



Revised: July 25, 2022

The Science of Doing Non-QM Right!™

SECOND CHANCE PROGRAM

Program Max LTVs			Primary Owner Occupied						Second Home / Investment		
			FULL DOC / BANK STMTS / 1099						FULL DOC / BANK STMTS / 1099		
LOAN AMOUNT	RESERVES	FICO	PURCHASE	R/T	CASH OUT	PURCHASE	R/T	CASH OUT	PURCHASE	R/T	CASH OUT
≤ \$1,500,000	3 Months	700	85%	85%	75%	75%	75%	65%	80%	80%	70%
		660	80%	80%	70%	75%	75%		75%	75%	65%
		620	75%	75%	65%	70%	70%		65%	65%	60%
≤ \$2,000,000	3 Months	700	80%	75%	75%				80%	75%	75%
		680	80%	70%	70%				80%	70%	70%
		660	70%	65%	65%				70%	65%	65%
		620	65%						65%		
≤ \$2,500,000	3 Months	680	70%	65%	65%				70%	65%	65%
≤ \$3,000,000	3 Months	680	70%	65%	65%						
Mortgage/Rental History			0x60x12			1x120x12			0x60x12		
Chapter 7 and 11 Seasoning			24 Months			Discharged			24 Months		
Chapter 13 Seasoning			Discharged			Discharged			Discharged		
Foreclosure/Short Sale/Deed in Lieu Seasoning			24 Months			Settled			24 Months		

OTHER OVERLAYS		PROGRAM REQUIREMENTS	
Loan Amounts > \$1,500,000	Mortgage/Rental History 1x30x12	Minimum Loan Amount:	\$150,000
	BK/FC/SS/DIL/MOD 36 Months	Maximum Loan Amount:	\$3,000,000
Texas Cash-Out 50(a)(6)	Max 80% LTV	Maximum Cash Out:	\$500,000
		Residual Income: Per Additional Dependent:	\$1,500 \$150

INTEREST ONLY FEATURES			DEBT RATIOS	
Product	IO Period	Amortization	Limits	
40Y Fixed-IO	10 Years	30 Years	Debt Ratio	Max 50%

LTV ADJUSTMENTS

Property Type	Max LTV
<ul style="list-style-type: none"> • Rural • 2-4 Unit • Modular • Log Home • Non-Warrantable Condos 	80%

CREDIT REQUIREMENTS

<p>Tradelines:</p>	<ul style="list-style-type: none"> • Tradeline requirement based on primary wage earner <ul style="list-style-type: none"> ✓ Standard: <ul style="list-style-type: none"> ○ 3 tradelines reporting for 12+ months all with activity in the last 12 months; OR ○ 2 tradelines reporting for 24+ months all with activity in the last 12 months. ✓ Limited: <ul style="list-style-type: none"> ○ No minimum tradeline requirements. ○ Requires 6 months reserves ○ Requires minimum borrower contribution of 10% • An acceptable 12 or 24 month housing history, not reporting on credit, may also be used as a tradeline.
<p>Qualifying Credit Score:</p>	<ul style="list-style-type: none"> • Primary wage earner must have at least 2 scores and is used to determine the overall loan qualifying credit score. <ul style="list-style-type: none"> ✓ If three scores are provided, use middle score ✓ If two scores are provided, use lowest score ✓ If one score is provided, the borrower is not eligible • Each additional borrower must have at least one score. <ul style="list-style-type: none"> ✓ If three scores are provided, at least one must be 620+ ✓ If two scores are provided, at least one must be 620+ ✓ If one score is provided, it must be 620+ • When qualifying income is equal for all borrowers the highest representative score is used to determine the overall loan qualifying score.
<p>Housing History:</p>	<p>Borrowers who do not have a complete 12-month housing history are subject to the following:</p> <ul style="list-style-type: none"> • Primary residence and second homes only • Minimum 3 additional months reserves required • 10% minimum borrower contribution • Payment Shock is not considered • VOR/VOM must be obtained for all months available reflecting paid as agreed • Properties owned free and clear are considered 0x30 for grading purposes.
<p>Multiple Financed Properties:</p>	<ul style="list-style-type: none"> • There is no limit on the number of other properties borrowers may currently have financed. • Second Home or Investment Property transactions require 2 months of additional reserves for each financed property. • ACC Mortgage exposure may not exceed \$5M aggregate with a maximum of five loans for each individual borrower.

CREDIT REQUIREMENTS (cont.)

<p>Charge-Offs and Collections:</p>	<ul style="list-style-type: none"> • The following accounts may remain open: <ul style="list-style-type: none"> ✓ Collections and charge-offs < 24 months old with a maximum cumulative balance of \$2,000 ✓ Collections and charge-offs ≥ 24 months old with a maximum of \$2,500 per occurrence ✓ All medical collections • Collection and charge-off balances exceeding the amounts listed above must either be paid in full or may remain open when one of the following is met: <ul style="list-style-type: none"> ✓ Borrower has sufficient reserves to cover remaining collection and charge-off balances (in addition to the published reserve requirement); or ✓ Payment for remaining collections and charge-offs included in DTI results in final DTI ≤ 50% (payment calculated at 5% of balance of remaining unpaid collections and charge-offs). <ul style="list-style-type: none"> ○ A combination of the two options above is allowed. A portion of the unpaid collection balance can be included in the DTI while the remainder is covered by excess reserves. ○ Collections and charge-offs that cannot be factored into DTI or reserves must be paid off.
<p>Judgments and Tax Liens:</p>	<p>All judgments or liens affecting title must be paid.</p> <p>Active court-ordered judgments may remain open when one of the two following options is:</p> <ul style="list-style-type: none"> • The amount is the lesser 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): <ul style="list-style-type: none"> ✓ 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 maximum payment required under the plan is included in the debt-to-income ratio. <p>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:</p> <ul style="list-style-type: none"> • 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; • The maximum payment required under the plan is included in the debt-to-income ratio; and • The title company must provide written confirmation confirming <ul style="list-style-type: none"> ✓ (a) the title company is aware of the outstanding tax lien, and ✓ (b) there is no impact to first lien position.
<p>Housing Events:</p>	<p>A Housing Event is any one of the following events listed below:</p> <ul style="list-style-type: none"> • Foreclosure • Deed-in-Lieu • Short Sale • Modification resulting in (non COVID-19 related): <ul style="list-style-type: none"> ✓ 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 <p>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.</p> <p>For a 120-day mortgage late, seasoning is from the date the mortgage was brought current.</p> <p>Seasoning for a modification is from the date the modification was executed.</p> <p>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.</p>

CREDIT REQUIREMENTS (cont.)

Forbearance/COVID-19 Related:	<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"> • 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. • For a payment deferral, the borrower must have made three consecutive payments following the effective date of the payment deferral agreement. • For a modification, the borrower must have completed the three-month trial payment period. • 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. <p>Verification that the borrower has made the required three timely payments may include:</p> <ul style="list-style-type: none"> • a loan payment history from the servicer or third-party verification service, • the latest mortgage account statement from the borrower, and • a verification of mortgage. <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

Eligible Borrowers:	<ul style="list-style-type: none"> • US Citizens • Permanent Resident Aliens • Non-Permanent Resident Aliens (with US credit) – See Eligible Visa Status
Eligible Visa Status:	<ul style="list-style-type: none"> • The following visa classifications are allowed as Non-Permanent Resident Aliens: <ul style="list-style-type: none"> ✓ E-1, E-2, E-3 ✓ G-1 through G-5 ✓ H-1B & C, H-2 through H-4 ✓ L-1B, L-2 ✓ NATO 1 through 6 ✓ O-1 ✓ R-1 ✓ TN-1 & 2 (NAFTA) • If a non-U.S. citizen is borrowing with a U.S. citizen, it does not eliminate visa or other residency requirements. • Individuals in possession of spouse or family member visas are to qualify as co-borrowers only. • 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. • Borrowers with Diplomatic Immunity and Citizens of Venezuela are ineligible for ACC Mortgage programs.
Non-Occupant Co-Borrowers:	<ul style="list-style-type: none"> • Primary occupancy only • Purchase and Rate/Term only (non-occupant must be on the current mortgage for a rate/term refinance) • Non-occupant co-borrower must be an immediate relative • Max 80% LTV • Max 60% DTI (occupying borrower only) • Max 43% DTI (total for all borrowers combined) • Max loan amount \$1,000,000

BORROWERS (cont.)

First Time Homebuyers:	<ul style="list-style-type: none"> The following requirements apply to First-Time Home Buyer transactions: <ul style="list-style-type: none"> ✓ Primary residence and second homes only A First-Time Home Buyer is defined as a borrower who had no ownership interest in a residential property in the United States during the preceding 3-year period. If a borrower has not owned a property in the last 3 years but can document ownership in the preceding 5-year period, the above criteria are waived.
First Time Investor:	<ul style="list-style-type: none"> First Time Investors allowed (max 75% LTV). <ul style="list-style-type: none"> ✓ 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.

INCOME

Income:	<ul style="list-style-type: none"> Full Doc (12 or 24 Months) <ul style="list-style-type: none"> ✓ W-2 ✓ Tax Returns Bank Statements (12 or 24 Months) <ul style="list-style-type: none"> ✓ Must be Self-employed for 2 years ✓ Personal or Business Bank Statements 1099 (12 or 24 Months) <ul style="list-style-type: none"> ✓ Must be Self-employed for 2 years 	<p>A 1099 may be obtained to replace 1 calendar year of personal or business bank statements:</p> <ul style="list-style-type: none"> 1099 must be validated with a wage and income transcript from the IRS Evidence of year-to-date earnings must be verified via bank statements covering the YTD period All other Bank Statement Documentation requirements apply
Bank Statement – Calculating Qualifying Income:	<ul style="list-style-type: none"> <u>Personal and Business Bank Statements:</u> Total useable deposits ÷ 12 or 24 months <ul style="list-style-type: none"> ✓ To calculate qualifying income, select one of the three options from the following matrix: [Click Here] Business Bank Statements: Must have documented ≥ 25% ownership in business. Personal Bank Statements: No minimum percentage ownership in business required. <ul style="list-style-type: none"> ✓ All individuals on the bank account being utilized must be a borrower on the loan. 	
Cannabis Derived Income:	<ul style="list-style-type: none"> Eligible for borrowers located in states where cannabis has been legalized and the business is licensed accordingly 	
Debt Ratios:	<ul style="list-style-type: none"> Max 50% (total DTI) 	

ASSETS

Assets:	<ul style="list-style-type: none"> Seasoned for 60 days. Source unexplained deposits that exceed 50% of the borrowers gross monthly qualifying income.
Reserves:	<ul style="list-style-type: none"> Cash out proceeds can be used for reserve requirements.
Seller Concessions:	<ul style="list-style-type: none"> Up to 6% towards closing costs for Primary and Second Homes. Up to 2% towards closing costs for Investment Property.
Gift Funds:	<ul style="list-style-type: none"> Gift funds are allowed after the borrower has documented the minimum required borrower contribution. <ul style="list-style-type: none"> ✓ Minimum of 5% (of the sales price) of borrower’s own funds on purchase transactions. ✓ Minimum borrower contribution of 10% must be documented on the following transactions: <ul style="list-style-type: none"> ❖ Primary residence with unverifiable housing history ❖ Second home ✓ Investment property transactions require all funds come from the borrower. Gift funds must be from a relative and can be used for down payment, closing costs and reserves.

ASSETS (cont.)

Gift of Equity:	<ul style="list-style-type: none"> • Primary residence transactions only. • No minimum borrower contribution is required. • Gift of equity is from an immediate family member. • Six months of reserves required of borrower's own funds. • Non-arm's length transactions are allowed. • Subject to the maximum LTVs available for cash-out transactions.
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SUBJECT PROPERTY

Acreage	<ul style="list-style-type: none"> • Primary and Second Homes <ul style="list-style-type: none"> ✓ Max 15 Acres ✓ Exceptions considered on a case-by-case basis • Investment Properties <ul style="list-style-type: none"> ✓ Max 2 Acres ✓ Exceptions considered on a case-by-case basis
Property Types:	<ul style="list-style-type: none"> • Single Family Detached (SFD) <ul style="list-style-type: none"> ✓ Site Condos are considered an SFD • PUD • Townhomes • Condominiums (max 85% LTV) <ul style="list-style-type: none"> ✓ Non-Warrantable Condos (max 80% LTV) • 2 – 4 Unit (max 80% LTV) • Log Homes (max 80% LTV) • Modular (max 80% LTV) • Rural (maximum loan amount ≤ \$1,500,000 and max 80% LTV)
Ineligible Property Types:	<ul style="list-style-type: none"> • Manufactured (Mobile) • Mixed Use • Assisted Living/Continuing Care Facilities • Boarding Houses • Condotels • Co-Ops
Appraisal Review:	<ul style="list-style-type: none"> • All transactions require a FNMA Collateral Underwriter review with a score of 2.5 or less or a Collateral Desktop Analysis (CDA), unless a second appraisal is obtained. • The following transactions require a 2nd full appraisal: <ul style="list-style-type: none"> ✓ Approved loan amount exceptions (when exceeding max loan amount available per matrix) ✓ Loan amounts > \$2,000,000

SUBJECT PROPERTY (cont.)

<p>Flip Transactions:</p>	<ul style="list-style-type: none"> • Defined as: Properties with a prior sale in the last 365 days and the current sales price increased >10%. • Period is measured from the date the seller became legal owner of the property to the date all parties executed the sales contract. • The following requirements apply: <ul style="list-style-type: none"> ✓ Must be ARMs length ✓ No pattern of previous flipping ✓ Marketed openly and fairly ✓ No assignments of the contract to another buyer ✓ If sales price exceeds appraised value by more than 5% a signed letter of acknowledgement from borrower is required ✓ Must comply with the HPML appraisal rules in Regulation Z • The following transactions require a 2nd full appraisal: <ul style="list-style-type: none"> ✓ Prior sale less than 90 days and > 10% increase in sales price ✓ Prior sale 91-180 days and > 20% increase in sales price • 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).
<p>Appraisal Transfers:</p>	<ul style="list-style-type: none"> • Appraisal transfers are eligible, as indicated on ACC's Appraisal Transfer Policy
<p>Properties Listed For Sale:</p>	<ul style="list-style-type: none"> • 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. • 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. • 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
<p>Seasoning:</p>	<ul style="list-style-type: none"> • Rate/Term Refinance – No seasoning requirement. • Cash Out Refinance – 6 Months required from Purchase date to Note date (to ACC). • No waiting period for properties obtained through inheritance, divorce or separation.
<p>Determining Loan to Value:</p>	<ul style="list-style-type: none"> • Rate/Term Refinance <ul style="list-style-type: none"> ✓ Current appraised value may be used to determine loan to value. • Cash Out Refinance <ul style="list-style-type: none"> ✓ If the subject property was acquired > 12 months from application date, the appraised value must be used to determine loan-to-value. ✓ If the property was acquired ≤ 12 months from application date, the lesser of the current appraisal value or previous purchase price plus documented improvements (if any) must be used. The purchase settlement statement and any invoices for materials/labor will be required.
<p>Lease with Option to Purchase:</p>	<ul style="list-style-type: none"> • Transaction treated as a Purchase. • Principal dwelling only. • Must have a valid, executed lease with purchase option. • The lessor of the appraised value or the purchase price established within the agreement will be utilized for qualification. • Copies of cancelled checks for 12 months as proof of rental payments.

SUBJECT PROPERTY (cont.)

Land Contracts / Contracts for Deed:	<ul style="list-style-type: none"> • Acceptable for Primary Residence only. • 12 Months of cancelled checks required for housing payment history. • Payoff of land contracts is acceptable: <ul style="list-style-type: none"> ✓ Contracts signed ≤ 12 months from ACC application date = Purchase <ul style="list-style-type: none"> ❖ The lessor of the appraised value or the purchase price established within the agreement will be utilized for qualification. ✓ Contracts signed > 12 months from ACC application date = Rate/Term Refinance <ul style="list-style-type: none"> ❖ The current appraised value will be utilized for qualification.
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MISCELLANEOUS (cont.)

Cash Out:	<ul style="list-style-type: none"> • Max Cash Out: \$500,000 • Cash Out proceeds can be used for reserve requirements. • 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). <ul style="list-style-type: none"> ✓ Must use lesser of Purchase Price plus documented improvements or Appraised Value if ≤ 12 months from note date. • Texas Cash Out not allowed on 2-4 unit properties.
Occupancy:	<ul style="list-style-type: none"> • Primary Residence • Second Homes • Investment Property
Secondary Financing:	<ul style="list-style-type: none"> • Institutional Secondary Financing is acceptable. • New and existing Secondary Financing is allowed. <ul style="list-style-type: none"> ✓ Texas (Note: Must be existing secondary financing only) • Max CLTV = allowable program LTV. • Not allowed on Investment Property.
Vesting:	<ul style="list-style-type: none"> • Natural persons • LLC (investment properties) • Limited and General Partnerships (investment properties) • Corporations and S Corporations (investment properties) • Inter vivos revocable trusts (case-by-case basis)
Compliance:	<ul style="list-style-type: none"> • Escrows required for taxes and insurance, can be waived in the following situations: <ul style="list-style-type: none"> ✓ Loan cannot be HPML ✓ Max 80% LTV ✓ Primary Residence and Second Home only ✓ Flood insurance may not be waived • Compliance with all applicable federal and state regulations. • No Section 32 or state high cost.
Amortization Types:	<ul style="list-style-type: none"> • 15, 20 and 30 Year Fixed, 40 Year Fixed IO
Interest Only:	<ul style="list-style-type: none"> • Qualify using the fully amortized payment calculated over the fully amortizing period, based on the greater of the note rate or the fully indexed rate to determine qualifying PITIA. • Not allowed in the state of Texas

MISCELLANEOUS (cont.)

Prepayment Penalty:	<ul style="list-style-type: none"> • Investment Property only. • 6 Months interest on 80% of original principal balance. • 3 Years standard term. • Not allowed in IL, KS, MD, MI, MN, MS and NJ. • State Overlays: <ul style="list-style-type: none"> ✓ PA: Loan amounts > \$278,204 	
Eligible States:	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	
Eligible States (Non-Licensed Originators):	Investment Properties Only	AR, CO, CT, DE, DC, FL, GA, IN, MD, MS, OK, PA, SC, TN, TX, VA & WA
Eligible States (Real Estate Broker State License Required):	Investment Properties Only	CA, MI, MN & NJ

