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# Asset Advantage

**an AMB Solutions Product**

*(AMB Solutions Pro / AMB Solutions Plus)*

*Product Guidelines*



**NMLS ID 629700**

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Revised August 2026

| Purchase & Rate Term Refinance |             |            |         |             |         |                |         |
|--------------------------------|-------------|------------|---------|-------------|---------|----------------|---------|
| FICO                           | Loan Amount | Primary/00 |         | Second Home |         | Investment/N00 |         |
|                                |             | Full Doc   | Alt-Doc | Full Doc    | Alt-Doc | Full Doc       | Alt-Doc |
| 740                            | <= \$1.0MM  | 90         | 90      | 85          | 85      | 85             | 85      |
|                                | <= \$1.5MM  | 85         | 85      | 85          | 80      | 85             | 80      |
|                                | <= \$2.0MM  | 85         | 85      | 80          | 80      | 80             | 80      |
|                                | <= \$2.5MM  | 80         | 80      | 75          | 75      | 75             | 75      |
|                                | <= \$3.0MM  | 75         | 75      | 70          | 70      | 70             | 70      |
| 720                            | <= \$1.0MM  | 85         | 85      | 85          | 85      | 85             | 85      |
|                                | <= \$1.5MM  | 85         | 85      | 85          | 80      | 85             | 80      |
|                                | <= \$2.0MM  | 80         | 80      | 80          | 80      | 80             | 80      |
|                                | <= \$2.5MM  | 80         | 80      | 75          | 75      | 75             | 75      |
|                                | <= \$3.0MM  | 75         | 75      | 70          | 70      | 70             | 70      |
| 700                            | <= \$1.0MM  | 85         | 85      | 85          | 85      | 85             | 85      |
|                                | <= \$1.5MM  | 85         | 85      | 85          | 80      | 80             | 80      |
|                                | <= \$2.0MM  | 80         | 80      | 80          | 80      | 80             | 80      |
|                                | <= \$2.5MM  | 75         | 75      | 75          | 75      | 75             | 75      |
|                                | <= \$3.0MM  | 70         | 70      | 70          | 70      | 70             | 70      |
| 680                            | <= \$1.0MM  | 80         | 80      | 80          | 80      | 80             | 80      |
|                                | <= \$1.5MM  | 80         | 80      | 80          | 80      | 80             | 80      |
|                                | <= \$2.0MM  | 75         | 75      | 75          | 75      | 75             | 75      |
|                                | <= \$2.5MM  | 70         | 70      | 70          | 70      | 70             | 70      |
|                                | <= \$3.0MM  | NA         | NA      | NA          | NA      | NA             | NA      |
| 660                            | <= \$1.0MM  | 80         | 80      | 80          | 80      | 80             | 80      |
|                                | <= \$1.5MM  | 75         | 75      | 75          | 75      | 75             | 75      |
|                                | <= \$2.0MM  | 75         | 75      | 70          | 70      | 70             | 70      |
|                                | <= \$2.5MM  | 70         | 70      | 65          | 65      | 65             | 65      |
|                                | <= \$3.0MM  | NA         | NA      | NA          | NA      | NA             | NA      |
| Cash-Out Refinance             |             |            |         |             |         |                |         |
| FICO                           | Loan Amount | Primary/00 |         | Second Home |         | Investment/N00 |         |
|                                |             | Full Doc   | Alt-Doc | Full Doc    | Alt-Doc | Full Doc       | Alt-Doc |
| 740                            | <= \$1.0MM  | 80         | 80      | 75          | 75      | 75             | 75      |
|                                | <= \$1.5MM  | 75         | 75      | 75          | 75      | 75             | 75      |
|                                | <= \$2.0MM  | 75         | 75      | 70          | 70      | 70             | 70      |
|                                | <= \$2.5MM  | 70         | 70      | 65          | 65      | 65             | 65      |
|                                | <= \$3.0MM  | 65         | 65      | 60          | 60      | 60             | 60      |
| 720                            | <= \$1.0MM  | 75         | 75      | 75          | 75      | 75             | 75      |
|                                | <= \$1.5MM  | 75         | 75      | 75          | 75      | 75             | 75      |
|                                | <= \$2.0MM  | 70         | 70      | 70          | 70      | 70             | 70      |
|                                | <= \$2.5MM  | 70         | 70      | 65          | 65      | 65             | 65      |
|                                | <= \$3.0MM  | 65         | 65      | 60          | 60      | 60             | 60      |
| 700                            | <= \$1.0MM  | 75         | 75      | 75          | 75      | 75             | 75      |
|                                | <= \$1.5MM  | 75         | 75      | 70          | 70      | 70             | 70      |
|                                | <= \$2.0MM  | 70         | 70      | 70          | 70      | 70             | 70      |
|                                | <= \$2.5MM  | 65         | 65      | 65          | 65      | 65             | 65      |
|                                | <= \$3.0MM  | 60         | 60      | 60          | 60      | 60             | 60      |
| 680                            | <= \$1.0MM  | 70         | 70      | 70          | 70      | 70             | 70      |
|                                | <= \$1.5MM  | 70         | 70      | 70          | 70      | 70             | 70      |
|                                | <= \$2.0MM  | 65         | 65      | 65          | 65      | 65             | 65      |
|                                | <= \$2.5MM  | 60         | 60      | NA          | NA      | NA             | NA      |
| 660                            | <= \$1.0MM  | 70         | 70      | 70          | 70      | 70             | 70      |
|                                | <= \$1.5MM  | 70         | 70      | 70          | 70      | 70             | 70      |
|                                | <= \$2.0MM  | 60         | 60      | 60          | 60      | 60             | 60      |

| Purchase & Rate/Term Refinance |             |            |             |            |
|--------------------------------|-------------|------------|-------------|------------|
| FICO                           | Loan Amount | Primary/00 | Second Home | Investment |
| 740                            | <= \$1.0MM  | 90         | 85          | 85         |
|                                | <= \$1.5MM  | 85         | 80          | 80         |
|                                | <= \$2.0MM  | 80         | 75          | 75         |
|                                | <= \$2.5MM  | 75         | 75          | 75         |
|                                | <= \$3.0MM  | 70         | 70          | 70         |
| 720                            | <= \$1.0MM  | 85         | 80          | 80         |
|                                | <= \$1.5MM  | 85         | 80          | 80         |
|                                | <= \$2.0MM  | 80         | 75          | 75         |
|                                | <= \$2.5MM  | 75         | 75          | 75         |
|                                | <= \$3.0MM  | 70         | 70          | 70         |
| 700                            | <= \$1.0MM  | 85         | 80          | 80         |
|                                | <= \$1.5MM  | 80         | 80          | 80         |
|                                | <= \$2.0MM  | 80         | 75          | 75         |
|                                | <= \$2.5MM  | 75         | 70          | 70         |
|                                | <= \$3.0MM  | 70         | NA          | NA         |
| 680                            | <= \$1.0MM  | 80         | 80          | 80         |
|                                | <= \$1.5MM  | 80         | 75          | 75         |
|                                | <= \$2.0MM  | 75         | 70          | 70         |
|                                | <= \$2.5MM  | 70         | 70          | 70         |
|                                | <= \$3.0MM  | NA         | NA          | NA         |
| 660                            | <= \$1.0MM  | 80         | 75          | 75         |
|                                | <= \$1.5MM  | 75         | 75          | 75         |
|                                | <= \$2.0MM  | 70         | 70          | 70         |
|                                | <= \$2.5MM  | NA         | NA          | NA         |
|                                | <= \$3.0MM  | NA         | NA          | NA         |
| Cash-Out Refinance             |             |            |             |            |
| FICO                           | Loan Amount | Primary/00 | Second Home | Investment |
| 740                            | <= \$1.0MM  | 75         | 75          | 75         |
|                                | <= \$1.5MM  | 75         | 70          | 70         |
|                                | <= \$2.0MM  | 70         | 70          | 70         |
|                                | <= \$2.5MM  | 65         | 65          | 65         |
|                                | <= \$3.0MM  | 60         | 60          | 60         |
| 720                            | <= \$1.0MM  | 75         | 75          | 75         |
|                                | <= \$1.5MM  | 75         | 70          | 70         |
|                                | <= \$2.0MM  | 70         | 70          | 70         |
|                                | <= \$2.5MM  | 65         | 65          | 65         |
|                                | <= \$3.0MM  | NA         | NA          | NA         |
| 700                            | <= \$1.0MM  | 75         | 70          | 70         |
|                                | <= \$1.5MM  | 75         | 70          | 70         |
|                                | <= \$2.0MM  | 70         | 65          | 65         |
|                                | <= \$2.5MM  | 65         | NA          | NA         |
|                                | <= \$3.0MM  | NA         | NA          | NA         |
| 680                            | <= \$1.0MM  | 75         | 70          | 70         |
|                                | <= \$1.5MM  | 70         | 65          | 65         |
|                                | <= \$2.0MM  | 65         | NA          | NA         |
|                                | <= \$2.5MM  | 60         | NA          | NA         |
| 660                            | <= \$1.0MM  | 70         | 65          | 65         |
|                                | <= \$1.5MM  | 65         | 60          | 60         |
|                                | <= \$2.0MM  | 60         | NA          | NA         |

# AMB Solutions Asset Product Guidelines

## Borrower Eligibility

### Eligible Borrowers

- U.S. Citizens
- Permanent Resident Aliens
- Non-permanent Resident Aliens
- First-time Homebuyers
- Non-Occupant Co-Borrowers
- 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

# AMB Solutions Asset Product Guidelines

## 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: FCM 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 FCM 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 FCM 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
  - Borrowers(s) with residence of any country not permitted to conduct business with U.S. Companies as determined by U.S. government authority
- ## Eligible Occupancy
- Primary Residence
  - Second Home
  - Investment/Non-Owner Occupied (Business Purpose Only)

## Primary Residence

- A primary residence is a property that the Borrower(s) currently resides in (refinance) or intends to occupy, within sixty (60) days, as the Borrower(s) principal residence
- 2–4 Unit properties are eligible as primary residences provided, they are common for the area and exhibit no unique characteristics that can influence marketability
- Characteristics that may indicate that a property is used as a Borrower’s primary residence include:

# AMB Solutions Asset Product Guidelines

- Occupancy by the Borrower for the major portion of the year
- Location is relatively convenient to the Borrower's principal place of employment
- Property is the address of record for such activities as federal income tax reporting, voter registration, occupational licensing, and similar matters
- Borrower may not own an additional single-family residence of equal or greater value than subject property
- Property possesses physical characteristics that accommodate the Borrower's family

## Second Homes

- A property is considered a second home when it meets all the following requirements:
  - Must be located a reasonable distance away from the Borrower(s) principal residence
  - Must be occupied by the Borrower(s) for some portion of the year
    - Maximum 30-days of rental
  - Is restricted to a one-unit dwelling
  - Must be suitable for year-round occupancy
  - The Borrower(s) must have exclusive control over the property
  - Must not be subject to any timeshare arrangements, rental pools or other agreements which require the Borrower to rent the subject property or otherwise give control of the subject property to a management firm
  - Gift funds not permitted on Second Homes > 80% LTV

## 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 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

# AMB Solutions Asset Product Guidelines

- 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.
- Properties that have been listed for sale by the Borrower within the past six (^) 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.
- **Cash out seasoning is defined as the difference between the note date of the new loan and the property acquisition date. Properties owned 6 months, or more are eligible for cash out 6 months ownership seasoning is determined by the acquisition date and our note date. If the property is held in an entity, and our borrower(s) represents at least 50% interest in the entity, then the time title is in the entity can be counted in the seasoning determination. If our borrowers' interest in the entity is less than 50%, the time in the entity is not counted.**
  - Properties owned ≥ 6 months - use the current appraised value
  - Cash Out when property is owned < 6 months is only allowed under the following conditions:
    - Borrower acquired the property through an inheritance or was legally awarded the property through divorce, separation, or dissolution of a domestic partnership
    - Delayed Financing
    - For properties currently vested in an entity, time in the entity counts towards seasoning provided the borrower(s) are at least 50% owners of the entity
- 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, 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

# AMB Solutions Asset Product Guidelines

- 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). **If the source of funds used to acquire the property was an unsecured loan or a loan secured by an asset other than the subject property (such as a HELOC secured by another property), the settlement statement for the refinance transaction must reflect that all cash-out proceeds be used to pay off or pay down, as applicable, the loan used to purchase the property. Any payments on the balance remaining from the original loan must be included in the debt-to-income ratio calculation for the refinance transaction.**
  - 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

## Non-Arm's Length Transactions

Non-Arm's Length transactions allowed on Primary Purchase transactions only

- Renter(s) purchasing from landlord
  - 12-months of cancelled checks to prove timely payments are required
  - A verification of rent (VOR) is not acceptable
- Purchase between family members
  - Gift of equity requires a gift letter, and the equity gift credit is to be shown on the CD
  - Must provide a 12-month mortgage history on the existing mortgage securing the subject property, confirming the Family Sale is not a foreclosure bailout
- Gift of equity is allowed only for a primary residence
  - Borrower to provide verification of earnest money deposit
- Any employee of a seller, broker, or originator involved in the loan must qualify with Full Documentation only for the transaction

## Ineligible Transaction Types

# AMB Solutions Asset Product Guidelines

- 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:

| # of Borrowers                  | # of Scores per Borrower | Methodology                                                                                                                                                                                                                                        |
|---------------------------------|--------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 1 Borrower                      | 2 or 3                   | <ul style="list-style-type: none"><li>• Lower of 2 or the Middle of 3 FICO Scores</li></ul>                                                                                                                                                        |
| 2 or more Borrowers<br>Non DSCR | 2 or 3                   | <ul style="list-style-type: none"><li>• Primary Wage Earner's Lower of 2 or Middle of 3 FICO Scores</li><li>• If borrowers are 50/50 owners of a business and income is equal, the higher representative score is used for qualification</li></ul> |

# AMB Solutions Asset Product Guidelines

|  |  |                                                                                                                                  |
|--|--|----------------------------------------------------------------------------------------------------------------------------------|
|  |  | <ul style="list-style-type: none"><li>If 2 of the 3 credit scores are identical, the identical score is your mid score</li></ul> |
|--|--|----------------------------------------------------------------------------------------------------------------------------------|

- 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

# AMB Solutions Asset Product Guidelines

## Credit Events

- Prior Bankruptcies (Chapter 7, 11, 13) are permitted based upon respective FCM 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 FCM 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 \$5000 (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
- **Any non-mortgage account can be no more than 30-days delinquent at time of application. Any delinquent account must either be brought current or paid off at closing.**
- 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

## Asset Depletion

### Alt-Doc: Asset Depletion (3 months Asset Statements)

This program is designed for borrowers who have significant verifiable assets and would benefit from alternative loan qualification methods.

# AMB Solutions Asset Product Guidelines

- Asset depletion can be used as a stand-alone income qualifier or in combination with the following income documentation programs:
  - Full Doc
  - Bank Statement (12mo,24mo)
  - 1099
  - P&L
  - WVOE
- Allowable assets are used to determine or augment qualifying income.
- Employment and income are not required to be disclosed on the 1003 loan application (stand-alone Asset Depletion only). If not disclosed, enter "Not applicable to this loan" in the respective fields.

## **Alt-Doc: Asset Depletion Restrictions**

- See Matrix for acceptable credit, max LTV, reserves, loan amount and DTI for the transaction.
- Cash out proceeds from the subject transaction may not be used for qualifying.

## **Alt-Doc : Asset Depletion Requirements and Documentation**

- Statements covering the most recent **3** months are required for each asset used in qualifying. Quarterly statements covering the most recent two quarters are acceptable.

## **Alt-Doc: Assets and Qualification Analysis**

- Borrower is qualified utilizing the most recent **3** months asset documentation verified: cash in bank (100%), stocks (90%), bonds (90%), IRAs (80%), 401k (80%), mutual funds (90%), and/or retirement accounts (80%).
- The total allowable assets less required reserves are divided by 60 months to determine the qualifying monthly income to be used in calculating the debt to income (DTI).

$$\begin{aligned}\text{Assets} - \text{Reserves} / 60 \text{ months} &= \text{Qualifying Income} \\ \text{Total monthly liabilities} / \text{Qualifying Income} &= \text{DTI}\end{aligned}$$

## **Alt-Doc: Eligible Asset Types for Loan Qualification**

- Considered assets must be comprised of the following readily marketable assets which must be available to the borrower and are limited as follows:
  - Bank Deposits – Checking, Saving, Money Market accounts = 100%
  - Publicly traded stocks and bonds = 90% (stock options not allowed)
  - Mutual Funds = 90%
  - Retirement Accounts
  - 401(K) plans or IRA, SEP or KEOUGH accounts = 80%
    - can only be used if distribution is not already set up
  - For eligible asset types, any debt tied to that asset must be netted out. Example: Stocks bought on margin or 401(K) loan against the 401(K) account.
  - Assets must be in liquid or semi liquid form, no privately held stock, deferred compensation or non-regulated financial companies.

## **Alt-Doc: Ineligible Asset Types for Loan Qualification**

- Ineligible Asset Types
  - Business funds
  - Non-liquid assets (automobiles, artwork, business net worth etc.)
  - Life insurance – Face Value not allowed
    - Cash value of a vested life insurance policy is allowed at 100%
    - When used for reserves the cash value must be documented but does not need to be liquidated or received by borrower
  - Annuities of any type are not allowed
  - Cryptocurrency

# AMB Solutions Asset Product Guidelines

## Asset Qualifier

Asset Qualifier may be used as the sole source of income for loan qualification or to supplement other income sources. When used to supplement other income sources, the minimum asset requirements under the qualification method is waived.

### Asset Qualifier Restrictions

- Maximum 80% LTV
- Max \$2.5 Loan Amount
- Gift funds not eligible
- **Non-occupant co-borrowers not allowed**

### Asset Qualifier Eligibility Requirements

- Available for Primary Residence, Second Homes, and Investment Property (N/O/O)
- Borrower and Co-Borrower must be individual or co-owners of all asset accounts with no other account holders listed on the documentation
- 100% of eligible assets must be verified
- All assets must be in a U.S. financial institution – No Foreign Assets
- The sum of eligible assets as defined are net of any discounts and minus any funds used for closing and/or minimum reserves required for the program

Full Asset Documentation is required for both funds to close and reserves. Assets can be cash in the bank, stocks, bonds, IRAs, 401Ks, mutual funds, or retirement accounts. For most asset types this would include all pages of the most recent three (3) month period. Increases or decreases of greater than 15% over the three (3) month period (i.e., compare month 1 to month 3) must be explained by the borrower. Additional supporting documentation may be required. Large month-to-month changes in asset totals during the three (3) month period may require additional explanation and documentation

### Asset Qualifier Qualifying Method

Asset Qualifier is a calculation used to generate monthly income from a borrower's personal assets. Assets can be used for all income, or blended income.

#### Asset Qualifier for Use as Income (DTI)

- Asset Qualifier for Use with Blended Income
  - The borrower may supplement full-doc or self-employment income with Asset Qualifier
  - It can be combined with other income such as W-2, Self-employment, 12 months Bank Statements, Social Security, Pension, or other investment income
  - There is no age restriction
- Asset Qualifier for Use as 100% of the Income
  - The borrower can use the calculation income from assets to cover the calculated monthly debt ratio
  - Employment information is not required

#### CALCULATION

Asset Qualifier Calculation Policy (for use with Blended Income or 100% Income qualification):

- Income listed in the employment section of the URLA will not be considered as the sole income calculation
- Qualifying asset monthly income is the total balance of assets eligible minus all funds used for down payment, closing costs and reserves divided by 60 months irrespective of the amortized term of the loan
- Example of Asset Income for a 30-Year loan:
  - Savings Account balance is \$100,000 (\$100,000 usable toward the calculation)
  - Stock Fund Balance is \$100,000 (\$90,000 usable toward the calculation)
  - Mutual Fund Balance is \$10,000 (\$9,000 usable toward the calculation)
  - Total usable  $\$199,000 / 60 = \$3,316.66$  monthly income

# AMB Solutions Asset Product Guidelines

## Asset Qualifier without DTI (Residual Assets Method):

For the Residual Assets Method, a debt ratio calculation is not required when Asset Qualifier can cover the new subject property debt, all costs, reserves, and all other reported debt on the credit report. A calculated Residual assets amount is required.

### CALCULATION

Asset Qualifier Calculation Policy (for use with 100% Coverage):

- Eligible assets available before closing must be sufficient to cover all of the following:
  - The new loan amount
  - The down payment
  - Closing costs
  - Any required reserves, per program requirements
  - Five years (60 months) of all other current monthly obligations
  - Five years of taxes and insurance

Sufficient liquid assets to pay off the loan in full would be considered fulfilling the DTI / Residual income prong of the ATR test.

## **Asset Qualifier Income Documentation**

Required documentation :

- All individuals listed on the asset account(s) must be on the Note and Mortgage
- Assets considered for this program must be verified with most recent three (3) monthly account statements, quarterly statement, or a VOD
- Assets must be seasoned 90 days

## **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

# AMB Solutions Asset Product Guidelines

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

# AMB Solutions Asset Product Guidelines

## 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

- FCM 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

# AMB Solutions Asset Product Guidelines

- 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:
    - Condotels, 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                       | 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 Established Projects |                                                                                                                                                                              |
| Full Review for New Projects         | CPM/PERS must have been completed within 180 days prior to the note date - A new questionnaire is required                                                                   |

# AMB Solutions Asset Product Guidelines

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for each loan transaction as well the Condominium Project Certification

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Approved by Fannie Mae as reflected in CPM

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

# AMB Solutions Asset Product Guidelines

- 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  $\geq 5$  units
- Log Homes
  - Faux Log Homes (properties with a Log Cabin aesthetic, IE Log Cabin siding) may be eligible as determined by FCM
- 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

# AMB Solutions Asset Product Guidelines

- If loan is eligible for agency delivery, Underwriter will need to document FCM Solutions NQM pricing is better than agency and is more beneficial to the consumer
- Documentation Options:
  - Complete FCM 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 to FCM Solutions NQM guidelines will be considered on a loan-by-loan basis. Loans with exception requests should exhibit strong documented compensating factors and are subject to additional LLPA's.
  - 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
  - **LO or Processor to complete the FCM Solutions NQM exception request form and submit the form along with the 1003, credit report, appraisal and any supporting documentation to [FCMSolutions\\_Exceptions@fcmhomeloans.com](mailto:FCMSolutions_Exceptions@fcmhomeloans.com) for review and to process the exception**
  - **Once reviewed, the Exception Team will reply to the request with an approval or decline. Typical turn time for exceptions is 48 business hours from time of receipt of request**
  - **Underwriting Manager or Underwriter is to document the exception in the file**
  - 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 FCM exposure to single Borrower/Guarantor: Lesser of \$7.5mm in unpaid principal balance or ten (10) residential properties

## 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:

# AMB Solutions Asset Product Guidelines

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

## General Information

### Adjustable-Rate Criteria

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

## Product Types & Eligibility

| Product <sup>(1)</sup> | Qualifying Rate                      | 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

## Cash-Out Limits

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

## Debt to Income ("DTI")

- Max DTI permitted: 50%
- DTI > 50% allowable in FCM 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 FCM 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 FCM Solutions Pro and Plus

# AMB Solutions Asset Product Guidelines

- 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 FCM's Program Summary for housing history requirements and derogatory housing event seasoning
- Derogatory Housing Events:
  - FCM 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

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

# AMB Solutions Asset Product Guidelines

## Minimum Loan Amount

- FCM Solutions Pro/Plus: \$150K
- Loans with a DTI greater than 43% or HPML must follow residual income requirements as noted in the Underwriter Analysis section of this guide

## 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
- FCM 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

- FCM 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