Ameri Fund
HOME MORTGAGE, LLC

Alt PORTFOLIO Residential Long Term Financing

Program Description –Alternative Income Documentation using Bank Statements AND OTHER METHODS

Amerifund offers loans to Applicants utilizing an analysis of deposits into bank statements rather than traditional income documentation. This program is designed for Applicants who are sound credit risks based on a common sense approach to underwriting.

Highlights include the following: CROSS COLLATERAL OK ALONG WITH THE BELOW

- **Loan amounts up to $10 Million ++**
- **Interest only feature available**
- **DTI USE MULTIPLE METRICS**
- **Credit scores preferably 650+ (down to 620)**
- **FOREIGN NATIONAL OK**

All occupancy types allowed
5/1, 7/1 and 10/1 ARM, and 30 YR FIXED
Multiple financed properties allowed
NO MAX CASH-OUT
BUSINESS PURPOSE LOANS OK (100 DTI)

Eligibility Types

Applicants	• US Citizen • Permanent Resident Alien • FOREIGNERS OK - Non-Permanent Resident Alien OK with : E, G, H, L, O, P, and TN • First time home buyer-see Housing Payment History guideline below • Non-Occupant Co-Applicants- OK
Eligible Occupancy	Primary, Second Home, and Investment Properties
Property Types	• 1-4 unit attached and detached properties • Warrantable Condos • Non-Warrantable Condos case by case with a pricing adjustment- • PUDs • Mixed use properties complying with Fannie Mae's requirements-
Eligible Transactions	**Purchase**, including non-arm's length transactions **Rate and Term Refinance** • No seasoning required • Payoff of first and second, where the second is seasoned >6 months and not drawn on in 6 months preceding application date unless the second was used in full to purchase the property (exceptions possible) • Recoup of funds expended to improve the subject property. Improvements must have been completed within the last 6 months preceding the application date, funds must have been Applicant's own. • Buyout accompanied by an executed buyout agreement • When the subject property was purchased for cash within the 6 months preceding the application date, funds may be recouped up to the Applicant's documented contribution. Gifted funds are not deemed to be Applicant's own funds **Cash-Out Refinance** • Refinances which do not fit into the rate and term guidelines are deemed to be cash out • Some programs do not have 6 months seasoning required measured from deed transfer to application • No Max on cash out (reasonable circumstances) • Value to be utilized is based on length of ownership

Credit Requirements

Trade Lines	Each Applicant must have three trade lines and a credit history covering 24 months. One trade line must have been active within the last 6 months. At least one trade line must be seasoned 24 months. The same trade line may be used to cover both the 24 month history and active requirement. The trade lines do not need to be open. If an Applicant's spouse is the only Co-Applicant listed, only one Applicant is required to meet this guideline. Exceptions on a case by case basis.

Credit Score	• Credit scores allowed down to 620, subject to loan amount and LTV restrictions (preferable 680 +) • Use middle score of the primary income earner for pricing and guideline purposes
Housing Payment History	Housing payment history no greater than 0x30x12, 0x60x24, and 0x120x48 for all mortgages/rental verifications. Exceptions on a case by case basis **First Time Home Buyer (FTHB)** Applicants must be able to document a 12 month rental history within the last three years preceding the application showing 0x30 over the 12 month period. Rent free not allowed.
Significant Credit Events	The guidelines for credit events in the last three (3) years are considered case by case. Any major credit event (bankruptcy, foreclosure, short sale, short pay, deed in lieu, forbearance, pre-foreclosure including Notice of Default or Lis Pendens) must have been completed at least three years prior to application (***exceptions possible***). • Prior Modification: Modification must have been completed three years prior to application. • Judgment/Tax Lien: Must meet one of the following: o Paid off prior to or at closing, or o Show 6 month satisfactory payment history, include payment in DTI, subordinate if recorded • Collections/Charge-Offs: May be excluded if individually less than $250 or in aggregate less than $1,000. If greater, must be paid off prior to or at closing. Medical collections are excluded from this requirement regardless of amount. – all above looked at on a case by case basis
Income and Assets	
DTI	Maximum DTI: 55 dependent on residency and if business purpose etc. BUSINESS PURPOSE LOANS MAY BE ACCEPTALE WITH HIGHER DTI CASE BY CASE ASK YOUR ACCOUNT REP
Product Eligibility	Applicants generally must have been self-employed for at least two years. A CPA letter or equivalent document verifying self-employment must be provided in all cases. Applicants must provide an LOE on the nature of their business and how it was impacted by COVID. Current business existence and operations must be re-verified prior to closing via updated bank statements. If not greater than two years self- employed same line of work may apply.

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Calculation Methods	**Personal Bank Statements** Provide the most recent 24 months of personal bank statements. Evaluate deposits to verify that they are part of Applicant's income stream. Any that are abnormal to Applicants typical deposits must be sourced/documented to be considered as part of income. Total all eligible deposits and divide by the number of statements provided to determine monthly income. Provide the most recent 3 months of business statements to verify that income is coming from Applicant's business. Multiple accounts allowed. Transfers between accounts not considered income. An applicant who provides personal statements but does not meet the above outlined criteria will have their statements treated as business statements. **Business Bank Statements** Provide the most recent 24 months of business bank statements. Multiple accounts may be used, however in most cases the same calculation method must be applied across all accounts provided. Some cases may differ on income metrics used. **Method 1 | Profit and Loss Statement – most common method used** Provide a CPA prepared profit and loss statement covering the period of bank statements provided. As long as business statements support eligible deposits of at least 70% of the gross receipts listed on the P&L, use the net income on the P&L for qualifying based on the Applicant's pro-rata share of ownership. Any abnormal deposits will need to be sourced and documented. Income utilized to qualify must be reasonable based on the Applicant's line of work. **Method 2 | CPA Letter for Expense Ratio – most common method used** Provide a CPA letter stating the business' expense ratio based on the most recent year's tax return. The CPA letter may not include any exculpatory language. Multiply the expense ratio by the business' total deposits over the period shown on bank statements. Deduct that figure from the total deposits. Multiply net deposits by the Applicant's pro-rata ownership percentage, and divide by the number of statements provided. Income utilized to qualify must be reasonable based on the applicant's line of work. **<u>All Methods INCLUDING DSCR, ASSETT QUALIFICATION:</u>** • Six months of statements for accounts which are being used towards funds to close and the post-closing reserve requirement. Balances must be verified with the most recent months' statement available as of the note date • Two months of statements for accounts which are being used solely for funds to close. Qualification is determined solely based on the Applicant's liquid assets and assets that they can liquidate without restriction. Method 1 | Mortgage Only Total post-closing assets must meet 125% of the outstanding mortgage debt for which the Applicant has personal liability, including the proposed mortgage(s) on the subject property. Method 2 | Simplified Total post-closing assets must meet 120% of the proposed mortgage(s) on the subject property plus 30% of all other outstanding debt (mortgage and consumer). Method 3 | Traditional Total post-closing assets must meet the sum of the below: • 100% of loan amount • Reserves required per program-see Reserves Required • 60 months of total debt service (do not include subject property's PITIA or PITIA on rented properties with documented rental income) • 60 months of net rental losses on rental properties (do not include subject property's PITIA) Rental Calculation (Method 3 Only) Rental properties are counted on a net basis based on 75% of lease less PITIA to determine impact on debt service. Net rent can never exceed $0 for determining impact. For example, a property with a lease of $1,600 and PITIA of $1,500 would have a $300 per month added to debt service ($1,600 *75% - $1,500=$300). Other owned properties require additional reserves. Asset Calculations (All Methods) Assets are determined based on the below calculation: • Cash and cash equivalents: 100% of face value • Marketable securities (excludes unvested RSUs and Stock options): 70% • Retirement funds: 60% unless if

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	Applicant is of retirement age, then use 70%. If utilizing retirement account, document Applicant's ability to access the funds. • Cash surrender value of life insurance/annuity: 100% The balance of any loans secured against financial assets being used for asset qualification will be netted against the asset's value before application of the discount Comingled accounts will be treated as business accounts for purposes of determining income. • See above requirements for utilizing cash, marketable securities, and retirement funds as funds to close, post-closing reserves, and asset qualification • If Applicant is liquidating funds from non-retirement sources, document liquidation and end balance • If Applicant is liquidating from retirement accounts, document the liquidation and end balance • 1031 exchanges eligible for investment properties. See Underwriting Guidelines for more detail. • Business funds may be used for funds to close provided the Applicant(s) own(s) a minimum of 51% combined ownership of the business. The amount funds that may be utilized is based on the Applicant's percentage of ownership. Applicant(s) must provide either: o A letter from Applicant's CPA, EA, or licensed tax preparer stating that the Applicant(s) may access the business funds and that the withdrawal will have no adverse impact; or o A letter from the Applicant(s) stating that they may access the business funds and Cash Flow Analysis to document that the withdrawal will have no adverse impact- see Underwriting Guidelines • Cash out proceeds may NOT be used to meet the reserve requirement

	NSFs: No NSFs allowed Income trend: Bank statements should show a stable or increasing trend. If the trend is declining and/or irregular, additional documentation may be required up to and including an additional 12 months of statements
Co-Applicant Options	Full documentation from a Co-Applicant who is not self-employed may be used to supplement bank statement. See full documentation guidelines for additional information on acceptable sources. Taxable income is counted on a "gross" amount regardless of the net deposit shown on bank statements.
Other Income Sources	**Rental Income** Utilize 75% of the current lease income less PITIA on a net basis. Do not include rental deposits as part of the bank statement income stream. Rental income may not be used to qualify on a vacant unit unless by approved exception. **Other Income Sources** Applicants who have supplemental income sources may utilize them to qualify provided the history of receipt and continuance requirements under the full documentation guidelines are met. The Applicant utilizing bank statement income must still earn the majority of their income from self-employed activity. The acceptable supplemental income sources are limited to: social security, pension, alimony, child support, asset distribution/utilization, and second job income.

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Asset Accounts	• Use 100% of cash and cash equivalents • Use 70% of face value for non-retirement asset accounts • Use 70% of retirement assets • If Applicant is liquidating funds from non-retirement sources, document liquidation and end balance • If Applicant is liquidating from retirement accounts, document the liquidation and end balance • 1031 exchanges eligible for investment properties is acceptable case by case • Business funds may be used provided the Applicant(s) own(s) a minimum of 51% combined ownership of the business. The amount of funds that may be utilized is based on the Applicant's percentage of ownership. Applicant(s) must provide either: o A CPA letter stating that the Applicant(s) may access the business funds and that the withdrawal will have no adverse impact; or o A letter from the Applicant(s) stating that they may access the business funds and Cash Flow Analysis to document that the withdrawal will have no adverse impact-see Underwriting Guidelines • Cash out proceeds may be used to meet the reserve requirement
Gifted Funds	• Gift funds are allowed for funds to close. A 5% contribution from Applicant's own funds is mostly required. • Gifts must be documented in compliance with FNMA requirements and be from immediately family members-see Underwriting Guidelines. – • Gifts of equity are allowed. No Applicant contribution is required on a primary residence or a second home. A 5% applicant contribution is required for investment properties.
Liabilities	
Alimony/Child Support	Alimony may be deducted from income rather than included as a liability, provided the alimony payments are tax deductible to the payor. Otherwise, include as a liability. Child support must be included as a liability.
Installment Debt	Installment loans must be included in the DTI. Installment debt with less than 10 months' worth of payments remaining may be excluded from DTI, as long as the Applicant has the assets to make the remaining payments. Applicants may pay down the debt such that the remaining balance is less than the sum of 10 months' worth of payments. The assets used must be sourced. Loans secured by financial assets (margin loan, 401(K) loan, etc.) do not need to be included in the DTI provided the asset balance exceeds the loan balance.
Other Highlights	
Appraisal / Valuation	• Loan amount up to $2MM, **one** appraisal required • Loan amount over $2MM are CASE by CASE and require **two** appraisals if accepted Additional appraisal due diligence may be required at the discretion of Amerifund

	• Purchase: lesser of purchase price or appraised value • Refinance (all types): If owned less than 12 months, use lesser or purchase price plus documented improvements or market value. If more than 12 months, use market value.
Geographic Restrictions	The following states are eligible: CA, CO, CT, DE, FL, GA, MD, ME, MI, NH, NJ, NM, NY (no NY subprime), TN, TX, ask about other states.
Suggested Reserve Requirement	• Loan amount up to $1MM: 2 to 3 months PITIA • Loan amount above $1MM and up to $2MM: 6 months PITIA • Loan amount above $2MM and up to $3MM: 12 months PITIA , CASE BY CASE only • Other real estate owned: 3 months of each property's PITIA

Title Vesting	• Individual names as joint tenants, community property, or tenants in common • Living trusts (Irrevocable Trusts on a case by case basis) • Blind Trusts • Limited Liability Corporations • Partnerships/Corporations
ARM Terms	• Margin = 4.125% • Index = 1 year LIBOR • Caps = 2/2/5 • Floor rate = Note Rate
Interest Only	Interest Only features are allowed on ARMs with the following: • Occupancy: All • Max LTV: per Matrix/Guidelines • IO Term: 10 years • Loan Term: 30 years • Max DTI: 50 (typically 45) • Reserves: Standard • Min FICO: Per Matrix/Guidelines • Transaction Type: All Follow Underwriting Guidelines for anything not specifically addressed
Qualifying Payment	To determine the P&I component of the Qualifying Payment, utilize the below (except as otherwise specified): • Amortizing ARM: Utilize the greater of the start rate or the index plus margin, amortized over full term of the loan • ARM with IO Feature: Utilize the greater of the start rate or the index plus margin, amortized over the below terms: 5/1 IO ARM: 30 years 7/1 IO ARM: 30 years 10/1 IO ARM: 30 years
Prepayment Penalty	A prepayment penalty is required for a period of three years in an amount equal to two percent of the original principal balance on all investment properties, to the extent permitted by state and federal law.
Mortgage Insurance	Not Required
Min/Max Loan Amount	Minimum: $300,000 Maximum: $2MM (Purchase, Cash-out and Rate and Term Refinance)

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LTV and Loan Amount Requirements

PURCHASE/RATE & TERM REFINANCE

Primary Residence					Second Home					Investment Property				
FICO	LTV	CLV	Loan Amount	DTI	FICO	LTV	CLV	Loan Amount	DTI	FICO	LTV	CLV	Loan Amount	DTI
760	80%	80%	$ 2,500,000	43	760	80%	80%	$ 2,500,000	43	760	80%	80%	$ 1,500,000	43
740	80%	80%	$ 2,500,000	43	740	80%	80%	$ 2,500,000	43	740	75%	75%	$ 2,500,000	43
	80%	80%	$ 2,500,000	43		80%	80%	$ 2,500,000	43		75%	75%	$ 2,500,000	43
720	80%	80%	$ 2,500,000	43	720	75%	75%	$ 2,500,000	43	720	75%	75%	$ 2,500,000	43
680	75%	75%	$ 2,000,000	43	680	75%	75%	$ 2,000,000	43	680	70%	70%	$ 3,000,000+	43

See Geographic Eligibility for states w LTV limitation ***Exceptions on case by case basis
** CHECK WITH ACCT REP for LTV's w HIGHER LOAN SIZES

CASH-OUT REFINANCE

Primary Residence					Second Home					Investment Property				
FICO	LTV	CLV	Loan Amount	DTI	FICO	LTV	CLV	Loan Amount	DTI	FICO	LTV	CLV	Loan Amount	DTI
740	80%	70%	$ 3,000,000+	55	740	75%	70%	$ 2,500,000+	50	740	75%	70%	$ 2,500,000	55
680-739	70%	70%	$ 2,500,000+	50	720	70%	70%	$ 2,000,000+	50	720	65%	70%	$ 2,,000,000	55
620-679	70%	70%	$ 2,000,000+	43	680	70%	70%	$ 2,000,000+	50	680	65%	70%	$ 2,,000,000	55

***Exceptions on case by case basis

DSCR (Investment)					
740+	<= 2,000,000	>= 1.15	75	70
680-739	<= 1,500,000	>= 1.15	70	65
620-679	<= 1,000,000	>= 1.15	65	60

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Amerifund Proprietary PORTFOLIO programs
Bank Statement Product Highlight-
February 1st, 2021
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