

<b>SECTION 1</b>	<b>MATRIX:</b>																														
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<ol style="list-style-type: none"> <li>1. In some cases (i.e. provided by a family member, government agency, etc...) subordinate financing may be as high as 100% CLTV.</li> <li>2. LTVs/CLTVs for Streamline refinances W/O appraisals are based on the original loan amount.</li> <li>3. Non-Credit Qualifying Streamlines: The new base loan amount may not exceed the original base loan amount.</li> <li>4. 620 Minimum FICO for Manufactured Homes.</li> <li>5. 85% LTV for No Cash Out refinances where the borrower has occupied the subject property fewer than 12 months prior to case number assignment or if owned less than 12 months, has not occupied the property for that entire period of ownership.</li> <li>6. 620 Minimum FICO for High Balance Transactions.</li> </ol>																															
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	<ul style="list-style-type: none"> <li>▪ Minimum Loan Amount \$60,000</li> <li>▪ Minimum Loan Amount \$75,000 for properties located in NY and TX</li> </ul> <p><b>Ineligible Loan features:</b></p> <ul style="list-style-type: none"> <li>▪ Manual Underwriting (for Purchases, Rate/Term, Simple Refinance and Cash Out) – Not Allowed</li> <li>▪ Graduated Payment Mortgages</li> <li>▪ Growing Equity Mortgages</li> <li>▪ Loans to non-profit organizations</li> <li>▪ Reverse Mortgages</li> <li>▪ Loans with private water purification systems requiring an escrow for maintenance</li> <li>▪ Texas Section 50 (a)(6) Program</li> <li>▪ Construction to permanent loans with modifications</li> <li>▪ Non-Traditional Credit – Not Allowed</li> <li>▪ Non-occupant borrowers on multi-unit dwellings &gt; 75% LTV/CLTV</li> <li>▪ Non-occupant co-borrowers not allowed for cash out refinances</li> <li>▪ All Expanded Documentation Process types</li> <li>▪ FHA \$100 Down Payment Program</li> <li>▪ 203k , 203k streamline or 203b with Repair Escrows</li> <li>▪ Deed Restricted Properties (other than age restricted)</li> <li>▪ Temporary Buy downs</li> </ul>																														

	<ul style="list-style-type: none"> <li>▪ High Balance 3/1 and 5/1 ARMs</li> <li>▪ Loans to owners and employees and TPOs employee loans are not allowed</li> <li>▪ Manufactured Homes with accessory dwellings or guest houses - not allowed</li> <li>▪ Tax liens or judgements must be satisfied.</li> <li>▪ Late payment and delinquent accounts during the most recent 12 months consisting of more than one 30-day late must be explained.</li> <li>▪ Borrowers with recently amended tax returns are ineligible. Minor amendments that do not affect the income (or loss) are acceptable.</li> <li>▪ Lease Holds</li> <li>▪ HUD REO</li> <li>▪ Properties with Solar Leases</li> <li>▪ Native American Indian Land Trusts</li> <li>▪ Property ratings of C5, C6 and Q6</li> <li>▪ Condominium projects not on FHA's approved list.</li> <li>▪ Single Wide Manufactured Homes</li> <li>▪ Newly constructed properties located in a flood zone</li> <li>▪ Manufactured homes in a condo project</li> <li>▪ Mobile homes, log homes, dome homes or houseboats</li> </ul> <p>Manufactured homes are eligible in the following states: AL, AZ, CA, CO DE, FL, GA, HI, IL , IN, KS, KY, LA, MI, MN, NV, NC, ND, NM, NY, OH, OK, OR, SC, TN, TX, UT, VA, WA, WY</p>																																				
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<p>ATR and QM</p>	<ul style="list-style-type: none"> <li>• All loans must meet the Ability to Repay (ATR) and Qualified Mortgage (QM) provisions of the Dodd-Frank Act.</li> </ul>																																				
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<p><b>REFINANCE VALUE REQUIREMENTS</b></p>	<p>For properties <b>acquired by the borrower within 12 months of the case number assignment date</b> the appraised value is the <b>lesser of</b>:</p> <ul style="list-style-type: none"> <li>• The borrower's purchase price plus any documented improvements made after the purchase; or</li> <li>• The appraised value.</li> </ul> <p>Properties acquired by the borrower <b>within 12 months of the case number assignment by inheritance or through a gift from a family member</b> may use the appraised value.</p>
<p><b>REFINANCE SEASONING REQUIREMENTS</b></p>	<p><b>Cash-Out</b> and <b>Streamline Refinances</b> must meet the following seasoning requirements:</p> <ul style="list-style-type: none"> <li>• The property securing the <b>cash-out refinance</b> must have been <b>owned and occupied by the borrower as their principal residence</b> for the <b>12 months prior to the date of the case number assignment</b>.</li> <li>• For subsequent Streamline and Cash-out refinances, the borrower must have made at least <b>six (6) consecutive monthly payments</b> on the loan being refinanced beginning with the payment made on the first payment due date; and</li> <li>• The first payment due date of the new loan must occur <b>no earlier than 210 days</b> after the first payment due date of the loan being refinanced.</li> </ul>
<p><b>UNDERWRITING REQUIREMENTS</b></p>	<p><b>Underwriting:</b></p> <ul style="list-style-type: none"> <li>• TOTAL Scorecard (DU/LP) – “Approve Eligible”</li> <li>• Manual underwriting - Streamlines allowed. All others default to 1<sup>st</sup> Advantage Program Guides.</li> </ul> <p><b>The AUS must be downgraded to manual underwrite for the reasons below.</b></p> <p><b>Note:</b> If a manual underwrite is warranted, the file will need to be placed on WesLend’s FHA 1<sup>st</sup> Advantage Program.</p> <p>The Mortgagee must downgrade and manually underwrite any Mortgage that received an Accept recommendation if:</p> <ul style="list-style-type: none"> <li>• the mortgage file contains information or documentation that cannot be entered into or evaluated by TOTAL Mortgage Scorecard;</li> <li>• additional information, not considered in the AUS recommendation affects the overall insurability of the Mortgage;</li> <li>• the Borrower has \$1,000 or more collectively in Disputed Derogatory Credit Accounts;</li> <li>• the date of the Borrower’s bankruptcy discharge as reflected on bankruptcy documents is within two years from the date of case number assignment;</li> <li>• the case number assignment date is within three years of the date of the transfer of title through a Pre-Foreclosure Sale (Short Sale);</li> <li>• the case number assignment date is within three years of the date of the transfer of title through a foreclosure sale;</li> <li>• the case number assignment date is within three years of the date of the transfer of title through a Deed-in-Lieu (DIL) of foreclosure;</li> <li>• the Mortgage Payment history, for any mortgage trade line reported on the credit report used to score the application, requires a downgrade as defined in Housing Obligations/Mortgage Payment History;</li> <li>• the Borrower has undisclosed mortgage debt that requires a downgrade; or</li> <li>• business income shows a greater than 20 percent decline over the analysis period</li> </ul>
<p><b>CAIVRS</b></p>	<p><b>CAIVRS System</b></p> <p>Provide a clear CAIVRS # on each applicant and any co obligor. An applicant cannot be considered a satisfactory credit risk if he/she has a judgment lien against his/her property for a debt owed to the Government until the judgment is paid or otherwise satisfied. The one exception to this policy is that CAIVRS is <b>not</b> required for non-purchasing spouses in community property states.</p>

<p><b>RATIOS</b></p>	<p><b>Debt to Income Ratio – DTI:</b></p> <ul style="list-style-type: none"> <li>DTI per DU Approve/Eligible Findings</li> </ul>																			
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<p><b>STUDENT LOAN PARAMETERS</b></p>	<p><b>Student loan payment requirements:</b></p> <p>The greater of</p> <ul style="list-style-type: none"> <li>1% of outstanding balance; or</li> <li>Actual fully amortized payment – as per credit report; or</li> </ul>																			

	<ul style="list-style-type: none"> <li>Calculated payment based on documented terms</li> </ul> <p><b>IBR</b> – Interest Based Repayment plan – not acceptable</p>														
<b>STATE RESTRICTIONS</b>	<p><b>Texas 50(a)(6):</b></p> <ul style="list-style-type: none"> <li>Not Allowed</li> </ul>														
<b>RESERVES</b>	<p>Reserves:</p> <ul style="list-style-type: none"> <li>1 &amp; 2 units – The sum of the Borrower's verified and documented liquid assets minus the total fund the borrower is required to pay at closing.</li> <li><b>3 &amp; 4 units</b> - 3 months PITI. The subject property must be "self-sufficient." The PITI divided by the monthly Net Self-Sufficiency Rental Income may not exceed 100%</li> <li>Calculation:</li> </ul> <p>Net Self-Sufficiency Rental Income is calculated using the Appraiser's estimate of fair market rent from all units, including the unit the Borrower chooses for occupancy, and subtracting the greater of the Appraiser's estimate for vacancies and maintenance, or 25% of the fair market rent.</p>														
<b>NON-OCCUPANT CO-BORROWER</b>	<ul style="list-style-type: none"> <li>Proposed rents cannot be used as income to qualify.</li> <li>Maximum LTV is 75% on 2-4 units</li> <li>&gt; 75% LTV, borrowers must be family members.</li> <li>May not be used to develop a portfolio of rental properties. Schedule of Real Estate Owned to be examined.</li> <li>Not allowed, for qualifying purposes, on Cash Out refinance transactions.</li> <li>Co-borrower must take title to the property and sign the note and the mortgage</li> <li>The co-borrower cannot be the seller, builder, real estate agent, etc...</li> <li>Non-occupant must have a principal residence in the U.S. or be a US citizen</li> </ul>														
<b>APPRAISALS</b>	<p>Based on the property type, the following appraisal report form must be used:</p> <table border="1"> <thead> <tr> <th><i>Property Type</i></th> <th><i>Form Name/No.</i></th> </tr> </thead> <tbody> <tr> <td>Single-Family Residence (SFR), Planned Unit Development (PUD)</td> <td>Uniform Residential Appraisal Form (#1004/#70) And 1004MC</td> </tr> <tr> <td>Condominiums</td> <td>FNMA Form 1073 and 1004MC</td> </tr> <tr> <td>Site Condominiums</td> <td>FNMA Form 1073 and 1004MC</td> </tr> <tr> <td>2-4 unit Properties</td> <td>Small Residential Income Property Appraisal Report (#1025/#72) and 1004MC</td> </tr> <tr> <td>Manufactured (HUD Code) Housing</td> <td>FNMA Form 1004C and 1004MC</td> </tr> <tr> <td>Update of Appraisal (All Property Types)</td> <td>FNMA Form 1004D</td> </tr> </tbody> </table>	<i>Property Type</i>	<i>Form Name/No.</i>	Single-Family Residence (SFR), Planned Unit Development (PUD)	Uniform Residential Appraisal Form (#1004/#70) And 1004MC	Condominiums	FNMA Form 1073 and 1004MC	Site Condominiums	FNMA Form 1073 and 1004MC	2-4 unit Properties	Small Residential Income Property Appraisal Report (#1025/#72) and 1004MC	Manufactured (HUD Code) Housing	FNMA Form 1004C and 1004MC	Update of Appraisal (All Property Types)	FNMA Form 1004D
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	Final inspection of New Construction	Form HUD-92051
	Final Inspection for Existing Property	FNMA Form 1004D
<b>Ineligible Properties</b>	<ul style="list-style-type: none"> <li>• Properties contaminated by methamphetamine production or use.</li> <li>• Properties with more than one accessory dwelling</li> <li>• Properties located within 75 ft of an operating/proposed gas or oil well</li> <li>• Hawaii properties located in Zones 1 or 2</li> <li>• Properties located within 10 ft of a pipeline easement or high pressure gas line</li> <li>• Properties located within 300 ft of above/below ground stationary storage tanks containing more than 1000 gallons of explosive/flammable fuel (includes gas stations)</li> <li>• Properties located in Coastal Barrier Resources Systems</li> <li>• Properties that don't meet FHA MPR/MPS.</li> <li>• Properties that are not residential in nature (working farms or orchards – bed and breakfasts)</li> <li>• Newly constructed properties located in military airfield accident prone zone 1</li> </ul>	
<b>PROPERTY FLIPPING</b>	<p><b>Property Flipping</b> If the seller acquired the property less than 6 months before the purchase agreement was executed, the following rules apply:</p> <p><b>Resale within 90 days or less:</b> A property that is being resold 90 days or fewer following the seller's date of acquisition is NOT eligible for an FHA-insured Mortgage. <b>Note:</b> Sales contracts are not allowed to be re-executed in order to get around the 90 day flip rule.</p> <p><b>Resale Occurs between 91 days to 180 days:</b> If the resale price is greater than or equal to 100% over the property seller's acquisition price, a second FHA appraisal (ordered through Rels) is required. The second appraisal must be ordered by WesLend/Lenox and may not be paid for by the borrower.</p> <p><b>Important Notes:</b></p> <ul style="list-style-type: none"> <li>• The second full FHA appraisal must be ordered by WesLend/Lenox <b>and may not be paid for by the borrower.</b></li> <li>• The second appraisal (ordered by WesLend/Lenox) must be completed by an FHA roster appraiser, who must perform the second appraisal in compliance with all FHA appraisal reporting requirements.</li> <li>• The lower of the two appraised values must be used to qualify.</li> <li>• Home inspection must be completed prior to Docs. Final inspection of these repairs will also be required. All health and safety items noted in Home inspection and by the appraisal are to be completed. <b>"NO EXCEPTIONS"</b></li> <li>• All transactions must be Arms-length, with no identity of interest between the buyer and seller or other parties participating in the sales transaction.</li> </ul> <p>The property seller's acquisition cost is defined as what the seller paid to acquire the subject property. It does not include the cost of any repairs or improvements made to the property after purchase.</p>	
<b>RENTAL INCOME</b>	<p>Rental income received from owner occupied property being vacated by borrower.</p> <p>If rental income is being derived from the property being vacated by the borrower, the borrower must be relocating to an area more than</p>	

	<p>100 miles from the borrower's current Principal Residence. The borrower must also provide a lease agreement of at least one year's duration after the Mortgage is closed and evidence of the payment of the security deposit or first month's rent and meet one of the documentation requirements listed below.</p> <p>Required Documentation:</p> <ul style="list-style-type: none"> <li>• <b>Limited or No History of Rental Income</b> Where the borrower does not have a history of Rental Income for the property since the previous tax filing, including property being vacated by the borrower, an appraisal evidencing market rent and that the borrower has at least 25 percent equity in the property must be included in the file. <b>OR</b></li> <li>• <b>History or Rental Income</b> Borrower to provide last two year's tax returns with Schedule E, showing rental income.</li> </ul>																															
<p><b>Other Income</b></p>	<table border="1"> <tr> <td>Alimony or Child Support</td> <td>Allowed</td> <td>Foster-Care Income</td> <td>Allowed</td> </tr> <tr> <td>Automobile Allowances</td> <td>Allowed</td> <td>Foreign Income</td> <td><b>Not-Allowed</b></td> </tr> <tr> <td>Boarder Income</td> <td>Allowed</td> <td>Interest/Dividend Income</td> <td>Allowed</td> </tr> <tr> <td>Capital Gains Income</td> <td>Allowed</td> <td>Notes Receivable</td> <td>Allowed</td> </tr> <tr> <td>Expected Income(Future Income) With restrictions</td> <td>Allowed</td> <td>Royalty Payment Income</td> <td>Allowed</td> </tr> <tr> <td>Housing or Parsonage Allowance</td> <td>Allowed</td> <td>Tip Income</td> <td>Allowed</td> </tr> <tr> <td>Employment Related Assets (Asset Depletion) Some examples: 401(k), IRA, SEP, Keogh.</td> <td>Allowed</td> <td>Trust Income</td> <td>Allowed</td> </tr> </table>				Alimony or Child Support	Allowed	Foster-Care Income	Allowed	Automobile Allowances	Allowed	Foreign Income	<b>Not-Allowed</b>	Boarder Income	Allowed	Interest/Dividend Income	Allowed	Capital Gains Income	Allowed	Notes Receivable	Allowed	Expected Income(Future Income) With restrictions	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
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<p><b>FHA 4000.1 Guidelines</b></p>	<p>For further information not covered here please proceed to FHA 4000.1 Guidelines</p> <ul style="list-style-type: none"> <li>• <a href="#">FHA 4000.1 HUD Handbook</a></li> </ul>																															