

AFB 7/6 ARM Pilot Matrix

Allied First Bank is offering this limited-release pilot program. To inquire about access, contact your Regional Sales Representative. Approved TMS clients must execute the Allied First Bank Loan Purchase Agreement (LPA) and Program Addendum to obtain commitment authority.

Standard Eligibility				
Occupancy	Transaction	Property Type	Maximum LTV/CLTV/HCLTV	Minimum Credit Score
Owner Occupied Primary Residence	Purchase & Limited Cash-Out Refinance	1 Unit	80%	700
		2 Units	80%	
		3-4 Units	75%	
	Cash-Out Refinance	1 Unit	80%	
		2 Units	75%	
		3-4 Units	75%	
Second Home	Purchase & Limited Cash-Out Refinance	1 Unit	75%	
	Cash-Out Refinance	1 Unit	75%	
Investment Property	Purchase	1 Unit	75%	
		2-4 Units	75%	
	Limited Cash-Out Refinance	1 Unit	75%	
		2-4 Units	75%	
	Cash-Out Refinance	1 Unit	75%	
		2-4 Units	70%	
Guidance				
Loan Amount	<ul style="list-style-type: none"> \$100,000 minimum loan amount Maximum loan amount: the lessor of county high balance loan limit or \$1,000,000 			
Amortization	<ul style="list-style-type: none"> 30 years 			
Margin	<ul style="list-style-type: none"> 2.75% 			
Floor	<ul style="list-style-type: none"> Base Rate 			
Adjustments/Caps	<ul style="list-style-type: none"> 5%/1%/5% 			
Adjustment Period	<ul style="list-style-type: none"> 6 months 			
Index Rate	<ul style="list-style-type: none"> 30-day average SOFR 			

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Note Form	<ul style="list-style-type: none"> Fannie Mae 3442
Prepayment Penalty	<ul style="list-style-type: none"> Not Allowed
Temporary Interest Rate Buydown	<ul style="list-style-type: none"> Not Allowed
Ability to Repay and Qualified Mortgage Rules (ATR/QM)	<p>The ATR/QM rules requires you made a reasonable, good-faith determination before or when you consummate the mortgage loan that the borrower has a reasonable ability to repay the loan. TMS follows HUD and CFPB guidance in regards to QM.</p> <p>Safe Harbor and Rebuttal Presumption to QM loans are considered for purchase review with no additional overlays.</p> <p>Sellers are required to provide Ability to Repay form signed by all borrowers on the loan</p>
Age of Documents	<ul style="list-style-type: none"> Credit documents must be no more than four months old on the Promissory Note date. Preliminary Title Policies must be no more than 180 days old on the date the Promissory Note is signed.
Appraisal & Collateral Underwriter	<ul style="list-style-type: none"> Full Appraisal is needed on all loans TMS requires sellers to submit the SSR on all Conventional files submitted for purchase review. <p>All SSR quality and/or overvaluation flags with a risk score between 4.01 and 5 must have the appropriate steps taken to ensure the validity of the value on the appraisal. Proper documentation may include, but is not limited to, comments from the Underwriter, comments from the Appraiser, field review and/or desk review. Additional discretion may be required in evaluating the validity of flags generated by appraisals on new construction, as the most up to date mapping information may not be available for the system to accurately evaluate the comparable.</p>
State Restrictions	<ul style="list-style-type: none"> Ineligible States: New Jersey, New York
Assets	<ul style="list-style-type: none"> Follow FNMA guidelines
AUS	<ul style="list-style-type: none"> Desktop Underwriter® with "Approve/Eligible" Findings is required. Manual underwrites are not permitted.
Max DTI	<ul style="list-style-type: none"> 45% Maximum DTI

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Borrower Eligibility	<ul style="list-style-type: none"> • U.S. citizens • Permanent resident aliens, with proof of lawful permanent residence • Non-permanent resident alien immigrants with proof of lawful permanent residence <p>Borrowers may hold title individually, as joint tenants, as tenants in common, or inter vivos (except Texas Home Equity transactions).</p> <p>Titles held in the following are not eligible for purchase consideration:</p> <ul style="list-style-type: none"> • LLC • Corporations • Partnerships • Real estate syndications • Irrevocable trusts are not eligible for purchase consideration
Power of Attorney	<ul style="list-style-type: none"> • Not Allowed
Credit	<ul style="list-style-type: none"> • At least one borrower must have a minimum of one credit score to be eligible. • Minimum 12 months history is required. • 0 x 30 in the most recent 36 months is required.
Derogatory Credit	<ul style="list-style-type: none"> • Foreclosure – 7 years waiting period must be met. • Charge Off, Short Sale, Deed-in-lieu – 7 years waiting period must be met. • Modified or Re-structured prior mortgage loan – 7 years waiting period must be met. • Bankruptcy – 7 years waiting period from the discharge/dismissal date must be met. • Multiple Derogatory events are not permitted.
Loans in Forbearance	<ul style="list-style-type: none"> • Borrowers who were in COVID-19 forbearance and continued to make their mortgage payments, are eligible to refinance or buy a new home. Payment history from the mortgage loan servicer is required to document that the borrower continued to make their full mortgage payments. • Borrowers who were in forbearance and stopped making full payments are eligible to refinance or buy a new home three months after their forbearance ends, and they have made three consecutive payments under their repayment plan, or payment deferral option, or loan modification

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<p>Condominiums</p>	<ul style="list-style-type: none"> • Must follow Fannie Mae published Condominium Eligibility Guidelines. See https://www.fanniemae.com/singlefamily/project-eligibility for more information. • Limited Review allowed in accordance with Fannie Mae Guidelines • Limited Review for attached condominium units in established condominium projects not located in Florida: <ul style="list-style-type: none"> ○ Owner-occupied up to 90%. ○ Second homes up to 75%. ○ Non-owner-occupied not eligible for purchase review • TMS will not allow any project for which the homeowners’ association is named as a party to pending litigation, or for which the project sponsor or developer is named as a party to pending litigation that relates to the safety, structural soundness, habitability, or functional use of the project. Note: Projects for which the lender determines that pending litigation involves minor matters are not considered ineligible projects, provided the lender concludes that the pending litigation has no impact on the safety, structural soundness, habitability, or functional use of the project. The following are defined to be minor matters: <ul style="list-style-type: none"> ○ non-monetary litigation involving neighbor disputes or rights of quiet enjoyment; ○ litigation for which the claimed amount is known, the insurance carrier has agreed to provide the defense, and the amount is covered by the association's insurance; • See Fannie Mae guidelines for condominium specific requirements in Florida.
<p>Disaster Policy</p>	<ul style="list-style-type: none"> • If an appraisal was completed on or prior to the incident period date(s) of the disaster, a reinspection completed on either Form 1004D or Form 2075 will be required. <ul style="list-style-type: none"> ○ If the appraisal was inspected after the disaster incident period date(s), the following will be required: <ul style="list-style-type: none"> ▪ The reinspection must contain the following commentary/evidence: Property is free from damage and the disaster has no effect on value or marketability. • Appraiser must use current photos of the subject property and comparable sales. Photos from MLS or the Appraiser’s database are not acceptable. • If an appraisal was not required due to a property inspection waiver or product type, Seller must resubmit to DU and maintain PIW eligibility. <ul style="list-style-type: none"> ○ If the PIW is no longer available by DU, a full appraisal is required. ○ If the property is still eligible for the PIW, a reinspection will be required. ○ Lender’s Certification in lieu of reinspection is acceptable (see Lender’s Certification in lieu of reinspection section in TMS’s Seller’s Manual)

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	Note: Refer to FEMA websites for recent updates on disaster areas
Documentation	<ul style="list-style-type: none"> • Determined by AUS • IRS tax transcripts are required when qualifying with any of the following: 1) self-employed income; 2) commission income greater than 25% of the borrower’s total earnings (except FNMA); 3) rental income documented on schedule E; 4) employed by a family-owned business; 5) fixed income when the 1040s are used in lieu of alternative documentation. • Tax transcripts are still required when the following are used to qualify; 1) non-taxable income, other than VA disability income, is grossed up; 2) Other income types such as auto allowance, capital gains/losses, dividend/interest, or farm income/loss; 3) Handwritten income documentation; 4) Loan files where there is relationship between the borrower and an interested party of the subject transaction such as Seller, or Loan Officer, or employee of a Mortgage Broker; or Seller has relationship to the Loan Officer
Employment & Income Verification	<ul style="list-style-type: none"> • Two years verified employment history is required. • Third Party Vendor VOE in lieu of paystubs and W2 is not acceptable. • For self-employed borrowers: <ul style="list-style-type: none"> ○ Sellers must verify the existence of the borrower's business within 120 calendar days prior to the Promissory Note date from; <ul style="list-style-type: none"> ▪ a third party, such as a CPA, regulatory agency, or the applicable licensing bureau. The seller must document the source of the information obtained. ▪ by verifying a phone listing and address for the borrower's business using a telephone book, the internet, or directory assistance. ▪ Sellers must document the source of the information obtained. ○ Sellers are required to verify borrower’s self-employed business is open and operating within 10 days of the Promissory Note date. • For borrowers in the military, a military Leave and Earnings Statement dated within 30 days prior to the Promissory Note date is acceptable in lieu of a verbal verification of employment.

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<p>Financing Concessions</p>	<ul style="list-style-type: none"> • Financing concessions for primary residences and second homes must be within the following allowable percentages: <ul style="list-style-type: none"> ○ 9% of value with LTV/CLTV ratios less than or equal to 75%. ○ 6% of value with LTV/CLTV ratios greater than 75% up to and including 90%. ○ 3% of value with LTV/CLTV ratios greater than 90%. • The maximum financing concession for investment properties is 2% of value regardless of the LTV ratio. • Value is the lesser of the sales price or appraised value.
<p>High Cost/High Priced</p>	<ul style="list-style-type: none"> • High costs loans are ineligible for purchase review by TMS • Higher Priced Mortgage Loans (HPML) are eligible for purchase review by TMS
<p>Eligible Properties</p>	<ul style="list-style-type: none"> • Single Family Detached/Attached 1-4 unit • Low-rise and high-rise condominiums • Rural properties • PUDs
<p>Ineligible Properties</p>	<ul style="list-style-type: none"> • Mobile homes • Manufactured Homes • Modular Homes • Log Homes • Cooperatives • Condotels • Hotel condominiums • Timeshares • Mixed use • Dome homes • Historic properties • Working farms and ranches • Unimproved land • Property currently in litigation

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	<ul style="list-style-type: none"> • Land Trust • Condition Rating of C5/C6 or a Quality Rating of Q6 • No Hawaiian properties located in lava zones 1 or 2, as determined by the USGS
Homeowners Insurance Coverage	<ul style="list-style-type: none"> • Replacement Cost Coverage is required on all loans
1003	<ul style="list-style-type: none"> • The Final URLA (1003) must be dated and reflect Loan Officer's NMLS number
Occupancy	<ul style="list-style-type: none"> • Primary residence: 1-4 units • Second Home: 1 unit only • Investment: 1-4 units
Reserves	<ul style="list-style-type: none"> • Follow AUS Findings and Fannie Mae guidelines
Texas Cash-Out	<p>Texas 50 (a)(6) refinance mortgages are eligible with TMS Seller Approval:</p> <ul style="list-style-type: none"> • Owner-occupied, one unit only • Maximum 80% LTV/CLTV • 3% fee restriction in accordance with Texas Constitution • Full appraisal required • No new secondary financing • Loans must comply with Fannie Mae and Texas Constitution requirements • Power of Attorney allowed in accordance with Texas requirements
Transaction Overlays	<ul style="list-style-type: none"> • No assigned purchase contracts • Non-resident aliens and foreign nationals are not eligible <ul style="list-style-type: none"> ○ No negative amortization or balloon payments on subordinate financing

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Sellers shall deliver loans that were originated in accordance with the Fannie Mae Single Family Selling Guide unless otherwise noted in TMS's Seller's Manual. TMS does not discriminate in any aspect of a credit transaction on the basis of sex, marital status, race, religion, national origin, age, income derived from public assistance, or the good faith exercise of rights under the Consumer Credit Protection Act.