



The Science of Doing Non-QM Right!™

DSCR						
Effective 11/21/2023						
Loan Amount	FICO	Reserves	DSCR	Purchase	Rate Term Refi	Cash Out Refi
≤ 1,000,000	700	3 Mos	≥ 1.00	80%	80%	75%
		6 Mos	0.75 - 1.00	75%	75%	70%
	660	3 Mos	≥ 1.00	75%	75%	70%
		6 Mos	0.75 - 1.00	65%	65%	60%
	640	3 Mos	≥ 1.00	65%	65%	
		6 Mos	0.75 - 1.00			
	Foreign National	6 Mos	≥ 1.00	75%	75%	65%
			0.75 - 1.00	65%	65%	60%
≤ 1,500,000	700	6 Mos	≥ 1.00	75%	75%	70%
			0.75 - 1.00	70%	70%	65%
	660	6 Mos	≥ 1.00	70%	70%	65%
			0.75 - 1.00	65%	65%	60%
≤ 2,000,000	700	6 Mos	≥ 1.00	70%	70%	65%
			0.75 - 1.00	65%	65%	60%
	680	6 Mos	≥ 1.00	65%	65%	60%
			0.75 - 1.00	60%	60%	60%
≤ 2,500,000	700	6 Mos	≥ 1.00	70%	70%	65%
			0.75 - 1.00	65%	65%	60%
	680	6 Mos	≥ 1.00	65%	65%	60%
			0.75 - 1.00			

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

CODE
FOUR

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DSCR

Effective 11/21/2023

OVERLAYS	
First Time Investor	Non-Foreign National: 75% LTV Foreign National: Eligible with no LTV restrictions
First Time Homebuyer	Non-Foreign National: Not Eligible Foreign National: Eligible with no LTV restrictions
Warrantable Condo	Eligible with no LTV restrictions
Non-Warrantable Condo	75% LTV Purchase, 70% LTV Refi
2-4 Unit	Eligible with no LTV restrictions
Condotel	Not Permitted

LINKS TO CONTENT	
Credit Requirements	Subject Property
Borrowers	Miscellaneous
Assets	Eligible States & License Requirements

OVERLAYS	
Declining Market per Appraisal	5% LTV Reduction
Unleased Unit(s) on Refinance	70% LTV
Rural	Not Permitted
Interest Only	75% LTV & Min 1.0 DSCR
PROGRAM PARAMETERS	
Minimum Loan Amount	DSCR ≥ 1: \$150,000 DSCR < 1: \$200,000
Minimum DSCR	0.75
Maximum Cash Out	≤ 60% LTV: \$1,000,000 > 60% LTV: \$500,000
Housing History	0x30x12 Months
Bankruptcy & Housing Event Seasoning	36 Months

DSCR	
DSCR Calculation:	<ul style="list-style-type: none"> Debt Service Coverage Ratio is the Monthly Gross Income divided by the PITIA (or ITIA for interest-only loans) of the subject property. <ul style="list-style-type: none"> ✓ Full Amortization = Qualifying Rental Income ÷ PITIA ✓ Interest Only = Qualifying Rental Income ÷ ITIA EXAMPLE: <ul style="list-style-type: none"> ✓ Single Family Purchase Transaction, Tenant Occupied ✓ Monthly PITIA = \$1,650 ✓ Estimated Monthly Market Rent = \$1,850 ✓ Existing Lease Monthly Rent = \$1,975 ✓ Use Market Rent of \$1,850 ✓ Gross Rents (\$1,850) ÷ PITIA (\$1,650) = DSCR (1.12)
FNMA Form 1007 / 1025:	<ul style="list-style-type: none"> A 1007 or 1025 Comparable Rent Schedule survey prepared by the appraiser is required on all DSCR transactions. The 1007 or 1025 must reflect long term estimated rent. Short term estimated rent is not permissible. If the subject property is currently tenant occupied, the 1007 or 1025 must also reflect the current monthly rent.

DSCR (continued)

Long-Term Qualifying Rental Income:	<ul style="list-style-type: none"> • If the subject property is currently vacant, use 100% of the 1007/1025 estimated rent. (No vacancy factor applies) • If the subject property is currently tenant occupied, use the lower of the Lease Agreement or the 1007/1025 estimated rent. Use of a higher Lease/Rent amount is allowed with 3 months receipt. • Rental income from Accessory Dwelling Units (ADU) is not permitted.
Short-Term Qualifying Rental Income:	<ul style="list-style-type: none"> • If the subject property is currently leased on a short-term basis utilizing an on-line service such as Airbnb, the gross monthly rents can be determined by using a 12-month look back period to account for seasonality. <ul style="list-style-type: none"> ✓ Rents for the look back period must be documented with either 12-monthly statements or an annual statement provided by the on-line service. The statement must identify the subject property/unit, rents collected for the previous 12-months, and all vendor management fees. The gross rental income prior to all vendor or management fees is used for qualification. ✓ In the event the borrower owns a single rental property, 12-months bank statements with deposits clearly identified/sourced as rental income can be substituted. ✓ If two or more rental properties owned, statements from an online service must be provided to associate rents received with the specific property. ✓ 75% of the verified monthly rental income can be used to offset the PITIA of the rental property. ✓ A screen shot of the online listing must show the property currently marketed as a short-term rental.
AIRDNA Rentalizer and Overview:	<ul style="list-style-type: none"> • Not permitted

CREDIT REQUIREMENTS

Qualifying Credit Score:	<ul style="list-style-type: none"> A credit report must be obtained for all borrowers who have a valid Social Security Number. Each individual borrower's qualification score is determined as follows: <ul style="list-style-type: none"> ✓ 3 scores: Middle score ✓ 2 scores: Lowest score ✓ 1 score: Borrower is not eligible Lowest qualification score of all borrowers is used for overall loan qualification.
Tradelines:	<p>Non-Foreign National:</p> <ul style="list-style-type: none"> All borrowers must be evaluated individually. Borrowers with 3 credit scores: <ul style="list-style-type: none"> ✓ No minimum tradelines required Borrowers with 2 credit scores: <ul style="list-style-type: none"> ✓ 3 tradelines reporting for 12+ months all with activity in the last 12 months; OR ✓ 2 tradelines reporting for 24+ months all with activity in the last 12 months. Max 0 x 60 x 12 months reporting on acceptable tradelines. Authorized user accounts are not acceptable. <p>Foreign National:</p> <ul style="list-style-type: none"> No minimum tradelines required
Housing History:	<ul style="list-style-type: none"> A 12-month history is required for borrower's primary residence if in United States, and subject property if a refinance transaction. A housing history is not required for other REO not reporting on credit. Any housing event reported on credit for any property must be included in housing history eligibility.
Housing Events:	<ul style="list-style-type: none"> 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.
Charge-Offs & Collections:	<ul style="list-style-type: none"> Ignored unless title is impacted.
Judgments and Liens:	<ul style="list-style-type: none"> All judgments or liens affecting title must be paid. Active court-ordered judgments may remain open when one of the following options is met: <ul style="list-style-type: none"> ✓ The amount is the lesser of \$5,000 per occurrence or 2% of the loan amount: OR ✓ The borrower is currently in a repayment agreement with the creditor, a minimum of 3 months has elapsed on the plan, and evidence of timely payments for the most recent 3 months is provided. Outstanding state and federal tax liens or delinquent obligations may remain open on purchase transactions when all the following requirements are met: <ul style="list-style-type: none"> ✓ A copy of the repayment agreement is obtained; AND ✓ A minimum of 3 months has elapsed on the plan and evidence of timely payments for the most recent 3 months is provided; AND ✓ The title company must provide written confirmation confirming <ul style="list-style-type: none"> ○ the title company is aware of the outstanding tax lien, and ○ there is no impact to first lien position.

ASSETS	
Asset Verification:	<ul style="list-style-type: none"> Verified for 60 days with most recent 2-months account statements, or most recent quarterly account statement, indicating opening and closing balances.
Large Deposits:	<ul style="list-style-type: none"> Not sourced
Seller Concessions:	<ul style="list-style-type: none"> Maximum 2%
Borrower Contribution:	<ul style="list-style-type: none"> Minimum 10%
Gift Funds:	<ul style="list-style-type: none"> Must be from a relative and can be used for down payment, closing costs and reserves. Non-Foreign National: Permitted after minimum borrower contribution met. Foreign National: Not Permitted
Gift of Equity:	<ul style="list-style-type: none"> Not Eligible
Reserves:	<ul style="list-style-type: none"> Reserve requirements limited to subject property only. Additional reserves for other REO not required. Cash out proceeds may be used to satisfy reserve requirements.
Foreign Assets:	<ul style="list-style-type: none"> Funds to Close: <ul style="list-style-type: none"> ✓ Must be transferred to a US account in the borrower's name and/or the title/closing agent at least 10 days prior to closing. Reserves: <ul style="list-style-type: none"> ✓ Assets held in foreign accounts may be used for reserve requirements. ✓ Assets must be verified in U.S. Dollar equivalency at the current exchange rate via either www.xe.com or the Wall Street Journal conversion table. ✓ A copy of the most recent 30-day statement is required.
BORROWERS	
Occupancy:	<ul style="list-style-type: none"> Business purpose Investment Property only Subject property not permitted to be occupied by the borrower or the borrower's family.
Primary Residence Attributes:	<ul style="list-style-type: none"> Non-Foreign National borrowers should currently own or rent a primary residence with an associated housing expense. Living rent free will be considered on a case-by-case basis. Primary residence should be superior to the subject property in value, design and appeal.
First Time Investor:	<ul style="list-style-type: none"> 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.
First Time Homebuyer:	<ul style="list-style-type: none"> Defined as: Borrower(s) who have not owned at least one residential property in the United States in the last 3 years.
Non-Arms Length:	<ul style="list-style-type: none"> Not Eligible
Multiple Financed Properties:	<ul style="list-style-type: none"> There is no limit on the number of other properties borrowers may currently have financed. ACC Mortgage exposure may not exceed \$5M aggregate for each individual borrower.
Eligible Borrowers:	<ul style="list-style-type: none"> U.S. Citizens Permanent Resident Aliens Non-Permanent Resident Aliens Foreign National

BORROWERS (continued)

Ineligible Borrowers:	<ul style="list-style-type: none"> • ITIN • Asylum Status • DACA • LLCs, partnerships, or corporations (may qualify for vesting only) • Borrowers with diplomatic immunity or otherwise excluded from U.S. jurisdiction • Citizens of Venezuela • Borrowers from OFAC sanctioned countries: https://home.treasury.gov/policy-issues/financial-sanctions/sanctions-programs-and-country-information
Perm Resident Alien:	<ul style="list-style-type: none"> • Acceptable evidence of lawful permanent residency must be documented and meet one of the following criteria: <ul style="list-style-type: none"> ✓ I-151 – Permanent Resident Card (Green Card) that does not have an expiration date ✓ I-551 – Permanent Resident Card (Green Card) issued for 10 years that has not expired ✓ 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 ✓ 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.”
Non-Perm Resident Alien:	<ul style="list-style-type: none"> • Lawful non-permanent residents are legally accorded the privilege of residing temporarily in the United States. • 2 years US residency history required, with valid Social Security Number and US credit. • Both of the following is required: <ul style="list-style-type: none"> ✓ Borrower’s passport; and ✓ Unexpired VISA. • An EAD card is not a sufficient replacement for a VISA, the VISA is required in all cases. • The following VISA classifications are allowed as Non-Permanent Resident Aliens: <ul style="list-style-type: none"> ✓ E-1, E-2, E-3, G-1 through G-5, H-1B & C, H-2 through H-4, L-1B, L-2, NATO 1 through 6, O-1, R-1, TN-1 & 2 (NAFTA) • 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).
Foreign National:	<ul style="list-style-type: none"> • A Foreign National is a non-resident alien who is not authorized to live or work in the U.S. • A Foreign National may periodically visit the U.S. for various reasons including vacation and/or business, however, they must live in another country. This must be evidenced on URLA Page 1 Current Address. • A US Mailing address is required. Once obtained, ACC to update URLA Page 1 Mailing Address. • Automatic Payment Authorization (ACH) is required from a US bank account and will be arranged through closing on ACC’s form. • Copies of the borrower’s foreign issued passport and unexpired Visa must be obtained. • A list of permissible nonimmigrant Visa types is located on the U.S. Department of State web site: https://travel.state.gov/content/travel/en/us-visas/visa-information-resources/all-visa-categories.html • Canadian citizens are not required to provide a valid visa. • Borrowers who are residents of countries which participate in the State Department’s Visa Waiver Program (VWP) will not be required to provide a valid visa. Participating countries can be verified through the U.S. Department of State website at: https://travel.state.gov/content/travel/en/us-visas/tourism-visit/visa-waiver-program.html

SUBJECT PROPERTY			
Eligible Property Types:	<ul style="list-style-type: none"> SFR Attached or Detached PUD Attached or Detached 	<ul style="list-style-type: none"> Warrantable Condominium Non-Warrantable Condominium 	<ul style="list-style-type: none"> Modular Townhomes 2-4 Unit
Ineligible Property Types:	<ul style="list-style-type: none"> Cooperative share loans Boarding houses or bed/breakfast properties Properties with zoning violations Dome or geodesic homes Assisted living facilities Condotels Co-op/timeshare hotels Log Homes Rural Properties 	<ul style="list-style-type: none"> Homes on Native American Land (Reservations) Hawaii properties in lava zones 1 and/or 2 Houseboats Fractional ownership Properties used for the cultivation, distribution, manufacture, or sale of marijuana Vacant land or land development properties Properties with a C5 or C6 condition rating 	<ul style="list-style-type: none"> Properties not readily accessible by roads that meet local standards Properties not suitable for year-round occupancy, regardless of location Agricultural properties (including farms, ranches, or orchards) Manufactured or Mobile homes
Acreage:	<ul style="list-style-type: none"> Maximum 2 acres 		
Appraisal:	<ul style="list-style-type: none"> A full interior inspection with photos is required for all units. A 1007 or 1025 Comparable Rent Schedule is required on all transactions. Appraisal Transfers are eligible, see ACC's Appraisal Transfer Policy for details 		
Appraisal Review:	<ul style="list-style-type: none"> Loan Amount < = \$2M: FNMA Collateral Underwriter (CU) score of 2.5 or less or a Collateral Desktop Analysis (CDA). Loan Amount > \$2M: Second full appraisal. 		
Property Flips:	<ul style="list-style-type: none"> Period is measured from the date the seller became legal owner of the property to the date all parties executed the sales contract. The following transactions require a 2nd full appraisal: <ul style="list-style-type: none"> ✓ Prior sale less than 90 days and > 10% increase in sales price ✓ Prior sale 91-180 days and > 20% increase in sales price For properties with a prior sale in the last 365 days and >10% increase in sales price, the following additional requirements apply: <ul style="list-style-type: none"> ✓ Must be ARMs length ✓ No pattern of previous flipping ✓ Must have been marketed openly and fairly ✓ No assignments of the contract to another buyer ✓ If sales price exceeds appraised value by more than 5% a signed letter of acknowledgement from borrower is required 		
Properties Listed for Sale:	<ul style="list-style-type: none"> To be eligible for either a rate/term or a cash-out refinance, the subject property must be taken off the market on or before application date. The borrower must confirm in writing the reason for the prior listing . For cash-out refinances, 6 months seasoning from listing contract expiration date to application date is required. <ul style="list-style-type: none"> ✓ A listing expiration of less than 6 months is permitted with a 10% LTV reduction. 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. 		

SUBJECT PROPERTY (continued)

Refinance Seasoning:	<ul style="list-style-type: none"> • Rate/Term Refinance – No seasoning requirement. • Cash Out Refinance – 6 Months required from Purchase date to ACC Note date. • No waiting period for properties obtained through inheritance, divorce or separation.
Determining LTV Cash Out Refi:	<ul style="list-style-type: none"> • Property acquired > 12 months from application date: <ul style="list-style-type: none"> ✓ Current appraised value is used. • Property acquired 6 - 12 months from application date: <ul style="list-style-type: none"> ✓ 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.

MISCELLANEOUS

Document Expiration:	<ul style="list-style-type: none"> • Measured to closing date: <ul style="list-style-type: none"> ✓ Assets 60 days ✓ Appraisal 120 days ✓ ACC Credit Report 120 days ✓ Title Commitment and CPL 120 days
Amortization Types:	<ul style="list-style-type: none"> • 15- & 30-Year Fixed Rate • 30 Year Fixed – Interest Only <ul style="list-style-type: none"> ✓ 10 Years IO Period ✓ 20 Year Amortization
Secondary Financing:	<ul style="list-style-type: none"> • Not permitted
Power of Attorney:	<ul style="list-style-type: none"> • Non-Foreign National: Not Permitted for Cash-Out Transactions • Foreign National: Not Permitted
Vesting Structures:	<ul style="list-style-type: none"> • Natural persons • Limited Liability Companies, Partnerships, Corporations, and S Corporations • Inter vivos revocable trusts (case-by-case basis)

MISCELLANEOUS (continued)

Vesting to Business Entity:	<ul style="list-style-type: none"> • 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"> ✓ FL, GA, IA, KS, MT, NE, NJ, NY, TN, & VA. • To vest ownership in an Entity, the following requirements must be met: <ul style="list-style-type: none"> ✓ 100% of the member(s)/manager(s) must be a borrower on the loan and execute a Personal Guaranty at closing. ✓ Business purpose and activities are limited to ownership and management of real estate. ✓ Entity limited to a maximum of 4 owners (aka members, partners, or shareholders) ✓ The loan application, credit report, and assets for each individual owner will be used to determine qualification and pricing. ✓ Each Entity owner must receive notice of the loan and its terms prior to closing. • The following Entity documentation must be provided: <ul style="list-style-type: none"> ✓ Articles of Organization, Partnership, Incorporation, and/or Operating Agreements as applicable based on organizational structure. ✓ Tax Identification Number (EIN). A non-Foreign National single member LLC may use the guarantor's social security number in lieu of EIN. ✓ Certificate of Good Standing. ✓ 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.
Document Signatures:	<ul style="list-style-type: none"> • Documents signed by Borrowers outside of the US must be notarized by a US embassy or consular official. The certificate of acknowledgment must meet the standard notarial requirements and must include the embassy or consular seal. If the US embassy or consular official is unavailable, a notary is acceptable if the country, where signing is taking place, is part of the Hague Convention and the signed documents are accompanied by an Apostille.
Escrows:	<ul style="list-style-type: none"> • Escrow funds/impound accounts can be waived (except for Flood Insurance) when the following requirements are met: <ul style="list-style-type: none"> ✓ Loan is not HPML ✓ LTV less than or equal to 80% ✓ Minimum decision credit score of 720 ✓ Minimum 12-months of reserves • Pricing adjustment may apply, see rate sheet
Compliance:	<ul style="list-style-type: none"> • Compliance with all applicable federal and state regulations

MISCELLANEOUS (continued)

Prepayment Penalty:	<ul style="list-style-type: none"> • 6 Months Interest on 80% of original principal balance. • 3 years standard term. • State Overlays: <ul style="list-style-type: none"> ✓ AK: Not Allowed ✓ IA: Not Allowed ✓ IL: Not allowed on loans vested to individuals; AND Not allowed on loans with APR > 8% ✓ KS: Not Allowed ✓ MN: Not Allowed ✓ MS: Not Allowed ✓ NJ: Not Allowed ✓ NM: Not Allowed ✓ OH: 1% of original balance ✓ PA: not allowed on loan amounts < \$301,022 ✓ RI: Not Allowed ✓ VT: Not Allowed
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ELIGIBLE STATES & LICENSE REQUIREMENTS

ACC Licensed States:	<ul style="list-style-type: none"> • 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
Expanded eligibility for Non-Licensed Originators:	<p>State license not required</p> <ul style="list-style-type: none"> • All Title Vesting Types: <ul style="list-style-type: none"> ✓ 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, & WY • Business Entity Title Vesting Only: <ul style="list-style-type: none"> ✓ FL, GA, IA, KS, MT, NE, NJ, TN, & VA <p>Real Estate Broker State license required</p> <ul style="list-style-type: none"> • All Title Vesting Types: <ul style="list-style-type: none"> ✓ CA, MI, MN

