



Revised: January 27, 2023

# The Science of Doing Non-QM Right!™

## SECOND CHANCE GOLD

### CREDIT EVENT LEVEL

| Standard         |             | Recent           |            |
|------------------|-------------|------------------|------------|
| Mortgage History | 0x60x12     | Mortgage History | 1x120x12   |
| Housing Events   | > 24 Months | Housing Events   | Settled    |
| Bankruptcy       | > 24 Months | Bankruptcy       | Discharged |

### FULL & ALT DOC

|               |      |                    | Primary Residence |     |     | Second Home |     |     | Investment Property |     |     |
|---------------|------|--------------------|-------------------|-----|-----|-------------|-----|-----|---------------------|-----|-----|
| Loan Amount   | FICO | Credit Event Level | Purch             | R/T | C/O | Purch       | R/T | C/O | Purch               | R/T | C/O |
| ≤ \$1,500,000 | 700  | Standard           | 80%               | 80% | 75% | 75%         | 75% | 65% | 75%                 | 75% | 65% |
|               |      | Recent             | 70%               | 70% |     |             |     |     |                     |     |     |
|               | 660  | Standard           | 80%               | 80% | 70% |             |     |     |                     |     |     |
|               |      | Recent             | 70%               | 70% |     |             |     |     |                     |     |     |
|               | 620  | Standard           | 75%               |     |     |             |     |     |                     |     |     |
|               |      | Recent             | 70%               |     |     |             |     |     |                     |     |     |

### PROPERTY TYPE OVERLAYS

|                       |   |
|-----------------------|---|
| 2-4 Unit              | 80% LTV                                       |
| Warrantable Condo     | 80% LTV                                       |
| Non-Warrantable Condo | 80% LTV                                       |
| > 10 Acres            | 80% LTV                                       |
| Rural                 | 80% LTV                                       |
| Condotel              | Not Eligible                                  |
| Modular               | 80% LTV                                       |
| Log Home              | 80% LTV, Primary or 2 <sup>nd</sup> Home Only |

### OTHER OVERLAYS

|                                |                   |
|--------------------------------|-------------------|
| Interest Only                  | 80% LTV           |
| Texas Cash-Out 50(a)(6)        | 80% LTV           |
| Non-Perm Resident Alien        | 80% LTV           |
| First Time Investor            | 75% LTV           |
| Alt Doc - Asset Depletion      | Not Eligible      |
| Alt Doc - P&L Only             | Not Eligible      |
| Alt Doc - Written VOE          | Not Eligible      |
| Declining Market per Appraisal | 10% LTV Reduction |
| State of CA                    | 80% LTV           |

**PROGRAM PARAMETERS**

|                                |   |
|--------------------------------|---|
| <b>Minimum Loan Amount</b>     | <ul style="list-style-type: none"> <li>• \$150,000</li> </ul>   |
| <b>Maximum Loan Amount</b>     | <ul style="list-style-type: none"> <li>• \$1,500,000 <i>(differs from silver)</i></li> </ul>                                  |
| <b>Maximum Cash Out</b>        | <ul style="list-style-type: none"> <li>• \$500,000 <i>(differs from silver)</i></li> </ul>                                    |
| <b>Maximum DTI</b>             | <ul style="list-style-type: none"> <li>• &gt;660 FICO 50%</li> <li>• &lt;660 FICO 43% <i>(differs from silver)</i></li> </ul> |
| <b>Minimum PITIA Reserves</b>  | <ul style="list-style-type: none"> <li>• 3 Months</li> </ul>  |
| <b>Minimum Residual Income</b> | <ul style="list-style-type: none"> <li>• \$1,500 + \$150 per dependent</li> </ul>   |

**CREDIT REQUIREMENTS**

|  |  |
|--|--|
| <b>Mortgage / Rent:</b>                          | <ul style="list-style-type: none"> <li>• Standard Credit Events: 0x60x12 <i>(differs from silver)</i></li> <li>• Recent Credit Events: 1x120x12 <i>(differs from silver)</i></li> </ul>  |
| <b>Installment / Revolving:</b>                  | <ul style="list-style-type: none"> <li>• Payment history not considered</li> </ul>   |
| <b>Tradelines:</b>                               | <ul style="list-style-type: none"> <li>• Tradeline requirement based on primary wage earner</li> <li>• <u>Standard Tradelines:</u> <ul style="list-style-type: none"> <li>✓ 3 tradelines reporting for 12+ months with activity in the last 12 months; OR</li> <li>✓ 2 tradelines reporting for 24+ months with activity in the last 12 months; OR</li> <li>✓ 1 mortgage or installment tradeline reporting for 36+ months with activity in the last 12 months. <i>(differs from silver)</i></li> </ul> </li> <li>• <u>Limited Tradelines:</u> <i>(differs from silver)</i> <ul style="list-style-type: none"> <li>✓ No minimum tradeline requirements.</li> <li>✓ Requires 6 months reserves</li> <li>✓ Requires minimum borrower contribution of 10%</li> </ul> </li> <li>• An acceptable 12- or 24-month housing history, not reporting on credit, may also be used as a tradeline. <i>(differs from silver)</i></li> <li>• Max 0 x 60 x 12 months reporting on acceptable tradelines.</li> <li>• Authorized user accounts are not acceptable.</li> </ul> |
| <b>Bankruptcy &amp; Housing Event Seasoning:</b> | <ul style="list-style-type: none"> <li>• Standard Credit Events: &gt; 24 months <i>(differs from silver)</i></li> <li>• Recent Credit Events: Bankruptcy Discharged / Housing Events Settled <i>(differs from silver)</i></li> </ul>   |
| <b>Qualifying Credit Score:</b>                  | <ul style="list-style-type: none"> <li>• 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"> <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> <li>• Each additional borrower must have at least one score. <ul style="list-style-type: none"> <li>✓ If three scores are provided, at least one must be 620+</li> <li>✓ If two scores are provided, at least one must be 620+</li> <li>✓ If one score is provided, it must be 620+</li> </ul> </li> <li>• When qualifying income is equal for all borrowers the highest representative score is used to determine the loan qualifying score.</li> </ul>  |

**CREDIT REQUIREMENTS (cont.)**

|  |   |
|--|---|
| <p><b>Housing History:</b></p>             | <ul style="list-style-type: none"> <li>• A 12-month mortgage history is required for all financed properties owned by the borrower.</li> <li>• A 12-month rental history is required when the borrower is renting their current primary residence.</li> <li>• Borrowers who live rent-free or without a complete 12-month housing history are allowed, with the following restrictions:             <ul style="list-style-type: none"> <li>✓ 3 additional months reserves required</li> <li>✓ 10% minimum borrower contribution</li> <li>✓ Any available portion of a 12-month housing history must be paid as agreed.</li> <li>✓ Borrower(s) who own their primary residence free and clear are not considered living rent-free</li> </ul> </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 either be paid in full or may remain open when one of the following is met:             <ul style="list-style-type: none"> <li>✓ Borrower has sufficient reserves to cover remaining collection and charge-off balances (in addition to the published reserve requirement); or</li> <li>✓ 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).</li> <li>✓ 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.</li> <li>✓ Collections and charge-offs that cannot be factored into DTI or reserves must be paid off.</li> </ul> </li> </ul>  |
| <p><b>Judgments and Tax Liens:</b></p>     | <ul style="list-style-type: none"> <li>• All judgments or liens affecting title must be paid.</li> <li>• Active court-ordered judgments may remain open when one of the following options is met:             <ul style="list-style-type: none"> <li>✓ The amount is the lesser of \$5,000 per occurrence or 2% of the loan amount: OR</li> <li>✓ The borrower is currently in a repayment agreement with the creditor, a minimum of 3 months has elapsed on the plan, and evidence of timely payments for the most recent 3 months is provided.</li> </ul> </li> <li>• 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 the following requirements must be met:             <ul style="list-style-type: none"> <li>✓ A copy of the repayment agreement is obtained; AND</li> <li>✓ A minimum of 3 months has elapsed on the plan and evidence of timely payments for the most recent 3 months is provided; AND</li> <li>✓ The title company must provide written confirmation confirming                 <ul style="list-style-type: none"> <li>○ the title company is aware of the outstanding tax lien, and</li> <li>○ there is no impact to first lien position.</li> </ul> </li> </ul> </li> </ul> |
| <p><b>Housing Events:</b></p>              | <ul style="list-style-type: none"> <li>• A Housing Event is any one of the following events listed below:             <ul style="list-style-type: none"> <li>✓ Foreclosure</li> <li>✓ Deed-in-Lieu</li> <li>✓ Short Sale</li> <li>✓ 1x120 mortgage history</li> <li>✓ Modification resulting in (non COVID-19 related):                 <ul style="list-style-type: none"> <li>○ Forgiveness of a portion of principal and/or interest on either the first or second mortgage</li> <li>○ Application of a principal curtailment by or on behalf of the investor to simulate principal forgiveness</li> <li>○ Conversion of any portion of the original mortgage debt to a “soft” subordinate mortgage</li> <li>○ Conversion of any portion of the original mortgage debt from secured to unsecured</li> </ul> </li> </ul> </li> </ul>   |

**BORROWERS**

|                                      |  |
|--------------------------------------|--|
| <b>Occupancy:</b>                    | <ul style="list-style-type: none"> <li>• Primary Residence</li> <li>• Second Homes</li> <li>• Investment Property</li> </ul>   |
| <b>First Time Investor:</b>          | <ul style="list-style-type: none"> <li>• Defined as: Borrower(s) who have not owned and managed commercial or non-owner occupied residential real estate in the United States for at least 1 year in the last 3 years.</li> <li>• Eligible, see page 1 for applicable overlays.</li> </ul>   |
| <b>First Time Homebuyer:</b>         | <ul style="list-style-type: none"> <li>• Defined as: Borrower(s) who have not owned at least one residential property in the United States in the last 3 years.</li> <li>• The following requirements apply:             <ul style="list-style-type: none"> <li>✓ Primary residence and second homes only</li> <li>✓ 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.</li> </ul> </li> </ul>   |
| <b>Non-Occupant Co-Borrowers:</b>    | <ul style="list-style-type: none"> <li>• Non-occupant borrowers are credit applicants on a principal residence transaction who do not occupy the subject property.</li> <li>• When non-occupant income is used, a 5% LTV reduction from the program maximum is required.</li> <li>• Occupying borrower(s) must have a DTI ratio of 60% or less. This excludes the income/debts of non-occupant borrower(s).</li> <li>• Cash out transactions not allowed.</li> <li>• The non-occupant co-borrower must be included on title of the subject property.</li> </ul>  |
| <b>Non-Arms Length:</b>              | <ul style="list-style-type: none"> <li>• Non-Arm's length transactions are subject to all the following requirements:             <ul style="list-style-type: none"> <li>✓ Primary residence only</li> <li>✓ Relationship must be fully disclosed</li> <li>✓ An appraisal review product is required</li> <li>✓ Borrower to provide a written explanation stating relationship to the seller and reason for purchase</li> <li>✓ Borrower to provide a copy of the canceled earnest money check paid to the property seller</li> <li>✓ ACC must be satisfied that the transaction makes sense, and that the borrower will occupy the property</li> <li>✓ All liens on title to be paid in full and reflected on the settlement statement</li> <li>✓ Lesser of sales price or current appraised value to be used to calculate the LTV</li> <li>✓ Borrowers cannot provide services on transaction (closing agent, title agent, appraiser, etc.)</li> <li>✓ Borrower may not be an owner of a business entity selling the subject property</li> </ul> </li> <li>• The following additional requirements apply only to family sales:             <ul style="list-style-type: none"> <li>✓ Payment history for the seller's mortgage on the subject property must be obtained and show no pattern of delinquency within the past 12 months (if applicable)</li> <li>✓ Verification that the borrower has not been in title to the property in the past 24 months</li> <li>✓ Gift of Equity is permitted.</li> </ul> </li> </ul> |
| <b>Multiple Financed Properties:</b> | <ul style="list-style-type: none"> <li>• There is no limit on the number of other properties borrowers may currently have financed.</li> <li>• ACC Mortgage exposure may not exceed \$5M aggregate for each individual borrower.</li> </ul>  |

**BORROWERS (cont.)**

|                                 |   |
|---------------------------------|---|
| <b>Eligible Borrowers:</b>      | <ul style="list-style-type: none"> <li>• US Citizens</li> <li>• Permanent Resident Aliens</li> <li>• Non-Permanent Resident Aliens (with US credit)</li> </ul>  |
| <b>Ineligible Borrowers:</b>    | <ul style="list-style-type: none"> <li>• ITIN</li> <li>• Foreign Nationals</li> <li>• LLCs, partnerships, or corporations (may qualify for vesting only)</li> <li>• Borrowers with diplomatic immunity or otherwise excluded from U.S. jurisdiction</li> <li>• Citizens of Russia, Belarus and Venezuela</li> <li>• Borrowers from OFAC sanctioned countries:<br/> <a href="https://home.treasury.gov/policy-issues/financial-sanctions/sanctions-programs-and-country-information">https://home.treasury.gov/policy-issues/financial-sanctions/sanctions-programs-and-country-information</a> </li> </ul>  |
| <b>Perm Resident Alien:</b>     | <ul style="list-style-type: none"> <li>• Acceptable evidence of lawful permanent residency must be documented and meet one of the following criteria: <ul style="list-style-type: none"> <li>✓ I-151 – Permanent Resident Card (Green Card) that does not have an expiration date</li> <li>✓ I-551 – Permanent Resident Card (Green Card) issued for 10 years that has not expired</li> <li>✓ I-551 – Conditional Permanent Resident Card (Green Card) issued for 2 years that has an expiration date and is accompanied by a copy of USCIS Form I-751 requesting removal of the conditions</li> <li>✓ Un-expired Foreign Passport with an un-expired stamp reading as follows: “Processed for I-551 Temporary Evidence of Lawful Admission for Permanent Residence. Valid until mm-dd-yyyy. Employment Authorized.”</li> </ul> </li> </ul> |
| <b>Non-Perm Resident Alien:</b> | <ul style="list-style-type: none"> <li>• Copies of the borrower’s passport and unexpired visa must be obtained.</li> <li>• The following visa classifications are allowed as Non-Permanent Resident Aliens: <ul style="list-style-type: none"> <li>✓ E-1, E-2, E-3, G-1 through G-5, H-1B &amp; C, H-2 through H-4, L-1B, L-2, NATO 1 through 6, O-1, R-1, TN-1 &amp; 2 (NAFTA)</li> </ul> </li> <li>• Acceptable alternative documentation to verify visa classification is an I-797 form (Notice of Action) with valid extension dates and an I-94 form (Arrival/Departure Record).</li> </ul>  |

**INCOME**

|                   |   |
|-------------------|---|
| <b>Doc Types:</b> | <ul style="list-style-type: none"> <li>• Wage Earner: <ul style="list-style-type: none"> <li>✓ Full Doc – 12 or 24 months</li> </ul> </li> <li>• Self Employed: <ul style="list-style-type: none"> <li>✓ Full Doc – 12 or 24 months</li> <li>✓ Alt Doc Personal Bank Statements – 12 or 24 months</li> <li>✓ Alt Doc Business Bank Statements – 12 or 24 months</li> <li>✓ Alt Doc Co-Mingled Bank Statements – 12 or 24 months</li> <li>✓ Alt Doc 1099 – 12 or 24 months</li> </ul> </li> </ul>  |
| <b>Full Doc:</b>  | <ul style="list-style-type: none"> <li>• Wage Earner: <ul style="list-style-type: none"> <li>✓ YTD Paystubs, 1- or 2-Years W-2s, 4506-C Transcripts, Verbal VOE within 10 business days of closing</li> </ul> </li> <li>• Self Employed: <ul style="list-style-type: none"> <li>✓ 1 or 2 Years Personal and Business Tax Returns, YTD P&amp;L, most recent month bank statement, 4506-C Transcripts, Verification of business existence within 10 business days of closing</li> </ul> </li> </ul> |

**INCOME (cont.)**

**Alt Doc - Personal Bank Statements:**

- Requirements:
  - ✓ Must be self-employed for at least two years.
  - ✓ The business being used to source income must be in existence for at least two years.
  - ✓ Minimum 25% borrower ownership percentage.
- Documentation
  - ✓ 24 or 12 months of consecutive PERSONAL bank statements.
  - ✓ Most recent two months of BUSINESS bank statements. Note: If business bank statements are not available, see "Co-Mingled Bank Statements"
  - ✓ Verification of business existence and borrower's ownership percentage with one of the following. CPA letter, Tax Preparer letter, operating agreement, or equivalent, reflecting the borrower's ownership percentage.
  - ✓ Verification of business existence required within 10 business days of closing.
  - ✓ ACC Self-Employed Business narrative form.
- Analyzing the Personal Statements
  - ✓ If the personal account is jointly owned, and the joint owner is not an owner of the business, deposits that are not readily identifiable as transfers from the business accounts or business deposits must be excluded unless sourced.
  - ✓ Evidence of business receipt and expense activity is not permitted in personal bank accounts. Evidence of such activity will require the loan to be submitted/qualified as a Co-Mingled Bank Statement Documentation loan.
  - ✓ Two months of business bank statements must reflect activity to support business operations and transfers to the personal account being used for qualification.
- Calculation Method
  - ✓ Net income from the analysis of the bank statements is multiplied by the borrower's ownership percentage to determine the borrower's qualifying income.
  - ✓ Qualifying income calculated using total deposits from the statements, minus any inconsistent or large deposits not justified.
  - ✓ An expense factor is not applied.

**Alt Doc - Co-Mingled Bank Statements:**

- Requirements:
  - ✓ Must be self-employed for at least two years.
  - ✓ The business being used to source income must be in existence for at least two years.
  - ✓ The borrower must be sole owner of the business (borrower and spouse with combined 100% ownership eligible).
- Documentation
  - ✓ A co-mingled bank account is a personal account used by a borrower for both business and personal use. A separate business account is not required.
  - ✓ 24 or 12 months of consecutive PERSONAL bank statements.
  - ✓ Verification of business existence and borrower's ownership percentage with one of the following. CPA letter, Tax Preparer letter, operating agreement, or equivalent, reflecting the borrower's ownership percentage.
  - ✓ Verification of business existence required within 10 business days of closing.
  - ✓ ACC Self-Employed Business narrative form.
- Analyzing the Co-Mingled Statements
  - ✓ If the co-mingled personal account is jointly owned, deposits that are not readily identifiable as business deposits must be excluded unless sourced.
- Calculation Method
  - ✓ A standard 50% expense factor will be applied to the total of eligible deposits .
  - ✓ If the business operates more efficiently or typically has a materially different expense factor (higher or lower than standard expense factor), then an expense factor from a CPA/CTEC/EA letter or P&L may be used to determine qualifying income.

**INCOME (cont.)**

|   |  |
|---|--|
| <p><b>Alt Doc - Business Bank Statements:</b></p> | <ul style="list-style-type: none"> <li>• <u>Requirements</u> <ul style="list-style-type: none"> <li>✓ Must be self-employed for at least two years.</li> <li>✓ The business being used to source income must be in existence for at least two years.</li> <li>✓ Minimum 25% borrower ownership percentage .</li> </ul> </li> <li>• <u>Documentation</u> <ul style="list-style-type: none"> <li>✓ A business bank account is used for ongoing operations of the business and reflects the name of the business as completed on the URLA.</li> <li>✓ 24 or 12 months of consecutive BUSINESS bank statements.</li> <li>✓ Verification of business existence and borrower's ownership percentage with one of the following. CPA letter, Tax Preparer letter, operating agreement, or equivalent, reflecting the borrower's ownership percentage.</li> <li>✓ Verification of business existence required within 10 business days of closing.</li> <li>✓ ACC Self-Employed Business narrative form.</li> </ul> </li> <li>• <u>Analyzing the Business Statements</u> <ul style="list-style-type: none"> <li>✓ All other owners of the business not party to the loan must provide a signed and dated letter acknowledging the borrower's access to the business account for loan qualification.</li> <li>✓ Statements should show a trend of ending balances that are stable or increasing over time.</li> <li>✓ Decreasing or negative ending balances must be explained.</li> </ul> </li> <li>• <u>Calculation Method</u> <ul style="list-style-type: none"> <li>✓ A standard 50% expense factor will be applied to the total of eligible deposits.</li> <li>✓ If the business operates more efficiently or typically has a materially different expense factor (higher or lower than standard expense factor), then an expense factor from a CPA/CTEC/EA letter or P&amp;L may be used to determine qualifying income.</li> </ul> </li> </ul> |
| <p><b>Alt Doc - 1099:</b></p>                     | <ul style="list-style-type: none"> <li>• <u>Requirements</u> <ul style="list-style-type: none"> <li>✓ Permitted for individual(s) earning 100% commission, independent contractors and/or sole proprietors.</li> <li>✓ Minimum 2-year self-employment history is required (e.g., 1099 income).</li> </ul> </li> <li>• <u>Documentation</u> <ul style="list-style-type: none"> <li>✓ 1-year or 2-years 1099s</li> <li>✓ Current YTD earnings must be documented to support the ongoing receipt of 1099 income with YTD bank statements or check stub(s) with YTD totals if available.</li> <li>✓ ACC Self-Employed Business narrative form.</li> <li>✓ When utilizing 1 year 1099 option, verification that the borrower has been self employed for a minimum of 2 years utilizing one of the following. CPA letter, Tax Preparer letter, or equivalent.</li> <li>✓ Tax returns and 4506-C transcripts are not required.</li> </ul> </li> <li>• <u>Calculation Method</u> <ul style="list-style-type: none"> <li>✓ A standard 10% expense factor will be applied.</li> <li>✓ Qualifying income is the 12 or 24 monthly 1099 average minus the expense factor .</li> <li>✓ The YTD earnings from the total of check stubs or the tally of deposits from bank statements must be within 10% or greater than prior year earnings.</li> </ul> </li> </ul>   |
| <p><b>Cannabis Derived Income:</b></p>            | <ul style="list-style-type: none"> <li>• Eligible for borrowers located in states where cannabis has been legalized and the business is licensed accordingly</li> </ul>  |

| ASSETS                          |   |
|---------------------------------|---|
| <b>Asset Seasoning:</b>         | <ul style="list-style-type: none"> <li>Sourced or seasoned for 60 days.</li> </ul>  |
| <b>Large Deposits:</b>          | <ul style="list-style-type: none"> <li>Source unexplained deposits that exceed 50% of the borrowers gross monthly qualifying income.</li> </ul>   |
| <b>Seller Concessions:</b>      | <ul style="list-style-type: none"> <li>Up to 6% towards closing costs for Primary and Second Homes.</li> <li>Up to 2% towards closing costs for Investment Property.</li> </ul>   |
| <b>Borrower Contribution:</b>   | <ul style="list-style-type: none"> <li>5% Primary with verified housing history.</li> <li>10% Primary with unverified housing history.</li> <li>10% Second Homes.</li> </ul>  |
| <b>Gift Funds:</b>              | <ul style="list-style-type: none"> <li>Gift funds are allowed after the borrower has documented the minimum required borrower contribution.</li> <li>Investment property transactions require all funds come from the borrower. <i>(differs from silver)</i></li> <li>Gift funds must be from a relative and can be used for down payment, closing costs and reserves.</li> </ul>   |
| <b>Gift of Equity:</b>          | <ul style="list-style-type: none"> <li>Permitted for Primary Residence or Second Home non-arm's length transactions.</li> <li>The following requirements apply:                             <ul style="list-style-type: none"> <li>✓ Gift of equity must be from an immediate family member</li> <li>✓ Six months of reserves required of borrower's own funds is required</li> <li>✓ Non-arm's length criteria must be met</li> <li>✓ Signed gift letter is required</li> <li>✓ Gift of equity must be listed on the settlement statement</li> </ul> </li> </ul> |
| <b>Reserves:</b>                | <ul style="list-style-type: none"> <li>Cash out proceeds can be used for reserve requirements.</li> <li>Second Home or Investment Property transactions require 2 months of additional reserves for each financed property.</li> </ul>  |
| SUBJECT PROPERTY                |   |
| <b>Acresage:</b>                | <ul style="list-style-type: none"> <li>Primary and Second Homes Max 20 Acres</li> <li>Investment Properties Max 2 Acres</li> </ul>  |
| <b>Eligible Property Types:</b> | <ul style="list-style-type: none"> <li>SFR Attached or Detached</li> <li>PUD Attached or Detached</li> <li>Modular</li> <li>Townhomes</li> <li>2-4 Unit</li> <li>Warrantable Condominium</li> <li>Non-Warrantable Condominium</li> <li>Log Homes <i>(differs from silver)</i></li> <li>Rural Properties <i>(differs from silver)</i></li> </ul>   |



| SUBJECT PROPERTY (cont.)           |   |
|------------------------------------|---|
| <b>Ineligible Property Types:</b>  | <ul style="list-style-type: none"> <li>• Vacant land or land development properties</li> <li>• Properties not readily accessible by roads that meet local standards</li> <li>• Properties not suitable for year-round occupancy, regardless of location</li> <li>• Agricultural properties (including farms, ranches, or orchards)</li> <li>• Manufactured or Mobile homes</li> <li>• Co-op/timeshare hotels</li> <li>• Cooperative share loans</li> <li>• Boarding houses or bed/breakfast properties</li> <li>• Properties with zoning violations</li> <li>• Dome or geodesic homes</li> <li>• Assisted living facilities</li> <li>• Homes on Native American Land (Reservations)</li> <li>• Hawaii properties located in lava zones 1 and/or 2</li> <li>• Houseboats</li> <li>• Fractional ownership</li> <li>• Properties used for the cultivation, distribution, manufacture, or sale of marijuana</li> <li>• Condotels (<i>differs from silver</i>)</li> </ul>  |
| <b>Appraisal:</b>                  | <ul style="list-style-type: none"> <li>• A full interior inspection with photos is required for all units.</li> <li>• Appraisal Form 1004, 1025, 1007 and/or 1073 is required for all transactions.</li> <li>• Appraisal transfers are eligible, as indicated on ACC's Appraisal Transfer Policy</li> </ul>   |
| <b>Appraisal Review:</b>           | <ul style="list-style-type: none"> <li>• Loan Amount &lt;= \$2M:                             <ul style="list-style-type: none"> <li>✓ FNMA Collateral Underwriter (CU) score of 2.5 or less or a Collateral Desktop Analysis (CDA).</li> </ul> </li> <li>• Loan Amount &gt; \$2M:                             <ul style="list-style-type: none"> <li>✓ Second 2nd full appraisal.</li> </ul> </li> </ul>  |
| <b>Property Flips:</b>             | <ul style="list-style-type: none"> <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 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>• For properties with a prior sale in the last 365 days and &gt;10% increase in sales price, the following additional requirements apply:                             <ul style="list-style-type: none"> <li>✓ Must be ARMs length</li> <li>✓ No pattern of previous flipping</li> <li>✓ Must have been 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> </ul> </li> </ul> |
| <b>Properties Listed For Sale:</b> | <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>• The borrower must confirm in writing the reason for the prior listing and intent to occupy the subject property.</li> <li>• For cash-out refinances, 6 months seasoning from listing contract expiration date to application date is required.                             <ul style="list-style-type: none"> <li>✓ A listing expiration of less than 6 months is permitted with a 10% LTV reduction. (<i>differs from silver</i>)</li> </ul> </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>  |
| <b>Refinance Seasoning:</b>        | <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 ACC Note date.</li> <li>• No waiting period for properties obtained through inheritance, divorce or separation.</li> </ul>   |

| SUBJECT PROPERTY (cont.)                    |   |
|---|---|
| <b>Determining LTV Cash Out Refi:</b>       | <ul style="list-style-type: none"> <li>• Property acquired &gt; 12 months from application date:                             <ul style="list-style-type: none"> <li>✓ Current appraised value is used.</li> </ul> </li> <li>• Property acquired 6 - 12 months from application date:                             <ul style="list-style-type: none"> <li>✓ Lesser of current appraised value or the previous purchase price plus documented improvements (if any) is used. The purchase settlement statement and any invoices for materials/labor will be required.</li> </ul> </li> </ul>   |
| <b>Lease with Option to Purchase:</b>       | <ul style="list-style-type: none"> <li>• Transaction treated as a Purchase.</li> <li>• Principal dwelling only.</li> <li>• Must have a valid, executed lease with purchase option.</li> <li>• The lessor of the appraised value or the purchase price established within the agreement will be utilized for qualification.</li> <li>• Copies of cancelled checks for 12 months as proof of rental payments required.</li> </ul>   |
| <b>Land Contracts / Contracts for Deed:</b> | <ul style="list-style-type: none"> <li>• Primary residence only</li> <li>• Copy of fully executed land contract and payoff(s) to be obtained</li> <li>• Copies of canceled checks for 12 months (or term of the lease if less) as evidence of timely payments</li> <li>• If the land contract was executed less than 12 months ago, the borrower's previous housing payment history must also be verified to complete a completed 12-month history</li> <li>• Liens on title to be paid in full and reflected on settlement statement at closing</li> <li>• If the contract was executed less than 12 months ago, the lesser of the purchase price or the current appraised value must be used to determine LTV. The current appraised value may be used to determine LTV if the land contract was executed over 12 months ago.</li> <li>• Cash-out and non-arm's length transactions not eligible</li> </ul> |
| MISCELLANEOUS                               |   |
| <b>Document Expiration:</b>                 | <ul style="list-style-type: none"> <li>• Measured to closing date:                             <ul style="list-style-type: none"> <li>✓ Assets 60 days</li> <li>✓ Income 60 days</li> <li>✓ Appraisal 120 days</li> <li>✓ ACC Credit Report 120 days</li> <li>✓ Title Commitment and CPL 120 days</li> </ul> </li> </ul>  |
| <b>Amortization Types:</b>                  | <ul style="list-style-type: none"> <li>• 15 and 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 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.</li> </ul>   |
| <b>Secondary Financing:</b>                 | <ul style="list-style-type: none"> <li>• Permitted on Primary Residence and Second Home Only.</li> <li>• Secondary financing must be institutional.</li> <li>• Existing secondary financing must be subordinated and recorded or refinanced.</li> <li>• HELOC CLTV must be calculated at the maximum available line amount unless the borrower can provide documentation showing the line of credit is past its draw period.</li> </ul>   |
| <b>Power of Attorney:</b>                   | <ul style="list-style-type: none"> <li>• A limited Power of Attorney is acceptable when all the following are met:                             <ul style="list-style-type: none"> <li>✓ It is specific to the transaction;</li> <li>✓ It is recorded with the Mortgage/Deed of Trust;</li> <li>✓ It contains an expiration date;</li> <li>✓ It is used to execute only the final loan documents;</li> <li>✓ The Borrower who executed the POA signed the initial 1003;</li> <li>✓ An interested party to the transaction (such as seller, broker, loan officer, realtor, etc.) may not act as Power of Attorney.</li> <li>✓ Not eligible for cash-out transactions.</li> </ul> </li> </ul>  |

| MISCELLANEOUS (cont.)   |  |   |
|---|--|---|
| <b>Vesting Structures:</b>  | <ul style="list-style-type: none"> <li>Natural persons</li> <li>Limited Liability Companies, Partnerships, Corporations, and S Corporations (Investment Property Only)</li> <li>Inter vivos revocable trusts (case-by-case basis)</li> </ul>   |   |
| <b>Escrows:</b>   | <ul style="list-style-type: none"> <li>Escrow funds/impound accounts can be waived (with the exception of Flood Insurance Premium) when the following requirements are met:                             <ul style="list-style-type: none"> <li>✓ Loan is not HPML</li> <li>✓ LTV less than 80%</li> <li>✓ Minimum decision credit score of 720</li> <li>✓ Minimum 12-months of reserves</li> </ul> </li> <li>Pricing adjustment may apply, see rate sheet</li> </ul>   |   |
| <b>Compliance:</b>  | <ul style="list-style-type: none"> <li>Compliance with all applicable federal and state regulations.</li> <li>No Section 32 or state high cost.</li> </ul>   |   |
| <b>Prepayment Penalty:</b>  | <ul style="list-style-type: none"> <li>Investment Property only</li> <li>6 Months interest on 80% of original principal balance.</li> <li>3 Years standard term.</li> <li>Not allowed in KS, MD, MI, MN, MS and NJ. (<i>differs from silver</i>)</li> <li>State Overlays:                             <ul style="list-style-type: none"> <li>✓ IL: not allowed on loans with interest rates &gt; 8% (<i>differs from silver</i>)</li> <li>✓ PA: not allowed on loan amounts &lt; \$301,022</li> <li>✓ OH: 1% of original balance (<i>differs from silver</i>)</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, OH, OK, OR, PA, SC, TN, TX, UT, VA & WA  |   |
| <b>Eligible States (Non-Licensed Originators):</b>                  | Investment Properties Only   | 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> | Investment Properties Only   | CA, MI, MN & NJ   |

