

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 | | <ul style="list-style-type: none">Asset Utilization: Use Assets to Qualify - No DTI calculatedAsset Depletion: Use Assets to improve DTIAsset Depletion may be combined with other income types & rental incomeDoes not require: Paystubs, Tax Returns, W-2s, 4506-C | | | | | | | | | | | | | | | | |
| DOCUMENTATION REQUIREMENTS | | <ul style="list-style-type: none">180 days of asset seasoning (VODs & online printouts not permitted)Wet signed ATR Attestation for each borrower | | | | | | | | | | | | | | | | |
| RESTRICTIONS | | <ul style="list-style-type: none">Most recent Asset Account Information must be ≤ 31 days old at ClosingNon-Occupant Co-Borrowers not permittedOnly personal funds held in the borrower's name are permittedCash-Out Amount not eligible for use in qualifyingAsset Depletion: Cash-Out Refinances not permitted, Investment Properties not permittedAsset Utilization: No additional Loan Purpose or Occupancy restrictions | | | | | | | | | | | | | | | | |
| MINIMUM ASSETS REQUIRED | | <ul style="list-style-type: none">Asset Utilization: 100% of Loan Amt + Reserves, Cash to Close, & 60 months of All Other PaymentsAsset Depletion:<table><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> | | | | | | | | | 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 | | <ul style="list-style-type: none">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 | | <ul style="list-style-type: none">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 IncomeAsset 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 | | <ul style="list-style-type: none">CPA, EA, CTEC, Licensed Tax Attorneys, and Chartered Tax AdvisorsPTIN tax preparers permitted by exception only | | | | | | | | | | | | | | | | |
| SHORT-TERM RENTAL RESTRICTIONS | | <ul style="list-style-type: none">When using short-term rental income from subject property - 5% LTV/CLTV reduction from allowable limit per matrix | | | | | | | | | | | | | | | | |
| VERBAL VOE | | <ul style="list-style-type: none">Not required unless combined with wage or self-employed income | | | | | | | | | | | | | | | | |
| 4506-C | | <ul style="list-style-type: none">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 |
| 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% |
| FLIPS/RAPID APPRECIATION | Additional valuation may be required. See Guidelines |
| 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 | 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 | 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 |
| 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) |

