

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): ○ Investment Property ONLY ○ Loan amount > \$2.5m = Max LTV 70% ○ Loan amount: \$2.0m-\$2.5m = Max LTV 75% ▪ 2-4 Unit: Max LTV 80% ▪ FL with LTV over 70% will requires a Full Condo Review ▪ Non-Warrantable Condo : 5% LTV Reduction ▪ Declining market : 5% LTV reduction off Matrix Max LTV. ▪ Short Term Rental : Max LTV: Purchase 75% Refinance: 70% ▪ Housing History: 1x30x12 Max LTV 80% Primary or Second Home Max 70% Investment ▪ Credit Event: Seasoning must be > 48 months for 85% LTV				

▪ WVOE: Primary occupied only ○ Min Fico 680 ○ Max LTV with Fico ≥ 720 • Purchase /R&T: 80% • Cash Out or FTHB: 70% ○ Max LTV with Fico < 720 ○ Purchase/R&T: 75% ○ Cash Out or FTHB: 70%	
Income Requirement	
P&L Only	▪ 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 ○ $Monthly\ Income = \frac{Net\ Qualified\ Assets}{60\ Months}$
WVOE	▪ Only allowed for owner-occupied transactions ▪ WVOE verification must be completed on Fannie Mae 1005 Form <u>OR</u> through a third-party vendor ▪ Only base pay can be used as qualifying income (bonus, overtime, commission, etc. is not allowed) ▪ Min Fico 680 ○ Max LTV with Fico ≥ 720 • Purchase /R&T: 80% • Cash Out or FTHB: 70% ○ Max LTV with Fico < 720 ○ Purchase/R&T: 75% ○ Cash Out or FTHB: 70%
**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. ▪ Loan amount > \$2.5m = Max LTV 70% ▪ Loan amount: \$2.0m-\$2.5m = Max LTV 75%.				
Loan Purpose	▪ Purchase ▪ LTV/CLTV based upon the lesser 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 \$10,000 can be included in the transaction. ○ LTV/CLTV is based upon the current appraised value, no seasoning required. ○ Net Tangible Benefit (NTB) to borrower 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 (Warrantable and Non Warrantable 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
Escrow Impound	▪ Mandatory Impound for ○ LTV > 80% ○ HPML (High Price Mortgage Loan) ○ FLOOD INSURANCE
Prepayment Penalty (Investment Property ONLY)	▪ Investment Properties only ▪ Prepayment periods up to 5-years eligible, see rate sheet ▪ 5% of the unpaid principal balance. ▪ Not permitted in Maryland(MD) ▪ New Jersey (NJ) : Permitted only if closing in the name of an Entity: C-Corp or S-Corp Only. ▪ California (CA) and Colorado (CO) requires ≥ 6 months of prepay
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. ▪ All additional borrowers/co-borrowers must meet the minimum fico requirement of 620
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 Living Rent Free not eligible when Subject is an Investment Property 1x30x12 allowed with Max LTV 75%
Housing History Balloon Mortgages	A Balloon Note with a maturity date expired more than 45 days prior to the Note date is ineligible for financing If over 30 days past maturity, borrower must qualify with a 1x30 A Note extension is acceptable, provided the original note indicates than an extension may be allowed
Collections/Charge off	- Medical Collections may remain open - Collections and charge-offs with a cumulative balance of greater than \$2,000 must be paid BUSINESS PURPOSE LOANS: PAYING OFF CONSUMER DEBT IS NOT ELIGIBLE
Asset Source	- 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. - 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 or proof sent directly to the settlement agent or escrow account. - 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 may be used for down payment and closing (not permitted for reserves). The following documents are required: 1031 Exchange Agreement Purchase contract for subject property to acknowledge this is a 1031 Exchange Copy of purchase agreement for vacated property to ensure it included the 1031 Tax Deferred Exchange verbiage Settlement Statement from relinquished property verifying funds Reverse 1031 exchange is not permitted.

Reserves	▪ ≤ \$1.0M = 3 months PITIA ▪ >\$1.0M - \$1.5M = 6 months PITIA ▪ >\$1.5M = 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
Interested Party Contributions	▪ Max 6%
Appraisals	▪ Loan Amounts ≥ \$2,000,000 require 2 appraisals. ▪ Flip transactions require 2 appraisals ▪ Transferred appraisal acceptable as long as original appraisal is dated less than 120 days from Note Date. ▪ 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. ▪ If original appraisal is dated more than 180 days from note date, a new appraisal report is required.
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.
TEXAS 50(a)(6)	▪ Lender Paid Compensation Required. ▪ Permitted on 1-unit primary residences (SFR, attached dwelling, PUD and condo 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
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 ▪ Condohomes ▪ 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
Limitation of Financed Properties /Exposure	▪ Maximum loan to a single borrower shall not exceed \$10 million or 10 loans.