

INTERNAL MEMORANDUM

DATE: 05 December 2022
TO: All Origination Staff & Sales
FROM: Craig Timmins, Managing Director
RE: Guideline Update to §11.5

Acra Lending ("Acra") has a formal guideline against refinancing of subject properties that were recently listed for sale. The guideline is important to protect against losses to the company as a result of (a) relisting of the property and / or (b) an Early Payoff ("EPO"). The Guideline in whole:

11.5 PROPERTIES LISTED FOR SALE

If the subject property has been listed for sale in the last six (6) months from the date of funding by Acra, the transaction is ineligible.

Period for measurement is from the last day listed to the date of application submission.
 (Reference: Acra's Seller's Guide, dated 25 August 2022, page 115)

Management considers loans failing this guideline on a case-by-case basis. However, to create uniformity of terms and consistency for properties that may have been listed for sale, loans will continue to be considered under the following characteristics:

- Property is not in default or otherwise delinquent on lien(s);
- Occupancy type specifics:
 - For Primary or Secondary Residences:
 - Qualify at 43% Max DTI; and
 - Texas loans are ineligible;
 - For Investment Properties:
 - The subject needs to be occupied by a tenant (i.e.: not vacant);
 - Qualify as (a) ≥ 1.0 DSCR or (b) 43% Max DTI; and
 - Requires a prepayment penalty of at least three (3) years in term;
- 24 Months of Reserves – Cash-in-Hand can be considered if otherwise consistent with Guide;
- Fully amortizing term – Interest Only is not available;
- Maximum 65% LTV / CLTV between lesser of (a) Appraised Value or (b) Lowest Listing Price;
- No Subordinate Financing; and
- Impounds are required.

Pricing would be set to:

| Channel | Wholesale | Retail | Correspondent |
|----------------|--|---|--|
| Pricing | <ul style="list-style-type: none"> • LLA to Rate of 0.500%; • 3.0 points (cannot be bought out via higher rate) to Acra; and • Lender Paid Compensation ("LPC") is not available. | <ul style="list-style-type: none"> • LLA to Rate of 0.500%; • An additional 1.0 point to customary pricing (cannot be bought out via higher rate) to Acra; and • Lender Credits are not available. | <ul style="list-style-type: none"> • Pricing to be based off current pricing stack minus 2.000% to price; and • 98.000% max pricing. |