

<b>SECTION 1:</b>	<b>CODING</b>																																																																																				
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<b>MINIMUM/MAXIMUM LOAN AMOUNTS</b>	<p>Minimum Loan Amount of \$60,000</p> <p>Fannie Mae Conforming loan limits apply.</p> <p><b>CONFORMING LOAN LIMITS:</b></p> <table border="1"> <thead> <tr> <th># of Units</th> <th>Continental US</th> <th>Hawaii</th> </tr> </thead> <tbody> <tr> <td>1 Unit</td> <td>\$417,000</td> <td>\$625,500</td> </tr> <tr> <td>2 Units</td> <td>\$533,850</td> <td>\$800,775</td> </tr> <tr> <td>3 Units</td> <td>\$645,300</td> <td>\$967,950</td> </tr> <tr> <td>4 Units</td> <td>\$801,950</td> <td>\$1,202,925</td> </tr> </tbody> </table>	# of Units	Continental US	Hawaii	1 Unit	\$417,000	\$625,500	2 Units	\$533,850	\$800,775	3 Units	\$645,300	\$967,950	4 Units	\$801,950	\$1,202,925																																																																					
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7. LTV's 95.01-97% the following additional criteria apply:
- Minimum FICO: 720
  - Maximum Debt Ratio: 41%
  - Not allowed on 3/1 ARM
  - Non-Occupant co-borrowers are not permitted
  - Subordinate financing is not permitted
  - Minimum down payment/borrower contribution requirement: 3% from borrowers own funds
  - 2 months reserves are required
  - Construction-to-permanent transactions are not permitted
  - 35% mortgage insurance is required.

Additional LTV/FICO requirements may apply to loans >80% LTV due to mortgage insurance restrictions. Check with the MI company for details.

**Purchase and Rate/Term Refinance – Interest Only**

INTEREST ONLY				
Occupancy	Units	FIC O	LTV	CLTV
Primary	1	720	70%	70%
Second Home	1	720	70%	70%
Investment	NA	NA	NA	NA

**INTEREST ONLY NOTES:**

- Cash out refinance not allowed
- Investment property not allowed.
- 2-4 unit properties not allowed.
- Borrower must have 24-month cash reserves.

SECTION 3:	PROGRAM PARAMETERS															
<b>ELIGIBLE LOAN TYPES</b>	<p><b>Fixed-Period ARM:</b> This program provides an initial fixed-period term of 3, 5, 7, or 10 years. At the end of the fixed period, the loan is fully amortized over the remaining term as an adjustable-rate mortgage.</p> <p>3/1 year ARM not allowed on LTV's 95.01-97%</p> <p><b>Interest-Only Fixed-Period ARM:</b> Under this program, the borrower pays interest only during the first 10 years of the loan term. The loan is then fully amortized over the remaining 20 year term as an adjustable-rate mortgage.</p>															
<b>MARGIN</b>	2.25%															
<b>NOTE RATE LIMITATIONS</b>	<p>3/1 &amp; 5/1 ARM – Note rates may not be lower than 2% below the fully indexed rate.</p> <p>7/1 &amp; 10/1 ARM – Note rates may not be lower than 3% below the fully indexed rate.</p>															
<b>LIFE CAPS</b>	<p><b>Life floor:</b> The life floor will never be lower than the margin</p> <p><b>Life cap:</b> 5% over the Note Rate</p>															
<b>RATE ADJUSTMENT CAP AND DATE</b>	<table border="1"> <thead> <tr> <th>Term</th> <th>Index</th> <th>Interest Rate Adjustment Cap and Date</th> </tr> </thead> <tbody> <tr> <td>3/1</td> <td>LIBOR only</td> <td>The interest rate is fixed for the first 36 months. The maximum interest-rate adjustment at the first adjustment date is 2%. Thereafter, the interest rate adjusts annually. With a maximum interest-rate change at any one adjustment date of 2%.</td> </tr> <tr> <td>5/1</td> <td>LIBOR only</td> <td>The interest rate is fixed for the first 60 months. The maximum interest-rate adjustment at the first adjustment date is 5%. Thereafter the interest rate adjusts annually with a maximum interest-rate change of 2%, which will not cause deferred interest, and a life cap of 5%.</td> </tr> <tr> <td>7/1</td> <td>LIBOR only</td> <td>The interest rate is fixed for the first 84 months. The maximum interest-rate adjustment at the first adjustment date is 5%. Thereafter, the interest rate adjusts annually with a maximum interest-rate change at any one- adjustment date of 2%, which will not cause deferred interest.</td> </tr> <tr> <td>10/1</td> <td>LIBOR only</td> <td>The interest rate is fixed for the first 120 months. The maximum interest-rate adjustment at the first adjustment date is 5%. Thereafter, the interest rate adjusts annually with a maximum interest-rate change at any one-adjustment date of 2%, which will not cause deferred interest.</td> </tr> </tbody> </table> <p><b>Note:</b> The interest rate must always be rounded to the nearest 1/8th of 1% (0.125%).</p> <p><b>Fixed-Period ARM Loan</b> The first payment change date will be the first of the month following the interest-rate adjustment, and every 12 months thereafter.</p>	Term	Index	Interest Rate Adjustment Cap and Date	3/1	LIBOR only	The interest rate is fixed for the first 36 months. The maximum interest-rate adjustment at the first adjustment date is 2%. Thereafter, the interest rate adjusts annually. With a maximum interest-rate change at any one adjustment date of 2%.	5/1	LIBOR only	The interest rate is fixed for the first 60 months. The maximum interest-rate adjustment at the first adjustment date is 5%. Thereafter the interest rate adjusts annually with a maximum interest-rate change of 2%, which will not cause deferred interest, and a life cap of 5%.	7/1	LIBOR only	The interest rate is fixed for the first 84 months. The maximum interest-rate adjustment at the first adjustment date is 5%. Thereafter, the interest rate adjusts annually with a maximum interest-rate change at any one- adjustment date of 2%, which will not cause deferred interest.	10/1	LIBOR only	The interest rate is fixed for the first 120 months. The maximum interest-rate adjustment at the first adjustment date is 5%. Thereafter, the interest rate adjusts annually with a maximum interest-rate change at any one-adjustment date of 2%, which will not cause deferred interest.
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<b>INDEX</b>	<b>LIBOR Index:</b> The average of interbank offered rates for one year in U.S. dollar-denominated deposits in the London market (LIBOR) as published in The Wall Street Journal.															
<b>TEMPORARY BUYDOWNS</b>	Not Allowed															
<b>ASSUMABILITY</b>	<p><b>3/1 ARM:</b> Assumable at any time</p> <p><b>5/1, 7/1 and 10/1 ARM:</b> Assumable any time after the initial fixed interest rate period</p>															
<b>PREPAYMENT PENALTY</b>	Not Permitted															
SECTION 4:	BORROWER ELIGIBILITY															
<b>ELIGIBLE BORROWERS</b>	<p>U.S. Citizens</p> <p>Permanent resident aliens</p> <p>Non-permanent resident aliens</p> <p>Inter vivos revocable trusts</p>															

<p><b>MAXIMUM NUMBER OF BORROWERS:</b></p>	<p>Non-occupant co-borrowers</p> <p>Loan transactions with more than four (4) applicants/borrowers are not eligible.</p>
<p><b>FIRST TIME HOMEBUYER</b></p>	<p>Allowed, no restrictions.</p>
<p><b>NON-OCCUPANT CO-BORROWER</b></p>	<p>The income of a non-occupant co-borrower cannot be considered for qualifying purposes on a first mortgage with an LTV in excess of 90%. On a first mortgage with an LTV of 90% or less, the income of a non-occupying co-borrower may be considered for qualifying purposes, subject to the following additional criteria:</p> <ul style="list-style-type: none"> <li>• Down Payment: The occupant borrower must provide 5% of the purchase price towards the down payment using their own funds (which must come from an acceptable source).</li> <li>• Qualifying Ratio: The qualifying ratio for the occupying borrower cannot exceed 35%/43%</li> </ul> <p><b>NOTE:</b> If the occupant-borrower does not meet the above requirements, then the loan must be registered and underwritten as an investment property.</p> <p>The occupant-borrower must demonstrate the ability and willingness to make the mortgage payment and maintain homeownership. The income from the non-occupant co-borrower can offset certain weaknesses of the occupant-borrower, such as limited financial reserves, limited credit history, or a higher-than-normal qualifying ratio. However, the income from a non-occupant co-borrower cannot be used to offset significant or recent instances of major derogatory credit in the occupant-borrower's credit history or an occupant-borrower's inability to make the mortgage payment without regular and significant assistance from the non-occupant co-borrower. If the occupant-borrower does not meet the above requirements, then the loan must be registered and underwritten as an investment property.</p>
<p><b>PERMANENT RESIDENT ALIEN</b></p>	<p>Non-occupant co-borrowers are not allowed on LTV's 95.01-97%.</p> <p>Permanent resident aliens are non-United States citizens who hold acceptable evidence of permanent residency issued by the U.S. Citizenship and Immigration Services (USCIS). Permanent resident aliens must have any of the following documentation:</p> <p>Permanent Resident Card (USCIS form I-551)</p> <ul style="list-style-type: none"> <li>• May be issued as a conditional right to reside for individuals seeking residency through marriage to a U.S. citizen/permanent resident or based on a financial investment in a U.S. business. These cards will have an expiration date and are valid for two years. At the end of the two years the individual must apply for an unconditional right to reside or risk losing their permanent resident status. Cards that are due to expire within 90 days must be accompanied by a copy of USCIS form I-751 (Petition to Remove Conditions on Residence) or USCIS form I-829 (Petition by Entrepreneur to Remove Conditions) filing receipt.</li> <li>• Cards may be issued without conditions and are valid for ten years. Cards that are due to expire within 6 months must be accompanied with a copy of USCIS form I-90 (Application to Replace Permanent Resident Card) filing receipt.</li> <li>• There are numerous versions of the I551 card that are no longer issued but are considered valid as long as unexpired. Cards that are due to expire within 6 months must be accompanied with a copy of USCIS form I-90 (Application to Replace Permanent Resident Card) filing receipt.</li> </ul> <p>Unexpired Foreign Passport</p> <ul style="list-style-type: none"> <li>• Must contain an unexpired stamp reading "Processed for I-551 Temporary Evidence of Lawful admission for Permanent Residence. Valid until mm-dd-yy. Employment authorized."</li> </ul>
<p><b>NON-PERMANENT RESIDENT ALIEN</b></p>	<ul style="list-style-type: none"> <li>• Borrowers are eligible for financing under the same terms as a US citizen.</li> <li>• Must currently reside in the U.S. and have a social security number</li> <li>• Borrower must be employed in the U.S. The source of the income must be verified and must be expected to continue for at least 3 years and</li> </ul>

<b>FOREIGN NATIONAL</b>	<ul style="list-style-type: none"> <li>• Have a 2-year work history including their employment in a foreign country. Standard documentation authenticity, accuracy, and completeness apply</li> <li>• Tax Identification Number (TIN) is not acceptable</li> </ul>
<b>NON-ARMS LENGTH TRANSACTIONS</b>	<p>Not eligible</p> <p>A non-arms length transaction is one in which there is a relationship or business affiliation between the seller and the buyer of the property (e.g., family sale, property in an estate, employee and employer, renter and landlord, flip transactions, or direct sale without a third party).</p> <p>Although non-arms length transactions are not prohibited, these loans do require close examination to ensure the equity position is not compromised. Non-ARM's length transactions are permitted for the purchase of new and existing properties under the following conditions:</p> <ul style="list-style-type: none"> <li>• Loans must be processed using full documentation for assets and income, regardless of the AUS findings.</li> <li>• Transaction must be for a primary residence or second home. Investment properties are not allowed.</li> <li>• If the property is a newly constructed property, and the borrower has a relationship or business affiliation (any ownership interest, or employment) with the builder, developer, or seller of the property, the loan must be secured by a primary residence. In these situations, second home are not permitted.</li> <li>• A full appraisal must be obtained regardless of the AUS findings.</li> <li>• The appraiser must be informed of the non-arms length transaction and address whether or not the market value has been affected by the relationship of the parties.</li> <li>• Loans requiring MI may have additional restrictions.</li> </ul>
<b>NUMBER OF OTHER PROPERTIES</b>	<p><b><u>Number of financed properties permitted:</u></b></p> <ul style="list-style-type: none"> <li>• If the subject property is owner occupied, there are no restrictions on the number of financed properties that a borrower can own.</li> <li>• If the subject property is a second home or NOO, the borrower may own up to 4 financed properties. Properties the borrower owns free and clear are not included. When the borrower owns &gt;4 properties, documentation must be provided to show the excess properties are owned free and clear.</li> </ul> <p><b><u>Number of properties WesLend will finance:</u></b></p> <ul style="list-style-type: none"> <li>• WesLend will finance up to 4 multiple properties for one borrower</li> <li>• Maximum 4 multiple loans to one borrower with the same investor</li> </ul>
<b>SECTION 5:</b>	<b>CREDIT CRITERIA</b>
<b>UNDERWRITING</b>	<p><b><u>Automated Underwriting:</u></b></p> <ul style="list-style-type: none"> <li>• All loans <b>must</b> be underwritten through Fannie Mae's Desktop Originator/Desktop Underwriter (DO/DU) and receive an Approve/Eligible recommendation. <b>Loans may be documented per the DO/DU findings report except where noted herein.</b> . The underwriter may condition for additional documentation as needed over and above DU/DO findings to determine eligibility.</li> <li>• <b>Interest only loans must be underwritten by DU/DO as an Interest Only mortgage.</b></li> </ul> <p><b><u>Manual Underwriting is not permitted.</u></b></p>
<b>PURCHASE TRANSACTIONS</b>	<p><b>PURCHASE TRANSACTIONS</b></p> <p>Purchase money transactions ("purchases") are proceeds used to finance the purchase of the subject property, as defined in a sale and purchase agreement executed by the borrower and property seller.</p> <p>A purchase money transaction also can include loans when the proceeds are used to:</p> <ul style="list-style-type: none"> <li>• Pay off an outstanding balance on an installment land contract or contract for deed including any documented costs the borrower incurred for rehabilitation, renovation, or energy conservation improvements provided the land contract was executed within 12 months of the application date for the new loan.</li> </ul>

	<ul style="list-style-type: none"> <li>• Create a new mortgage by converting an interim construction loan or term note into permanent financing; as long as the borrower receives no cash back from the transaction.</li> <li>• Finance the purchase and rehabilitation or renovation of a property, including energy conservation improvements.</li> </ul>
<p><b>RATE AND TERM REFINANCES</b></p>	<p><b><u>Continuity of Obligation:</u></b></p> <ul style="list-style-type: none"> <li>• Continuity of Obligation is met when any one of the following exist:             <ul style="list-style-type: none"> <li>• At least one borrower is obligated on the new loan who was also a borrower obligated on the existing loan being refinanced.</li> <li>• The borrower has been on title, and residing in the property, for at least 12 months and has either paid the mortgage for the last 12 months or can demonstrate a relationship (relative, domestic partner, etc...) with the current obligor.</li> <li>• The loan being refinanced and the title to the property are in the name of a natural person or a limited liability company (LLC) as long as the borrower was a member of the LLC prior to transfer. Transfer of ownership from a corporation to an individual does not meet the continuity of obligation requirement.</li> <li>• The borrower has recently inherited, or was legally awarded, the property (divorce, separation, or dissolution of a domestic partnership).</li> </ul> </li> </ul> <p>If continuity of obligation does not exist, the following transactions will be considered CASH OUT refinances:</p> <ul style="list-style-type: none"> <li>• Outstanding liens with no continuity of obligation:</li> <li>• If the borrower has been on title for at least 6 months but continuity of obligation does not exist, the maximum LTV/CLTV will be limited to 50 percent based on the current appraised value.</li> <li>• No outstanding liens, with no continuity of obligation:</li> <li>• If the property was purchased within 6-12 months prior to the application date for the new financing: The LTV/CLTV will be based on the lesser of the original sales price/acquisition cost as documented by HUD 1 settlement statement.</li> <li>• If the property was purchased more than 12 months prior to the loan application for new financing, the current appraised value can be used.</li> </ul> <p><b>Buyouts of an ex-spouse or joint owner</b> may be treated as a rate/term refinance if the following conditions are met:</p> <ul style="list-style-type: none"> <li>• The property has been owned and occupied for the previous 12 months by the borrower and joint owner, except in the case of an inheritance.</li> <li>• The borrower's income, assets and debts are fully verified.</li> <li>• The file contains documentation of the divorce property settlement or estate disposition.</li> <li>• The loan proceeds must be disbursed directly to the ex-spouse or joint owner (or his/her authorized agent) and not to the borrower. The disbursement to the ex-spouse or joint owner must be reflected on the HUD I.</li> </ul>

**CASH OUT REFINANCE****Cash out Refinance Transactions**

A cash-out refinance involves a new mortgage loan in which the cash back exceeds the lesser of 2% of the new mortgage principal balance or \$2,000 and is used to pay off the unpaid principal balance of the existing first mortgage and the amount required to satisfy any outstanding subordinate mortgage liens, no matter how old. Any additional cash back received may be used by the borrowers for any purpose. It is acceptable to include closing costs, discount points, prepayment penalties, and any prepaid items, such as hazard insurance and property taxes (current and previous year), as part of the transaction.

For all cash out transactions, the borrower must comply with the following:

- Must have owned the property for six months prior to the application date.
- If the property was listed for sale in the past 6 months, LTV for cash out refinance may not exceed 70%.
- All cash-out refinance transactions require a full appraisal.

If any portion of the loan proceeds is being used to pay off debt for qualification purposes, the debt payoff must be thoroughly documented in the loan file.

If any portion of the loan proceeds is being used to pay off debts for qualification purposes, the underwriter must count a minimum \$10 per month payment for revolving debts and include these debts in the total debt ratio. Installment debts being paid off do not need to be included in the total debt ratio. Verification that the debt has been paid must be provided by one of the following:

- A copy of the HUD-1
- A supplemental credit report
- Verification from the creditor

**CREDIT SCORES**

The minimum representative credit score should not be lower than 620.

The following items, however, are subject to individual evaluation, no matter how high the credit score:

- Bankruptcy, foreclosure, deed-in-lieu, preforeclosure, and short sale.
- Judgments, collections, charge-offs, and tax liens.

A single representative credit score must be selected for each borrower. A representative score is determined for the borrower and the loan, as follows:

**Borrower Representative Score:**

- If a total of three scores are obtained for a borrower, the designated score for that borrower shall be the middle score.
- If a total of two scores are obtained, the lower score will be the designated score for that borrower.

**Loan Representative Score:**

If there are co-borrowers on the loan, the credit score applicable to the loan itself will be the lowest of the respective borrowers' scores.

- If only one score is available for each borrower from all three repositories, use the lowest score of all borrowers as the designated loan score.

**Trade Lines:**

The borrower's established credit history needs to consist of a minimum of 4 trade lines (installment, revolving accounts, mortgages, etc.), one of which has been open a minimum of 24 months, the other 3 must be rated for at least 12 months. Authorized accounts are not included in the minimum trade line requirements. Exceptions to this requirement will be considered with a DU/DO Approved/Eligible Finding.

**No Score:**

If all borrowers do not have a credit score, the loan is ineligible.

**Loans utilizing non-traditional credit are not permitted.**

<b>CREDIT DOCUMENTS</b>	The maximum age of credit document is 90 days for existing construction – 120 days for new construction. Credit documents include credit reports, employment income and asset documents. The age of the document is measured from the date of the document to the date the note is signed.										
<b>BANKRUPTCY</b>	<ul style="list-style-type: none"> <li>• 4 years from the date the Chapter 7 or 11 bankruptcy was discharged or dismissed</li> <li>• 4 years from the date a Chapter 13 repayment plan was dismissed</li> </ul>										
<b>FORECLOSURE</b>	<ul style="list-style-type: none"> <li>• 7 years from the date of a foreclosure sale</li> </ul>										
<b>DEED-IN-LIEU</b>	<ul style="list-style-type: none"> <li>• 4 years from the date a deed-in-lieu was executed</li> </ul>										
<b>RATIOS</b>	<p>Ratios determined by DU/DO.</p> <p>LTV's 95.01-97% maximum ratio is 41%</p>										
<b>QUALIFYING</b>	<p>Qualifying ratios are determined by the DU/DO Certificate</p> <p>For ARM loans qualified using the fully-indexed rate, the ARM index must be dated within 30 days of the Note date. If the updated index is higher than the index used to approve the loan, the loan should be updated and resubmitted to AUS.</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th colspan="2" style="text-align: left;"><b>Without Buy Down</b></th> </tr> <tr> <th style="text-align: left;"><b>Product</b></th> <th style="text-align: left;"><b>Qualifying Rate</b></th> </tr> </thead> <tbody> <tr> <td>3/1 LIBOR</td> <td>Greater of Fully Indexed Rate or Note Rate + 2%<sup>2</sup></td> </tr> <tr> <td>5/1 LIBOR</td> <td>Greater of Fully Indexed Rate or Note Rate + 2%</td> </tr> <tr> <td>7/1 &amp; 10/1 LIBOR</td> <td>Note Rate</td> </tr> </tbody> </table>	<b>Without Buy Down</b>		<b>Product</b>	<b>Qualifying Rate</b>	3/1 LIBOR	Greater of Fully Indexed Rate or Note Rate + 2% <sup>2</sup>	5/1 LIBOR	Greater of Fully Indexed Rate or Note Rate + 2%	7/1 & 10/1 LIBOR	Note Rate
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7/1 & 10/1 LIBOR	Note Rate										
<b>SEASONING</b>	For cash out transactions, the borrower must have owned the property for six months prior to the application date.										
<b>SECONDARY FINANCING</b>	<p>Allowed up to the maximum CLTV noted in the above Maximum LTV/CLTV tables.</p> <p>Not allowed on loans with LTV's 95.01-97%</p> <p>Additional restrictions include:</p> <ul style="list-style-type: none"> <li>• Add-ons may apply. Refer to the Daily Rate Sheet.</li> <li>• Community Seconds are allowed except on fixed-period 3/1 ARMs and Interest-Only 3/1 ARMs.</li> </ul>										

**EMPLOYMENT AND  
INCOME**

The borrower's employment and income for the most recent two years must be verified unless DU/DO decision specifies otherwise. If there are multiple borrowers, only the employment and income used for qualification must be verified.

**Income/employment may be documented per DU/DO.** The underwriter may require additional income documentation if income does not appear reasonable or income can not be calculated with the minimum required.

Acceptable Sources of Income:

- Wage Earner Income
- Self-Employed: Sole Proprietorship, Partnership, Corporations and S Corporations.
- Non-Employed Income: Alimony/maintenance/Child Support/Separate maintenance, Foster Care, Unemployment/Welfare/ADC, Disability/Worker's Compensation, Retirement/Pension, Social Security, Annuity, IRA, Military/VA Benefits, Trust, Interest & Dividend, Inheritance/Guaranteed Income, Note Receivables, Mortgage Differential/COLA and Rental.
- Income from sources other than the ones addressed may be considered provided the borrower has received the income for a least 2 years and documentation supports that it will continue for at least 3 years.

Unacceptable Sources of Income:

- Income based on future earnings
- Draw Income
- Capital withdrawals
- VA Education Benefits
- Income from Mortgage Credit Certificates
- Illegal Income/Income not listed on Tax Returns
- Any income that cannot be documented and verified

**Rental Income for Investment Properties:**

If the subject property being financed is a 1-4 unit investment property and the rental income is being used for qualifying purposes, the borrower must have a 2-year history of managing rental property.

**Rental income from property other than subject property:**

- a. When the property has been owned less than 12 months and is not reflected on the Borrower's most recent filed Federal Individual Tax Return:
  - Copies of the present signed lease(s) may be used only if the borrower has a two-year history of property management experience as evidenced by the most current two years filed and signed Federal IRS 1040 tax returns. Documentation is not required if rental income is not used to qualify.
- b. When the property other than the subject property is owned more than 12 months:
  - The Borrower's prior year completed and filed Federal Individual Income Tax Return including Schedule E.
    - Aggregate net **rental income** may be counted as stable monthly income, provided the reliability of receipt is clearly supported by the documentation in the file.
    - Aggregate net **rental loss** from investment properties and 2-4 unit primary residences must be considered a liability for qualification purposes.

**Employment Gap:**

Income from borrowers who re-enter the workforce and currently have less than a two-year employment and income history may be used to qualify, if

- The borrower has been at the current employer for a minimum of six months, and
- There is evidence of a previous employment history.

<p><b>SALARIED AND HOURLY WAGES</b></p>	<p>The following documentation is required for salary and hourly income:</p> <ul style="list-style-type: none"> <li>• Written VOE covering the most recent 2 years <b>Or:</b></li> <li>• Most recent year to date paystub documenting at least 30 days of income <b>And</b> W-2s for the most recent 2 years</li> </ul>
<p><b>SELF EMPLOYMENT</b></p>	<p>Borrowers who have ownership of 25% or more in a business are considered self-employed. For these borrowers, income is dependent on the continuity of the business; therefore, specific documentation relating to the business is required for borrowers who are self-employed. Developing an average monthly income and evaluating continuity of the borrower's business for self-employed borrowers is based on a review of the borrowers' signed individual tax returns, IRS transcripts,* financial statements and business tax returns, when applicable. This review focuses on assessing the strength and future viability of the business.</p> <p>For self-employed borrowers, the underwriter must develop a history of stable and continuous income for the previous two years. A written income analysis should be prepared and included in the loan file.</p> <p>Self employment may be documented with the following:</p> <ul style="list-style-type: none"> <li>• Two years Individual Tax Returns (IRS Form 1040) (and)</li> <li>• Two years Partnership Tax Returns (IRS Form 1065) (if applicable)</li> <li>• Two years S Corporation Tax Returns (IRS Form 1120S) (if applicable)</li> <li>• Two years Corporate Tax Returns (IRS Form 1120) (if applicable)</li> </ul>
<p><b>FIXED INCOME</b></p>	<p><b>Commission</b></p> <p>When commission income is used for qualifying income, the borrower must have a two-year consecutive history of receiving commission income and the income must be likely to continue for the next three years. The following documentation must be obtained:</p> <ul style="list-style-type: none"> <li>• Written VOE covering two full years with a breakout detailing commission income</li> </ul> <p><b>OR</b></p> <ul style="list-style-type: none"> <li>• Most recent year-to-date paystub covering at least 30 days, with a breakout detailing commission income</li> <li>• W-2s and/or 1099s covering the most recent two years</li> </ul> <p><b>AND</b></p> <ul style="list-style-type: none"> <li>• Complete signed individual federal tax returns for the most recent two years</li> </ul> <p>Employee-paid business expenses reflected on the borrower's tax returns must be deducted from the gross commission income when calculating income. It is important to establish an earnings trend for the income. Annual earnings must be level or increasing. If earnings show a decline in the current year, there must be strong offsetting factors to make the commission income acceptable.</p> <p><b>Retirement</b></p> <p>Income from retirement accounts, retirement benefits and pensions may be used as qualifying income if the income will continue for at least three years. Documentation must be provided by the entity providing the income. Acceptable forms of documentation are:</p> <ul style="list-style-type: none"> <li>• Copy of the retirement award letters, or</li> <li>• Most recent year's W-2 forms or 1099 forms, or</li> <li>• Twelve months' most recent bank statements showing receipt of the income.</li> </ul> <p>Income from a retirement annuity may be used for qualification with proper documentation. A statement from the financial institution managing the annuity is required to verify the balance in the annuity, the monthly payments and the term of the payments to be distributed. Payments to the borrower must continue for a minimum of three years. Regular distributions from IRA and Keogh accounts may be used as qualification income provided the distributions will continue for a minimum of three years. A letter from the administrator of the account is required to verify the terms of the distributions and document the receipt of the funds and the current balance on the account.</p>

<b>FIXED INCOME (cont'd)</b>	<p><b>Social Security</b> Benefits that have a defined expiration date must have a remaining term of at least three years to be considered. Acceptable documentation may be any of the following:</p> <ul style="list-style-type: none"> <li>• A copy of the Social Security Administration's award letter</li> <li>• Copies of the borrower's previous 12 months bank statements to confirm regular deposit of the payment</li> <li>• Signed tax returns for the most recent two years, and a</li> <li>• Signed IRS form 4506-T or 1099 forms are also acceptable.</li> </ul> <p>Social Security Benefits include any of the following types of payments:</p> <ul style="list-style-type: none"> <li>• Social Security Retirement Benefits</li> <li>• Supplemental Security Income</li> <li>• Survivor's Benefits (surviving spouse or child payments)</li> </ul>
<b>WRITTEN VOE</b>	<p>A written VOE is required when utilizing other income for qualifying over and above base pay (commission, bonus, or overtime). A written Verification of Employment (VOE) may be used to verify employment along with a paystub dated within 30 days of the loan application.</p>
<b>VERBAL VOE</b>	<p><b>Verbal Verification of Employment for hourly, salary, and commission income (VOE)</b> For each employed borrower, including second jobs, verbal verification of employment (VOE) must be obtained as part of the underwriting documentation in each loan file, regardless DU/DO findings. The phone number and, if possible, an address for the borrower's employer must be obtained independently by using a telephone book, the internet, directory assistance or by contacting the applicable licensing bureau. Verbal verifications should be completed by the borrower's Human Resource, Personnel Department, or supervisor within 10 calendar days prior to the Note date. Verbal VOE documentation must include:</p> <ul style="list-style-type: none"> <li>• The name and title of the person who confirmed the employment</li> <li>• The date of the call</li> <li>• The source of the phone number</li> <li>• The borrower's current employment status</li> <li>• The borrower's job title</li> <li>• The borrower's date of hire / dates of employment</li> <li>• Probability of continued employment</li> </ul> <p>If an employer will not provide verbal verification of employment, a written verification of employment request must be sent to the employer. Written employment verification documentation must include the name and title of the person performing the verification and be received at least 10 calendar days prior to the closing date. If it is discovered that the borrower is no longer employed, the loan may not fund until the borrower's new employment and income can be verified and the loan re-evaluated. Negative comments received from an employer could be a reason to decline the application. However, prior to doing so, the underwriter must perform a detailed investigation of the comments, arrive at a precise reason to support the decision and document the decision in writing.</p> <p><b>Verbal VOE requirements for self-employed income are:</b> Independent verification of the existence of the borrower's business within 30 calendar days prior to the note date through:</p> <ul style="list-style-type: none"> <li>• A third party, such as a CPA, regulatory agency, or the applicable licensing bureau, if possible; and</li> <li>• Verifying the phone listing and address for the borrower's business using a telephone book, the internet, or directory assistance.</li> </ul> <p>If the contact is made verbally, the lender must document the source of the information obtained and the name and title of the lender's employee who obtained the information. If a borrower is in the military, a military Leave and Earnings Statement (LES) dated within 30 days of the Note date is acceptable in lieu of a verbal or written VOE.</p>

<b>IRS Form 4506-T</b>	<p><b>IRS Form 4506-T</b> – a signed and processed IRS Form 4506-T is required on all loans to obtain the borrower(s)'s tax return transcripts for the two years prior to the loan application, regardless of income or documentation type. All borrowers must sign the IRS Form 4506-T at application and closing; only the form signed at application must be processed. All forms and transcripts must be included in the loan file. This form is required on all conventional loans, all wage earners, self-employed, commission and all other non-employment income types.</p>
<b>FRAUD REPORT</b>	<p>A Fraud Report will be required for all loans which show evidence of resolution for any reported issues. At a minimum, the six required elements in the fraud alert type to be evaluated are SSN, address, phone number, employment, liabilities and property alerts.</p>
<b>ASSETS</b>	<p><b>Assets are to be documented per DU/DO.</b></p> <ul style="list-style-type: none"> <li>• Borrowers must have sufficient verified liquid assets for the down payment, closing costs and reserves.</li> <li>• Liquid assets include checking accounts, savings accounts, CD's, gifts, money market, mutual funds, stock, trust funds, net equity, bridge loans, bonds, secured borrowed funds, etc.</li> <li>• Retirement accounts (IRAs) are valued at 60% of the vested amount of the asset.</li> <li>• Funds from personal assets that are sold prior to closing are acceptable as long as the individual purchasing the asset is not a party to either the property sale transaction or the mortgage financing transaction. The borrower must document ownership of the asset, the value of the asset, provide a bill of sale and proof of receipt of funds.</li> <li>• Assets are verified with 2 months consecutive bank statements. Internet statements are only acceptable if it reflects the same information as the bank statement would reflect. The URL must reflect at the bottom of the statement and all pages must be provided.</li> <li>• Bank statements must be dated within 45 days from the date of the application. All pages must be provided regardless if blank.</li> </ul>
<b>CASH RESERVES</b>	<p><b>Reserves are to be documented per DU/DO except as follows:</b></p> <ul style="list-style-type: none"> <li>• Second Homes – 2 months PITI is required</li> <li>• Investment Properties – 6 months PITI is required</li> <li>• 2-4 unit Primary Residences – 6 months PITI is required for the subject property when the rental income from the units is used for qualifying.</li> <li>• LTV's 95.01-97% - 2 months PITI is required</li> </ul> <p><b>For loans underwritten with Desktop Underwriter (DU/DO) and when the borrower has up to four (4) financed residential properties, including the subject property, the following reserve requirements apply:</b></p> <ul style="list-style-type: none"> <li>• If the subject property is a <u>primary residence</u>, there are no additional reserve requirements for the other financed properties.</li> <li>• If the subject property is a <u>second home</u> or <u>investment property</u>, there are reserve requirements for both the subject property and the other financed properties.</li> <li>• Second Home – 2 months PITI plus an additional 2 months' reserves on every other financed second home and investment property.</li> <li>• Investment – 6 months PITI plus an additional 2 months' reserves on every other financed second home and investment property.</li> </ul>

**REAL ESTATE  
OBLIGATIONS****Pending Sale , Listing or Conversion of Primary Residence**

If the Borrower's current Primary Residence is on the market and the sale will not close before the closing of the new Primary Residence, the following requirements must be met:

**Qualifying with Current and Proposed Housing Payment**

- A pending sale requires a valid, signed Purchase Agreement
- A minimum of six months PITI reserves for the current primary residence and new transaction is required
- A minimum of two months PITI reserves is allowed if 30% equity in the retained principal residence as evidenced by at least a 2055 exterior-only inspection dated no more than 60 days prior to the Note Date

**Qualifying with Proposed Housing Payment Only**

- The Borrower's fully executed non-contingent sales contract for the previous residence
- Lender's commitment to the buyer of the previous residence (if the executed sales contract includes a financing contingency)
- A minimum of six months PITI reserves for the current primary residence and new transaction is required
- A minimum of two months PITI reserves is allowed if 30% equity in the retained principal residence as evidenced by at least a 2055 exterior-only inspection dated no more than 60 days prior to the Note Date.
- Must be an Arm's Length transactions

**Borrower Converting Primary Residence to a Second Home**

- Both the current and proposed mortgage payments must be used to qualify the Borrower for the new transaction
- Six months PITI reserves required for both the retained and subject properties or
- Reduced reserves of no less than two months for both the retained and subject properties may be considered if there is documented equity of at least 30% in the retained property as evidenced by at least a 2055 exterior-only inspection, dated no more than 60 days prior to the Note Date.

**Borrower Converting Primary Residence to Investment Property**

- Up to 75% of the rental income may be used to offset the mortgage payment to qualify if there is documented equity of at least 30% in the retained property as evidenced by at least a 2055 exterior-only inspection, dated no more than 60 days prior to the Note Date.
- The rental income must be documented with a copy of the fully executed lease agreement and receipt of a security deposit from the tenant and deposit into the Borrower's account.
- A family member, individual with an Established Relationship with those involved in the transaction, or an interest party may not sign the lease agreement as the renter
- At Underwriting discretion, a fair market rent letter may also be required
- If the 30% equity in the property cannot be documented, rental income may not be used to offset the mortgage payment
- Both the retained and the proposed mortgage payments must be used to qualify the Borrower for the new transaction
- Six months PITI reserves required for both the retained and subject properties.

<b>GIFTS/DOWN PAYMENT</b>	<p><b>Gifts are to be documented per DU/DO.</b></p> <ul style="list-style-type: none"> <li>• Gifts must come from a relative, domestic partner or fiancé.</li> <li>• Gifts are allowed on primary residence and second home purchases and rate/term refinances. Gifts are not allowed on non-owner occupied loans.</li> <li>• Borrowers must contribute a minimum 5% down payment from their own resources.</li> <li>• On LTV's 95.01-97% minimum down payment / borrower contribution requirement: 3% from borrowers own funds.</li> <li>• When the LTV/CLTV is ≤ 80%, the entire down payment may be a gift.</li> <li>• A gift letter must include the name, address and telephone number of the donor, the relationship to the borrower, state the dollar amount of the gift and that no repayment is expected or required.</li> <li>• <u>Funds received prior to closing:</u> <ul style="list-style-type: none"> <li>• Copy of the donor's check and the borrower's deposit receipt; or</li> <li>• Copy of the donor's withdrawal slip and the borrower's deposit receipt</li> </ul> </li> <li>• <u>Funds received at closing:</u> If the donor does not intend to provide gift funds until closing, the following documentation must be obtained at the closing table: <ul style="list-style-type: none"> <li>• Copy of the certified check or cashier's that was given to the closing agent (check must be payable to the title company and show the donor as the remitter); or</li> <li>• Copy of the settlement statement showing receipt of the check from donor</li> </ul> </li> </ul> <p>Borrowed funds and secured borrowed funds may not be used for the down payment on investment properties.</p>
<b>DOCUMENTATION TYPES</b>	<p>Loans may be documented in accordance with DU/DO findings and conditions for employment, income, and assets. The underwriter may condition for additional documentation as needed over and above DU/DO findings to determine eligibility.</p>
<b>SECTION 6:</b>	<b>PROPERTY/APPRAISALS</b>
<b>ELIGIBLE PROPERTIES</b>	<p><b>Eligible Properties</b> are attached &amp; detached SFR, 2-4 units, warrantable condo and PUD units, rural properties and modular homes.</p> <p><b>Agency Warrantable condo projects</b> allowed. See condo section for more info.</p> <p><b>2<sup>nd</sup> Homes</b> must be suitable for year round occupancy. Timeshares, condotels, mandatory rental pools and properties with recreational leases are not allowed. Multi-units and mixed-use properties are not eligible for second homes.</p> <p><b>Modular Housing</b> is acceptable. Modular housing is prefabricated, panelized or sectional housing that assumes the characteristics of a site built home, meets all local and state building codes, is permanently affixed to the land and is legally classified as real estate.</p> <p><b>Leaseholds</b> permitted. The term of the lease must extend at least 5 years beyond the term of the loan. All other FNMA requirements must be met.</p> <p><b>Listed Properties:</b>  Rate and Term Refinances: For rate and term refinances of properties recently listed for sale, the listing agreement must be cancelled at least one day prior to the date the application is taken.</p> <p>Cash Out Refinances: On cash out refinances, listing agreements on the subject property must be cancelled six months prior to the application date or the loan is subject to a maximum loan-to-value of 70%. In all circumstances, listing agreements must be cancelled at least one day prior to the loan application.</p>

<p><b>INELIGIBLE PROPERTIES</b></p>	<p><b>Ineligible properties:</b></p> <ul style="list-style-type: none"> <li>• manufactured homes</li> <li>• cooperatives</li> <li>• condotels</li> <li>• timeshares</li> <li>• commercial properties</li> <li>• unimproved land</li> <li>• “Live/work” condo’s</li> </ul>
<p><b>OCCUPANCY</b></p>	<p>Construction-to-permanent not allowed on LTV’s 95.01-97%.</p> <p>Owner-occupied primary residences, second homes, and investment properties.</p>
<p><b>STATE RESTRICTIONS</b></p>	<p>Loans allowed in the 40 contiguous states where WesLend Financial is licensed and the District of Columbia. Please refer to the state Licensing list at <a href="http://www.weslendwholesale.com">www.weslendwholesale.com</a>.</p> <ul style="list-style-type: none"> <li>• Ohio, Nevada, Minnesota and Maine loans must be full doc.</li> <li>• Virginia: If the loan is refinanced within last 12 months, documented benefit to the borrower must be included in the loan file.</li> <li>• <b>Texas Cash Out on Homestead properties not allowed</b></li> </ul> <p><b>Florida Condominiums:</b></p> <ul style="list-style-type: none"> <li>• Primary residence and second homes are limited to 60%/60%/60% for FICO &lt; 740</li> <li>• Primary residence and second homes are limited to 70%/70%/70% with a minimum FICO of 740.</li> <li>• Investment properties are not permitted.</li> <li>• New Construction is not permitted.</li> </ul>
<p><b>APPRAISAL</b></p>	<ul style="list-style-type: none"> <li>• All appraisal orders, requests and questions must be sent to the <b>WesLend Appraisal Desk at <a href="mailto:AppraisalDesk@Weslend.com">AppraisalDesk@Weslend.com</a></b>.</li> <li>• A desk review or field review may be required on loans with high LTV’s, in a declining market and/or determined by the underwriter due to risk.</li> <li>• Appraisal requirements will be determined by DU/DO. To update an appraisal, the appraiser must inspect the exterior of the property and review current market data to determine whether there has been a change in value since the original appraisal. Additional comps may be required to support current market value.</li> <li>• Appraisals marked as “declining” should be given additional scrutiny to ensure the value is supported by the most recent sales and market data and that all the comments from the appraiser are taken into consideration.</li> <li>• A 3-year sales history for the subject property is required. The appraiser must also report any existing sale or option contracts on the subject property. If the estimated value of the property “as is” varies by &gt;5% from the sale or option contract amount, the appraiser should explain the difference.</li> <li>• Cost approach is required on all appraisals.</li> <li>• For properties located on the Island of Hawaii, a lava zone map as additional appraisal documentation is now required reflecting that the property is not located in Lava Zones 1 &amp; 2.</li> <li>• 1004 MC required on all appraisals.</li> <li>• 216 &amp; 1007 required on all investment property regardless if rental income is used for qualifying.</li> <li>• All cash-out refinance transactions require a full appraisal.</li> <li>• Full appraisal is required when the LTV is greater than 80%, regardless of AUS findings.</li> </ul>

**CONDO PROJECTS**

**Ineligible Condominium Projects**

- Projects for which the owner's association is named as a party to current litigation or, for any project that has not been turned over to the association for which the project sponsor or developer is named as party to current litigation that relates to the project. Projects where the homeowners' association is named as the plaintiff in a foreclosure action or as a plaintiff in an action for past due homeowners' association dues, are not considered ineligible projects.
- Time-share or segmented ownership projects.
- Houseboat projects.
- Multi-dwelling unit Condominium /PUD – projects that permit an owner to hold title to more than one dwelling unit, with ownership of all his or her units evidenced by a single deed and mortgage. Projects that permit lockout units are considered multi-dwelling unit condominiums.
- Condominium /PUD Projects that represent a legal, but nonconforming, use of the land, if zoning regulations prohibit rebuilding the improvements to current density in the event of their full or partial destruction.
- Manufactured Housing Projects. Projects with Recreational Leases.
- Condominium /PUD Hotels – Any project that is managed and operated as a hotel or motel, even though the units are owned individually.

The following **FNMA project classifications** are permitted:

<b>FNMA Type</b>	<b>Type of Review</b>
Type Q	Limited Review for new or established Site Condominiums
Type S	CPM Expedited or Lender Full Review-Established Project
Type V	Fannie Mae DU Refi Plus

**Fannie Mae Limited Review for New or Established Site Condominiums (Type Q)**

Condominium projects are warranted as Site Condos with a limited review of the project if the following eligibility requirements are met:

- ❖ The subject property is a single-family detached dwelling
- ❖ Primary Residence or Second Home
- ❖ The appraiser commented on, and reflected in the appraisal report, any effect that the buyer resistance to the condominium form of ownership has on the market value of the individual unit.
- ❖ The mortgage title insurance policy meets special title insurance requirements for units in condominium projects.
- ❖ Verify is not an Ineligible Project.
- ❖ Must Verify project is not currently involved in any pending litigation

**Fannie Mae Type S Condominium: CPM Expedited Review or Full Review - Established Project or Established and New Two-Unit to Four-Unit Project**

Type S condominiums are established projects and ALL 2-4 unit projects, Type S Condominium Project may be validated through Fannie Mae (FNMA) CPM system or through Full Review. Condominiums are warranted as Type S if the following eligibility are met.

- ❖ **Completion of Project** – All units, common elements, and facilities within the project – including those that are part of a master association – must be 100% complete and the project cannot be subject to additional phasing or annexation.
- ❖ **Sales and Occupancy** – At least 90% of the total units in the project must have been conveyed (settled) to unit purchasers, and at least 51% of the total units in the project must have been conveyed to purchasers that are occupying the units as their principal residence or second home. The owner occupancy requirement can be waived if property is a primary residence or second home: No single entity may own more than one unit in the project.

**CONDO PROJECTS  
(cont.)**

- ❖ **Occupancy 2-4 Unit Projects** – All but one unit must have been conveyed/under bona-fide contract to principal residence or second home purchaser. The unit owners must have the sole ownership interest in and rights to the use of the project facilities, limited common elements and common elements.
- ❖ **Homeowners' Association** – Control of the owners' association has been turned over to the unit owners. (Not required for 2-4 Unit Projects). All facilities related to the project must be owned by the unit owners or the homeowners' association. The developer may not retain any ownership interest in any of these facilities. In addition, the amenities and facilities—including parking and recreational facilities—may not be subject to a lease between the unit owners or the homeowners' association and another party. The project must be covered by all applicable insurance.
- ❖ **Professional Management** - If a project legal documents call for professional management, the developer must ensure that the management contract includes a right of termination without penalty or advance notice of more than 90 days. If the developer has entered into a professional management contract before control of the association is passed from the developer to the unit owners, the project documents and the contract must provide the homeowners' association with a right to termination without cause, exercisable after the transfer of control. If the project documents do not require professional management, but the homeowners' association chooses to contract out the management of the project, the management contract must include the same termination provisions described above.
- ❖ **Budget** – The Homeowners' Association actual Budget must be adequate (i.e. it includes allocations for line items pertinent to the type of condominium), provides for the funding of replacement reserves for capital expenditures and deferred maintenance (at least 10% of the budget), and provides adequate funding for insurance deductible amounts. A copy of the Unit Owner's HO6 is required as confirmation of deductible coverage. (Excluding 2-4 unit projects)
- ❖ **Fidelity Bond insurance** for projects > 20 units. The fidelity insurance coverage must at least equal the sum of three months of assessments on all units in the project.
- ❖ **Delinquencies in Dues or Assessments** - No more than 15% of the condominium/association fee payments can be more than one-month delinquent.
- ❖ **Utilities** – The individual units should be separately metered. If they are not, the project's plans should provide for the ready adoption of unit metering.
- ❖ **Single Investor Concentration**
  - No single entity (the same individual, investor group, partnership or corporation) may own more than 10% of the total units in the project.
  - Two-Unit to Four-Unit Project: No single entity (the same individual, investor group, partnership, or corporation) may own more than one unit within the project.
- ❖ **Title** – The units in the project must be owned in fee simple and the unit owners must have the sole ownership interest in, and rights to the use of the project's facilities, common elements, and limited common elements.
- ❖ **Commercial Space** – May constitute 20% of the total space in a project, subject to the compliance with the following:
  - Commercial usage is common and customary for the area;
  - Comparables have similar commercial usage;
  - Appraiser must comment on any negative impact that such commercial use has on the value of the subject, if any.
- ❖ **Insurance**
  - Liability insurance coverage for a minimum amount of \$1,000,000.
  - Project must be insured on 100% replacement cost or guaranteed replacement cost.
- ❖ **Litigation** - If there is litigation involving the homeowners' association or developer, depending on the nature if the litigation, the project may be ineligible.

SECTION 7:	INSURANCE										
<b>MORTGAGE INSURANCE</b>	<p><b>MI for site built homes:</b></p> <table border="1"> <thead> <tr> <th>LTV</th> <th>&gt;20 Yr. Term</th> </tr> </thead> <tbody> <tr> <td>95.01 - 97%</td> <td>35%</td> </tr> <tr> <td>90.01 - 95%</td> <td>30%</td> </tr> <tr> <td>85.01 - 90%</td> <td>25%</td> </tr> <tr> <td>80.01 - 85%</td> <td>12%</td> </tr> </tbody> </table> <p>Reduced MI is not available            LPMI is not available            Fannie Mae's Minimum Mortgage Insurance Coverage option is not available.            Custom MI is not allowed.            Approved MI companies are: MGIC, GE, Radian and UGI</p> <p><b><i>LTV's &gt; 80% - As mortgage insurance companies continue to make changes to their insuring guidelines, specific Lenox WesLend product guidelines may be published that may not be eligible for mortgage insurance. Underwriting will evaluate at the time of underwriting if MI is obtainable.</i></b></p>	LTV	>20 Yr. Term	95.01 - 97%	35%	90.01 - 95%	30%	85.01 - 90%	25%	80.01 - 85%	12%
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<b>SELF-INSURED OPTION</b>	Self Insurance (LPMI) is not available.										
<b>HAZARD INSURANCE</b>	<ul style="list-style-type: none"> <li>Hazard insurance is required for each property.</li> <li>The amount of hazard insurance coverage must be the lesser of 100% of the insurable value of the improvements as established by the property insurer OR the unpaid principal balance as long as it equals at least 80% of the insurable value of the improvements.</li> <li>For properties located in California, lenders may not require hazard insurance in an amount exceeding the replacement value of the improvements on the property.</li> <li>The maximum deductible may be up to 5% of the amount of the policy.</li> </ul>										
<b>HO-6 Policy (Condo)</b>	Walls-in hazard insurance coverage policy is required (commonly known as HO-6 policy) unless the master insurance policy of the HOA covers the interior of the unit. The HO-6 policy must provide coverage in the amount of at least 20% of the appraised value with a 5% maximum deductible.										
<b>RENT LOSS INSURANCE</b>	If the subject property is a 2-4 unit property, and rental income is used to qualify the borrower, rent loss insurance is required. This insurance covers the borrower for rental income losses incurred when the property is rendered un-rentable due to a direct physical loss, such as a fire. Coverage must be equal to a minimum of six months of gross monthly rent, and must be maintained as long as the mortgage is outstanding.										
<b>FLOOD INSURANCE</b>	<ul style="list-style-type: none"> <li>A flood hazard determination is required for all loans.</li> <li>Flood insurance is required if the property is located in a special flood hazard area or flood zone.</li> <li>Flood insurance is required on properties located within the following special flood hazard area zones: A, AE, AH, AO, A1-30, A-99, V, VE, V1-30</li> <li>The maximum amount of flood insurance required is the lowest of: 100% of the replacement cost of the dwelling, calculated as appraised value minus land value OR the unpaid principal balance of the mortgage OR the maximum insurance available under the National Flood insurance program. (Currently \$250,000 per dwelling.)</li> <li>The deductible for 1-4 unit properties may not exceed a maximum of \$5,000 unless a higher maximum is required by state law.</li> </ul>										
<b>IMPOUNDS</b>	<p>Property tax and insurance escrows may be waived with the following criteria:</p> <p>All Property Types:</p> <ul style="list-style-type: none"> <li>LTV Requirements:               <ol style="list-style-type: none"> <li>Less than or equal to 80% LTV for properties located in all states except for California</li> <li>Less than or equal to 89.99% LTV for properties located in California</li> </ol> </li> </ul>										

SECTION 8:	TITLE/CLOSING AGENTS
<p><b>TITLE DOCUMENTATION</b></p> <p><b>PLAT/SURVEYS</b></p> <p><b>INTER VIVOS REVOCABLE TRUSTS</b></p>	<p><b>Title History Review Policy:</b> The preliminary title report must reflect a minimum 24-month title history.</p> <p><b>Title Insurance:</b></p> <ul style="list-style-type: none"> <li>• Surveys are required in some areas.</li> <li>• If surveys are not commonly required in the area where the property is located an ALTA 9 endorsement or its equivalent should be provided.</li> <li>• If it is not customary to supply either a survey or an endorsement, the title policy must not have a survey exception.</li> </ul> <p><b>Eligible borrowers:</b> Inter vivos revocable trusts are created <u>by individuals, while they are still living</u>, as an estate planning tool. The inter vivos revocable trust, also called a family trust, living trust, or revocable living trust, can be used as an alternative form of property ownership. A trust is “revocable” when the individual who created it, usually called the grantor, trustor, or settlor, can change or cancel it at any time, for any reason, while still living. This ability to revoke the trust, or revocability, is important because it allows the grantor/trustor/settlor, who would otherwise own the property directly, to retain control of the property.</p> <p><b>Required Documents:</b> A certified copy of the entire recorded living trust agreement must be obtained. The Underwriter and Title Company will need to review and approve the trust vesting.</p> <p><b>Occupancy:</b></p> <ul style="list-style-type: none"> <li>• 1-4 units owner occupied</li> </ul> <p><b>Title requirements:</b> The title insurance policy must ensure full title protection, and must indicate that title to the subject property is vested in the name of the trustees. The policy may not list any exceptions with regard to the trust or the trustees.</p>
SECTION 9:	FEES/MISCELLANEOUS
<p><b>FEE LIMITATIONS</b></p>	<ul style="list-style-type: none"> <li>• Points and fees limitation – please refer to the WesLend Conventional and FHA Fee sheet available at <a href="http://www.weslendwholesale.com">www.weslendwholesale.com</a>.</li> <li>• Points and fees include origination fees, underwriting fees, finder’s fees and any other fees that the lender charges as a condition of making the loan whether they are paid to the lender or a 3<sup>rd</sup> party.</li> <li>• Bona fide discount points (points used to lower the interest rate), fees paid for actual services performed to make the loan (i.e. attorney fees, notary fees, appraisal, credit reports, surveys title exams, flood and tax certifications, home inspections, cost of MI, title policies, hazard insurance, flood insurance, transfer taxes and fees, escrow deposits for tax and insurance premiums) AND other miscellaneous fees that in total do not exceed .25% of the loan amount are <b>not</b> included in the points and fees calculation.</li> <li>• Loans where the “points and fees” or “annual percentage rate” exceed the maximum thresholds described under HOEPA (Section 32) are not eligible for purchase. This applies to all types of mortgages (Purchases and refinances) except second homes, non-owner occupied properties or HELOC.</li> <li>• Reminder: Section 32 (HOEPA) thresholds are: APR that exceeds the yield on the Treasury securities for the same term of the loan by &gt;10% OR the total points and fees paid by the borrower exceeds the greater of 8% or the maximum dollar amount set annually by the Federal Reserve.</li> <li>• For a purchase transaction the maximum real estate commission cannot exceed 8% of the sales price</li> </ul>



**WESLEND CONFORMING ARM**

<b>SELLER/INTERESETED PARTY CONTRIBUTIONS</b>	<u>Owner occupied and second homes:</u>	
	<u>CLTV</u>	<u>% Contributions</u>
	≥90.01	3% max.
	75.01-90%	6% max.
	≤75%	9% max.
	<u>N/O/O:</u>	
	All CLTV	2% max.
	Note: Seller/interested party contributions may be used for closing costs and pre-paids.	