



TRID COMPLIANT LOAN PROGRAMS

ACRACORRESPONDENT.COM

CONTENTS

- TRID Compliance
- General Information
- Full Doc
- ATR in Full
- Assets for Depletion
- 12-Month Bank Statement
- ITIN
- Hybrid Income
- Pricing Adjustments

TRID COMPLIANCE



TILA-RESPA integrated disclosures (TRID) was enacted October 3, 2015 as a means to help protect consumers from predatory lending practices and ensure an even playing field, but has far reaching implications on how loans may be structured

All Acra Lending TRID Compliant Programs have been vetted by legal counsel and found to meet CFPB Requirements for TRID as well as Ability to Repay

Acra Lending has pioneered programs which meet regulatory requirements, yet open doors for borrowers who may not qualify under more restrictive agency guidelines

Acra Lending Non-QM products give our customers the opportunity to reach a wider audience and increase their customer base

GENERAL INFORMATION



Maximum back end DTI = 50% (rounded to nearest whole)

Loan Terms: 30 year amortization including 30 yr. fixed, 7/1 or 5/1 ARM

Interest Only option: 5 yr. I/O, \$250k min. loan amount, available for credit tiers AAA – BB

Start rate = floor rate. 2/2/6 caps for ARM products

Primary residence, 2nd home, Investment properties

Loan amounts: \$100k minimum up to \$4M (rounded to nearest \$50)

Property types: Single Family, Condo, Townhouse, 2-4 unit, Non-Warrantable Condo, CondoTel/PudTel, Rural*

No reserves for $\leq 75\%$ LTV. 6 mos. for over 75% to 85% LTV. 12 mos. for over 85% (except 3 mo. Bank Statement)

** Rate adjustments, LTV restrictions, min. credit requirements may apply to some property types*

- W2 + Paystubs for wage earners
- 2 years personal and/or business tax returns with YTD P&L for self-employed with proof of current self-employment earnings
- Award letter and proof of receipt for fixed income

- Up to 85% ltv, 80% refi @ higher credit tiers
- Available to credit tiers AAA to B, score as low as 575 (LTV limits apply)
- As short as 1 year seasoning from BK/ FC

ATR-IN-FULL



- NO employment required, NO income documented
- Evidence of seasoned funds to cover down payment plus all funds to close
- Eligible assets include: Liquid savings, Brokerage Accounts, Retirement Savings, Proceeds from sale of existing real estate, cash value life insurance
- Primary residence only

Up to 75% purchase or 70% refinance

Available to credit tiers AAA to B, score as low as 600
(LTV limits apply)

As short as 2 year seasoning from Bankruptcy / Foreclosure

100% of seasoned funds in liquid/brokerage accounts eligible,
50% (60% if age 59.5) of funds in retirement account are eligible

ATR-IN-FULL



ATR-in-Full example:

Purchase transaction:

Sales price: \$750,000

Closing costs: \$18,500

Loan amount: **\$525,000** (70% LTV)

Borrower funds to close: \$243,500

Total funds to close: \$768,500

Verified/seasoned assets:

Brokerage account: \$180,000

Savings: \$45,000

IRA: \$980,000



Funds to close from savings and brokerage = \$225,000

IRA withdrawal of \$18,000

Remaining balance IRA balance of \$962k @ 60% value = **\$577,200** value remains to cover loan amount

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- The collage features three primary documents:
- Brokerage Account Statement (ACME Brokers LLC):**
 - Header: "Brokerage Account Statement"
 - Text: "Click this icon ⓘ to see additional info"
 - Company Info: "ACME BROKERS LLC ⓘ", "456 Financial Center Ave. Downtown, USA 12345", "www.acmebrokers.com"
 - Account Holder: "Mr. and Mrs. J. Doe", "123 Main St. Anywhere, USA 67890"
 - Period Ending: "January 31, 2015", "Account No. 1234567XYZ"
 - Asset Value Summary:

Asset Value	\$30,000
Cash Equivalents	\$45,000
Portfolio Assets held at ACME Brokers	\$25,000
Portfolio Assets not held at ACME Brokers	\$100,000
Total Portfolio Value as of January 31, 2015	\$125,000
Total Portfolio Value as of January 1, 2015	\$125,000
 - Investor.gov Page:**
 - Header: "Investor.gov", "U.S. SECURITIES AND EXCHANGE COMMISSION"
 - Navigation: "Introduction to Investing", "Research Before You Invest", "Protect Your Investments", "Additional Resources"
 - Section: "BETTER UNDERSTANDING YOUR BROKERAGE ACCOUNT STATEMENT"
 - Sub-section: "Broker Understanding Your Brokerage Account Statement"
 - BEACON Investment Report (Partial):**
 - Header: "BEACON INVESTMENT REPORT - January 31, 2020"
 - Value: "10,240.49", "▼ \$4,908.33"
 - Table:

Year-to-Date
\$25,148.82
-55.88
-55.69
-4,852.45
10,240.49

ASSETS FOR DEPLETION



Assets for Depletion example:

Refinance transaction:

Loan amount: \$285,000

PITIA Payment: \$2,200

Non mortgage debt: \$850

Income required for 50% DTI: \$6100

Income:

Social Security: \$2800/mo.

Assets for Depletion:

401k: \$700,000

** Asset may not be already depleting*



Assets for depletion resulting income:

30 year fixed: \$1350

7/1 ARM: \$5175

5/1 ARM: \$7173

Total income on 7/1 ARM = \$7975, DTI = 38%

12-MONTH BANK STATEMENT



- Personal or business account. 100% of eligible deposits or 50%. May allow up to 75% of deposits in business account with CPA letter certifying lower operating expense.
- Must back out refunds, payroll deposits, non-income related credits, reciprocal transfers.
- Must document 2 years' self-employed
- NSF limited to 6 at over 80% LTV, no limit 80% or lower
- Acra lending will use lower of bank statement average or attested amount in borrower income letter
- Up to 85% LTV, 80% Refi @ higher credit tiers
- Available to credit tiers AAA to B, score as low as 600 (LTV limits apply)
- As short as 2 year seasoning from BK/ FC

ITIN & NON-PERMANENT RESIDENT ALIENS



- Full doc: Paystubs, written VOE or tax returns. (no W2)
- May utilize a WVOE and bank statement payroll deposit in lieu of paystubs
- DSCR allowed (covered in non-TRID programs)
- Borrowers must have a minimum of 3 trade lines seasoned 24 months each ($\leq$ 65% LTV only 1 tradeline to be seasoned >24 months)
- Up to 70% LTV purchase, 65% refinance @ higher credit tiers
- Capped at \$1M loan amount
- Scores as low as 650 FICO

Written Verification of Employment (“WVOE”)



- Two-year history required at the employer submitting the WVOE
- Customary VVOE within 72-hours of funding
- Minimum (24) month recent housing history required
- Owner Occupied transactions
- No First Time Home Buyers
- Up to 80% LTV/CLTV @ higher credit tiers
- Capped at \$1M loan amount
- Scores as low as 600 FICO
- SFR / Condo / Townhouse Property Types
- No Rural Properties

1099 Only

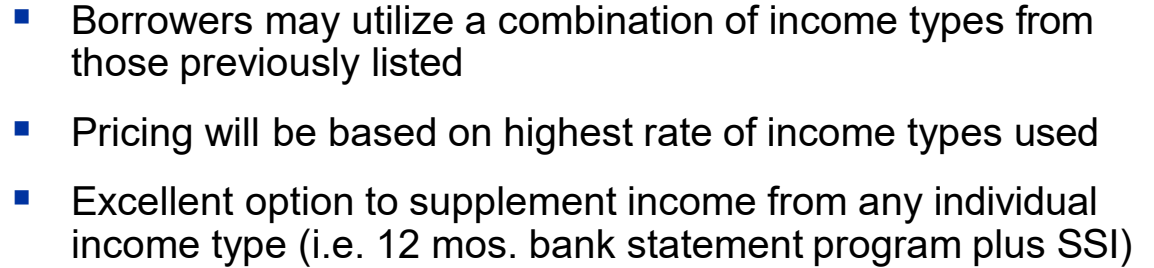


- Self Employed Borrowers, (2) year history required by CPR Letter or Business License
 - IRS Form 1099 to document prior (2) years income
 - Minimum (24) month recent housing history required
 - Bank Statements for most recent (60) days to document current YTD
-
- Owner Occupied transactions
 - No First Time Home Buyers
 - Up to 80% LTV/CLTV @ higher credit tiers
 - Capped at \$1M loan amount
 - Scores as low as 600 FICO
 - SFR / Condo / Townhouse Property Types
 - No Rural Properties

Profit & Loss (“P&L”)



- Self Employed Borrowers, (2) year history required by CPR Letter or Business License
- A “third-party” prepared P&L statement for self-employed business(es) on preparer’s letterhead
- Bank Statements for most recent (60) days to document current YTD
- Owner Occupied transactions
- No First Time Home Buyers
- Up to 80% LTV/CLTV @ higher credit tiers
- Capped at \$1M loan amount
- Scores as low as 600 FICO
- SFR / Condo / Townhouse Property Types
- No Rural Properties



- Acra Lending**
CORRESPONDENT

FREQUENTLY ASKED QUESTIONS



Q: What parameters determine if a condo is warrantable or non-warrantable?

A: A condo project that does not meet standard property eligibility requirements is considered non-warrantable. Most common factors resulting in non-warrantable status include but not limited to: percentage of units owned by a single entity, number of owner occupied vs. investor units (max. 50% investor for warrantable), completion status of project, builder vs owner control of HOA, HOA delinquencies. Non-warrantable condos allowable with senior management approval provided no more than 25% of units are owned by a single entity.

Q: What are your minimum credit depth requirements?

A: Acra Lending requires 3 acceptable trade lines with a minimum of 24 months reported history. At 65% or lower LTV, only 1 of the 3 tradelines must meet the 24 month reporting requirement. Rental history may be allowed as an additional trade line on a case by case basis

Q: What is your definition of cash in hand?

A: Cash in hand includes any funds to borrower or borrower's creditors not considered directly associated to the property. For example, pay off of mortgages, property tax, closing costs and transaction fees are not counted toward cash in hand. Payoff of consumer debt, judgments, liens, etc. are counted toward any cash in hand limitations.

Q: How do you determine market rent?

A: Acra lending allows for 100% of market rents as determined by the existing executed lease agreement or appraisal Comparable Rent Schedule (form 1007/1025). In some cases the lower of the two will be utilized if a discrepancy exists (Note: Does not apply to Jumbo Prime)

Q: What about refinancing vacant properties?

A: Generally Acra Lending does not refinance vacant properties. If the property is temporarily vacant due to short term remodel or transition from one tenant to another, the transaction may be allowed on a case by case basis.

Q: How many properties will you finance?

A: Acra Lending will finance up to 4 loans to one borrower, or an aggregate of up to \$3,000,000, whichever is lower. The maximum number of properties, financed or not, to a single borrower is capped at 20. Note that higher limits may be allowed on a case by case basis.

Q: What if a borrower wants to take cash out of an investment property for personal (non-business) use?

A: This is allowed under most Acra Lending income types, however TRID compliance will be required.

DOCUMENT TYPES



Doc Type	Overview	Grade Eligibility
Full Doc	1) Written VOE by employer verifying most recent 2 years and current YTD paystub 2) W-2 for most recent 2 years and current YTD paystub 3) Signed 1040's for most recent two years and current YTD paystub 4) Can use either 1, 2 or 3 along with asset depletion to derive income $\leq 50\%$ DTI	AAA to CCC
12 Month Bank Statement	2) Income lowest of 1003, 12 month period or average 2 month period immediately preceeding, borrower income LOE 3) 12 months of bank statements with all qualifying deposits and 50% expense ratio, option for 30% expense ratio	AAA to B
ATR-in-Full	1) Income or employment will not be required or used 2) Qualifying assets must be equal or greater than the loan amount plus funds to close	AAA to B
WVOE	1) Two-year history required at the employer submitting the WVOE 2) Minimum (24) month recent housing history required	AAA to B
1099 Only	1) Self Employed Borrowers, (2) year history required by CPR Letter or Business License 2) Bank Statements for most recent (60) days to document current YTD	AAA to B
P&L	1) Self Employed Borrowers, (2) year history required by CPR Letter or Business License 2) Bank Statements for most recent (60) days to document current YTD	AAA to B
DSCR	1) No income or employment will be required 2) The DSCR ratio of $1.0 > 70\%$ LTV or B/CCC grade. Must have 12 months reserves for all negative cash flow	AAA to CCC
DSCR with ATR	Income with DTI of $<50\%$ will allow the loan to be priced as a primary residence with adjustment allowing for significant rate reduction	AAA to CCC
Foreign National	Business purpose only. No income or employment will be required, prices on "A" credit grade	NA
ITIN	A Non US citizen permanent resident alien can use their ITIN on all doc types up to \$1M loan amount	AAA to CCC