



## The Science of Doing Non-QM Right!™

## SECOND CHANCE SILVER

Effective 9/18/2023

STANDARD CREDIT EVENTS				PRIMARY RESIDENCE			SECOND HOME			INVESTMENT PROPERTY		
<div><u>Housing History:</u><ul style="list-style-type: none"><li>• 1x30x12</li></ul><u>Housing Events:</u><ul style="list-style-type: none"><li>• ≥ 36 Months</li></ul><u>Bankruptcies:</u><ul style="list-style-type: none"><li>• ≥ 36 Months</li></ul></div>	Loan Amount	FICO	Reserves	Purchase	Rate Term	Cash Out	Purchase	Rate Term	Cash Out	Purchase	Rate Term	Cash Out
	≤ \$1,000,000	680	3 Mos	85%	80%	80%	80%	75%	75%	80%	75%	75%
		660	3 Mos	80%	80%	75%	80%	75%	75%	80%	75%	75%
		620	3 Mos	80%	75%	70%	80%	75%	70%	80%	75%	70%
		600	3 Mos	70%	70%	65%	70%	70%	65%	70%	70%	65%
	≤ \$1,500,000	700	3 Mos	85%	80%	80%	80%	75%	75%	80%	75%	75%
		660	3 Mos	80%	75%	75%	80%	75%	75%	80%	75%	75%
		620	3 Mos	70%	65%	65%	70%	65%	65%	70%	65%	65%
	≤ \$2,000,000	700	3 Mos	80%	75%	75%	80%	75%	75%	80%	75%	75%
		680	3 Mos	80%	70%	70%	80%	70%	70%	80%	70%	70%
		660	3 Mos	70%	65%	65%	70%	65%	65%	70%	65%	65%
		620	3 Mos	65%			65%			65%		
	≤ \$2,500,000	700	3 Mos	80%	75%	75%						
		680	3 Mos	80%	70%	70%						
		660	3 Mos	70%	65%	65%						
		620	3 Mos	65%								
	≤ \$3,000,000	680	3 Mos	70%	65%	65%						

See next page for [RECENT CREDIT EVENTS](#) and [OVERLAYS](#)



## The Science of Doing Non-QM Right!™

## SECOND CHANCE SILVER

Effective 9/18/2023

RECENT LEVEL 1 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>Bankruptcies:</b> • ≥ 24 Months	≤ \$1,000,000	660	3 Mos	80%	75%	75%	80%	75%	75%	80%	75%	75%
		620	3 Mos	75%	70%	70%	75%	70%	70%	75%	70%	70%
		600	3 Mos	70%	65%	65%	70%	65%	65%	70%	65%	65%
	≤ \$1,500,000	660	3 Mos	80%	75%	75%	80%	75%	75%	80%	75%	75%
		620	3 Mos	70%	65%	65%	70%	65%	65%	70%	65%	65%

  

RECENT LEVEL 2 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> • 0x90x12 <b>Housing Events:</b> • ≥ 12 Months <b>Bankruptcies:</b> • ≥ 12 Months	≤ \$1,000,000	600	3 Mos	70%								

OVERLAYS		OVERLAYS	
Warrantable Condo	85% LTV Purch , 75% LTV Refi	<a href="#">First Time Investor</a>	Eligible with no LTV Restrictions
Non-Warrantable Condo	85% LTV Purch , 75% LTV Refi	Alt Doc – <a href="#">P&amp;L Only</a>	80% LTV Purch, 70% LTV Refi Min 660 & Max \$1.5M Loan Amt
2-4 Unit	85% LTV Purch , 75% LTV Refi	Interest Only	85% LTV
Condotel	75% LTV Purch , 65% LTV Refi	Texas Cash-Out 50(a)(6)	80% LTV
Declining Market per Appraisal	75% LTV Purch , 70% LTV Refi & \$2M Max Loan Amt	Non-Perm Resident Alien	80% LTV
> 10 Acres	80% LTV	Entire States of: AZ, CT, ID, IL, NJ & OR	75% LTV Purch , 70% LTV Refi & \$2M Max Loan Amt
Rural	Not Eligible	Certain Zip Codes in: CA, CO, FL, NV, NC, TX & WA (See <a href="#">Appendix</a> )	75% LTV Purch , 70% LTV Refi & \$2M Max Loan Amt
Log Home	Not Eligible		

See next page for [PROGRAM PARAMETERS](#) and [LINKS TO CONTENT](#)

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	Unlimited	<a href="#">Income</a>	<a href="#">Eligible States &amp; License Requirements</a>
Maximum DTI	50%	<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 lessor 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
<b>BORROWERS</b>	
<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)

<b>Alt Doc - Personal Bank Statements:</b>	<p>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.</p> <p><b>Requirements</b></p> <ul style="list-style-type: none"> <li>• 2 years minimum self-employment &amp; business being used to source income must be in existence for at least 2 years.</li> <li>• 25% minimum borrower ownership percentage.</li> </ul> <p><b>Documentation</b></p> <ul style="list-style-type: none"> <li>• 24 or 12 months consecutive PERSONAL bank statements.</li> <li>• 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.</li> <li>• Verification of business existence and borrower's ownership percentage with one of the following: <ul style="list-style-type: none"> <li>✓ Tax Preparer letter prepared by a Certified Public Accountant, an IRS Enrolled Agent, or a CTEC registered tax preparer.</li> <li>✓ Entity documents such as an Operating Agreement, or equivalent.</li> </ul> </li> <li>• Verification of business existence required within 10 business days of closing.</li> <li>• ACC Self-Employed Business narrative form.</li> </ul> <p><b>Analyzing the Statements</b></p> <ul style="list-style-type: none"> <li>• 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.</li> <li>• 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.</li> </ul> <p><b>Calculation Method</b></p> <ul style="list-style-type: none"> <li>• Gross qualifying income calculated using total deposits from the statements, minus any inconsistent or large deposits not justified.</li> <li>• 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.</li> </ul>
<b>Alt Doc - Co-Mingled Bank Statements:</b>	<p>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.</p> <p><b>Requirements</b></p> <ul style="list-style-type: none"> <li>• 2 years minimum self-employment &amp; business being used to source income must be in existence for at least 2 years.</li> <li>• Borrower must be sole owner of the business (borrower and spouse with combined 100% ownership eligible).</li> </ul> <p><b>Documentation</b></p> <ul style="list-style-type: none"> <li>• 24 or 12 months of consecutive PERSONAL bank statements.</li> <li>• Verification of business existence and borrower's ownership percentage with one of the following: <ul style="list-style-type: none"> <li>✓ Tax Preparer letter prepared by a Certified Public Accountant, an IRS Enrolled Agent, or a CTEC registered tax preparer.</li> <li>✓ Entity documents such as an Operating Agreement, or equivalent.</li> </ul> </li> <li>• Verification of business existence required within 10 business days of closing.</li> <li>• ACC Self-Employed Business narrative form.</li> </ul> <p><b>Analyzing the Statements</b></p> <ul style="list-style-type: none"> <li>• If the co-mingled personal account is jointly owned, deposits that are not readily identifiable as business deposits must be excluded unless sourced.</li> </ul> <p><b>Calculation Method</b></p> <ul style="list-style-type: none"> <li>• A standard 50% expense factor will be applied to the total of eligible deposits.</li> <li>• 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.</li> <li>• Minimum expense factor percentage of 10%</li> </ul>

## 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 ≤ \$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 the addition of a prepayment penalty on investment properties only. <i>(differs from core)</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>
<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>Florida Condominium Projects:</b> <i>(differs from core)</i>	<ul style="list-style-type: none"> <li>• A structural inspection is required if the project is over 30 years old or 25 years old if within 3 miles of the coast.</li> <li>• Projects with an acceptable inspection, max LTV is reduced 5%.</li> <li>• Projects with an unacceptable or no inspection are 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> <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 AK, KS, MI, MN, NM, OH &amp; RI. <i>(differs from core)</i></li> <li>State Overlays: <ul style="list-style-type: none"> <li>✓ IL &amp; NJ: not allowed on loans vested to individuals <i>(differs from core)</i></li> <li>✓ PA: not allowed on loan amounts &lt; \$301,022</li> <li>✓ MS: only declining prepayment penalty structures allowed.</li> </ul> </li> </ul>

## ELIGIBLE STATES &amp; 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>



## APPENDIX

CALIFORNIA															
94002	94064	94121	94151	94516	94544	94577	94612	94707	94924	94970	94302	95037	95112	95138	95193
94005	94065	94122	94158	94517	94545	94578	94613	94708	94925	94971	94303	95038	95113	95139	95194
94010	94066	94123	94159	94518	94546	94579	94614	94709	94929	94973	94304	95042	95115	95140	95196
94011	94070	94124	94160	94519	94547	94580	94615	94710	94930	94974	94305	95043	95116	95141	95001
94014	94074	94125	94161	94520	94548	94582	94617	94712	94933	94976	94306	95044	95117	95148	95003
94015	94080	94126	94163	94521	94549	94583	94618	94720	94937	94977	94309	95045	95118	95150	95005
94016	94083	94127	94164	94522	94550	94586	94619	94801	94938	94978	95002	95046	95119	95151	95006
94017	94102	94128	94172	94523	94551	94587	94620	94802	94939	94979	95008	95050	95120	95152	95007
94018	94103	94129	94177	94524	94552	94588	94621	94803	94940	94998	95009	95051	95121	95153	95010
94019	94104	94130	94188	94525	94553	94595	94622	94804	94941	94022	95011	95052	95122	95154	95017
94020	94105	94131	94401	94526	94555	94596	94623	94805	94942	94023	95013	95053	95123	95155	95018
94021	94107	94132	94402	94527	94556	94597	94624	94806	94945	94024	95014	95054	95124	95156	95019
94025	94108	94133	94403	94528	94557	94598	94649	94807	94946	94035	95015	95055	95125	95157	95041
94026	94109	94134	94404	94529	94560	94601	94659	94808	94947	94039	95020	95056	95126	95158	95060
94027	94110	94137	94497	94530	94561	94602	94660	94820	94948	94040	95021	95070	95127	95159	95061
94028	94111	94139	94501	94531	94563	94603	94661	94850	94949	94041	95023	95071	95128	95160	95062
94030	94112	94140	94502	94536	94564	94604	94662	94901	94950	94042	95024	95075	95129	95161	95063
94037	94114	94141	94505	94537	94565	94605	94666	94903	94956	94043	95026	95101	95130	95164	95064
94038	94115	94142	94506	94538	94566	94606	94701	94904	94957	94085	95030	95103	95131	95170	95065
94044	94116	94143	94507	94539	94568	94607	94702	94912	94960	94086	95031	95106	95132	95172	95066
94060	94117	94144	94509	94540	94569	94608	94703	94913	94963	94087	95032	95108	95133	95173	95067
94061	94118	94145	94511	94541	94570	94609	94704	94914	94964	94088	95033	95109	95134	95190	95073
94062	94119	94146	94513	94542	94572	94610	94705	94915	94965	94089	95035	95110	95135	95191	95076
94063	94120	94147	94514	94543	94575	94611	94706	94920	94966	94301	95036	95111	95136	95192	95077
COLORADO															
80025	80027	80302	80304	80306	80308	80310	80455	80471	80501	80503	80516	80540	80424	80443	80498
80026	80301	80303	80305	80307	80309	80314	80466	80481	80502	80510	80533	80544	80435	80497	

## APPENDIX

FLORIDA															
33901	33911	33921	33957	33990	34103	34114	34142	34207	34219	34233	34243	34276	34289	33948	33982
33902	33912	33922	33965	33991	34104	34116	34143	34208	34220	34234	34249	34277	34290	33949	33983
33903	33913	33924	33966	33993	34105	34117	34145	34209	34221	34235	34250	34280	34291	33950	34224
33904	33914	33928	33967	33994	34106	34119	34146	34210	34222	34236	34251	34281	34292	33951	
33905	33915	33929	33970	34133	34107	34120	34201	34211	34223	34237	34260	34282	34293	33952	
33906	33916	33931	33971	34134	34108	34137	34202	34212	34228	34238	34264	34284	34295	33953	
33907	33917	33932	33972	34135	34109	34138	34203	34215	34229	34239	34270	34285	33927	33954	
33908	33918	33936	33973	34136	34110	34139	34204	34216	34230	34240	34272	34286	33938	33955	
33909	33919	33945	33974	34101	34112	34140	34205	34217	34231	34241	34274	34287	33946	33980	
33910	33920	33956	33976	34102	34113	34141	34206	34218	34232	34242	34275	34288	33947	33981	
NORTH CAROLINA															
28605	28607	28608	28618	28679	28691	28692	28698								
NEVADA															
89402	89424	89433	89436	89440	89450	89501	89504	89507	89510	89513	89520	89533	89570	89704	
89405	89431	89434	89437	89441	89451	89502	89505	89508	89511	89515	89521	89555	89595		
89412	89432	89435	89439	89442	89452	89503	89506	89509	89512	89519	89523	89557	89599		
TEXAS															
73301	78602	78620	78634	78650	78661	78674	78702	78712	78720	78728	78736	78746	78754	78762	78773
73344	78610	78621	78640	78651	78662	78676	78703	78713	78721	78729	78737	78747	78755	78763	78774
76527	78612	78622	78641	78652	78664	78680	78704	78714	78722	78730	78738	78748	78756	78764	78778
76530	78613	78626	78642	78653	78665	78681	78705	78715	78723	78731	78739	78749	78757	78765	78779
76537	78615	78627	78644	78655	78666	78682	78708	78716	78724	78732	78741	78750	78758	78766	78783
76573	78616	78628	78645	78656	78667	78683	78709	78717	78725	78733	78742	78751	78759	78767	78799
76574	78617	78630	78646	78659	78669	78691	78710	78718	78726	78734	78744	78752	78760	78768	78953
76578	78619	78633	78648	78660	78673	78701	78711	78719	78727	78735	78745	78753	78761	78772	78957
WASHINGTON															
98520	98535	98537	98547	98552	98559	98563	98568	98571	98583	98595					
98526	98536	98541	98550	98557	98562	98566	98569	98575	98587						