

Alt ACE

Program Code: Alt ACE -30, -30 I/O, -7/6, -7/6 IO,

FICO	Loan Amt	Max CLTV		
		Primary/Second		
		Purchase	R/T	Cash-Out
720+	≤ 1M	85%	85%	80%
	≤ 1.5M	80%	80%	80%
	≤ 2M	80%	80%	80%
	≤ 2.5M	80%	80%	80%
	≤ 3M	75%	75%	75%
700-719	≤ 1M	80%	80%	80%
	≤ 1.5M	80%	80%	80%
	≤ 2M	80%	80%	80%
	≤ 2.5M	80%	80%	80%
	≤ 3M	75%	75%	75%
680-699	≤ 1M	80%	80%	75%
	≤ 1.5M	80%	80%	75%
	≤ 2M	80%	80%	75%
	≤ 2.5M	80%	80%	75%
	≤ 3M	75%	75%	75%
660-679	≤ 1M	75%	75%	75%
	≤ 1.5M	70%	70%	70%
	≤ 2M	70%	70%	70%
	≤ 2.5M	NA	NA	NA
	≤ 3M	NA	NA	NA
640-659	≤ 1M	70%	70%	70%
	≤ 1.5M	70%	70%	70%
	≤ 2M	70%	70%	70%
	≤ 2.5M	NA	NA	NA
	≤ 3M	NA	NA	NA

FICO	Loan Amt	Max CLTV		
		Investment		
		Purchase	R/T	Cash-Out
720+	≤ 1M	85%	85%	80%
	≤ 1.5M	80%	80%	80%
	≤ 2M	80%	80%	80%
	≤ 2.5M	80%	80%	80%
	≤ 3M	75%	75%	75%
700-719	≤ 1M	80%	80%	80%
	≤ 1.5M	80%	80%	80%
	≤ 2M	80%	80%	80%
	≤ 2.5M	80%	80%	80%
	≤ 3M	75%	75%	75%
680-699	≤ 1M	75%	75%	75%
	≤ 1.5M	75%	75%	75%
	≤ 2M	75%	75%	75%
	≤ 2.5M	75%	75%	75%
	≤ 3M	75%	75%	75%
660-679	≤ 1M	75%	75%	75%
	≤ 1.5M	70%	70%	70%
	≤ 2M	70%	70%	70%
	≤ 2.5M	NA	NA	NA
	≤ 3M	NA	NA	NA
- Interest Only (IO): Eligible for Investment Property, Loan amount > \$2.5m = Max LTV 70% Loan amount: \$2.0m-\$2.5m = Max LTV 75% 2-4 Unit: Max LTV 80% - Condominium Max 85% LTV Non-Warrantable: Max 80% LTV - Short Term Rental : Max LTV: Purchase 75% Refinance: 70% - Declining market : 5% LTV reduction off Matrix Max LTV. - Housing History: 1x30x12 Allowed with Max LTV of 75% - Credit Event: Seasoning must be > 48 months for LTV > 80%				

Income Requirement	
P&L Only	- Refer to the matrix for minimum FICO and maximum LTV. - Required to be completed, reviewed and signed by CPA, IRS EA, CTEC, or other registered tax preparer. PTIN permitted (**Refer to PTIN requirements below). - The borrower must be self-employed for two years. - Profit and loss covering the most recent previous 12 months. To be dated with the most recent month within 90 days of close, completed and reviewed by a Certified Public Accountant, Enrolled Agent, CTEC, Chartered Tax Adviser or Independent Licensed Accountant. - The CPA/Licensed Tax Preparer must attest that they have audited the business financial statements or reviewed working papers provided by the borrower as well as attest that they are not affiliated or associated with the borrower's business if they have not done so somewhere else in the loan file. - Proof that the appropriate 3rd party completing the review is duly licensed, or certified (certification or licensing proof is acceptable if verified by professional services directory, government listing, or other reasonable 3rd party (certification proven by other reasonable methods may be allowed at underwriter discretion)). - P&L must reasonably reflect the income and expenses of the industry described. A verbal verification of employment for the business must be done with the CPA/Licensed Tax Preparer as described above, prior to closing.
Bank Statement Analysis	
- Streamlined bank statements used for income must be consecutive and reflect the most recent months available. Page 1 is acceptable only for each month's bank statements if they show beginning balance, deposits, withdrawals, and ending balance. If the most recent month's bank statements have a 50% difference from beginning to ending balance for just the most recent month, all pages will be required for all months. - Statements must support stable and generally predictable deposits; large and unusual deposits must be sourced and if they cannot be sourced, they will be excluded. A large deposit is defined as a single deposit that exceeds 50% of the monthly average deposits. Large cash deposits are not an acceptable deposit source (will be considered case-by-case depending on the type of business). - If the income exhibits a seasonality of income effect, whereby a 2-year history would be a better representation of the borrower's income, then 24 months of bank statements are required. For example, if the borrower receives most of their income/deposits in a particular quarter or 6-month period as seen in certain industries such as mining, construction, landscaping, etc., then utilization of 24 months of bank statements is required to support the income as reliable. - Non-Sufficient Funds (NSF) and negative beginning or ending account balances will be reviewed over the most recent 60 days and will be subject to underwriter discretion.	

▪ If all pages on the bank statements are used to qualify income, transfers will be excluded unless it is a wire transfer in from another company for services rendered. ▪ Non-Profit entities are not eligible for the bank statement programs	
12 months Business Bank Statements	▪ Co-mingling of multiple accounts to generate a full 12 months is not permitted. ▪ Transaction histories are not acceptable. ▪ Business bank statements must be consecutive and from the most recent period. ▪ The borrower must be at least 25% owner of the business. If multiple owners, then the income used will be based on ownership percentages. ▪ Third-party verification of business existence. ▪ Percentage of gross deposits as calculated using a fixed expense ratio factor of 25% OR ▪ Percentage of gross deposits as calculated using a fixed expense ratio factor as provided by a CPA, Enrolled Agent, CTEC, or chartered tax adviser. The CPA/licensed tax preparer must attest they have audited the business financial statements or reviewed working papers provided by the borrower as well as attest they are not affiliated/associated with the borrower or their business. ▪ The minimum expense ratio permitted is 10%.
12 months Co-Mingled Bank Statement	▪ A separate business account is not required. ▪ 10% Expense factor will be applied ▪ The borrower must be the sole owner of the business. ▪ The borrower must be self-employed for at least 2 years and the application must reflect a minimum of two years employment history. ▪ Business being used to source the income must be in existence for 2 years supported by CPA letter ▪ Funds/Deposits in a trust are ineligible
12 months Personal + 2 months Business Bank Statements	▪ All parties listed on a personal bank account used for income must be included as borrowers on the application unless each deposit is documented as business income with invoice of service. ▪ 100% of personal bank account deposits.
1099 IRS Form Only	▪ 1099 for the previous tax year, payable to the borrower not a business. ▪ If the verification does not reference related expenses, then a Fixed Expense Ratio of 10% may be used OR 3rd party prepared P&L (CPA, EA accountant, or tax preparer) with an attestation of expense ratio. ▪ Income is qualified using: ○ 12-month average from the total number of 1099s minus the expense factor from a method chosen from above. ○ YTD earnings must be documented to support the ongoing receipt of income showing on the 1099s by: ✓ Checks or a single check stub with YTD totals if available; or ✓ Bank statements covering YTD ○ YTD earnings must be within 10% of or greater than the prior year's earnings.

Asset Utilization	▪ Qualified assets may be comprised of stocks, bonds, mutual funds, vested amount of retirement accounts, and bank accounts. If a portion of qualified assets is being used for down payment, closing costs or reserves, those amounts must be excluded from the balance before analyzing a portfolio for income determination. Proof of 3-month seasoning of all assets is required. ▪ A large deposit is a single deposit that exceeds 50% of qualifying gross monthly income for asset utilization. ▪ The following assets are considered qualified assets and may be utilized to calculate income: ○ 100% of checking, savings, and money market accounts. ○ 100% of the remaining value of stocks & bonds. ○ 70% of 401(k), Retirement assets (if under 59 ½ years old). ○ 100% of 401(k), Retirement assets (if over 59 ½ years old). ○ Business funds must be transferred to the borrower’s personal account. ▪ Calculating Qualifying Income ○ $Monthly\ Income = \frac{Net\ Qualified\ Assets}{60\ Months}$				
**PTIN requirements • Must have an active website identifying name, address; and • Must be able to verify website (Google, LinkedIn etc.) and identify the business as a tax preparer or similar; or • PTIN working seasonally for tax preparer and/or companies such as HR Block, Turbo tax etc. are acceptable with documentation supporting seasonal employment such as verification they are currently employed or proof they have recently been employed as a tax preparer					
General Requirements					
Product Type *Interest Only: Amortization term used for Qualification	Product	Term	Amortization Term	I/O Term	Qualifying Rate
	30-Yr Fixed	30 yr	30 yr	NA	Note Rate
	30-Yr Fixed IO	30 yr	20 yr	10 yr	
	Product	Term	Amortization Term	I/O Term	Qualifying Rate
	7/6 ARM	30 yr	30 yr	NA	• O/O&2nd: Higher of Fully Indexed or Note Rate • NOO: Note Rate
	7/6 ARM IO	30 yr	20 yr	10 yr	
Occupancy	▪ Primary ▪ Second Home ▪ Investment				
Loan Amount	▪ Min: \$150,000 ▪ Max: \$3,000,000				

DTI	▪ Max 45% when LTV is > 80% ▪ Max 50% ▪ May go up to 55% with \$3,000 Residual Income
Interest Only	▪ Investment Properties ONLY, Business Purpose Eligible. ▪ Loan amount > \$2.5m = Max LTV 70% ▪ Loan amount: \$2.0m-\$2.5m = Max LTV 75%.
Loan Purpose	▪ Purchase ○ LTV/CLTV based upon the lessor of the sales price or appraised value ▪ Rate/Term ○ Borrower must be on title at time of loan application ○ Payoff of an existing first mortgage and any subordinate lien used to acquire the property. ○ Payoff of any subordinate lien Not used in the acquisition of the Subject may be paid with loan proceeds if the following apply: • Closed End Loan • Heloc at least 12 mths of seasoning has occurred and total draws over the past 12 mths are less than \$10,000 ○ Cash back in an amount not to exceed the lesser of 2% of the new loan amount or \$5,000 can be included in the transaction. ○ LTV/CLTV is based upon the current appraised value, no seasoning required. ▪ Cash-Out ○ No Seasoning Requirements (Borrower must be on title prior to application) ○ LTV/CLTV is based upon the current appraised value, ○ A mortgage secured by a property currently owned free and clear is considered cash out. ○ The payoff of delinquent real estate taxes, federal taxes, state taxes and judgments (60 days or more past due) is considered cash out ○ The borrower must indicate the purpose of the cash out proceeds. ○ Properties listed for sale must be taken off the market prior to the Promissory Note date ▪ BUSINESS PURPOSE LOANS: PAYING OFF CONSUMER DEBT IS NOT ELIGIBLE
Loan Amount	▪ Min: \$150,000 ▪ Max: \$3,000,000
Max Cash-Out Limit	▪ LTV > 65%: Max Cash-out \$1.0 Mil ▪ LTV ≤ 65%: Unlimited ▪ Cash-Out Proceeds may be used for 100% reserve requirements
Property Type	▪ Single Family / PUD (attached/detached) ▪ 2-4 Units ▪ Condo ▪ SFR + 1 ADU

	▪ Rural properties
State Restrictions	▪ Colorado: ○ Fully executed Colorado LO Reasonable Inquiry Attestation ○ HUD Counseling Certification from the Colorado Housing Assistance Corp. ▪ Florida: ○ Full Condo Reviews if LTV > 70% ▪ North Carolina: ○ Minimum Loan Amount \$300,000 ▪ Maryland: ○ Properties located in Baltimore, MD are NOT Eligible ▪ Texas: ○ Texas 50 (a)(6) applies to Primary Residences ONLY ○ Max LTV 80% ○ 12 Month Seasoning required from most recent TX 50(a)(6) transaction
Escrow Impound	▪ Mandatory Impound for ○ LTV > 80% ○ HPML (High Price Mortgage Loan) ○ FLOOD INSURANCE
Prepayment Penalty	▪ Investment Properties only ▪ Prepayment periods up to 5-years eligible, see rate sheet ▪ 5% of the unpaid principal balance. ▪ Not permitted in Maryland(MD) ▪ NJ : Permitted only if closing in the name of an Entity: C-Corp or S-Corp Only.
Document Age	▪ 90 days prior to the note date ○ Credit Report ○ Income ○ Asset ○ Title ○ CPL ○ Certificate of Good Standing ▪ 120 days prior to the note date ○ Appraisal Report ○ Flood Certificate
General Underwriting Guidelines	
Borrower Eligibility	▪ US Citizen ▪ Permanent Resident Alien, ▪ Non-Permanent Resident Alien ○ Borrowers With US Credit and acceptable VISA.
Borrower ID	▪ A non-expired government issued photo ID is required
Ineligible Borrower	▪ Non-Occupant Co-Borrowers ▪ Borrowers not on title (refinances) ▪ Borrowers with diplomatic immunity or otherwise excluded from U.S. jurisdiction ▪ Borrowers from OFAC sanctioned countries

	- Residents of any country not permitted to transact business with U.S. companies are ineligible (as determined by any U.S. government authority) - Any material parties (company or individual) to transaction listed on HUD's Limited Denial or Participation (LDP) list, the federal General Services Administration (GSA) Excluded Party list, or any other exclusionary list. - Borrowers less than 18-years-old - Trusts or land trusts (revocable trusts may qualify for ownership vesting only)
Credit Score	- Middle of three scores provided for any borrower. - If only two credit scores, the higher of two will be used. - When there are multiple borrowers, the highest income earner's applicable score from the group of borrowers is the representative credit score for qualifying. If the income is the same (e.g., when borrowers have 50/50 ownership in a business), the highest score will be used.
Tradelines	- If the primary credit qualifying borrower has three credit scores, the minimum tradeline requirement can be waived. 1 open and reporting 24-months; (with activity in the most recent 90 days) or 2 open and reporting 12-months (with activity in the most recent 90 days)
Credit Event Seasoning	BK/FC/SS/DIL/ Non-Covid Forbearance /Modification /Deferral/ 1x120x12 Mtg Late are All considered Credit events and must meet seasoning: ≥ 36 Months – No reduction ≥ 24 Months: - Purchase Max LTV 75% - R/T & C/O Refinance Max LTV 70% ≥ 12 Months: - Purchase & R/T Max LTV 70% - C/O Refinance Not Eligible 48 months is required for 85% LTV
Housing History Primary and Second Home	12 months housing history (mortgage/rental payments) must be verified. - For properties owned free and clear proof of property taxes paid current must be verified. 1x30x12 allowed with Max LTV 80% - Borrowers without a complete 12-month housing history are restricted to ALL of the following requirements: - Primary Residence Only - Max DTI 45% - Fully executed VOR/VOM with all applicable payments documented - Borrowers living rent free with a spouse are acceptable with rent free letter from spouse and evidence of spouse's mortgage or current lease Rent Free LLPA for less than 12 months verified
Housing History for Investment	12 months housing history (mortgage/rental payments) must be verified 1x30x12 allowed with Max LTV 75%

Collections/Charge off	- Medical Collections may remain open - Collections and charge-offs with a cumulative balance of greater than \$2,000 must be paid
Reserves	<= \$1.0mm = 3 months PITIA \$1.0mm-\$1.5mm = 6 months PITIA >\$1.5mm = 9 months PITIA - Cash out may be used to satisfy requirement - Reserves Must be own funds (NO GIFT)
Gift Funds	- Gift funds cannot be counted towards reserves 100% Gift Funds are allowed for down payment and closing cost
Asset Source	Eligible - Checking/Savings/Stocks/Bonds - IRA, Keogh, and 401(k) Retirement Accounts (80% of vested balance excluding outstanding loans secured against it if under eligible retirement age, 100% of vested balance excluding outstanding loans secured against its eligible retirement age) Must Include Terms of Withdrawal. - Trust Accounts (100%): Must review a copy of the full Trust Agreement - Life Insurance: Cash value must be verified by a letter from the insurance company otherwise the surrender value must be used - Foreign funds for closing costs and down payment must be transferred to a traditional bank account in U.S. Dollars (USD) at least 10 days prior to closing. - The use of business assets for self-employed borrowers for down payment, reserves, and closing costs are allowed. The borrowers on the loan must have >25% ownership of the business and must be the owners of the account. - Virtual currency: BTC,ETH are eligible funds for down payment, closing costs, and reserves; however, for down payment and closing costs the crypto must be liquidated into a U.S. bank account, while for reserves the borrower may use 60% of the current valuation with proof of ownership and a Coinbase valuation within 30 days of the Note date, or 100% if the cryptocurrency is transferred into a U.S. financial institution before closing. 1031 Exchange: Delayed 1031 Exchange funds for "like—kind exchange" are eligible for earnest money deposit (EMD), down payment, and closing costs. Reverse 1031 exchange is not permitted. 1031 exchange funds are not eligible for reserves.
Interested Party Contributions	Max 6%

Appraisals	2nd Appraisal required for loans $\geq$ \$2,000,000 - Transferred Appraisal are acceptable - Original appraisals are valid for 120 days from the note date. A recertification of value will be required after 120 days and is valid up to 180 days.
Appraisal Review	Desk Review Product to be ordered on all loans with an CU Score over 2.5, with the exception of those with a full second appraisal.
Declining Market	5% LTV reduction off Matrix Max LTV.
Minimum Property Standards	- Single Family: Minimum 600 sq ft - Condos: Minimum 400 sq ft 1-4 Units: Minimum 400 sq ft per individual unit
Acreage	Properties up to 20-acres
Properties Listed for Sale	- Subject property must be taken off the market on or before the Promissory Note date. - LOE required from the borrower to confirm in writing the reason for the listing as well as proof it was taken off the market. (if listing was cancelled prior to application nothing else will be required) - For properties listed within the most recent three months, the LTV will be based on the lesser of the most recent list price or the current appraised value.
Ineligible Properties	- Agricultural properties including working farms, ranches, and orchards - Manufactured/Mobile Home - Appraised condition rating of C5 or C6 - Assisted living facilities - Barndominiums - Boarding houses, homes that rent out by the room, or bed/breakfast properties - Co-op/timeshare - Condotel - Condo cooperative share loans - Dome or geodesic homes - Homes on Indian reservations, Indian Leased Land - Hawaii properties located in lava zones 1 and/or 2 - Houseboats - Log homes - Mixed-Use & Commercial properties - Properties not readily accessible by roads that meet local standards - Properties not suitable for year-round occupancy regardless of location - Properties with zoning violations - Properties used for the cultivation, distribution, manufacture, or sale of marijuana. - Vacant land or land development properties
TEXAS 50(a)(6)	- Lender Paid Compensation Required. - Permitted on 1-unit primary residences (SFR, attached dwelling, PUD and condo units are eligible). - Notice of Extension of Credit Disclosure (12 Day Letter) to be signed by all parties vested on title (and the loan may not be funded until the 12-business day period has passed). - The maximum LTV/CLTV is 80% and fees may not exceed 2.00% (Max Allowed).

	▪ A 12-month seasoning from the Date of signed Home Equity Mortgage to Date of Note for new transaction (no exceptions will be allowed as this is state specific to meet compliance). ▪ A survey is required for all Texas 50(a)(6) transactions and may not be waived. ▪ All Texas 50(a)(6) transactions must be reviewed by a Texas attorney and the attorney must provide an Attorney Opinion Letter that confirms all provisions of Texas Constitution Section 50(a)(6) have been met. ▪ Ineligible Specific to Texas 50(a)(6) transactions: • Leasehold properties • Property exceeding 10 acres • Subordinate Financing is ineligible • Non-owner occupants • Power of Attorney is not permitted
Power of Attorney	▪ Limited Power of Attorney (POA) is acceptable for executing closing documents, is specific to the transaction, contains an expiration date, initial 1003 is signed by the Borrower executing the POA ▪ Not permitted on Entities: LLC, Corporations, Entity Borrowers, Etc ▪ Not permitted on Cash-Out transactions