

# ASSET DEPLETION / ASSET UTILIZATION

STAR SERIES 1

Non-QM 01/08/2026

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	<ul style="list-style-type: none"> <li>• Asset Utilization: 100% of Loan Amt + Reserves, Cash to Close, &amp; 60 months of All Other Payments</li> <li>• Asset Depletion:           <table border="1" style="margin-left: 20px;"> <tr> <th>Loan Amount</th> <th>Minimum Asset Requirement</th> </tr> <tr> <td>Up to \$400,000</td> <td>\$500,000</td> </tr> <tr> <td>\$400,001 to \$800,000</td> <td>125% of the Loan Amount</td> </tr> <tr> <td>Over \$800,000</td> <td>\$1,000,000</td> </tr> </table> </li> </ul>	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
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 Payment, 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 Payment, 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								



PROPERTY TYPES

ELIGIBLE PROPERTY TYPES	Condos (Warrantable & Non-Warrantable)   Condotel   Leaseholds   Modular   PUD   SFR   1 Unit with ADU   2-4 Unit
INELIGIBLE PROPERTY TYPES	2-4 Unit Properties with an ADU   Agricultural Properties   Assisted Living/Continuing Care Facilities   Barndominiums   Boarding Houses   Builder Model Leaseback   C5 or C6 Property Condition Grades   Community Land Trusts   Commercial Properties   Cooperatives (Co-ops)   Dorm-Style Housing   Farms   Fractional Ownerships   Geodesic Domes   Hawaii properties located in lava zones 1 and/or 2   Homes on Native American Land (Reservations)   Houseboats   Industrial Properties   Live-work Projects   Log Homes/Log Cabins   Manufactured Homes   Mixed Use Properties   Mobile Homes   Office Properties   Properties Subject to Rent Control   Properties Under Construction   Properties used for the cultivation, distribution, manufacture, or sale of Marijuana   Properties with evidence of Sinkhole Activity   Properties with more than 1 ADU   Properties with more than 4 units   Second Homes with 2-4 Units   Tenants in Common Properties   Theme Park Resort Properties   Timeshares   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   Primary Residence & Second Homes permitted by exception only
2-4 UNIT	Second Homes not permitted   ADUs not permitted
<b>APPRAISAL REQUIREMENTS</b>	
LOAN AMOUNT ( $\leq$ \$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%
FLIPS/RAPID APPRECIATION	Additional valuation may be required. See Guidelines
<b>UNDERWRITING</b>	
DTI	Asset Depletion: MAX DTI 50%   Asset Utilization: N/A
RESIDUAL INCOME	\$1,500
RESERVE REQUIREMENTS	Loan Amount $<$ \$1MM = 3 months   $\geq$ \$1MM to \$1.5MM = 6 months   $>$ \$1.5MM = 9 months Rate-Term Refi w/ LTV/CLTV $\leq$ 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 $\leq$ 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	Borrowers living rent-free with anyone other than spouse are subject to rent-free restrictions
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	FTTB 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	Not allowed in: AK   KS   MD   ME   MN   ND   NM   OH   VT
RESTRICTIONS	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
TEMPORARY GEOGRAPHIC RESTRICTIONS	Primary Residence Only for Philadelphia County in Pennsylvania and the Baltimore Metro Area in Maryland
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)

