



Associated Non-Conforming Adjustable Rate Mortgage Program
TPO Originations

3/1, 5/1, 7/1 & 10/1 ARMs																
1. Product Description	<p>Associated Bank's Non-Conforming ARM Program allows Associated to offer customized underwriting solutions based on the borrower's individual credit with Associated Bank and other lenders; their current capacity to make the monthly payments; and the collateral that the loan is secured on.</p> <p>Borrower Benefits:</p> <ul style="list-style-type: none"> • Competitive Rates • Loan Amounts up to \$1.5 million • Amortization 120 to 360 months 															
2. Product Codes	<table style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: left;"><u>Product Code</u></th> <th style="text-align: left;"><u>Note/Rider Form Reference</u></th> <th style="text-align: left;"><u>ARM Product Plan in DU</u></th> </tr> </thead> <tbody> <tr> <td>p3lib225 – 3/1 Portfolio ARM</td> <td>3528/3187</td> <td>FM GENERIC, 3 YR</td> </tr> <tr> <td>p5lib225 – 5/1 Portfolio ARM</td> <td>3528/3187</td> <td>FM GENERIC, 5 YR</td> </tr> <tr> <td>p7lib525 – 7/1 Portfolio ARM</td> <td>3528/3187</td> <td>FM GENERIC, 7 YR</td> </tr> <tr> <td>p10lib525 – 10/1 Portfolio ARM</td> <td>3528/3187</td> <td>FM GENERIC, 10 YR</td> </tr> </tbody> </table>	<u>Product Code</u>	<u>Note/Rider Form Reference</u>	<u>ARM Product Plan in DU</u>	p3lib225 – 3/1 Portfolio ARM	3528/3187	FM GENERIC, 3 YR	p5lib225 – 5/1 Portfolio ARM	3528/3187	FM GENERIC, 5 YR	p7lib525 – 7/1 Portfolio ARM	3528/3187	FM GENERIC, 7 YR	p10lib525 – 10/1 Portfolio ARM	3528/3187	FM GENERIC, 10 YR
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3. Index	1 Yr LIBOR															
4. Margin	2.25															
5. Initial Adjustment Cap	3/1 & 5/1 ARM - 2% 7/1 & 10/1 ARM – 5%															
6. Annual Adjustment Cap	2%															
7. Lifetime Adjustment Cap	5%															
8. Rate at Adjustment	<ul style="list-style-type: none"> • The first adjustment on month 37 (61 months for a 5/1 ARM, etc.), is equal to the margin plus the index rounded to the nearest 0.125, and is capped at the Initial Adjustment Cap. <ul style="list-style-type: none"> ○ 3/1 ARM – Rate adjusts at 36 months (3-years) and then every year after that. ○ 5/1 ARM – Rate adjusts at 60 months (5-years) and then every year after that. ○ 7/1 ARM – Rate adjusts at 84 months (7-years) and then every year after that. ○ 10/1 ARM – Rate adjusts at 120 months (10-years) and then every year after that. • Subsequent adjustments are made annually and are limited to the Annual Adjustment Cap and Lifetime Adjustment Cap. 															



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9. Conversion Option	N/A
10. Temporary Buy downs	Not Eligible
11. Qualifying Rate	<ul style="list-style-type: none">• 3/1 & 5/1 ARM – Greater of the Fully Indexed Rate or Note Rate + 2%• 7/1 & 10/1 ARM - Greater of the Fully Indexed Rate or Note Rate
12. Qualifying Ratios	<ul style="list-style-type: none">• 3 & 5 year ARM ratios of 37 (front-end) and 47 (back-end)• 7 & 10 year ARM ratios of 37 (front-end) and 45 (back-end)• All ratios are based on documented and verified income• Property taxes for new construction to be calculated using appraised value through www.tax-rates.org• Income, assets and liabilities will be considered for all borrowers when using a non-occupant co-borrower.
13. Purpose of Loan	<ul style="list-style-type: none">• Purchase• Limited Cashout Refinance<ul style="list-style-type: none">○ Existing 2nd liens being paid off must be seasoned for 12 months and cannot have more than \$2,000 in draws over the past year.• Cashout Refinance



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14. Loan Amount and LTV/CLTV Limits

Purchase and Limited Cashout Refinance Mortgages ²				
Property Type	Max. Loan Amt	Max. LTV	Max. HCLTV ¹	FICO
1 unit O/O	\$453,101-\$650,000	90%	90%	700
	\$453,101-\$650,000	95% ⁶	n/a	700
	\$850,000	90% ⁶	n/a	700
	\$999,999	80%	85%	700
	\$1,000,000	90% ⁶	n/a	740
	\$1,500,000	70%	75%	700
2 unit O/O	\$580,151-\$650,000	75%	75%	700
1 unit 2nd	\$453,101-\$650,000	80%	80%	700
	\$1,000,000	70%	70%	700
	\$1,500,000	65%	65%	700

Cashout Refinance Mortgages ^{3 4 5}				
Property Type	Max. Loan Amt	Max. LTV	Max. HCLTV	FICO
1 unit O/O	\$453,101-\$650,000	80%	80%	700
	\$1,000,000	75%	75%	700
	\$1,500,000	65%	70%	700
2 unit O/O	\$580,151-\$650,000	70%	70%	740
1 unit 2nd	\$453,101-\$650,000	75%	75%	700
	\$1,000,000	65%	65%	700
	\$1,500,000	60%	60%	700

¹ The CLTV/HCLTV for a combined Associated Bank first and second mortgage cannot exceed the lesser of the matrix or 90%. Except for HELP DPA, wholesale loans are not eligible for Associated Bank secondary financing.

² When combining a 1st & a 2nd lien into one loan the 2nd lien must be seasoned to qualify the transaction as a Limited Cash Out Refinance. A 2nd lien is considered seasoned when the borrower is able to document via a Closing Disclosure that the entire drawn amount was used for the home purchase. Payoff of a non-purchase second lien can be considered a Limited Cash-out refinance provided the second lien is seasoned for 12 months. HELOC mortgages must document that the loan has had no draws in excess of \$2,000 in the past 12 months.

³ Maximum cash out amount of \$200,000 with HCLTV \geq 80%.

⁴ Maximum cash out amount of \$350,000 with HCLTV <80%.

⁵ Properties cannot have been listed for sale in the past six months.

⁶ Limited to 5/1, 7/1, & 10/1 ARM's only that require Mortgage Insurance (minimum LTV available is 80.01%). Must obtain Mortgage Insurance for these loan buckets structured as a single transaction. In some cases, Mortgage Insurance guidelines may be more restrictive than Associated Bank guidelines.

15. Secondary Financing

- Refer to #14. Loan Amount and LTV/TLTV Limits



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3/1, 5/1, 7/1 & 10/1 ARMs	
16. Property Types	<ul style="list-style-type: none"> • Single Family Detached • Townhouse • Condo (Refer to Third Party Originator Condo Guides) • PUD Attached • PUD Detached • 1 – 4 Family • Manufactured Home
17. Occupancy Types	<ul style="list-style-type: none"> • Primary Residence • Second Home <ul style="list-style-type: none"> ○ Resort/Recreation area ○ Borrower may not enter into any rental agreements that require the property to be rented. ○ The borrower must live in the property for some portion of the year.
18. Geographic Locations /Restrictions	<p>Associated Mortgage will accept loans from the following states:</p> <ul style="list-style-type: none"> • Illinois • Indiana • Iowa • Kansas ¹ • Kentucky ² • Michigan • Minnesota • Missouri • Ohio • Wisconsin <p>¹ Metropolitan Kansas City (property must be in one of the following counties: Johnson, Wyandotte, Leavenworth, Miami, Douglas) ² Counties of Kenton, Campbell, and Boone</p>
19. Assumable	No
20. Escrows	<ul style="list-style-type: none"> • Loans greater than 80% LTV must escrow taxes and insurance.
21. Prepayment Penalty	N/A

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22. Underwriting	<ul style="list-style-type: none"> • Alimony/maintenance may be deducted from the borrower's gross income instead of treating it as a liability. This does not apply to child support. A divorce decree confirming the amount is required. • Asset depletion is allowed to qualify a borrower as long as asset depletion represents at least 51% of total income. Assets used for the calculation of the monthly income stream must be owned by the borrower as an individual. If joint accounts are used, the co-owner of the account must be a borrower on the loan. Trust assets are acceptable as long as our borrower is the sole beneficiary to the trust funds. IRA, 401K, and Annuity accounts may be considered income at 60% of the vested balance, less any outstanding loans. If borrower is able to access IRA, 401K, and Annuity accounts without penalty, you may use 70% of the vested balance, less any outstanding loans. Investment accounts, (stocks, bonds, mutual funds, etc.) will be used at 70% of the current statement balance. Balances must be verified to support a five (5) year continuance of the income used to qualify for the loan. For example, \$1 million eligible asset account reduced to 60% = \$600,000 divided by 60 (months) = \$10,000 of income for qualifying purpose. <ul style="list-style-type: none"> ○ The following accounts are examples of assets that are not eligible for asset depletion: 529 college funds, accounts under UTMA, checking accounts, savings accounts, CDs, cash value of life insurance policies, lump-sum inheritance, or divorce proceeds and pledged accounts. • Rental Income <ul style="list-style-type: none"> ○ Rental income is allowed if it can be verified with at least one year of the most recent tax returns. If the most recent tax return does not show a full 12 months of rental income due to the length of time the property has been rented, 75% of rent due on a signed lease may be used instead as rental income. • Business Loss <ul style="list-style-type: none"> ○ All business losses must be considered in income calculation.
23. Borrower/Co-Borrower Eligibility	<ul style="list-style-type: none"> • U.S. Citizen • Documented Permanent Resident Alien¹ • Documented Non-Permanent Resident Alien¹ • Loans to LLC's (Limited Liability Companies) and Trusts are not allowed however; loans to individuals may be considered when collateral is vested to an LLC or a Revocable Trust. <p><small>¹ Lender must obtain verification that a non-U.S. Citizen is legally present in the United States. The lender should make a determination of the non-U.S. citizen's status based on the individual's case using the appropriate documentation. If the documentation provided is called into question, then Associated Bank's Underwriter will determine if the documentation is deemed appropriate documentation per the individual case.</small></p>
24. Co-Signer	<ul style="list-style-type: none"> • A co-signed loan may be acceptable, however; the mortgage may not be cosigned by a party that has an interest in the property sales transaction -- such as property seller, the builder, the real estate broker, etc. The primary borrower (the primary wage earner) must qualify for the credit individually. A co-signer applicant must also qualify for the credit individually. A co-signer is used only to mitigate limited credit history of the borrower. Co-signers cannot be used to mitigate poor credit history. • See Box 12 for additional information on non-occupant co-borrowers.

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25. Credit	<ul style="list-style-type: none"> • A minimum number of 4 trade lines for 12 months must be present in the credit report. One must be a mortgage or rental verification. • Qualifying Credit Score <ul style="list-style-type: none"> ○ When three credit scores are present the middle score will be the borrower's score. ○ If only two credit scores are given the lower of the two scores will be the borrower's score. ○ If only one credit score is given, then this will be the borrower's score. ○ If more than one borrower has applied for the loan, the lowest score of all the applicable credit scores is the representative credit score of the file. • Bankruptcies are required to be fully discharged for a minimum of 4 years, measured from discharge/dismissal date to disbursement date of new loan, and borrower has re-established credit depth to include a minimum of 4 trade lines with a recent 12 month history of use and no derogatory credit in the last 24 months. One trade must be housing. These trade lines must have been opened after the discharge of the bankruptcy. • Foreclosures are required to be settled for a minimum of 7 years, measured from sale/execution date to disbursement date of new loan, and borrower has re-established credit depth to include a minimum of 4 trade lines with a recent 12 month history of use and no derogatory credit in the last 24 months. One trade must be housing. These trade lines must have been opened after the date of sale/execution. • Short Sales/Deeds in Lieu are required to be settled a minimum of 4 years, measured from sale/execution/transfer date to disbursement date of new loan, and borrower has re-established credit depth to include a minimum of 4 trade lines with a recent 12 month history of use and no derogatory credit in the last 24 months. One trade must be housing. These trade lines must have been opened after the date of sale/execution/transfer. • All delinquent credit obligations should be paid prior to closing with no serious trend in credit delinquencies in the previous <ul style="list-style-type: none"> ○ <u>12 months</u>, defined as 1x30 on mortgage or 2x30 on other trades ○ <u>24 months</u>, defined as 1x60 on any debt. • Medical collection may be waived if there is documentation proving the collection item is currently in process for insurance reimbursement. • Disputed Accounts do not need to be resolved if the balance is zero and the accounts are at least 6 months old. All other credit must meet posted guidelines. • The maximum age of all credit documents is 120 days. The age is determined from the date the Note is signed. A one-time extension of 120 days can be granted by an Underwriter, if notified within 2 business days of the Loan Acceptance Letter expiration date. • Student loan payments must be included in the borrower's total debt obligation (whether deferred or not). The credit report payment will be used if present. If a payment is not reflected on the credit report an account statement may be provided. If no statement is available, then a monthly payment of 1% of the outstanding balance will be used for qualifying the borrower.



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25. Credit (cont'd)	<ul style="list-style-type: none"> • Installment and revolving debt may be paid off to qualify. The borrower may either: <ul style="list-style-type: none"> ○ Have the debt paid off and closed through the loan closing proceeds or; ○ Pay off the debt prior to closing, with proof of funds used to satisfy debts (showing the account is closed and paid off). 								
26. Funds for Closing	<p>Borrower Investment</p> <ul style="list-style-type: none"> • 5% minimum down payment from their own funds unless they receive a gift of at least 20%. Gifts may only be used on Principal residence and second home properties. <p>Seller Contributions</p> <p style="margin-left: 20px;"><u>Primary Residence & Second Home</u></p> <ul style="list-style-type: none"> • 3% for LTV/TLTV >90% & ≤ 95% • 6% for LTV/TLTV > 75% & ≤ 90% • 9% for LTV/TLTV ≤ 75% <p>Gift Funds</p> <ul style="list-style-type: none"> • Gift funds must be from an eligible source: relative, domestic partner, fiancé, church, municipality, or nonprofit organization. • The name, address, phone number, amount of the gift, and relationship of the donor must be disclosed. • When the Gift Funds reduces the LTV/CLTV to 80% or less, then the 5% Borrower Investment is waived. <p>Business Funds</p> <ul style="list-style-type: none"> • Borrower must own the business asset • Minimum 3 months business statements evidencing sufficient ending balances month-over-month to support withdrawal must be provided • Example: Borrower wishes to use \$30,000 business funds for down payment. 3 most recent bank statements must show an ending balance each month of at least \$30,000 to use these funds 								
27. Reserves	<ul style="list-style-type: none"> • 401K's, IRA's, Annuities will be used at 60% of the vested balance, less any outstanding loans. Stocks, bonds and mutual funds will be used at 70% of the current statement balance. • Business funds are not an acceptable source of funds for reserves. • Primary Residence and Second Home reserve requirements are calculated using all outstanding liens on the subject property only. <table border="1" style="margin-left: auto; margin-right: auto; border-collapse: collapse; text-align: center;"> <thead> <tr> <th style="padding: 5px;">Loan Amount</th> <th style="padding: 5px;">PITI Reserve Requirements (months)</th> </tr> </thead> <tbody> <tr> <td style="padding: 5px;">Up to \$650K</td> <td style="padding: 5px;">3</td> </tr> <tr> <td style="padding: 5px;">Over \$650K to \$1 million</td> <td style="padding: 5px;">4</td> </tr> <tr> <td style="padding: 5px;">Over \$1 million</td> <td style="padding: 5px;">8</td> </tr> </tbody> </table>	Loan Amount	PITI Reserve Requirements (months)	Up to \$650K	3	Over \$650K to \$1 million	4	Over \$1 million	8
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28.	Appraiser Requirements	<ul style="list-style-type: none"> Appraisers must be selected following Associated Bank's appraisal policy. 								
29.	Appraisal Requirements	<ul style="list-style-type: none"> The property must be livable and marketable. The Maximum is 20 acres, with the appraisal containing comparables of similar size acreage. Residences over 10 acres are not allowed if the value of the land is worth more than 50% of the total appraised value. Dome and earth homes are not acceptable. Appraisals must be completed on a current Uniform Residential Appraisal Report and comply with the Uniform Appraisal Dataset (UAD). Loans must have an interior and exterior appraisal performed on the Uniform Residential Appraisal Report (1004/1073/1025). Properties that have an unusual feature such as design or location must include comparable sales to address the concerns. 								
30.	Mortgage Insurance	<ul style="list-style-type: none"> Mortgage insurance is required on all loans with an LTV greater than 80%. Borrower Paid Monthly, Borrower Paid Single, Split Paid Premium, and Lender Paid Mortgage Insurance options available. Acceptable Companies (MI pricing will vary based on company and credit score) <ul style="list-style-type: none"> Arch Mortgage Insurance Company Essent Guaranty Mortgage Insurance Genworth Financial Mortgage Guaranty Insurance Corporation (MGIC) National Mortgage Insurance – split paid is not available Radian Lower Cost MI is not available <table style="margin-left: auto; margin-right: auto; border-collapse: collapse;"> <thead> <tr> <th style="text-align: center; border-bottom: 1px solid black;"><u>All ARMs</u></th> <th style="text-align: center; border-bottom: 1px solid black;"><u>Standard Coverage</u></th> </tr> </thead> <tbody> <tr> <td style="text-align: center;">80.01 - 85.00%</td> <td style="text-align: center;">12%</td> </tr> <tr> <td style="text-align: center;">85.01 - 90.00%</td> <td style="text-align: center;">25%</td> </tr> <tr> <td style="text-align: center;">90.01 - 95.00%</td> <td style="text-align: center;">30%</td> </tr> </tbody> </table>	<u>All ARMs</u>	<u>Standard Coverage</u>	80.01 - 85.00%	12%	85.01 - 90.00%	25%	90.01 - 95.00%	30%
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31. Documentation Type	<p>Full</p> <ul style="list-style-type: none"> • Documentation requirements are as follows: <ul style="list-style-type: none"> ○ Current paystub dated within 30 days of the application that contains at least 30 days of year-to-date earnings ○ 2-years W-2 Statements ○ 2-years federal income returns; 2-years business returns and YTD Profit & Loss statement, if applicable^{1,2} ○ 2-months of most recent asset statements. • Loan Amounts \geq \$1 million require a TROY Report for borrowers with no established Associated Bank relationship¹. • Loan Amounts \geq \$1 million require a personal financial statement that is fully completed and executed by all borrowers. The personal financial statement must be dated within twelve months of the date of the credit application. • Self-employed persons must provide two years tax returns showing income from self-employment. A borrower is self-employed if they own 25% interest or greater in a business and they must be self-employed for a minimum of two years before the income can be considered for qualifying. <p>¹ An established customer to Associated Bank is defined as follows:</p> <ul style="list-style-type: none"> • Has an active loan account with Associated Bank for the past 12 months with no delinquent payments OR • Has an active deposit account or relationship for the past 12 months <p>² Transcripts are required on all new borrowers. Also, tax returns may be required in the following instances, but not limited to: jumbo loan amounts, self-employed borrowers, truck drivers, seasonal workers, construction workers, borrowers with tip income, all commissioned workers, borrowers with potential job expenses, regional or area managers, owners of rental properties, interest, or dividend income, borrowers who work for family members, and sole proprietors or if a borrower's interest in a partnership, S-Corp or corporation is 25% or greater.</p>