



DSCR Advantage

an AMB Solutions Product

(AMB Solutions)

Product Guidelines



NMLS ID 629700

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Product Summary

Quick-reference parameters across AMB Solutions DSCR program.

	Description	AMB Solutions DSCR
General	Minimum Loan Amount	\$125K
	Maximum Loan Amount	\$2.0MM
	Minimum FICO	660
	Maximum LTV	80%
	Maximum DTI	N/A
	Product Type	30 Yr Fixed, 7/6 ARM, 10/6 ARM, Interest Only (see restrictions)
	Occupancy	Investment (Business Purpose Only)
	Housing Event Seasoning	3+ years
	Mortgage History	0x30x12
	Interest Only Restrictions	* DSCR >= 1.00, Min 700 FICO, Max 75% LTV * DSCR >= 0.75, Min 700 FICO, Max 70% LTV * No Ratio – Not Permissible
Property	2-4 Units	Max 80% LTV *For LTV > 75%, contact the lock desk for pricing
	Warrantable Condo	Max 75% LTV
	Non-Warrantable Condo	Max 75% LTV
	Rural Properties	Max 20 acres
	Declining Market	5% LTV Reduction
Borrower	First Time Homebuyer (FTHB)	First Time Investors Allowed. First Time Homebuyers Not Allowed
	Non-Occupant Co-Borrower	NA
	Permanent Resident Alien	Eligible
	Non-Permanent Resident Alien	Max 75% LTV No Cash-Out

Income	Full Doc	N/A
	12 Month Bank Statement	N/A
	24 Month Bank Statement	N/A
	1099	N/A
	12 Month Profit and Loss	N/A
	Asset Depletion	Not Permissible
	Asset Qualifier	Not Permissible
	DSCR Calculation	Gross Rent/PITIA or Gross Rent/ITIA (Interest Only)
	Minimum DSCR	.75x or No Ratio
Reserves	\$125,000 - \$149,999	3 Months
	\$150,000 - \$500,000	3 Months
	\$500,001 - \$1,000,000	6 Months
	\$1,000,001 - \$2,000,000	6 Months
	> \$2,000,000	NA
	Additional Financed Properties	None
	Cash-out Used as Reserves	Allowable
Cash-Out	LTV > 65%	Max \$1,000,000
	LTV <= 65%	Unlimited
ARM Info	ARM Margin	5%
	ARM CAPS	5/1/5
	Reset Period	6 months
	Index	30 Day Average SOFR
	ARM Floor	Floor = Margin

AMB Solutions DSCR – FICO & LTV Matrices

Maximum LTV by FICO score, loan amount, and occupancy.

Purchase & Rate/Term Refinance				
FICO	Loan Amount	DSCR>=1.0	DSCR>=.75	No Ratio DSCR
740	<= \$1.0MM	80	75	75
	<= \$1.5MM	75	70	70
	<= \$2.0MM	75	65	65
720	<= \$1.0MM	80	75	70
	<= \$1.5MM	75	70	65
	<= \$2.0MM	75	65	NA
700	<= \$1.0MM	75	75	65
	<= \$1.5MM	75	70	65
	<= \$2.0MM	70	65	NA
680	<= \$1.0MM	75	70	65 (60 R/T Refi)
	<= \$1.5MM	70	NA	NA
	<= \$2.0MM	65	NA	NA
660	<= \$1.0MM	70	60	60
	<= \$1.5MM	65	NA	NA
	<= \$2.0MM	60	NA	NA
Cash-Out Refinance				
FICO	Loan Amount	DSCR>=1.0	DSCR>=.75	No Ratio DSCR
740	<= \$1.0MM	75	70	65
	<= \$1.5MM	70	65	60
	<= \$2.0MM	60	60	60
720	<= \$1.0MM	75	70	60
	<= \$1.5MM	70	65	60
	<= \$2.0MM	60	NA	NA
700	<= \$1.0MM	75	65	60
	<= \$1.5MM	70	65	60
	<= \$2.0MM	60	NA	NA
680	<= \$1.0MM	65	60	60
	<= \$1.5MM	60	NA	NA
	<= \$2.0MM	NA	NA	NA
660	<= \$1.0MM	65	60	60
	<= \$1.5MM	60	NA	NA
	<= \$2.0MM	NA	NA	NA

Borrower Eligibility

Eligible Borrowers

- U.S. Citizens
- Permanent Resident Aliens
- Non-permanent Resident Aliens
- Foreign Nationals
- Inter Vivos Revocable Trust (Must meet FNMA requirements)
- Limited Liability Companies ("LLCs")

Permanent Resident Alien

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.

Acceptable evidence of lawful permanent residency must be documented and meet one of the following criteria:

- 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 two (2) years that has an expiration date, if it 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-yy. Employment Authorized."

Non-Permanent Resident Aliens

- The following Visa classifications are allowed as Non-Permanent Resident Aliens:
 - E-1, E-2, E-3
 - EB-5
 - G-1 through G-5
 - H-1B
 - L-1
 - NATO
 - O-1
 - R-1
 - TN (NAFTA) R-1
- Copies of the Borrower's passport and unexpired visa must be obtained. 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). Borrowers unable to provide evidence of lawful residency status in the U.S. are not eligible for financing

- A valid employment authorization document (EAD) must be obtained if the visa is not sponsored by the Borrower's current employer. If the visa will expire within six (6) months of note date, it is acceptable to obtain a letter from the employer documenting the Borrower's continued employment and continued visa renewal sponsorship (employer on the loan application must be the same as on the unexpired visa)
- If a non-U.S. citizen is borrowing with a U.S. citizen, it does not eliminate visa or other residency requirements. Individuals in possession of spouse or family member visas are to qualify as co-Borrowers only. A valid EAD must be provided to use income for qualification
- Borrowers who are residents of countries which participate in the Department of Homeland Security'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: <https://www.dhs.gov/visa-waiver-program-requirements>
- Maximum 80% LTV
- Purchase and Rate / Term Refinances only

First Time Home Buyers

- First Time Home Buyers ("FTHB") are individuals that have not owned a home or had a residential mortgage in the last three (3) years.
- Please note: AMB does not classify a borrower as a First-Time Homebuyer (FTHB) if they are vested on any property title within the past (3) years. Borrowers vested on title to their primary residence but not on the note will still require a 12-month housing history.

The following are required for FTHB:

- Maximum payment shock of 250%
- Rent Free FTHB are unable to meet Payment Shock requirements, they are permitted with no credit exceptions. Housing History requirements pertaining to rent free borrowers identified in the Credit Eligibility section of this guide must be followed
- Please refer to the respective AMB Program Summary for additional FTHB restrictions

Non-Occupant Co-Borrower(s)

Non-Occupant Co-Borrowers are credit applicants that do not occupy the subject property. The following requirements must be met:

- Must be an immediate relative, proof of relationship is required
- Must sign the mortgage/deed of trust
- Must not have an interest in the property sales transaction
- Maximum LTV of 80% or limited as posted on applicable AMB Program Matrix, whichever is lower
- Single unit primary residence only
- Maximum DTI of 43%
- Additional six (6) months reserves required

- Occupying Borrower must have documented income equal to 75% of PITIA
- Purchase and Rate/Term Refinance only

Ineligible Borrowers

- ITIN
- Irrevocable or Blind Trusts
- Layered Entity with a Trust
- Land Trusts
- Non-profit organizations
- Borrowers with diplomatic immunity
- Asylum applicants
- Self-employed Borrower deriving their income from any Cannabis related business
- Borrower(s) with residence of any country not permitted to conduct business with U.S. Companies as determined by U.S. government authority

Entity Vesting for Limited Liability Companies (LLC)

AMB does not currently allow vesting or closing in the name of Limited Partnership (LP), General Partnership, Corporations (Corp).

Entity Vesting Requirements

Properties vested in Limited Liability Companies (LLC) are limited to Investment and Business Purpose and the following requirements must be met:

- Entities must be formed for the purpose of Ownership and Management of Real Estate
- Max of four (4) entity owners allowed
 - All eligible guarantors must be disclosed, and credit qualify – eligibility listed in section below
- All Borrower(s) must execute the Occupancy Certification or similar form
- For DSCR Borrower(s) obtaining a Rate / Term or Cash-Out Refinance loan, the Borrower must execute the business purpose & Occupancy Affidavit

Borrower / Guarantor Eligibility Requirements

Guarantor(s) must:

- Be a managing member or majority owner
- Hold at least 25% ownership (as confirmed by the Operating Agreement or equivalent)
- Guarantor is subject to the same underwriting requirements as an individual Borrower
- Personal Guaranty (PG) is required when Note is not signed individually (see below for signing example)
- Guarantor(s) must sign all closing documents and disclosures
- All Borrower(s) will be required to provide Personal Recourse

- Consent of Spouse Form will be required in Community Property States when loan is signed with a Personal Guaranty and Spouse is not included on the loan
- Form must be executed at loan closing and dated the same date as the Note

Required Entity Documentation

The following entity documents are required:

- Articles of Incorporation
- Operating Agreement (or equivalent)
- Tax Identification Number (Employer Identification Number – EIN)
- Certificate of Good Standing
- Must be dated within 30 days of closing

Layered Entity Structures

- Layered entities are permitted up to two (2) layers as long as the ownership structure is consistent from top to bottom with no discrepancies
 - For example, if the borrower is ABC LLC, which is 100% owned by XYZ LLC, and John and Mary Smith are the sole owners of XYZ LLC, then John and Mary Smith must be the borrowers/guarantors. The ownership chain must be clear and aligned.
- Entities layered with a trust are NOT eligible
- Guideline requirements above must be met for each entity

Entity Signature Requirements

- The Note must be signed by either the guarantor in their individual capacity and/or as member(s) and/or managing member of the entity. In cases where there will not be any individual capacity signatures, each applicable guarantor / manager must sign a Personal Guaranty in their individual capacity.
- The Mortgage / Deed of Trust / security instrument should be signed by the applicable guarantor(s) of the entity in their capacity as member(s) and/or managing member of the entity.

Example:

Note:
<i>John Smith (Individual signature if person is not signing a Personal Guaranty)</i>
<i>John Smith, as member of ABC Properties, LLC</i>
Mortgage / Deed of Trust:
<i>John Smith, as member of ABC Properties, LLC</i>

Eligible Occupancy

- Investment/Non-Owner Occupied (Business Purpose Only)

Investment/Non-Owner Occupied

- Occupancy designation for an income producing property where the Borrower does not occupy the Subject property
- All Borrower(s) must execute the Occupancy Certification or similar form
- For DSCR Borrower(s) obtaining a Rate / Term or Cash-Out Refinance loan, the individual signing the Note and/or providing a personal guaranty must execute the Business Purpose & Occupancy Affidavit
- For non-owner-occupied loans with a Guarantor, the individual(s) providing the guaranty must execute the Personal Guaranty Agreement.
- Ineligible for Non-Owner Occupied
 - Gift funds not permitted on Non-Owner-Occupied loans > 80% LTV

Eligibility

Eligible Transaction Types

Purchase

- A purchase transaction is one which allows a buyer to acquire a property from a seller where the proceeds of the transaction are used to finance the acquisition of the Subject property
- The lesser of the purchase price or appraised value of the Subject property is used to calculate the LTV
- Sellers must have owned the property more than 6 months, otherwise the transaction is subject to review as a Flip Transaction. Scenarios must meet the definition and requirements as outlined in the Flip Transaction section of this guide.
 - Bank owned REO and Corporate Relocations are eligible and not considered a flip transaction
- Maximum Interested Party Contributions permitted up to 6%

Rate/Term Refinance

- A Rate/Term Refinance transaction is when the new loan amount is limited to the payoff of a present mortgage for the purpose of changing the interest rate and/or term of mortgage only with no additional cash or advancing of new money on the loan unless it is below the limited cash-out amount.
- The seasoned non-first lien mortgage is (1) a purchase money mortgage or (2) a closed end mortgage or (3) a HELOC mortgage not having any draws greater than \$5,000 in the past twelve (12) months
- Withdrawal activity must be documented with a transaction history from the HELOC
- Limited cash to the Borrower must not exceed the lesser of \$5,000 or 2% of the principal amount of the new mortgage to be considered a Rate/Term refinance
- The LTV will be based off the appraised value. Loan must be used to pay off existing lien on the subject mortgage and cash to the Borrower must not exceed the lesser of \$5,000 or 2% of the principal amount of the new mortgage
- Properties that have been listed for sale by the Borrower within the past six (6) months from the Note Date may not be currently listed at the time of Loan Application and will require a Borrower LOE and Listing Cancellation
 - Multiple listings in the past twelve (12) months will not be eligible for purchase.
- The rate/term refinance of a construction loan is eligible with the following conditions:
 - If the lot was acquired twelve (12) or more months before applying for the subject loan, the LTV is based on the current appraised value of the property
 - If the lot was acquired less than twelve (12) months before applying for the construction financing, the LTV is based on the lesser of (i) the current appraised value of the property and (ii) the total acquisition costs

- Refinance of a previous Cash-Out seasoned < 1 year will be considered Cash-Out refinance
- Refinancing of a Land Contract is considered a purchase and LTV should be calculated using purchase price

Cash-Out

- A Cash-Out Refinance transaction allows the Borrower to pay off the existing mortgage by obtaining new financing secured by the same property or allows the property owner to obtain a mortgage on a property that is currently owned free and clear. The Borrower can receive funds at closing if they do not exceed the program requirements
- To be eligible for a Cash-Out Refinance the Borrower must have owned the property for a minimum of six (6) months prior to the note date. For DSCR Cash-out seasoning and guidance, please refer to DSCR section
- Properties that have been listed for sale by the Borrower within the past six (6) months from the Note Date may not be currently listed at the time of Loan Application and will require a Borrower LOE and Listing Cancellation
 - Multiple listings in the past twelve (12) months will not be eligible for purchase.
- If the property is owned less than twelve (12) months but greater than six (6) months at the note date, the LTV for the transaction will be based on the lesser of the original purchase price plus fully documented improvements, such as invoices and/or confirmed by the appraiser, or current appraised value. The prior settlement statement will be required for proof of purchase price
- Refinance of a previous Cash-Out seasoned < 1 year will be considered Cash-Out refinance
- Refinancing of a Land Contract is considered a purchase and LTV should be calculated using purchase price
- Please note: Cash-out includes funds received AT closing as cash back and any applicable debts paid off outside the original purchase money transaction.

Property Buyouts and Inherited Properties

- Refinances of inherited properties and properties legally awarded to the borrower, including DSCR loans, are allowed. This includes divorce, separation and dissolution of a domestic partnership. Seasoning requirements do not apply, and the following guides must be met:
 - Written agreement signed by all parties stating the terms of the buyout and property transfer must be obtained
 - Equity owners must be paid through subject loan's settlement
 - Subject property has cleared probate and property is vested in the borrower's name
 - Current appraised value is used to determine loan-to-value

Flip Transactions

- On a purchase transaction when the home is being resold within 180 days of seller's purchase date, the transaction is considered a flip (based on the day the borrower signs an initial purchase agreement)

- Flips with resale prices in excess of the following will require a pre-approval, unless seller acquired the property in a private sale not exposed to any multiple listing service:
 - More than 10% increase within 90 days
 - More than 20% increase from 91 to 180 days
- Current purchase transaction must be listed with a realtor on Multiple Listing Services
- Bank owned REO and corporate relocations are eligible and not considered a flip transaction
- Second Appraisal is required for HPMLs if:
 - >10% increase in sales price if seller acquired the property in the past 90 days
 - >20% increase in sales price if seller acquired the property in the past 91-180 days

Delayed Financing

- Delayed purchase financing is available when a property was purchased by a Borrower using cash, within one hundred eight days (180) from the date of purchase to the new mortgage note date.
 - The original purchase transaction must be an arm's length transaction
 - The source of funds for the original purchase transaction must be documented (bank statements, personal loan documents, HELOC from another property as example)
 - The maximum LTV for the transaction will be based on the lower of the current appraised value of the subject or the purchase price plus any of the fully documented improvements such as invoices and/or receipts for work performed and confirmed by the appraiser
 - The preliminary Title information must confirm that there are no existing liens on the property
 - The loan is considered a Cash Out transaction. Cash Out loan, LTV and other limitations apply

Ineligible Transaction Types

- Subordinate Financing
- HELOC
- Bridge Loans
- Construction Loans
- Assignment of Contracts
 - If there are no fees involved, the assignment may be considered on a case-by-case basis and will require an investor exception approval, subject to LLPA. Please submit for a formal review.
- Builder Bailout & Model Leasebacks
- Conversion Loans
- Daily Simple Interest Loans
- Rent Credits
- Lease Option
- Tenants in Common, unless all parties vested match the actual borrowers of the loan

- Greater than 30-year terms
- Mobile to Land Loans
- Balloon Payments
- Negative Amortization
- Texas Cash-Out 50(a)(6)

Credit Eligibility

Credit Report Detail

- A tri-merged in file credit report from all three repositories is required
- A written explanation for all inquiries within ninety (90) days of application is required disclosing no new debt
- Alternate confirmation that there is no new debt may include a new credit report, pre-close credit score soft-pull or gap report
 - DTI should be recalculated based on any new debt
 - Any new credit scores must be reviewed for qualifications

Credit Scores

- FICO is a credit score developed by FICO, previously known as Fair Isaac Corporation. FICO scores are derived by a credit-scoring model used to predict the likelihood of a default occurring. FICO scores are among the most important factors in determining the customer's likelihood of debt repayment. The higher the FICO score, the lower the probability of default.
- A minimum of 2 credit scores are required to be provided and used to determine the qualifying credit score for loan approval. Methodology of which FICO score to use is as follows:

DSCR Credit Score Methodology

- The Representative Credit Score for a borrower is the middle score of 3 FICO scores, or the lower score of 2 FICO scores when only 2 FICO scores are provided.
- When more than one borrower qualifies for the loan, the qualifying credit score is the higher Representative Credit Score of all borrowers
- Credit rescoring must be completed prior to loan lock except in the event of a disputed item or valid error. Documentation must be provided to support the reason that a credit rescore was performed.

Credit Report Requirements

Tradelines

If the primary borrower has three (3) credit scores, the minimum tradeline requirement is waived. For loans when the primary borrower has less than three credit scores, each borrower must meet the minimum tradeline requirements, unless the co-borrower is the spouse of the borrower. In that case, only one spouse is required to meet the minimum tradeline requirements outlined below.

Minimum tradeline requirements are as follows:

- At least three (3) tradelines reporting for a minimum of 12 months, with activity in the last 12 months, or
- At least two (2) tradelines reporting for a minimum of 24 months, with activity in the last 12 months.
 - At least 1 revolving tradeline reporting for 60 months with activity in the last 12 months and a verified 12-month housing history 0x30; or
 - At least 1 installment tradeline reporting for 36 months with activity in the last 12 months and a verified 12-month housing history 0x30.
- Mortgage accounts count toward required tradelines
- VORs and VOMs from servicing/management companies may count with a credit supplement.
- Married borrowers are evaluated on combined credit and do not need to individually meet tradeline requirements

Alternative path (when borrower does not meet standard tradeline requirements but has a minimum of two credit scores):

- No fewer than eight (8) tradelines are reporting, one (1) of which must be a mortgage or a rental history.
- At least one (1) tradeline has been open and reporting for a minimum of twelve (12) months.
- The borrower has an established credit history of at least eight (8) years.
- Tradelines with recent serious adverse history are not acceptable.
- Student loans can be counted in credit depth as long as they are in repayment and not being deferred.
- Waive minimum tradeline requirement when three credit scores are reporting for the primary borrower.
- Create a simplified approval path when three scores are present, eliminating the need to satisfy depth/activity combines outlined above.

The following are not acceptable to be counted as tradelines:

- “non-traditional” credit as defined by Fannie Mae
- Collection accounts
- Self-reported tradelines
- Foreclosures
- Any liabilities in deferment status
- Deed-in-lieu of foreclosure
- Accounts discharged through bankruptcy
- Authorized user accounts
- Charge-offs
- Short sales
- Pre-foreclosure sales

Credit Events

- Prior Bankruptcies (Chapter 7, 11, 13) are permitted based upon respective AMB Program Summary. Multiple bankruptcies are not permitted.
- Prior Foreclosure, Short Sale, Deed-in-Lieu, and Modification (due to default), Notice of Default, Lis Pendens, and 120+days delinquency is permitted based upon respective AMB Program Summary
- Borrowers currently enrolled in credit counseling or debt management plans are not permitted
- All Judgments or liens affecting title must be paid
- Non-title charge-offs and collections within three (3) years and exceeding \$5,000 (individually or aggregate) must be paid
- Medical collections less than \$15,000 are not required to be paid
- All past due accounts must be brought current prior to closing
- Disputed accounts may require a LOE
- IRS tax payment plans approved by the IRS are permitted if current and do not carry a lien on any property
- All Borrowers must be current on mortgage or rent at loan application
- All derogatory revolving and installment accounts >sixty (60) days within four (4) years of closing require a full explanation
- Delinquent credit belonging to ex-spouse can be excluded if late payments occurred after the divorce/separation, and divorce decree/separation agreement indicates derogatory accounts belong solely to the ex-spouse
- Security freeze – Credit reports may not contain a security freeze and should be resolved prior to an underwriting decision. Unfrozen reports after the date of the original credit report require a new tri-merged report
- Defaulted timeshares – Timeshares including delinquencies are treated as installment loans and not a housing event

Housing History

- Twelve (12) months housing history is required for all occupancy types – Primary, Second Home, and Investment Properties. If primary housing is documented as free and clear, no exception is needed; This includes whether or not the borrower is on the Note or Vested on Title of their primary.
- If the subject property has delinquent taxes > one year from note date (compared to loan application), this will be considered on a case-by-case basis and will require an investor exception approval, subject to LLPA. Please submit exception request for a formal review.
- Any additional housing history included in the loan file that reflects delinquencies will be subject to review and must adhere to the loan program matrix.
- 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 the account is current
 - Housing history evidenced by twelve (12) months proof of payment via cancelled checks, bank debits, or institutional VOR
 - For Private Mortgages, provide a fully executed VOM together with either bank statements showing account ownership and timely payments debited by Mortgage Servicer OR cancelled checks front and back along with the most recent mortgage statement.
 - If the borrower is living rent-free as a dependent with family and a 12 month housing history is not applicable, a rent-free letter is required. For first-time homebuyers, rent-free is permitted with no credit exceptions.
- Past due balloon will be considered a delinquency (1x30) and not a housing event, but only within one hundred eighty (180) days of maturity

Assets

Documentation

- Full Asset Documentation is required for both funds to close and reserves. For most asset types, this would include all pages of the most recent one-month (1) statement, the most recent quarterly statement, or FNMA approved third party direct pull services
- Publicly traded Stocks / Bonds / Mutual Funds – 100% may be used for reserves
- Vested Retirement Accounts – 100% may be considered for reserves
- Bitcoin or other forms of cryptocurrency are permitted for both funds to close and reserves provided the cryptocurrency has been converted or liquidated to cash. Seasoning requirements not applicable given liquidation
- Assets being used for dividend and interest income may not be used to meet reserve requirements
- Follow FNMA guides if funds require liquidation when used for the down payment or closing costs, and if the funds are being used for reserves
- Builder profits are not allowed
- Maximum Interested Party Contributions permitted up to 6%
- Rent credits not permitted
- LOE is required for large deposits, exceeding 100% of monthly income. If questionable, an LOE should be provided; if LOE is sufficient, sourcing may not be required
- DSCR large deposits should be in line and consistent with the borrower's overall credit profile and may require a letter of explanation.

Business Assets

- Business assets are an acceptable source of funds for down payment, closing costs, and reserves for self-employed borrowers; ALL of the following must be met
- The borrowers on the loan must have a minimum of 25% ownership of the business and must be owners on the business account
- Ownership percentage must be documented via CPA letter, Operating Agreement, or equivalent
- All non-borrowing owners of the business must provide a signed and dated letter acknowledging the transaction and confirming the borrower's access to funds in the account
- The balance of the business assets must be multiplied by the ownership percentage to determine the owner's portion of business assets allowed for the transaction
- A signed letter from a CPA or Underwriter Cash Flow Analysis must also be obtained verifying that the withdrawal of funds for the transaction will not have a negative impact on the business; not required on DSCR loans

Gift Funds

- Gifts from family members, as defined by FNMA, are allowed
- Gift funds cannot be counted towards reserves

- General Requirements:
 - Purchase transactions only
- Gift funds not permitted:
 - Second Homes and Investor properties >80% LTV
 - Borrowers utilizing Asset Depletion / Asset Qualifier programs
- Gift funds are acceptable as 100% down payment for loans <75% LTV
- Gift funds are acceptable for loans $\geq 75\%$ LTV; however, the underlying Borrower(s) must contribute at least 5% of the transaction (lower of Purchase Price or Appraised Value) from their own funds
 - Example: A \$500,000 purchase price where the LTV is going to be 75% or higher would require the borrower to have a \$25,000 of their own funds provided ($\$500,000 \times .05 = \$25,000$)

Other Asset Sources

Life Insurance Cash Value

- Life insurance policy current cash value or loan against the cash value may be used for down payment, closing costs or reserves

Foreign Assets

- Foreign assets are acceptable and must be sixty (60) days seasoned with two (2) most recent bank statements. A currency calculation must be provided
- Assets from countries under OFAC sanctions are not permitted

Non-borrowing Spousal Joint Accounts

- Allowable with relationship letter. If the loan is a bank statement loan or 12-month P&L loan, non-borrowing joint account holder affidavit is required to ensure no deposits by that non-Borrower is included as income

Restricted Stock

- Restricted stock is ineligible for to be used for reserves

Sale of Personal Assets

- Proceeds from the sale of personal assets are an acceptable source of funds for the down payment, closing costs, and reserves provided the individual purchasing the assets is not a party to the property sale transaction or the mortgage financing transaction. Documentation required supporting Borrower ownership of the asset, independent valuation of the asset, ownership transfer of the asset and Borrower's receipt of sale proceeds

Employer Assistance

- Employer assistance in the form of a grant, direct fully repayable second mortgage, forgivable second mortgage or deferred payment second mortgage or unsecured loan, and shared appreciation down payment assistance are permitted
- Funds must come directly from the employer, may be used for down payment / closing costs subject to minimum Borrower contributions, may be used for reserves except for unsecured loans and are only eligible for primary residence. Any obligation for the borrower that arises from receipt of this assistance must be included in qualifying the borrower.

1031 Assets

- Funds held by a 1031 administrator / agent are permitted for down payment and closing costs

Reserve Requirements

- Reserves are calculated off actual P&I payment plus taxes, insurance, and HOA fees (PITIA)
- See AMB Solutions Program Summary for specific reserve requirements
- Reserves for an Interest Only ("IO") loan will be based on the initial Interest Only payment (ITIA)
- Additional reserves are required for Borrower(s) with additional financed properties other than the Subject property (Applicable to AMB Pro, Plus and Foreign National Plus). DSCR does not require reserves for additional financed properties, Subject property only
 - Borrower(s) will be required to meet the subject property reserve requirement plus two months of reserves for each additional financed property, capped at a total of 12 months reserves for all properties (including Subject property)
 - Example: Borrower with five (5) financed properties with a total monthly PITIA / ITIA of \$5,000 must have an additional \$10,000 in reserves in addition to the Subject property requirements
- Cash-Out proceeds can be utilized for reserves on loans

Liabilities

Property Tax Estimates for New Construction

- Property taxes should be calculated using 1.5% of sales price for qualification (1.25% in California). Use of other property tax rates is allowed provided the rates are documented in the file

Student Loan

- Student loan payments must be included regardless of deferment or repayment in the DTI ratio. If a payment amount is not identified, 1% of the current loan balance may be utilized
- Affordability based payments may be used

Solar Leases

- Must conform to FNMA guidelines
- PACE loans (or any similar loan with payments that are included in property taxes or take lien priority) are not eligible

Debts Paid by Others

- Contingent liabilities can be excluded from DTI if the Borrower provides evidence that their business or another individual / entity has made payments for twelve (12) months (0x30). Any liability related to a separation or divorce can be omitted if ordered by family court. Documentation from the court is required.

Obligations Paid by Business

- Excludable if can be tied to business related activities (i.e.- vehicle) and twelve (12) months (0X30) proof the business pays. Expense must be evident on business financials and the borrowing entity is an individual.

Property

Appraisal

- All appraisals must comply with and conform to USPAP and the Appraisal Independence Requirements, and any requirement for HPMLs, if applicable
- The appraiser must not have a direct or indirect interest, financial or otherwise, in the property or in the transaction
- An appraisal prepared by an individual who was selected or engaged by a Borrower, property seller, real estate agent or other interested party is not acceptable
- Assigned/transferred appraisals are acceptable, unless ordered by Borrower
- Two appraisals are required to be delivered for either of the following scenarios: loan amounts > \$2,000,000 or HPML flip transactions as defined by the CFPB. Interior photos are required
- Original appraisals are valid for one hundred twenty (120) days from the note date. Any appraisal dated greater than one hundred twenty (120) days will require a recertification of value completed by the original licensed appraiser and is good for an additional one hundred twenty (120) days. If the loan does not close within the initial recertification, then another update may be obtained but the original appraisal must be dated within 12 months of the note
- Legal non-conforming zoned properties must indicate that the subject property can be rebuilt if it is severely damaged or destroyed
- Appraisals with condition or quality ratings of C5 or C6 are not eligible
- Form 1007 Schedule of Rents is required for all Non-Owner-Occupied loans on Single Family residences
- For 2–4-unit properties, a FNMA 1025 Small Residential Income Property Appraisal Report is required

Third Party Appraisal Review

- The Appraised Value (or lowest if two are required) is the only value used to determine the property value for the subject loan. Any secondary valuation products are provided only to support the value of the origination appraisal and are not meant to be used as a substitute value for the property
- Loans should be submitted with a completed third-party review that validates the origination appraisal. Either a Clear Capital - Collateral Desktop Analysis "CDA" or a Stewart Valuation (fka Protek Valuation) - Appraisal Risk Review "ARR" are acceptable. Additional vendors that are Rating Agency approved may be eligible with permission. Loans delivered without a third-party valuation report are subject to having a report completed to ensure the origination value is supported (the cost of that report will be netted out of funding)
- The Vendor Appraisal Review final opinion of value must be within -10% of the origination appraisal(s)
 - For LTVs > 85%, the review value must be within -5%

- If the review value fails the above-mentioned variances, the seller must provide an additional valuation report to support the origination appraisal. The required report types, in order, are as follows:
 - Field Review and then a 2055 Exterior Appraisal - must meet the required variance levels stated above to proceed**
- Review values greater than the origination appraisal have no tolerance requirements
- The Seller may utilize Collateral Underwriter (CU) and/or Loan Collateral Advisor (LCA) as a secondary valuation if the score is ≤ 2.5 . File must include a copy of the Submission Summary Report. If both are run, they must be done at the same time.; only one needs to have a passing score
- Desk review and other review products are not required for loans with two (2) appraisals

Declining Markets

- Properties in declining markets as determined by the appraisal, other third-party valuation (i.e., Desk Review, BPO, AVM, etc.) will require a 5% reduction in the LTV/CLTV caps for all tiers within the loan matrices

FEMA Disaster Areas

- Sellers are responsible for identifying areas impacted by disasters and ensuring that subject property has not been adversely impacted
- A list of federally declared disaster areas may be found on the FEMA website at <http://www.fema.gov/disasters>
- In addition, when there is knowledge of an adverse event occurring near or around the subject property, including but not limited to earthquakes, floods, tornadoes, or wildfires, additional due diligence is required to determine when the disaster area guidelines must be followed
- Guidelines for disaster areas should be followed ninety (90) days from the incident period, unless a completed appraisal dated post-incident is provided

Appraisal Completed Prior to Disaster

- Appraisal update or final from the appraiser must be obtained
- Damage impacting the safety or habitability of the property or damage in excess of \$2000 is ineligible

Appraisal Completed After Disaster

- Appraiser must comment on the adverse event and any effect on marketability or value
- Damage impacting the safety or habitability of the property or damage in excess of \$2000 is ineligible

Disaster Incident Occurs After Closing

- A Post Disaster Inspection (PDI) report from Clear Capital is required

- Any indication of damage reflected on the report will require a re-inspection by the appraisal
- Damage impacting the safety or habitability of the property or damage in excess of \$2000 is ineligible

Verbal Verification of Employment

- New Verbal Verification of Employment (VVOE) required if the disaster event occurs after the original VVOE is completed
- Borrower should still be employed at the same employer listed on the initial 1003 and continuing to receive the same amount of income

Eligible Property Types

- One Unit Single Family Residences (Attached/Detached)
- Single Family Properties with ADUs (Accessory Unit Dwelling) follow FNMA requirements and restrictions
- Unpermitted additions/alternations and deferred maintenance to follow FNMA guidelines
- Warrantable and Non-Warrantable Condominium Projects meeting all applicable criteria
 - Florida condo projects and associations subject to Florida SB-4D requirements will need Structural Integrity Reserve Studies and Milestone Structural Inspections subject to all state requirements. These properties will be considered on a case-by-case basis and will require an investor exception approval, subject to LLPA
- 2-4 Unit Properties
- Planned Unit Development (PUD- Attached/Detached)
- Townhouses
- Leasehold Properties
- Maximum of 20 acres

Condominium Projects

- AMB Solutions accepts both Warrantable and Non-Warrantable condominium projects
- Sellers may review and approve both FNMA Warrantable and Non-Warrantable condo projects
- Reviews of Warrantable Condo Projects must follow the Fannie Mae (FNMA) Selling Guide, unless additional criteria are specified, and Non-Warrantable reviews must follow Full Review and Non-Warrantable Condo criteria

Documentation Requirements

- HOA Condominium Questionnaire is required for all units in a condo project. A new review is required for each loan transaction
 - Condominium Project Questionnaire - Full Review, or similar
 - Condominium Project Questionnaire - Limited Review, or similar
- Condominium Project Certification or similar certification must be provided with the loan package on all projects

- Master insurance certificate including HO6, along with all required coverages (all projects)
- Current Budget (Full Review)
- Recorded declarations/CC&R's and by-laws (Full Review)
- Additional documentation may be required by underwriting to complete project review

Review Status Eligibility Types

- Fannie Mae Project Eligibility Review Service (PERS) Approval
 - New and Existing Condominium Project Approvals are acceptable
 - Evidence of the PERS final project approval must be current through the Note Date and included in the Mortgage loan file
- Condominium Project Manager (CPM) Approval
 - The project must have a valid, unexpired CPM Seller Certification as of the date of the Note and a copy must be in the Mortgage Loan file. The CPM status designation must reflect a designation that is eligible for sale
 - In addition, there must not be any change of circumstances since the project information was submitted to CPM that would result in the project not satisfying Fannie Mae's eligibility criteria
 - Note: Loans secured by units in projects with a status of "Unavailable" in Condo Project Manager (CPM) will require a Full Condo Project review and may be ineligible for purchase.

Eligible Projects and Project Review Types

- Full Project Review
 - Attached Condo Unit in a New or Newly Converted Project
 - Projects that are deemed ineligible for Limited Review must complete a Full Project Review
 - Non-Warrantable Condos Project with NW Condo restrictions
- Limited Project Review
 - The unit securing the mortgage must be an attached unit in an established condo project
 - Attached units in established projects located in Florida may be subject to more restrictive LTV ratio requirements under the Limited Review process, as per FNMA guidelines
 - The Seller must ensure the project and unit meet the following eligibility requirements:
 - The project meets the general requirements for condos, co-ops, or PUDs
 - The project does not include manufactured homes
 - No more than 15% of the units have special assessments that are 60 or more days past due
 - If the LTV, CLTV, or HCLTV ratios exceed the limits, or if the seller becomes aware of any factors making the project ineligible under a Limited Review, they must use another review method. The project must meet all eligibility requirements for the selected review type

- The Project does not exhibit any characteristics that would classify it as an ineligible condominium project under Fannie Mae (FNMA) guidelines, including but not limited to:
 - Condomotels, including projects with registration services and/or projects that operate as motel/hotel
 - Projects Subject to Split Ownership Arrangements
 - Projects that Contain Multi-Dwelling Unit Condos or Co-ops
 - Projects with Property that is not Real Estate
 - Projects that Operate as a Continuing Care Community or Facility
 - Non-Incidental Business Arrangements
 - Commercial Space and Mixed-Use Allocation
 - Recreational Leases and Mandatory Memberships
 - Live-Work Projects
 - Litigation or Pre-litigation Activity
 - Single-Entity Ownership
 - Projects in Need of Critical Repairs
 - Projects Terminating or Involved in Insolvency Proceedings
- Project Review Waiver
 - Project review is waived for the following project types but must follow Fannie Mae Guides for acceptability
 - Detached Unit in a New or Established Condo Project
 - Unit located in a New or Established Two-to-Four Unit (2-4) Condo project
 - Borrower/Entity Owners may not own more than two units in any Two-to-Four Unit (2-4) project
 - Unit in a PUD project, except for PUD projects consisting of single-width and/or multi-width manufactured homes subject to a community land trust, deed restriction, ground lease, or shared equity arrangement and high LTV refinance loan

Expiration Dates for Project Reviews

Project Review Process Employed	Expiration of Project Review
Limited Review Full Review for Established Projects	<ul style="list-style-type: none"> • CPM/PERS must have been completed within one year prior to the note date • A new questionnaire is required for each loan transaction as well the Condo Project Certification
Full Review for New Projects	<ul style="list-style-type: none"> • CPM/PERS must have been completed within 180 days prior to the note date • A new questionnaire is required for each loan transaction as well the Condominium Project Certification
Approved by Fannie Mae as reflected in CPM	<ul style="list-style-type: none"> • CPM/PERS must be valid (unexpired) as of the note date • A new questionnaire is required for each loan transaction as well the Condominium Project Certification

- Loans secured by units in projects that did not meet Fannie Mae's eligibility requirements as of the note date may still be delivered after the project becomes compliant, provided all of the following are met:
 - The project meets applicable Fannie Mae eligibility requirements at the time of delivery
 - All standard mortgage seasoning and other loan-specific requirements are satisfied
 - Example: If a loan closes in a new project that does not yet meet Fannie Mae's pre-sale requirement, the loan may be delivered once the pre-sale threshold is met and all other criteria are fulfilled

Florida Condominium Project Overlays

- The following overlays apply to Florida condos that are three (3) or more stories high and thirty (30) years or older (25 years or older if the building is within 3 miles of the coastline):
 - Evidence is required that the building has completed the required inspections outlined in FL SB-4D
 - If the building has not completed the required inspections it is ineligible for financing
 - If the inspection revealed a substantial structural deterioration and/or any unsafe or dangerous conditions, evidence that the required repairs have been completed is required, or the project is ineligible
 - Evidence is required that the Association has completed the required structural integrity reserve study, and the budget adequately contains sufficient reserves
 - The monthly HOA fee should be consistent with the budget
- 48 hours prior to closing, Seller must re-verify that the project has maintained its approved status

Restrictions to Non-Warrantable Condominium Projects

- Risk stacking of non-warrantable features are not permitted
- A single owner / entity may not own more than 30% of the units
- Commercial space must be typical to the market, have no negative impact and comprise 49% or less of project space
- Investor concentration up to 70%
- No more than 25% of the total units in the project may be 60 days or more past due on their condo / HOA dues. This figure includes delinquencies for special assessments
- Properties with significant deferred maintenance or critical repairs must adhere to FNMA criteria
- Borrower must carry HO-6 coverage covering the replacement of items inside the unit. Master policy thru association may also have walls in coverage, and if so, that will satisfy the requirement
- If the project is located in a flood zone requiring insurance (per FNMA), both the subject property and complex must have adequate flood insurance
- Seller must confirm that the project documents do not give a unit owner or any other party priority over the rights of the first mortgagee, such as right of first refusal
- Mandatory dues are not allowed
- All common areas must be 100% complete

- HOA should be in control. Projects under builder, developer control may be considered on a case-by-case basis and will require an investor exception approval, subject to an additional LLPA. Please submit for a formal review.
- HOA reserves must demonstrate a minimum of 10%. No exceptions will be considered on this
- Projects involved in litigation are acceptable as long as the pending lawsuit(s) are not
 - Structural in nature
 - Do not affect marketability of the units
 - Potential for damages do not exceed 25% of the HOA reserves OR with documentation from the insurance carrier and attorney representing the HOA or insurance carrier that the insurance carrier has agreed to provide the defense and the association's insurance is sufficient to cover the litigation

Ineligible Property Types

- Cooperatives (CO-OP's)
- Manufactured Homes
- Rural Properties are limited to max 20 acres
- Residential units with ≥ 5 units
- Log Homes
 - Faux Log Homes (properties with a Log Cabin aesthetic, IE Log Cabin siding) may be eligible as determined by AMB
- Condotels
- Condominium projects with registration services or restrictions on owner's ability to occupy
- Unique Properties
- Mixed Use Properties
- Builder Model Leaseback
- Boarding Houses
- Barndominiums
- Group Homes
- Fractional Ownership/Timeshares
- Assisted Living/Continuing Care Facilities
- Mandatory Country Club Memberships
- Zoning Violations
- Properties under Construction
- Agricultural zoned properties (may be considered on a case-by-case basis)
- Multiple dwellings on same lot (legal ADUs are acceptable, must follow FNMA criteria)
- Working Farms
- C5 or C6 Property Condition Grades
- Live/Work Condos
- Earth Berm Homes
- Geodesic Domes

- Houseboats
- Homes on Native American Land (Reservations)
- Properties used for the cultivation, distribution, manufacture, or sale of Marijuana
- Theme Park Resort Properties

Underwriter Analysis

- **All loans must be manually underwritten**
- All loan files must contain underwriter worksheets detailing qualifying income calculations and debt obligations considered or not considered (and reason for exclusion)

Agency Ineligibility

- All applicable loans are required to have evidence of agency ineligibility
 - Underwriter to document the loan is not eligible for agency delivery
 - Documentation Options:
 - Complete AMB loan eligibility form, sign, and upload to Doc Manager
 - Provide written evidence on the 1008 the loan is not eligible for agency delivery due to... (examples: income documentation, property type- NW Condo)

Compensating Factors

- A loan that exhibits a credit underwriting exception, should have at least two compensating factors that are not related to the specific exception, that are intended to offset or mitigate the exception. Each loan presents a unique and individual set of circumstances and should be reviewed and considered based on their own content. The following list of possible compensating factors identifies some common types of compensating factors that may apply to a loan:
 - FICO score above program minimum by twenty (20) points or higher
 - DTI below program maximum by 5% points or greater
 - PITIA/ITIA reserves above program minimum by six (6) months or higher
 - Reduction in housing payment by 10% or greater
 - Increase in residual income by 10% or greater
 - Residual income \$1,000 above the program minimum required
 - 0 X 30 X 24-month housing history
 - Five (5) years minimum in subject property
 - Job stability of five (5) years or more

Documentation Age

- Unless otherwise stated in this guide, all credit documents including credit report, income docs, and asset statements must be dated no more than One Hundred Twenty (120) days prior to the note date.

Guideline Exceptions

- Exceptions must be submitted for approval
- Exceptions to hard guidelines (FICO, LTV, etc.) are not eligible

- Users making requests are to follow internal exception process as outlined by your Underwriting Manager
- Product Administration will review request and provide exception approval, denial, or re-negotiation outcome within 48 business hours, as available. Delays to exception responses, beyond 48 business hours, will be communicated
- Exceptions are not guaranteed

Maximum Financed Properties

- The maximum number of financed properties to any one Borrower/Guarantor is limited to twenty (20) residential properties
- Maximum AMB exposure to single Borrower/Guarantor: Lesser of \$7.5mm in unpaid principal balance or ten (10) residential properties
- Borrower(s) will be required to meet the subject property reserve requirement plus two months of reserves for each additional financed property, capped at a total of 12 months reserves for all properties (including Subject property)
- Additional reserve requirements for other financed properties is not applicable on DSCR

Residual Income

- Residual income equals Gross Qualifying Income Less Monthly Debt (as included in the DTI ratio)
- If the loan is an HPML, or if the DTI exceeds 43%, Borrowers must have a minimum monthly residual income as required below:

# in Household	Required Amount
1	\$1500
2	\$2500
Add \$150 for each additional household members	

General Information

Adjustable-Rate Criteria

- AMB offers 7/6 and 10/6 ARMS on Pro, Plus, and DSCR
- 30-Day Average SOFR/ Reset Period 6 months
- Caps: 5/1/5
- ARM Floor = Margin
 - PRO: 4%
 - Plus: 4.5%
 - DSCR: 5%

Product Types & Eligibility

Product ⁽¹⁾	Qualifying Rate ⁽²⁾	Term	IO Term	Amort. Term	Index	Caps
7/6 ARM	Higher of Fully Indexed or Note Rate	360		360	30 Day SOFR	5/1/5
7/6 ARM IO	Higher of Fully Indexed or Note Rate	360	120	240	30 Day SOFR	5/1/5
10/6 ARM	Higher of Fully Indexed or Note Rate	360		360	30 Day SOFR	5/1/5
10/6 ARM IO	Higher of Fully Indexed or Note Rate	360	120	240	30 Day SOFR	5/1/5
30 Yr. Fix	Note Rate	360		360		
30 Yr. Fix IO	Note Rate	360	120	240		
40 Year Fix IO	Note Rate	480	120	360		

(1)Qualifying payment for I/O loans must include principal component based on the original balance and remaining amortizing term at the end of the I/O period (i.e., 240 months or 360 months). See section Debt to Income (“DTI”) for additional information.

(2)DSCR loans will be qualified at the original Note Rat, regardless of ARM or Fixed.

Cash-Out Limits

- Please refer to AMB Solutions Summary for Cash-Out limits by program

Debt to Income (“DTI”)

- Max DTI permitted: 50%
- DTI > 50% allowable in AMB Solutions Pro only with the following requirements:
 - Minimum 700 FICO
 - Max 80% LTV
 - Primary residence only
 - No FTHB

- 1.5x minimum residual income
- Please refer to AMB Solutions Summary for DTI limits by program
- Loans with a DTI greater than 43% or HPML must follow residual income requirements as noted in “Residual Income” section
 - Qualifying Payment
 - For fixed rate loans, apply the fixed rate based on original balance fully amortized over selected term
 - Qualifying payments for I/O loan must include a principal component. Applicable to AMB Solutions Pro and Plus
 - For ARM I/O qualifying rate / payment, calculate using the higher of the fully indexed rate or Note rate based on the original balance and remaining amortizing term at the end of the I/O period (i.e., 240 months or 360 months)
 - See section for Adjustable-Rate Criteria
 - For fixed rate, I/O loans, qualifying payment, calculate qualifying payment based on the fixed rate, the original balance and remaining amortizing term at the end of the I/O period (i.e., 240 months or 360 months)

Derogatory Housing History

- Please refer to AMB's Program Summary for housing history requirements and derogatory housing event seasoning
- Derogatory Housing Events:
 - AMB defines Housing Events as Foreclosures, Short Sale, Deed in Lieu, Modification (due to default), Notice of Default, or 120+ Days Delinquent
 - Bankruptcies are considered Housing Events, inclusive of Chapter 7, 11, and 13
 - Defaulted first and second mortgages on same property are considered one (1) event
 - Events include all occupancy types (Primary, Second Home, and Investment Properties)
 - Seasoning lookback is from the date of discharge/dismissal or property resolution (completion date), as of the note date
 - Modification look back commences at inception (when loan was permanently modified)
- Housing History
 - Twelve (12) month mortgage/housing history includes all occupancy types: Primary, Second Home and Investment Properties

Hazard Insurance

- 100% of the replacement cost value of the improvements as of the current property insurance policy effective date, or the unpaid principal balance of the loan, provided it equals no less than 80% of the replacement cost value of the improvements as of the current property insurance policy effective date.

All other coverages/property types follow FNMA policy

Flood Insurance (1-4 Unit Properties)

- The minimum amount of flood insurance required for first mortgages must be equal to the lesser of
 - 100% of the replacement cost value of the improvements,
 - the maximum coverage amount available from NFIP, or
 - the unpaid principal balance (UPB) of the loan (or loan amount at the time of origination)

All other coverages/property types follow FNMA policy

Escrows

- Mandatory escrows for taxes and insurance will be required for all HPMLs (5 years) and Foreign National loans

Escrow Holdbacks

- Escrow Holdbacks are not allowed, no exceptions

Geography

- AMB Solutions products are eligible in all states where AMB is licensed to conduct business
 - Please see Retail and Wholesale Lending footprints for specific states

Minimum Loan Amount

- AMB Solutions Pro/Plus: \$150K
- AMB Solution DSCR: \$125K

Prepayment Penalties

- Permitted on Non-Owner Occupied (Investment Properties) only. Prepayment penalties on primary residences and second home transactions are prohibited
- Where permitted by applicable laws and regulations. Total points, fees and APR may not exceed current state and federal high-cost thresholds
- AMB does not originate, or purchase loans defined as high-cost mortgages under Federal or state law, regardless of the basis for the loan's treatment as such

Compliance

Ability to Repay

- All covered loans must be designated as ATR compliant and must adhere to the standards set forth in CFPB's Reg Z Section 1026.43(c)
- Must be within 5% Points and Fees Cap

Assumability

- Fixed rate loans are not assumable
- Adjustable-rate loans may be assumable depending on the note

E-Signatures

- E-signatures are permitted except for the following documents
 - Note
 - Deed of Trust and any riders/addendums
 - Power of Attorney (POA)
 - Documents requiring a Notary signature
 - State regulated disclosures
 - All the documents above require a wet signature

Fraud

- AMB has a zero-tolerance policy as it relates to fraud
- Fraud prevention pull is required on all loans

High Cost

- Federal, State, and Local High-Cost Loans and cured High-Cost Loans are 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 URLA is signed by the Borrower executing the POA
- Not permitted on Entities: LLC, Corporations, Entity Borrowers, etc.
- Not permitted on Cash-Out Transactions

Debt Service Coverage Ratio (DSCR) Program

Non-Owner-Occupied Business Purpose Investment Only

Overview DSCR Program

- DSCR Program is for professional investors with the following derogatory housing event history (≥ 36 months clean) and mortgage history (0x30x12) seeking a business purpose, non-owner-occupied loan
 - First Time Investors are allowed provided that the DSCR is >1.0 , the Credit score is >700 and there are no exceptions on the file
 - First Time Investors MAY NOT be a First Time Homebuyer
- Borrowers will qualify with property income (Debt Service Coverage Ratio)
- Debt Service Coverage Ratio = $\text{Gross Rent} / \text{PITIA (Amortizing loan)}$ or $\text{Gross Rent} / \text{ITIA (Interest Only)}$
- DSCR eligible at .75x
- No Ratio DSCR is acceptable with restrictions (See AMB Solutions DSCR FICO & LTV Matrices on page 8 of the guidelines)
- No personal income to qualify
- Personal recourse required for all guarantors that meet the requirements referenced in Section 4.7. No additional Borrowers are allowed to join an entity on Title or on the subject loan
- Max Loan Size of \$2.0mm
- Max LTV of 80%
- Minimum FICO of 660
- Interest Only acceptable with restrictions
- 3 months minimum reserves
- No requirement for additional reserves for other financed properties, Subject Property reserves only
- Cash-Out can be used as reserves
- Housing history verification is required on subject property and borrower primary residence, regardless of whether or not the borrower is on the Note or Vested on Title. Any additional housing history included in the loan file that reflects delinquencies will be subject to review and must adhere to loan program matrix

DSCR Calculation

- A Debt Service Coverage Ratio (DSCR) ratio is required. $\text{DSCR} = \text{Gross Rental Income} / \text{PITIA}$ or $\text{DSCR} = \text{Gross Rental Income} / \text{ITIA}$ for Interest Only loans
- DSCR loans will be qualified at original Note Rate, regardless of ARM or Fixed
- Gross Income will be calculated using the lower of the following
 - executed lease agreement, OR

- market rent from applicable Appraisal
- If executed lease agreement reflects a higher monthly rent than Appraisal, it may be used (up to 120% of 1007) in the calculation with sufficient evidence of receipt. Two (2) most recent, consecutive months should be provided
- On DSCR Refinance transactions, the qualifying Gross Rental Income figure is the higher of the market rent on Form 1007/1025 or the current lease. The amount that may be used for qualifying is based on the following:
 - When the market rent on Form 1007/1025 is greater than the current lease, the Seller may use the Market Rent amount as listed not exceeding 120% of the lease amount to qualify. (e.g. lease is \$1,100 and Form 1007/1025 is \$1,500, then \$1,320 may be used to qualify). A copy of the lease is not required if the appraiser lists the rent amount for the subject on Form 1007/1025. Otherwise, a copy of the lease is required. If the subject is vacant as indicated by the appraiser, use the market rent from Form 1007/1025 with no vacancy factor.
- Any loan where Cash Out proceeds would be utilized for personal use is not eligible for AMB's DSCR program

DSCR SHORT-TERM RENTAL INCOME (DSCR)

Eligibility

- STR rental income is permitted for both purchase and refinance transactions
- STR income must be legally permitted and considered common for the area, as confirmed by the appraisal and/or property location
- Maximum Combined Loan-to-Value (CLTV): 75% and Minimum Debt Service Coverage Ratio (DSCR): 1.00x (For LTV greater than 70%, contact the lock desk for pricing)

Documentation Requirements

- STR income may be documented using a supplemental appraisal form completed by the licensed appraiser who performed the original appraisal. This form must accompany and be a part of the original appraisal
- Income may be verified through a third-party property management provider OR Vendors such as Airbnb, VRBO, and HomeAway are acceptable
 - Documentation must include the property address or a unique property ID specific to the subject property

Calculation

- Purchases: Gross rent is based on 100% of the 1007 market rent from the appraisal OR the supplement appraisal form completed by the appraiser of record
- Refinances: Gross rent is the lower of:
 - 100% of the 1007 market rent from the appraisal, OR the supplement appraisal form completed by the appraiser of record reporting Short Term Rental Income, OR
 - The Actual 12-month STR income history, as supported by documentation from Airbnb, VRBO, HomeAway, or a third-party property management provider

DSCR Reserve Requirements

- Reserves are calculated off actual P&I payment plus taxes, insurance, and HOA fees (PITIA)
- For Interest Only loans, reserves will be calculated off the initial Interest payment, plus taxes, insurance and HOA fees (ITIA)
- No requirement for additional reserves for other financed properties, Subject Property reserves only
- AMB program Summary for specific DSCR reserve requirements
- Cash-Out proceeds can be utilized for reserves on loans

DSCR Employment Verification

- Employment Verification can be listed but not required on DSCR. Guidance below breaks down all verification options.

Wage Earner/Salaried Borrower

- Salaried/wage earner can provide an employment letter on company letterhead signed by an authorized representative of the company
 - Letter should contain date, address, position, and amount of time employed
- FNMA Form 1005 could also be utilized
 - Additional documented verification of employment can be utilized, if reasonable

Self-Employed Borrowers

- Self-employed Borrowers/Guarantors can provide a letter from their Tax Professional certifying a minimum of two year's business experience
 - Accountant letter should contain name, address, phone, and license number
 - Tax Professional should provide the above information and include proof of their appropriate licensing information
 - Additional documented verification of employment can be utilized, if reasonable

Professional Investors

- AMB DSCR Program is only eligible for Professional Investors
- Professional Investors must have at least twelve (12) months of experience owning and/or managing income-producing real estate within the most recent thirty-six (36) months from the origination of the Note
- Time Investors are allowed provided that the DSCR is >1.0, the Credit Score is >700 and there are no exceptions on the file
- Time Investors MAY NOT be a First Time Homebuyer
- A Letter of Explanation (LOE) by the Borrower is required to detail relevant real estate experience
- AMB reserves the right to request specific documentation to validate the LOE

DSCR Rent Loss Insurance

- Rent loss insurance for the subject property is required and must equal at least six (6) months of local average monthly rents

- Blanket policies covering the subject property are permitted

DSCR Recourse/Guaranty

- Personal recourse required for all guarantors that meet the requirements referenced in the "Limited Liability Companies (LLC)" guideline section. No additional Borrowers are allowed to join an entity on Title or on the subject loan

DSCR Assignment of Rent

- 1-4 Family Rider/Assignment of Rents (FNMA Form 3170) Required

DSCR Cash-Out

- Cash out proceeds on a refinance loan are allowed with the following requirements:
- Borrower must have owned the subject property 6+ months using data of original acquisition and subject loan Note date for timing
- Cash-Out is for Business Purposes only and the borrower must provide an LOE detailing the purpose and use of the proceeds. While maintaining the property is an acceptable use for cashout proceeds, major renovations, rehabs, etc. are not permitted on subject property that could deem the property uninhabitable
- For DSCR Borrower(s) obtaining a Rate/Term or Cash Out Refinance loan, the Borrower must execute a Business Purpose & Occupancy Affidavit
- All Borrower(s) must execute the Occupancy Certification
- Please refer to AMB's Program Summary for specific details regarding maximum LTV and Cash Out amounts