WesLend Advantage Non-QM – EZ

WesLend FINANCIAL

SECTION 1: MATRIX:

Highlight:
True Asset Depletion Program

- Loan amounts to $5,000,000
- Minimum FICO score 640
- Foreign Nationals allowed
- 12 months seasoning for various derogatory events.
- Business Funds Allowed
- Non-Warrantable condos allowed with restrictions
- **F**or **S**ale **B**y **O**wner (FSBO) allowed with restrictions

Primary Residence, Second Home & Investment Properties				
Purchase, Rate/Term and Cash Out				
Property Type	**Max Loan Amount**	**Max LTV[1]**	**Max CLTV[1]**	**Credit Score**
SFR, PUD, Townhomes, Condos and 2-4 Units	$2,500,000	60%	60%	640
	>$2.5M to $5M	55%	55%	
Minimum Loan Amount: $75,000				

Notes:

1. Texas Cash Out not permitted.

SECTION 2: Products:

PROGRAM CODES:

Advantage Non-QM - EZ	
Product	**Code**
7/1 ARM	9880-35

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SECTION 3: Eligibility and Underwriting Parameters:

Eligible Properties	SFR, PUD (attached and detached), townhomes, condominiums (low-high rise condos, attached, and detached), and 2-4 unit properties. Note: Properties exceeding 10 acres require pre-approval from Investor.
Ineligible Property Type:	Co-ops, Hobby Farms, Log Homes, Mixed Use, Manufactured Homes, Condotel, Timeshare, Leasehold Estates, and Mobile Homes.
Loan Terms:	**ARM:** 7/1 Hybrid ARM Fixed Period: Rate is fixed for the first 7 years, then for 1 year each subsequent years. **Margin:** 3.250% **Index:** 1 Year LIBOR **Caps:** 2 / 2 / 6 Qualify at greater of the start rate or fully indexed rate.

Locks	• Loan must be approved by investor prior to locking rate / pricing.
Eligible Borrowers:	• Individuals (including married or joint applicants), Trusts (see below for restrictions) ✓ Trust Questionnaire or Certification, and Trust & Business Entity Worksheet are required for Trust applicant(s). Loans to trusts (where the trust is the applicant) are restricted to trusts with their own unique TIN number. Properties vested in a trust without a unique TIN may remain vested in the trust. In these cases the borrower must be the settlor of the trust. (IE borrower is Mary Smith, vesting is “Mary Smith as trustee of the Mary Smith Living Trust dated 8/5/2010”) ✓ Provide the SSN for all borrowers. • Foreign National Borrowers (see Foreign Nationals section for details) • Power of Attorney (POA) is allowed with restrictions • Non-occupant co-borrower is not allowed
First Time Homebuyer:	• First time homebuyers are eligible. • First time homebuyer investment properties may not use rental income to qualify.
Foreign Nationals:	• Copy of passport, I-94, and Valid VISA (F1 and F2 types are not allowed). • Copy of passport and either I-94W or proof of ESTA Approval required for borrowers on VISA Waiver Program. • Borrower must have US address when applying for loan. • Foreign Assets (down payment, closing costs, reserves, gift funds) must be transferred to and accepted by US institutional account prior to ordering loan docs. • Income: Refer to Income section of guidelines. • Foreign Nationals of the countries listed on the Sanctions Programs and Country Information by the U.S. Department of the • Treasury's Office of Foreign Assets Control (OFAC) are not eligible. • Refer to: https://www.treasury.gov/resource-center/sanctions/Programs/Pages/Programs.aspx
Age of Credit Documents	• Credit documents cannot be older than 90 days from the funding date. These documents include credit report, employment, income, and asset. • Prelim is good for 90 days. Appraisals are good for 120 days (Note: Recertification of value will be required between 90-120 days when appraiser states that the property area is either declining or not stable)
Credit	• **Credit Inquiries**: Report must list all credit inquiries made in previous 120 days. LOE required to address all credit inquiries. • **Credit:** All borrowers must have minimum of (2) FICO scores on a tri-merged credit report and sufficient credit experience. • **Minimum Trade lines:** No minimum trade line requirement. • **Authorized User Account:** Credit report tradeline that list a borrower as an authorized user cannot be considered in the minimum tradelines requirement. • **Disputes:** If credit report indicates "dispute" tradeline and the dispute does belong to the borrower with a derogatory reported within the last two years, a new credit report must be provided evidencing the dispute has been removed from all repositories. If the dispute is not the borrower’s, documentation to support must be provided. • **Collections / Charge-off Accounts:** Accounts do not have to be paid off at or prior to closing if the balance of an individual account is less than $250 or the total balance of all accounts is $1000 or less. (Medical collections do not have to be paid off) • **Judgments, Garnishments and Liens:** Delinquent credit (including taxes, judgments, tax liens, mechanics' or materialmen's liens) that have an affect on the 1st lien position must be paid at or before closing.
Bankruptcy, Foreclosure, Deed-in-Lieu, Pre-foreclosure and Short Sale:	• Bankruptcy: 12 months from discharge date –Multiple events not permitted. • Foreclosure: 12 months from completion date –Multiple events not permitted. • Deed in Lieu, Pre-Foreclosure, Short Sale: 12 months from completion date or settlement –Multiple events not permitted.

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<tr><td>Rate/Term Refinance</td><td>

No seasoning required. If the first mortgage being paid off with this transaction was used to payoff any subordinate financing that was not used to acquire the property and that mortgage has not been seasoned for at least 6 months prior to the date of the application, the loan is ineligible for Rate & Term Refinance.
The LTV calculation for Rate/Term Refinance:
Current appraised value is used for calculating LTV for Rate/Term Refinance regardless of the subject acquisition date.

Note: Texas loans for refinance as a rate and term do not allow:

Any principal reductions/ curtailments.
Impounds may not be added to new loan calculation if they are not netted from the payoff.
POC fees may not be refunded when financed into the loan amount, and loan must be recalculated due to any payoff reductions,
(Ex. - Borrower made a payment, now payoff reduced) and,
- Loans that fall into Texas Cash out 50(a)(6) eligibility.

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<tr><td>Student Loan Cash Out Refinance</td><td>

At least one student loan must be paid off. Loan proceeds must be paid directly to the student loan servicer at closing.
Only student loans for which the borrower is personally obligated can be paid through the transaction.
Student loan debt must be paid in full with the proceeds - partial payments of student loan debt are NOT permitted.
Max 60% LTV for cash out refinance.
Maximum cash back to borrower cannot exceed $2000 or 2% of the loan amount (whichever is less).
Mortgage payoff: 1st mortgage and seasoned 2nd mortgage.
Payoff of taxes ineligible unless escrow account is established.
Payoff of delinquent taxes ineligible.

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<tr><td>Cash Out Refinance</td><td>

6 month title seasoning is required.
Note: If the borrower inherits or is legally awarded (by divorce, dissolution of a domestic partnership etc.) a property- it is exempt from the 6 month waiting period.
Note: If the property was purchased by the borrower within the 6 months preceding the application for new financing, the borrower is ineligible for a cash-out refinance
Delayed financing is allowed within the 6 months from the purchase date if the property was purchased and there is no financing evidenced by the settlement statement provided by the escrow company.
Properties in an LLC or Partnership may count towards the 6 months title seasoning if the borrower is the majority (≥51%) owner. Ownership must be transferred out of the LLC/Partnership and into the name of the individual borrower(s) prior to or at closing.
LTV Calculation: Use current appraised value

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<tr><td>Cash Out Refinance Delayed Financing Exception</td><td>
Borrowers who purchased the subject property within the past six months 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 the borrower eligibility requirements (i.e.-borrowers who are natural persons that have reached the age at which the mortgage note can be enforced in the jurisdiction where the property is located). The borrower(s) may have initially purchased the property as one of the following:
✓ A natural person
✓ An eligible inter vivos revocable trust, where borrower is both the beneficiary & individual establishing the trust or
✓ A LLC or partnership in which the borrower(s) have an individual or joint ownership of 100%.
The original purchase transaction is documented by Final CD, 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 Final CD if a Final CD was not provided to the purchaser at time of sale.)

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	• 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. • 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/HCLTV ratios for the cash out transaction based on the current appraised value). • All other Cash Out refinance guidelines apply and must be met. Maximum LTV/CLTV ratios for standard Cash Out transaction except for Investment > 6 financed properties. Investment with more than 6 financed properties: Max LTV is 50%

Underwriting Method:	Manual Underwriting only. Loan application must qualify under one of three methods below:
	
	(1) Debt to Income Ratios
	• Both Housing and Debt Ratios Must be met:
	    ✓ 36% maximum total housing to income ratio
	        ♦ When calculating the housing to income ratios, the following will be considered but not limited to: Principal & Interest payment of the subject loan, Taxes related to the subject property, Insurance for the subject property, and Association (HOA) fees for the subject property, if applicable; and any and all simultaneous loan(s).
	    ✓ 55% maximum total debt to income ratio
	• Monthly loan payments on subject property include payments on the loan being applied for and any simultaneous loan being made on the subject property. It would also include any existing loan that will remain a lien on the property after financing is completed.
	• The applicant's total monthly debt obligations (i.e. credit cards, auto loans, etc.) in addition to the housing expenses and mortgage loan payment used in calculating the housing ratio.
	
	(2) Asset Depletion
	• Assets (not including the value of the subject property being purchased or financed) must equal at least 60 months of your future housing payments (PITIA based on the note rate) on the loan and any simultaneous loans being made to purchase or finance the property.
	• Assets include all verifiable assets such as cash, marketable securities and equity in residential real estate owned (net of any liens or other encumbrances on the assets in each case.) Assets held in near cash accounts (e.g. stocks, bonds, mutual funds, etc.) are allowable at 100% of the current statement value. Of these assets, an amount equal to at least 18 months of housing payments (PITIA) must be held in liquid or near liquid assets such as cash and marketable stocks and bonds (and for purposes of liquidity, cannot include assets held in tax deferred retirement accounts for borrowers under the age of 59 ½). Liquid assets exclude the assets (or cash) being used to purchase or refinance the property.
	    – In a case where asset is verified through equity of real estate owned, an in-house AVM will be used to determine value of the property and the equity. If the real estate is owned by multiple borrowers, amount of equity will be divided by number of owners.
	    – Assets must be verified with 2 months account statements or a VOD.
	    – Joint asset accounts may be used when accompanied by a 100% access letter from the co-owner of the account.
	• Business bank statements may be used when the borrower(s) on the loan have a cumulative 100% ownership of the business. The cumulative 100% ownership must be between the borrower and their spouse/domestic partner and the 100% of the business owner(s) must be on the loan.

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Borrower must maintain a Debt to Asset (DTA) ratio of 55% or less and a positive net worth. DTA is determined by the total liabilities (UPB – unpaid balance) of the borrower divided by their total assets.
✓ Total Assets under a purchase transaction are defined as all verified tangible assets (adjusted for ownership percentage) minus the liquid assets used to close the transaction. Total assets under a refinance transaction exclude subject property.
✓ Total liabilities include all debts of the 1003, credit report and/or other sources for which the borrower is obligated including collections (except for medical collections), tax liens and charged off debt that has not been settled.
Large Deposits (as indicated below) require source of deposits to be eligible funds.
✓ Bank Statements: If an individual or the aggregate deposits are > 25% of the average beginning balance.
✓ VOD: If the current balance is > 25% of the average balance.

3) Combination of Income & Assets

When the applicant does not qualify based on housing ratio or assets, the applicant will also be considered based on a combination of income and assets. The monthly income used to calculate the housing ratio shall for purposes of that calculation be supplemented by an amount equal to 1/360th of the total qualifying liquid assets (cash, stocks, and bonds; not including assets held in tax deferred retirement accounts) excluding applicable down payment and closing costs.

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<tr><td>Income:</td><td>
Where income is relied upon to approve a loan (above options #1 or 3), the applicant will be requested to show a one year history of stable employment, a reasonable expectation of 3 years of continued employment and income documentation. When income is used to qualify, an executed 4506-T and transcripts will be required.

Salaried Borrower

Most recent 12 months paystubs (foreign paystubs are acceptable) -or-
Most recent 30 days paystubs and a W-2 covering the most recent 1 year period, and
Employment letter from employer to document duration of employment and expectation of continued employment.

Self-employed Borrower

Most recent year Business and Personal Tax Returns and a YTD Profit and Loss Statement prepared and signed by CPA, and
A CPA letter to document duration of employment.

Foreign Nationals

Foreign tax records or employment letter – Documents must accompany a translated version in English by a certified translator.

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<tr><td>Assets & Reserves</td><td>

2 months most recent deposit account statements or VOD required.
Where income is relied upon to approve a loan, the following reserves will be required.

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<tr><td>Loan Amount <=$1,000,000</td><td>6 months principle & interest payment</td></tr>
<tr><td>Loan Amount > $1,000,000</td><td>12 months principle & interest payment</td></tr>
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Foreign assets can be used for reserves only. Assets for down payments and closing costs must be in a US financial institution or Escrow to documents.
Stock/Bonds/Mutual Funds: 100% may be considered - funds used for closing must documented as being liquidated.
Net Cash Value for Life Insurance: 100% of the vested amount may be considered for reserves.
Vested Retirement Account Funds: 100% may be considered for reserves.

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	• Large Deposits (greater than 50% of monthly income, if applicable) require source of deposit to be eligible funds. • **Cash Out Net Proceed can be used for reserve requirement.**
Business Funds:	• Business funds: Funds in the borrower's business account(s) ≤ 100% of account balance may be counted toward down payment, closing costs, and reserves so long as borrower(s) on the loan have a cumulative 100% ownership interest in the business (e.g., Sole Proprietor, S Corp, Corporation, LLC). **The 100% ownership must be between the borrower and their spouse/domestic partner and the 100% of the business owner(s) must be on the loan.** • Business funds that are in a personal account prior to application may be used for down payment, closing costs, and reserves without restriction. Large deposits must be sourced to determine there is not an undisclosed loan. • A CPA/CTEC/EA must provide a letter explaining that the withdrawal of the funds will not negatively affect the business operations.
Gift Funds:	• Allowed on Primary Residence and Second Home. • Minimum borrower contribution from the borrower's own funds is not required. • Gift funds may fund all or part of the down payment or closing costs. • Gift donor must be blood or legal relative, a fiancé, fiancée, or domestic partner. • Gift letter must contain the amount of the gift, donor's name, address, phone number and relationship. • The donor should state that repayment is not expected. • Not allowed on NOO Transactions. • Gift funds may not fund any part of the financial reserves.
Interested Party Contributions (IPC):	• Maximum allowable contribution from seller, builder, realtor, broker, or an affiliate who may benefit from the transaction: ✓ 6% for Primary Residence or Second Home ✓ 2% for Investment Property
Maximum Number of Financed Properties:	• The financed property limit applies to the borrower's ownership of one - to four- unit financed properties or mortgage obligation on such properties and is cumulative for all borrowers. These limitations apply to the total number of properties financed, not the number of mortgages on the property. • Max number of total financed properties: 10 • Max number of financed properties with Investor: 6 per household. • Investment Cash Out: Max LTV is 50% if subject property is an investment and borrower has > 6 financed properties.
Monthly Debt Obligations:	**Mortgage History:** • 1x30 within 12 months • VOM required for borrower(s) that are homeowners and mortgage payment history is not reflected on credit report. VOR required when borrower(s) renting and are purchasing an investment property to verify housing payment and history. If borrower(s) are living rent free and purchasing an investment property, Lenox/WesLend and/or its Investors require a rental agreement and proof someone else making payments. If Private Lender or Private Landlord, 12 months cancelled checks or 12 months bank statements must be provided to document mortgage or rents. **HELOC Payment:** • Current monthly payment reflected on the credit report may be used for qualifying ratios. • If the amount is not shown on the credit report, use the payment reflected on the billing statement.

	Installment Debts: • Payments on installment debts with more than 10 months of remaining payment must be included in the DTI. • Installment debts may be **paid off or paid down** to 10 or fewer monthly payments for qualifying. (<u>Unless the monthly debt obligation significantly affects the</u> borrower's ability to meet their credit obligations).*Note: Pay downs may be limited to one installment debt per borrower/loan application if the borrower does not have sufficient liquid funds in the bank to cover the remaining balance. *All pay downs require liquid funds to support the remaining balances of each debt being paid down to qualify the loan* **30 Day Accounts:** • Document that the borrower has sufficient funds to cover the unpaid balance of all 30-day charge accounts. . **Deferred Installment Debts:** • Deferred Installment debts must be included in Debt Ratios as follows: ✓ Installment debts, other than Student loans, when minimum payment is not shown on credit report, then use: ♦ a copy of the payment letter, or ♦ forbearance agreement that reflects a future monthly payment. **Student Loans:** For all student loans, whether deferred, in forbearance, or in repayment (not deferred), monthly payment must be included in the borrower's DTI. • In order to calculate the repayment amount, one of the following must be used: ✓ If a payment amount is provided on the credit report, that amount can be used for qualifying purpose. ✓ 1% of the outstanding balance; OR ✓ a calculated payment that will fully amortize the loan(s) based on the documented loan repayment terms. **Lease Payments** • The lease payment must be included in the DTI regardless of the remaining number of payments. **Co-Signed Debts (contingent liability)** • Evidence that the borrower is not making the payments for the last 12 months documented by copies of 12 months canceled checks to show timely payments by the primary obligor required to remove liability from borrower. **Debts paid by Business for Self-employed borrowers** Debts paid by business for self employed borrowers may be excluded from the monthly obligation when all of the following requirements are met. • No late payments in the last 12 months and no more than 1x30 in the last 24 month period. • Evidence, such as 12 months canceled checks, that the debt has been paid from the company funds. **Revolving Accounts** • Use the monthly payment shown on the credit report. If not available, use 5% of the outstanding balance. **Payoff of Revolving Accounts** • In order to qualify without the monthly payment on the current balance, evidence of pay off is required. ..

Property Listed for Sale:	For both Rate/Term and Cash Out Refi transactions: Subject property that is listed for sale at time of loan application is not permitted. Evidence of cancelled listing is required at least 1 day prior to loan application date.
Condo Projects:	See below

HOA Cert

Limited Review or Full Review per Fannie Mae Standards on all Projects.

Full Review:

- If the property will be used as an Investment Property, at least 50% of the total number of the project must have been conveyed to purchasers who occupy their unit as a primary residence or second home. Note: This requirement does not apply if the subject mortgage is for a primary residence or second home.
- Delinquencies for HOA dues may not exceed 20% (total unit dues cannot be more than 60 days delinquent).
- No single entity may own more than 10% of the total units (or 1 unit in a 2 to 4 unit project).
- No more than 35% commercial usage.
- At least 90% of the total units in the project have been conveyed to the unit purchasers.
- The project is 100% complete (including all units and common elements).
- The project is not subject to phasing or annexation.
- Control of the homeowners association has been turned over to the unit owners.
- Private transfer fees are not allowed unless established prior to 02/08/11 or provides direct benefit & paid to HOA.
- Project Litigation – Follow Fannie Mae guidelines.

Insurance

Copy of the Master/Blanket Hazard Policy is required (To include fidelity coverage). If the blanket policy does not provide "walls in" coverage (aka- HO6 coverage), the borrower will need to obtain it separately.

Non-warrantable Condo:

Minimum Loan Amount = $100,000

Occupancy	*Max Loan*	*Max LTV*	*Max C/O*	*FICO*
Primary Residence	$1,000,000	60%	50%	700
	$2,000,000	60%	50%	720
Second Home	$1,000,000	60%	50%	700
	$1,500,000	60%	50%	720
	$2,000,000	55%	50%	720
Investment	$1,000,000	55%	50%	700

- Sale Must Be Arms Length: No blood/marriage relation, renters buying from landlord, etc.
- Existing Building: Less than 65% of total units must be NOO.
- New Projects: Minimum 50% of units under contract
- Lender Full Review Required: Form 1073 or 1004, certification of project eligibility, HOA Questionnaire, project budget, project legal documents, insurance coverage that conforms to FNMA.
- Max exposure of 20-25% of units in project, if less than or equal to 4 units in project, only 1 unit.
- Not allowed on Foreign Nationals

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Appraisal Requirements:	• A full appraisal must be ordered through one of the Investor's approved Appraisal Management Companies. • Loan Amount up to $1MM: One Full Appraisal. • Loan Amounts > $1MM: One Full Appraisal and One Field Review. • Transfer Appraisals are allowed with Field Review supporting the value. • Properties with a condition rating of C5 or C6 are not acceptable.
Non-Permitted Additions and Garage Conversions:	• Appraiser to comment that the addition or conversion was completed in a workmanlike manner. • Appraiser to comment if there are any health and safety issues. • Appraiser to comment that the addition conforms to the homes structure. • Appraiser to comment if there is a second kitchen (If there is an illegal 2nd kitchen, loan must meet all of the accessory unit guidelines below)
Accessory Unit (unpermitted illegal Units)	• The illegal unit (addition) conforms to the subject neighborhood and to the market. • Property must be appraised based on its current use and must report that the improvements represent illegal use. • Borrower cannot use rental income to qualify from the illegal 2nd unit. • Appraiser to comment that the improvements are typical for the market area by supporting this with "3"comparable properties that have the same illegal use. • Hazard insurance policy must include the total square footage of the property (including the illegal unit) & note that any future claims will not jeopardize the property
Property Resale Less Than 90 Days:	• A second appraisal is required when: ✓ Any increase over 50% regardless of documented upgrades. ✓ The increase is 25% or more unless the appraiser comments and documents the upgrades.
Assignment on Purchase Agreement:	• Loans to Assignees on purchase contracts are not permitted except when the original buyer remains as one of the buyers.
Properties with Solar Panels	• If the property owner is the owner of the solar panels, standard eligibility requirements apply (for example, appraisal, insurance, and title). • If the property owner leases the solar panels from a third party, the following requirements apply: ✓ The solar panels may not be included in the appraised value of the property. ✓ The property must maintain access to an alternate source of electric power that meets community standards ✓ The monthly lease payment must be included in the DTI ratio unless the payment goes entirely to pay for the energy. Any portion of the payment that is not used to purchase energy must be included in the DTI ratio. ✓ The lease or power purchase agreement must indicate that: ➢ any damage that occurs as a result of installation, malfunction, manufacturing defect, or the removal of the solar panels is the responsibility of the owner of the equipment and the owner must be obligated to repair the damage and return the improvements to their original or prior condition. ➢ the owner of the solar panels agrees not to be named loss payee on the property owner's property insurance policy covering the residential structure on which the panels are attached. ➢ in the event of foreclosure, the lender or assignee has the discretion to: ▪ terminate the lease/agreement and require the third-party owner to remove the equipment; ▪ become, without payment of any transfer or similar fee, the beneficiary of the borrower's lease/agreement with the third party; OR ▪ enter into a new lease/agreement with the third party, under terms no less favorable than the prior owner. • The title cannot reflect any liens related to the ownership or maintenance of the solar panels that will result in a lien superior to the first lien position.

Non-Arms Length Transaction:	**Non-Arm's Length Transaction** occurs when there is a relationship or business affiliation between the borrower and an interested party to the transaction. The list includes and is not limited to: Builder, Developer, or the Property seller. (Examples: Family transactions, Landlord/Tenant-Buyer, Property in an estate, Employer/Employee Sales, etc.) Non-Arm's Length Transactions are allowed when the income is documented by: **Salaried Borrowers:** • Most recent 2 years W-2 and 30 days YTD paystubs **Self-employed Borrowers:** • Most recent 2 years tax returns including all schedules **Note (1):** When income is documented by paystubs, W-2s, and/or tax returns, 4506-T transcripts are required. **Note (2)**<u>: For purchase transaction of newly constructed properties</u>: If the borrower has a relationship or business affiliation with the builder, developer, or seller of the property, only Primary Residence is allowed: Mortgage loans on newly constructed homes secured by a second home or investment property where there is a non-arm's length relationship are prohibited. (FNMA 2-1.2-01) In addition, Non-arm's length transactions are not permitted on Delayed Financing. (FNMA 2-1.2) **Note (3):** Non-arm's length transactions are not allowed on Foreign Nationals.
At-Interest Transaction:	**At-Interest Transaction** involves persons who are not closely tied or related but may have a greater vested interest in the transaction, such as a party who plays more than one role in the same transaction. At-interest transactions carry increased risk due to the greater vested interest in the transaction by one of the parties, which could potentially influence the loan transaction lured by the possible dual compensation. Due to increased risk factors, the following restrictions apply: <u>The following are examples of **allowable** at-interest transactions under this program guideline:</u> • Builder acting as listing/selling agent, • Dual real estate agent (selling/listing agent), • Realtor/broker selling own property, • Selling agent acting as MLO (if allowed by State). <u>The following are examples of at-interest transactions **where income must be documented by Paystubs, W-2s and/or Tax Returns:**</u> • Broker acting as listing and/or selling agent as well as the MLO, • Seller acting as the MLO, • Borrower is employed by the company originating the loan, • Borrower's family member acting as the MLO and real estate broker at the same time - Salaried Borrowers: Most recent 2 years W-2 and 30 days YTD paystubs - Self-employed Borrowers: Most recent 2 years tax returns including all schedules Note (1): When income is documented by paystubs, W-2, and/or tax returns, 4506-T transcripts are required. Note (2): The examples above do not represent all categories of at-interest transactions. Each transaction will be individually evaluated by the underwriters.

For Sale By Owner (FSBO) Transaction:	**For Sale by Owner** transactions are allowed with the following restrictions: • Must be an Arm's Length Transaction • Must document the transaction is not a foreclosure bailout • No flipping – seller must have owned the property for no less than 180 days after the recorded deed date.
Escrow Hold Backs:	NOT ALLOWED
Power of Attorney:	Power of Attorney is NOT ALLOWED for investment Properties and /or Cash Out Transactions.