

CODE  
FOUR



# The Science of Doing Non-QM Right!™

## SECOND CHANCE

Effective 9/18/2023

STANDARD CREDIT EVENTS				PRIMARY RESIDENCE			SECOND HOME			INVESTMENT PROPERTY		
	Loan Amount	FICO	Reserves	Purchase	Rate Term	Cash Out	Purchase	Rate Term	Cash Out	Purchase	Rate Term	Cash Out
<b>Housing History:</b> • 0x60x12 <b>Housing Events:</b> • ≥ 24 Months <b>Chapter 13:</b> • Discharged <b>Chapter 7 or 11:</b> • ≥ 24 Months	≤ \$1,500,000	700	3 Mos	80%	80%	75%	75%	75%	70%	75%	75%	70%
		680	3 Mos	80%	80%	75%	75%	75%	70%	75%	75%	70%
		660	3 Mos	80%	80%	70%	75%	75%	70%	75%	75%	70%
		620	3 Mos	75%	75%	65%						
	≤ \$2,000,000	700	6 Mos	75%	75%	70%	70%	70%	65%	70%	70%	65%
		680	6 Mos	75%	75%	65%	70%	70%	65%	70%	70%	65%
		660	6 Mos	70%	70%	60%	65%	65%	60%	65%	65%	60%
	≤ \$2,500,000	700	9 Mos	70%	70%	65%						
		680	9 Mos	65%	65%	60%						

RECENT CREDIT EVENTS				PRIMARY RESIDENCE			SECOND HOME			INVESTMENT PROPERTY		
	Loan Amount	FICO	Reserves	Purchase	Rate Term	Cash Out	Purchase	Rate Term	Cash Out	Purchase	Rate Term	Cash Out
<b>Housing History:</b> • 1x120x12 <b>Housing Events:</b> • Settled <b>Bankruptcies:</b> • Discharged	≤ \$1,500,000	620	3 Mos	70%	70%							

OVERLAYS	
Warrantable Condo	Eligible with no LTV Restrictions
Non-Warrantable Condo	Eligible with no LTV Restrictions
2-4 Unit	Eligible with no LTV Restrictions
Condotel	Not Eligible
Declining Market per Appraisal	5% LTV Reduction
> 10 Acres	Eligible with no LTV Restrictions
Rural	80% LTV, Inv Prop Not Eligible
Log Home	80% LTV, Inv Prop Not Eligible

OVERLAYS	
<a href="#">First Time Investor</a>	75% LTV
Alt Doc – <a href="#">P&amp;L Only</a>	80% LTV Purch, 70% LTV Refi Min 660
Interest Only	Eligible with no LTV Restrictions
Texas Cash-Out 50(a)(6)	Eligible with no LTV Restrictions
Non-Perm Resident Alien	Eligible with no LTV Restrictions

PROGRAM PARAMETERS		LINKS TO CONTENT	
Minimum Loan Amount	\$150,000	<a href="#">Credit Requirements</a>	<a href="#">Subject Property</a>
Minimum Loan Amount in IL Counties of: Cook, Kane, Peoria & Will	\$250,000	<a href="#">Borrowers</a>	<a href="#">Miscellaneous</a>
Maximum Cash Out	\$500,000	<a href="#">Income</a>	<a href="#">Eligible States &amp; License Requirements</a>
Maximum DTI	>660 FICO 50% <660 FICO 43%	<a href="#">Assets</a>	
Minimum Residual Income	\$1,500 + \$150 per dependent		

CREDIT REQUIREMENTS	
<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>
<b>Tradelines:</b>	<ul style="list-style-type: none"> <li>Tradeline requirement based on primary wage earner.</li> <li>Borrowers with 3 credit scores: <ul style="list-style-type: none"> <li>✓ No minimum tradelines required</li> </ul> </li> <li>Borrowers with 2 credit scores: <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 .</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>Authorized user accounts are not acceptable.</li> </ul>
<b>Housing History:</b>	<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>
<b>Housing Events:</b>	<ul style="list-style-type: none"> <li>A Housing Event is defined as any of the following: 1) Foreclosure, 2) Deed-in-Lieu, 3) Short Sale, 4) 1x120 mortgage history, or 5) A Non-COVID Related Modification which resulted in forgiveness of a portion of principal and/or interest on either the first or second mortgage, or application of a principal curtailment by or on behalf of the investor to simulate principal forgiveness, or conversion of any portion of the original mortgage debt to a “soft” subordinate mortgage, or conversion of any portion of the original mortgage debt from secured to unsecured.</li> </ul>

## CREDIT REQUIREMENTS (continued)

<b>Charge-Offs and Collections:</b>	<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>
<b>Judgments and Tax Liens:</b>	<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 they are aware of the outstanding tax lien, and there is no impact to first lien position.</li> </ul> </li> </ul>
<b>Installment / Revolving:</b>	Payment history not considered

## 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>

## BORROWERS (continued)

<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>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>
<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>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 Venezuela</li> <li>Borrowers from OFAC sanctioned countries:</li> </ul> <p><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></p>

## BORROWERS (continued)

<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>Both of the following is required:               <ul style="list-style-type: none"> <li>✓ Borrower’s passport; and</li> <li>✓ Unexpired VISA.</li> </ul> </li> <li>An EAD card is not a sufficient replacement for a VISA, the VISA is required in all cases.</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> <li>✓ Alt Doc – P&amp;L Only – 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, IRS Wage &amp; Income 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, IRS 1040 Transcripts, Verification of business existence within 10 business days of closing</li> </ul> </li> </ul>

## INCOME (continued)

**Alt Doc - Personal Bank Statements:**

A personal bank account is used exclusively for personal banking and reflects the name of the borrower as completed on the URLA. An expense factor is not applied.

**Requirements**

- 2 years minimum self-employment & business being used to source income must be in existence for at least 2 years.
- 25% minimum borrower ownership percentage.

**Documentation**

- 24 or 12 months consecutive PERSONAL bank statements.
- 2 most recent months BUSINESS bank statements reflecting activity to support business operations and transfers to the personal account being used for qualification. If this requirement cannot be met, the loan must be qualified as a Co-Mingled Bank Statement Documentation loan.
- Verification of business existence and borrower's ownership percentage with one of the following:
  - ✓ Tax Preparer letter prepared by a Certified Public Accountant, an IRS Enrolled Agent, or a CTEC registered tax preparer.
  - ✓ Entity documents such as an Operating Agreement, or equivalent.
- Verification of business existence required within 10 business days of closing.
- ACC Self-Employed Business narrative form.

**Analyzing the 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 qualified as a Co-Mingled Bank Statement Documentation loan.

**Calculation Method**

- Gross qualifying income calculated using total deposits from the statements, minus any inconsistent or large deposits not justified.
- Net qualifying income is gross income multiplied by the borrower's ownership percentage to determine the borrower's qualifying income. An expense factor is not applied to personal bank statements.

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

A co-mingled bank account is a personal account used by a borrower for both business and personal use. An expense factor is applied. A separate business account is not required.

**Requirements**

- 2 years minimum self-employment & business being used to source income must be in existence for at least 2 years.
- Borrower must be sole owner of the business (borrower and spouse with combined 100% ownership eligible).

**Documentation**

- 24 or 12 months of consecutive PERSONAL bank statements.
- Verification of business existence and borrower's ownership percentage with one of the following:
  - ✓ Tax Preparer letter prepared by a Certified Public Accountant, an IRS Enrolled Agent, or a CTEC registered tax preparer.
  - ✓ Entity documents such as an Operating Agreement, or equivalent.
- Verification of business existence required within 10 business days of closing.
- ACC Self-Employed Business narrative form.

**Analyzing the 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 necessary for qualification, an expense factor letter from a Certified Public Accountant, an IRS Enrolled Agent, or a CTEC registered tax preparer may be used to determine qualifying income.
- Minimum expense factor percentage of 10%

## INCOME (continued)

**Alt Doc - Business Bank Statements:**

A business bank account is used for ongoing operations of the business and reflects the name of the business as completed on the URLA. An expense factor is applied.

**Requirements**

- 2 years minimum self-employment & business being used to source income must be in existence for at least 2 years.
- 25% minimum borrower ownership percentage .

**Documentation**

- 24 or 12 months consecutive BUSINESS bank statements.
- Verification of business existence and borrower's ownership percentage with one of the following:
  - ✓ Tax Preparer letter prepared by a Certified Public Accountant, an IRS Enrolled Agent, or a CTEC registered tax preparer.
  - ✓ Entity documents such as an Operating Agreement, or equivalent.
- Verification of business existence required within 10 business days of closing.
- ACC Self-Employed Business narrative form.

**Analyzing the Statements**

- All other business owners who are not borrowers on the loan must provide a signed and dated letter acknowledging the borrower's access to the business account for loan qualification.
- Statements should show a trend of ending balances that are stable or increasing over time.
- Decreasing or negative ending balances must be explained.

**Calculation Method**

- A standard 50% expense factor will be applied to the total of eligible deposits.
- If necessary for qualification, an expense factor letter from a Certified Public Accountant, an IRS Enrolled Agent, or a CTEC registered tax preparer may be used to determine qualifying income.
- Minimum expense factor percentage of 10%

**Alt Doc - 1099:**

Permitted for individual(s) earning 100% commission, independent contractors and/or sole proprietors who receive IRS Form 1099.

**Requirements**

- Minimum 2-year self-employment history is required (e.g., 1099 income).

**Documentation**

- 1-year or 2-years 1099s
- Current YTD earnings must be documented to support the ongoing receipt of 1099 income with one of the following:
  - ✓ YTD bank statements
  - ✓ Check stub(s) with YTD totals
- ACC Self-Employed Business narrative form.
- When utilizing 1-year 1099 option, verification that the borrower has been self employed for a minimum of 2 years with a Tax Preparer letter prepared by a Certified Public Accountant, an IRS Enrolled Agent, or a CTEC registered tax preparer.
- Tax returns and 4506-C transcripts are not required.

**Calculation Method**

- A standard 10% expense factor will be applied.
- Qualifying income is the 12 or 24 monthly 1099 average minus the expense factor .
- 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.

## INCOME (continued)

## Alt Doc - P&amp;L Only:

**Requirements**

- 2 years minimum self-employment & business being used to source income must be in existence for at least 2 years.
- 25% minimum borrower ownership percentage .

**Documentation**

- A fully completed ACC P&L Tax Preparer Packet is required containing:
  - ✓ Tax Preparer Questionnaire
  - ✓ Profit & Loss Statement
- Tax preparer must have reviewed and/or filed the borrower's self-employed tax returns for a minimum of 1 year.
- Eligible tax preparers must be licensed as one of the following:
  - ✓ CPA (Certified Public Accountant); or
  - ✓ EA (Enrolled Agent); or
  - ✓ CTEC registered tax preparer (California Tax Education Council).
- PTIN (Preparer Tax ID Number) preparers are not eligible.
- Documentation showing the tax preparer is currently licensed.
- ACC Self-Employed Business narrative form.
- Profit & Loss Statement must also be signed by the borrower.
- ACC P&L Verification Form required prior to closing.
- Most recent 2 months bank statements are required.

**Calculation Method**

- Total eligible deposits calculated with bank statements are used solely to validate self-employed earnings reported on the P&L.
- Average monthly gross revenue from the P&L must be supported by the bank statements provided within a 35% tolerance from the monthly gross revenue reflected on the P&L.
- If validated within 35%, the monthly net income average from the P&L may be used for qualifying income.

## Cannabis Derived Income:

- Eligible for borrowers located in states where cannabis has been legalized and the business is licensed accordingly

## ASSETS

## Asset Verification:

- Verified for 60 days with most recent 2-months account statements, or most recent quarterly account statement, indicating opening and closing balances.

## Large Deposits:

- Source unexplained deposits that exceed 50% of the borrowers gross monthly qualifying income.
- Refinances: Not sourced.
- Unsourced assets, assets seasoned for less than 30 days, and unexplained deposits exceeding 50% of the borrower's gross monthly income are allowed if the total amount is less than or equal to 10% of the total funds required to close.



## ASSETS (continued)

<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 &amp; Investment Properties.</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>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>Eligible Property Types:</b>	<ul style="list-style-type: none"> <li>SFR Attached or Detached</li> <li>PUD Attached or Detached</li> <li>Rural Properties</li> </ul>	<ul style="list-style-type: none"> <li>Warrantable Condominium</li> <li>Non-Warrantable Condominium</li> <li>Log Homes</li> </ul>	<ul style="list-style-type: none"> <li>Modular</li> <li>Townhomes</li> <li>2-4 Unit</li> </ul>
<b>Ineligible Property Types:</b>	<ul style="list-style-type: none"> <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>Condotels</li> <li>Co-op/timeshare hotels</li> </ul>	<ul style="list-style-type: none"> <li>Homes on Native American Land (Reservations)</li> <li>Hawaii properties 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>Vacant land or land development properties</li> <li>Properties with a C5 or C6 condition rating</li> </ul>	<ul style="list-style-type: none"> <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> </ul>
<b>Acreage:</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>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>		

**SUBJECT PROPERTY (continued)**

<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.</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>
<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>

## 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> <li>30 Year Fixed – Interest Only               <ul style="list-style-type: none"> <li>✓ 10 Years IO Period</li> <li>✓ 20 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>
<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>

## MISCELLANEOUS (continued)

<b>Vesting to Business Entity:</b>	<ul style="list-style-type: none"> <li>Investment Property Only</li> <li>Mandatory in the following states if the broker doesn't have an active NMLS license. If the broker holds an active NMLS license, individual vesting is permissible. <ul style="list-style-type: none"> <li>✓ FL, GA, IA, KS, MT, NE, NJ, NY, TN, &amp; VA.</li> </ul> </li> <li>To vest ownership in an Entity, the following requirements must be met: <ul style="list-style-type: none"> <li>✓ Business purpose and activities are limited to ownership and management of real estate.</li> <li>✓ Entity limited to a maximum of 4 owners (aka members, partners, or shareholders)</li> <li>✓ Each Entity owner must apply as the borrower and complete a I003 as an individual applicant.</li> <li>✓ The loan application, credit report, and assets for each individual owner will be used to determine qualification and pricing.</li> <li>✓ Each Entity owner must receive notice of the loan and its terms prior to closing.</li> </ul> </li> <li>The following Entity documentation must be provided: <ul style="list-style-type: none"> <li>✓ Articles of Organization, Partnership, Incorporation, and/or Operating Agreements as applicable based on organizational structure.</li> <li>✓ Tax Identification Number (EIN). A non-Foreign National single member LLC may use the guarantor's social security number in lieu of EIN.</li> <li>✓ Certificate of Good Standing.</li> <li>✓ Certificate of Authorization for the person executing all documents on behalf of the Entity. The authorization may be determined in an Operating Agreement or other corporate documents.</li> </ul> </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 IA, KS, MI, MN, MS, NJ, NM, RI &amp; VT.</li> <li>State Overlays: <ul style="list-style-type: none"> <li>✓ IL: not allowed on loans with APR &gt; 8%</li> <li>✓ PA: not allowed on loan amounts &lt; \$301,022</li> <li>✓ OH: 1% of original balance</li> </ul> </li> </ul>

## ELIGIBLE STATES & LICENSE REQUIREMENTS

<b>ACC Licensed 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>Expanded eligibility for Non-Licensed Originators Investment Property Only:</b>	<p><b>State license not required</b></p> <ul style="list-style-type: none"> <li>All Title Vesting Types: <ul style="list-style-type: none"> <li>✓ AK, AL, AR, CO, CT, DC, DE, HI, IL, IN, KY, LA, MA, MD, ME, MO, MS, NH, NM, OH, OK, PA, SC, TX, WA, WI, WV, &amp; WY</li> </ul> </li> <li>Business Entity Title Vesting Only: <ul style="list-style-type: none"> <li>✓ FL, GA, IA, KS, MT, NE, NJ, TN, &amp; VA</li> </ul> </li> </ul> <p><b>Real Estate Broker State license required</b></p> <ul style="list-style-type: none"> <li>All Title Vesting Types: <ul style="list-style-type: none"> <li>✓ CA, MI, MN</li> </ul> </li> </ul>

