

**SECTION 1: MATRIX:**

**Primary Residence:**

<b>Primary Residence – <u>Purchase and Rate/Term Refinance</u></b>		<i>Single Family Detached/ Attached, PUD, Co-op, Detached Condo, Attached Condo with Loan Score ≥720<sup>4</sup></i>		<i>Attached Condo with Loan Score &lt;720<sup>4</sup></i>		<b>2-Unit</b>		<b>3- to 4-Unit</b>		<b>Min. Loan Score</b>
		<i>Max. LTV</i>	<i>Max. CLTV</i>	<i>Max. LTV</i>	<i>Max. CLTV</i>	<i>Max. LTV</i>	<i>Max. CLTV</i>	<i>Max. LTV</i>	<i>Max. CLTV</i>	
<b>Loan Amount/ Combined Loan Amount<sup>1</sup></b>	<b>Market Class</b>	<i>Max. LTV</i>	<i>Max. CLTV</i>	<i>Max. LTV</i>	<i>Max. CLTV</i>	<i>Max. LTV</i>	<i>Max. CLTV</i>	<i>Max. LTV</i>	<i>Max. CLTV</i>	<b>700 – Fixed rate 720 – ARMs</b>
<b>≤\$750,000<sup>2</sup></b>	1	75	85 <sup>3</sup>	n/a	n/a	75	75	70	70	
		80	80	75	75					
	2	80	80	75	75	75	75	70	70	
	3	80	80	75	75	75	75	70	70	
<b>&gt;\$750,000–\$1,000,000</b>	1	80	80	75	75	75	75	70	70	
	2	80	80	75	75	75	75	70	70	
	3	80	80	75	75	75	75	70	70	
	4	75	75	70	70	70	70	65	65	
<b>&gt;\$1,000,000–\$1,500,000</b>	1	80	80	75	75	75	75	70	70	
	2	80	80	75	75	75	75	70	70	
	3	80	80	75	75	75	75	70	70	
	4	75	75	70	70	70	70	65	65	
<b>&gt;\$1,500,000–\$2,000,000</b>	Not listed	80	80	75	75	75	75	70	70	
	2	80	80	75	75	75	75	70	70	
	3	80	80	75	75	75	75	70	70	
	4	75	75	70	70	70	70	65	65	
<b>&gt;\$2,000,000–\$2,500,000</b>	1	75	75	70	70					
	2	75	75	70	70					
	3	75	75	70	70					
	4	70	70	65	65					
<b>&gt;\$2,500,000–\$3,000,000</b>	1	70	70	65	65					
	2	70	70	65	65					
	3	70	70	65	65					
	4	65	65	60	60					

1. Combined Loan amount (total of all loans/lines against the subject property) applies when secondary financing exists.
2. Non-Conforming first Loan amounts must be greater than the continuous U.S. one-unit conforming loan limit.
3. Refer to **Section 825.12: Property and Appraisal - Specific Property Types** for additional restrictions when CLTV exceeds 80%.
4. Maximum LTV/CLTV for condos (attached/detached) in Miami-Dade County, FL is 70%.

**Primary Residence (cont.):**

Primary Residence – <u>Cash Out Refinance</u>		Single Family Detached/Attached, PUD, Co-op, Condo		Min. Loan Score
Loan Amount/ Combined Loan Amount <sup>1</sup>	Market Class	Max. LTV	Max. CLTV	
<=\$750,000 <sup>2</sup>	1	70	70	720
	2	70	70	
	3	70	70	
	4	65	65	
>\$750,000–\$1,500,000	1	70	70	
	2	70	70	
	3	70	70	
	4	65	65	
>\$1,500,000–\$2,000,000	1	65	65	
	2	65	65	
	3	65	65	
	4	60	60	

1. Combined Loan amount (total of all loans/lines against the subject property) applies when secondary financing exists.
2. Non-Conforming first Loan amounts must be greater than the continuous U.S. one-unit conforming loan limit.

**Primary Residence Cash Out Limits**

LTV / CLTV	Maximum Amount of Cash Out
>65%	\$400,000
≤65%	\$500,000

**Primary Residence Reserve Requirements**

Loan Amount/Adjusted Combined Loan Amount <sup>1</sup>	Single Family Detached/Attached, PUD, Co-op, Condo	2-unit	3- to 4-unit
Up to \$1,000,000	12 months' PITI <sup>2</sup>	12 months' PITI <sup>2</sup>	36 months' PITI <sup>2</sup>
>\$1,000,000-\$2,000,000	12 months' PITI <sup>2</sup>	18 months' PITI <sup>2</sup>	
>\$2,000,000-\$4,000,000	24 months' PITI <sup>2</sup>		

1. Adjusted combined loan amount (total of all loans/outstanding line balances against the subject property) applies when secondary financing exists (i.e., when subordinate financing is a line of credit, the outstanding balance is used).
2. See **Borrower Liquidity** for funds eligible to meet the reserve requirements.

**Second Home:**

<b><u>Second Home – Purchase and Rate/Term Refinance</u></b>		<i>Single Family Detached/Attached, PUD, Co-op, Detached Condo, Attached Condo with Loan Score ≥720<sup>3</sup></i>		<i>Attached Condo with Loan Score &lt;720</i>		<b>Min. Loan Score</b>
<b>Loan Amount/ Combined Loan Amount<sup>1</sup></b>	<b>Market Class</b>	<b>Max. LTV</b>	<b>Max. CLTV</b>	<b>Max. LTV</b>	<b>Max. CLTV</b>	
<b>≤\$650,000<sup>2</sup></b>	1	80	80	75	75	<b>700 – Fixed rate 720 – ARMs</b>
	2	80	80	75	75	
	3	80	80	75	75	
	4	75	75	70	70	
<b>&gt;\$650,000–\$1,000,000</b>	1	75	75	70	70	
	2	75	75	70	70	
	3	75	75	70	70	
	4	70	70	65	65	
<b>&gt;\$1,000,000–\$1,500,000</b>	1	75	75	70	70	
	2	75	75	70	70	
	3	75	75	70	70	
	4	70	70	65	65	
<b>&gt;\$1,500,000–\$2,000,000</b>	1	70	70	65	65	
	2	70	70	65	65	
	3	70	70	65	65	
	4	65	65	60	60	

1. Combined Loan amount (total of all loans/lines against the subject property) applies when secondary financing exists.
2. Non-Conforming first Loan amounts must be greater than the continuous U.S. one-unit conforming loan limit.
3. Maximum LTV/CLTV for condos (attached/detached) in Miami-Dade County, FL is 70%.

<b><u>Second Home – Cash Out Refinance</u></b>		<i>Single Family Detached/Attached, PUD, Co-op, Condo</i>		<b>Min. Loan Score</b>
<b>Loan Amount/ Combined Loan Amount<sup>1</sup></b>	<b>Market Class</b>	<b>Max. LTV</b>	<b>Max. CLTV</b>	
<b>≤\$650,000<sup>2</sup></b>	1	70	70	<b>720</b>
	2	70	70	
	3	70	70	
	4	65	65	
<b>&gt;\$650,000 – \$1,500,000</b>	1	65	65	
	2	65	65	
	3	65	65	
	4	60	60	
<b>&gt;\$1,500,000– \$2,000,000</b>	1	60	60	
	2	60	60	
	3	60	60	
	4	55	55	

1. Combined Loan amount (total of all loans/lines against the subject property) applies when secondary financing exists.
2. Non-Conforming first Loan amounts must be greater than the continuous U.S. one-unit conforming loan limit.

**Second Home (cont.):**

**Second Home – Cash out Limits**

LTV / CLTV	Maximum Amount of Cash Out
All	\$350,000

**Second Home – Reserve Requirements**

Loan Amount/Adjusted Combined Loan Amount <sup>1</sup>	Single Family Detached/Attached, PUD, Co-op, Condo
Up to \$1,000,000	18 months' PITI <sup>2</sup>
>\$1,000,000-\$2,000,000	24 months' PITI <sup>2</sup>
>\$2,000,000-\$4,000,000	36 months' PITI <sup>2</sup>

- Adjusted combined Loan amount (total of all loans/outstanding line balances against the subject property) applies when secondary financing exists.
- See **Borrower Liquidity** for funds eligible to meet the reserve requirements.

**Investment Property:**

Investment Property – <u>Purchase, Rate/Term, and Cash Out Refinance</u>		Single Family Detached/Attached, PUD, Condo <sup>5</sup>		Reserve Requirements	Loan Score
Loan Amount/ Combined Loan Amount <sup>1</sup>	Market Class	LTV	CLTV		
<=\$2,000,000 <sup>4</sup>	1 or 2	60	60	<ul style="list-style-type: none"> <li>Loan Amount/Adjusted Combined Loan Amount<sup>2</sup> up to \$1,000,000: 24 months' PITI<sup>3</sup></li> <li>Loan Amount/Adjusted Combined Loan Amount<sup>2</sup> &gt;\$1,000,000 to \$2,000,000: 30 months' PITI<sup>3</sup></li> </ul>	<b>740</b>

- Combined Loan amount (total of all loans/lines against the subject property) applies when secondary financing exists.
- Adjusted combined Loan amount (total of all loans/outstanding line balances against the subject property) applies when secondary financing exists (i.e., when subordinate financing is a line of credit, the outstanding balance is used).
- See Borrower Liquidity for funds eligible to meet the reserve requirements.
- Non-Conforming first Loan amounts must be greater than the continuous U.S. one-unit conforming loan limit.
- Condominiums (attached/detached) in Miami-Dade County are not eligible for purchase.

**NOTE:** 5/1 ARM **Not** available for Investment Property Transactions

**Investment Property Cash Out Limits**

LTV / CLTV	Maximum Amount of Cash Out
All	\$400,000

SECTION 2: Products:																													
	<table border="1"> <thead> <tr> <th>TERM</th> <th>CODE</th> <th>TERM</th> <th>CODE</th> </tr> </thead> <tbody> <tr> <td>Jumbo 30 year</td> <td>3000-05</td> <td>Jumbo 30 year (pre-authorized payment)</td> <td>3019-05</td> </tr> <tr> <td>Jumbo 20 year</td> <td>3200-05</td> <td>Jumbo 20 year (pre-authorized payment)</td> <td>3219-05</td> </tr> <tr> <td>Jumbo 15 year</td> <td>3300-05</td> <td>Jumbo 15 year (pre-authorized payment)</td> <td>3319-05</td> </tr> <tr> <td>Jumbo 5/1 ARM</td> <td>3700-05</td> <td>Jumbo 5/1 ARM (pre-authorized payment)</td> <td>3719-05</td> </tr> <tr> <td>Jumbo 7/1 ARM</td> <td>3800-05</td> <td>Jumbo 7/1 ARM (pre-authorized payment)</td> <td>3819-05</td> </tr> <tr> <td>Jumbo 10/1 ARM</td> <td>3900-05</td> <td>Jumbo 10/1 ARM (pre-authorized payment)</td> <td>3919-05</td> </tr> </tbody> </table>	TERM	CODE	TERM	CODE	Jumbo 30 year	3000-05	Jumbo 30 year (pre-authorized payment)	3019-05	Jumbo 20 year	3200-05	Jumbo 20 year (pre-authorized payment)	3219-05	Jumbo 15 year	3300-05	Jumbo 15 year (pre-authorized payment)	3319-05	Jumbo 5/1 ARM	3700-05	Jumbo 5/1 ARM (pre-authorized payment)	3719-05	Jumbo 7/1 ARM	3800-05	Jumbo 7/1 ARM (pre-authorized payment)	3819-05	Jumbo 10/1 ARM	3900-05	Jumbo 10/1 ARM (pre-authorized payment)	3919-05
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SECTION 3: PROGRAM PARAMETERS	
ARM INFORMATION	<ul style="list-style-type: none"> <li>• Caps: 5/1, 7/1, and 10/1 ARM = 2/2/5</li> <li>• Margin: 2.25%</li> <li>• Life Floor: The Life floor will never be lower than the margin.</li> <li>• Index: 1 Year Libor</li> </ul>
ARM QUALIFICATION	<ul style="list-style-type: none"> <li>• Fully Amortized 5/1: Qualify at the greater of Note rate plus 2% or the fully indexed rate</li> <li>• Fully Amortized 7/1 and 10/1: Qualify at the greater of the fully indexed rate of Initial Note rate, not to exceed the start rate plus lifetime cap.</li> </ul>
ASSUMABLE	<ul style="list-style-type: none"> <li>• Fixed Rate products are not assumable.</li> <li>• ARMs are assumable during the adjustable rate period by qualified Borrowers who meet investor guidelines. Assumption fees are 1% of the outstanding principal balance plus any actual costs (e.g., credit reports, mortgage insurance, appraisal fees) which are subject to change.</li> </ul>
DOWN PAYMENT REQUIREMENTS	<ul style="list-style-type: none"> <li>• For Loans with a LTV less than or equal to 80%, the full down payment may be gifted.</li> <li>• Down Payment Assistance – Not Allowed</li> </ul>
MINIMUM LOAN AMOUNT	<ul style="list-style-type: none"> <li>• Conforming loan limit + \$1</li> </ul>
MULTIPLE FINANCE PROPERTIES	<ul style="list-style-type: none"> <li>• Maximum of 4 financed properties, inclusive of the subject property</li> <li>• When aggregate financing for all properties owned by borrower exceeds \$3 million one of the following is required:                             <ul style="list-style-type: none"> <li>▪ Minimum reserve (post-closing liquidity) is 36 months PITI or</li> <li>▪ Maximum 50% LTV / CLTV</li> </ul> </li> <li>• There are no restrictions on the number of properties that a borrower owns free and clear.</li> </ul>
OCCUPANCY	<ul style="list-style-type: none"> <li>• 1-4 unit Primary Residence                             <ul style="list-style-type: none"> <li>▪ First time homebuyers limited to owner occupied primary residences.</li> </ul> </li> <li>• 1 Unit Second Home                             <ul style="list-style-type: none"> <li>▪ Borrower may not own another 2<sup>nd</sup> home or investment property in the same area as the subject.</li> </ul> </li> <li>• 1 unit Investment</li> </ul>
SELLER CONTRIBUTIONS	<ul style="list-style-type: none"> <li>• 6% of the lesser of the sales price or appraised value</li> </ul>
TRANSACTION TYPES	<p><b>Purchase – Allowed</b></p> <p><b>Refinance of Loans with less than one year seasoning:</b></p> <ul style="list-style-type: none"> <li>• If the first lien being paid off was a purchase transaction, and the original purchase price, as stated on the application, is less than the new appraised</li> </ul>

**TRANSACTION TYPES**  
**Continued.**

value the file should contain documentation supporting the increase in value (e.g. appraisal indicates increasing values for the market, appraisal Comparables support increasing values, documented home improvements, or a copy of the original appraisal showing the original appraised value higher than the original sales price).

- If the increase in value is unsupported, the lower of the original purchase price or the new appraised value is used to determine LTV/TLTV/CLTV.

**Limited Cash-Out/Rate & Term Refinance**

- A rate/term refinance is a new first lien that replaces the borrower's existing financing on a property. The purpose of any simultaneous secondary financing does not impact the rate/term classification of the new first lien.
- The new first lien amount for a rate/term refinance may not exceed the sum of:
  - Payoff of the current mortgage (principal balance plus accrued interest, and any required prepayment penalty, only; other costs such as late fees and past-due amounts may not be paid with the new Loan)
    - ◆ If the first mortgage is a Home Equity Line of Credit (HELOC) a copy of the HUD-1 Settlement Statement or Closing Disclosure from the borrower's purchase of the subject property, or documentation of home improvements made to the property, must be provided evidencing the proceeds were used in their entirety to acquire or improve the subject property.
  - Payoff (as defined above) of any subordinate mortgage lien used in its entirety to acquire or improve<sup>1</sup> the subject property
  - Payoff (as defined above) any other mortgage lien against the subject, provided:
    - ◆ The lien has been open at least 12 months, and
    - ◆ Total draws in the past 12 months do not exceed 2% of the new first mortgage amount.
  - Standard Loan fees (e.g., closing costs on the new mortgage; prepaids, such as interest, taxes and insurance, etc. and points).
  - Incidental cash to the borrower not to exceed 1% of the principal balance of the new Loan amount.
    1. Home improvement costs may include the following:
      - ◆ Materials
      - ◆ Architectural fees
      - ◆ Supplies
      - ◆ Labor
      - ◆ Liability insurance on laborers
      - ◆ Installation costs (water, sewer, well, etc.).
      - ◆ Permits
      - ◆ Non-recurring costs of obtaining financing, including origination fees, discount points, title searches, recording fees.

**Texas Owner-Occupied, Homestead Property**

- Purchase – Allowed
- Rate/Term – Allowed Note: Must be considered a rate/term refinance by **Both** lender and the state of Texas
- Cash-Out Refinance / Home Equity loans – Texas 50(a)(6) – **NOT Allowed**

**Cash-Out Refinance**

- Allowed – Any refinance transaction not meeting the requirements for a Rate/term refinance is a cash-out refinance.

**Property Listed for Sale**

- Not Allowed
  - Currently listed for sale, or
  - Listed for sale within the six months prior to the loan application.

**Delayed Financing/Allowable Cash-out for Properties Recently Purchased with Cash**

- If borrowers have purchased a primary, second home, or investment property for cash within the preceding 90 days, an application may be considered to provide cash-out as a reimbursement of the borrower's cash investment providing all of the following are met:
  1. HUD-1 or Closing Disclosure indicating cash purchase within 90 days prior to the application.
  2. Maximum LTV/CLTV based on the purchase LTV/CLTV matrix.
  3. Maximum DTI based on the purchase DTI requirements
  4. Minimum Loan Score based on the purchase Loan Score requirements.

<p><b>TRANSACTION TYPES</b> <b>Continued</b></p>	<ol style="list-style-type: none"> <li>5. The LTV/CLTV will be based off the lesser of the original purchase price or current appraised value.</li> <li>6. Borrower has exhibited a historic level of assets to support the cash purchase (supported by Schedule B of the last two years' tax returns) or other supportive documentation to verify receipt of such funds. A paper trail evidencing the funds used to acquire the subject property is acceptable as long as the funds had been on deposit at least 90 days prior to the date of the original transaction.</li> <li>7. Funds used for the original purchase cannot be borrowed, except by means of a fully secured Loan (for example, margin account, or other real estate). These will be treated on a case-by-case basis.</li> <li>8. Not allowed in Texas.</li> <li>9. The Loan must be registered and Closed as a Cash-out refinance since the borrower is already in title to the property. The Loan can be underwritten based on purchase transaction guidelines.</li> </ol>
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<p><b>SECONDARY FINANCING</b></p>	<p><b>SECONDARY FINANCING</b> Subordinate financing is permitted. For transactions including subordinate financing, the following requirements apply for both <b>HELOC and Closed End Loans</b>:</p> <ul style="list-style-type: none"> <li>• The subordinate financing must be recorded and clearly subordinate to the first mortgage.</li> <li>• The maximum LTV/TLTV*/CLTV** may not exceed the guideline limits referenced on page 1 and 2.</li> <li>• If there is/will be an outstanding balance at the time of closing, the payment on the subordinate financing must be included in the calculation of the borrower's debt-to-income ratio(s).</li> <li>• Negative amortization is not allowed; scheduled payments must be sufficient to cover at least the interest due.</li> </ul> <p>Equity share or shared appreciation is not allowed Subordinate financing from the borrower's employer may not include a provision requiring repayment upon termination.</p> <p>Subordinate financing from the property seller (seller carry-back, including any property seller or other private party carried financing)</p> <ul style="list-style-type: none"> <li>• Is allowed only after the borrower has made a 5% minimum down payment / cash investment.</li> <li>• Is allowed only when the maximum CLTV is the lesser of 95% or the published CLTV limits referenced on page 1 and 2.</li> </ul> <p>Affects interested party Contribution Limits. Should be at market rate. If the interest rate is more than 2% below Fannie Mae's posted net yield in effect for second mortgages at time of closing it must be treated as a sales concession and a dollar for dollar reduction made to the sales price.</p> <p>For new Closed End subordinate financing the following also apply:</p> <ul style="list-style-type: none"> <li>• Maturity date or amortization basis of the junior lien must not be less than five years after the Note date of the first lien Mortgage, unless the junior lien is fully amortizing</li> <li>• The loan cannot have a balloon or call option within five years of the date of the Note.</li> </ul> <p>The terms of a HELOC may provide for a balloon or call option within the first five years after the Note date of the first Mortgage.</p>
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<p><b>SECTION 4: BORROWER ELIGIBILITY</b></p>							
<p><b>ELIGIBLE BORROWERS</b></p>	<ul style="list-style-type: none"> <li>• U.S Citizens</li> <li>• Permanent Resident Aliens</li> <li>• Non-Permanent Resident Aliens with an unexpired visa and a minimum two-year history of credit and employment in the U.S.             <ul style="list-style-type: none"> <li>▪ Potential borrowers with diplomatic immunity – Not Allowed</li> </ul> </li> <li>• Foreign Nationals – Not Allowed.</li> <li>• Non-arms length transactions on primary residences only</li> <li>• Non-occupant co-borrowers are allowed. If qualifying only the Non-occupant borrower's income, the following applies:</li> </ul> <table border="1" data-bbox="472 1323 1806 1425"> <thead> <tr> <th data-bbox="472 1323 1092 1360">If...</th> <th data-bbox="1092 1323 1806 1360">Then...</th> </tr> </thead> <tbody> <tr> <td data-bbox="472 1360 1092 1393">The primary income earner's Loan Score is &gt;= 740</td> <td data-bbox="1092 1360 1806 1393">The maximum LTV / CLTV is 5% below the second home policy</td> </tr> <tr> <td data-bbox="472 1393 1092 1425">The primary income earner's Loan Score is &gt;= 700 and &lt; 740</td> <td data-bbox="1092 1393 1806 1425">The maximum LTV / CLTV is 10% below the second home policy</td> </tr> </tbody> </table>	If...	Then...	The primary income earner's Loan Score is >= 740	The maximum LTV / CLTV is 5% below the second home policy	The primary income earner's Loan Score is >= 700 and < 740	The maximum LTV / CLTV is 10% below the second home policy
If...	Then...						
The primary income earner's Loan Score is >= 740	The maximum LTV / CLTV is 5% below the second home policy						
The primary income earner's Loan Score is >= 700 and < 740	The maximum LTV / CLTV is 10% below the second home policy						

<b>INELIGIBLE BORROWERS</b>	<p><b>Ineligible Borrowers</b> include, but are not limited to:</p> <ul style="list-style-type: none"> <li>• Foreign nationals</li> <li>• Irrevocable Trusts or blind trusts</li> </ul>
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**SECTION 5: CREDIT CRITERIA**

	<p><b>RATIOS</b></p> <ul style="list-style-type: none"> <li>• Fully Amortizing Fixed and ARM's - <b>Maximum DTI of 40%</b>;</li> <li>• Maximum occupant borrower DTI when non-occupant borrower is present is 43%; however, the transaction (both borrowers combined) must still meet the standard 40% requirement.</li> </ul> <table border="1" style="width: 100%; text-align: center;"> <thead> <tr> <th>Transactions</th> <th>Front End Ratio</th> <th>Total Debt to Income Ratio</th> <th>Occupant Borrower's Ratio with Non-Occupant Co-Borrower</th> </tr> </thead> <tbody> <tr> <td>Non-First Time Homebuyer</td> <td>36%</td> <td>40%</td> <td>43%</td> </tr> <tr> <td>First Time Homebuyer</td> <td>36%</td> <td>40%</td> <td>43%</td> </tr> </tbody> </table>	Transactions	Front End Ratio	Total Debt to Income Ratio	Occupant Borrower's Ratio with Non-Occupant Co-Borrower	Non-First Time Homebuyer	36%	40%	43%	First Time Homebuyer	36%	40%	43%
Transactions	Front End Ratio	Total Debt to Income Ratio	Occupant Borrower's Ratio with Non-Occupant Co-Borrower										
Non-First Time Homebuyer	36%	40%	43%										
First Time Homebuyer	36%	40%	43%										

<b>CREDIT</b>	<p><b>Credit</b> WesLend Requires <b>sufficient credit</b> with a minimum loan score of at least:</p> <ul style="list-style-type: none"> <li>• 700 for transactions that meet all of the following:             <ul style="list-style-type: none"> <li>▪ Primary residence or second home</li> <li>▪ Purchase or rate/term refinance</li> <li>▪ Fixed rate product</li> </ul> </li> <li>• 740 for investment property transactions</li> <li>• 720 for all other transactions</li> </ul> <p>Non-traditional credit is <b>not</b> allowed.</p> <p><b>Housing History</b> A housing payment history (mortgage, rental or combination of the two) covering the most recent 12 months (minimum) with <b>no</b> late payments must be verified either by the credit bureau or by direct verification</p> <p>A professional management company or an individual landlord may verify rental housing payments. If an individual landlord provides a reference, either directly or on a credit report, the borrower must provide evidence of timely payment for the most recent 12 months with:</p> <ul style="list-style-type: none"> <li>• Canceled checks, or</li> <li>• Bank statements showing the payment, or</li> <li>• Money order receipts, or</li> <li>• Cash receipts             <ul style="list-style-type: none"> <li>• Cash receipts are not allowed, and canceled checks, bank statements, or money order receipts are required, if the landlord:                 <ul style="list-style-type: none"> <li>♦ Is a relative, or</li> <li>♦ Has an established relationship, prior to the loan transaction, with the borrower beyond their connection as renter and landlord.</li> </ul> </li> <li>• If using cash receipts, the name, address, and telephone number of the individual receiving the payments must be provided</li> </ul> </li> </ul> <p>In the event the borrower is living with family, or when no mortgage or rental payment history can be obtained the following documentation must be provided:</p> <ul style="list-style-type: none"> <li>• A letter of explanation, and</li> <li>• Credit report verifying an acceptable traditional credit history and evidencing compliance with minimum Loan Score requirements.</li> </ul> <p><b>Insufficient Credit</b> Insufficient credit is defined as <b>any</b> of the following:</p> <ul style="list-style-type: none"> <li>• Fewer than three tradelines</li> <li>• No tradeline with activity in the most recent 12 months</li> </ul>
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**CREDIT Continued**



CREDIT  
Continued

- No tradeline with at least a 24-month history

There may be instances where the borrower's credit score is valid, but insufficient credit exists

**CREDIT DOCUMENTS**

The maximum age of credit document is, 120 days for existing and new construction. Credit documents include credit reports, employment income and asset documents. The age of the document is measured from the date of the document to the date the note is signed.

**Note: Must use credit reports from the following vendors only: Credco or Equifax**

**SERIOUS DEROGATORY EVENTS**

Borrowers with *bankruptcy, foreclosure, deed-in-lieu, short sale or loan modifications* are limited to:

- LTV/CLTV > 70% LTV: **NOT ALLOWED**
- LTV/CLTV ≤ 70% is allowed when:
  - The Adverse Credit was due to Extenuating Circumstances **and** a minimum of 60 months re-establishment of credit since the discharge/dismissal/completion date.
  - The Adverse Credit was due to Financial Mismanagement **and** 84 months re-establishment of credit since the discharge/dismissal/completion date.

**COLLECTIONS, JUDGMENTS, AND JUDGMENT LIENS**

Unpaid collections, judgments, and judgment liens may impact the borrower's ability to repay the mortgage or may impact title to the property.

A collection account is a loan that has been turned over to a third-party debt collection agency due to negligent payment practices of the borrower. The collection agency assumes the responsibility of collecting the debt for the original creditor. While the borrower makes payments on the collection account, the account will remain open and will be listed as a "collection account" on the borrower's credit report.

A judgment, or judgment lien, is a court order to pay a certain amount of money to someone who has filed a lawsuit against the borrower. If a creditor, lender, debt collector, attorney, or another party files a lawsuit against the borrower and wins, a judgment is made against the borrower. With a judgment the creditor often has the ability to levy wages, bank accounts or other property to collect the judgment, depending on state law.

Collections, judgments, and judgment liens must be:

- Considered in the overall evaluation of the credit, and
- reviewed for possible impacts to the borrower's ability to repay the mortgage or impacts to title, and
- Explained in a letter of explanation provided by the borrower.

<b>Collections, Judgements, and Judgement Liens</b>			
<b>Account Types (Not attached to Title)</b>	<b>Dollar Amount per Tradeline</b>	<b>Required Payoff</b>	<b>Included in DTI</b>
Judgement or Judgement Lien	Any	Yes	Does Not Apply
Collection	<= \$500	No <sup>1</sup>	No
Collection	> \$500	Yes <sup>2</sup>	Does Not Apply

1. Accounts may not be paid down to \$500 to avoid payoff.  
 2. Collection accounts > \$500 must be paid off unless the borrower can document a formal dispute. The rationale for not paying the collection must be documented and reasonable. The borrower must have the funds to be able to pay off the collection in the future, if necessary.

Collections, judgments, and judgment liens that have not already been satisfied are subject to payoff and requirements as indicated in the table below

**CHARGE OFFS**

- Individual, unpaid charge-offs ≤ \$500 are allowed, with no requirement to pay off.  
Individual, unpaid charge-offs more than \$500 are not allowed.

<p><b>UNDERWRITING</b></p>	<p><b>UNDERWRITING</b>  <u>Second signature underwriting approval is required.</u> Please allow 5-7 business days for approval – see daily rate sheet for current turn times. <b>Loans must be approved in order to lock.</b></p>
<p><b>ASSETS</b></p>	<p>Assets used for down payment must be documented to show that they are from borrower's own funds. The loan application should provide an accurate reflection of the funds required from the borrower to close the transaction. The application must clearly state the source of the funds for down payment and closing costs, and cannot state other or any vague description. This applies to all loan applications. The funds required to close are the difference between the funds needed to complete the transaction and the mortgage amount. When a borrower will be paying off debts, adequate funds should be documented to complete the debt payoff, in addition to the funds required to close the transaction and any required cash reserves.</p> <p><b>Borrower Liquidity</b></p> <p><b>Eligible Assets</b>          Liquid assets verified to meet the reserve (post-closing liquidity) requirements may be in the form of:</p> <ul style="list-style-type: none"> <li>• Cash equivalents (checking, savings, or money market accounts)</li> <li>• 100% of the vested value of publicly traded stocks, mutual funds, and government securities may be used.</li> <li>• Cash surrender value of life insurance (less outstanding loans, if repayment not included in debt ratio calculation)</li> <li>• Retirement funds may be used to meet up to 50% of the minimum reserve requirements.             <ul style="list-style-type: none"> <li>▪Gross retirement funds must be discounted by 30% to account for tax consequences (less any outstanding loan balances) to determine the actual funds available for reserve requirements.</li> <li>▪There must be an additional 10% reduction if an early withdrawal penalty exists.</li> <li>▪100% of Roth IRA (less outstanding loans)</li> </ul> </li> <li>• Equity proceeds from the sale of a residence.</li> <li>• Funds held in business accounts may be eligible for use.</li> </ul> <p><b>Ineligible Assets</b>          The following assets are ineligible for purposes of meeting the minimum reserve (post-closing liquidity) requirement:</p> <ul style="list-style-type: none"> <li>• Gift funds</li> <li>• Borrowed funds</li> <li>• Stock in a closely held corporation</li> <li>• Proceeds from the sale of assets other than the sale of a residence.</li> <li>• Proceeds from a cash-out refinance transaction.</li> </ul>
<p><b>INCOME</b></p>	<p><b>Employment/Income Verification</b>  <b>Salaried borrowers</b> are required to exhibit the following employment standards:</p> <ul style="list-style-type: none"> <li>• A minimum two years employment which may be demonstrated across different employers if the same or related field.</li> <li>• Prior to closing, the employment must be independently verified</li> <li>• Any employment gap over 30 days must be addressed</li> <li>• Borrowers should exhibit the potential for maintaining continuous employment and/or income. The following documentation is required:             <ul style="list-style-type: none"> <li>▪ Paystubs with YTD Earnings;</li> <li>▪ 2 year's W-2's;</li> <li>▪ 2 year's 1040's may be required based on underwriter's discretion.</li> </ul> </li> </ul> <p><b>Rental Income:</b>          When borrower(s) are using Rental Income to qualify, the income must be documented when the rental property</p> <ul style="list-style-type: none"> <li>• Has been owned for at least 12 months. Additionally, the Borrower's prior year completed and filed Federal Income Tax Return, including Schedule E, must be provided. Rental income from commercial rental properties requires 2 years complete and filed federal individual tax returns, including Schedule E.</li> <li>• Has been owned less than 12 months and it not reflected on the Borrower's most recent tax returns:</li> <li>• Copies of the present signed lease(s) may be used only if the borrower has a two-year history of property management experience as evidenced by the most current two years filed and signed 1040 tax returns, and</li> <li>• Three months canceled checks or bank statements verifying receipt of rental income.</li> </ul>

**Self-employed borrowers** are required to exhibit the following:

- Minimum of two years operating same business; self employed borrowers are required to provide copies of signed individual (and business if appropriate) tax returns, including all applicable schedules for the previous 2 years.
- Year-to-date Income/Expense Statement and Balance Sheet are also required if more than 120 days have lapsed since the last fiscal year end.
- The individual preparing financial statements cannot be an immediate relative of the applicant. A year-to-date profit and loss (P&L) statement and balance sheet are required if more than four months have lapsed since the last fiscal year end, and must be prepared by a certified public accountant, public accountant, or bookkeeper. Since balance sheet information is not included on the Schedule C, balance sheets are also required for sole proprietorships when less than four months have lapsed since the last fiscal year end.

#### **Other Types of Income**

##### **Employment by Relatives or Transaction Participants**

If the borrower is employed by a relative, a closely held family business, the property seller, real estate agent, or any party to the transaction, the following documentation must be obtained:

- Borrower's signed and completed personal federal income tax returns for the most recent two years.
- If business is a corporation:
  - Obtain a signed copy of the corporate tax return showing ownership percentage, or
  - A signed letter from the corporation accountant stating the borrower has no ownership interest in the corporation.
- Most recent two year's W-2s.
- Year-to-date pay stubs covering 30 days.
- Verbal verification of employment.

Current income reported on the pay stub may be used if it is consistent with W-2 earnings reported on the tax returns. If the tax returns do not include W-2 earnings or income is substantially lower than the current pay stubs, further investigation is needed to determine whether income is stable.

##### **Automobile Allowance**

An automobile allowance may not be used for qualifying, or to offset a car payment.

##### **Social Security Income**

Social Security income derived from retirement may be used if properly verified. Acceptable documentation is:

- Most recent two months bank statements, and
- Social Security Administration benefit verification letter.

Social Security income may be non-taxable.

##### ***Retirement Income, Child Support, Alimony, or Maintenance Income***

In order to be used as income, these payments must reasonably be expected to continue for a five-year period; from loan closing, however, the continuance requirement may be reduced to three years if this income source contributes less than 25% of the qualifying income

##### **Retirement Income**

Retirement income may be used if properly verified. Acceptable documentation is:

- Most recent two months bank statements and one of the following:
  - Written verification from former employer, or
  - Federal Tax returns.
  - IRS 1099-R form

Retirement income may be non-taxable.

##### **Child Support, Alimony, or Maintenance Income**

Child support, alimony, or maintenance payments may be used as income only if this information is volunteered by the applicant, and if there is evidence that the court-ordered amount has been received on a continual basis for the most recent twelve months.

If the payer has been obligated to make payments for fewer than 12 months, or if the payments are not for the full amount or are not received on a consistent basis, the income may not be considered for qualifying.

	<ul style="list-style-type: none"> <li>Required documentation:                     <ul style="list-style-type: none"> <li>Final divorce decree,</li> <li>Legal separation agreement,</li> <li>Court order, or</li> <li>Voluntary payment agreement that has been approved by a court, or is government-enforceable, and</li> </ul> </li> <li>Acceptable evidence that payments have been received during the last 12 months, such as:                     <ul style="list-style-type: none"> <li>Cancelled checks,</li> <li>Deposit slips,</li> <li>Tax returns, or</li> <li>Court records</li> </ul> </li> </ul>
<p><b>TAX TRANSCRIPTS</b></p>	<ul style="list-style-type: none"> <li>All loans require IRS 1040 tax transcripts for the tax returns.</li> <li>IRS Form 4506T is required to be signed and executed during the origination process, and transcript documentation for the most recent two years must be provided in the closed loan file. For self-employed borrowers, this applies to both personal returns and business returns (for businesses where the borrower has 25% or more ownership). <i>Transcripts and returns must match.</i></li> <li>Form 4506T must also be signed at closing.</li> </ul>

**SECTION 6: PROPERTY/APPRAISALS**

<p><b>APPRAISALS</b></p>	<p><b>All appraisals are to be ordered through RELS Valuation:</b></p> <p>Appraisal requirements are determined by the total loan amount. The table below along with the Value Based Median Home Price Classification List will determine appraisal documentation that is required.</p> <table border="1" data-bbox="390 849 1835 1227"> <thead> <tr> <th rowspan="2">Total Loan Amount</th> <th rowspan="2">CLTV</th> <th colspan="3">Appraisal Documentation Required</th> </tr> <tr> <th colspan="3">Median Home Price Multiple</th> </tr> <tr> <th></th> <th></th> <th>&lt;= 4 times Median Home Price</th> <th>&gt;4&lt;=10 times Median Home Price</th> <th>&gt;10 times Median Home Price</th> </tr> </thead> <tbody> <tr> <td>&lt;=\$1,000,000</td> <td>All</td> <td>One full appraisal<sup>1</sup></td> <td>One full appraisal<sup>1</sup></td> <td>One full appraisal<sup>1</sup></td> </tr> <tr> <td rowspan="2">&gt;\$1,000,000 - &lt;=\$1,500,000</td> <td>&lt;=70</td> <td>One full appraisal<sup>1</sup></td> <td colspan="2" rowspan="2">One full appraisal<sup>1</sup> completed by a certified appraiser<sup>2</sup> and a Residential Valuation Services (RVS) Desk Review<sup>3</sup></td> </tr> <tr> <td>&gt;70 &lt;=80</td> <td>One full appraisal<sup>1</sup> completed by a certified appraiser<sup>2</sup> and a Residential Valuation Services (RVS) Desk Review</td> </tr> <tr> <td>&gt;\$1,500,000 - &lt;=\$2,000,000</td> <td>All</td> <td colspan="2">One full appraisal<sup>1</sup> completed by a certified appraiser<sup>2</sup> and a Residential Valuation Services (RVS) Desk Review</td> <td>One full appraisal<sup>1</sup> completed by a certified appraiser<sup>2</sup> and a Residential Valuation Services (RVS) Interior Field Review<sup>3</sup></td> </tr> <tr> <td>&gt;\$2,000,000</td> <td>All</td> <td colspan="3">One full appraisal<sup>1</sup> completed by a certified appraiser<sup>2</sup> and a Residential Valuation Services (RVS) Interior Field Review<sup>3</sup></td> </tr> </tbody> </table> <ol style="list-style-type: none"> <li>A full appraisal is one prepared on form 1004/70, 2090, or 1073. An ACE/PIW, 2055, 1075, or 2095 Summary Report is not acceptable</li> <li>When ordering an appraisal, must specify that the appraisal be completed by a certified appraiser.</li> <li>RVS review products will be order by Investor. LTV/CLTV will be based on the lower of the reviewed value or the sales price.</li> </ol>	Total Loan Amount	CLTV	Appraisal Documentation Required			Median Home Price Multiple					<= 4 times Median Home Price	>4<=10 times Median Home Price	>10 times Median Home Price	<=\$1,000,000	All	One full appraisal <sup>1</sup>	One full appraisal <sup>1</sup>	One full appraisal <sup>1</sup>	>\$1,000,000 - <=\$1,500,000	<=70	One full appraisal <sup>1</sup>	One full appraisal <sup>1</sup> completed by a certified appraiser <sup>2</sup> and a Residential Valuation Services (RVS) Desk Review <sup>3</sup>		>70 <=80	One full appraisal <sup>1</sup> completed by a certified appraiser <sup>2</sup> and a Residential Valuation Services (RVS) Desk Review	>\$1,500,000 - <=\$2,000,000	All	One full appraisal <sup>1</sup> completed by a certified appraiser <sup>2</sup> and a Residential Valuation Services (RVS) Desk Review		One full appraisal <sup>1</sup> completed by a certified appraiser <sup>2</sup> and a Residential Valuation Services (RVS) Interior Field Review <sup>3</sup>	>\$2,000,000	All	One full appraisal <sup>1</sup> completed by a certified appraiser <sup>2</sup> and a Residential Valuation Services (RVS) Interior Field Review <sup>3</sup>		
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<p><b>PROPERTY TYPES</b></p>	<p><b>Eligible Property Types</b></p> <ul style="list-style-type: none"> <li>One unit Single Family Residences (Attached and Detached)</li> <li>PUDs (Attached and Detached)</li> <li>Condominiums</li> <li>2-4 Unit Properties</li> </ul>
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	<ul style="list-style-type: none"> <li>• Cooperatives (New York only)</li> <li>• Townhomes</li> </ul> <p><b>Ineligible Property Types include, but are not limited to:</b></p> <ul style="list-style-type: none"> <li>• Time-Share projects</li> <li>• Unimproved land</li> <li>• Mobile home</li> <li>• Manufactured housing</li> <li>• Condotels/Resort Condominiums</li> <li>• Hotel Condominium</li> <li>• Log, earth or dome homes</li> <li>• Hobby farms</li> </ul> <p>If there is indication of an activity occurring on the subject property that does not comply with federal, state, and local laws, rules and regulations, then the loan is ineligible.</p>
<p><b>ACREAGE</b></p>	<p><b>State Restrictions</b> Geographic Restrictions apply based on <b>Market Risk Classification Level</b> which can reduce the maximum allowable LTV. (see <a href="#">Market Classification Table</a> for details)</p> <p><b>Hawaii:</b> Properties located in Lava Zones 1 &amp; 2 are not eligible.</p> <p><b>Florida</b> Condominiums: Maximum financing for an established project in the state of Florida is the lesser of the product/program maximum or:</p> <ul style="list-style-type: none"> <li>• 75% LTV/CLTV for a primary residence.</li> <li>• 70% LTV/CLTV for a second / vacation home</li> </ul> <p><b>New York</b> Cooperatives: <b>Minimum Fico Score – 720</b></p> <p><b>Eligible Occupancy:</b> Primary Residences and Second Homes only</p> <p><b>Eligible States and Counties:</b> Co-ops are eligible in the State of New York and New Jersey counties of:</p> <ul style="list-style-type: none"> <li>• Hudson</li> <li>• Essex</li> <li>• Union</li> <li>• Middlesex</li> <li>• Bergen</li> <li>• Passaic</li> <li>• Monmouth</li> <li>• Morris</li> </ul>
<p><b>ESCROW HOLDBACKS</b></p>	<ul style="list-style-type: none"> <li>• Holdbacks are <b>NOT</b> allowed.</li> </ul>

**Market Classification Table** 11/13/2017

		Market Classification Levels			Markets Not At Risk
		4	3	2	1
		Higher Risk	Lower Risk		
State	County	Market Classification 4	Market Classification 3	Market Classification 2	
Alabama	Colbert			X	
	Etowah			X	
	Dallas			X	
	Morgan			X	
	Laudersale			x	
	Lawerence			X	
Arizona	Yuma County		X		
Arkansas	Hot Spring			X	
California	Imperial County		X		
	Kern County			X	
	Kings County			X	
	Madera County			X	
	Merced County			X	
	Tulare County			X	
Connecticut	Fairfield			X	
Florida	Miami-Dade			X	
Georgia	Bibb			X	
	Crawford			X	
	Jones			X	
	Monroe			X	
	Twiggs			X	
Illinois	Christian			X	
	Macon			X	
	Vermilion			X	
Kansas	Finney			X	
	Kearny			X	
Kentucky	Anderson			X	
	Boyd			X	
	Franklin			X	
	Greenup			X	
	Knox			X	
	Laurel County			X	
	Whitley County			X	
Louisiana	Acadia Parish			X	
	Iberia Parish			X	
	Jefferson Davis			X	
	Lafayette Parish			X	
	Lafourche Parish			X	
	St. Landry Parish			X	
	St. Martin Parish			X	
	Terrebonne Parish			X	

	Vermilion Parish			X
Maine	Penobscot			X
Michigan	Wayne		X	
Minnesota	Kandiyohl			X
Mississippi	Claiborne County			X
	Coahoma County			X
	Copiah			X
	Forrest			X
	Hinds			X
	Lamar			X
	Madison			X
	Perry			X
	Rankin			X
	Simpson			X
	Sunflower County			X
	Warren County			X
	Washington County			X
	Yazoo			X
Nevada	Humboldt			X
New Jersey	Atlantic County		X	
	Cumberland County			X
	Mercer			X
New Mexico	McKinley			X
	San Miguel			X
New York	Cattaraugus			X
	Chemung			X
	Seneca			X
	Ulster			X
North Carolina	Camden			X
	Pasquotank			X
	Perquimans			X
North Dakota	Stark		X	
	Williams		X	
Ohio	Allen			X
	Champaign			X
	Crawford			X
	Erie			X
	Lawrence			X
	Ross			X
	Washington			X
	Wayne			X
Oklahoma	Garfield			X
	Kay			X
	Payne			X
	Pontotoc			X
	Texas			X
	Stephens			X
	Washington			X
Oregon	Crook			X
Pennsylvania	Adams			X

	Cambria			X
	Columbia			X
	Erie			X
	Moutour			X
	Monroe County			X
Texas	Andrews			X
	Archer			X
	Austin			X
	Bee			X
	Brazoria			X
	Brown			X
	Chambers			X
	Clay			X
	Dawson			X
	Deaf Smith			X
	Ector		X	
	Fort Bend			X
	Galveston			X
	Glasscock			X
	Goliad			X
	Gray			X
	Gregg			X
	Hale			X
	Harris			X
	Hockley			X
	Howard			X
	Hutchinson			X
	Jim Wells			X
	Kenedy			X
	Kleberg			X
	Liberty			X
	Martin		X	
	Matagorda			X
	Midland		X	
	Montgomery			X
	Moore			X
	Nolan			X
	Palo Pinto			X
	Reeves			X
	Rusk			X
	Scurry			X
	Trinity			X
	Upshur			X
	Victoria			X
	Walker			X
	Waller			X
	Wharton			X
	Wilbarger			X
	Wichita			X
Virginia	Augusta			X



**WesLend Non-Conforming****Temporarily Suspended**

	Henry			X
Vermont	Washington			X
West Virginia	Cabell			X
	Monongalia			X
	Lincoln			X
	Logan			X
	Preston			X
	Putnam			X
	Wayne			X
Wyoming	Natrona			X