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# Personal Bank Statement Advantage

**an AMB Solutions Product**

*(AMB Solutions Pro / AMB Solutions Plus / Foreign National)*

*Product Guidelines*



**NMLS ID 629700**

*Disclaimer: This is not a consumer advertisement. It is for industry professionals only and not for delivery to consumers for a commercial communication purpose.*

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# Product Summary

Quick-reference parameters across AMB Solutions Business Bank Statement programs.

	Description	AMB Solutions Pro	AMB Solutions Plus	Foreign National
General	Minimum Loan Amount	\$150K	\$150K	\$150K
	Maximum Loan Amount	\$3.0MM	\$2.0MM	\$1.0MM
	Minimum FICO	660	660	680
	Maximum LTV	90%	90%	65%
	Maximum DTI	55%, with compensating factors	50%	45%
	Product Type	30 Yr Fixed, 7/6 ARM, 10/6 ARM, Interest Only (see restrictions)	30 Yr Fixed, 7/6 ARM, 10/6 ARM, Interest Only (see restrictions)	30 Yr Fixed, 7/6 ARM, 10/6 ARM, Interest Only (not permissible)
	Occupancy	Primary, 2nd Home, Investment (Business Purpose Only)	Primary, 2nd Home, Investment (Business Purpose Only)	2nd home and Non-Owner Occupied only. No Primary residences
	Housing Event Seasoning	>= 4+ years	>=3+ Years	>= 4+ years
	Mortgage History	0x30x12, 0x60x24	1x30x12, 0x60x24	0x30x12
Interest Only Restrictions	Min 700 FICO, Max 85% LTV	Min 700 FICO, Max 80% LTV	Not Eligible	
Property	2-4 Units	Max 85% LTV	Max 80% LTV	Max 60% LTV
	Warrantable Condo	Max 85% LTV	Max 80% LTV	Max 60% LTV
	Non-Warrantable Condo	Max 80% LTV	Max 75% LTV	Max 60% LTV
	Rural Properties	Max 20 acres	Max 20 acres	Max 20 acres
	Declining Market	5% LTV Reduction	5% LTV Reduction	5% LTV Reduction
Borrower	First Time Homebuyer (FTHB)	Allowed, FTHB not allowed for Interest Only (IO)	Allowed, FTHB not allowed for Interest Only (IO)	First Time Investors Allowed. First Time Homebuyers Not Allowed
	Non-Occupant Co-Borrower	Primary/OO 1 unit only, Max 80% LTV, Max 43% DTI, No Cash-Out	Primary/OO 1 unit only, Max 75% LTV, Max 43% DTI, No Cash-Out	NA

	<b>Permanent Resident Alien</b>	Eligible	Eligible	NA
	<b>Non-Permanent Resident Alien</b>	Max 80% LTV No Cash-Out	Max 75% LTV No Cash-Out	NA
<b>Income</b>	<b>Full Doc</b>	Max 90% LTV	Max 90% LTV	Max 65% LTV
	<b>12 Month Bank Statement</b>	Max 90% LTV	Max 90% LTV	Max 65% LTV
	<b>24 Month Bank Statement</b>	Max 90% LTV	Max 90% LTV	Max 65% LTV
	<b>1099</b>	Max 90% LTV	Max 90% LTV	Max 65% LTV
	<b>12 Month Profit and Loss</b>	Max 90% LTV	Max 90% LTV	Not Permissible
	<b>Asset Depletion</b>	Qualifying Assets, 60 Month Amortization for DTI if applicable (Max 80% LTV, Min 660 FICO, Max 50% DTI, NOO not allowed)	Qualifying Assets, 60 Month Amortization for DTI if applicable (Max 80% LTV, Min 660 FICO, Max 50% DTI, NOO not allowed)	Not Permissible
	<b>Asset Qualifier</b>	Qualifying Assets, 84 Month Amortization for DTI if applicable (Max 85% LTV, Min 700 FICO, Cash-out not allowed, OO Only)	Qualifying Assets, 84 Month Amortization for DTI if applicable (Max 85% LTV, Min 700 FICO, Cash-out not allowed, OO Only)	Not Permissible
	<b>DSCR Calculation</b>	NA	NA	Gross Rent/PITIA
<b>Minimum DSCR</b>	NA	NA	Minimum 1.0x	
<b>Reserves</b>	<b>\$125,000 - \$149,999</b>	NA	NA	NA
	<b>\$150,000 - \$500,000</b>	6 Months	3 Months	12 Months
	<b>\$500,001 - \$1,000,000</b>	6 Months	3 Months	12 Months
	<b>\$1,000,001 - \$2,000,000</b>	9 Months	6 Months	NA
	<b>&gt; \$2,000,000</b>	12 Months	9 Months	NA
	<b>Additional Financed Properties</b>	(2) Months Incremental PITIA/ITIA Per Financed Property	(2) Months Incremental PITIA/ITIA Per Financed Property	(2) Months Incremental PITIA/ITIA Per Financed Property
	<b>Cash-out Used as Reserves</b>	Allowable	Allowable	Allowable
<b>Cash-Out</b>	<b>LTV &gt; 65%</b>	Max \$1,000,000	Max \$1,000,000	Max \$250K

	<b>LTV &lt;= 65%</b>	Unlimited	Unlimited	Max 50% LTV on Florida Condo Cash-Out
<b>ARM Info</b>	<b>ARM Margin</b>	4%	4.50%	5%
	<b>ARM CAPS</b>	5/1/5	5/1/5	2/1/5
	<b>Reset Period</b>	6 months	6 months	6 months
	<b>Index</b>	30 Day Average SOFR	30 Day Average SOFR	30 Day Average SOFR
	<b>ARM Floor</b>	Floor = Margin	Floor = Margin	Floor = Margin

# AMB Solutions Pro – FICO & LTV Matrices

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

Purchase & Rate/Term Refinance							
FICO	Loan Amount	Primary / OO		Second Home		Investment / NOO	
		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 / OO		Second Home		Investment / NOO	
		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

# AMB Solutions Plus – FICO & LTV Matrices

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

Purchase & Rate/Term Refinance				
FICO	Loan Amount	Primary/OO	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/OO	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
<b>680</b>	<= \$1.0MM	75	70	70
	<= \$1.5MM	70	65	65
	<= \$2.0MM	65	NA	NA
	<= \$2.5MM	60	NA	NA
<b>660</b>	<= \$1.0MM	70	65	65
	<= \$1.5MM	65	60	60
	<= \$2.0MM	60	NA	NA

# 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

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## Eligible Borrowers

- U.S. Citizens
- 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

## 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

## 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:**

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

**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

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- 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:
  - 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 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

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## 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

### Temporary Interest Rate Buydowns

- AMB permits Temporary Interest Rate Buydowns in accordance with the Fannie Mae Seller Guides. Please default to the Fannie Mae Seller Guides unless specifically mentioned in the overlays below
  - There will be special delivery / servicing transfer instructions for loans with Temporary Interest Rate Buydowns.
- Temporary Interest Rate Buydowns permitted with Pro and Plus programs. The DSCR Plus and Foreign National Plus programs will be ineligible for Temporary Interest Rate Buydowns
- Subject to the Eligibility section below, all income verification methods within the Pro and Plus programs are permitted: Full Doc, Streamlined Documentation, Bank Statements, Asset Depletion / Asset Qualifier, 12M P&L/ WVOE
  - Temporary Interest Rate Buydowns are also eligible on Interest Only loans and loans with a 40-year maturity.
- Eligibility
  - When qualifying the borrower, loans that have a Temporary Interest Rate Buydown must be qualified at the initial note rate without consideration to the "bought down" rate

- The total dollar amount of the Temporary Interest Rate Buydown must be consistent with the terms of the buydown period
  - A buydown period may not be greater than 36 months
  - A buydown period may not have increases of more than 1% in the portion of the interest rate paid by the borrower in each 12-month interval
- Eligible Transaction Types – The following table lists the transaction types that are eligible and ineligible for temporary buydowns:

Transaction Type	Eligibility
Principal Residence	Eligible
Second Homes	Eligible
Investor Properties	Ineligible
Cash-Out Refinance	Ineligible
ARMs	Restricted

## 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 or DSCR only for the transaction

## 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:

# of Borrowers	# of Scores per Borrower	Methodology
1 Borrower	2 or 3	Lower of 2 or the Middle of 3 FICO Scores
2 or more Borrowers 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> <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

## 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

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- 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

# Income Documentation

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## Bank Statements

The Bank Statement Program is designed with an active U.S. based business that is generating stable revenue. Borrowers that only receive income from passive or portfolio sources are ineligible (e.g. borrower managing their own rental properties, distributions from limited partnership, day trading, property flippers, etc.)

- Bank Statement loans submitted with tax returns or tax transcripts must follow Full Documentation guidelines
- Any loan file using qualifying income from Bank Statements with evidence of tax returns or tax transcripts is ineligible
- Borrowers paid 1099 from a single company are not eligible for Bank Statement qualification and must qualify through Full Documentation
- Borrowers who are using more than three (3) businesses to qualify must use Personal Bank Statement option

## Documentation Requirements

- Twelve (12) or twenty-four (24) months consecutive, bank statements required
- Loans with less than twelve (12) months of consecutive bank statements are not eligible
- Business Narrative
  - Business narrative must include details relating to the size/score and operating profile of the business, including the following:
    - Description of Business / Business Profile
    - Location and Associated Rent
    - Number of Employees / Contractors
    - Estimated Cost of Goods Sold if any
    - Materials / Trucks / Equipment
    - Commercial or Retail Client Base
  - An internet search of the business is required with documentation to be included in the credit file to support the Business Narrative. Underwriter certification (or notation on the 1008) if there are not returns when attempting an internet search
- Verification of business existence and that the business is fully operational/active required within ten (10) calendar days of closing
- Multiple bank accounts may be used
- Co-mingling:
  - Co-mingling of personal and business accounts is not permitted in personal bank accounts. Evidence of comingling will require the loan to be submitted/qualified as a business bank statement loan

- Two (2) months of business bank statements must be provided to validate Borrower utilizes separate banking accounts
- Bank statements must be most recent available at time of application and must be consecutive

## Personal Bank Statements

### Documentation Analysis

- Any deposits into a personal account deemed to derive from a source other than the business (rents, SSI, joint account holder wage income, IRS refunds) must be excluded from the analysis
- Unusually large deposits exceeding 100% of monthly income into bank accounts must be explained via LOE and must be consistent with the business profile. If LOE is sufficient, no sourcing required
- Two (2) months of business bank statements are required. These statements should evidence activity to support business operations and reflect transfers to the personal account
  - A borrower who only utilizes a personal account for business activity and does not have an associated business account is eligible to qualify through Business Bank Statements section below
  - Co-mingling of personal and business receipts is not permitted
- If bank statements provided reflect payments being made on obligations not listed on the credit report, a thorough analysis must be performed and LOE provided from the Borrower
- Declining Income may require an LOE

### Business Requirements

- Validation of a minimum of two (2) years existence of the business from one of the following: Business License, Letter from Tax Preparer, Secretary of State Filing or equivalent
- Ownership percentage must not be less 25% and documented via CPA letter, Operating Agreement, or equivalent
- Borrowers who own more than three (3) businesses must use personal bank statements option

### Qualifying Income

- For personal bank statement documentation, it is the lower of the following:
  - Personal bank statement average (total eligible deposits / 12 or 24 months)
  - If a Borrower has declining income and is qualifying with twenty-four (24) months of bank statements, the last twelve (12) months of income will be utilized to qualify
  - Calculated income per documentation type

## Business Bank Statements

## Documentation Analysis

- Transfers from other bank accounts into the business bank accounts will require conclusive evidence that the source of transfer is business related income
- Large deposits exceeding 100% of monthly income into bank accounts must be explained via LOE and must be consistent with the business profile. If LOE is sufficient, no sourcing required
- Declining Income may require an LOE
- NSF's may require a Borrower LOE documenting they are not due to financial mishandling or insufficient income. A maximum of 3 NSF occurrences within a twelve-month period are allowed. If there are zero occurrences in the most recent three-month period, up to 6 occurrences in the most recent twelve-month period are acceptable. NSF's should be covered with deposits shortly after they are incurred.
- Expense line items that can be added back to the business net income include depreciation, depletion, amortization, casualty losses, and other losses or expenses that are not consistent and recurring

## Business Requirements

- Validation of a minimum of two (2) years existence of the business from one of the following: Business License, Letter from Tax Preparer, Secretary of State Filing or equivalent
- Ownership percentage must be documented via CPA letter, Operating Agreement, or equivalent
- Minimum  $\geq 25\%$  business ownership required
- Borrowers utilizing business bank statements that own  $\geq 25\%$  but  $< 100\%$  of a business will be qualified at the net income multiplied by their ownership percentage

## Business Bank Statement Income Qualification (3 options):

### OPTION 1 | Expense Ratio

- Percentage of gross deposits (twelve (12) or twenty-four (24) months) using expense ratio factor based on business type and number of employees
- Qualifying income will be the lower of the Expense Ratio formula or calculated income per documentation type
- Expense ratio should be reasonable for the profession
- Qualifying income should be multiplied by the Borrowers documented business ownership
- If a Borrower has declining income and is qualifying with twenty-four (24) months of business bank statements, the last twelve (12) months of income will be utilized to qualify
- Example: Borrower with \$25,000 monthly average deposits multiplied by a 50% expense factor = \$12.5k in qualifying income

<b>Examples of Service Business:</b> Consulting, Accounting, Legal, Therapy, Counseling, Financial Planning, Insurance, Information Technology	15% Expense Factor	30% Expense Factor	50% Expense Factor
<b>Examples of Product Business:</b> Retail, Food Services, Restaurant, Manufacturing, Contracting, Construction	25% Expense Factor	50% Expense Factor	70% Expense Factor

*\*The total number of employees used for expense ratio calculations exclude the owner (borrower) and includes only additional employees. For the purpose of this calculation, contract and part-time employees are counted as one full-time equivalent*

### OPTION 2 | 3<sup>rd</sup> Party Profit & Loss Statement

- Qualifying income is the lower of the Profit & Loss ("P&L") net income from the validated third-party prepared P&L or calculated income per documentation type
- Businesses qualifying with a P&L statement showing less than a 15% expense ratio will be limited to a 15% ratio. Expense ratio should be reasonable for the profession
- Borrower prepared P&L will not be permitted under any circumstances
- Business Bank Statements are used to validate third-party prepared P&L. Gross revenue listed on P&L must be within +/-10% of the total qualified deposits
- If a Borrower has declining income and is qualifying with twenty-four (24) months of business bank statements, the last twelve (12) months of income will be utilized to qualify
- Following documentation is required:
  - Twelve (12) or twenty-four (24) months complete business bank statements from the same account (transaction history print outs are not acceptable)
  - Business bank accounts, personal bank accounts addressed to a DBA or personal accounts with evidence of business expenses can be used for qualification
  - P&L statement must be prepared by a Tax Professional
    - Tax Professional defined as a Certified Public Accountant ("CPA"), Tax Attorney, Enrolled Agent ("EA"), California Tax Educational Council member ("CTEC") or Paid Tax Professional (PTIN)
  - P&L statement must cover the same months as the bank statements submitted
  - P&L must be signed by the Borrower and the Tax Professional
  - Tax Professional must attest that they have audited the business financial statements or reviewed working papers provided by the Borrower
  - Tax Professional must attest that they are not related to the Borrower or associated with the Borrower's business

- Tax Professional must have filed the Borrower's most recent two (2) years business tax returns

### **OPTION 3 | 3<sup>rd</sup> Party Expense Ratio**

- Qualifying income is the lower of the 3rd Party Prepared Expense Ratio net income or calculated income per documentation type
- To determine net income, multiple eligible business deposits by the following: (100% minus the Expense Ratio)/ 12 or 24 months)
- 3rd Party Prepared Expense Ratio floored at 15%
- If a Borrower has declining income and is qualifying with twenty-four (24) months of business bank statements, the last twelve (12) months of income will be utilized to qualify
- The Expense Statement must be prepared and signed by a third-party Tax Professional specifying business expense as a percentage of the gross annual sales/revenue
- Self-employed Borrowers who have filed their own business tax returns are ineligible
- Following documentation is required:
  - Twelve (12) or twenty-four (24) months complete business bank statements from the same account (transaction history printouts are not acceptable)
  - Business bank accounts, personal bank accounts addressed to a DBA or personal accounts with evidence of business expenses can be used for qualification
  - Tax Professional must attest that they have audited the business financial statements or reviewed working papers provided by the Borrower
  - Tax Professional must certify that the Expense Statement represents an accurate summary of the applicable cash expenses of the business
  - Tax Professional must attest that they are not related to the Borrower or associated with the Borrower's business
  - Tax Professional must have filed the Borrower's most recent two (2) years business tax returns
  - Tax Professional license must be verified and signed

### **Supplemental Income Sources**

- Joint Accounts – A joint personal account with a non-borrowing spouse or domestic partner can be used for qualifying as follows:
  - If not contributing income / deposits, it must be validated by a Borrower affidavit
  - If contributing income / deposits, source must be clearly identified (direct deposit, SSI, trust income) and amounts must be subtracted from the analysis
  - Relationship letter must be present in file

### **Rental Income (Non-DSCR)**

#### **Eligibility**

- Rental Income is permitted for both purchase and refinance transactions including non-subject properties
- 100% ownership is not required. Allowed income will be calculated based on ownership percentage and 100% of PITIA must be used regardless of ownership percentage

### Documentation Requirements

- Rental income reported on Tax returns: Schedule E net income should be used for loans using full/streamline documentation types
- Rental income not reported on tax returns OR loans qualifying with alternative documentation types:
  - Lease agreement and two (2) months cancelled checks to show proof of rental payments, or if subject is recently rented, a copy of two of the following will be acceptable (first month's rent, last month's rent, security deposit)
- Evidence that rent is market rate (free online source is permitted)

### Calculation

- Purchase transactions
  - 75% of 1007 market rent utilized for qualifying income
  - If the existing lease from seller is transferring to borrower, the lease that predates the mortgage could have a superior claim to the mortgage. The seller is responsible for ensuring clear title and first lien enforceability
- Refinance Transaction (including Non-Subject Properties)
  - 75% of fully executed Lease agreement with the supporting 2 months evidence of receipt

## Short-Term Rental Income (Non-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
- For STR income reported on tax returns, please follow guidance from Rental Income

### 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 must be verified through a third-party property management provider
  - 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 the 75% of 1007 market rent stated in the appraisal OR the supplement appraisal form completed by the appraiser of record

- Refinances: Gross rent is the lower of:
  - 75% of 1007 term market rent from the appraisal OR 75% of the supplement appraisal form completed by the appraiser of record
  - 100% of actual 12-month STR income history, supported by documentation from Airbnb, VRBO, HomeAway, or a third-party property management provider. 12-month history is required for refinance transactions

### **Trust Income**

- Income from trusts may be used if constant payments will continue for at least the first three (3) years (or 5) of the mortgage term as evidenced by trust income documentation. Five (5) years required if income source is >50% of loans total qualifying income
- See section on Ancillary Income for limits on adjusting current distributions and continuance.
- Trust Agreement required confirming amount, distribution frequency, and duration of payments

### **Alimony Income/Child Support**

- Final Divorce decree or legal separation agreement required
- Must provide payment evidence of six (6) months via cancelled checks, deposit slips, or bank records
- Alimony, child support requires proof of three (3) year continuance (5 years continuance is required if income source is > 50% of loans total qualifying income)

### **Note Receivable Income**

- Copy of the note confirming amount and length of payment
- Must provide payment evidence of twelve (12) months via cancelled checks, deposit slips, or bank records
- Verify that the income can be expected to continue for a minimum of three (3) years from the date of the mortgage note

### **Royalty Payment Income**

- Royalty contract, agreement, or statement confirming amount, frequency, and duration of the income –must document a three (3) year continuance
- Must provide payment evidence of twelve (12) months via cancelled checks or bank records / deposits

### **Retirement Income**

- The following types of income documentation is required:
  - Copy of award letter or letters from the organizations providing the income; AND
  - Most recent two (2) months bank statements showing deposit of funds

### **Self Employed/Wage Earner Combination for Joint Borrowers**

- Joint Borrowers with one (1) wage earner and one (1) self-employed business owner can verify income separately, with the self-employed Borrower utilizing bank statements or 12 Month Profit & Loss (“P&L”) and the wage earner providing pay stubs / W-2s or WVOE
  - The wage earner 4506-C should include W-2 transcripts only
  - Combination scenario would be priced to the income verification with the higher income

# Assets

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## 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

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## Departing Residence

- Departing residence positive rental income cannot be used to qualify. Departing residence PITIA/ITIA can be offset by 75% of projected net rental income or if subject is recently rented, a copy of two of the following will be acceptable (first month's rent, last month's rent, security deposit). Departing residence rental that produces a loss must be included in DTI
- An additional 3 months Early Payoff (EPO) protection may be required in the following circumstances (will be monitored and nothing needed by AMB up front):
  - Departing residence is being converted to an investment property and the borrower can provide a signed 12-month lease from the new tenant and evidence of payment for some combination of monies received (1st, last and security)
  - Departing residence is under contract for sale with evidence of earnest money deposit and that sale will occur prior to or within 30 days of subject loan funding

## Departing Residence Exclusions

Departing Residence Obligation Can Be Excluded (If No Contract in Place)

- Currently listed or signed letter of intent from Borrower indicating they intend to list the departure residence for sale within ninety (90) days of closing on subject transaction
- Equity in the departure residence must be documented with a 2055 exterior appraisal or full appraisal. Departure residence must have a minimum of Twenty percent (20%) equity after deduction of outstanding liens to exclude the payment from the DTI. If less than Twenty percent (20%) equity, the full payment must be included in the DTI
- Required reserves for the departure residence are based on the marketing time indicated by the departure residence appraisal:
  - If appraisal indicates marketing time of six (6) months or less = twelve (12) months PITIA/ITIA
  - If appraisal indicates marketing time over six (6) months = twenty-four (24) months PITIA/ITIA

Departing Residence Obligation Can Be Excluded (If Under Contract)

- A copy of an executed sales contract for the property pending sale and confirmation all contingencies have been cleared / satisfied. The departure transaction must be closing within thirty (30) days of the subject transaction. The pending sale transaction must be arm's length
- No appraisal required for departure residence. The Borrower must be netting a positive number from the sale of the property or assets must be accounted for to cover any funds the Borrower may have to bring to closing on the sale of the departure residence

## 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

### **Payoff Debt to Qualify**

- Installment and revolving debt paid at closing may be excluded from the debt-to-income ratio with the following:
  - A credit supplement; OR
  - Verification from the creditor liability has been paid in full; OR
  - Evidence of payoff on Closing Disclosure

### **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

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## 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  $\leq 2.5$ . 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"> <li>• CPM/PERS must have been completed within one year prior to the note date</li> <li>• A new questionnaire is required for each loan transaction as well the Condo Project Certification</li> </ul>
Full Review for New Projects	<ul style="list-style-type: none"> <li>• CPM/PERS must have been completed within 180 days prior to the note date</li> <li>• A new questionnaire is required for each loan transaction as well the Condominium Project Certification</li> </ul>
Approved by Fannie Mae as reflected in CPM	<ul style="list-style-type: none"> <li>• CPM/PERS must be valid (unexpired) as of the note date</li> <li>• A new questionnaire is required for each loan transaction as well the Condominium Project Certification</li> </ul>

- 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  $\geq 5$  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

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- **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
    - If loan is eligible for agency delivery, Underwriter will need to document AMB Solutions NQM pricing is better than agency and is more beneficial to the consumer
  - 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 to AMB 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 as outlined by your Underwriting Manager
  - Underwriter is to complete, in detail, the AMB Solutions NQM exception request form and submit to Underwriting Manager for 2nd review. If approved, Underwriting Manager will submit via email to Product Administration
  - 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	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		

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 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
- 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
- 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

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## 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