

# ASSET DEPLETION

PROGRAM ID: SP A6

**Program Description:** Ability to repay documented through assets

**Products and Terms:**

- 5/1 ARM: Fully Amortizing
- 5/1 ARM: With 7 or 10 year Interest-Only period
- 5/1 Interest Only LIBOR ARM: 40-yr term with 10 year Interest-Only period
- 7/1 ARM: Fully Amortizing
- 7/1 ARM: With 10 year Interest-Only period
- 7/1 Interest Only LIBOR ARM: 40-yr term with 10 year Interest-Only period
- 15-Yr Fixed: Fully Amortizing
- 30-Yr Fixed: With 7 or 10 year Interest-Only period
- 30-Yr Fixed: Fully Amortizing

**Eligible borrowers:** Citizens / US persons and foreign borrowers permitted (foreign borrowers only permitted for 2<sup>nd</sup> home and investor occupancy with a maximum LTV of 70%; 65% for cash out). Must satisfy the following requirements: Net assets equal to or greater than 175% of the principal amount of the applied-for mortgage divided by 180, plus monthly income.

**Maximum debt to income ratio:** 50% (after including asset depletion income)

**Minimum credit score:** 620, based on no less than three trade lines established for one or more years, no foreclosure, bankruptcy, deed-in-lieu or short sale over past 48 months at standard LTVs and reserves. No foreclosure, bankruptcy, deed-in-lieu or short sale over past 24 months available at a max LTV of 75% and reserves increased by 6 months. Maximum permitted mortgage or rental payment delinquency is 1x30x12

**Loan amounts and loan to value limits** (example based on 720 min credit score):

<u>Primary Residence / Purchase and Rate &amp; Term Re-fi</u>	<u>Primary Residence / Cash-out (720 credit score)</u>	<u>Investment / Business Purpose / Purchase and Rate &amp; Term Re-fi (720 credit score)</u>
85% to \$2,500,000	80% to \$1,500,000	
75% to \$3,000,000	75% to \$2,500,000	80% to \$1,000,000
70% to \$3,500,000	70% to \$3,000,000	75% to \$1,500,000
65% to \$5,000,000	65% to \$3,500,000	
60% to \$6,000,000	60% to \$3,500,000	
	55% to \$6,000,000	

3 & 4 unit properties limited to 80%  
LTV; condotels limited to 70% LTV

**Acceptable occupancy:** Primary residences, second homes, investment properties

**Acceptable property types:** 1-4 units, warrantable / non-warrantable condo, condotels (non-warrantable condos require a rate add-on; condotels limited to 70% LTV and require a rate add-on) and co-cops in NY and NJ only

**Required reserves:** 3 - 12 months PITIA (based on loan amount). If Borrowers own investment properties which are not the Subject Property, then required reserves must be increased by 1% of the mortgages outstanding on mortgage debt not secured by the Subject Property.

**Acceptable states:** 50 states and DC (US Territories not allowed)

**Other Info:** ARM Index - 1-yr LIBOR; Margins – owner occupied 3.25%; investor-occupied 5.25%; Floor (lifetime minimum rate) is initial note rate. Escrows required. 3-yr prepayment penalty required for investor occupancy loans where permitted by law; PPP buyouts may be available. 3-4 unit properties limited to 80% LTV; condotels limited to 70% LTV