

**SECTION 1: MATRIX:**

<b>FRESH START – Fixed and ARM</b>					
<b>Purchase and Rate Term Refinance<sup>1,2</sup></b>					
<b>Occupancy</b>	<b>FICO</b>	<b>DTI<sup>4</sup></b>	<b>LTV</b>	<b>Max. Loan Amount</b>	<b>Reserves<sup>5</sup></b>
Primary / Secondary	640	≤ 50%	85	\$1,000,000	6 months
Primary / Secondary	620	≤ 50%	80	\$1,000,000	3 months
Primary / Secondary	580	≤ 50%	70	\$1,000,000	3 months
<b>Cash-Out Refinance<sup>3</sup></b>					
<b>Occupancy</b>	<b>FICO</b>	<b>DTI<sup>4</sup></b>	<b>LTV</b>	<b>Max. Loan Amount</b>	<b>Reserves<sup>5</sup></b>
Primary / Secondary	620	≤ 50%	80	\$1,000,000	6 months

**Notes:**

1. Delayed Financing may be underwritten and priced as a rate term refinance. Maximum LTV per Matrix. Maximum loan amount per Matrix. Rate term cash back amount restrictions do not apply. Delayed financing on a primary residence/homestead in Texas, must be treated as a cash out transaction under Texas 50(a)(6) guidelines.
2. For Rate Term transactions, maximum cash back amount is the lesser of 2% of the new refinance loan balance or \$2,000.
3. For Cash-Out transactions, maximum cash back amount is \$350,000.
4. Maximum 55% DTI considered with compensating factors. Refer to the Specified Credit Factors for details.
5. Minimum 2 months reserves considered with compensating factors. Refer to the Specified Credit Factors for details.

<b>FRESH START – Fixed and ARM</b>					
<b>Cash-Out Refinance – Debt Consolidation<sup>1,2</sup></b>					
<b>Occupancy</b>	<b>FICO</b>	<b>DTI</b>	<b>LTV</b>	<b>Max. Loan Amount</b>	<b>Reserves<sup>4</sup></b>
Primary / Secondary <sup>3</sup>	640	≤ 35%	85	\$750,000	6 months
Primary / Secondary <sup>3</sup>	620	≤ 35%	80	\$750,000	3 months
Primary / Secondary <sup>3</sup>	580	≤ 35%	70	\$750,000	3 months

**Notes:**

1. Total amount of reoccurring obligations to be paid off by the borrower cannot exceed \$100,000 (excluding mortgage liens).
2. Maximum cash back amount is equal to the lesser of 2% of the new refinance loan balance or \$2,000.
3. Not allowed on a primary residence / homestead in Texas. Must follow Texas 50(a)(6) guidelines.
4. Minimum 2 months reserves considered with compensating factors. Refer to the Specified Credit Factors for details.

<b>FRESH START – Fixed – Texas 50(a)(6)</b>					
<b>Rate Term Refinance<sup>1,2</sup></b>					
<b>Occupancy<sup>4,5</sup></b>	<b>FICO</b>	<b>DTI<sup>6</sup></b>	<b>LTV / CLTV<sup>4</sup></b>	<b>Max. Loan Amount</b>	<b>Reserves<sup>7</sup></b>
Primary	620	≤ 50%	80	\$1,000,000	3 months
Primary	580	≤ 50%	70	\$1,000,000	3 months
<b>FRESH START – Fixed – Texas 50(a)(6)</b>					
<b>Cash-Out Refinance<sup>3</sup></b>					
<b>Occupancy<sup>4,5</sup></b>	<b>FICO</b>	<b>DTI<sup>6</sup></b>	<b>LTV / CLTV<sup>4</sup></b>	<b>Max. Loan Amount</b>	<b>Reserves<sup>7</sup></b>
Primary	620	≤ 50%	80	\$1,000,000	6 months

**Notes:**

1. Delayed financing must be treated as a cash out transaction.
2. For Texas 50(a)(6) rate term transactions, no cash back is allowed.
3. For Texas 50(a)(6) cash-out transactions, maximum cash back amount is \$350,000.
4. Cooperative units and 2-4 units are not allowed
5. Texas 50(a)(6) not offered on 5/1 ARM.
6. Maximum 55% DTI considered with compensating factors. Refer to the Specified Credit Factors for details.
7. Minimum 2 months reserves considered with compensating factors. Refer to the Specified Credit Factors for details.

**HIGHLIGHTS:**

- Max85% LTV with no MI
- No seasoning on derogatory events
- No mortgage/rental payment history required
- Multiple Significant Derogatory Events within 4 years allowed
- Low Minimum FICO

**SECTION 2:**

**PRODUCTS:**

**PROGRAM CODES:**

<b>Fresh Start</b>	
30 Year Fixed	9266-21
5/1 ARM	9766-21

<b>SECTION 3:</b>	<b>Parameters and Underwriting</b>
<b>MINIMUM LOAN AMOUNT</b>	\$100,000
<b>MAXIMUM LOAN AMOUNT</b>	\$1,000,000 ( <i>Maximum loan amount may be lower depending on loan parameters. Please see matrix for details.</i> )
<b>ARM Caps</b>	5/1 : 2/2/6
<b>ARM INDEX</b>	1 Year LIBOR
<b>ARM MARGIN &amp; FLOOR RATE</b>	6.50%
<b>QUALIFICATION</b>	30 Year fixed <ul style="list-style-type: none"> <li>• Must be qualified at Note Rate</li> </ul> 5/1 ARM <ul style="list-style-type: none"> <li>• Qualified at the higher of the fully indexed rate or note rate based on a fully amortizing principal and interest payment</li> </ul>
<b>Assumable</b>	<ul style="list-style-type: none"> <li>• Allowed on ARM products per Fannie Mae.</li> </ul>
<b>HIGHER PRICED MORTGAGE LOANS (HPML)</b>	Allowed – Portfolio loans that exceed the federal higher priced mortgage loan (“HPML”) threshold and/or are classified as QM Rebuttable Presumption Loans, must comply with all HPML and Ability to Repay regulations.
<b>PREPAYMENT PENALTY</b>	Not Allowed
<b>SUBORDINATE FINANCING</b>	New and existing subordinate financing is not allowed.
<b>PURCHASE</b>	<p><b><u>Flip Transactions:</u></b></p> <ul style="list-style-type: none"> <li>• Acceptable property flip transactions are sales of properties that have been substantially improved through legitimate and verified renovations since the property was acquired by the seller. Any increase in the sales price over the seller’s acquisition cost should be representative of the market given the improvements made to the subject property.</li> <li>• Property flip transactions will be considered as follows:                             <ul style="list-style-type: none"> <li>▪ The property seller must be the owner of record.</li> <li>▪ A complete/full appraisal is required</li> <li>▪ Loan must not reflect an interested party characteristics</li> </ul> </li> </ul>

	<ul style="list-style-type: none"> <li>• Exempt transactions include:             <ul style="list-style-type: none"> <li>▪ Re-sales of properties purchased by an employer or relocation agency in connection with an employee relocation. A relocation agency DOES NOT include individual real estate agents that advertise themselves as relocation experts and who purchase properties from persons who are relocating from the area.</li> <li>▪ Property inherited by the seller.</li> <li>▪ Sales of properties by state and federally chartered financial institutions (lender or servicer), Government Sponsored Enterprises (e.g. Fannie Mae and Freddie Mac), U.S. Government local or state agencies, or MI Companies when the property was acquired through foreclosure or deed in lieu of foreclosure.</li> <li>▪ Sales of properties acquire through a divorce settlement.</li> </ul> </li> </ul> <p><b><u>HPML Flipping Guidelines:</u></b>              Applies to loans exceeding the Higher Priced Mortgage Loan threshold under Appendix Q1026.35:</p> <ol style="list-style-type: none"> <li>1. Sales within 0-90 days of seller’s acquisition to execution of the purchase contract and the purchaser price increased &gt; 10% an additional appraisal (conducted by an appraiser independent form the first appraiser) with an interior inspection of the subject property is required.</li> <li>2. Sales within 91-180 days of the seller’s acquisition to execution of the purchase contract and the purchase price increased &gt; 20% an additional appraisal (conducted by an appraiser independent for the first appraiser) with an interior inspection of the subject property is required (borrower cannot be charged for the 2<sup>nd</sup> appraisal)</li> </ol>
<p><b>ALL REFINANCES</b></p>	<p><b><u>Net Tangible Benefit</u></b></p> <p>A net Tangible Benefit is required for <b>ALL</b> refinance transactions. A letter of explanation for the refinance must be included in the file.</p> <ul style="list-style-type: none"> <li>• A Net Tangible Benefit is defined as a 5% reduction in PITIA, 5% reduction in DTI, a 2% reduction in rate, a reduced term, and/or a change from an ARM to a fixed rate mortgage that results in a financial benefit to the borrower.</li> <li>• For cash-out transactions, if one of the above net tangible benefits is not met, then the amount of the cash out must equal at least twice the borrower’s cost for completing the transaction.</li> </ul>
<p><b>RATE TERM REFINANCE</b></p>	<p>Rate / Term Refinance: Primary residence and second home allowed.</p> <ul style="list-style-type: none"> <li>• <u>Eligible liens:</u> The mortgage amount may include the present first mortgage payoff and subordinate liens, regardless of seasoning.</li> <li>• Maximum Cash Back is the lesser of 2% of the new refinance balance or \$2,000.</li> <li>• There is zero cash back allowed for Primary / homestead refinance transactions in the state of Texas. Rate Term refinances on Texas primary / homestead residences when the borrower is refinancing an existing 50(a)(6) lien or home equity lien must be treated as Texas 50(a)(6) loan.</li> <li>• If the property was previously listed for sale, the listing agreement must be canceled at least six months prior to the application date. A copy of the canceled / expired listing is required to verify that the property is not currently for sale.</li> <li>• Evidence of continuity of obligation is not required: however, evidence that the borrower is the owner of record on title is required.</li> <li>• A net tangible benefit is required.</li> </ul>

<p><b>DELAYED FINANCING</b></p>	<p>Delayed Financing is allowed:</p> <ul style="list-style-type: none"> <li>• Borrowers who purchased the subject property within the past 12 months (measured from the date on which the property was purchased to the disbursement date of the new mortgage loan) are eligible for a rate/term refinance if all of the following requirements are met.</li> <li>• Underwritten as a Rate/Term</li> <li>• Note: if the appraiser denotes a declining market, the transaction be treated as a cash-out refinance transaction.</li> <li>• The original purchase transaction was an arms-length transaction.</li> <li>• The original purchase transaction is documented by a HUD-1/Closing Disclosure, which confirms that no mortgage financing was used to obtain the subject property. (A recorded trustee’s deed [or similar alternative] confirming the amount paid by the grantee to trustee may be substituted for a HUD-1/Closing Disclosure if a HUD-1/Closing Disclosure was not provided to the purchaser at time of sale.) The preliminary title search or report must confirm that there are no existing liens on the subject property.</li> <li>• The sources of funds for the purchase transaction are documented (such as a bank statement, personal loan documents, or a HELOC on another property).</li> <li>• If the source of funds used to acquire the property was an unsecured loan or a loan secured by an asset other than the subject (such as a HELOC secured by another property), the HUD-1/Closing Disclosure for the refinance transaction must reflect that all cash-out proceeds used to pay down, if applicable, the loan (unsecured or secured by an asset other than the subject property) used to purchase the property. Any payments on the balance remaining from the original loan must be included in the DTI calculation for the refinance transaction. Note: Funds received as gifts and used to purchase the property may not be reimbursed with proceeds of the new mortgage loan.</li> <li>• The new loan amount can be no more than the actual documented amount of the borrower’s initial investment in purchasing the property plus the financing of closing costs, prepaid fees, and points on the new mortgage loan.</li> <li>• Maximum LTV is per LTV Matrix. LTV is based on the lesser of the Purchase Price or current appraised value.</li> <li>• Maximum loan amount is per the LTV Matrix. Rate Term cash back amount restriction does not apply.</li> </ul>
<p><b>CASH-OUT REFINANCE</b></p>	<p>Cash-Out Refinance:</p> <ul style="list-style-type: none"> <li>• Eligible liens: The mortgage amount may include the present first mortgage payoff, subordinate liens, closing costs, payoff of debt and additional cash to the borrower.             <ul style="list-style-type: none"> <li>▪ Installment and revolving accounts may be paid off after loan application in order to qualify for the loan. Revolving accounts do not need to be closed.</li> <li>▪ Installment and revolving accounts may not be paid down after loan application in order to qualify for the loan nor may installment accounts be paid down to 10 payments or less to exclude payment from DTI calculations.</li> <li>▪ Cash out from this transaction may not be used to pay down debt to qualify for the loan.</li> </ul> </li> <li>• Maximum Cash Back: Refer to the Program Summaries for maximum cash back.</li> <li>• Cash Out refinances on a Texas primary / homestead residence must be treated as Texas 50(a)(6) loan.</li> <li>• If the property was listed for sale within the prior six months, the listing agreement must be canceled at least six months prior to the application date. A copy of the canceled / expired listing should be placed in the file to verify that the property is not currently listed by a different agency.</li> <li>• A net tangible benefit is required.</li> <li>• Evidence of continuity of obligation is not required: however, evidence that the borrower is the owner of record on title is required.</li> <li>• All borrowers must have 6 months seasoning on title.</li> </ul>

<p><b>DEBT CONSOLIDATION REFINANCE</b></p>	<p>Debt Consolidation Refinance: A Debt Consolidation cash-out refinance of a property is allowed to follow rate/term refinance pricing, LTV and FICO guidelines so long as the following conditions are met:</p> <ul style="list-style-type: none"> <li>• Cash-Out Refinance: Underwritten as a Cash-out refinance, but priced as a Rate/Term refinance.</li> <li>• Property Ownership: Borrower must have owned the property at least 24 months.</li> <li>• Not allowed on primary residence / homestead in Texas. Debt consolidation on a primary residence / homestead in Texas must follow Texas 50(a)(6) guidelines.</li> <li>• Direct Payment of Debt: Evidence that each creditor will be paid directly at closing and verified through the closing disclosure:</li> <li>• Installment and revolving accounts may be paid down or paid off. Revolving accounts do not need to be closed. If the installment or revolving account is paid down, but not paid off, the DTI must be calculated using the current balance on the credit report.</li> </ul>
<p><b>ELIGIBLE BORROWERS</b></p>	<ul style="list-style-type: none"> <li>• United States Citizens,</li> <li>• Permanent Resident Aliens</li> <li>• Maximum number of borrowers is 4.</li> <li>• Borrowers with diplomatic immunity – not allowed</li> </ul>
<p><b>FIRST TIME HOMEBUYER</b></p>	<p>Allowed: A First Time Homebuyer is an individual that has not had a mortgage in the past or owned a home in the past 3 years.</p>
<p><b>NON-OCCUPANT CO-BORROWER</b></p>	<p>Allowed: with the following underwriting requirements:</p> <ul style="list-style-type: none"> <li>• Income and assets may be used for qualifying purposes and to meet minimum borrower contribution requirements.</li> <li>• All liabilities must be included in the combined DTI</li> <li>• Combined DTI of <math>\leq 43\%</math></li> <li>• Non-occupying co-borrower arrangement may not be used to develop a portfolio of rental properties.</li> <li>• Non-Occupant co-borrower must be family members.</li> </ul>
<p><b>INTER VIVOS / LIVING TRUST</b></p>	<p>Living (“inter-vivos”) trusts must comply with local state regulations and the following requirements to be eligible for financing:</p> <ul style="list-style-type: none"> <li>• The settler, or the person who created the trust and</li> <li>• The beneficiary, or the person who is designated to benefit from the trust, and</li> <li>• The trustee or the person who will administer the trust for the benefit of the beneficiary, the borrower.</li> </ul> <p>The following documentation is required:</p> <ul style="list-style-type: none"> <li>• The trust was validly created and is duly existing under applicable law,</li> <li>• A complete copy of the trust documents certified by the borrower to be accurate, or a copy of the abstract or summary for jurisdictions that require a lender to review and rely on an abstract or summary of trust documents instead of the trust agreements must be provided in the loan file.</li> </ul>

<b>NUMBER OF OTHER FINANCED PROPERTIES</b>	<ul style="list-style-type: none"> <li>• Primary – Unlimited financed properties permitted</li> <li>• Second Home – 10 financed properties including subject</li> <li>• Maximum 4 financed properties with WesLend</li> </ul>
<b>UNDERWRITING</b>	<p>Loans must be manually underwritten. Loan amounts <math>\leq</math> confirming/high balance loan limits must run through AUS to determine if WesLend Select Fresh Start product meets the borrower’s best execution. Loan is ineligible if the borrower qualifies for an Agency product unless the property is a Non-Warrantable Condo.</p>
<b>CREDIT REQUIREMENTS</b>	<p><b><u>Credit Score:</u></b></p> <ul style="list-style-type: none"> <li>• Residential mortgage Credit Report or tri-merged in file from all three repositories required.</li> <li>• Credit disputes must be removed.</li> <li>• The representative credit score for each borrower is the median of the three scores (or lesser of two, if only two scores are returned); the representative score for the loan is that of the borrower with the lowest representative score.</li> <li>• Each Borrower must have a minimum of 2 open tradelines (installment, revolving, mortgage, etc.) that have been reporting for a minimum of 12 months. Joint accounts count as one tradeline for each borrower.             <ul style="list-style-type: none"> <li>▪ 1 of the 2 must be open and active within the last 12 months.</li> </ul> </li> </ul> <p><b>Minimum Trade-Lines:</b> The primary wage earner must have a minimum of 2 open trade-lines, that have been reporting within the most recent 24 months (but not required to be open for 24 months).</p> <ul style="list-style-type: none"> <li>• Joint accounts count as one trade-line for each borrower</li> <li>• 1 of the 2 must be open and active, within the last 12 months, the other must have had activity within the most recent 24 months, but does not have to be open</li> <li>• Authorized User Accounts cannot be used to satisfy minimum trade line requirements.</li> <li>• If the borrower is 100% owner of a business, business tradelines can be utilized to satisfy this requirement so long as there is documentation in the loan file to confirm.</li> </ul> <p><b>Note:</b> Authorized User Accounts cannot be used to satisfy minimum trade line of FICO requirement.</p> <p><b><u>Derogatory credit:</u></b> All judgements, liens, collection accounts, charge off accounts, etc. affecting title must be paid in full at or prior to closing. If the account was charged off greater than four years prior to application date the account will not be included in calculations below. Medical related collections or charge offs are not counted in calculation at any time. All other derogatory credit is subject to the following requirements:</p> <ul style="list-style-type: none"> <li>• Derogatory Credit that cumulatively totals in excess of \$25,000 (excluding medical debt) are permitted.</li> </ul>
<b>DEROGATORY HOUSING EVENT SEASONING</b>	<ul style="list-style-type: none"> <li>• No Seasoning required for a derogatory event but Derogatory Event must be completed prior to application date ( or in case of a CH 13BK, case be filed)</li> <li>• A Derogatory Event is defined as a short-sale (ss), deed-in-lieu (DIL), mortgage loan charge-off (MCO, foreclosure (FCL) or Chapter 7 or Chapter 13 Bankruptcy (BK)</li> <li>• Multiple derogatory housing events are allowed if the most recent event has been completed prior to application date.</li> </ul>

<p><b>STUDENT LOAN OBLIGATIONS</b></p>	<p>Student loan payments may be excluded with written evidence that the debt will be deferred for a period outside the 12 month timeframe. Repayment amount should be determined based on the actual documented payment (either from the credit report, obtained from the student loan lender, or supplied by the borrower). If the borrower is following an income-driven repayment plan (“IDR”), the IDR monthly payment amount must be used.</p>
<p><b>HOUSING PAYMENT HISTORY</b></p>	<ul style="list-style-type: none"> <li>No prior mortgage or rental payment history required.</li> </ul>
<p><b>RATIOS</b></p>	<ul style="list-style-type: none"> <li>Max 50% (up to 55% DTI considered with compensating factors. Refer to the Specified Credit Factors section for details)</li> </ul>
<p><b>SPECIFIED CREDIT FACTOR</b></p>	<p>One of the following Specified Credit Factors are allowed</p> <p><u>Maximum 55% DTI</u> is allowed as long as the loan parameters meet two of the following compensating factors (loan must be manually locked to exceed 50% DTI)</p> <ul style="list-style-type: none"> <li>&lt;= 75% LTV</li> <li>&gt;= 650 FICO</li> <li>Either: Reserves &gt;= 12 months or &gt;= 125% Residual Income.</li> </ul> <p><u>Minimum of 80%</u> of required Residual Income amount is allowed as long as the loan parameters meet two of the following compensating factors:</p> <ul style="list-style-type: none"> <li>&lt;= 75% LTV</li> <li>&gt;= 650 FICO</li> <li>Either: Reserves &gt;= 12 months or &lt;= 40% DTI</li> </ul> <p><u>Minimum 2 months reserves</u> is allowed as long as the loan parameters meet two of the following compensating factors.</p> <ul style="list-style-type: none"> <li>&lt;= 75% LTV</li> <li>&gt;= 650 FICO</li> <li>Either : DTI &lt;= 40% or &gt;= 125% Residual Income</li> </ul>
<p><b>RESIDUAL INCOME</b></p>	<ul style="list-style-type: none"> <li>All loans are required to be validated thru the WesLend Financial Residual Income Calculator and verified with the Residual Income Table.</li> <li>The Residual income must be equal to or more than the minimum requirement per the Residual Income Table. Loans that fail to meet the minimum requirements are not eligible for loan approval.</li> </ul> <p><b>Calculation:</b> Residual income is equal to</p> <ul style="list-style-type: none"> <li>The sum of each borrower’s monthly gross income</li> <li>Less the borrower’s total monthly housing payment</li> <li>Less the borrower’s monthly reoccurring obligations</li> <li>Less estimated monthly utility charges such as electricity, water, oil/gas calculated by multiplying the square feet living area of the to be occupied property by \$0.14.</li> </ul>



<p><b>EMPLOYMENT &amp; INCOME</b></p>	<p>Verify most recent two full years of employment.</p> <ul style="list-style-type: none"> <li>• Explain any gaps in employment that span one or more months / and</li> <li>• Indicate if the borrower was in school or the military for the recent two full years, providing evidence supporting this claim, such as collect transcripts, or discharge papers</li> </ul> <p><b>Salaried Borrowers:</b> A minimum history of two years of employment income is recommended, however, income that has been received for a shorter period of time may be considered as acceptable income, as long as the borrower’s employment profile demonstrates that there are positive factors to reasonably offset the shorter income history.</p> <p><b>Bonus / Overtime Income:</b> Borrower should have received this type of income for the past two years and income documentation submitted for the loan must not explicitly indicate that Bonus / Overtime income is likely to stop.</p> <p><b>Commission Income:</b> A commissioned borrower is one who receives more than 25% of their annual income from commissions. Generally, the Borrower must have received this income for the past two years and that the income will likely continue.</p> <p><b>Part-time Income:</b> Part-time income refers to employment taken to supplement the borrower’s regular employment (i.e. not primary job and worked less than 40 hours). Generally, the Borrower must have received this income for the past two years and will likely continue.</p> <p><b>Seasonal Employment:</b> Seasonal income is considered uninterrupted, as long as the borrower has constant history of seasonal income, and can be used to qualify the borrower. Verify employment during the last two years.</p> <p><b>Self Employed Definition:</b> A borrower with either 25% or greater ownership interest in a business or earns 100% of income from a self-employed entity but has &lt; 25% ownership (excluding dominion partnerships and W-2 employees) is considered self-employed . Income from self-employment is generally considered stable and effective if the borrower has been self- employed for two or more years.</p> <p><b>Rental Income:</b></p> <ul style="list-style-type: none"> <li>• If the property was acquired subsequent to the most recent tax filing year, a signed lease agreement should be used to calculate qualifying rental income.</li> <li>• Rental income should be calculated using the 1040 tax return (schedule E) information.</li> <li>• Rental income derived from a multiple unit subject property where the borrower resides in on or more units and charges rent to tenants of other units may be used for qualifying purposes.</li> <li>• Rental income can be used on purchase transaction with valid lease, 75% occupancy factor and full PITIA of the subject in the liabilities section.</li> <li>• Projected rent:             <ol style="list-style-type: none"> <li>1. May be considered gross income, only after deducting vacancy and maintenance factors, and</li> <li>2. May not be used as a direct offset to the mortgage payment.</li> </ol> </li> </ul>
<p><b>INELIGIBLE INCOME</b></p>	<ul style="list-style-type: none"> <li>• Asset dissipation</li> <li>• Educational benefits, such as VA benefits or scholarships</li> <li>• Lump sum payments such as inheritances or lawsuit settlements (may be verified as assets to close)</li> <li>• Payments that are received for purchase or reimbursement of specified items.</li> </ul>

	<ul style="list-style-type: none"> <li>• Retained earnings</li> <li>• Reverse mortgage loan proceeds</li> <li>• Secondary income that will continue for less than three years.</li> <li>• Taxable forms of income that the borrower does not declare on federal income tax returns.</li> <li>• Unverifiable income</li> <li>• Value of a company furnished automobile</li> <li>• Value of employment benefit packages that are not received as cash wages</li> <li>• Lump sum payments of lottery earnings that are not ongoing</li> <li>• Non-borrower spouse income</li> <li>• Student loans / grants</li> <li>• Allowance income (for example, an allowance received from a family member)</li> <li>• Stock options</li> <li>• Severance Pay</li> <li>• Trailing wage earner income</li> <li>• Marijuana Related Business (MRB) employment and income.</li> </ul>
<p><b>4506T / TAX TRANSCRIPTS:</b></p>	<ul style="list-style-type: none"> <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.</li> <li>• For Self-employed borrowers, this applies to both personal returns and business returns (for business where borrower has 25% ownership)</li> <li>• Full 1040 tax transcripts for all years of income received must match W2s and signed tax returns.</li> <li>• Income not used in the Qualifying income (either as income or liability) should not require IRS transcripts.</li> <li>• Form 4506T must also be signed at closing.</li> </ul>
<p><b>VERBAL VERIFICATION OF EMPLOYMENT And WRITTEN VERIFICATION OF EMPLOYMENT (When required)</b></p>	<p>Document as follows:</p> <ul style="list-style-type: none"> <li>• Within 10 business days prior to the closing date for employment income.</li> <li>• Within 30 calendar days prior to the closing date for self-employment income (VVOE for self-employed income should include verification of a phone listing and address for the borrower’s business AND verification through a third party such as a CPA, regulatory agency or applicable licensing bureau. If contact is made verbally, the loan file must be documented to identify both the source of the information obtained and the name and title of the person who obtained the information.</li> </ul>
<p><b>ASSETS</b></p>	<p>Full Asset Documentation is required for both funds to close and reserves. For most asset type, this would include all pages of the most recent two months statements or the most recent quarterly statement OR, a Verification of Deposit (Form 1006 or 1006(s)) and a current statement for the account(s) shown on the form.</p> <ul style="list-style-type: none"> <li>• The Down Payment must be sourced and seasoned at least 60 days before application date.</li> <li>• Borrower can provide an acceptable paper trail to source the funds if two months bank statements cannot be provided (inheritance, insurance settlement, lottery, legal settlement, etc.)</li> <li>• Borrower must disclose, and verify all qualifying liquid and retirement assets.</li> <li>• The Down Payment must be sourced and seasoned at least 60 days before application date.</li> <li>• Business accounts may be used for down payment, closing costs, and reserves if the borrower is 100% owner of the business. A cash flow analysis or a letter from the business accountant is required to confirm that the withdrawal will not negatively impact the business.</li> <li>• Stocks/Bonds/Mutual Funds – 70% may be used for reserves.</li> </ul>

- Vested Retirement Account Funds – 60% may be considered for reserves, unless the borrower is of retirement age (59.5) at time of application (70% can be used for reserves). The terms of the withdrawal must show the borrower has access to the funds.
- If needed to close, verification that funds have been liquidated (if applicable) is required.
- Large deposits in excess of 25% of monthly qualifying income or any large deposit that is out of the ordinary are required to be explained and source documented in the file.

**Gifts and gifts of equity** - allowed for down payment, closing costs, and reserves with the following restrictions:

- If the gift/gift of equity is coming from a relative, a minimum borrower contribution from the borrower’s own funds is not required. All funds needed to complete the transaction can come from a gift.
  - Relative: Borrower’s spouse, child or other dependent or any other individual who is related to the borrower by blood, marriage, adoption, or legal guardianship, domestic partner (an unrelated individual who shares a committed relationship with the primary wage earner, currently resides in the same household as the primary wage earner, and intends to occupy the security property with the primary wage earner), fiancé, or fiancée to pay part of the closing costs or to supplement his or her financial reserves.
- If the gift / gift of equity is not coming from a relative, a 5% minimum borrower contribution is required regardless of LTV. After the minimum borrower contribution has been met, gifts can be used to supplement the down payment, closing costs, and reserves.
- Primary residence only
- Gift / gift of equity are not required to meet seasoning requirements.
- Executed gift letter required.
- Evidence that sufficient funds to cover the gift are either in the donor’s account or have been transferred to the borrower’s account is required.
- Gifts of cash are only allowed on arms-length transactions, if the cash is coming from a disinterested relative (i.e., not involved in the transaction), however gifts of equity will be permitted on non-arm’s length transactions so long as all other requirements are met.

**Ineligible Assets**

- Grant Funds
- Builder Profits
- Employer Assistance Assets
- Cash advance on credit cards
- Signature loan
- Stock options and non-vested restricted stock
- Cash for which the source cannot be verified (cash on hand)
- Commission from sale of subject property
- Salary advance
- Sweat equity (contribution to the construction or rehabilitation of a property in the form of labor or services)
- Unverifiable source of funds
- Non-vested stock
- Reverse Mortgage
- Pension Fund
- Seller Real Estate Tax Credit

<p><b>ELIGIBLE PROPERTIES</b></p>	<ul style="list-style-type: none"> <li>• Single Family Residences (Attached and Detached)</li> <li>• All properties must have zoning which is common for the area</li> <li>• No acreage limit; however if the land value of any property &gt;5 acres exceeds 35% of the total property value, appraisal must confirm that the land-to-value ratio is common/typical for the subject market area.</li> <li>• 2-4 Units residential property</li> <li>• PUDs (Attached and Detached)</li> <li>• Modular Home (i.e. affixed to the land)</li> <li>• Leasehold Estates</li> <li>• Multiple parcels allowed per Fannie Mae Conventional Conforming Guidelines.</li> <li>• Warrantable Condominiums (Attached and Detached) Warranty must meet FNMA's project review guidance. WesLend and its investors will not finance more than 25% of the units in any on project.</li> <li>• Non-Warrantable Condominiums including Condotels will be reviewed and approved by WesLend and investor. See Non-Warrantable Condominium Addendum. Final Risk Levels are determined by WesLend and investors, after a Full Review is performed.</li> <li>• A residential property, currently subject to a land contract where the proceeds from the new WesLend mortgage will pay off in full the land contract and the WesLend mortgage provides a clean first lien on the property.</li> </ul>
<p><b>INELIGIBLE PROPERTIES</b></p>	<ul style="list-style-type: none"> <li>• Cooperative Units</li> <li>• Manufactured homes</li> <li>• Mobile homes</li> <li>• Dome properties</li> <li>• Mixed use properties</li> <li>• Unique properties</li> <li>• Houseboats</li> <li>• Timeshares</li> <li>• Hobby farms</li> <li>• Working Farms, ranges, orchards, and / or commercial operations</li> <li>• Property used for commercial purposes</li> <li>• Unimproved land</li> <li>• Properties lacking full kitchen and full bathroom facilities</li> <li>• Properties in less than average condition as documented by the appraisal</li> <li>• Agricultural zoned properties where the primary use of the property is not residential</li> <li>• Foreclosed properties located in a state where a redemption period is allowed (allowed in some states for both Tax Sales and Judicial Foreclosures) until: The redemption period has expired AND the foreclosure sale had been confirmed AND clear and marketable title can be obtained.</li> </ul>
<p><b>STATE RESTRICTION</b></p>	<p><b>Loans on properties in New York, Maine or Massachusetts are not permitted.</b></p>
<p><b>DECLINING MARKET</b></p>	<p>If appraiser denotes market as declining, reduce maximum LTV by 5% from maximum financing limits.</p>

<p><b>APPRAISAL</b></p>	<p><b>Appraisal Requirements:</b> The appraisal report must not be more than 180 days old on the date of the note. An appraisal update is required on appraisals older than 120 days. A New appraisal is required when original report is older than 180 days. All appraisals must meet the Uniform Appraisal Dataset requirements determined by Fannie Mae. (as modified by Fannie Mae from time to time)</p> <p><b>Appraisal Overview:</b></p> <ul style="list-style-type: none"> <li>• <u>Purchases:</u> <ul style="list-style-type: none"> <li>▪ <u>One appraisal required for all loans &lt;= \$1,500,000.</u></li> <li>▪ <u>Two appraisals required for all loans &gt; \$1,500,000.</u></li> </ul> </li> <li>• <u>Refinances:</u> <ul style="list-style-type: none"> <li>▪ <u>One appraisal required for all loans &lt;= \$1,000,000.</u></li> <li>▪ <u>Two appraisals required for all loans &gt; \$1,000,000.</u></li> </ul> </li> </ul> <p><b>Collateral Review Requirements:</b></p> <ul style="list-style-type: none"> <li>• All appraisals, regardless of loan amount, must be submitted through the FNMA Uniform Collateral Data Portal and obtain a successful finding on the Submission Summary Report (SSR).</li> </ul>						
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<p><b>ESCROW HOLDBACKS</b></p>	<p>Not Allowed</p>						
<p><b>FEE LIMITATIONS</b></p>	<ul style="list-style-type: none"> <li>• Total Points and fees <b><u>must be less than</u></b> 5%</li> </ul>						
<p><b>SELLER / INTERESTED PARTY CONTRIBUTIONS</b></p>	<p>Amounts in excess of the below limits or additional cash back to the borrower for any contributions that exceed the actual amount of closing costs are considered to be sales concessions and must be treated accordingly (deducted from sales price when calculating LTV.)</p> <table border="1" data-bbox="514 1157 1598 1219"> <thead> <tr> <th style="background-color: #0070C0; color: white;">Occupancy Type</th> <th style="background-color: #0070C0; color: white;">LTV/CLTV Ratio</th> <th style="background-color: #0070C0; color: white;">Maximum IPC</th> </tr> </thead> <tbody> <tr> <td>Primary and Second Home</td> <td>All CLTV Ratios</td> <td>6%</td> </tr> </tbody> </table>	Occupancy Type	LTV/CLTV Ratio	Maximum IPC	Primary and Second Home	All CLTV Ratios	6%
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