

ASSET DEPLETION / ASSET UTILIZATION

STAR SERIES 1
 Non-QM 10/15/2025

ASSET DEPLETION / ASSET UTILIZATION MATRIX

LOAN AMOUNT	MIN FICO	PRIMARY RESIDENCE			SECOND HOME			INVESTMENT		
		P	R/T	C/O	P	R/T	C/O	P	R/T	C/O
		LTV/CLTV								
≤ \$1.0 MM	740	80%	80%	80%	80%	80%	75%	80%	80%	75%
	720	80%	80%	80%	80%	80%	75%	80%	80%	75%
	700	80%	80%	80%	80%	80%	75%	80%	80%	75%
	680	80%	80%	75%	80%	80%	70%	75%	75%	70%
≤ \$1.5 MM	740	80%	80%	80%	80%	80%	75%	80%	80%	75%
	720	80%	80%	80%	80%	80%	75%	80%	80%	75%
	700	80%	80%	80%	80%	80%	75%	80%	80%	75%
	680	80%	80%	75%	80%	80%	70%	75%	75%	70%
≤ \$2.0 MM	740	80%	80%	80%	80%	80%	75%	80%	80%	75%
	720	80%	80%	75%	80%	80%	75%	80%	80%	75%
	700	80%	80%	75%	80%	80%	70%	80%	75%	70%
	680	80%	80%	70%	80%	75%	70%	75%	75%	70%
≤ \$2.5 MM	740	80%	80%	75%	80%	75%	75%	75%	75%	70%
	720	80%	80%	75%	80%	75%	75%	75%	75%	70%
	700	75%	75%	70%	75%	75%	70%	75%	75%	65%
	680	75%	75%	65%	75%	70%	65%	70%	70%	65%
≤ \$3.0 MM	740	75%	75%	70%	70%	70%	65%	70%	70%	
	720	75%	75%	70%	70%	70%	65%	70%	70%	
	700	75%	75%	65%	70%	70%	65%	70%	70%	
	680	70%	70%	65%	70%	70%	60%	65%	65%	

ASSET DEPLETION / ASSET UTILIZATION PROGRAM DETAIL

PROGRAM HIGHLIGHTS	• Asset Utilization: Use Assets to Qualify - No DTI calculated • Asset Depletion: Use Assets to improve DTI • Asset Depletion may be combined with other income types & rental income • Does not require: Paystubs, Tax Returns, W-2s, 4506-C		
DOCUMENTATION REQUIREMENTS	• 180 days of asset seasoning (VODs & online printouts not permitted) • Wet signed ATR Attestation for each borrower		
RESTRICTIONS	• Most recent Asset Account Information must be ≤ 31 days old at Closing • Non-Occupant Co-Borrowers not permitted • Only personal funds held in the borrower's name are permitted • Cash-Out Amount not eligible for use in qualifying • Asset Depletion: Cash-Out Refinances not permitted, Investment Properties not permitted • Asset Utilization: No additional Loan Purpose or Occupancy restrictions		
MINIMUM ASSETS REQUIRED	• Asset Utilization: 100% of Loan Amt + Reserves, Cash to Close, & 60 months of All Other Pmts • Asset Depletion:		
	Loan Amount		Minimum Asset Requirement
	Up to \$400,000		\$500,000
	\$400,001 to \$800,000		125% of the Loan Amount
	Over \$800,000		\$1,000,000
ASSET TYPES INELIGIBLE FOR DEPLETION / UTILIZATION	• Business Assets, Crypto, Foreign Assets, Gift Funds, Borrowed Money, Life Insurance, Restricted Stock, Cash-out proceeds, 1031 Exchange Funds, Trust Assets (including Living Trusts)		
QUALIFYING INCOME/RESIDUAL INCOME CALCULATION	• Asset Depletion: Total the Allowable Assets then subtract Down Pmt, Reserves & Cash to Close to confirm Min Asset Requirement is met, then divide by 84 to arrive at Depletion Income • Asset Utilization: Total the Allowable Assets then subtract Down Pmt, Reserves & Cash to Close, then divide by 60 to confirm Residual Income ≥ \$2,500/month		
ALLOWABLE ACCOUNTANTS	• CPA, EA, CTEC, Licensed Tax Attorneys, and Chartered Tax Advisors • PTIN tax preparers permitted by exception only		
SHORT-TERM RENTAL RESTRICTIONS	• When using short-term rental income from subject property - 5% LTV/CLTV reduction from allowable limit per matrix		
VERBAL VOE	• Not required unless combined with wage or self-employed income		
4506-C	• Not required unless combined with secondary income using Full Doc standard		

TERMS

AVAILABLE TERMS	30 YR Amortization: Fixed 30 Fixed 30 I/O 5/6 ARM 5/6 ARM I/O 7/6 ARM 7/6 ARM I/O 40 YR Amortization: Fixed 40 I/O 5/6 ARM I/O 7/6 ARM I/O
ARM QUALIFYING	Greater of the Note Rate or Fully Indexed (Margin + Index)
INTEREST-ONLY	10 YR I/O Period MIN 700 FICO
I/O LTV LIMITS	MAX LTV/CLTV 80% > \$2.0MM to \$2.5 MM - MAX LTV/CLTV 75% > \$2.5MM to \$3.0MM - MAX LTV/CLTV 70%
I/O QUALIFYING	Qualify at amortizing term (30 YR I/O Qualify at 240 Months, 40 YR I/O Qualify at 360 Months)
LOAN AMOUNT	MIN \$150K MAX \$3.0MM
SUBORDINATE FINANCING	Permitted



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PROPERTY TYPES	
ELIGIBLE PROPERTY TYPES	Condos (Warrantable & Non-Warrantable) Condotel Leaseholds Modular PUD SFR 1 Unit with ADU 2-4 Unit
INELIGIBLE PROPERTY TYPES	Agricultural/Farm Properties C5 or C6 condition Commercial/Industrial/Office Properties Co-ops Log Cabins Manufactured Homes Mixed Use Properties Second Homes with 2-4 Units Unique Properties Vacant Lots
ACCESSORY DWELLING UNIT (ADU)	Eligible for all occupancies May use rental income from ADU to qualify MAX of 1 ADU unit per property 2-4 Unit properties with ADUs are not permitted
RURAL	Primary Residence & Second Home only MAX 10 acre MAX LTV/CLTV 75% 3 comps within 10 miles
MAX ACREAGE	10 acres
CONDO-WARRANTABLE	No Restrictions Must meet Fannie Mae or Freddie Mac requirements
CONDO-NON-WARRANTABLE	MAX LTV/CLTV 80%
CONDOTEL	Purchase MAX LTV/CLTV 75% Rate/Term & Cash-Out MAX LTV/CLTV 65% MAX Loan Amount \$1.0MM
2-4 UNIT	Second Homes not permitted ADUs not permitted
APPRAISAL REQUIREMENTS	
LOAN AMOUNT (≤ \$2MM)	1 Full Appraisal and a secondary valuation (CU Score, LCA Score, or CDA)
LOAN AMOUNT (\$2MM+)	2 Full Appraisals, use the lower value for qualifying
SECONDARY VALUATION	File must contain either a CU or LCA Score of 2.5 or less, or a Collateral Desktop Analysis (CDA) is required
COLLATERAL DESKTOP ANALYSIS (CDA REPORT)	When CDA is required, it must support appraisal within 10% CDAs more than 10% below appraisal require two Full Appraisals CDA with "High Risk" score may not be used and file must contain two Full Appraisals
DECLINING MARKETS	5% LTV/CLTV reduction from allowable limit per matrix for LTV > 65%
UNDERWRITING	
DTI	Asset Depletion: MAX DTI 50% Asset Utilization: N/A
RESIDUAL INCOME	\$1,500
RESERVE REQUIREMENTS	Loan Amount < \$1MM = 3 months ≥ \$1MM to \$1.5MM = 6 months > \$1.5MM = 9 months Rate-Term Refi w/ LTV/CLTV ≤ 65% - No Reserves Required Cash-out amount may be used to meet reserve requirement
CASH-OUT LIMITS	Maximum Cash-in-Hand: LTV/CLTV > 65% - \$1MM LTV/CLTV ≤ 65% - No limit Maximum Total Cash-Out (includes non-mortgage debts): No limit
QUALIFYING FICO SCORE	Midscore from Primary Wage Earner (highest income earner) on the file MIN 640 FICO required for all borrowers
TRADELINES	Borrowers with 3 FICO Scores - No Tradeline Requirement All others - 3 tradelines reporting for last 12 months or 2 tradelines reporting for 24 months, with activity in past 12 months
DOCUMENT AGE	MAX 120 days old at Closing (Income, Assets, Credit Report, Appraisal, Title)
ASSET STATEMENTS	Assets used for Depletion / Utilization calculation - 6 months Used for Reserves/Cash to Close - 1 month
FOREIGN ASSETS	All Foreign Assets including Downpayment, Closing Costs & Reserves must be held in U.S. based account for 30 days
ELIGIBLE BORROWERS	US Citizen Permanent Resident Alien Non Permanent Resident Alien
INELIGIBLE BORROWERS	Foreign National ITIN
BORROWER RESTRICTIONS	Non Permanent Resident - Purchase & Rate/Term Only, Max LTV/CLTV 80%
NON-OCCUPANT CO-BWR	Not permitted
CREDIT EVENTS	BK 7 & 13 seasoning - 48 months discharge/dismissal date SS, DIL, FC, Mod, 120+ housing late seasoning - 48 months
HOUSING HISTORY	0x30x12
< 12 MONTHS HOUSING HISTORY OR RENT-FREE	MAX LTV/CLTV 80% Primary Residence only 10% MIN borrower contribution (own funds) Any available portion of housing history must reflect 0X30 6 months reserves after closing LOE from the borrower and rent-free housing provider
RENT-FREE RESTRICTIONS	Rent-free only allowed when bwr is living with non-bwr spouse Spouse must show 0x30x12 housing history
ALIMONY/CHILD SUPPORT	Document 3 year continuance & most recent 12 months evidence of on time receipt
UNPAID COLLECTIONS	Medical - No Limits Non-Medical from last 24 months - \$2K MAX (total of all accounts) Non-Medical older than 24 months - \$2.5K MAX per account
FIRST-TIME HOME BUYER RESTRICTIONS	FTHB defined as all borrowers have not owned real estate in past 3 years Primary Residence & Second Home only No I/O
SELLER CONTRIBUTIONS	Primary Residence & Second Home - MAX 6% Investment Properties - MAX 3%
GIFT FUNDS	Not permitted
GIFT OF EQUITY	Not permitted
LISTED FOR SALE	Removed from Market: Rate/Term: 1 month, Cash-Out: 6 months, Cash-Out under 6 months: refer to full guidelines
CASH-OUT SEASONING	6-12 months Primary: 75% MAX LTV/CLTV, 2nd Hm/Inv: 70% MAX LTV/CLTV (N/A for: inherited/court award/delayed fin.)
RATE-TERM SEASONING	None Required - Used Appraised Value
PREPAYMENT PENALTY	Available on Business Purpose Loans Lengths - 1 to 5 Years Structure - 6 months of interest
PREPAYMENT PENALTY RESTRICTIONS	Not allowed in: AK KS MD ME MN ND NM OH VT Certain Restrictions in: AR IA IL IN KY MI MO MS NJ OK PA RI TX WA
TEXAS	Texas 50(a)(6), Texas 50(a)(4) and Texas 50(f)(2) - Permitted Closing doc review by attorney required at CTC
INELIGIBLE STATES	AK AR HI OK MO ND NM NY SD WY U.S. Possessions or Territories
ENTITY VESTING	Business purpose loans may be vested in LLC, LP, GP, CORP or S CORP
ESCROW ACCOUNTS	Required for the following: LTV > 80% Properties in Flood Zones Higher Priced Mortgage Loans (HPML)

