



AAA Capital Investment, Inc.

NMLS #295075

41 E LIVE OAK AVE, ARCADIA, CA 91006

PHONE: (626) 308-9793 FAX: (626) 270-5522

Full-HELOC Guideline

Effective 01/06/2025



Product Guidelines	
Target Market	Home Equity Line of Credit (HELOC) Product may be originated as a standalone or as a piggyback combined with a conventional Agency first mortgage to avoid non-conforming loan amounts or combined with an Agency first mortgage product to reduce down payment below 20%.
Term/Amortization	30 Year Term: 2, 3, 5 or 10 year Draw Period with a 10 Year Interest Only Minimum Payment followed by 20 Year Amortization
DU/LPA Eligibility	Piggyback's must have DU/LPA Approve/Eligible/Accept or Approve/Accept/Ineligible due to loan size for non-conforming 1 st liens; Standalones are manually underwritten and must be locked prior to submission to Underwriting.
Eligible Transactions	Purchase, Rate/Term or Cash-out refinance
Max Credit Limit	Maximum Credit Limit \$250,000 to 89.99% HCLTV, \$300,000 to 80% HCLTV, \$350,000 to 70% HCLTV on Owner Occupied Maximum Credit Limit \$250,000 to 80% HCLTV, \$300,000 to 70% HCLTV on Second/Vacation homes
Max Combined Liens	\$2.5 MM
Max CLTV/HCLTV	<ul style="list-style-type: none"> • Owner Occupied – 89.99% purchase • Owner Occupied - 85% refinance (rate/term or cash-out) • Second Home – 80%; see Geographic Restrictions
Minimum Line/Draw	\$25,000; minimum draw the lesser of \$50,000 or 75% of the line
Eligible Properties	1 unit primary residence <ul style="list-style-type: none"> ○ SFD / PUD / townhouse / rowhome ○ Low-rise condominium (Fannie/Freddie Warrantable) ○ High-rise condominium (Fannie/Freddie Warrantable) 1 unit second / vacation home <ul style="list-style-type: none"> • SFD / PUD / townhouse / rowhome
Ineligible Properties	<ul style="list-style-type: none"> • Condotels • Non-warrantable condos • Manufactured • Co-Ops • Multi Unit (2-4) • Unique properties • Log Homes • Working or Hobby Farms • Tracts greater than 10 acres (larger properties considered on a case-by-case basis) • Properties subject to completion or repairs (without satisfactory certification of completion)
Occupancy	<ul style="list-style-type: none"> ○ Owner Occupied ○ Second/Vacation homes ○ Non-owner occupied home are ineligible ○ Non-occupant co-borrowers are ineligible
Eligible Borrowers	Follow Fannie Mae Seller Guide except: <ul style="list-style-type: none"> ○ No non-occupant co-borrowers ○ No E-2 investor visas ○ No tax IDs in lieu of valid social security numbers ○ See section for Self Employed Borrowers



Expanded HELOC

<p>Eligible First Lien Programs</p>	<ul style="list-style-type: none"> ▪ Agency & Government Fixed Rate and ARM's with initial fixed rate term ≥ 5 years ▪ Non-Conforming Fixed Rate and ARM's with initial fixed rate terms ≥ 5 years ▪ AUS approval required (DU/LPA) for piggybacks ▪ Interest Only, Negative Amortization, Privately held mortgage and other High Risk product features are ineligible <p>Standalones: provide current mortgage statement (or CD if recently closed on 1st mtg); copy of 1st Mortgage Note may be requested by Underwriter, if needed.</p>
<p>Credit</p>	<ul style="list-style-type: none"> • Minimum underwriting credit score is 680 • Credit limits: \$250,001-\$300,000 require minimum score of 700 • Credit limits: \$300,001-\$350,000 require minimum score of 720 • Underwriting score is determined as the middle of three indicator scores or the lower of two. For multiple borrowers, the lowest middle score for all borrowers is used. Non-traditional credit scoring is ineligible. • For piggybacks, credit document age must follow the AUS requirements • For standalones, credit documents must be no older than 120 days old on the note date • If there are past due unpaid Federal income taxes, provide installment agreement with the IRS, payment history showing at least 1 payment being made and that the borrower is current, and include the monthly payment in the borrower's debt obligations. Proof of income tax payment may be required to verify there are no past due taxes. • Tax liens must be paid off at or before closing • No mortgage delinquency (0x30) in the last 24 months • For any mortgage forbearance or payment deferral agreements that occurred during the COVID-19 pandemic time period, borrower(s) must have made at least 6 consecutive separate on-time monthly housing payments and at least 6 months must have elapsed since the forbearance/deferment arrangement ended • Borrower(s) must be current on all mortgage debt • No judgements, repossessions, or charge offs in the past 60 months • The following are considered severe delinquency, regardless of AUS feedback; <i>Borrowers with these profiles are ineligible until a period of 7 years has passed since occurrence and credit has been re-established.</i> <ul style="list-style-type: none"> • Bankruptcy • Foreclosure / Deed in Lieu of Foreclosure • Short Sale or Short Payoff • Mortgage modification, forbearance, or deferment (excluding COVID-19 related) • Borrowers with extenuating, isolated, one-time circumstances may be considered on a case-by-case basis, as determined by underwriting. • When borrower is not on the Note of the First mortgage of the subject property, the PITI must be included in the DTI calculation. The mortgage payment history must be provided and meet AAA posted guidelines.
<p>Qualifying Ratios/DTI</p>	<p>45.00% DTI maximum on credit limits ≤ \$250,000 43.00% DTI maximum on credit limits over \$250,000</p>
<p>Qualifying Factor</p>	<p>Note Rate + 2% P&I over 30 year amortization</p>
<p>Income/Employment</p>	<ul style="list-style-type: none"> ▪ Piggybacks: follow first lien requirements. See Self Employed Borrowers section for additional restrictions. ▪ Standalones: for salaried borrowers, most recent paystub dated within 30 days of application containing at least 30 days of YTD earnings and most recent year's W-2 or WVOE (follow FNMA guidelines for other types of income). See Eligible Borrowers Section for additional details. ▪ Third party verifications of income, debts, and assets are acceptable ▪ Verbal verification of employment within 10 days prior to the note date



<p>Self Employed Borrowers</p>	<p>Minimum income documentation:</p> <ol style="list-style-type: none"> 1 Piggybacks: follow AUS for tax return requirements and current Year to Date P&L 2 If an extension was filed by the borrower, a P&L for the tax year must be provided with proof of extension filing 3 Standalones: 2 years tax returns (business and personal) with all schedules and Year to Date P&L 4 Verbal verification of self-employment dated within 120 calendar days of the note date 5 Complex ownership structures, business models (multiple affiliates or entities), or borrowers with significant contingent liabilities are ineligible (inquire with your BDM for scenarios)
<p>Assets/Funds to Close/Reserves</p>	<ul style="list-style-type: none"> • Piggybacks: follow first lien requirements • Standalones: no asset verification is required if borrower is receiving cash-out (otherwise provide at least one month liquid asset statements showing sufficient funds to close)
<p>Interested Party Contributions</p>	<ul style="list-style-type: none"> • See first lien eligibility
<p>Appraisal/Property Valuation</p>	<ul style="list-style-type: none"> • Piggybacks: follow FNMA/FHLMC guidelines (based upon the applicable AUS feedback type provided) except AAA will not accept value acceptance (appraisal waivers). If AUS permits a value acceptance, then instead provide: 1) AVM and exterior minimum property condition report (including photos) dated within 60 days of the note date or 2) an appraisal (can be a desktop, exterior inspection and/or interior inspection) completed by a licensed/state certified appraiser dated within 120 days of note date. • Standalones (First and Second Liens): 1) AVM and exterior minimum property condition report (including photos) dated within 60 days of the note date or 2) an appraisal (can be a desktop, exterior inspection and/or interior inspection) completed by a licensed/state certified appraiser dated within 120 days of note date or 3) FIRREA and USPAP compliant hybrid valuation may be acceptable. • For credit limits > \$250,000, a full appraisal with interior & exterior inspection containing color photos is required. • AVM requirements - completed by one of the following providers with a Confidence Score of 80% or greater and a forecasted standard deviation (FSD) less than or equal to: <ul style="list-style-type: none"> • Clear Capital - .13 • Black Knight Collateral Analytics - .20 • CoreLogic - .20 • House Canary - .14 • Veros - .16 • Quantarium - .15 • 1004D Completion Alternatives are ineligible. • If property is located in a PUD, a HOA statement must be provided if an AVM is provided for valuation.
<p>Disasters</p>	<ul style="list-style-type: none"> • For properties located in individual assistance designated areas that have been declared a major disaster by FEMA after an appraisal/property inspection has been completed, then an exterior minimum re-inspection report (including a post-disaster photo) prepared by an independent third party dated after the disaster declaration date with confirmation that the property has not been adversely affected by the disaster is required.
<p>Geographic Restrictions</p>	<ul style="list-style-type: none"> • Properties located in AK, HI, [TX] and NY are ineligible • For TN, interest rate set at time of lock may not exceed Maximum Effective Interest Rate listed here: https://www.tn.gov/content/tn/tdfi/tdfi-how-do-i/info/mortgage-rate-of-interest/max-effective-interest-rate-history.html • For NC properties total lender fees may not exceed 1% of credit limit
<p>Property Insurance</p>	<p>Follow FNMA Selling Guide. Mortgagee clause for appropriate lien must be in the name of the creditor, ISAOA, ITIMA.</p>
<p>Title Policy</p>	<p>Full ALTA (for first liens) or Junior ALTA required. Lender's title insurance in the amount of the credit limit is required (final policy must be separate from 1st lien title policy). Both short form and long form policies are acceptable. ALTA Endorsements are not required. Closing protection letters are not required. For second lien Standalone transactions, a title report is acceptable.</p>



Expanded HELOC

Escrows	First lien HELOC's with collateral located in a FEMA designated Flood Zone require an Escrow/Impound account for Flood Insurance. Additionally, follow applicable state laws regarding Escrow/Impound accounts on first liens.
Trusts	Title may not be held in the name of a trust
Power of Attorney	POAs are permitted on purchase transactions only and meet FNMA requirements
Lien Position	Loan may be in first or second lien position
Conversion	Non-convertible
Assumability	Not assumable
High Cost Loans	May not be defined as High Cost by any applicable agency
Prepayment Penalty	None
Leasehold	Not eligible
Payment Date	Payment will be due on the 15th of each respective month
Late Charges	5% late fee will be assessed on the payment due date + 15 days (unless there is a more restrictive state requirement)
Annual Fee	No Annual Fee
Minimum Payment	None
Lifetime Max Rate	18% or state maximum
Lifetime Rate Floor	2.500%
Disbursement Documents	HELOC Revolving Disbursement Schedules, ALTA Settlement Statements or HUD-1 Settlement Statements are required (open-end loans are not subject to TRID so CDs should not be used) and must be specific to the subject lien
Rescission Notice	Notice of Right to Cancel is required for both purchases and refinances of primary residences
E-Signatures	In accordance with the ESIGN Act and with evidence of ESIGN consent provided within each loan file, electronic signatures are permitted on all initial disclosures and closing documents except for the following that must be wet/ink signed: <ul style="list-style-type: none"> • HELOC agreement with endorsement/Allonge • Any document that has to be recorded including security instruments with riders, property deeds, POAs, etc. • Notice of Right to Cancel Remote online notarization (RON) and Remote ink-signed notarization (RIN) are not permitted.
UAD/Loan Closing Advisor	Not required
UCDP/SSRs	Not required
Other Guidelines	If not addressed, follow FNMA selling guide. Additional documentation may be required in addition to AUS required documentation.



Secondary/Post Closing/Servicing Information	
Rates/Margin/Pricing/Incentive	See rate sheet
Fees	\$350.00 Administration Fee (for principal balances < \$150.00, fee must be paid prior to purchase). \$11.00 life of loan flood certificate. First lien HELOC's require a real estate tax contract of \$90.00.
Lock Period	Initial registrations will be priced and honored for 45 days
Extensions	<ul style="list-style-type: none"> • Will be assessed by Secondary Marketing as needed • Limit of 2 – 15 day extensions with a maximum of 30 total days (see rate sheet for applicable costs) • More days requires exception from Secondary Marketing Manager
Expired Registrations	Expired registrations may be renewed. For the first 30 days post-expiration (or post cancelation, whichever is earlier), the registration will be renewed on a worst case scenario. On the 31 st day, a registration will move to current market (start over). Off sheet pricing may be required; contact AAA.
Shipping/Delivery	<ul style="list-style-type: none"> • Credit and legal files should be submitted to AAA. • Loan files must be delivered within 10 days of note date and prior to registration expiration • Original Note address contact AAA.
Purchase Review Conditions	<ul style="list-style-type: none"> • Conditions will be posted to our website. They must be uploaded to our website within 30 calendar days from date of first request.
MERS	<ul style="list-style-type: none"> • Loans must be delivered on MERS instruments • TOS/TOB to Org ID # 1005380 must be completed within 3 business days after purchase
Final/Trailing Documents	Final title policy and recorded security instrument must be delivered to AAA within 180 days of purchase or a \$25 per document late fee will apply
Payment Histories	If not purchased by the 15 th of the month in which a payment is due, then a pay history showing timely receipt of the payment is required prior to purchase
Servicing Transfers	If purchased after the 20 th of the month preceding a payment due date, then correspondent will be responsible for collecting this upcoming payment and loan will be purchased at an amortized balance with payment first due to AAA the month after
Servicing/Payments	Forward customer payments to: AAA Capital Investment, INC Attn: Loan Servicing, 41 E Live Oak Ave, Arcadia, CA 91006
Early Payment Default (EPD)	If any payment required to be made by a Borrower within ninety (90) days after the loan purchase date has not been made on or prior to the date which is thirty (30) days after the related due date, Seller shall repurchase such Mortgage Loan at the Repurchase Price within fifteen (15) days of Purchaser's written request.
Early Pay Off (EPO)	If any loan pays off or makes principal curtailments in excess of 20% of the purchased balance within ninety (90) days of purchase date, any premiums or over par pricing will be subject to recapture by AAA.