

SECTION 1: MATRIX:

Highlight:

Uses the borrowers Individual Taxpayer Identification Number, (ITIN) in lieu of a Social Security number.

- Credit Scores NOT Required – Credit Report is pulled with every ITIN
- 4 Tradelines Required – They may be non-traditional credit reference letters with 1 year history
 - If credit report shows score, it must be as least 640
- Business Funds allowed, if 100% owner.
- Gift Funds are allowed on Primary Residence and Second Homes.
- \$1,000,000 Maximum Loan amount, Purchase, Rate / Term and Cash Out.

Primary Residence and Second Home				
		Purchase & Rate / Term	Cash Out Refinance ¹	
Property Type	Max Loan Amount	Max LTV / CLTV	Max LTV / CLTV	Credit Score
SFR and Detached PUDs	\$1,000,000	80%	75%	640
Condos and Attached PUDs		75%	70%	
2 – 4 Units		70%	65%	
Minimum Loan Amount: \$75,000				

Borrower(s) that do not have a credit score are limited to 70% LTV (Purchase & R/T Refinance), and 65% LTV (Cash Out).

Investment Property				
		Purchase & Rate / Term	Cash Out Refinance ¹	
Property Type	Max Loan Amount	Max LTV / CLTV	Max LTV / CLTV	Credit Score
SFR and Detached PUDs	\$1,000,000	65%	60%	640
Condos and Attached PUDs		65%	60%	
2 – 4 Units		65%	60%	
Minimum Loan Amount: \$75,000				

Notes:

1. **Texas Cash Out not permitted.**

SECTION 2:		Products:
PROGRAM CODES:	Advantage Non-QM - ITIN	
	Product	Code
	30 Year Fixed	9279-35
SECTION 3:		Eligibility and Underwriting Parameters:
Underwriting Method	<ul style="list-style-type: none"> Manual Underwriting Only. 	
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.	
Max DTI Ratio:	Max 43% DTI	
Eligible Borrowers:	<ul style="list-style-type: none"> Non-permanent Resident; natural persons with legal capacity. <ul style="list-style-type: none"> ✓ Must possess a valid ITIN card or IRS ITIN letter, and a valid passport. ✓ Co-borrower(s) with SSN allowed. All ITIN Borrowers must take a Homebuyer's Course (for purchase transactions only). <ul style="list-style-type: none"> ▪ refer to https://www.frameworkhomeownership.org/get-started/homebuyer-education Non-occupant co-borrower is not allowed. 	
First Time Homebuyer:	<ul style="list-style-type: none"> First time homebuyers are eligible. First time homebuyers may not use rental income to qualify on the investment property purchases. 	
Age of Credit Documents	<ul style="list-style-type: none"> 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	<ul style="list-style-type: none"> Credit report will be pulled using borrower's ITIN number (Tri-Merge) and must have minimum of (2) FICO scores. All borrowers must have at least four open and active traditional tradelines and/or non-traditional credit references. If credit reference is required, 1 must be a utility reference. Minimum of 12 months rating required. If a borrower does not have a credit score, four non-traditional credit references may be used (credit supplement on credit report not required). If a borrower has a minimum credit score of 640, but does not meet the 4 tradeline requirement, non-traditional credit may be used and must provide credit supplement. 12 months credit reference may include items like: <ul style="list-style-type: none"> ✓ Utilities (electricity, phone, cable) ✓ Written VOR (may request additional documentation) ✓ Housing Payments ✓ Installment loan payments not listed on credit report ✓ Non-payroll deducted Medical and Life Insurance ✓ Auto and Renter's insurance 	

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	<ul style="list-style-type: none"> ✓ Lease payments for durable goods (i.e. car) ✓ Local store payments (department, furniture, appliance) ✓ School tuition / Child Care ✓ Documented individual loans
Bankruptcy	3 years from discharge date – Multiple events not permitted.
Foreclosure, Deed-in-Lieu, and Short Sale:	Will be considered on a case-by-case basis with other compensating factors
Locks	<ul style="list-style-type: none"> • Loan must be approved by investor prior to locking rate / pricing
Rate/Term Refinance	<ul style="list-style-type: none"> • 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.
Student Loan Cash Out Refinance	<ul style="list-style-type: none"> • 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.
Cash Out Refinance	<ul style="list-style-type: none"> • 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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<p>Cash Out Refinance Delayed Financing Exception</p>	<p>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:</p> <ul style="list-style-type: none"> • 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: <ul style="list-style-type: none"> ✓ 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.) • 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%
<p>Income:</p>	<p><u>Salaried Borrower:</u></p> <ul style="list-style-type: none"> • Written Verification of Employment (FNMA Form 1005 or equivalent) completed by the employer. <ul style="list-style-type: none"> ✓ Must cover at least 2 years of employment history. ✓ Must include all year-to-date earnings. <p><u>Self-employed Borrower:</u></p> <ul style="list-style-type: none"> • Most recent 2 years Personal and Business Tax Returns. • A Year-to-Date P&L. • Business license for the past 2 years (if applicable) or a CPA letter to document minimum of 2 years self-employment. <p>An executed 4506-T and transcripts will be required.</p>
<p>Assets & Reserves</p>	<ul style="list-style-type: none"> • 2 months most recent deposit account statements or VOD required. • 3 months reserves (PITIA) required for subject property only. • 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. • 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.

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Business Funds:	<ul style="list-style-type: none"> • Business funds: Funds in the borrower’s business account(s) ≤ 100% of account balance may be counted toward down payment, closing costs, and reserves. The percentage of the account balance used towards the down payment, closing costs, and the reserves must be no more than the percentage of the borrower’s ownership of the business. • 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:	<ul style="list-style-type: none"> • Allowed on Primary Residence and Second Home transactions. • Minimum borrower contribution from the borrower's own funds is not required. • Gift funds may fund all or part of the down payment, closing costs, or financial reserves. • The donor should state that repayment is not expected. • 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. • Seller-subsidized gifts/grants are ineligible. • Gift of equity allowed.
Interested Party Contributions (IPC):	<ul style="list-style-type: none"> • Maximum allowable contribution from seller, builder, realtor, broker, or an affiliate who may benefit from the transaction: <ul style="list-style-type: none"> ✓ 6% for Primary Residence or Second Home ✓ 2% for Investment Property
Maximum Number of Financed Properties:	<ul style="list-style-type: none"> • The financed property limit applies to the borrower's ownership of one - to four- unit financed properties or mortgage obligations 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 financed properties with Investort: 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:	<p>Mortgage History:</p> <ul style="list-style-type: none"> • 0x30 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) are renting and are purchasing an investment property to verify housing payment and history. If borrower(s) are living rent free, Lenox/WesLend and/or its Investors requires 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. <p>HELOC Payment:</p> <ul style="list-style-type: none"> • 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. <p>Installment Debts:</p> <ul style="list-style-type: none"> • 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. (Unless the monthly debt obligation significantly affects the 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* • 0x30 within last 12 months.

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30 Day Accounts:

- Document that the borrower has sufficient funds to cover the unpaid balance of all 30-day charge accounts.
- 0x30 within last 12 months.

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 check, 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.

Judgments/ Liens / Repossessions

- Must be released with 0 balance.

IRS Debt

Must either show paid in full or payment agreement w/ 3 months payment history (payment will be included in DTI).

	<p>Collections/Charge Offs</p> <ul style="list-style-type: none"> Accounts do not have to be paid off at or prior to closing if the balance of an individual account is less than \$250 and the total balance of all accounts is \$1,000 or less. Medical collections do not have to be paid off.
<p>Property Listed for Sale:</p>	<p>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.</p>
<p>Condo Projects:</p>	<p><u>HOA Cert</u> Limited Review or Full Review per Fannie Mae Standards on all Projects.</p> <p><u>Full Review:</u></p> <ul style="list-style-type: none"> 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. <p><u>Insurance</u> Copy of the Master/Blanket Hazard Policy is required (To include fidelity coverage). If the blanket policy does not provide "walls in" coverage, the borrower will need to obtain a separate HO6 coverage.</p> <p><u>Non-warrantable Condo:</u></p> <ul style="list-style-type: none"> Not Allowed
<p>Appraisal Requirements:</p>	<ul style="list-style-type: none"> A full appraisal must be ordered through one of the Investor's approved Appraisal Management Companies. Transfer Appraisals are allowed with Field Review supporting the value. Properties with a condition rating of C5 or C6 are not acceptable
<p>Non-Permitted Additions and Garage Conversions:</p>	<ul style="list-style-type: none"> 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)

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Accessory Unit (unpermitted illegal Units)	<ul style="list-style-type: none"> 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:	<ul style="list-style-type: none"> A second appraisal is required when: <ul style="list-style-type: none"> ✓ 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:	<ul style="list-style-type: none"> Loans to Assignees on purchase contracts are not permitted except when the original buyer remains as one of the buyers.
Non-Arms Length Transaction:	<p>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.)</p> <p>Non-Arm's Length Transactions are allowed for transactions of existing properties. For purchase transaction of newly constructed properties: 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, Nonarm's length transactions are not permitted on Delayed Financing. (FNMA 2-1.2)</p>
At-Interest Transaction:	<p>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. Additional scrutiny may be required in order to mitigate risk associated.</p> <p>The following are examples of at-interest transactions:</p> <ul style="list-style-type: none"> 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). 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 <p>Note: The examples above do not represent all categories of at-interest transactions. Each transaction will be individually evaluated by the underwriters.</p>
For Sale By Owner (FSBO) Transaction:	NOT ALLOWED
Escrow Hold Backs:	NOT ALLOWED
Power of Attorney:	Power of Attorney is NOT ALLOWED for investment Properties and /or Cash Out Transactions.

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