



Revised: June 2, 2022

# The Science of Doing Non-QM Right!™

## DSCR PROGRAM (Business Purpose Only)

### NON-FOREIGN NATIONAL

ELIGIBILITY MATRIX		DSCR ≥ 1.00 (6 Months Reserves)		DSCR < 1.00 (12 Months Reserves)	
Loan Amount	FICO	Purchase & Rate/Term Refinance	Cash Out Refinance	Purchase & Rate/Term Refinance	Cash Out Refinance
≤ \$1,500,000	700	80%	75%	75%	70%
	660	80%	70%	75%	65%
	620	70%	65%	65%	60%
≤ \$2,000,000	700	70%	65%	65%	60%
	680	65%	60%	N/A	N/A

### FOREIGN NATIONAL

ELIGIBILITY MATRIX		DSCR ≥ 1.00 (12 Months Reserves)		DSCR < 1.00 (12 Months Reserves)	
Loan Amount	FICO	Purchase & Rate/Term Refinance	Cash Out Refinance	Purchase & Rate/Term Refinance	Cash Out Refinance
≤ \$1,500,000	N/A	75%	70%	70%	65%

PROGRAM PARAMETERS		≥ 0.75 MINIMUM DSCR		INTEREST ONLY FEATURES		
Limits		Products		Product	IO Period	Amortization
Minimum Loan Amount	\$150,000	30 Year Fixed		40 Year Fixed-IO	10 Years	30 Years
Maximum Loan Amount	\$2,000,000	40 Year Fixed-IO				
Maximum Cash Out	\$500,000					

### CREDIT REQUIREMENTS

<b>Mortgage / Rent:</b>	1 x 30 x 12 months
<b>Installment, Revolving, Non-Traditional:</b>	0 x 60 x 12 months
<b>Bankruptcy Seasoning:</b>	36 months for Chapter 7, 11 & 13 (from discharge or dismissal date)
<b>Housing Events Seasoning:</b>	36 months

**CREDIT REQUIREMENTS (cont.)**

<p><b>Tradelines:</b></p>	<ul style="list-style-type: none"> <li>All borrowers must meet the minimum tradeline requirements:                     <ul style="list-style-type: none"> <li>✓ 3 tradelines reporting for 12+ months all with activity in the last 12 months; <b>OR</b></li> <li>✓ 2 tradelines reporting for 24+ months all with activity in the last 12 months.</li> </ul> </li> <li>An acceptable 12 or 24 month housing history, not reporting on credit, may also be used as a tradeline.</li> <li>Max 0 x 60 x 12 months reporting on acceptable tradelines.</li> </ul>
<p><b>Qualifying Credit Score:</b></p>	<ul style="list-style-type: none"> <li>All Non-Foreign National borrowers must have at least 2 scores.</li> <li>Lowest score of all Non-Foreign National borrowers is used to determine the overall loan qualifying credit score.                     <ul style="list-style-type: none"> <li>✓ If three scores are provided, use middle score</li> <li>✓ If two scores are provided, use lowest score</li> <li>✓ If one score is provided, the borrower is not eligible</li> </ul> </li> </ul>
<p><b>Housing History:</b></p>	<ul style="list-style-type: none"> <li>A complete 12-month housing history is required                     <ul style="list-style-type: none"> <li>✓ Borrowers who have had mortgages previously reported on their credit report(s) will be considered.</li> <li>✓ Properties owned free and clear are considered 0x30 for grading purposes.</li> </ul> </li> </ul>
<p><b>Evidence of Primary Residence:</b></p>	<ul style="list-style-type: none"> <li>All borrowers must presently maintain a primary residence and be responsible for a primary housing expense.</li> <li>Borrowers who <u>own</u> a primary residence must provide:                     <ul style="list-style-type: none"> <li>✓ Proof of ownership of a primary home</li> </ul> </li> <li>Borrowers who <u>rent</u> a primary residence must provide:                     <ul style="list-style-type: none"> <li>✓ Evidence of an active lease in place</li> </ul> </li> <li>Primary residence should be supported by one of the following characteristics:                     <ul style="list-style-type: none"> <li>✓ Geographically consistent with borrower's place of employment; or</li> <li>✓ General appeal and location of primary is superior to subject property</li> </ul> </li> </ul>
<p><b>Multiple Financed Properties:</b></p>	<ul style="list-style-type: none"> <li>There is no limit on the number of other properties borrowers may currently have financed.</li> <li>Additional reserves for other financed properties are not required. Reserve requirements are limited to the subject property only.</li> <li>ACC Mortgage exposure may not exceed \$5M aggregate with a maximum of five loans for each individual borrower.</li> </ul>
<p><b>Charge-Offs and Collections:</b></p>	<ul style="list-style-type: none"> <li>The following accounts may remain open:                     <ul style="list-style-type: none"> <li>✓ Collections and charge-offs &lt; 24 months old with a maximum cumulative balance of \$2,000</li> <li>✓ Collections and charge-offs ≥ 24 months old with a maximum of \$2,500 per occurrence</li> <li>✓ All medical collections</li> </ul> </li> <li>Collection and charge-off balances exceeding the amounts listed above must be paid in full.</li> </ul>

**CREDIT REQUIREMENTS (cont.)**

**Judgments and Tax Liens:**

All judgments or liens affecting title must be paid.

Active court-ordered judgments may remain open when one of the two following options is:

- The amount is the lessor of \$5,000 per occurrence or 2% of the loan amount: OR
- The borrower is currently in a repayment agreement with the creditor (if the borrower is currently in a repayment plan, the following requirements apply):
  - ✓ A minimum of 3 months has elapsed on the plan and evidence of timely payments for the most recent 3 months is provided

Outstanding state and federal tax liens or delinquent obligations may remain open on purchase transactions only (additional LTV reductions may be required based on the size of the lien). All of the following requirements must be met:

- A copy of the repayment agreement is obtained;
- A minimum of 3 months has elapsed on the plan and evidence of timely payments for the most recent 3 months is provided; and
- The title company must provide written confirmation confirming
  - ✓ (a) the title company is aware of the outstanding tax lien, and
  - ✓ (b) there is no impact to first lien position.

**Housing Events:**

A Housing Event is any one of the following events listed below:

- Foreclosure
- Deed-in-Lieu
- Short Sale
- Modification resulting in (non COVID-19 related):
  - ✓ Forgiveness of a portion of principal and/or interest on either the first or second mortgage
  - ✓ Application of a principal curtailment by or on behalf of the investor to simulate principal forgiveness
  - ✓ Conversion of any portion of the original mortgage debt to a “soft” subordinate mortgage
  - ✓ Conversion of any portion of the original mortgage debt from secured to unsecured
- 1x120 mortgage history

Seasoning of a foreclosure, deed-in-lieu, or short sale is measured from the date of completed sale or final property transfer. The Housing Event must be completed prior to loan closing with no outstanding deficiency balance remaining.

For a 120-day mortgage late, seasoning is from the date the mortgage was brought current.

Seasoning for a modification is from the date the modification was executed.

If the property was surrendered in a Chapter 7 bankruptcy, the bankruptcy discharge date is used for seasoning. Bankruptcy papers may be required to show the property was surrendered. The foreclosure action is not required to be fully complete.

**CREDIT REQUIREMENTS (cont.)**

<p><b>Forbearance/COVID-19 Related:</b></p>	<p>If outstanding payments will be or have been resolved through a loss mitigation solution, the borrower is eligible for a new mortgage loan if they have made at least three timely payments as of the note date of the new transaction as follows:</p> <ul style="list-style-type: none"> <li>• For a repayment plan, the borrower must have made either three payments under the repayment plan or completed the repayment plan, whichever occurs first. Note that there is no requirement that the repayment plan be completed.</li> <li>• For a payment deferral, the borrower must have made three consecutive payments following the effective date of the payment deferral agreement.</li> <li>• For a modification, the borrower must have completed the three-month trial payment period.</li> <li>• For any other loss mitigation solution not listed above, the borrower must have successfully completed the program, or made three consecutive full payments in accordance with the program.</li> </ul> <p>Verification that the borrower has made the required three timely payments may include:</p> <ul style="list-style-type: none"> <li>• a loan payment history from the servicer or third-party verification service,</li> <li>• the latest mortgage account statement from the borrower, and</li> <li>• a verification of mortgage.</li> </ul> <p>If these requirements are met on an existing mortgage loan being refinanced, the new loan amount can include the full amount required to satisfy the existing mortgage.</p>
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**BORROWERS (cont.)**

<p><b>Eligible Borrowers:</b></p>	<ul style="list-style-type: none"> <li>• U.S. Citizens</li> <li>• Permanent Resident Aliens</li> <li>• Non-Permanent Resident Aliens (with U.S. credit) – See Eligible Visa Status</li> </ul>								
<p><b>Eligible Visa Status:</b></p>	<ul style="list-style-type: none"> <li>• The following visa classifications are allowed as Non-Permanent Resident Aliens:             <table border="0" style="margin-left: 20px;"> <tr> <td>✓ E-1, E-2, E-3</td> <td>✓ NATO 1 through 6</td> </tr> <tr> <td>✓ G-1 through G-5</td> <td>✓ O-1</td> </tr> <tr> <td>✓ H-1B &amp; C, H-2 through H-4</td> <td>✓ R-1</td> </tr> <tr> <td>✓ L-1B, L-2</td> <td>✓ TN-1 &amp; 2 (NAFTA)</td> </tr> </table> </li> <li>• If a non-U.S. citizen is borrowing with a U.S. citizen, it does not eliminate visa or other residency requirements.</li> <li>• Individuals in possession of spouse or family member visas are to qualify as co-borrowers only.</li> <li>• Borrowers who are residents of countries which participate in the State Department’s Visa Waiver Program (VWP) will not be required to provide a valid visa. Participating countries can be verified through the U.S. Department of State website at <a href="https://travel.state.gov/content/travel/en/us-visas/tourism-visit/visa-waiver-program.html">https://travel.state.gov/content/travel/en/us-visas/tourism-visit/visa-waiver-program.html</a>.</li> <li>• Borrowers with Diplomatic Immunity and Citizens of Venezuela are ineligible for ACC Mortgage programs.</li> </ul>	✓ E-1, E-2, E-3	✓ NATO 1 through 6	✓ G-1 through G-5	✓ O-1	✓ H-1B & C, H-2 through H-4	✓ R-1	✓ L-1B, L-2	✓ TN-1 & 2 (NAFTA)
✓ E-1, E-2, E-3	✓ NATO 1 through 6								
✓ G-1 through G-5	✓ O-1								
✓ H-1B & C, H-2 through H-4	✓ R-1								
✓ L-1B, L-2	✓ TN-1 & 2 (NAFTA)								
<p><b>First-Time Home Buyers:</b></p>	<ul style="list-style-type: none"> <li>• Not Eligible             <ul style="list-style-type: none"> <li>✓ A First-Time Home Buyer is a borrower who has not owned at least one residential property in the United States during the preceding 3 year period.</li> </ul> </li> </ul>								
<p><b>First-Time Investor:</b></p>	<ul style="list-style-type: none"> <li>• First Time Investors allowed (max 75% LTV).             <ul style="list-style-type: none"> <li>✓ A First-Time Investor is a borrower who has not owned at least one investment property for at least 12 months anytime during the most recent 12-month period.</li> </ul> </li> </ul>								

DSCR	
<b>DSCR:</b>	<ul style="list-style-type: none"> <li>• Minimum <math>\geq 0.75</math></li> <li>• DSCR Fully Amortizing = Gross Rents <math>\div</math> PITIA</li> <li>• DSCR Interest Only = Gross Rents <math>\div</math> ITIA                             <ul style="list-style-type: none"> <li>✓ Use the lower of the Lease Agreement or the FNMA 1007 Rent Schedule.</li> <li>✓ Higher Lease/Rent allowed with 3 months receipt.</li> </ul> </li> </ul>
<b>Unleased Properties:</b>	<ul style="list-style-type: none"> <li>• Refinance only - Max 70% LTV.</li> </ul>
ASSETS	
<b>Assets:</b>	<ul style="list-style-type: none"> <li>• Sourced or seasoned for 60 days.</li> <li>• Source unexplained large deposits.</li> </ul>
<b>Reserves:</b>	<ul style="list-style-type: none"> <li>• DSCR <math>\geq 1.00</math> <ul style="list-style-type: none"> <li>✓ 6 Months PITIA</li> </ul> </li> <li>• DSCR <math>&lt; 1.00</math> <ul style="list-style-type: none"> <li>✓ 12 Months PITIA</li> </ul> </li> <li>• Cash out proceeds can be used for reserve requirements.</li> </ul>
<b>Seller Concessions:</b>	<ul style="list-style-type: none"> <li>• Up to 2% towards closing costs for Investment Property.</li> </ul>
<b>Gift Funds:</b>	<ul style="list-style-type: none"> <li>• Not Eligible</li> </ul>
<b>Gift of Equity:</b>	<ul style="list-style-type: none"> <li>• Not Eligible</li> </ul>
SUBJECT PROPERTY	
<b>Acreage</b>	<ul style="list-style-type: none"> <li>• Max 2 Acres</li> </ul>
<b>Property Types:</b>	<ul style="list-style-type: none"> <li>• SFR</li> <li>• PUD</li> <li>• Townhomes</li> <li>• Condominiums (max 80% LTV)                             <ul style="list-style-type: none"> <li>✓ Non-Warrantable Condos (max 75% LTV)</li> </ul> </li> <li>• 2 – 4 Unit (max 80% LTV)</li> </ul>
<b>Ineligible Property Types:</b>	<ul style="list-style-type: none"> <li>• Log Homes</li> <li>• Modular</li> <li>• Manufactured (Mobile)</li> <li>• Rural</li> <li>• Mixed Use</li> <li>• Assisted Living/Continuing Care Facilities</li> <li>• Boarding Houses</li> <li>• Condotels</li> <li>• Co-Ops</li> </ul>
<b>Appraisal Review:</b>	<ul style="list-style-type: none"> <li>• The following transactions require a FNMA Collateral Underwriter review with a score of 2.5 or less or a Collateral Desktop Analysis (CDA):                             <ul style="list-style-type: none"> <li>✓ Loan amounts <math>\leq</math> \$2,000,000</li> </ul> </li> <li>• The following transactions require a 2nd full appraisal:                             <ul style="list-style-type: none"> <li>✓ Approved loan amount exceptions (when exceeding max loan amount available per matrix)</li> <li>✓ Loan amounts <math>&gt;</math> \$2,000,000</li> </ul> </li> </ul>

**SUBJECT PROPERTY (cont.)**

<p><b>Flip Transactions:</b></p>	<ul style="list-style-type: none"> <li>• Defined as: Properties with a prior sale in the last 365 days and the current sales price increased &gt;10%.</li> <li>• Period is measured from the date the seller became legal owner of the property to the date all parties executed the sales contract.</li> <li>• The following requirements apply:                     <ul style="list-style-type: none"> <li>✓ Must be ARMs length</li> <li>✓ No pattern of previous flipping</li> <li>✓ Marketed openly and fairly</li> <li>✓ No assignments of the contract to another buyer</li> <li>✓ If sales price exceeds appraised value by more than 5% a signed letter of acknowledgement from borrower is required</li> <li>✓ Must comply with the HPML appraisal rules in Regulation Z</li> </ul> </li> <li>• The following transactions require a 2nd full appraisal:                     <ul style="list-style-type: none"> <li>✓ Prior sale less than 90 days and &gt; 10% increase in sales price</li> <li>✓ Prior sale 91-180 days and &gt; 20% increase in sales price</li> </ul> </li> <li>• All other transactions not requiring a 2nd full appraisal must contain a FNMA Collateral Underwriter review with a score of 2.5 or less or a Collateral Desktop Analysis (CDA).</li> </ul>
<p><b>Appraisal Transfers:</b></p>	<ul style="list-style-type: none"> <li>• Appraisal transfers are eligible, as indicated on ACC's <a href="#">Appraisal Transfer Policy</a></li> </ul>
<p><b>Properties Listed For Sale:</b></p>	<ul style="list-style-type: none"> <li>• To be eligible for either a rate/term or a cash-out refinance, the subject property must be taken off the market on or before application date.</li> <li>• For cash-out transactions, if subject property was listed for sale in 6 months prior to application date, a 10% LTV reduction from the maximum available for the specific transaction is required.</li> <li>• The lesser of the most recent list price or the current appraised value should be used to determine loan-to-value for both rate/term and cash-out transactions</li> </ul>
<p><b>Seasoning:</b></p>	<ul style="list-style-type: none"> <li>• Rate/Term Refinance – No seasoning requirement.</li> <li>• Cash Out Refinance – 6 Months required from Purchase date to Note date (to ACC).</li> <li>• No waiting period for properties obtained through inheritance, divorce or separation.</li> </ul>
<p><b>Determining Loan to Value:</b></p>	<ul style="list-style-type: none"> <li>• If the property was acquired &gt; 12 months from application date, the appraised value must be used to determine loan-to-value.</li> <li>• For properties acquired between 6 and 12 months from application date, the maximum loan-to-value cannot exceed 65% based on the current appraised value.</li> <li>• If the property was acquired &lt; 6 months from application date, the lesser of the current appraised value or the previous purchase price plus documented improvements (if any) must be used. The purchase settlement statement and any invoices for materials/labor will be required.</li> <li>• Flips are not allowed; seller must be on title for &gt;180 days.</li> </ul>
<p><b>Lease with Option to Purchase:</b></p>	<ul style="list-style-type: none"> <li>• Not Eligible</li> </ul>
<p><b>Land Contracts / Contract for Deed:</b></p>	<ul style="list-style-type: none"> <li>• Not Eligible</li> </ul>

**MISCELLANEOUS**

<b>Cash Out:</b>	<ul style="list-style-type: none"> <li>• Max Cash Out: \$500,000</li> <li>• Cash Out proceeds can be used for reserve requirements.</li> <li>• Minimum of 6 months elapsed time since the most recent mortgage transaction on the subject property (Note Date to Note Date is utilized to calculate the 6 month period).</li> <li>• Texas Cash Out is not allowed.</li> </ul>
<b>Occupancy:</b>	<ul style="list-style-type: none"> <li>• Investment Property</li> </ul>
<b>Secondary Financing:</b>	<ul style="list-style-type: none"> <li>• Not Eligible</li> </ul>
<b>Vesting:</b>	<ul style="list-style-type: none"> <li>• Natural persons</li> <li>• LLC</li> <li>• Limited and General Partnerships</li> <li>• Corporations and S Corporations</li> <li>• Inter vivos revocable trusts (case-by-case basis)</li> </ul>
<b>Compliance:</b>	<ul style="list-style-type: none"> <li>• Escrows required for taxes and insurance.</li> <li>• Compliance with all applicable federal and state regulations.</li> <li>• No Section 32 or state high cost.</li> </ul>
<b>Amortization Types:</b>	<ul style="list-style-type: none"> <li>• 30 Year Fixed</li> <li>• 40 Year Fixed – Interest Only                             <ul style="list-style-type: none"> <li>✓ 10 Years IO Period</li> <li>✓ 30 Year Amortization</li> </ul> </li> </ul>
<b>Interest Only:</b>	<ul style="list-style-type: none"> <li>• Qualify the DSCR calculation by using the interest-only payment, including escrows.</li> <li>• Not allowed in the state of Texas</li> </ul>
<b>Prepayment Penalty:</b>	<ul style="list-style-type: none"> <li>• 6 Months interest on 80% of original principal balance.</li> <li>• 3 Years standard term.</li> <li>• Not allowed in KS, MN, and MS.</li> <li>• State Overlays:                             <ul style="list-style-type: none"> <li>✓ IL: Note rate =/<math>&lt;</math> 8%</li> <li>✓ MI: 1% of prepaid amount (max 3 year term)</li> <li>✓ NJ:                                     <ul style="list-style-type: none"> <li>❖ To obtain regular pricing that includes a prepayment penalty, the vesting must be in an LLC</li> <li>❖ If the borrower does not wish to vest in an LLC, they will need to buy-out the prepayment penalty</li> </ul> </li> <li>✓ PA: Loan amounts <math>&gt;</math> \$278,204</li> </ul> </li> </ul>
<b>Eligible States:</b>	AR, AZ, CA, CO, CT, DE, DC, FL, GA, ID, IL, IN, KS, MD, MI, MN, MS, NC, NJ, NV, OK, OR, PA, SC, TN, TX, UT, VA & WA
<b>Eligible States (Non-Licensed Originators):</b>	AR, CO, CT, DE, DC, FL, GA, IN, MD, MS, OK, PA, SC, TN, TX, VA & WA
<b>Eligible States (Real Estate Broker State License Required):</b>	CA, MI, MN & NJ

**FOREIGN NATIONAL**

**Foreign National:**

- Eligible Visa Status
  - ✓ B-1 and B-2
  - ✓ E-1, E-2, E-3
  - ✓ G-1 through G-5
  - ✓ H-1B & C, H-2 through H-4
  - ✓ I
  - ✓ L-1B, L-2
  - ✓ J-1 and J-2
  - ✓ NATO 1 through 6
  - ✓ O-1 and O-2
  - ✓ P-1 and P-2
  - ✓ R-1
  - ✓ TN-1 & 2 (NAFTA)
- ✓ Borrowers who are residents of countries which participate in the State Department's Visa Waiver Program (VWP) will not be required to provide a valid visa. Participating countries can be verified through the U.S. Department of State website at <https://travel.state.gov/content/travel/en/us-visas/tourism-visit/visa-waiver-program.html>.
- ✓ Canadian citizens generally do not require a visa to enter the United States directly from Canada for the purposes of visiting or studying. Canadian visitors are generally granted a stay in the U.S. for up to six months at the time of entry. Underwriter will review on a case-by-case basis.
- ✓ Borrowers may have a SSN, ITIN, or neither to proceed
- ✓ Borrowers with Diplomatic Immunity and Citizens of Venezuela are ineligible for ACC Mortgage programs.
- Credit
  - ✓ 12-month housing history is required for borrowers with U.S. housing. Mortgage and rental payments combined may not exceed 1x30 in the past 12 months.
  - ✓ There is no LTV reduction for a First-Time Investor on the Foreign National Program
    - ❖ A First-Time Investor is a borrower who has not owned at least one investment property for at least 12 months anytime during the most recent 12-month period.
- Assets
  - ✓ All funds required for down payment and closing costs must be sourced for 30 days in a U.S. FDIC insured depository institution.
  - ✓ Foreign assets recently deposited into a U.S. depository institution are acceptable, if there is evidence that the funds were transferred from the country from which the borrower previously or currently resides. It must also be established that the funds belonged to the borrower before the date of transfer.
  - ✓ Foreign assets must be deposited into the borrower's U.S. depository institution. Funds cannot be sent directly to the title company's trust or escrow account.
  - ✓ Assets held in a foreign account can be used for reserves. The most recent 30-day account statement is required, and funds are to be converted to U.S. dollars using the current exchange rate. A letter of reference on company letterhead from a verifiable banking institution may also be obtained. Contact information must be provided by the person signing the letter, and the letter must state the type of relationship, length of the relationship, how accounts are held, and current balance. Any translation must be signed and dated by a certified translator.
- Vesting
  - ✓ Loan must be made to domestic LLC with domestic agent
  - ✓ Power of Attorney is not eligible

