WesLend Non-QM "Investor"

SECTION 1: MATRIX:

HIGHLIGHTS: Designed for the experienced real estate investor who is purchasing or refinancing investment properties which he or she intends to hold for business purposes.

- Qualify based upon the cash flows of the **subject property only,** regardless of the number of properties owned by the borrower.
- No borrower income or employment is stated or verified
- Debt coverage ratio is used for qualifying purposes
- Minimum 620 credit score
- 4506T not required
- Debt to Income (DTI) ratio not calculated.

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Investment Property:

Investment – Purchase / Rate & Term[3]					
Units	**Credit Score**	**LTV[4]**	**CLTV[4,5]**	**Minimum Loan Amount**	**Maximum Loan Amount**
1-4 Units	720	80%	80%	$100,000	$1,000,000
		70%	70%		$1,500,000
		60%	60%		$2,500,000
	680	80%	80%		$750,000
		70%	70%		$1,000,000
		60%	60%		$2,000,000
	600	70%	70%		$750,000
		60%	60%		$1,000,000
		50%	50%		$1,500,000

Investment – Cash-Out Refinance[1,2,3,6]				
Units	**Credit Score**	**LTV / CLTV[4,5]**	**Minimum Loan Amount**	**Maximum Loan Amount**
1-4 Units	720	75%	$100,000	$750,000
		65%		$1,500,000
		55%		$2,000,000
	680	70%		$750,000
		60%		$1,000,000
		50%		$2,000,000
	600	65%		$750,000
		55%		$1,000,000
		45%		$1,500,000

Footnotes:

1. Proceeds from cash out refinances must be used for business purposes only
2. Purpose of cash out letter must be submitted with the initial package
3. No Right of Rescission required on refinances
4. New or newly converted condo projects in Florida are limited to 60% LTV/CLTV
5. HELOC – Combined Loan to Value uses the full line amount of the HELOC to calculate the CLTV, regardless of the amount drawn.
6. For Cash-Out transactions, the maximum cash back amount is limited to the max loan amount, as per cash-out matrix.

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SECTION 2: Overlays:

For Items not covered in guidelines please contact your Representative or Credit Risk.

SECTION 3: Products:

PROGRAM CODES:

Investor				
Fully Amortized			**Interest Only**	
5/1 ARM	9774-30		5/1 ARM I/O	9474-30
7/1 ARM	9874-30			
10/1 ARM	9974-30			
15 Year Fixed	9374-30			
30 Year Fixed	9274-30			

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SECTION 4: Eligibility and Underwriting Parameters:

MINIMUM LOAN AMOUNT

$100,000

MAXIMUM LOAN AMOUNT

$2,000,000 (*Maximum loan amount may be lower depending on loan parameters. Please see matrix for details.)*
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MAX. CASH-OUT

For Cash-Out transactions, the maximum cash back amount is limited to the max loan amount, as per cash-out matrix.

ADJUSTABLE RATE DETAILS (5/1, 7/1 & 10/1 ARMs)

Interest Rate Adjustment Caps	2/2/5
Margin	4.75%
Index	1 Year LIBOR (London InterBank Offer Rate)
Index Establish Date	45 days prior to the change date (aka "look back period)
Interest Rate Floor	Note Start Rate
Conversion Option	None
Assumption	ARM products are assumable to a qualified borrower after the fixed term.
Negative Amortization	None
Interest Only Option	5/1 ARM only. At borrower's option during fixed rate period

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Appraisal Requirements

Underwriting may require additional collateral review.

NOTE: Properties with a condition rating of **C5** or **C6** are not acceptable.

Appraisal transfers are allowed.

Loan Amount	Appraisal Requirement
<= $1,000,000	One Full Appraisal
> $1,000,000	Two Full Appraisals
All properties For Sale By Owner (FSBO) w/LTV > 75%	Two Full Appraisals

	Additional Collateral Valuation Requirement – Two Options
	
	Option #1
	
	A Pro Teck Valuation Services Appraisal Risk Review (ARR) or a Clear Capital Collateral Desktop Analysis (CDA) supporting the value within 10% (higher or lower than appraised value) will be required when the Appraisal Requirement is ***One Full Appraisal.*** If variance exceeds 10% then a field review ordered from one of the following providers will be required:
	
	• Class Appraisal
	• Clear Capital
	• Consolidated Analytics
	• Direct Valuation Solutions, Inc. (DVS)
	• Property Science
	• Springhouse Valuations (AltiSource)
	
	A ***field review*** from any of the above providers is acceptable in lieu of an ARR or CDA.
	If a field review is obtained there is a 5% tolerance as follows:
	• If the field review value is ≤ 5% below the appraised value, use the appraised value for LTV calculations
	• If the field review value is more than 5% below the appraised value, a second appraisal is required.
	    ▪ Use the lower value of the two appraisals for LTV calculations
	
	When two (2) appraisals are provided, an ARR or CDA is not required. The lower value of the two appraisals will be utilized.
	
	Option #2
	
	Fannie Mae Collateral Underwriter (CU) appraisal review - Acceptable. Must meet the following criteria:
	• 1 – Unit property only (This is a CU limitation)
	• Loan amount <= $679,650
	• CU Risk Score of 2.5 of less
	When an acceptable CU is provided, an ARR or CDA is **not required.**
	
	Condos and PUDs must meet FNMA requirements. See Property Types section for additional information.
	
	Unpermitted additions
	All of the following apply:
	• Must obtain a "cost to cure"
	• Must review the LTV (including cost to cure) fits within guidelines
	    ▪ If a guideline maximum is 80% and the current LTV is 75% and the cost to cure equals 2% of the value of the home, the loan would be approved without an exception, as the LTV is still within guidelines.
	    ▪ If the cost to cure drives the LTV over the maximum LTV limit, the loan would not be eligible unless the home was converted back to the original state with a completion certificate in the file.
	• Obtain typical comparables for value of the home, but would not require similar improvements
	• Unpermitted improvement may not increase the value of the home (hence the cost to cure)

Appraiser Requirements	Appraisals from appraisers on probation with any regulatory agency, are not allowed. No exceptions. Transferred appraisals are subject to this requirement as well.
ASSETS	Borrower must have sufficient liquid assets available for down payment, closing costs and reserves. Funds must be sourced and seasoned for two (2) months and the most recent consecutive statements (all pages) or the most recent quarterly statements are required. Stocks, Bonds, and Mutual Funds (FNMA B3-4.3-01)

	Vested stocks, bonds, and mutual funds (including retirement accounts) may be used for down payment, closing costs, and reserves without any reduction in value: • One hundred percent (100%) of the value of the asset is allowed when determining available reserves • If the lender documents that the value of the asset is at least 20% more than the funds needed for the borrower's down payment and closing costs, no documentation of liquidation is required. Otherwise, documentation of the borrower's actual receipt of funds realized from the sale or liquidation must be obtained. • **NOTE:** As a reminder, non-vested assets are not eligible for down payment, closing costs, or reserves. Like-Kind Exchanges Assets for the down payment from a "like-kind exchange," also known as a 1031 exchange, are eligible if properly documented and in compliance with Internal Revenue Code Section 1031 (FNMA B3-4.3-10). Full Asset Documentation is required for both funds to close and reserves in accordance with Fannie Mae guidelines. Eligible Funds (Down Payment, Reserves) • Must be from borrower's own funds See Business Funds for eligibility See Reserves for requirements and limitations. Restricted Stock Units (RSUs) are not eligible for income or reserves. .

Borrower Eligibility	***Eligible:***
	• U.S. Citizens
	• Permanent Resident Aliens; provide evidence of lawful residency and must meet all the same credit standards as U.S. citizens.
	  ▪ A copy of the borrower's identification is required to verify the acceptable documentation that evidences the borrower is eligible to lawfully reside in the U.S.
	  ▪ Valid Green card, showing continuous time remaining for at least 12 months.
	  ▪ Borrower must be employed in U.S. for the last 24 months or have acceptable education documentation (e.g., college transcripts) combined with employment to total at least 24 months
	• Inter Vivos Revocable Trust – must meet FNMA guidelines, see Title/Vesting.
	  ▪ A power of attorney is not allowed when signing mortgage documents related to an inter vivos trust
	• U.S. based LLCs, (Limited Liability Corporations) are allowed. See *Title/Vesting* for requirements
	
	Ineligible:
	• Borrowers with a U.S. student visa are ineligible for all Portfolio programs. Student visa types include: F Visa (e.g., F-1, F-2, F-3), J Visa (e.g., J-1, J-2), and M Visa (e.g., M-1, M-2, M-3).
	• Foreign Nationals
	• Land Trusts
	• Corporations
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Business Funds	Business funds - Funds in the borrower's business account(s) ≤ 50% of account balance may be counted toward down payment, closing costs, and reserves so long as borrower(s) and/or non-borrowing spouse/domestic partner or family members* have a cumulative 100% ownership interest in the business (e.g., Sole Proprietor, S Corp, Corporation, LLC). A non-borrowing spouse/domestic partner or family members* who are the only other co-owner of the business are acceptable and must provide a letter allowing the borrower to access the funds in the business account.
	
	*Family Members for business ownership interest purposes above are specifically defined as follows:
	• Child, parent, or grandparent
	  ▪ Child is defined as a son, stepson, daughter, or stepdaughter;
	  ▪ A parent or grandparent includes a step-parent/grandparent or foster parent/grandparent

	• Spouse or domestic partner (domestic partner must live with borrower) • Legally adopted son or daughter, including a child who is placed with the borrower by an authorized agency for legal adoption • Foster child • Brother, stepbrother, sister, stepsister • Aunt or uncle • Son-in-law, daughter- in- law, mother-in-law, brother-in-law, or sister-in-law of the borrower • Cousins are – ***NOT Allowed.*** 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. .
Cash-Out Requirements	There is no ownership seasoning requirement for a cash-out refinance when at least one borrower on the new loan is an original purchaser. There is no seasoning requirement when additional borrowers are added to title so long as at least one borrower from the original purchase will be a borrower on the new loan. • If a borrower is on title without any original purchasers, the borrower must wait 6 months to do a cash out refinance. • If a property is titled in an LLC and the borrower(s) are 100% owners of the LLC, then title may be transferred to the individual borrower(s) for purposes of refinance without a waiting period. (Example: Husband and wife are 100% owners of LLC. They can deed property to themselves as individuals to do a refinance without a waiting period, so long as the LLC has been on the existing loan for 6 months. ▪ If the LLC has more than one member and only one member will be on the new loan, then the member who receives title must wait 6 months to do a cash-out refinance. When the appraised value exceeds purchase price by more than 20% and the subject property is currently owned for less than 6 months (at time of application date), the appraisal must provide detailed and substantial commentary to support the increase in value. Borrowers requesting a cash-out loan must provide a letter of explanation (aka "cash-out letter") regarding the use of the cash-out proceeds. This letter must be submitted with the initial package. The use of cash-out proceeds must be for business purposes. Any other use of the cash-out proceeds (e.g., for consumer use) will make the loan ineligible. A refinance of a prior cash-out loan within 6 months is allowed to be classified as a rate/term refinance. .

Credit	All borrowers must have a minimum credit score of ***600***.
	
	Each of the following credit components impacts the borrower's ability to repay the loan:
	• Borrowers must have a minimum of 3 trade lines on the credit report. Trade lines may be open or closed, with one seasoned trade line having a minimum 24 month rating and one trade line with at least a $5,000 high credit limit. The seasoning and high credit limit requirements may be met with the same trade line. Authorized user trade lines are not eligible for any portion of the credit requirement. When spouse is co-borrower only one borrower is required to have the credit depth listed above.
	• Mortgage / Rental Lates – **1x30** during the past 12 months
	  ▪ This applies to all mortgages on all properties
	  ▪ No Notice of Default (NOD) filed on any property in the last 12 months
	  ▪ Rental history must be documented by a direct verification of rent (VOR) by a professional management company and/or private party. If the VOR is provided by a private party, 12 months cancelled checks or 12 months bank statements must be provided to document rents.
	  ▪ Verification of mortgages that do not appear on credit report
	    ▪ Institutional lender – Written VOM
	    ▪ Private lender – 12 months cancelled checks
	• Bankruptcy (Ch. 7, 11 and 13), Short Sale, Deed-in-Lieu, Charge-off of Mortgage Accounts – **None less than four (4) years**

	▪ Bankruptcy, Short Sale or Deed in Lieu, Charge-off of Mortgage Accounts ≥ 2 years and < 4 years is acceptable with the following compensating factors: • Maximum 70% LTV or existing guidelines, whichever is lower. • Foreclosure – **None** in the last four (4) years ▪ Foreclosure ≥ 3 years and < 4 years is acceptable with the following compensating factors: • Maximum 70% LTV or existing guidelines, whichever is lower. • Judgment/Tax Lien/Collections/Charge-Offs – **Must be paid**. ▪ Judgments and Tax Liens must be paid ▪ Medical collections are excluded regardless of amount. ▪ Any new charge-offs or non-medical collections within the last 12 months greater than $1,000 per trade line, or the cumulative amount is greater than $2,000, must be paid off. • Consumer Credit Counseling – Borrowers who have experienced credit or financial management problems in the past may have elected to participate in consumer counseling sessions to learn how to correct or avoid such problems in the future. Whether borrowers have or have not completed participation in the sessions before closing on the mortgage transaction is not relevant since it is the borrower's credit history that is of primary importance. (FNMA B3-5.2-01) • Disputed Accounts – Disputed accounts are reviewed to determine <u>current balance</u> and <u>derogatory information</u> (a 30-day or more delinquency) <u>within 2 years prior to the credit report date:</u> ▪ Zero balance and no derogatory information – no action required ▪ Zero balance a derogatory information – remove and pull ne credit report ▪ A positive balance and no derogatory information – remove and pull new credit report ▪ A positive balance and derogatory information – remove and pull new credit report **Note:** A credit supplement is not allowed to document disputed accounts .
Disaster Declarations and Recertification	If an area containing the subject property is eligible to receive individual assistance and/or public assistance, as designated by FEMA, the property will require a recertification of value as follows: • An appraisal completed in an area after the disaster declaration was released (incident date) does not require a recertification. Ideally, the appraiser will comment that the property is free from damage and the disaster had no effect on the property. • If the appraisal was completed prior to the disaster, at a minimum a re-inspection stating the property is free from damage & the disaster had no effect on the property value and marketability - required (including exterior photos of the property). ▪ Payment for necessary re-inspections will be the responsibility of the borrower. Interior photos may be required on a case-by-case basis. The re-certification must be obtained as promptly as possible (but not until after the disaster is active) in order to ensure a timely closing, funding (and purchase if applicable) of the loan. WesLend reserves the right to require additional inspections as required in this guide for properties in areas deemed affected by natural disasters that may have not been designated by FEMA. .
Documentation	Borrower must acknowledge the loan is a "business purpose loan" by signing the Borrower's Intent to Proceed with Loan and Business Purpose Loan Certification (see attachment to guidelines). <u>All borrowers must provide the following:</u> • A complete schedule of all real estate owned, indicating financed and "free and clear" properties • Mortgage/lien rating for each financed property • Documented proof that lien-free properties are truly "free and clear" of all liens .

Escrow Holdback	Escrow Holdbacks are allowed for weather related repairs on purchase transactions only. • Allowable repairs are the lesser of 5% of value of $10,000 (before multiplying by 1.5) • Maximum $5,000 repair limit • Escrow withhold amount must be at least 1.5 times the cost of repairs ▪ Example: $5,000 repairs X 1.5 = $7,500 total escrow withhold amount • Other policies and procedures may apply – subject to Credit Risk evaluation. • Maximum escrow holdback amount is $15,000 • An additional $400 fee will be charged for administration of the escrow holdback account. .
Financing Types	Rate/Term Refinance A rate/term refinance may include the payoff of a non-purchase money second seasoned at least 12 months. If HELOC, no draws >$2,000 in past 12 months. New York Consolidation, Extension & Modification Agreement (NY CEMA) For all refinance products under this program, property located in the state of New York, may be structured as a Consolidation, Extension and Modification Agreement (CEMA) transaction. • **Exclusion: CEMA transactions are not allowed for interest only refinance loans.** The most current version of Fannie Mae/Freddie Mac Uniform Instrument (Form 3172) must be used. The following documentation must be provided: • NY Consolidation, Extension and Modification Agreement (Form 3172) • Original Note(s) – Original documents signed by the borrower • Gap Note and Gap Mortgage, if applicable • Consolidated Note – Original documents signed by the borrower • Listing of all Notes & Mortgages being consolidated, extended and modified • Legal description of the subject property • Copy of the consolidated Note • Copy of the consolidated Mortgage Lost Note Affidavits are not an acceptable substitute for any of the required documents. If original documentation cannot be provided per above, then a **CEMA is not allowed.** **.**
First Time Home Buyer	First Time Home Buyer is allowed. Borrower must have a history of owning and managing commercial or residential investment real estate for a period of at least 6 months. .

Geographical Locations / Restrictions	Eligible states are as follows:
	• All approved states are eligible except:
	   ▪ OH
	   ▪ Interest Only Restriction – Interest Only loans are not allowed in Illinois
	
	See New York Consolidation, Extension & Modification Agreement (NY CEMA) in Financing Types section above.
	
	Additional restrictions as follows:
	Hawaiian Lava-Flow Hazard Zones – The U.S. Geological Survey (USGS) categorizes the island of Hawaii into
	Nine "lava zones" based on each zone's probability of exposure to lava flows caused by volcanic eruption.
	Properties in lava zones 1 and 2 are not eligible for loans funding due to the increased risk of property destruction from lava flows within these areas. The Hawaii Lava-Flow Hazard Zone
	Map can be accessed at: http://hvo.wr.usgs.gov/hazards/FAQ_LavaFlowHazardZone/ and
	http://pubs.usgs.gov/mf/1992/2193/
	
	State specific regulatory requirements supersede all underwriting guidelines set forth by WesLend and / or its investors.
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Gift Funds / Gifts of Equity	<u>**Gift Funds**</u> – Allowed
	• Gift funds are allowed for paying off debt, equity contribution refinances, and for closing costs and down payments.
	• Gift funds are **NOT** allowed for reserves.
	• When <u>**100% gift funds are used,**</u> a 10% reduction in maximum LTV is required. If borrowers have 5% of their own funds verified, the LTV reduction is not required.
	• Acceptable Donors* for gift funds – Follow FNMA guidelines for acceptable donors listed below
	• The donor may not be, or have any affiliation with, the builder, the developer, the real estate agent, or any other interested party to the transaction.
	
	<u>**Gift of equity**</u> – Allowed at <= 75% LTV
	• A "gift of equity" refers to a gift, provided by the seller of a property to the buyer. The gift represents a portion of the seller's equity in the property, and I transferred to the buyer as a credit in the transaction.
	• Only <u>immediate family members*</u> may provide equity credit as a gift on property being sold to other family members
	• The acceptable donor requirements for gift funds (above) also apply to gifts of equity
	
	A signed gift letter is required for all gift funds and gifts of equity.
	
	Transfer of funds of evidence of receipt must be documented prior to or at closing.
	
	*Acceptable Donors (per FNMA B3-4.3-04)
	A gift can be provided by:
	• A relative, defined as the borrower's spouse, child or other dependent, or by any other individual who is related to the borrower by blood, marriage, adoption, or legal guardianship; or
	• A fiancé, fiancée, or domestic partner
	The donor may not be, or have any affiliation with, the builder, the developer, the real estate agent, or any other interested party to the transaction.
	
	*<u>Immediate Family Members are specifically defined as follows:</u>
	• Child, parent, or grandparent
	    ▪ Child is defined as a son, stepson, daughter, or stepdaughter:
	    ▪ A parent or grandparent includes a step-parent/grandparent or foster parent/grandparent.
	• Spouse or domestic partner (domestic partner must live the borrower)
	• Legally adopted son or daughter, including a child who is placed with the borrower by an authorized agency for legal adoption
	• Foster child
	• Brother, stepbrother, sister, stepsister
	• Aunt or uncle
	• Son-in-law, daughter-in-law, father-in-law, mother-in-law, or sister-in-law of the borrower
	Note: Cousins are not allowed as a source of gift funds or gift of equity.
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Higher Priced Mortgage Loans (HPML)	<u>**Property Flipping with HPML is Ineligible – see below**</u> <u>Limitations on HPML loans for resale transactions within 180 days</u> When a second appraisal is required per the <u>TILA HPML Appraisal Rule</u> the loan is **ineligible.** For <u>principle residences</u>, when the price reflected in the buyer's purchase agreement is more than a certain amount higher than the seller's acquisition price, the rule requires a second appraisal. The amounts are: • More than a 10% increase if the seller acquired the property in the past 90 days • More than a 20% price increase if the seller acquired the property in the past 91 to 180 days • See CFPB TILA HPML Appraisal Rule for exemptions from this requirement.

Housing History	Borrower must have a history of owning and managing commercial or residential investment real estate for a period of at least 6 months. Proof of this investor experience must be in the loan file. Examples of such documentation include but are not limited to property profile(s) and credit report. Borrower does not need to currently be renting or have a mortgage. However any rental/mortgage history must meet credit requirements. For borrowers who currently own all property free and clear there is no mortgage/rent history requirement. .
Income	Income used to qualify borrower is based upon cash flow from property. A 4506T is NOT required. If transaction is a refinance, rental agreement and rent survey (Form 1007) provided by the appraiser, will be utilized. Rents will be validated via internet research by WesLend and/or investor.. If transaction is a purchase, Appraisal Form 1007 will be utilized. **<u>Short term leases</u>** Purchase transactions: • Use the rents provided on the comparable rent schedule from the appraiser Refinance transactions: • Use the leases used throughout the year and average over the 12 month period. If there are months where the property is vacant, use zero for that month in the average. The average should be supported by the comparable rent schedule (within reason). • Airbnb or similar such rentals are not acceptable. An expired lease agreement that has verbiage that states the lease agreement becomes a month-to-month lease once the initial lease/rental term expires is allowed. **<u>Debt Coverage Ratio</u>** • The debt coverage ratio is calculated by taking 100% of the gross rents divided by the PITIA of the subject property • Use the Note Rate to calculate PITIA • Rents are derived from the lesser of the rental/lease agreement or the rent survey (Form 1007) • The PITIA calculation for interest only loans is based on the remaining term after the interest only period • DCR Purchase = 1.0 • DCR Rate/Term = 1.0 • DCR Cash-Out = 1.0 **<u>Debt Coverage Ratio Examples</u>** **<u>Purchase, Rate/Term, or Cash-Out</u>** Gross Rent = $1,000 DCR for purchase = 1.0 $1,000 divided by 1.0 = $1,000 PITIA may not exceed $1,000 per month **<u>Debt Coverage Ratio confirmation</u>** In the above example, <u>$1,000 gross rents</u> divided by <u>$1,000 PITIA</u> = 1.0 Loans under the WesLend Portfolio Program are classified as business loans. Appendix Q and ATR requirements do not apply. .

Interested Party Contributions (IPCs) / Seller Concessions	Interested party contributions (IPCs) are costs that are normally the responsibility of the property purchaser that are paid directly or indirectly by someone else who has a financial interest in, or can influence the terms and the sale or transfer of, the subject property. (FNMA B3-4.1-02) Interested parties include, but are not limited to, the property seller, the builder/developer, the real estate agent or broker, or an affiliate who may benefit from the sale of the property and/or the sale of the property at the highest price possible. A lender or employer is not considered an interested party to a sales transaction unless it is the property seller or is affiliated with the property seller or another interested party to the transaction. Interested party contributions (toward closing costs) are limited to 3% at all LTVs. .
Limitations on Other Real Estate Owned	WesLend and/or its investors allow financing on up to eight (8) properties for one borrower OR a maximum $2,000,000 in financing for one borrower, whichever is less. The eight (8) property limit for WesLend and/or its investor's financing include properties for which a borrower may have a personal guaranty (on a current loan being serviced by WesLend and/or its investors) when the entity borrowing is not an individual. Borrower may have WesLend and/or its investors financing on a maximum of 10% of the properties in a PUD or condominium project. • For Projects <= 10 units, financing on a maximum of 1 unit is allowed. WesLend and/or its investors, does not have a limit on the total number of financed properties outside of WesLend and/or its investors financing. **WesLend and/or its investors is limited to a maximum overall concentration of 20% in any Florida condominium project. This limitation is per project and not per borrower.** .
Listed for Sale / "Recently Listed"	Rate/Term Refinance (per FNMA B2-1.2-02) Subject property must not be currently listed for sale. It must be taken off the market on or before the disbursement date of the new mortgage loan. The borrower must confirm their intent to occupy the subject property (for principal residence transactions). Cash-out Refinance (per FNMA B2-1.2-03) Subject property must not be currently listed for sale. It must be taken off the market on or before the disbursement date of the new mortgage loan. .
Locking the Loan	• 30 day minimum lock term required • Loan must be approved prior to lock .
Non-Arm's Length transactions	Non-arm's length transactions are purchase transactions in which there is a relationship or business affiliation between the seller and the buyer of the property. Non-arm's length transactions are allowed for the purchase of existing property. For the purchase of newly constructed properties, if the borrower has a relationship or business affiliation (any ownership interest, or employment) 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) When tenant is buying from landlord/seller, a Verification of Rent (VOR) from a third party management company is acceptable. If there is no third party management company, provide the most recent 12 months cancelled rent checks or 12 months bank statements (or whatever shorter time period the borrower has been renting) **Conflict of Interest** Situations where the borrower has a dual role in the transaction, namely as borrower and as another party in the same transaction are **prohibited**. These include, but are not limited to, situations where the borrower is also: • The builder • The loan officer on the transaction • The listing agent • Both the listing and selling agent Exception: Borrower is allowed to be the selling agent in the transaction where borrower is the purchaser so long as borrower is not also the listing agent.

	<u>Additional conflicts:</u> The owner of a loan brokerage company or a lender may not originate his personal loan with his own company. • The owner must originate with an entirely unrelated company. The employee of a loan brokerage company or a lender may use his employer's company to originate a loan so long as that employee is not involved in the origination process (e.g., underwriter, processor, etc.). • Employee may use Agency Plus program only. A loan officer may have his loan originated within the same company only for the Agency Plus program. • For all other WesLend Portfolio programs, the loan officer must have his loan originated with a different unrelated company Note: Gifts of equity are allowed on sales between immediate family members for existing properties only. See *Gifts.* .
Occupancy	Investment Property Only Note: Group homes or an similar group living facility/occupancy are not eligible for this program. .
Points and Fees	• Maximum 5% limit .
Power of Attorney	A power of attorney is allowed per FNMA guidelines (See FNMA B8-5-06). Except as otherwise required by applicable law, or unless they are the borrower's relative (or a person who is a fiancé, fiancée, or domestic partner of the borrower), none of the following persons connected to the transaction shall sign the security instrument or note as the attorney-in-fact or agent under a power of attorney: • The lender; • Any affiliate of the lender; • Any employee of the lender or any other affiliate of the lender; • The loan originator; • The employer of the loan originator; • Any employee of the employer of the loan originator; • The title insurance company providing the title insurance policy or any affiliate of such title insurance company (including, but not limited to, the title agency closing the loan), or any employee of either such title insurance company or any such affiliate; or • Any real estate agent that has a financial interest in the transaction or any person affiliated with such real estate agent. <u>Power of Attorney (POA) is ineligible for:</u> - **Cash Out Loans.** .

Property Types	**<u>Eligible</u>**
	• 1-4 unit properties Non-Owner Occupied
	• Condominiums - FNMA Eligible (attached/detached)
	  ▪ Both FNMA Condo Project Manager (CPM) and FNMA Limited Review are allowed
	  ▪ Detached Condo units that are Principal Residences may be processed with Limited Review (See FNMA B4-2.2-03, Limited Review Process for Detached Condo Units)
	  ▪ Non-Warrantable Exception:
	    • The FNMA investment property concentration limits (i.e., the percentage of non-owner occupied properties within a project) do not apply, and
	    • Minimum 50% of units in project (or subject legal phase, considered with prior legal phases) must be sold or under contract.
	      ♦ Note: For reference, FNMA (B4-2.2-02) requires that investment property transactions on attached units in established projects (including two-to four-unit-projects), have at least 50% of the total units in the project conveyed to principal residence or second home purchasers. This requirement does not apply if the subject mortgage is for a principal

	residence or second home. ▪ Single Entity Ownership Exception: • Projects in which a single entity (the same individual, investor group, partnership, or corporation) owns up to and including 25% of the total number of units in the project will be considered on a case by case basis. ♦ Note: For reference, the FNMA (B4-2.1-02) acceptable limit is: • Projects with 2 to 4 units = 1 unit • Projects with 5 to 20 units = 2 units ▪ Projects with 21 or more units = 10% of total units **Limited Review (See FNMA B4-2.2-02, Limited Review Process for Attached Condo Units)** Limited Review eligibility criteria for **attached units** differ depending upon the occupancy type and LTV/CLTV/HCLTV ratios, and are as follows: *Occupancy Type* — *Maximum LTV/CLTV* Investment property — 70% (exceeds FNMA) **Note:** Mortgages secured by attached units in **new** condo projects are not eligible for Limited Review. See FNMA guidelines for **restrictions on Florida** condominiums. (See FNMA B4-2.2-04) See table below for LTV/CLTV restrictions on Limited Review for **Florida** condominiums. (See FNMA B4-2.2-04) *Florida Attached Units in Established Condo Projects – Limited Review* *Occupancy Type* — *Maximum LTV/CLTV* Investment property — Not Eligible New or newly converted condo projects in Florida with attached units are **not required** to be approved by Fannie Mae through the PERS process (B4-1.1-02). WesLend's investor will conduct its own review and approval of Florida condo projects. **New or newly converted condo projects in Florida are limited to 60% LTV/CLTV. WesLend and its investors is limited to a maximum overall concentration of 20% in any Florida condominium project. This limitation is per project and not per borrower.** **Ineligible** • Acreage greater than 20 acres (appraisal must include total acreage) • Agricultural zoned property • Condo hotel • Co-ops • Hobby Farms • Income producing properties with acreage • Leaseholds • Log Homes **(may be eligible on a case-by-case basis)** • Manufactured housing • Modular homes • Properties subject to oil and/or gas leases **(may be eligible on a case-by-case basis)** • Title may not be held in a business name • Unique properties • Working farms, ranches or orchards .
Qualifying Rate and Ratios	Loan qualification is based on Debt Coverage Ratio (DCR) for the subject property. Use Note Rate to calculate PITIA for use in Debt Coverage Ratio (DCR) Debt to Income (DTI) ratio is not calculated. See Income section for calculation and requirements. .

Reserves	Cash out from the subject transaction ***may be*** used toward the reserve requirement. *Loan Amount* / *Required Reserves*: <=$1,000,000 — 3 months >$1,000,000<$2,000,000 — 6 months >=$2,000,000 — 12 months • **For Refinances Only:** For loan amounts <= $679, 650, required reserves (above) may be waived when all borrowers have 0x30x12 VOM/VOR and payment on new loan is decreasing. In addition, the borrower(s) must not have any history of bankruptcy, foreclosure, short sale, or deed-in-lieu in order to waive reserves. • When the subject property loan amount is > $679,650 there is no waiving of reserves. **Additional reserves for each financed property (other than subject):** One month PITIA for each additional financed property. PITIA calculated using the actual mortgage payment (PITIA) of the "other" property for each additional property. • Reserves for financed properties with a recent 12 month paid-as-agreed history may be waived *except* when the subject property loan amount is > $679,650. When the subject property loan amount is > $679,650 there is no waiving of reserves. • Reserves for financed properties acquired within the 12 months prior to application cannot be waived **PITIA for reserves is the monthly housing expense for a property and includes the following:** • Principal and interest (P&I); • Hazard, flood, and mortgage insurance premiums (as applicable); • Real estate taxes; • Ground rent; • Special assessments; • Any owners' association dues (including utility charges that are attributable to the common areas, but excluding any utility charges that apply to the individual unit); • Any monthly co-op corporation fee (less the pro rate share of the master utility charges for servicing individual units that is attributable to the borrower's unit); • Any subordinate financing payments on mortgages secured by the subject property. Cash value of a vested life insurance policy may be used for reserves. When used for reserves the cash value must be documented but does not need to be liquidated or received by the borrower. .
Subordinate Financing	Subordinate financing must have regular monthly payments at market interest rate that cover at least the interest due so that negative amortization does not occur. Financing provided by the property seller is allowed for arm's-length transactions only in accordance with FNMA guidelines and program CLTV limits. If financing provided by the seller is more than 2% below current standard rates for second mortgage, the subordinate financing must be considered a sales concession and the subordinate financing amount must be deducted from the sales price. Subordinate financing that does not fully amortize under a level monthly payment plan where the maturity or balloon payment date is less than five years after the note date of the new first mortgage is unacceptable. An exception may be made when the amount of the subordinate debt is minimal relative to the borrower's financial assets and/or credit profile (FNMA B2-1.1-04) .
Title / Vesting	**Inter Vivos Revocable Trust (must meet requirements of FNMA B2-2-05)** • Title insurance policy must state that title to the security property is vested in the trustee(s) of the inter vivos revocable trust • The title insurance policy may not list any exceptions with respect to the trustee(s) holding title to the security property or to the trust. • Title to the security property is vested solely in the trustee(s) of the inter vivos revocable trust, jointly in the trustee(s) of the inter vivos revocable trust and in the name(s) of the individual borrower(s), or in the trustee(s) of more than one inter vivos revocable trust. • A power of attorney is not allowed when signing mortgage documents related to an inter vivos trust. Additional Vesting Options and Requirements for LLCs

	Only U.S. based LLCs are allowed. 501(c)(3) organizations/corporations/partnerships are not allowed. When the vesting entity is other than an individual, the borrowers on the loan application (1003) must be the same as the members of the LLC. The borrowers' indicator credit score is used to determine qualification and pricing. Vesting as an LLC is limited to entities where the borrower(s) is/are the sole members. All members of the LLC must sign the note and security instrument. This requirement applies regardless of whether the LLC has a managing member. Only LLCs with natural person members are allowed (i.e., LLCs whose members include other LLCs or Corporations or Partnerships or trusts are not allowed). There are specific WesLend/Investor required documents to be signed at the time of loan closing on behalf of the LLC, including an Addendum to Note Limited Liability Company (LLC) (IMC0025 1/18) and Rider to Limited Liability Company (LLC) (IMC 0026 1/18). When vesting in an LLC, the Operating Agreement for the LLC <u>must</u> be provided for loan approval.
Underwriting	**<u>ALL LOANS:</u>** Loans must be manually underwritten and fully documented. For additional topics not specifically or fully addressed herein, Fannie Mae Underwriting guidelines should be followed. First Time Home Buyer is allowed. Borrower must have a history of owning and managing commercial or residential investment real estate for a period of at least 6 months. Proof of this investor experience must be in the loan file. Examples of such documentation include but are not limited to property profile(s) and credit report. Non-arm's-length and conflict of interest transactions are allowed with restrictions. See Non-Arm's Length Transactions for additional information .