



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

## CLOSED-END SECONDS

Effective 12/15/2025

| MAXIMUM CLTV |      | PRIME             |             |            | PRIME PLUS        |             |            | DSCR       |
|--------------|------|-------------------|-------------|------------|-------------------|-------------|------------|------------|
| Loan Amount  | FICO | Primary Residence | Second Home | Investment | Primary Residence | Second Home | Investment | Investment |
| \$350,000    | 720  | 90%               | 85%         | 80%        | 90%               | 75%         | 75%        | 80%        |
|              | 700  | 90%               | 85%         | 80%        | 85%               | 70%         | 70%        | 75%        |
|              | 680  | 85%               | 80%         | 80%        | 75%               | 65%         | 65%        | 65%        |
|              | 660  | 80%               | 70%         | 70%        |                   |             |            |            |
| \$500,000    | 720  | 90%               | 80%         | 80%        | 90%               | 75%         | 75%        | 80%        |
|              | 700  | 85%               | 80%         | 80%        | 85%               | 70%         | 70%        | 75%        |
|              | 680  | 75%               | 70%         | 70%        | 75%               | 65%         | 65%        | 65%        |
|              | 660  | 75%               | 70%         | 70%        |                   |             |            |            |
| \$750,000    | 720  | 80%               | 75%         |            |                   |             |            |            |
|              | 700  | 75%               | 70%         |            |                   |             |            |            |

| PROGRAM PARAMETERS                      | PRIME                                  | PRIME PLUS                      | DSCR                     |
|---|--|---------------------------------|--------------------------|
| Doc Type                                | • Full Doc, Bank Statement or P&L Only | • Full Doc                      | • N/A                    |
| Min DSCR                                | • N/A                                  | • N/A                           | • 1.0                    |
| Maximum DTI                             | • 50%                                  | • 50%                           | • N/A                    |
| Minimum Reserves                        | • None Required                        | • None Required                 | • None Required          |
| Minimum Loan Amount                     | • \$150,000                            | • \$150,000                     | • \$150,000              |
| Maximum Loan Amount                     | • \$750,000                            | • \$500,000                     | • \$500,000              |
| Maximum Cash Out                        | • \$750,000                            | • \$500,000                     | • \$500,000              |
| Minimum Residual Income                 | • \$1,500 + \$150 per dependent        | • \$1,500 + \$150 per dependent | • N/A                    |
| Loan Purpose                            | • Standalone Second only               | • Standalone Second only        | • Standalone Second only |
| Housing History                         | • 0x30x12                              | • 0x30x24                       | • 0x30x12                |
| Bankruptcy Seasoning                    | • 48 months                            | • 84 months                     | • 48 months              |
| <a href="#">Housing Event</a> Seasoning | • 48 months                            | • 84 months                     | • 48 months              |

| OVERLAYS                          | PRIME  | PRIME PLUS   | DSCR  |
|-----------------------------------|--|--|---|
| Limited Tradelines                | <ul style="list-style-type: none"> <li>Max 75% CLTV</li> <li>Primary Residence Only</li> </ul>   | <ul style="list-style-type: none"> <li>Not Permitted</li> </ul>  | <ul style="list-style-type: none"> <li>Not Permitted</li> </ul>             |
| P&L Only Doc Type                 | <ul style="list-style-type: none"> <li>Max CLTV is reduced by 5%</li> <li>Max 80% CLTV</li> </ul>  | <ul style="list-style-type: none"> <li>N/A</li> </ul>  | <ul style="list-style-type: none"> <li>N/A</li> </ul>                       |
| Declining Market per Appraisal    | <ul style="list-style-type: none"> <li>Max CLTV is reduced by 5%</li> </ul>  | <ul style="list-style-type: none"> <li>Max CLTV is reduced by 5%</li> </ul>  | <ul style="list-style-type: none"> <li>Max CLTV is reduced by 5%</li> </ul> |
| 2-4 Units                         | <ul style="list-style-type: none"> <li>No Restrictions</li> </ul>  | <ul style="list-style-type: none"> <li>No Restrictions</li> </ul>  | <ul style="list-style-type: none"> <li>Max CLTV is reduced by 5%</li> </ul> |
| Non-Warrantable Condo             | <ul style="list-style-type: none"> <li>Max 75% CLTV</li> </ul>   | <ul style="list-style-type: none"> <li>Not Permitted</li> </ul>  | <ul style="list-style-type: none"> <li>Not Permitted</li> </ul>             |
| Warrantable Condo                 | <ul style="list-style-type: none"> <li>No Restrictions</li> </ul>  | <ul style="list-style-type: none"> <li>No Restrictions</li> </ul>  | <ul style="list-style-type: none"> <li>Not Permitted</li> </ul>             |
| Interest Only                     | <ul style="list-style-type: none"> <li>Max 70% CLTV</li> <li>Min 700 Qual Score</li> <li>Primary Residence only</li> <li>1st Lien must be fully amortizing</li> </ul>  | <ul style="list-style-type: none"> <li>Not Permitted</li> </ul>  | <ul style="list-style-type: none"> <li>Not Permitted</li> </ul>             |
| Baltimore City & Baltimore County | <ul style="list-style-type: none"> <li>Investment Property <ul style="list-style-type: none"> <li>✓ Ineligible</li> </ul> </li> <li>Primary &amp; Second Home <ul style="list-style-type: none"> <li>✓ Max 80% CLTV</li> </ul> </li> </ul> | <ul style="list-style-type: none"> <li>Investment Property <ul style="list-style-type: none"> <li>✓ Ineligible</li> </ul> </li> <li>Primary &amp; Second Home <ul style="list-style-type: none"> <li>✓ Max 80% CLTV</li> </ul> </li> </ul> | <ul style="list-style-type: none"> <li>Not Permitted</li> </ul>             |
| State of NY                       | <ul style="list-style-type: none"> <li>Investment Property only</li> </ul>   | <ul style="list-style-type: none"> <li>Investment Property only</li> </ul>   | <ul style="list-style-type: none"> <li>No Restrictions</li> </ul>           |
| State of TN                       | <ul style="list-style-type: none"> <li>Max 180 Month Term</li> </ul>   | <ul style="list-style-type: none"> <li>Max 180 Month Term</li> </ul>   | <ul style="list-style-type: none"> <li>Max 180 Month Term</li> </ul>        |
| State of TX                       | <ul style="list-style-type: none"> <li>Max 80% CLTV on Primary Residence</li> </ul>  | <ul style="list-style-type: none"> <li>Max 80% CLTV on Primary Residence</li> </ul>  | <ul style="list-style-type: none"> <li>No Restrictions</li> </ul>           |

## CREDIT REQUIREMENTS

|                                 |   |
|---------------------------------|---|
| <b>Senior Lien:</b>             | <ul style="list-style-type: none"> <li>Ineligible Senior Lien terms include, but are not limited to: <ul style="list-style-type: none"> <li>✓ Loans in active forbearance or deferment</li> <li>✓ Negative amortization</li> <li>✓ Balloon, if the balloon payment becomes due during the amortization period of the new 2nd lien</li> <li>✓ Reverse mortgages</li> <li>✓ Private mortgages opened within the past 12 months</li> <li>✓ Tax and judgment liens</li> </ul> </li> <li>The following documentation is required: <ul style="list-style-type: none"> <li>✓ Copy of Note and Deed of Trust/Mortgage</li> <li>✓ Copy of the final CD from the first lien may be required</li> </ul> </li> <li>For all senior liens that are determined to be ARM loans, the greater of the note rate or the fully indexed rate is used to determine the qualifying PITIA. The fully indexed rate is calculated by adding the margin to the index.</li> </ul>   |
| <b>Qualifying Credit Score:</b> | <p><b><u>PRIME &amp; PRIME PLUS:</u></b></p> <ul style="list-style-type: none"> <li>Primary wage earner 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> <p><b><u>DSCR:</u></b></p> <ul style="list-style-type: none"> <li>Each individual borrower's qualification score is determined as follows: <ul style="list-style-type: none"> <li>✓ 3 scores: Middle score</li> <li>✓ 2 scores: Lowest score</li> <li>✓ 1 score: Borrower is not eligible</li> </ul> </li> <li>Highest qualification score of all borrowers is used for overall loan qualification.</li> </ul> |

CREDIT REQUIREMENTS *(continued)***Tradelines:**

- All borrowers must meet the minimum tradeline requirements
- Standard:
  - ✓ 3 tradelines reporting for 12+ months or
  - ✓ 2 tradelines reporting for 24+ months with activity in the last 12 months or
  - ✓ 1 mortgage or installment tradeline reporting for 36+ months with activity in the last 12 months
- Limited:
  - ✓ Allowed on PRIME only, see Overlays
- To qualify as a valid tradeline, the following requirements apply:
  - ✓ The credit line must be reflected on the borrower's credit report.
  - ✓ The account must have activity in the past 12 months and may be open or closed.
  - ✓ Tradelines used to qualify may not exceed 0x60 in the most recent 12 months.
  - ✓ An acceptable 12- or 24-month housing history not reporting on credit may also be used as a tradeline.
- Credit lines on which the borrower is not obligated to make payments are not acceptable. Examples include loans in a deferment period, collection or charged-off accounts, accounts discharged through bankruptcy, and authorized user accounts.
- Student loans can be counted as tradelines if they are in repayment and are not deferred.

**Housing History:**

- A 12-month mortgage history is required for all financed properties owned by the borrower.
- A 12-month rental history is required when the borrower is renting their current primary residence.
- Institutional housing payments not reflected on the credit report may be documented as follows:
  - ✓ Verification of Rent (VOR) or Verification of Mortgage (VOM) form; OR
  - ✓ Lender generated payment history showing paid dates and due dates; OR
  - ✓ Mortgage statements for the review period if they indicate the due date which each payment was applied to; OR
  - ✓ Credit supplement through the same credit reporting agency as the original credit report.
- Non-Institutional housing payments not reflected on the credit report may be documented as follows:
  - ✓ Verification of Rent (VOR) or Verification of Mortgage (VOM) form; OR
  - ✓ Lender generated payment history showing paid dates and due dates; OR
  - ✓ Mortgage statements for the review period if they indicate the due date which each payment was applied to; OR
  - ✓ Credit supplement through the same credit reporting agency as the original credit report; AND
  - ✓ Most recent 12 months cancelled checks or bank statements. (Note, these must be accompanied with one of the items listed above they are not sufficient alone.)
- A combined total of all late mortgage and rental payments in the past 12 months must be used to determine the housing history.
- All mortgages and rental payments should be current at time of closing. If the credit report or VOR/VOM reflects a past-due status, updated documentation is required to verify account is current.
- All mortgages being paid off in a refinance or new-construction purchase transaction must have a verified, monthly payment history. Mortgages with deferred payments are not eligible.

CREDIT REQUIREMENTS *(continued)*

|                                     |  |
|-------------------------------------|--|
| <b>Housing Events:</b>              | <ul style="list-style-type: none"> <li>A Housing Event is any one of the following events listed below:             <ul style="list-style-type: none"> <li>✓ Foreclosure, Deed-in-Lieu, or Short Sale measured from the date of completed sale or final property transfer. The Housing Event must be completed prior to loan closing with no outstanding deficiency balance remaining.</li> <li>✓ 1x120 mortgage late measured from the date the mortgage was brought current.</li> <li>✓ Modification measured from the date the modification was executed which resulted in:                 <ul style="list-style-type: none"> <li>• Forgiveness of a portion of principal and/or interest on either the first or second mortgage.</li> <li>• Application of a principal curtailment by or on behalf of the investor to simulate principal forgiveness.</li> <li>• Conversion of any portion of the original mortgage debt to a “soft” subordinate mortgage.</li> <li>• Conversion of any portion of the original mortgage debt from secured to unsecured.</li> </ul> </li> </ul> </li> <li>If the property was surrendered in a Chapter 7 bankruptcy, the bankruptcy discharge date is used for seasoning. Bankruptcy papers may be required to show the property was surrendered. The foreclosure action is not required to be fully complete.</li> </ul> |
| <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 be paid in full.</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>Written explanation from the borrower for any judgments, garnishments, or liens less than 10 years old is required.</li> <li>Active court-ordered judgments may remain open when one of the following options are 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. All of the following requirements must be met:                 <ul style="list-style-type: none"> <li>▪ A copy of the repayment agreement is obtained,</li> <li>▪ A minimum of 3 months has elapsed on the plan,</li> <li>▪ Evidence of timely payments for the most recent 3 months is provided, and</li> <li>▪ The maximum payment required under the plan is included in the DTI.</li> </ul> </li> </ul> </li> </ul>  |

| BORROWERS                         |  |           |                     |           |
|-----------------------------------|--|-----------|---------------------|-----------|
| Eligibility:                      | Borrower Type  | Eligible? | Borrower Type       | Eligible? |
|                                   | US Citizen   | Yes       | Foreign National    | No        |
|                                   | Permanent Resident Alien   | Yes       | ITIN                | No        |
|                                   | Non-Permanent Resident Alien   | Yes       | Business Entities   | No        |
|                                   | Asylum Status  | No        | Diplomatic Immunity | No        |
|                                   | DACA   | No        |                     |           |
| <b>OFAC Sanctioned Countries:</b> | <ul style="list-style-type: none"> <li>The list of OFAC Sanctioned Countries can be found at: <a href="https://ofac.treasury.gov/sanctions-programs-and-country-information">https://ofac.treasury.gov/sanctions-programs-and-country-information</a></li> <li>Borrowers from China, Russia, Iran, and North Korea are ineligible and an exception cannot be made for subject properties in the states of Arizona and Texas. For subject properties in other states, they may be eligible exception basis as long as they do not personally appear on the OFAC Sanction List.</li> <li>Borrowers from other OFAC Sanctioned countries may be eligible on an exception basis as long as they do not personally appear on the OFAC Sanction List.</li> </ul>   |           |                     |           |
| <b>Perm Resident Alien:</b>       | <ul style="list-style-type: none"> <li>A permanent resident alien is a non-U.S. citizen authorized to live and work in the U.S. on a permanent basis. Permanent resident aliens are eligible for financing.</li> <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>Lawful non-permanent residents are legally accorded the privilege of residing temporarily in the United States.</li> <li>2 years US residency &amp; employment history required, with valid Social Security Number and US credit.</li> <li>Validation that borrower has employment authorization is required with <b>one</b> of the following: <ul style="list-style-type: none"> <li>✓ A valid current Form I-766 Employment Authorization Document (EAD) work permit/card. <ul style="list-style-type: none"> <li>▪ The EAD may not expire within 6 months of loan application date. (If the EAD will expire within 6 months of loan application, it is acceptable to obtain a letter from the employer documenting the borrower’s continued employment and continued EAD renewal.)</li> <li>▪ The EAD documentation is acceptable up to 540 days if an automatic extension has been granted.</li> </ul> </li> <li>✓ Form I-765 Application for Employment Authorization. The form must reflect approval status in the Action Block (upper right-hand corner)</li> <li>✓ Form I-797, I-797A, or I-797B or I-797C conveying approval status.</li> <li>✓ Employment authorization may also be evidenced by certain VISA types.</li> <li>✓ Copy of borrower’s passport is not required.</li> </ul> </li> </ul> |           |                     |           |
| <b>Non-Occupant Co-Borrowers:</b> | <ul style="list-style-type: none"> <li>Not Permitted</li> </ul>  |           |                     |           |
| <b>First Time Homebuyer:</b>      | <ul style="list-style-type: none"> <li>Not Applicable</li> </ul>   |           |                     |           |

| BANK STATEMENT DOCUMENTATION     |   |
|----------------------------------|---|
| <b>General Requirements:</b>     | <ul style="list-style-type: none"> <li>• Self Employed for a minimum of 2 years.</li> <li>• Business being used to source income must be in existence for a minimum of 2 years.</li> <li>• See Underwriting Guidelines for additional information.</li> </ul>   |
| <b>Statement Types:</b>          | <ul style="list-style-type: none"> <li>• The first step in evaluating bank statements is determining which of these three classifications applies:</li> <li>• <u>Personal:</u> <ul style="list-style-type: none"> <li>✓ Used <b>exclusively</b> for personal banking and reflects the name of the borrower as completed on the URLA.</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> <li>✓ In addition to 12 or 24 months consecutive personal statements, 2 months BUSINESS bank statements are required. The 2 months business statements must reflect activity to support business operations and transfers to the personal account being used for qualification. An inability to meet this requirement will require the loan to be qualified as a Co-Mingled Bank Statement Documentation loan.</li> </ul> </li> <li>• <u>Co-Mingled:</u> <ul style="list-style-type: none"> <li>✓ A co-mingled bank account is a personal account used by a borrower for <b>both</b> business and personal use.</li> <li>✓ Although the statement reflects the borrower's name, these are treated as a business statements for qualification purposes.</li> </ul> </li> <li>• <u>Business:</u> <ul style="list-style-type: none"> <li>✓ A business bank account is used for ongoing operations of the business and reflects the name of the business as completed on the URLA.</li> </ul> </li> </ul> |
| <b>Documentation:</b>            | <ul style="list-style-type: none"> <li>• 12 or 24 Months consecutive personal or business bank statements.</li> <li>• ACC Self-Employed Business Narrative form completed by the borrower.</li> <li>• ACC Tax Preparer Attestation form completed by an eligible tax preparer.</li> <li>• If the ACC Tax Preparer Attestation form cannot be obtained, borrower may provide acceptable entity documents such as an Operating Agreement, or equivalent. The entity documents must outline the ownership structure, percentage, etc.</li> <li>• ACC will perform an independent verification of the business existence within 10 business days of closing.</li> </ul>   |
| <b>Tax Preparer Eligibility:</b> | <ul style="list-style-type: none"> <li>• Certified Public Accountant (CPA) <ul style="list-style-type: none"> <li>• Eligible</li> </ul> </li> <li>• IRS Enrolled Agent (EA) <ul style="list-style-type: none"> <li>• Eligible</li> </ul> </li> <li>• California Tax Education Council (CTEC) <ul style="list-style-type: none"> <li>• Eligible</li> </ul> </li> <li>• Preparer Tax Identification Number (PTIN) <ul style="list-style-type: none"> <li>• Ineligible unless acceptable entity documents such as an Operating Agreement, or equivalent are also provided. The entity documents must outline the ownership structure, percentage, etc. Borrower must be qualified with standard 50% expense factor.</li> </ul> </li> </ul>   |

## BANK STATEMENT DOCUMENTATION (continued)

|                                    |  |
|------------------------------------|--|
| <b>Expense Factor:</b>             | <ul style="list-style-type: none"> <li>Personal: <ul style="list-style-type: none"> <li>✓ An expense factor is not applied to files meeting the definition of a personal bank statement.</li> </ul> </li> <li>Co-Mingled &amp; Business: <ul style="list-style-type: none"> <li>✓ A standard 50% expense factor will be applied to the total of eligible deposits.</li> </ul> </li> <li>If necessary for qualification, an expense factor letter may be used to determine qualifying income. <ul style="list-style-type: none"> <li>✓ Underwriter will request the Expense Factor Statement of the ACC Tax Preparer Attestation Form be completed via the loan conditions. As a reminder, PTIN tax preparers are not eligible on this program.</li> </ul> </li> <li>Minimum expense factor percentage is 10%.</li> </ul> |
| <b>Qualifying Income:</b>          | <ul style="list-style-type: none"> <li>Gross qualifying income is calculated using total deposits from the statements, minus any inconsistent or large deposits not justified.</li> <li>Net qualifying income is calculated using gross income multiplied by the borrower's ownership percentage, then reduced by the applicable expense factor.</li> </ul>  |
| <b>Minimum Business Ownership:</b> | <ul style="list-style-type: none"> <li><u>Personal &amp; Business:</u> <ul style="list-style-type: none"> <li>✓ 25% minimum borrower ownership percentage.</li> </ul> </li> <li><u>Co-Mingled:</u> <ul style="list-style-type: none"> <li>✓ Borrower must be sole owner of the business (borrower and spouse with combined 100% ownership eligible).</li> </ul> </li> </ul>  |
| <b>Jointly Owned Accounts:</b>     | <ul style="list-style-type: none"> <li><u>Personal &amp; Co-Mingled:</u> <ul style="list-style-type: none"> <li>✓ If the 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> </ul> </li> <li><u>Business:</u> <ul style="list-style-type: none"> <li>✓ 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.</li> </ul> </li> </ul>  |

## FULL DOCUMENTATION

|                       |   |
|-----------------------|---|
| <b>Wage Earner:</b>   | <ul style="list-style-type: none"> <li>YTD Paystubs</li> <li>1- or 2-Years W-2s</li> <li>1- or 2-Years Year IRS Wage &amp; Income Transcripts</li> <li>Verbal VOE within 10 business days of closing</li> <li>See Underwriting Guidelines for additional information.</li> </ul>  |
| <b>Self Employed:</b> | <ul style="list-style-type: none"> <li>Self Employed for a minimum of 2 years and the business must be in existence for at least 2 years.</li> <li>1- or 2-Years personal Tax Returns</li> <li>1- or 2-Years Business Tax Returns (if applicable)</li> <li>YTD Borrower Prepared P&amp;L</li> <li>1- or 2-Years Year IRS 1040 Transcripts</li> <li>Business Return Transcripts are not required</li> <li>Verification of business existence within 10 business days of closing.</li> <li>See Underwriting Guidelines for additional information.</li> </ul> |

## P&amp;L ONLY DOCUMENTATION

|                                  |   |
|----------------------------------|---|
| <b>General Requirements:</b>     | <ul style="list-style-type: none"> <li>• Self Employed for a minimum of 2 years.</li> <li>• Business being used to source income must be in existence for a minimum of 2 years.</li> <li>• 25% minimum borrower ownership percentage.</li> </ul>  |
| <b>Documentation:</b>            | <ul style="list-style-type: none"> <li>• ACC Self-Employed Business Narrative form.</li> <li>• A fully completed ACC P&amp;L Tax Preparer Packet containing: <ul style="list-style-type: none"> <li>✓ Tax Preparer Questionnaire</li> <li>✓ Profit &amp; Loss Statement</li> </ul> </li> <li>• Most recent 2 months bank statements may be required, see “Qualifying Income”.</li> </ul>  |
| <b>Tax Preparer Packet:</b>      | <ul style="list-style-type: none"> <li>• Must be prepared by an eligible tax preparer.</li> <li>• The tax preparer must have reviewed and/or filed the borrower’s self-employed tax returns for a minimum of 1 year.</li> <li>• Documentation showing the tax preparer is currently licensed is required.</li> <li>• The Profit &amp; Loss Statement must also be signed by the borrower at or before closing.</li> <li>• ACC will complete the P&amp;L Verification Form prior to closing.</li> </ul>  |
| <b>Tax Preparer Eligibility:</b> | <ul style="list-style-type: none"> <li>• Certified Public Accountant (CPA) <ul style="list-style-type: none"> <li>• Eligible</li> </ul> </li> <li>• IRS Enrolled Agent (EA) <ul style="list-style-type: none"> <li>• Eligible</li> </ul> </li> <li>• California Tax Education Council (CTEC) <ul style="list-style-type: none"> <li>• Eligible</li> </ul> </li> <li>• Preparer Tax Identification Number (PTIN) <ul style="list-style-type: none"> <li>• Ineligible, exceptions are not permitted.</li> </ul> </li> </ul>   |
| <b>Qualifying Income:</b>        | <ul style="list-style-type: none"> <li>• The monthly net income average from the P&amp;L may be used for qualifying income when ALL these requirements are met: <ul style="list-style-type: none"> <li>✓ 700 minimum qual score</li> <li>✓ LTV ≤ 70%</li> </ul> </li> <li>• Files not meeting this criteria are subject to the following: <ul style="list-style-type: none"> <li>✓ The most recent 2 months bank statements are required.</li> <li>✓ The average deposits must support the P&amp;L Gross income within a 35% tolerance.</li> <li>✓ If validated within 35%, the monthly net income average from the P&amp;L may be used for qualifying income.</li> </ul> </li> </ul> |

| DSCR  |   |
|---|---|
| <b>Appraisal:</b>                           | <ul style="list-style-type: none"> <li>A FNMA Form 1007 or 1025 Comparable Rent Schedule prepared by the appraiser is required.</li> <li>If the subject property is currently tenant occupied, the 1007 or 1025 must also reflect the current monthly rent.</li> </ul>  |
| <b>Vacant Unit(s):</b>                      | <ul style="list-style-type: none"> <li>All subject properties must be tenant occupied with a lease in place.</li> <li>2–4-unit properties may have a maximum of 1 vacant unit allowed.</li> </ul>   |
| <b>Qualifying Rental Income:</b>            | <ul style="list-style-type: none"> <li>A copy of the current Lease Agreement is required.</li> <li>If a full appraisal is obtained, use the lower of the Lease Agreement or the 1007/1025 estimated long term rent for qualification.</li> <li>If a full appraisal is not obtained, use the Lease Agreement for qualification.</li> </ul> |
| <b>Qualifying with Higher Lease Amount:</b> | <ul style="list-style-type: none"> <li>Qualifying with a lease amount higher than the market rent on FNMA Form 1007/1025 is allowed when the most recent three months proof of rent receipt is obtained.</li> </ul>   |
| <b>Short Term Rental</b>                    | <ul style="list-style-type: none"> <li>Not Permitted</li> </ul>   |



| SUBJECT PROPERTY                      |  |              |  |           |
|---------------------------------------|--|--------------|--|-----------|
| Eligibility:                          | Property Type  | Eligible?    | Property Type  | Eligible? |
|                                       | SFR Attached or Detached   | Yes          | Assisted living facilities   | No        |
|                                       | PUD Attached or Detached   | Yes          | Boarding houses or bed/breakfast properties  | No        |
|                                       | Warrantable Condominium  | See OVERLAYS | Properties with a C5 or C6 condition rating  | No        |
|                                       | Non-Warrantable Condominium  | See OVERLAYS | Properties with zoning violations  | No        |
|                                       | Townhomes  | Yes          | Vacant land or land development properties   | No        |
|                                       | 2-4 Unit   | See OVERLAYS | Homes on Native American Land (Reservations)   | No        |
|                                       | Rural Properties   | No           | Hawaii properties in lava zones 1 and/or 2   | No        |
|                                       | Log Homes  | No           | Houseboats   | No        |
|                                       | Modular  | No           | Fractional ownership   | No        |
|                                       | Condotel   | No           | Agricultural properties (including farms, ranches, or orchards)                      | No        |
|                                       | Manufactured or Mobile homes   | No           | Properties used for the cultivation, distribution, manufacture, or sale of marijuana | No        |
|                                       | Co-op/timeshare hotels   | No           | Properties not readily accessible by roads that meet local standards                 | No        |
|                                       | Cooperative share loans  | No           | Properties not suitable for year-round occupancy, regardless of location             | No        |
|                                       | Dome or geodesic homes   | No           | Barn Conversions / Barndominiums   | No        |
|                                       | Leasehold  | No           | Mixed Use  | No        |
| <b>Acreage:</b>                       | <ul style="list-style-type: none"> <li>Maximum 2 acres</li> </ul>  |              |  |           |
| <b>Property Seasoning:</b>            | <ul style="list-style-type: none"> <li>Minimum 6 months ownership seasoning is required.</li> <li>Purchase settlement date to note date is used to calculate the 6 months.</li> </ul>  |              |  |           |
| <b>Properties Listed for Sale:</b>    | <ul style="list-style-type: none"> <li>Properties currently listed for sale or previously listed for sale within the past 6-months are not eligible</li> </ul>   |              |  |           |
| <b>Valuation:</b>                     | <p><u>Loan Amount ≤ \$400,000 and Non-HPML provide one of the following:</u></p> <ul style="list-style-type: none"> <li>Clear Capital AVM with a Confidence Rating ≥ 90% and an FSD Score 0.00 to 0.10; or</li> <li>Full Interior Appraisal (FNMA Form 1004/1025/1073)</li> </ul> <p><u>Loan Amount &gt; \$400,000 and/or HPML provide the following:</u></p> <ul style="list-style-type: none"> <li>Full Interior Appraisal (FNMA Form 1004/1025/1073)</li> </ul> |              |  |           |
| <b>Accessory Dwelling Unit (ADU):</b> | <ul style="list-style-type: none"> <li>Permitted but rental income may not be considered for qualification purposes.</li> </ul>  |              |  |           |

## VESTING TO A BUSINESS ENTITY

|                              |   |
|------------------------------|---|
| <b>General Requirements:</b> | <ul style="list-style-type: none"> <li>Investment Property Only.</li> <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>Multi-level entity structures are allowed subject to entity documentation requirements met for all entities.</li> <li>Entity must be domiciled in a U.S. State.</li> <li>Mandatory in the following states if the broker doesn't have an active NMLS license. <ul style="list-style-type: none"> <li>✓ FL, GA, IA, KS, MT, NE, NJ, TN, &amp; VA.</li> </ul> </li> </ul>  |
| <b>Borrowers:</b>            | <ul style="list-style-type: none"> <li>Any combination of member(s)/managers representing a cumulative total of at least 25% entity ownership must be borrowers on the subject transaction.</li> </ul>  |
| <b>Personal Guarantee:</b>   | <ul style="list-style-type: none"> <li>Personal Guaranties must be signed at closing by all entity member(s)/manager(s) acting as a borrower on the subject transaction.</li> <li>Personal Guaranties in community property states must be accompanied with a Spousal Consent to Pledge form.</li> </ul>  |
| <b>Entity Documents:</b>     | <ul style="list-style-type: none"> <li>LLC documentation requirements: <ul style="list-style-type: none"> <li>✓ Entity articles of organization or partnership (or equivalent)</li> <li>✓ Evidence of good standing for the state in which the entity was formed (e.g., Certificate, screen shot from state website)</li> <li>✓ Entity documents authorizing the guarantor to execute loan documents on behalf of the entity (e.g., Operating Agreement, Certificate of Authorization) <ul style="list-style-type: none"> <li>○ If not available for a single member LLC, a <a href="#">Single Member Limited Liability Company Borrowing Certificate</a> is required</li> </ul> </li> <li>✓ Entity documents that include a list of members/managers and ownership percentage (e.g., organization structure)</li> <li>✓ EIN/Tax Identification Number <ul style="list-style-type: none"> <li>○ Single member LLC may use EIN or the guarantor social security number</li> <li>○ Multi-member LLCs require an EIN</li> </ul> </li> </ul> </li> <li>Corporation documentation requirements: <ul style="list-style-type: none"> <li>✓ Filed Certificate/Articles of Incorporation &amp; By-Laws or equivalent. <ul style="list-style-type: none"> <li>○ Must include a list of owners and ownership percentages.</li> <li>○ Must support the borrower(s) authorization to execute documents on behalf of the entity.</li> </ul> </li> <li>✓ Amendments if applicable.</li> <li>✓ Certificate of Good Standing from the state in which the entity was formed.</li> <li>✓ EIN / Tax Identification Number</li> <li>✓ Borrowing Resolution/Corporate Resolution granting authority of signer to enter loan obligation</li> <li>✓ Receipt of current year franchise tax payment or clear search</li> </ul> </li> <li>Partnership documentation requirements: <ul style="list-style-type: none"> <li>✓ Filed Partnership Agreement. <ul style="list-style-type: none"> <li>○ Must include a list of owners and ownership percentages.</li> <li>○ Must support the borrower(s) authorization to execute documents on behalf of the entity.</li> </ul> </li> <li>✓ Amendments if applicable.</li> <li>✓ Certificate of Good Standing from the state in which the entity was formed.</li> <li>✓ EIN / Tax Identification Number.</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>✓ Income 60 days</li> <li>✓ Appraisal 120 days</li> <li>✓ AVM 90 days</li> <li>✓ ACC Credit Report 120 days</li> <li>✓ Title Commitment and CPL 120 days</li> </ul> </li> </ul>   |
| <b>Amortization:</b>                  | <p><b>PRIME &amp; PRIME PLUS:</b></p> <ul style="list-style-type: none"> <li>30, 25, 20 , 15 &amp; 10 Yr. Fixed</li> <li>30 &amp; 20 Yr. Fixed IO</li> </ul> <p><b>DSCR:</b></p> <ul style="list-style-type: none"> <li>30, 25, 20 &amp; 15 Yr. Fixed</li> </ul>  |
| <b>Title Insurance:</b>               | <p><u>Loan Amount ≤ \$400,000, provide one of the following</u></p> <ul style="list-style-type: none"> <li>Owner and Encumbrance Report (O&amp;E) to include:               <ul style="list-style-type: none"> <li>✓ Current Grantee / Owner</li> <li>✓ How property was conveyed to current owner</li> <li>✓ Liens (e.g., mortgage, UCC, other financing)</li> <li>✓ Involuntary liens and judgements</li> <li>✓ Property Tax Information with break-down of all taxes including special assessments</li> <li>✓ Legal Description</li> </ul> </li> <li>ALTA Full Title Policy</li> </ul> <p><u>Loan Amount &gt; \$400,000</u></p> <ul style="list-style-type: none"> <li>ALTA Full Title Policy</li> </ul> |
| <b>Hazard Coverage:</b>               | <ul style="list-style-type: none"> <li>100% guaranteed replacement cost or updated coverage to cover both the 1st and 2nd lien required</li> </ul>  |
| <b>Escrows:</b>                       | <ul style="list-style-type: none"> <li>Flood Insurance is required to be escrowed if the first mortgage does not contain and subject is in a flood zone</li> </ul>  |
| <b>Acceptable Vesting Structures:</b> | <ul style="list-style-type: none"> <li>Individuals</li> <li>Inter Vivos Revocable Trust</li> <li>Joint tenants</li> <li>Tenants in Common</li> <li>Limited Liability Companies, Partnerships, Corporations, and S Corporations (Investment Property Only)</li> </ul>  |
| <b>Limited Power of Attorney:</b>     | <ul style="list-style-type: none"> <li>Not permitted</li> </ul>   |

## MISCELLANEOUS (continued)

| <b>Prepayment Penalty:</b>   | <p><b><u>PRIME &amp; PRIME PLUS:</u></b></p> <ul style="list-style-type: none"> <li>• Not permitted</li> </ul> <p><b><u>DSCR</u></b></p> <ul style="list-style-type: none"> <li>• Standard = % of amount prepaid (partial or full prepayment): 5-year penalty with 5%, 4%, 3%, 2%, 1% stepdown fee structure; OR</li> <li>• 4-year penalty with 5%, 4%, 3%, 2% stepdown fee structure; OR</li> <li>• 3-year penalty with 5%, 4%, 3% stepdown fee structure; OR</li> <li>• 2-year penalty with 3% stepdown fee structure (year 1 and year 2 = 3%); OR</li> <li>• 1-year penalty with 3% fee</li> <li>• State Overlays: <ul style="list-style-type: none"> <li>✓ AK: Not Allowed</li> <li>✓ IL: Not allowed on loans vested to individuals</li> <li>✓ MD: Not Allowed</li> <li>✓ MI: Allowed on 2-4 Units only</li> <li>✓ MN: Not Allowed</li> <li>✓ NJ: not allowed on loans vested to individuals</li> <li>✓ NM: Not Allowed</li> <li>✓ OH: Maximum 1% of the balance</li> <li>✓ PA: Not allowed on loans vested to individuals</li> <li>✓ RI: Not Allowed</li> <li>✓ VT: Not Allowed</li> </ul> </li> </ul> |
|--|--|
| <b>Compliance:</b>   | <ul style="list-style-type: none"> <li>• Compliance with all applicable federal and state regulations</li> </ul>   |
| ELIGIBLE STATES & LICENSE REQUIREMENTS   |  |
| <b>ACC Licensed States:</b>  | <ul style="list-style-type: none"> <li>• AK, AL, AR, AZ, CA, CO, CT, DE, DC, FL, GA, IA, ID, IL, IN, KS, KY, LA, MD, ME, MI, MN, MS, MT, NC, ND, NE, NH, NJ, NM, NV, OH, OK, OR, PA, RI, SC, SD, TN, TX, UT, VA, VT, WA, WI, WV, WY</li> </ul>   |
| <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, DE, GA, HI, IA, IL, IN, KS, KY, LA, MA, MD, ME, MO, MS, NC, NE, NH, NM, NY, OH, OK, PA, RI, SC, TN, TX, VT, WA, WI, WV, &amp; WY</li> </ul> </li> <li>• Business Entity Title Vesting Only: <ul style="list-style-type: none"> <li>✓ FL, MT, NJ &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</li> </ul> </li> </ul>   |