

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.

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 |
| | 620 | 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 |
| | 620 | 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.

| SECTION 2: | Overlays: | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
|---|---|----------------------|-------------------------------|------------------------------|----------------|--------------------|------------------------|--|---|---|---------------------|-----------------|-------------------|---------|------------|--|-----------------------|------|----------------------|---|--|--|---------------|---------|--|--|---------------|---------|--|--|
| | For Items not covered in guidelines please contact your Representative or Credit Risk. | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| SECTION 3: | Products: | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| PROGRAM CODES: | <table border="1"> <thead> <tr> <th colspan="4"><i>Investor</i></th> </tr> <tr> <th colspan="2"><i>Fully Amortized</i></th> <th colspan="2"><i>Interest Only</i></th> </tr> </thead> <tbody> <tr> <td>5/1 ARM</td> <td>9774-30</td> <td>5/1 ARM I/O</td> <td>9474-30</td> </tr> <tr> <td>7/1 ARM</td> <td>9875-30</td> <td></td> <td></td> </tr> <tr> <td>10/1 ARM</td> <td>9974-30</td> <td></td> <td></td> </tr> <tr> <td>15 Year Fixed</td> <td>9374-30</td> <td></td> <td></td> </tr> <tr> <td>30 Year Fixed</td> <td>9274-30</td> <td></td> <td></td> </tr> </tbody> </table> | | <i>Investor</i> | | | | <i>Fully Amortized</i> | | <i>Interest Only</i> | | 5/1 ARM | 9774-30 | 5/1 ARM I/O | 9474-30 | 7/1 ARM | 9875-30 | | | 10/1 ARM | 9974-30 | | | 15 Year Fixed | 9374-30 | | | 30 Year Fixed | 9274-30 | | |
| <i>Investor</i> | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| <i>Fully Amortized</i> | | <i>Interest Only</i> | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 5/1 ARM | 9774-30 | 5/1 ARM I/O | 9474-30 | | | | | | | | | | | | | | | | | | | | | | | | | | | |
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| 30 Year Fixed | 9274-30 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 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.) | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 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) | <table border="1"> <tbody> <tr> <td>Interest Rate Adjustment Caps</td> <td>2/2/5</td> </tr> <tr> <td>Margin</td> <td>4.75%</td> </tr> <tr> <td>Index</td> <td>1 Year LIBOR (London InterBank Offer Rate)</td> </tr> <tr> <td>Index Establish Date</td> <td>45 days prior to the change date (aka "look back period")</td> </tr> <tr> <td>Interest Rate Floor</td> <td>Note Start Rate</td> </tr> <tr> <td>Conversion Option</td> <td>None</td> </tr> <tr> <td>Assumption</td> <td>ARM products are assumable to a qualified borrower after the fixed term.</td> </tr> <tr> <td>Negative Amortization</td> <td>None</td> </tr> <tr> <td>Interest Only Option</td> <td>5/1 ARM only. At borrower's option during fixed rate period</td> </tr> </tbody> </table> | | 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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| 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 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Appraisal Requirements | <p><u>Underwriting may require additional collateral review.</u></p> <p>NOTE: Properties with a condition rating of C5 or C6 are not acceptable.</p> <p>Appraisal transfers are allowed.</p> <table border="1"> <thead> <tr> <th><i>Loan Amount</i></th> <th><i>Appraisal Requirement</i></th> </tr> </thead> <tbody> <tr> <td><= \$1,000,000</td> <td>One Full Appraisal</td> </tr> <tr> <td>> \$1,000,000</td> <td>Two Full Appraisals</td> </tr> <tr> <td>All properties For Sale By Owner (FSBO) w/LTV > 75%</td> <td>Two Full Appraisals</td> </tr> </tbody> </table> | | <i>Loan Amount</i> | <i>Appraisal Requirement</i> | <= \$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 | | | | | | | | | | | | | | | | | | | | |
| <i>Loan Amount</i> | <i>Appraisal Requirement</i> | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
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| All properties For Sale By Owner (FSBO) w/LTV > 75% | Two Full Appraisals | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |

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| | <p>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:</p> <ul style="list-style-type: none"> • Pro Teck Valuation Services • Clear Capital • Nationwide Appraisal Network • AAA Appraisal Management Company • AMG Appraisals • Appraisal Nation • AXIS Appraisal Management • Class Appraisal • Consolidated Analytics • GOT Appraisals • PCA Appraisals • USRES (US Real Estate Services) <p>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:</p> <ul style="list-style-type: none"> • 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. <ul style="list-style-type: none"> ▪ Use the lower value of the two appraisals for LTV calculations <p>When two (2) appraisals are provided, an ARR or CDA is not required. The lower value of the two appraisals will be utilized.</p> <p>Condos and PUDs must meet FNMA requirements. See Property Types section for additional information.</p> <p><u>Unpermitted additions</u> All of the following apply:</p> <ul style="list-style-type: none"> • Must obtain a “cost to cure” • Must review the LTV (including cost to cure) fits within guidelines <ul style="list-style-type: none"> ▪ 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) |
| <p>ASSETS</p> | <p>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.</p> <p><u>Stocks, Bonds, and Mutual Funds (FNMA B3-4.3-01)</u> Vested stocks, bonds, and mutual funds (including retirement accounts) may be used for down payment, closing costs, and reserves without any reduction in value:</p> <ul style="list-style-type: none"> • 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. |

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| | <p>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).</p> <p>Full Asset Documentation is required for both funds to close and reserves in accordance with Fannie Mae guidelines.</p> <p>Eligible Funds (Down Payment, Reserves)</p> <ul style="list-style-type: none"> • Must be from borrower’s own funds <p>See Business Funds for eligibility See Reserves for requirements and limitations.</p> <p>Restricted Stock Units (RSUs) are not eligible for income or reserves.</p> |
| <p>Borrower Eligibility</p> | <p><u>Eligible:</u></p> <ul style="list-style-type: none"> • U.S. Citizens • Permanent Resident Aliens; provide evidence of lawful residency and must meet all the same credit standards as U.S. citizens. <ul style="list-style-type: none"> ▪ 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. • U.S. based Corporations, LLCs, and Partnerships are allowed. See <i>Title/Vesting</i> for requirements <p><u>Ineligible:</u></p> <ul style="list-style-type: none"> • Foreign Nationals • Non-Permanent Resident Aliens • Land Trusts |
| <p>Business Funds</p> | <p>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 have a cumulative 100% ownership interest in the business (e.g., Sole Proprietor, S Corp, Corporation, LLC). A non-borrowing spouse/domestic partner who is the only other co-owner of the business is acceptable and must provide a letter allowing the borrower to access the funds in the business account.</p> <p>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.</p> |
| <p>Cash-Out Requirements</p> | <p>There is no ownership seasoning requirement for cash-out refinance. Always use the appraised value for LTV calculation on a refinance transaction. This applies to the original purchasers of the property as well as additional borrowers who are added to title so long as at least one borrower from the original purchase will be a borrower on the new loan.</p> <ul style="list-style-type: none"> • If a borrower is on title without any original purchasers, the borrower must wait 6 months to do a cash out refinance. <p>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.</p> <p>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.</p> <p>A refinance of a prior cash-out loan within 6 months is allowed to be classified as a rate/term refinance.</p> |

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| <p>Credit</p> | <p>All borrowers must have a minimum credit score of 620.</p> <p>Each of the following credit components impacts the borrower’s ability to repay the loan:</p> <ul style="list-style-type: none"> • 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 <ul style="list-style-type: none"> ▪ This applies to all mortgages on all properties ▪ (See Loan Modification for refinancing loans with prior modifications) ▪ 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. • Bankruptcy (Ch. 7 and 13), Short Sale, Deed-in-Lieu – None less than four (4) years <ul style="list-style-type: none"> ▪ Bankruptcy, Short Sale or Deed in Lieu ≥ 2 years and < 4 years is acceptable with the following compensating factors: <ul style="list-style-type: none"> • Maximum 70% LTV or existing guidelines, whichever is lower. • Foreclosure – None in the last four (4) years <ul style="list-style-type: none"> ▪ Foreclosure ≥ 3 years and < 4 years is acceptable with the following compensating factors: <ul style="list-style-type: none"> • Maximum 70% LTV or existing guidelines, whichever is lower. • Judgment/Tax Lien/Collections/Charge-Offs – Must be paid. <ul style="list-style-type: none"> ▪ Medical collections are excluded regardless of amount. • 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>: <ul style="list-style-type: none"> ▪ 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 <p>Note: A credit supplement is not allowed to document disputed accounts</p> |
| <p>Disaster Declarations and Recertification</p> | <p>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:</p> <ul style="list-style-type: none"> • 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). <ul style="list-style-type: none"> ▪ Payment for necessary re-inspections will be the responsibility of the borrower. <p>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.</p> <p>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.</p> |
| <p>Documentation</p> | <p>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).</p> <p><u>All borrowers must provide the following:</u></p> <ul style="list-style-type: none"> • A complete schedule of all real estate owned, indicating financed and “free and clear” properties |

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| | <ul style="list-style-type: none"> • Mortgage/lien rating for each financed property • Documented proof that lien-free properties are truly “free and clear” of all liens |
| Escrow Holdback | <p>Escrow Holdbacks are allowed for weather related repairs on purchase transactions only.</p> <ul style="list-style-type: none"> • Maximum \$5,000 repair limit • Escrow withhold amount must be at least 1.5 times the cost of repairs <ul style="list-style-type: none"> ▪ Example: \$5,000 repairs X 1.5 = \$7,500 total escrow withhold amount • Other policies and procedures may apply – subject to Credit Risk evaluation. |
| Financing Types | <p><u>Vesting:</u> Individual, Corporation, LLC, and Partnerships are allowed. (Vesting other than individual is limited to Correspondent channel only.) 501(c)(3) organizations/corporations are not allowed.</p> <p>When the vesting entity is other than an individual, the borrower on the loan application (1003) must be an individual with authority to bind the vesting entity. The borrower’s indicator credit score is used to determine the loan qualification and pricing.</p> <p>The individual who is signing on behalf of an entity other than an individual must be authorized to sign for that entity. Proof of authorization will be required as part of underwriting approval.</p> <p><u>Rate/Term Refinance</u> 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.</p> <p><u>New York Consolidation, Extension & Modification Agreement (NY CEMA)</u> 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. The most current version of Fannie Mae/Freddie Mac Uniform Instrument (Form 3172) must be used. The following documentation must be provided:</p> <ul style="list-style-type: none"> • 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 <p>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.</p> |
| First Time Home Buyer | <p>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.</p> |
| Geographical Locations / Restrictions | <p>Eligible states are as follows:</p> <ul style="list-style-type: none"> • All approved states are eligible except: <ul style="list-style-type: none"> ▪ DE, ME, MA, OH, RI and WY ▪ Interest Only Restriction – Interest Only loans are not allowed in Illinois ▪ New York <ul style="list-style-type: none"> • Loans that meet the definition of a <u>subprime home loan</u> under New York law are NOT eligible. • Investment property – Allowed ▪ Hawaii <ul style="list-style-type: none"> • Properties in lava zones 1 & 2 – Not Allowed, due to increased risk of property destruction from lava flows. |

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| <p>Gift Funds / Gifts of Equity</p> | <p>Gift Funds – Allowed</p> <ul style="list-style-type: none"> • 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 100% gift funds are used, 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 – A gift can be provided by <u>immediate family members only*</u> • 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. <p>Gift of equity – Allowed at <= 75% LTV</p> <ul style="list-style-type: none"> • 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 is 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 <p>A signed gift letter is required for all gift funds and gifts of equity.</p> <p>Transfer of funds of evidence of receipt must be documented prior to or at closing.</p> <p><u>*Immediate Family Members are specifically defined as follows:</u></p> <ul style="list-style-type: none"> • Child, parent, or grandparent <ul style="list-style-type: none"> ▪ 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 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 <p>Note: Cousins are not allowed as a source of gift funds or gift of equity.</p> |
| <p>Higher Priced Mortgage Loans (HPML)</p> | <p>Property Flipping with HPML is Ineligible – see below <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.</p> <p>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:</p> <ul style="list-style-type: none"> • 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. |
| <p>Housing History</p> | <p>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.</p> <p>Borrower does not need to currently be renting or have a mortgage. However any rental/mortgage history must meet credit requirements.</p> |

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| <p>Income</p> | <p>Income used to qualify borrower is based upon cash flow from property. A 4506T is NOT required.</p> <p>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.</p> <p><u>Short term leases</u> Purchase transactions:</p> <ul style="list-style-type: none"> • Use the rents provided on the comparable rent schedule from the appraiser <p>Refinance transactions:</p> <ul style="list-style-type: none"> • 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. <p>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.</p> <p><u>Debt Coverage Ratio</u></p> <ul style="list-style-type: none"> • 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 <p><u>Debt Coverage Ratio Examples</u></p> <p><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</p> <p><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</p> <p>Loans under the WesLend Portfolio Program are classified as business loans. Appendix Q and ATR requirements do not apply.</p> |
| <p>Interested Party Contributions (IPCs) / Seller Concessions</p> | <p>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.</p> <p>Interested party contributions (toward closing costs) are limited to 3% at all LTVs.</p> |
| <p>Limitations on Other Real Estate Owned</p> | <p>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 <u>include</u> 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.</p> |

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| | <p>Borrower may have WesLend and/or its investors financing on a maximum of 10% of the properties in a PUD or condominium project.</p> <ul style="list-style-type: none"> For Projects <= 10 units, financing on a maximum of 1 unit is allowed. <p>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.</p> <p><u>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.</u></p> |
| Listed for Sale / “Recently Listed” | <p><u>Rate/Term Refinance (per FNMA B2-1.2-02)</u> 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).</p> <p><u>Cash-out Refinance (per FNMA B2-1.2-03)</u> 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.</p> |
| Loan Modification | <p>If the borrower is refinancing a loan with a prior modification/restructure then credit requirement is increased to 0x30 in the last 12 months for all mortgages. Modification must be complete on the subject loan to be refinanced and borrower is making on time scheduled payments. There is no additional seasoning requirement prior to refinance.</p> |
| Locking the Loan | <ul style="list-style-type: none"> 30 day minimum lock term required Loan must be approved prior to lock |
| Non-Arm’s Length transactions | <p>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 <u>existing</u> property. For the purchase of <u>newly constructed</u> 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 <u>primary residence</u> 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)</p> <p>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)</p> <p><u>Conflict of Interest</u> Situations where the borrower has a <u>dual role</u> in the transaction, namely as borrower and as another party in the same transaction are <u>prohibited</u>. These include, but are not limited to, situations where the borrower is also:</p> <ul style="list-style-type: none"> The builder The loan officer on the transaction The listing agent Both the listing and selling agent <p>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.</p> <p><u>Additional conflicts:</u> The owner of a loan brokerage company or a lender may not originate his personal loan with his own company.</p> <ul style="list-style-type: none"> The owner must originate with an entirely unrelated company. <p>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.).</p> <ul style="list-style-type: none"> Employee may use Agency Plus program only. <p>A loan officer may have his loan originated within the same company only for the Agency Plus program.</p> <ul style="list-style-type: none"> For all other WesLend Portfolio programs, the loan officer must have his loan originated with a different unrelated company <p>Note: Gifts of equity are allowed on sales between immediate family members for existing properties only. See <i>Gifts</i>.</p> |

| Occupancy | Investment Property Only | | | | |
|------------------------------|---|------------------------------|--------------------------------|---------------------|--------------------|
| Points and Fees | <ul style="list-style-type: none"> • Maximum 5% limit | | | | |
| Power of Attorney | <p>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:</p> <ul style="list-style-type: none"> • 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. <p><u>Power of Attorney (POA) is ineligible for: - Cash Out Loans.</u></p> | | | | |
| Property Types | <p><u>Eligible</u></p> <ul style="list-style-type: none"> • 1-4 unit properties Non-Owner Occupied • Condominiums - FNMA Eligible (attached/detached) <ul style="list-style-type: none"> ▪ 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: <ul style="list-style-type: none"> • 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. <ul style="list-style-type: none"> ◆ 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: <ul style="list-style-type: none"> • 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. <ul style="list-style-type: none"> ◆ Note: For reference, the FNMA (B4-2.1-02) acceptable limit is: <ul style="list-style-type: none"> • Projects with 2 to 4 units = 1 unit • Projects with 5 to 20 units = 2 units <ul style="list-style-type: none"> ▪ Projects with 21 or more units = 10% of total units <p><u>Limited Review (See FNMA B4-2.2-02, Limited Review Process for Attached Condo Units)</u></p> <p>Limited Review eligibility criteria for <u>attached units</u> differ depending upon the occupancy type and LTV/CLTV/HCLTV ratios, and are as follows:</p> <table border="1" data-bbox="443 1336 1012 1390"> <thead> <tr> <th><u>Occupancy Type</u></th> <th><u>Maximum LTV/CLTV</u></th> </tr> </thead> <tbody> <tr> <td>Investment property</td> <td>70% (exceeds FNMA)</td> </tr> </tbody> </table> <p>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)</p> <p>See table below for LTV/CLTV restrictions on Limited Review for Florida condominiums. (See FNMA B4-2.2-04)</p> | <u>Occupancy Type</u> | <u>Maximum LTV/CLTV</u> | Investment property | 70% (exceeds FNMA) |
| <u>Occupancy Type</u> | <u>Maximum LTV/CLTV</u> | | | | |
| Investment property | 70% (exceeds FNMA) | | | | |

| | <table border="1" data-bbox="443 212 1192 337"> <thead> <tr> <th colspan="2" data-bbox="443 212 1192 237">Florida Attached Units in Established Condo Projects – Limited Review</th> </tr> <tr> <th data-bbox="443 237 716 261">Occupancy Type</th> <th data-bbox="716 237 1192 261">Maximum LTV/CLTV</th> </tr> </thead> <tbody> <tr> <td data-bbox="443 261 716 285">Principal Residence</td> <td data-bbox="716 261 1192 285">70/90%</td> </tr> <tr> <td data-bbox="443 285 716 310">Second Home</td> <td data-bbox="716 285 1192 310">70/75%</td> </tr> <tr> <td data-bbox="443 310 716 337">Investment property</td> <td data-bbox="716 310 1192 337">Not Eligible</td> </tr> </tbody> </table> <p data-bbox="443 367 1822 461">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. <u>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.</u></p> <p data-bbox="443 509 537 534"><u>Ineligible</u></p> <ul data-bbox="489 537 1356 898" style="list-style-type: none"> • 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 | Florida Attached Units in Established Condo Projects – Limited Review | | Occupancy Type | Maximum LTV/CLTV | Principal Residence | 70/90% | Second Home | 70/75% | Investment property | Not Eligible |
|--|---|--|--------------------------|-----------------------|-------------------------|--------------------------|----------|---------------|-----------|---------------------|--------------|
| Florida Attached Units in Established Condo Projects – Limited Review | | | | | | | | | | | |
| Occupancy Type | Maximum LTV/CLTV | | | | | | | | | | |
| Principal Residence | 70/90% | | | | | | | | | | |
| Second Home | 70/75% | | | | | | | | | | |
| Investment property | Not Eligible | | | | | | | | | | |
| <p>Qualifying Rate and Ratios</p> | <p data-bbox="443 951 1224 1045">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.</p> | | | | | | | | | | |
| <p>Reserves</p> | <p data-bbox="443 1097 1230 1122">Cash out from the subject transaction may be used toward the reserve requirement.</p> <table border="1" data-bbox="443 1133 978 1239"> <thead> <tr> <th data-bbox="443 1133 726 1157">Loan Amount</th> <th data-bbox="726 1133 978 1157">Required Reserves</th> </tr> </thead> <tbody> <tr> <td data-bbox="443 1157 726 1182"><=\$1,000,000</td> <td data-bbox="726 1157 978 1182">3 months</td> </tr> <tr> <td data-bbox="443 1182 726 1206">>\$1,000,000<\$2,000,000</td> <td data-bbox="726 1182 978 1206">6 months</td> </tr> <tr> <td data-bbox="443 1206 726 1239">>=\$2,000,000</td> <td data-bbox="726 1206 978 1239">12 months</td> </tr> </tbody> </table> <p data-bbox="443 1263 1761 1312"><u>For Refinances Only:</u> Required reserves (above) may be waived when all borrowers have 0x30x12 VOM/VOR and payment on new loan is decreasing.</p> <p data-bbox="443 1336 1125 1360"><u>Additional reserves for each financed property (other than subject):</u></p> <p data-bbox="443 1360 1776 1409">One month PITIA for each additional financed property. PITIA calculated using the actual mortgage payment (PITIA) of the “other” property for each additional property.</p> <ul data-bbox="489 1414 1486 1463" style="list-style-type: none"> • Reserves for financed properties with a recent 12 month paid-as-agreed history may be waived • Reserves for financed properties acquired within the 12 months prior to application cannot be waived | Loan Amount | Required Reserves | <=\$1,000,000 | 3 months | >\$1,000,000<\$2,000,000 | 6 months | >=\$2,000,000 | 12 months | | |
| Loan Amount | Required Reserves | | | | | | | | | | |
| <=\$1,000,000 | 3 months | | | | | | | | | | |
| >\$1,000,000<\$2,000,000 | 6 months | | | | | | | | | | |
| >=\$2,000,000 | 12 months | | | | | | | | | | |

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| | <p><u>PITIA for reserves is the monthly housing expense for a property and includes the following:</u></p> <ul style="list-style-type: none"> • 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. <p><u>Cash value of a vested</u> 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.</p> |
| <p>Subordinate Financing</p> | <p>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.</p> <p>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.</p> <p>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)</p> |
| <p>Title / Vesting</p> | <p><u>Inter Vivos Revocable Trust (must meet requirements of FNMA B2-2-05)</u></p> <ul style="list-style-type: none"> • 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. <p><u>Additional Vesting Options for Asset Qualifier:</u> <u>U.S. based</u> Corporations, LLC and Partnerships are allowed. 501(c)(3) organizations/corporations are not allowed. ←Non-profit status</p> <p>When the vesting entity is other than an individual, the borrower on the loan application (1003) must be an individual with authority to bind the vesting entity. The borrower's indicator credit score is used to determine the loan qualification and pricing. Loan is qualified using the individual and the individual will be personally liable.</p> <p>Vesting as Corporation, LLC, or Partnership is limited to entities where the borrower(s) is/are the sole members/shareholders.</p> <p>The individual who is signing on behalf of an entity other than an individual must be authorized to sign for that entity. Proof of authorization will be required as part of underwriting approval.</p> <p><u>NOTE & SECURITY INSTRUMENT</u></p> <p>The note and security instrument will be signed by the borrower in his capacity as individual and on behalf of the LLC/Corporation. (2 signature lines)</p> <p>_____</p> <p>John Doe</p> <p>_____</p> <p>John Doe, as manager of ABC Services LLC, a California limited liability company.</p> |

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| Underwriting | <p><u>ALL LOANS:</u></p> <p>Loans must be manually underwritten and fully documented. For additional topics not specifically or fully addressed herein, Fannie Mae Underwriting guidelines should be followed.</p> <p>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.</p> |
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