Conforming Fixed DU & DU High Balance

10/16/2017

WesLend FINANCIAL

SECTION 1	**MATRIX:**

Transaction	*FICO*	*Number of Units*	*Maximum LTV/CLTV*
Primary Residence – Owner Occupied			
Purchase / Rate Term	620	1 - Unit	97% Conforming; 95% High Balance
		2 - Units	85
		3-4 Units	75
Cash-Out Refinance	620	1 - Unit	80
		2-4 Units	75
Second Home			
Purchase / Rate Term	620	1 – Unit	90
Cash-Out Refinance	620	1 – Unit	75
Investment Property – Non-Owner Occupied			
Purchase	620	1 – Unit	80
		2-4 Units	75
Rate / Term	620	1-4 Units	75
Cash-Out Refinance	620	1 – Unit	75
		2-4 Units	70

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SECTION 2	**Overlays:**

- Manual Underwriting – Not Allowed
- 620 Minimum Fico Score
- Second Homes and Investment property, cash out not permitted on transactions where the borrower(s) have > 4 financed properties.
- Min loan amount $60,000.
- Min loan amount $75,000 for properties located in NY and TX.
- Condos - 70% owner occupied presale required.
- Manufactured Homes with accessory dwellings or guest houses – not allowed
- Investment Properties limited to the lesser of program guidelines or 80% LTV/CLTV
- Florida Condominiums: Established Projects only, New Construction or Conversions ***NOT*** allowed.
  1. LTV limited to Fannie Mae guides in accordance with Condominium review type.
     - Example: 75% LTV for Florida Condominiums with Limited review.
  2. Investment property - allowed to 80% LTV/CLTV with Full Review or PERS approval

<u>Additional for DU High Balance:</u>

- Second Homes and Investment property, cash out not permitted on transactions where the borrower(s) have > 4 financed properties

- Condos – 70% owner occupied presale required.
- Investment properties limited to the lesser of program guidelines or 80% LTV / CLTV.

Additional for DU High Balance LPMI:

- Second Homes and Investment Properties not allowed.
- Cash Out transactions are not allowed
- 2-4 Unit Properties not allowed
- $625,500 Max Loan Amount
- Investment properties limited to the lesser of program guidelines or 80% LTV / CLTV

SECTION 3 ***Products:***

Program Codes

Conforming:				
10 Year Fixed	1400-00		15 Year LPMI	1311-00
15 Year Fixed	1300-00		20 Year LPMI	1211-00
20 Year Fixed	1200-00		25 Year LPMI	1111-00
25 Year Fixed	1100-00		30 Year LPMI	1011-00
30 Year Fixed	1000-00			

High Balance:				
15 Year Fixed	1333-00		15 Year Fixed LPMI	1312-00
30 Year Fixed	1033-00		30 Year Fixed LPMI	1012-00
5/1 ARM	1733-02			
7/1 ARM	1833-02			

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SECTION 4 ***Parameters and Underwriting:***

ATR and QM

- All loans must meet the Ability to Repay (ATR) and Qualified Mortgage (QM) provisions of the Dodd-Frank Act.

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Loan Limits

Conforming Limits:	***Continental US***	***Alaska / Hawaii***
1 – Unit	$424,100	$636,150
2 – Units	$543,000	$814,500
3 – Units	$656,350	$984,525
4 – Units	$815,650	$1,233,45

Conforming loan limits set by FHFA:. https://www.fhfa.gov/DataTools/Downloads/Pages/Conforming-Loan-Limits.aspx

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REFINANCES	**Rate and Term Refinances:** Must meet the following requirements: • The transcation is being used to pay off an existing first mortgage loan (including an~~d~~ existing HELOC in first-lien position) by obtaining a new first mortgage loan secured by the same property, or for single-closing construction-to-permanent loans to pay for construction costs to build the home, which may include paying off an existing lot lien. • Only subordinate liens used to purchase the property may be paid off in the new mortgage. • The borrower must be on title prior to closing. **Note:** For certain transactions on properties with a PACE loan, Fannie Mae will waive the prohibition against using the proceeds of a limited cash-out refinance to pay off a loan not used to purchase the property if the loan being paid off is a PACE loan. ***See B5-3.4-01, Property Assessed Clean Energy Loan,***(Fannie Mae Agency guidelines) for additional information. • The subject property must not be currently listed for sale. It must be taken off the market on or before the disbursement date of the new mortgage loan, and the borrowers must confirm their intent to occupy the subject property (for principal residence transactions). **Cash Out:** Cash-Out refinances transactions must meet the following requirements: • The transaction must be used to pay off existing mortgages by obtaining a new first mortgage secured by the same property or be a new mortgage on a property that does not have a mortgage lien against it. • Properties listed for sale in the six months preceding the disbursement date of the new mortgage loan are limited to 70% LTV, CLTV, and HCLTV ratios (or less if mandated by the specific product, occupancy, or property type – for example, 65% for manufactured homes). **Note:** Properties that were listed for sale must have been taken off the market on or before the disbursement date of the new mortgage loan. • The property must have been purchased (or acquired) by the borrower at least six months prior to the disbursement date of the new mortgage loan except for the following: ▪ There is no waiting period if the lender documents that the borrower acquired the property through an inheritance or was legally awarded the property (divorce, separation, or dissolution of a domestic partnership) ▪ The delayed financing requirements are met. See Delayed Financing Exception below. **Delayed Financing Exception:** Borrowers who purchased the subject property within the past six months (measured from the date on which the property was purchased to the disbursement date of the new mortgage loan) are eligible for a cash-out refinance if all of the following requirements are met: • The original purchase transaction was an arms-length transaction. • For this refinance transaction, the borrower(s) must meet Fannie Mae's borrower eligibility requirements as described in B2-2-01, General Borrower Eligibility Requirements (07/28/2015). The borrower(s) may have initially purchased the property as one of the following: ▪ a natural person ▪ an eligible *inter vivos revocable* trust, when the borrower is both the individual establishing the trust and the beneficiary of the trust. ▪ an LLC or partnership in which the borrower(s) have an individual or joint ownership of 100% • The original purchase transaction is documented by a settlement statement, which confirms that no mortgage financing was used to obtain the subject property. (A recorded trustee's deed (or similar alternative) confirming the amount paid by the grantee to trustee may be substituted for a settlement statement if a settlement statement was not provided to the purchaser at time of sale.)The preliminary title search or report must confirm that there are no existing liens on the subject property.

	• The sources of funds for the purchase transaction are documented (such as bank statements, personal loan documents, or a HELOC on another property). • If the source of funds used to acquire the property was an unsecured loan or a loan secured by an asset other than the subject property (such as a HELOC secured by another property), the settlement statement for the refinance transaction must reflect that all cash-out proceeds be used to pay off or pay down, as applicable, the loan used to purchase the property. Any payments on the balance remaining from the original loan must be included in the debt-to-income ratio calculation for the refinance transaction. **Note:** Funds received as gifts and used to purchase the property may not be reimbursed with proceeds of the new mortgage loan. • The new loan amount can be no more than the actual documented amount of the borrower's initial investment in purchasing the property plus the financing of closing costs, prepaid fees, and points on the new mortgage loan (subject to the maximum LTV, CLTV and HCLTV ratios for the cash-out transaction based on the current appraised value). • All other cash-out refinance eligibility requirements are met. Cash-out pricing is applicable. **Note: "**Acquired" is defined as having ownership interest vested on title of the subject property. .
Derogatory Credit	(see table below)

Derogatory Seasoning	
Bankruptcy	• CH 7 – 48 months • CH 11 – 48 months • CH 13 – 24 months from Discharge date; 48 Months from Dismissal Date • Multiple Bankruptcies – 60 months
Foreclosure	• 84 Months
Deed-in-Lieu, Pre-Foreclosure, Charge-off of Mortgage account	• 48 Months
Short Sale	• 48 months
Mortgage Modification	• 12 Months
Foreclosure and Bankruptcy on the same Mortgage (Mortgages not-reaffirmed)	If a mortgage debt was discharged through a bankruptcy, the bankruptcy waiting periods may be applied if the lender obtains the appropriate documentation to verify that the mortgage obligation was discharged in the bankruptcy. Otherwise, the greater of the applicable bankruptcy or foreclosure waiting periods must be applied. And demonstrate acceptable mortgage history
Judgement / Liens	Must be fully satisfied prior to or at time of closing.
Collections and Charge off	Follow DU requirements outlined in DU findings

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Student Loan Payment Requirements	***IBR*** – Interest Based Repayment plan – not acceptable Whether deferred, in forbearance, or in repayment (not deferred), monthly payment must be included in the borrower's recurring monthly debt obligation when qualifying the borrower. If a monthly payment is provided on the credit report, the lender may use that amount as the monthly payment for qualifying purposes. If the credit report does not provide a monthly payment for the student loan, or if the credit report shows $0 as the monthly payment (which may be the case for deferred loans or loans in forbearance), the lender must calculate a qualifying monthly payment using one of the options below: • 1% of the outstanding student loan balance (even if this amount is lower than the actual fully amortizing payment), or • a fully amortizing payment using the documented loan repayment terms.
Underwriting	• Desktop Underwriter, DU – "Approve/Eligible" **only** • Manual Underwriting – Not Allowed
Ratio	**Debt to Income Ratio – DTI:** • As per DU – Approve / Eligible .
High Priced Mortgage Loans (HPML)	• Loans with Property Inspection Waivers (PIW) – Not Allowed • A five (5) year escrow account must be established. • Subject to second review to meet Agency guidelines .
Texas 50(a)(6)	• Allowed – Subject to Agency Guidelines • Subordinate financing – Not Allowed .
Non-Occupant Co-Borrower	• Allowed – Maximum 95% LTV / CLTV Note: Non-Occupant Co-borrower cannot have an interest in the property sales transaction, such as the property seller, the builder, or the real estate broker.
Down Payment / Reserves	If the borrower has multiple financed properties and is financing a second home or investment property, DU will base the reserve calculations for the other financed properties on the number of financed properties determined by DU. See below.

	Calculation of Reserves for Multiple Financed Properties If the borrower owns financed properties, additional reserves must be calculated and documented for financed properties other than the subject property and the borrower's principal residence. The other financed properties reserves amount must be determined by applying a specific percentage to the aggregate of the outstanding unpaid principal balance (UPB) for mortgages and HELOCs on these other financed properties. The percentages are based on the number of financed properties: • 2% of the aggregate UPB if the borrower has one to four financed properties, • 4% of the aggregate UPB if the borrower has five to six financed properties, or • 6% of the aggregate UPB if the borrower has seven to ten financed properties (DU only). The aggregate UPB calculation does not include the mortgages and HELOCs that are on • The subject property, • The borrower's principal residence, • Properties that are sold or pending sale and accounts that will be paid by closing (or omitted in DU on the online loan application). **NOTE:** DU will also include the UPB calculation open mortgages and HELOCs on the credit report that are not disclosed on the online loan application.
Non-Traditional Credit Option	**Criteria:** • One Unit, primary residences only (no manufactured homes) • Second homes, investment properties, and units – NOT ALLOWED • Purchase or limited cash out refinance, Rate/Term, only • Loan amount must meet Fannie Mae general loan limits (no high balance) • DTI must be LESS Than 40% • Not to exceed 90% LTV/CLTV • Non-occupant co-borrowers are not permitted • A credit report must be obtained confirming borrower does not have any credit score. The credit report will indicate that a credit score could not be produced due to insufficient credit. • If all borrowers on the loan are relying solely on nontraditional credit to qualify, at least one borrower must complete the pre-purchase homeownership education prior to the loan closing. • WesLend/Lenox requires a DU approval. **Requirements:** • Two sources of nontraditional credit for each borrower without a credit score. • Rental housing payments are required for loans underwritten through DU where nontraditional credit is required. • Credit types used to develop nontraditional credit are those that require the borrower to make periodic payments on a regular basis with intervals no longer than every three months. Examples: Mobile phone bills, utility bills, and cable TV bills.
Number of Financed Properties	• If the subject property is owner occupied, there are no restrictions on the number of financed properties that a borrower can own.

	• If the subject property is a second home or NOO, the borrower may own up to 10 financed properties. Properties the borrower owns free and clear are not included.

Second Home and NOO transactions where the borrower(s) have multiple financed properties must meet the following criteria, as well as all other program restrictions:

Occupancy	*Units*	*Max LTV / CLTV*	*Minimum FICO Score (2-6 financed properties)*	*Minimum FICO Score (7-10 financed properties)*
PURCHASE				
Second Home	1-unit	90%/90%	620	720
Investment	1-unit	80%/80%	620	720
Investment	2-4 units	75%/75%	620	720
RATE/TERM REFINANCE				
Second Home	1-unit	90%/90%	620	720
Investment	1-unit	75%/75%	620	720
Investment	2-4 units	75%/75%	620	720
CASH OUT REFINANCE				
Second Home	1-unit	75%/75%	620	720
Investment	1-unit	75%/75%	620	720
Investment	2-4 units	70%/70%	620	720

<u>Number of properties WesLend will finance:</u>

- WesLend will finance up to 4 multiple properties for one borrower.
- Maximum 4 multiple loans to one borrower with the same investor.

Property

<u>Eligible Properties</u> are attached & detached SFR, 2-4 units, manufactured home, warrantable condo, cooperatives (see Co-op Addendum) and PUD units, rural properties and modular homes.

<u>Agency Warrantable condo projects</u> allowed. See condo section for more info.

<u>2nd Homes</u> must be suitable for year round occupancy. Timeshares, condotels, mandatory rental pools and properties with recreational leases are not allowed. Multi-units and mixed-use properties are not eligible for second homes.

<u>Modular Housing</u> is acceptable. Modular housing is prefabricated, panelized or sectional housing that assumes the characteristics of a site built home, meets all local and state building codes, is permanently affixed to the land and is legally classified as real estate.

<u>Leaseholds</u> permitted. The term of the lease must extend at least 5 years beyond the term of the loan. All other FNMA requirements must be met.

Rental Income	**Rental Income for Investment Properties:** If the subject property being financed is a 1-4 unit investment property, 75% of the rental income may be used for qualifying purposes. The rental income must be documented as follows:

If the borrower(s) have a history of receiving rental income	Document the rental cash flow by obtaining copies of pages from the borrower's most recent two years of signed federal income tax returns and the related Schedule E. A copy of the current lease is required.
If the borrower(s) *do not* have a history of receiving rental income	Document the rental income by obtaining an appraiser's opinion of market rent and, if applicable, copies of the current lease agreement(s).

If the borrower is not using any rental income from the subject property to qualify, gross monthly rent must still be documented for lender reporting purposes. The borrower can provide one of the sources listed in B3-3.1-08, Rental Income, or may provide one of the following sources (listed in order of preference):

- the appraisal report for a one-unit investment property or two- to four-unit property, or *Single-Family Comparable Rent Schedule* (Form 1007), provided neither the applicable appraisal nor Form 1007 is dated 12 months or more prior to the date of the note;
- if the property is not currently rented, the lender may use the opinion of market rents provided by the appraiser; or
- if an appraisal or Form 1007 is not required for the transaction, the lender may rely upon either a signed lease from the borrower or may obtain a statement from the borrower of the gross monthly rent being charged (or to be charged) for the property. The monthly rental amounts must be stated separately for each unit in a two- to four-unit property. The disclosure from the borrower must be in the form of one of the following:
  - a written statement from the borrower, or
  - an addition to the *Uniform Residential Loan Application* (Form 1003).

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Other Income Types

Alimony or Child Support	Allowed		Foster-Care Income	Allowed
Automobile Allowances	Allowed		Foreign Income	Allowed
Boarder Income	Allowed **Only allowed in certain instances (borrower with disabilities who receives rental from a live-in aid or on the HomeReady program)		Interest/Dividend Income	Allowed
Capital Gains Income	Allowed		Notes Receivable	Allowed
Expected Income(Future Income)	Allowed		Royalty Payment Income	Allowed
Housing or Parsonage Allowance	Allowed		Tip Income	Allowed
Employment Related Assets (Asset Depletion) Some examples: 401(k), IRA, SEP, Keogh.	Allowed		Trust Income	Allowed

MANUFACTURED HOMES	(see table and list below)

PRIMARY RESIDENTS			
PURCHASE And RATE / TERM			
UNITS	LTV	CLTV	CREDIT SCORE
1	95%	95%	620
CASH – OUT REFINANCE			
1	65%	65%	620
SECOND HOMES			
PURCHASE And RATE / TERM			
UNITS	LTV	CLTV	CREDIT SCORE
1	90%	90%	620

- The manufactured home must have been built and installed in compliance with the Federal Manufactured Home Construction and Safety Standards that HUD established June15, 1976 and additional requirements that appear in HUD regulations at 24 C.F.R. Part 3280 as evidenced by presence of both a HUD Data Plate and HUD Certification Label (Tag). Manufactured homes built prior to June 15, 1976 are ineligible.

    1. If the original or alternative documentation cannot be obtained for both the Date Plate/Compliance Certificate and HUD Certification Label (Tag), the loan is not eligible.

    2. If the HUD tag is missing, a recent "HUD Certification Verification" letter issued by the Institute for Building Technology and Safety (IBTS) or a copy of the Date Plate from the In-Plant Primary Inspection Agency (IPI) or manufacturer must be in the loan submission.

- The Manufactured home must be secured by both the manufactured home and the land and both must be classified as real property under applicable state law and subject to taxation as real estate.
- The borrower must own the land on which the manufactured home is located in fee simple.
- Manufactured home must be at least Double-Wide or greater.
- Manufactured home must be classified and titled as real property at time of application.
- Purchase of manufactured home to be placed on borrower's currently owned land is prohibited.
- Manufactured homes located in Condo/PUD or Coop projects not eligible
- Manufactured homes with accessory dwelling units or guest houses are not eligible.

FANNIE MAE GUIDELINES

For further information not covered here please proceed to Fannie Mae Guidelines.

- Fannie Mae Guidelines