

Non-QM Programs

October 2021





BANK STATEMENT PROGRAM

General Requirements

Product Type	30-YR Fixed		40-YR Fixed - Interest Only, 10YR I/O Period	
Interest Only	Primary & Second Home	Min 680 FICO	40-YR term qualified at 30-YR AM full PITIA payment	
	Second Home Max LTV75%		Interest-only Payment Calculation: Loan Amount x Interest Rate divided by 12 months	
Loan Amounts	Min. \$150K		LTV >85% Requirements	
	Max. \$3M		Residential Pay History 0x30x24	
	Loan Amounts > \$2M Min. 700 Credit Score Max. 80% LTV		Credit Seasoning - No BK or FC ever	
	Loan Amounts > \$1.5M - \$2M Min. 660 Credit Score		Max DTI 40% / 50%	Primary Residence
Loan Purpose	Purchase, Rate-Term Refinance, and Cash-Out Refinance			
Occupancy	Primary, Second Home and Investment			
Second Home/NOO	Min. 640 FICO Max. 80% LTV		Min. 660 FICO Max. 85% LTV	
	Max. Loan Amt. \$2M			
Escrow Waiver	Allowed when LTV <=80%		Not HPML	
	Min. FICO 700			
Prepayment Penalty (PPP) NOO Only	3 years - 6 months' interest on excess of 20% of the original principal balance (unless otherwise restricted by law)			
	Cost Buyout - .25% fee for 2 years; .75% fee for 1 year; 1% fee for no PPP Rate Buyout - 2 YR PPP .125% adjustment to rate, 1 YR PPP .375% adjustment to rate, No PPP .5% adjustment to rate No PPP = Max YSP of 0% States with PPP restrictions - Max YSP of 2%			
Property Type	Single-Family, PUDs, 2-4 Units, Townhouse and Condos			
Cash-Out	Min FICO 640 Max 80% LTV	Min. FICO 740 Max. 85% LTV	Second Home/NOO Max. 85% LTV	12mo seasoning require
	Max. Cash-Out \$1M \$500,001 - \$1M Max. 60% LTV Cash-Out > \$300K Min. 700 FICO			
	Texas 50(a)(6) loans - Max. 80% LTV			
Appraisals	Loan amounts >=\$1.5M a borrower-paid second appraisal must be obtained			
Underwriting Requirements				
Documentation	Business or Personal Bank Statements: 24 or 12 months		12 Month Bank Statement: Min. 640 FICO	
	1099: 1 or 2 years statements			
Credit Score	Primary wage earners middle FICO score			
Housing History	Residential pay history 1 x 30 x 12		Rent free not allowed	
	Due to forbearance (delinquency prior to March 2020 will not be considered forbearance): Up to 6 consecutive missed payments if due to forbearance if now current with 3 current payments (rate adjustment applies)			
Credit History	No 60 day consumer late payments in last 12 mos		No Collections/Charge Offs/Judgments in the last 24 months	
	Due to forbearance (delinquency prior to March 2020 will not be considered forbearance): Up to 6 consecutive missed payments if due to forbearance if now current with 3 current payments (rate adjustment applies)			
Tradelines	3 tradelines reporting for >=12 months; or 2 tradelines reporting for >=24 months with activity in the past 12 months			
DTI Requirements	Max 40/50% NOO Max 50%			
Qualifying Income	<ul style="list-style-type: none"> Business Bank Stmts Total deposits, less business expense ratio, annualized, multiplied by the % of ownership Personal Bank Stmts Total deposits, less business expense ratio, annualized or 100% of deposits with 2 months' business bank statements 1099 Statements Total 1099 plus YTD earnings, less business expense ratio, annualized 24 month or most recent 12 month's average will be used for qualifying CPA letter confirming percentage of ownership (Min. 50% ownership required for Business Bank Statements, Min.25% ownership for Personal Bank Statements Business Questionnaire Business Expense Ratio Standard 50% (some business may require a 70% ratio. See guidelines for details) <50% with 3rd party prepared CPA/Tax Preparer statement Min 15% W2 Income from a co-borrower may be used if not associated with the borrower's business Rental income paid into a separate account can be used to qualify with the following documentation Copy of lease (75% can be used), 3 month's bank statement clearly showing receipt of the rental income, rent is not associated with the subject property 			
Residual Income	Min. required \$2,500		Payment Shock - Max. 350% FTHB 250%	
Seasoning Requirements	Foreclosure, Deed-in-lieu, Short Sale, Modification or 120 day late - 24 months from deed date/24 months from Forbearance request			
Reserves	Min. 6 months		Cash-out may be used to satisfy reserve requirements	
Assets	Business funds maybe used to satisfy reserves at - the lesser of 100% of the ending balance; or the percent of the ownership			
	Must be sourced or seasoned for 30 days			



INVESTOR CASH FLOW (DSCR)

General Requirements

Product Type	30-YR Fixed		40-YR Fixed - Interest Only, 10YR I/O Period
Interest Only	Max LTV 80%	Min 680 FICO	40-YR term qualified at 30-YR AM full PITIA payment
	Second Home Max LTV75%		Interest-only Payment Calculation: Loan Amount x Interest Rate divided by 12 months
Loan Amounts	Minimum Loan Amount \$75K		Maximum Loan Amount \$1,000,000
	Loan Amounts < \$100K Max. 65% LTV		
Loan Purpose	Purchase, Rate-Term Refinance, and Cash-Out Refinance		
Occupancy	Investment		
Escrow Waiver	Allowed when LTV <= 80%		Not HPML
	Min. FICO 700		
Property Type	1-4 Units		Condominiums
Cash-Out	Min. FICO 700	Max. 75% LTV	6 month seasoning off of appraised value, see guide for details
Cash in Hand	Maximum \$500,000		
Maximum Exposure	With Angel Oak it's 5 properties in aggregate \$3M; there are no limitations to property ownership outside of Angel Oak		
Seller Concessions	Up to 3% towards closing		

Prepayment Penalty

Standard	3 years - 6 months' interest on excess of 20% of the original principal balance (unless otherwise restricted by law)		
Rate Buyout	2 YR PPP .125% adjustment to rate, 1 YR PPP .375% adjustment to rate, No PPP .5% adjustment to rate		
Cost Buyout	2YR PPP cost .25%; 1YR PPP cost .75%; No PPP cost 1%		
Max. Price	No PPP = Max YSP of 0% States with PPP restrictions - Max YSP of 2%		

Underwriting Requirements

DSCR	(Rents) / (PITI + HOA Payment) = DSCR		
	Minimum DSCR 1.00 No DSCR Minimum FICO 700 and Maximum LTV 75%		
Qualifying	Purchase: Market rents from appraisal		
	Refinance: Market rents from appraisal or leases with proof of 3 months rents received		
Credit Score	If one borrower use middle score, if multiple borrowers use the lowest middle score of all borrowers		
Housing History	Mortgage pay history 0 x 30 x 24	FTHB not allowed - borrower must own a primary residence	
	Due to forbearance (delinquency prior to March 2020 will not be considered forbearance): Up to 3 consecutive missed payments if due to forbearance if now current with 3 current payments (rate adjustment applies)		
Credit History	Consumer credit pay history 0 x 30 x 24		
	Due to forbearance (delinquency prior to March 2020 will not be considered forbearance): Up to 3 consecutive missed payments if due to forbearance if now current with 3 current payments (rate adjustment applies)		
Tradelines	3 tradelines reporting for >=12 months; or 2 tradelines reporting for >=24 months with activity in the past 12 months		
Seasoning	Foreclosure, Deed-in-lieu, Short Sale, Modification, 120 day late & bankruptcy - 48 months		
Reserves	Subject property 6 months	Cash-out may be used to satisfy reserve requirements	
Assets	Must be sourced or seasoned for 30 days	Gift funds not allowed	

Foreign National

30 YR Fixed only 40YR Interest-only not allowed	Minimum DSCR 1.00
Max 70% LTV Cash-Out Max 65% LTV	12 months reserves
Borrowers must clear OFAC review and cannot be on US Dept of Treasury sanctions list	
No forbearance allowed	No gift funds allowed
Assets must be sourced and seasoned for 60 days and must be in US account for 30 days	
Properties not allowed in Osceola County, FL	
ACH required	
Eligible Visas B-1, B-2, H-2, H-3, I, J-1, J-2, O-2, P1, P2	
Citizenship - Borrowers must be a citizen of a foreign country, who do not reside or work within the United States.	



PORTFOLIO SELECT

General Requirements

Product Type	30-YR Fixed		40-YR Fixed - Interest Only, 10YR I/O Period
Interest Only	Primary Residence & Second Home	Min. 680 FICO	40-YR term qualified at 30-YR AM full PITIA payment
	Second Home - Max LTV 75%		Interest-only Payment Calculation: Loan Amount x Interest Rate divided by 12 months
Loan Amounts	Minimum Loan Amount \$125K		Maximum Loan Amount \$2,500,000
	Loan Amounts > \$2M Max. 80% LTV Minimum 720 FICO		
Loan Purpose	Purchase, Rate-Term Refinance, and Cash-Out Refinance		
Occupancy	Primary, Second Home and Investment		
Escrow Waiver	Allowed when LTV <= 80%		Not HPML
	Min. FICO 700		
Second Home/NOO	Min. FICO 640 Max. 80% LTV		Min. FICO 660 Max. 85% LTV
	NOO Max. Loan Amount \$1.5M		
Prepayment Penalty NOO Only	3 years - 6 months' interest on excess of 20% of the original principal balance (unless otherwise restricted by law)		
	Rate Buyout - 2 YR PPP .125% adjustment to rate, 1 YR PPP .375% adjustment to rate, No PPP .5% adjustment to rate Cost Buyout - 2YR PPP cost .25%; 1YR PPP cost .75%; No PPP cost 1% No PPP = Max YSP of 0% States with PPP restrictions - Max YSP of 2%		
Property Type	Single-Family, PUDs, 2-4 Units, Townhouses and Condos		
Cash-Out	Min. FICO 620 Max. LTV 75%		Min. FICO 640 Max. LTV 80%
	TX 50(a)(6) loans - Max. 80% LTV		Second Home/NOO Max. LTV 80%
	Max Cash-Out \$1M \$200,001-\$400K - 5% LTV Reduction \$400,001-\$500K -10% LTV Reduction \$500,001-\$1M Max 60% LTV		
	2nd Home/NOO Max. Cash-in-hand \$300K \$200,001-\$300K - 5% LTV Reduction		
	Payoff of non-lien & HELOCs with withdrawals in past 12 months is considered cash out		12 months seasoning required
Appraisals	Loan amounts >= \$1.5M a borrower-paid second appraisal must be obtained		
Underwriting Requirements			
Credit Score	Primary wage earner's middle FICO score		
Housing History	Mortgage pay history 1 x 30 x 12		Rent free not allowed
	Due to forbearance (delinquency prior to March 2020 will not be considered forbearance): Up to 6 consecutive missed payments if due to forbearance if now current with 3 current payments (rate adjustment applies)		
Credit History	No 60-day late payments in past 12 months		Collections/charge-offs/judgments allowed in past 24 months; must be paid off
	Due to forbearance (delinquency prior to March 2020 will not be considered forbearance): Up to 6 consecutive missed payments if due to forbearance if now current with 3 current payments (rate adjustment applies)		
Tradelines	3 tradelines reporting for >=12 months; or 2 tradelines reporting for >=24 months with activity in the past 12 months		
DTI Requirements	Max. 40%/50% NOO Max. 50%		
Payment Shock	Maximum 250%		
Residual Income	Minimum required \$2,000		
Seasoning Requirements	Foreclosure, Deed-in-lieu, Short Sale, Modification, Forbearance or 120 day late - 12 months from deed date (<24 months rate adjustment applies)		
	Short Sale - No seasoning if paid as agreed through the sale date		
	BK CH 7 & 11 - 24 months from discharge date		60 months if multiple filings
	BK CH 13 - 24 months from filing date (if paid as agreed and discharged prior to application)		
Reserves/ Cash to Close	Minimum 6 months		Cash-out may be used to satisfy reserve requirements
	If using business funds, the ending balance may be the lesser of 100% or the percent of the business ownership		
Documentation			
Assets	Must be sourced or seasoned for 30 days		Gift funds allowed - owner occupied only
Income	Full Doc: Wage Earner: W2, Paystubs, 2 Yrs Tax Returns		1 YR Tax Return: Self-Employed 2 years
	Self-Employed - 2 years' personal and business returns		



PLATINUM

General Requirements

Product Type	30-YR Fixed		40-YR Fixed - Interest Only, 10YR I/O Period
Interest Only	Primary Residence & Second Home	Min. 680 FICO	40-YR term qualified at 30-YR AM full PITIA payment
	Second Home - Max LTV 75%		Interest-only Payment Calculation: Loan Amount x Interest Rate divided by 12 months
Loan Amounts	Minimum Loan Amount \$250K		Maximum Loan Amount \$3,000,000
	Loan Amounts > \$2M Max. 80% LTV Minimum 700 FICO		
LTV >90% Requirements	Primary Residence		Max. DTI 40% / 50%
	Credit Seasoning - 84 months		
Loan Purpose	Purchase, Rate-Term Refinance, and Cash-Out Refinance		
Occupancy	Primary, Second Home and Investment		
Escrow Waiver	Allowed when LTV <= 80%		Not HPML
	Min. FICO 700		
Second Home/NOO	Min. FICO 660 Max. 85% LTV		NOO Max. Loan Amount \$2M
Prepayment Penalty NOO Only	3 years - 6 months' interest on excess of 20% of the original principal balance (unless otherwise restricted by law)		
	Rate Buyout - 2 YR PPP .125% adjustment to rate, 1 YR PPP .375% adjustment to rate, No PPP .5% adjustment to rate Cost Buyout - 2YR PPP cost .25%; 1YR PPP cost .75%; No PPP cost 1% No PPP = Max YSP of 0% States with PPP restrictions - Max YSP of 2%		
Property Type	Single-Family, PUDs, 2-4 Units, Townhouses and Condos		
Cash-Out	Min. FICO 660 Max. LTV 80%		Min. FICO 740 Max. LTV 85%
	TX 50(a)(6) loans - Max. 80% LTV		Second Home/NOO Max. LTV 85%
	Max Cash-Out \$1M \$500,001-\$1M Max 60% LTV		
	Cash-Out >\$300K Min. 700 FICO		12 months seasoning required
Appraisals	Loan amounts >= \$1.5M a borrower-paid second appraisal must be obtained		
Underwriting Requirements			
Credit Score	Primary wage earner's middle FICO score		
Housing History	Mortgage pay history 0 x 30 x 24		Rent free not allowed
Credit History	No 60-day late payments in past 12 months		Collections/charge-offs/judgments allowed in past 24 mos
Tradelines	3 tradelines reporting for >=12 months; or 2 tradelines reporting for >=24 months with activity in the past 12 months		
DTI Requirements	Max. 40%/50% NOO Max. 50%		
Payment Shock	Maximum 350% FTHB 250%		
Residual Income	Minimum required \$3,000		
Seasoning Requirements	Foreclosure, Deed-in-lieu, Short Sale, Modification, Forbearance or 120 day late - 48 months from deed date		
	Short Sale - No seasoning if paid as agreed through the sale date		
	BK CH 7 & 11 - 48 months from discharge date		60 months if multiple filings
	BK CH 13 - 48 months from filing date and 24 months from discharge date if paid as agreed		
	Forbearance - 0x30x24 prior to forbearance request Loan will be ineligible if borrower misses payments No waiting period if borrowers made all payments during forbearance (0x30)		
Reserves/ Cash to Close	Minimum 6 months		Cash-out may be used to satisfy reserve requirements
	If using business funds, the ending balance may be the lesser of 100% or the percent of the business ownership		
Documentation			
Assets	Must be sourced or seasoned for 30 days		Gift funds allowed - owner occupied only
Income	Full Doc: Wage Earner: W2, Paystubs, 2 Yrs Tax Returns		1 YR Tax Return: Self-Employed 2 years
	Self-Employed - 2 years' personal and business returns		
Asset Qualifier Program			
Purchase & Rate/Term	Min FICO 700 75% LTV		Owner-Occupied Only BK/Housing Event = 5 YRS
Cash-Out	Min FICO 720 70% LTV Min FICO 700 60% LTV		
Asset Qualifications			
Greater of - total loan amount + cash required to close + total monthly debts x 60 mo. + 6 mos. reserves OR \$500K in post-closing assets			

Visa Type	Description	Allowed	Program
A1, A2, A3	Employees of Foreign Governments	Yes	Non-Permanent
B1, B2	Visitors for Business or Pleasure	Yes	Foreign National
C1, C2, C3	Aliens in Transit	No	
D1, D2	Alien crew members of ships and aircraft	No	
E1, E2, E3	Treaty Traders and Investors	Yes	Non-Permanent
F1, F2, F3	Student in Academic Program	No	
G1, G2, G3, G4, G5	Employees of International Organizations	Yes	Non-Permanent
H1	Alien in Specialty Occupation	Yes	Non-Permanent
H1-B	Chilean or Singaporean National in Specialty Occupation	Yes	Non-Permanent
H2, H3	Temporary Worker Performing Services Unavailable in the US	Yes	Foreign National
H4	Spouse of H1-H3	No	
I	Members of the Foreign Press	Yes	Foreign National
J1, J2	Exchange Visitors	Yes	Foreign National
K1, K2, K3, K4	Fiance or Spouse of a US Citizen	No	
L1	Intercompany Transfer from International Company	Yes	Non-Permanent
L2	Spouse of L1 Visa Holder	No	
M1, M2, M3	Vocational Students	No	
N8, N9	Parent or Child of a Permanent Resident	No	
O1	Alien with Extraordinary Ability	Yes	Non-Permanent
O2	Alien Accompanying or Assisting an O1 Visa Holder	Yes	Foreign National
O3	Spouse or Child of O1 or O2 Visa Holder	No	
P1, P2	Internationally Recognized Athlete or Entertainer	Yes	Foreign National
P3	Artist or Entertainer in a Culturally Unique Program	No	
P4	Child or Spouse of P1-3 Visa Holders	No	
Q1, Q2, Q3	Cultural Exchange Visitors	No	
R1	Alien in a Religious Organization	Yes	Non-Permanent
R2	Spouse or Child of R1	No	
S5, S6, S7	Aliens Supplying Critical Information on Criminal Activity	No	
T1-T5	Victims of Trafficking	No	
U1-U5	Victims of Criminal Activity	No	
V1-V3	Spouse, Child or Parent of Lawful Permanent Resident	No	
TN	NAFTA Professional	Yes	Non-Permanent
TC	Formerly Known as Trade Canada	No	
TD	Spouse or Child of TN Visa Holder	No	



CONDOMINIUM REQUIREMENTS - GUIDES AND FACT SHEET

All condominium transactions must have a completed Homeowners' Association (HOA) Certification and a valid project approval. The HOA certification may not be greater than 90-days old at the time of funding.

All condominium projects must meet the following requirements: (Note that FN and ICF require full 10% reserves.)

LTVs and/or Condo Presale Requirements*	HOA Reserve Requirements
Condos less than 90% closed and sold	>= 10% of the annual budget
> 80%	>= 10% of the annual budget
70% - 80%	>= 5% of the annual budget
< 70%	No reserve accounts required

*Excluding Foreign Nationals

- The sustainability, marketability and financial stability of the project must be supported.
- The project must be located in an area where acceptability of the condominium ownership is demonstrated.
- The project must be in compliance with all applicable state or local laws. The HOA must be incorporated in the state in which the project is located.
- Condo projects must have acceptable insurance coverage. No co-insurance and 100% replacement. If in a flood zone, we will NOT make an exception to not having the master flood policy.
- All common areas and amenities within the project or subject phase must be complete.
- Subject unit must have at least 600 sqft of living space.
- HOA Delinquency (maximum): 15% of the units; and
- Annual Budget Dollar Delinquency (maximum): 10%
- No single entity, the same individual, investor group, partnership or corporation may own more than 10% of the total units in the project. In the case of a project that has fewer than 10 units, no single entity may own more than one unit. Very few exceptions can be made to this.
- Investor concentration (maximum): 100%
- Projects with pending or threatened litigation are typically ineligible. Litigation may be acceptable if it is determined to be minor and immaterial. Details of the litigation must be submitted with project review documentation to determine acceptability. An environmental hazard assessment is required for condo projects if an environmental problem is identified by the originator or loan purchaser through performance of its project underwriting or due diligence. The solution to the problem must be deemed acceptable by Angel Oak. Any litigation involving construction defects or potential leaks in the building will not be considered, this is denied.
- The project must be located on one contiguous parcel of land. The project may be divided by a public street.
- The structures within the project must be within a reasonable distance from each other. Common elements and facilities, such as recreational facilities and parking, must be consistent with the nature of the project and competitive in the marketplace.
- All programs are limited to a maximum number of units purchased by loan purchaser within one project of 20% or 20 units, whichever is less.



CONDOMINIUM REQUIREMENTS - GUIDES AND FACT SHEET

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Condominium Conversions

A condominium conversion is the conversion of an existing building to a condominium project. Project conversions legally created in the past three years are not allowed.

Condominium Insurance

Earthquake Insurance Analysis, FHLMC Form 465S, must be completed when subject property is located in California. Earthquake insurance is required for projects located in "moderate" or "high" risk zip codes. Obtain a copy of the Site-Specific Earthquake Risk Analysis (SSERA) from the condominium project association.

Ineligible Projects

- Projects comprised of manufactured homes
- Projects managed and operated as a hotel or motel
- Projects containing the word hotel or motel in the name
- Projects with registration services or that offer rental of units on a daily basis
- Projects that restrict the owner's ability to occupy the unit
- Projects with mandatory rental pooling agreements that require unit owners to either rent their units or give a management firm control over unit occupancy
- Projects with non-incident business operations owned or operated by the homeowners' association (such as a restaurant, spa, health club, etc.)
- Common interest apartments
- Timeshare or segmented ownership projects
- Multi-unit dwelling condos that permit an owner to hold title to more than one dwelling unit, with ownership of all of his or her owned units evidenced by a single deed and financed by a single mortgage.
- No condotels - Google if you know it is in a resort area
- No self-managed
- No co-insurance

New Condominium Projects

- 90% Sold and Closed: No restrictions
- Foreign Nationals and Investor Cash Flow borrowers must meet this requirement
- <25% Sold and Closed: Not eligible
- ≥ 25% - 89% Sold and Closed: Maximum concentration for Angel Oak is 5% and maximum LTV is reduce by 10%

Site Condominiums

Projects consisting of single-family detached dwellings (also known as site condominiums) are acceptable provided the appraisal supports market acceptance of site condominiums in the subject's market area.

- SFD or Condo appraisal forms are acceptable

Unacceptable Condo Issues

- Litigation - NO construction issues! If minor slip and fall a letter from an attorney required saying insurance is covering and no current safety concern
- 15% max owned by 1 entity



Non-QM Documentation List

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All Loans

- Assets
- Sales Contract (Purchase)

Bank Statement Program

- Business and/or Personal Bank Statements (12-24 months)
- CPA/Tax Preparer Letter (Confirming percentage of ownership and business expense ratio)
- NEVER send Tax Returns

Investor Cash Flow

- Lease with 3 months' receipt of rent

Non-Warrantable Condos

- Condo Questionnaire

Platinum & Portfolio Select

- Paystubs (Most recent 30 days)
- Tax Returns (Last 2 years)
- W2s/1099s (Last 2 years)