



AAA Capital Investment, Inc.

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To: All Customers Date: 05/05/2023
Subject: Agency Loan Announcement

Cash Out Refinance Seasoning Requirement

The first lien mortgage being refinanced must be seasoned for at least 12 months (measured from the Note date of the mortgage being refinanced to the Note date of the cash-out refinance mortgage), as documented in the mortgage file. This does not apply when the first lien mortgage being refinanced is a Home Equity Line of Credit (HELOC) or buying out a co-owner pursuant to a legal agreement.

This change is in addition to the existing requirement that at least one borrower be on title to the subject property for at least six months prior to the disbursement date of the new loan, unless subject to one of the ownership exceptions permitted in the Guide.

Non-Occupying Borrowers

Non-occupying borrower must not be an interested party to the transaction (i.e., the builder, property seller, real estate agent or broker).

Medical Collections

Medical collection accounts are now excluded from the assessment and are no longer required to be paid in full at or prior to closing.

Tax Return

If tax returns are required in the file, but 2022 returns have not been provided yet, see below for Allowable Age of Tax Returns for Conventional Agency transactions.

- For Conventional Agency loans using DU with an application date prior to April 18th, 2023, that will disburse before June 30th, 2023, a signed letter from the borrower stating returns have not yet been filed is acceptable.
- Conventional Agency loans using LPA with an application date prior to April 18th, 2023, that will close on or before May 30, 2023, can proceed with 2021 tax returns if 2022 have not yet been filed.
- Conventional Agency loans with an application date on or after April 18th, 2023, can proceed with 2021 tax returns if 2022 have not yet been filed, but Form 4868 and 2022 Transcript with no record must be provided to support the tax extension.

Business Assets

When a borrower is using self-employment income to qualify for the loan and also intends to use assets from their business as funds for the down payment, closing costs, and/or financial reserves, the withdrawal of the business funds must be verified that will not have a detrimental effect on the business. In addition to a review and analysis of the personal and business tax returns, review and analyze the current financial statement and/or the last three months of the business bank statements to confirm the deposits, withdrawals and balances are supportive of a viable business and are aligned with the level and type of income and expenses reported on the business tax returns.

Valuation Modernization

Fannie Mae also issued a new option known as "value acceptance + property data" that utilizes property data collection by a third party who conducts interior and exterior data collection on the subject property. In addition, Fannie Mae announced changes to hybrid appraisals and appraisal completion alternatives used in conjunction with value acceptance + property data reports. AAA Capital Investment, Inc. is not accepting any of these options.

Disaster Inspection

For subject property located in one of the designated counties that The Federal Emergency Management Agency (FEMA) has issued a Disaster Declaration, based on the below, AAA Lendings will require an inspection report to determine the property's condition.

• Appraisal Waivers

Disaster Inspection report is required if property being in XXX county declared by FEMA as a Disaster Area.

• Without Appraisal Waivers

Disaster Inspection report is required if the appraisal report was completed prior to the disaster incident declared by FEMA.