report and soft pull show no balance - then nothing more is needed
- If the credit report and soft pull show a balance – then we need documentation that shows recorded payment covers the interest amount due monthly (at a minimum) and is not a negative amortization payment.

If funds from a HELOC are being used for closing – FSB will need proof of funds being withdrawn and deposited to borrower's asset account being used for closing funds or a copy of the check or wire given directly to title. Payment will be calculated by using 1.5% of the current balance of the HELOC after the withdrawal for ratios