

ARCHES TOWERS - AUS

30 Year Fixed

Primary Purchase and Rate & Term

Property Type	Min Loan Amount >	Max Loan Amount <=	LTV/CLTV	Min Credit Score	Max DTI	Available Terms
SFR, SFA, Condo & PUD	\$510,400	\$1,000,000	80%/80%	700	43%	Fixed
	\$1,000,000	\$1,500,000	80%/80%	700	43%	Fixed
2 Unit	\$653,550	\$1,000,000	70%/70%	700	43%	Fixed
	\$1,000,000	\$1,500,000	70%/70%	700	43%	Fixed

30 Year Fixed

Primary Cash Out

Property Type	Min Loan Amount >	Max Loan Amount <=	LTV/CLTV	Min Credit Score	Max DTI	Available Terms
SFR, SFA, Condo & PUD	\$510,400	\$1,000,000	70%/70%	700	38%	Fixed

ARCHES TOWERS - AUS						
30 Year Fixed						
Second Home Purchase and Rate & Term						
Property Type	Min Loan Amount >	Max Loan Amount <=	LTV/CLTV	Min Credit Score	Max DTI	Available Terms
SFR, SFA, Condo & PUD	\$510,400	\$1,000,000	80%/80%	720	43%	Fixed
	\$1,000,000	\$1,500,000	80%/80%	740	43%	Fixed

30 Year Fixed						
Second Home Cash Out						
Property Type	Min Loan Amount >	Max Loan Amount <=	LTV/CLTV	Min Credit Score	Max DTI	Available Terms
SFR, SFA, Condo & PUD	\$510,400	\$1,000,000	70%/70%	740	38%	Fixed
	\$510,400	\$1,000,000	65%/65%	720	38%	Fixed

ARCHES TOWERS - AUS	
Occupancy	<ul style="list-style-type: none"> • Primary • Second Home
Loan Purpose	<ul style="list-style-type: none"> • Purchase • Rate/Term Refinance • Cash-out Refinance
Available Products	<ul style="list-style-type: none"> • 30 Year Fixed • I/O products are NOT available
Documentation	<ul style="list-style-type: none"> • Full Documentation Only
Secondary Financing	<ul style="list-style-type: none"> • Permitted up to maximum LTV/CLTV per matrix • Must conform to Agency requirements
Property Type	<ul style="list-style-type: none"> • Single family (attached and detached) • Condo • PUD • 2 Units
Rate and Term	<ul style="list-style-type: none"> • Lesser of 1% or \$2,000 max cash back is allowed
Eligible Borrowers	<ul style="list-style-type: none"> • US citizens • Permanent resident alien • Non-permanent resident alien
Non-Permanent Resident	<ul style="list-style-type: none"> • Must be legally present in the U.S. with an acceptable visa type. Acceptable visa types are as follows: <ul style="list-style-type: none"> ○ E Series (E-1, E-2, E-3) ○ G Series (G-1, G-2, G-3, G-4, G-5) ○ H Series (H-1B, H-1C) ○ L Series (L-1, L-1A, L-1B, Spouse L-2 with EAD)

	<ul style="list-style-type: none"> ○ NATO Series (NATO 1 – 6) ○ O Series (0-1) ○ TN-1, Canadian NAFTA visa ○ TN-2, Mexican NAFTA visa <p><i>See USCIS.gov for more information</i></p> <ul style="list-style-type: none"> ● Must have a valid Social Security Number ● Maximum LTV/CLTV of 70% ● Must have minimum of two (2) year employment history in the U.S. and qualifying income must be from the U.S. ● Must be able to verify that current employment has a probability of three (3) year continuance. VOE form may be used to document. ● Must have a two (2) year credit history in U.S. and must meet minimum credit requirements ● Funds to close must be deposited in a U.S. financial institution first. No funds to close from directly outside the U.S. are allowed.
First Time Home Buyer (FTHB)	<ul style="list-style-type: none"> ● Allowed – Primary Residence ONLY ● FTHB is defined as ALL borrowers have not owned a home in the US within the previous three (3) years from the application date
Non-Occupant Co-Borrowers	<ul style="list-style-type: none"> ● Non-occupant co-borrower allowed – blended ratios OK
Non-Arm’s Length	<ul style="list-style-type: none"> ● Certain Non-Arm’s Length Transactions in which a direct relationship exists between the borrower and any party in the transaction are permitted as stipulated by the Agency guidelines.
Delayed Financing Refinance	<ul style="list-style-type: none"> ● Delayed financing refinances in which the borrowers purchased the subject property for cash within 90-days from the date of the application are eligible ● Cash back to the borrower in excess of the original purchase price or appraised value (whichever is less) is not allowed ● Delayed financing refinances are underwritten as rate and term refinances and are not subject to cash-out refinancing program limitations ● Property may not be located in Texas

<p>Multiple Properties Financed</p>	<ul style="list-style-type: none"> • Borrowers may not own more than four (4) residential 1-4 unit financed properties regardless of the occupancy of the subject property. • Any 1-4 unit residential financed property where a borrower is obligated regardless of percentage owned and manner of vesting is included in the multiple property financed calculation.
<p>Credit Score</p>	<ul style="list-style-type: none"> • Refer to Matrices • When multiple borrowers apply, the lowest middle score is the qualifying credit score • Minimum two (2) scores per borrower required
<p>Age of Credit Docs</p>	<ul style="list-style-type: none"> • Income and Assets – 60-days • Credit, Title, and Appraisal – 120-days
<p>Credit Events</p>	<ul style="list-style-type: none"> • Seven (7) year seasoning required on all major credit events • Seasoning is measured form the date of credit event to the application date • Major credit events include BK7, BK13, DIL, Short Sale, Short Refi, NOD, Foreclosure, Mortgage Charge-Off
<p>Minimum Credit</p>	<ul style="list-style-type: none"> • Nontraditional credit not acceptable. All borrowers must have a minimum of 2 credit scores. Qualifying FICO as per matrix. • Minimum credit requirement as determined by AUS
<p>Mortgage / Rental Payment History</p>	<ul style="list-style-type: none"> • Mortgage/Rental payment history: Most recent 12-months required
<p>Self-Employment</p>	<ul style="list-style-type: none"> • Self-employed (S/E) borrowers are eligible: <ul style="list-style-type: none"> ○ A borrower is considered S/E when they have 25% or more ownership interest in a business ○ A Wage earner borrower with an incidental side business that does not provide qualifying income will not be considered as S/E ○ Declining income from S/E of 20%, or more, is ineligible for qualifying income ○ Two (2) business entities max per transaction ○ For determining the number of qualifying entities, rental properties held in an entity are counted in the total max of 2. Sch C are not counted against the 2 max.

	<ul style="list-style-type: none"> Year-to-date P&L and Balance Sheet are required if note date is beyond 90 days from the end of the last fiscal year. Depending on the type of business, micro P&Ls and business bank statements may also be required case by case.
Employment Gaps	<ul style="list-style-type: none"> A two (2) year minimum of employment and income is required for all borrowers Employment gaps greater than 30 days during the most recent two (2) year period require a borrower LOE All borrowers contributing income for qualification must be employed at present employer for a minimum of six (6) months to qualify if there is a gap in the employment greater than six (6) months during the previous two (2) years VVOE or WVOE for all jobs in the last two (2) years required to confirm dates of employment
Max DTI	<ul style="list-style-type: none"> See matrices
Departing Residence	<ul style="list-style-type: none"> The rental income from the departing residence may be used if the property has a loan to value of 75% or less as evidenced with one of the following: <ul style="list-style-type: none"> Current appraisal (no more than six months old from application date) OR Exterior only appraisal (2055) OR Automated Valuation Model (AVM) A 25% expense / vacancy deduction must be applied to all rental income Copy of the signed lease is required Reserves of six months PITI on the departure property must be documented in addition to the required reserves for the subject property
Rental Income	<ul style="list-style-type: none"> Rental income from other properties must be documented with the borrower's most recent signed federal income tax return that includes Schedule E Leases are required for all properties where rental income is being used to qualify Properties with expired leases that have converted to month to month per the terms of the lease will require bank statements for the lesser of 12 months or the period after the lease expired Proposed rental income from the comparable rent schedule may be used for qualifying if there is not a current lease or assignment of lease on purchase of an

	<p>investment property. A 25% vacancy factor must be applied to the gross rent used for qualifying. Multiply the gross rent by 75% and subtract the PITI to arrive at the rental income/loss used for qualifying.</p> <ul style="list-style-type: none"> Commercial properties owned on schedule E must be documented with a rent roll and evidence that the primary use and zoning of the property is commercial
Appendix Q	<ul style="list-style-type: none"> If not otherwise addressed, all income sources and method of calculation must meet most recent Appendix Q standards for Determining Monthly Debt and Income
Unreimbursed Business Expenses	<ul style="list-style-type: none"> Unreimbursed business expenses prior to and including tax year 2017 must be deducted from income.
Tax Transcripts	<ul style="list-style-type: none"> Two (2) years tax transcripts are required Transcripts must be obtained within 5-business days of transcript service becoming available Borrower-obtained transcripts are not acceptable W2 transcripts are acceptable for W-2 borrowers Transcripts and supporting income documentation provided must be consistent
Source of Funds	<ul style="list-style-type: none"> Follow FNMA
Paying Off Debt to Qualify	<ul style="list-style-type: none"> Installment debt may be paid off to qualify either before or at closing Revolving debt may be paid off to qualify either before or at closing with appropriate documentation to evidence that the account has been closed Paying down of debt is not permitted
Reserves	<ul style="list-style-type: none"> Follow the greater of the AUS reserve requirements or below requirements. If AUS does not provide reserve requirements follow below requirements: Loan Amounts \leq \$1mm = 6 months PITI reserves Loan Amounts $>$ \$1mm – 9 months PITI reserves 2nd Homes – 12 months PITI reserves Business funds, gift funds, and cash-out proceeds cannot be used for reserves

<p style="text-align: center;">Retirement Accounts</p>	<ul style="list-style-type: none"> • Vested funds from Individual Retirement Accounts (IRA/SEP/Keogh accounts) and tax-favored retirement savings accounts (401(k) accounts) are acceptable sources of funds for reserves • Ownership of the account and verification that the account is vested and allows withdrawals regardless of current employment status is required • When used for reserves, 70% of the value of the assets may be considered, and liquidation is not required
<p style="text-align: center;">Liabilities</p>	<ul style="list-style-type: none"> • All installment debt regardless of number of months remaining must be used in DTI calculation • Child support payments of ten (10) months or fewer may be excluded • A contingent liability may be excluded. A contingent liability is defined as a debt paid by a party other than the borrower where the other party is the primary obligor. The primary obligor is the person deriving the benefit from the lien asset. If the borrower is the primary obligor on any liability the debt must be included in the DTI. Example: Borrower co-signed on purchase of a car for their child. The primary obligor would be the person using the vehicle. • Debts that are not a contingent liability that are paid by another entity such as borrower's business or debts being paid by a family member, must be included in the DTI calculation.
<p style="text-align: center;">Second Homes</p>	<ul style="list-style-type: none"> • Property may not be a time share, subject to a rental agreement or other shared ownership arrangements • Property must be a reasonable distance from the borrower's primary residence • Rental income and expenses on Schedule E of the borrower's personal tax returns(s) must not exceed 30 rental days • Rental income from a second home cannot be used to qualify the borrower
<p style="text-align: center;">Condo Eligibility</p>	<ul style="list-style-type: none"> • Full Condo review required, unless 2-4 condo OR detached condo • Annual budget • E&O and liability insurance minimum \$1MM • Projects with any litigation are ineligible

	<ul style="list-style-type: none"> • Minimum square footage 400 • New projects ineligible • Low/Mid/High rise are eligible
Acreage	<ul style="list-style-type: none"> • Maximum lot size 20 acres • Properties with greater than 10 acres need to have three comparables with similar acreage
Chain of Title	<ul style="list-style-type: none"> • All transactions require minimum 12 month chain of title • For purchase transactions, seller must have taken title to the subject property a minimum of ninety (90) days prior to the date of sales contract
Recently Listed Properties	<ul style="list-style-type: none"> • Listing must be canceled or expired prior to the application date
HERO/PACE/Solar Panels	<ul style="list-style-type: none"> • Any item that that will include a UCC associated with the property and/or will create an easement on title is ineligible
Oil and Gas Leases	<ul style="list-style-type: none"> • Properties with oil and gas lease(s) are not allowed
Appraisal Requirements	<ul style="list-style-type: none"> • Property Inspection Waiver (PIW) not allowed • A CDA is required on all loans regardless of the loan amount • If the CDA produces a value in excess of a 10% negative variance then a field review may be ordered to support the original appraised value, if the field review produces a value in excess of a 10% negative variance the loan is ineligible
Appraisal Age	<ul style="list-style-type: none"> • Appraisals must not be over 120 days old from the note date • If appraisal is over 120 days old a new appraisal is required
Transferred Appraisals	<ul style="list-style-type: none"> • Transferred appraisals considered
Declining Property Value	<ul style="list-style-type: none"> • Reduce maximum LTV/CLTV by 10%, max 70% LTV/CLTV for any property located in an area of declining property values as noted on the appraisal
Ineligible Property Types	<ul style="list-style-type: none"> • Manufactured Homes • 3-4 Units • Factory Built Housing • Properties with income producing attributes

- Properties with oil and gas lease(s)
- Condo hotel units, non-warrantable condominiums, condominiums with HOA in litigation
- Log homes
- Timeshare units
- Geothermal homes
- Unique properties
- Mixed use properties, including home businesses i.e.: daycare
- Working farms
- Hobby farms
- Commercial properties
- Agriculturally zoned properties (agricultural/residential eligible)
- Properties held as leasehold