

Loans meeting the parameters outlined in this guideline matrix must be consistent with the Dodd Frank Wall Street Reform and Consumer Protection Act Ability to Repay (ATR). Documentation standards are designed to ensure borrowers have demonstrated a reasonable ability to repay the debt based on a reasonable, good-faith determination. Programs are 100% ATR compliant.

**"Ultra Standard" (Full Doc) & "Ultra 24" (Alt Doc) – Eligibility Chart**

See Rate Sheet for interest rates, index, margin, rate cap structures, interest only and other rate adjustments

**Owner Occupied and Second Home Properties**

Loan Purpose	Property Type	Credit Score	LTV/CLTV	Maximum Loan Amount
<b>Purchase / Rate &amp; Term</b>	1 Unit SFR / PUD	700+	65% / 70%	\$2,500,000
		660+	60% / 70%	
		680+	80% / 80%	\$1,500,000
		660 - 679	70% / 70%	\$1,000,000
		640 - 659	65% / 70%	
		620 - 639	60% / 70%	
	Condominium	700+	80% / 80%	\$1,000,000
		680 - 699	75% / 75%	
		660 - 679	60% / 70%	
		640 - 659	55% / 70%	
		620 - 639	50% / 70%	
	2-4 Units	700+	65% / 70%	\$2,500,000
		660 - 699	60% / 70%	\$1,000,000
		640 - 659	55% / 70%	
620 - 639		50% / 70%		
<b>Cash-Out Refinance†</b>	1 Unit SFR / PUD	700+	55% / 70%	\$2,500,000
			75% / 75%	\$1,500,000
		680 - 699	70% / 70%	
		660 - 679	60% / 70%	\$1,000,000
		640 - 659	55% / 70%	
	620 - 639	50% / 70%		
	Condominium	700+	70% / 70%	\$1,000,000
		680 - 699	65% / 70%	
		660 - 679	55% / 70%	
		620 - 659	50% / 70%	
	2 - 4 Units	700+	55% / 70%	\$2,500,000
			65% / 70%	\$1,000,000
		660 - 699	55% / 70%	
	620 - 659	50% / 70%		

Note: All Products Revised on 09/19/2017.

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**"Ultra Standard" (Full Doc) & "Ultra 24" (Alt Doc) – Eligibility Chart**

*See Rate Sheet for interest rates, index, margin, rate cap structures, interest only and other rate adjustments*

**Investment Properties**

Loan Purpose	Property Type	Credit Score	LTV/CLTV	Maximum Loan Amount
<b>Purchase / Rate &amp; Term</b>	SFR / PUD / 2-4 Unit	700+	60% / 70%	\$2,500,000
		680+	65% / 70%	\$1,000,000
		620 - 679	50% / 70%	
	Condominium	700+	65% / 70%	\$1,000,000
		680 - 699	60% / 70%	
		620 - 679	50% / 70%	
<b>Cash-Out Refinance</b>	SFR / PUD / 2-4 Unit	700+	55% / 70%	\$2,500,000
		620+	50% / 70%	\$1,000,000
	Condominium	700+	55% / 70%	\$1,000,000
		620 - 699	50% / 70%	

**"Ultra 12" (Alt Doc) & "Ultra Limited" (Alt Doc) – Eligibility Chart**

See Rate Sheet for interest rates, index, margin, rate cap structures, interest only and other rate adjustments

**Owner Occupied and Second Home Properties**

Loan Purpose	Property Type	Credit Score	LTV/CLTV	Maximum Loan Amount
<b>Purchase / Rate &amp; Term</b>	1 Unit SFR / PUD	700+	60% / 75%	\$2,500,000
		660+	55% / 70%	
		700+	75% / 75%	\$1,500,000
		680 - 699	70% / 70%	
		660 - 679	60% / 70%	\$1,000,000
		640 - 659	55% / 70%	
	620 - 639	50% / 70%		
	620 - 639	50% / 70%		
	Condominium	700+	75% / 75%	\$1,000,000
		680 - 699	70% / 70%	
		660 - 679	55% / 70%	
		620 - 659	50% / 70%	
	2-4 Units	700+	60% / 70%	\$2,500,000
		660 - 699	55% / 70%	
640 - 659		55% / 70%	\$1,000,000	
620 - 639		50% / 70%		
<b>Cash-Out Refinance†</b>	1 Unit SFR / PUD	700+	55% / 70%	\$2,500,000
			75% / 75%	\$1,500,000
		680 - 699	70% / 70%	
		660 - 679	60% / 70%	\$1,000,000
		640 - 659	55% / 70%	
	620 - 639	50% / 70%		
	Condominium	700+	70% / 70%	\$1,000,000
		680 - 699	65% / 70%	
		660 - 679	55% / 70%	
		620 - 659	50% / 70%	
	2 - 4 Units	700+	55% / 70%	\$2,500,000
			60% / 70%	
		660 - 699	55% / 70%	\$1,000,000
		620 - 659	50% / 70%	

**"Ultra 12" (Alt Doc) & "Ultra Limited" (Alt Doc) – Eligibility Chart**

See Rate Sheet for interest rates, index, margin, rate cap structures, interest only and other rate adjustments

**Investment Properties**

Loan Purpose	Property Type	Credit Score	LTV/CLTV	Maximum Loan Amount
Purchase / Rate & Term Refinance	SFR / PUD / 2-4 Unit	700+	60% / 70%	\$2,500,000
		680 - 699	60% / 70%	\$1,000,000
		620 - 679	50% / 70%	
	Condominium	700+	60% / 70%	\$1,000,000
		620 - 699	55% / 70%	
Cash-Out Refinance†	SFR / PUD / 2-4 Unit	700+	55% / 70%	\$2,500,000
		620 - 699	50% / 70%	\$1,000,000
	Condominium	700+	55% / 70%	\$1,000,000
		620 - 699	50% / 70%	

\*IO (Interest Only) Loans are interest only for the initial hybrid period (i.e. 5 years or 7 years) and fully amortizing thereafter.

\*\*In addition to the refinance of any properties owned free and clear, the payoff/pay down of any debt except the following will be considered cash-out transactions:

- First mortgage liens
- Home Equity Lines of Credit (HELOC) which have had no draws taken in the past 12 months
- Purchase Money Second Mortgage Liens
- Closed-End Second Mortgage Liens at least 12 months old

†Cash Out transactions with an LTV ≤ 55% are not limited to the cash in hand the borrower can receive. Transactions with an LTV > 55% are limited to \$300,000 cash in hand to the borrower.

Full Documentation Summary	
<b>Eligibility</b>	Wage earner or self-employed borrower
<b>Income</b>	Two (2) years of most recent tax returns or two (2) years of most recent W-2s and a paycheck stub reflecting the most recent 30 day period are required, unless DU/LP AUS findings require less, in which case, default to DU/LP AUS findings. Processed 4506-T, IRS transcripts required.
<b>Assets</b>	Minimum of two (2) most recent bank statements (AL reviewer may request/require additional months of bank statements).
<b>“Ultra Standard”</b> <i>5/1 ARM</i> Program 500: Full Amortization Program 501: Interest Only  <i>7/1 ARM</i> Program 700: Full Amortization Program 701: Interest Only	Standard Full Income Documentation Program as reflected above.
Alternative Documentation Summaries	
<b>Eligibility</b>	Self-employed borrowers (defined as an individual who files schedule C or corporate tax returns) in the same business for at least two (2) years are eligible for Alt-Doc. Salaried and/or commission borrowers may only utilize “Ultra Limited” Alt-Doc Programs 530 & 531 or 730 & 731 or “Ultra Standard” Full-Doc Programs 500 or 501 or 700 & 701. Borrowers classified as investors (i.e. Real Estate Investors; day traders; etc.) <u>are not eligible</u> for the Alternative Documentation Programs and must go Full Doc. Self-employed borrower’s Business phone number must be verifiable via 411 or the internet. Primary self-employed borrowers may have Co-Borrower that earns W-2 income. First time homebuyers are limited to 43% DTI when using Alternative Documentation.
<b>Income</b>	Tax returns and IRS form 4506-T will not be required unless noted. Rental income not diverted to a separate account must be taken into consideration when calculating the borrower’s monthly income from bank statement for qualification purposes.
<b>Assets</b>	Minimum of two (2) most recent bank statements (AL reviewer may request/require additional months of bank statements).



### Alternative Documentation Summaries

<p><b>“Ultra 24”</b> (24 Months Bank Statements) <u>5/1 ARM</u> Program 510: Full Amortization Program 511: Interest Only</p> <p><u>7/1 ARM</u> Program 710: Full Amortization Program 711: Interest Only</p>	<p>Available to any borrower with a 25% or greater ownership in a business.</p> <p>Twenty-four (24) months of personal bank statements to determine income derived from Business - Income stated on 1003. If eligible, business bank statements may be utilized. Sole proprietors and 100% business owners may use both personal and/or business bank statements.</p> <p>Income is considered to be transfers or deposits from business accounts, deposits from business accounts through an ATM, or payroll check deposits. Average monthly income over twenty-four (24) months. Twenty-Four (24) month P&amp;L prepared by borrower or 3rd party CPA/tax preparer and covering the same time period to further validate the income shown in the bank statements.</p> <p>CPA/tax preparer's attestation of borrower's percentage of ownership and that the borrower has been self-employed in the same business for a minimum of two (2) years.</p>
<p><b>“Ultra 12”</b> (12 Months Bank Statements) <u>5/1 ARM</u> Program 520: Full Amortization Program 521: Interest Only</p> <p><u>7/1 ARM</u> Program 720: Full Amortization Program 721: Interest Only</p>	<p>Available to any borrower with a 25% or greater ownership in a business.</p> <p>Twelve (12) months of personal bank statements to determine income derived from Business - Income stated on 1003. If eligible, business bank statements may be utilized.</p> <p>Sole proprietors and 100% business owners may use both personal and/or business bank statements.</p> <p>Income is considered to be transfers or deposits from business accounts, deposits from business accounts through an ATM, or payroll check deposits. Average monthly income over twelve (12) months. Twelve (12) month P&amp;L prepared by borrower or 3rd party CPA/tax preparer and covering the same time period to further validate the income shown in the bank statements.</p> <p>CPA/tax preparer's attestation of borrower's percentage of ownership and that the borrower has been self-employed in the same business for a minimum of two (2) years.</p>
<p><b>“Ultra Limited”</b> 1-Year Tax Return or 1-Year W-2</p> <p><u>5/1 ARM</u> Program 530: Full Amortization Program 531: Interest Only</p> <p><u>7/1 ARM</u> Program 730: Full Amortization Program 731: Interest Only</p>	<p>Available to wage earners, or self-employed borrowers.</p> <p><b>Self Employed Borrower</b> must provide most recent year tax return (personal and business, if applicable), and a YTD P&amp;L and/or paystub showing YTD income. In addition, Self Employed borrowers will be required to provide a CPA/tax preparer's attestation of the borrower's ownership and that the borrower has been self-employed in the same business for a minimum of two (2) years.</p> <p><b>Commission/Salary + Commissions Borrowers</b> must provide the most recent year tax return and the most recent paystub showing YTD income.</p> <p><b>All other Salaried Borrowers</b> must provide the most recent year W2 and the most recent paystub showing YTD income. Most recent two (2) months personal bank statements to validate required reserves. Processed 4506-T, IRS transcripts required for 1-year, in line with W-2 or tax return. All non-Self Employed borrowers must also provide a written VOE reflecting the income for the same period as the single year tax return/ W-2 and evidence of employment in the same line of work for at least 2 years.</p>

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### Asset Depletion - Eligibility Chart

*Primary Residence, Second Home, and Investment Properties*

*Purchase, Rate & Term Refinance, and Cash Out Refinance*

*See Rate Sheet for interest rates, index, margin, rate cap structures, interest only and other rate adjustments*

#### Owner Occupied and Second Home Properties

Loan Purpose	Property Type	Credit Score	LTV/CLTV	Maximum Loan Amount
<b>Purchase / Rate &amp; Term Refinance / Cash-Out Refinance</b>	1 unit SFR / PUD	620	55% / 55%	\$1,000,000
			50% / 50%	\$2,500,000
	2-4 unit property / Condominium	620	50% / 50%	\$2,500,000

#### Investment Properties

Loan Purpose	Property Type	Credit Score	LTV/CLTV	Maximum Loan Amount
<b>Purchase / Rate &amp; Term Refinance / Cash-Out Refinance</b>	All	620	50% / 50%	\$2,500,000

#### Asset Depletion Eligibility

##### 5/1 ARM

Program 540:  
Full Amortization

Program 541:  
Interest Only

##### 7/1 ARM

Program 740:  
Full Amortization

Program 741:  
Interest Only

Asset depletion (AD) can be used to meet ATR requirements on a stand-alone basis or to supplement other income in order to lower the DTI, subject to limitations listed below.

Eligible assets include cash or cash equivalents, marketable securities (i.e. CDs, money market accounts, savings, stocks, bonds, and mutual funds).

Ineligible assets include equity in real estate and private (not publicly traded) stocks. Retirement assets may only be used for AD if the borrower is retirement age (59 ½).

#### Asset Depletion Documentation

All assets considered for AD must be verified through either an account statement from the most recent 30-day period or a Verification of Deposit (when available).

#### Credit Standards

<b>Mortgage/Rent</b>	0 x 30 in past twelve (12) months. (no exceptions)
<b>Trade lines</b>	Two (2) Active Trade-Lines reporting for at least twenty-four (24) months are required.
<b>Foreclosure, short sale, bankruptcy, loan modification</b>	Must be seasoned at least twelve (12) months (no exceptions). (See rate sheet for adjustment for seasoned less than thirty-six (36) months.)

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Credit Standards		
<b>Judgement, tax lien, collection, charge-off</b>	Must be paid off with no new derogatory credit within the past twelve (12) months (medical excluded).	
<b>Loans to One Borrower</b>	Not to exceed 8 properties, and/or \$2,500,000	
<b>Maximum Financed Properties</b>	Borrowers are allowed up to ten (10) financed properties including subject	
<b>Credit Documentation</b>	May not be more than 90 days old at the time of close	
Underwriting		
<b>Minimum Loan Amount</b>	\$100,000	
<b>Debt to Income Ratio (DTI)</b>	Defined as a roll-up of all monthly debt obligations (all debts as defined by ATR rules).	
	<b>LTV</b>	<b>Max DTI</b>
	≤ 65%	55%
	≥ 65.01%	50%
Loans with DTI ratios ≤ 43%, then no residual income required. Loans with DTI ≥ 43.01% require residual income (see below).		
<b>Residual Income</b>	Defined as the cash flow remaining after all monthly obligations have been paid. Requirement – 0.0045 (.45%) of the UPB. (UPB x 0.0045 = required residual income)	
<b>Secondary Financing</b>	Only institutional secondary financing is acceptable. (AL does not provide secondary financing).	
<b>Condominiums</b>	Must be warrantable by FNMA; non-warrantable condominiums will be reviewed on a case by case basis.	
<b>Seasoning</b>	No Seasoning Requirements for refinance transactions (both rate/term and Cash-Out).	
<b>Vesting</b>	Loans must be closed in the name of an individual (no Trust, LLC, etc...)	
Assets/Reserves		
<b>Minimum Reserve Requirement</b>	<b>Loan Amount</b>	<b>Required Reserves</b>
	\$100,000-\$650,000	6 months, verified PITI
	\$650,001-\$1,000,000	9 months, verified PITI
	\$1,000,001-\$1,500,000	12 months, verified PITI
	\$1,500,001-\$2,500,000	18 months, verified PITI



Appraisals		
<b>Appraisal Requirements</b>	<b>Loan Amount</b>	<b>Appraisal Requirements</b>
	≤ \$1,000,000	One (1) full appraisal with 3 sold comps < 6 months
	> \$1,000,000	Two (2) Full Appraisals with 5 sold comps < 12 months
<b>Compliance Note</b>	The ECOA Valuations Rule requires that copies of appraisals and other written valuations be delivered to borrowers promptly upon completion; or within three (3) business days of closing.	
Borrower and Property Eligibility		
<b>Eligible Borrowers</b>	<ul style="list-style-type: none"> <li>• US Citizens</li> <li>• First Time Homebuyers (defined as a qualifying borrowers who has not had ownership in a residence (principal or otherwise) during the three (3) year period ending on the date of the purchase of the property).</li> <li>• Foreign Nationals (Permanent Resident Aliens with appropriate documentation)</li> <li>• Non-occupant Co-borrowers (must be disclosed on the initial application; cannot be added at a later date to qualify; and must be related to the primary borrower).</li> </ul>	
<b>Ineligible Borrowers</b>	Applicants Possessing Diplomatic Immunity	
<b>Ineligible Properties</b>	Ineligible properties include but are not limited to: <ul style="list-style-type: none"> <li>• Leasehold Properties</li> <li>• Co-ops</li> <li>• Condotels</li> <li>• Timeshares</li> <li>• Income Producing and Commercial Enterprise Properties (Farms; Ranches; Bed and Breakfasts; Assisted Living; etc.)</li> <li>• Short Term Rental Properties</li> <li>• Manufactured Homes (Including Log Cabins)</li> <li>• Properties &gt; 5 acres (as identified on the appraisal).</li> </ul>	
<b>State Eligibility</b>	Loans are eligible for properties in all states except Illinois, New York and US Territories. Cash Out not allowed in Texas. In all cases, state specific regulations supersede guidelines stated herein.	
Gift Funds		
<b>Gift Funds</b>	Gift funds are acceptable after a minimum down payment has been made from the borrowers own resources as outlined below:	
	<b>Owner Occupied Transactions:</b>	<b>Non Owner Occupied Transactions:</b>
	10% of borrowers' funds	30% of borrowers' funds

**Assumption, Conversion, HPML, Points/Fee's, & Note Terms**

<b>Assumability</b>	Loan may be assumed by a qualified borrower after the initial fixed term.
<b>HPML</b>	HPML loans are eligible for purchase but are required to comply with the HMPL Appraisal Rule, and to establish and fund an escrow account for property taxes and insurance for a minimum of 5 years.
<b>Conversion</b>	Conversion to a fixed rate mortgage is not allowed
<b>Points and Fees</b>	Owner occupied transactions are limited to points and fees of not more than 3%; Non-Owner Occupied transactions are limited to points and fees of not more than 5%.
<b>Note Terms</b>	ARM Documents: 5/1 or 7/1 ARM; 5-2-5 caps; floor rate is equal to the margin; 1 Year LIBOR Index; Margin is 3.75%; may use Fannie Mae (FNMA) ARM Note 3528.

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