



**WESLEND JUMBO AGENCY  
FIXED AND ARM**

<b>SECTION 1:</b>	<b>CODING</b>														
	<b>PROGRAM CODES:</b>														
	<table border="1"> <thead> <tr> <th><u>Term</u></th> <th><u>Program Codes</u></th> </tr> </thead> <tbody> <tr> <td>30 Year Fixed</td> <td>1033-00</td> </tr> <tr> <td>15 Year Fixed</td> <td>1333-00</td> </tr> <tr> <td>5/1 ARM</td> <td>1733-02</td> </tr> <tr> <td>7/1 ARM</td> <td>1833-02</td> </tr> <tr> <td>5/1 Interest Only ARM</td> <td>1734-03</td> </tr> <tr> <td>7/1 Interest Only ARM</td> <td>1834-03</td> </tr> </tbody> </table>	<u>Term</u>	<u>Program Codes</u>	30 Year Fixed	1033-00	15 Year Fixed	1333-00	5/1 ARM	1733-02	7/1 ARM	1833-02	5/1 Interest Only ARM	1734-03	7/1 Interest Only ARM	1834-03
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<b>SECTION 2:</b>	<b>LOAN AMOUNTS AND LTV PERCENTAGES</b>															
<b>MINIMUM/MAXIMUM LOAN AMOUNTS</b>	<b>MINIMUM CONFORMING LOAN AMOUNT:</b> <table border="1"> <thead> <tr> <th><u># of Units</u></th> <th><u>Continental US</u></th> <th><u>Hawaii</u></th> </tr> </thead> <tbody> <tr> <td>1 Unit</td> <td>\$417,001</td> <td>\$625,501</td> </tr> <tr> <td>2 Units</td> <td>\$533,851</td> <td>\$800,776</td> </tr> <tr> <td>3 Units</td> <td>\$645,301</td> <td>\$967,951</td> </tr> <tr> <td>4 Units</td> <td>\$801,951</td> <td>\$1,202,926</td> </tr> </tbody> </table> <p>The maximum Agency Jumbo loan amount is based on the property location (by city/county) and the number of units. The loan amount must be above the Conventional Conforming Loan Limits but not above the High Cost Loan Limits established by the Federal Housing Finance Agency (FHFA) and authorized by the American Recovery and Reinvestment Act (ARRA) of 2009.</p> <p>Refer to the following link to determine maximum loan amount and country eligibility:  <a href="http://www.efanniemae.com/sf/refmaterials/loanlimits/">www.efanniemae.com/sf/refmaterials/loanlimits/</a></p>	<u># of Units</u>	<u>Continental US</u>	<u>Hawaii</u>	1 Unit	\$417,001	\$625,501	2 Units	\$533,851	\$800,776	3 Units	\$645,301	\$967,951	4 Units	\$801,951	\$1,202,926
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<b>MAXIMUM LTV - FIXED</b>	<b>PURCHASE</b>				
	Occupancy	Units	FICO	LTV	CLTV
	Primary Residence	1	700	90%	90%
		1	660	75%	75%
		2-4	740	75%	75%
	Second Home	1	740	65%	65%
	Investment	1-4	740	65%	65%
	<b>RATE/TERM REFINANCE</b>				
	Occupancy	Units	FICO	LTV	CLTV
	Primary Residence <=\$625,500	1	700	90%	90%
		1	660	75%	75%
	Primary Residence > \$625,500	1	700	80%	80%
		1	660	75%	75%
	Primary Residence	2-4	740	75%	75%
	Second Home	1	740	65%	65%
	Investment	1-4	740	65%	65%
	<b>CASH OUT REFINANCE</b>				
	Occupancy	Units	FICO	LTV	CLTV
Primary	1	740	60%	60%	
	2-4	NA	NA	NA	
Second Home	NA	NA	NA	NA	
Investment	NA	NA	NA	NA	

**MAXIMUM LTV – ARM  
(fully amortizing)**

PURCHASE and RATE/TERM REFINANCE				
Occupancy	Units	FICO	LTV	CLTV
Primary	1	680	75%	75%
	2-4	740	75%	75%
Second Home	1	740	65%	65%
Investment	1-4	740	65%	65%

CASH OUT REFINANCE				
Occupancy	Units	FICO	LTV	CLTV
Primary	1	740	60%	60%
	2-4	NA	NA	NA
Second Home	NA	NA	NA	NA
Investment	NA	NA	NA	NA

**NOTES:**

1-unit includes condos and PUDs.  
DU Expanded Approvals not permitted

Cash-out not permitted if property was purchased within the prior 6 months. If borrower has been on title for 6 months and has a lien on the property, but cannot demonstrate an acceptable continuity of obligation, the loan is considered a cash-out refinance, and the LTV is limited to 50% of current appraised value.

Florida condominiums are restricted to 70%/70% with a minimum 740 FICO or 60%/60% with a FICO less than 740, Primary and Second home. Investment properties are not permitted.

All cash-out refinance transactions require a full appraisal.

**MAXIMUM LTV – ARM  
(interest only)**

PURCHASE and RATE/TERM REFINANCE				
Occupancy	Units	FICO	LTV	CLTV
Primary	1	720	70%	70%
	2-4	NA	NA	NA
Second Home	1	740	65%	65%
Investment	1-4	NA	NA	NA

CASH OUT REFINANCE				
Occupancy	Units	FICO	LTV	CLTV
Primary	1	NA	NA	NA
	2-4	NA	NA	NA
Second Home	NA	NA	NA	NA
Investment	NA	NA	NA	NA

**NOTES:**

1-unit includes condos and PUDs.  
DU Expanded Approvals not permitted

Florida condominiums are restricted to 70%/70% with minimum 740 FICO or 60%/60% with a FICO less than 740, Primary and Second home. Investment properties are not permitted.

SECTION 3:	PROGRAM PARAMETERS
<b>ELIGIBLE LOAN TYPES</b>	<p><b>30, 20 or 15 year Fixed Rate Fully Amortizing Only</b></p> <p><b>Fixed-Period ARM:</b> This program provides an initial fixed-period term of 5 or 7 years. At the end of the fixed period, the loan is fully amortized over the remaining term as an adjustable-rate mortgage.</p> <p>Interest Only Loans are allowed under the 5/1 and 7/1 ARM program with restricted guidelines – see maximum LTV and FICO grid on page 2.</p> <p>The Interest Only Period is 10 years for the 5/1 and 7/1 ARM.</p>
<b>ARM MARGIN</b>	2.25%
<b>NOTE RATE LIMITATIONS</b>	<p><b>5/1 LIBOR:</b> Note rates may not be lower than 2% below the fully indexed rate.</p> <p><b>7/1 LIBOR:</b> 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>	<p>The interest rate is fixed for the first 60 or 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 of 2%, which will not cause deferred interest, and a life cap of 5%.</p> <p><b>Note:</b> The interest rate must always be rounded to the nearest 1/8th of 1% (0.125%).</p> <p><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.</p>
<b>PAYMENT ADJUSTMENT</b>	<p><b>Fixed-Period ARM Loan</b></p> <p>The first payment change date will be the first of the month following the interest-rate adjustment, and every 12 months thereafter.</p>
<b>TEMPORARY BUYDOWNS</b>	Not allowed.
<b>ASSUMABILITY</b>	<p><b>5/1 &amp; 7/1 ARM:</b> Assumable any time after the initial fixed interest rate period</p> <p><b>Fixed Rate:</b> Not Assumable</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>Inter vivos revocable trusts (see Inter vivos revocable trusts in section 8 for details).</p> <p>Non-occupant co-borrowers</p>
<b>FIRST TIME HOMEBUYER</b>	Allowed, no restrictions.

**NON-OCCUPANT CO-BORROWER**

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:

- 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).
- Qualifying Ratio: The qualifying ratio for the occupying borrower cannot exceed 35%/43%

**NOTE:** If the occupant-borrower does not meet the above requirements, then the loan must be underwritten as an investment property.

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.

**PERMANENT RESIDENT ALIEN**

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:

Permanent Resident Card (USCIS form I-551)

- 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.
- 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.
- 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.

Unexpired Foreign Passport

- 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."

**NON-PERMANENT RESIDENT ALIEN**

Not eligible

**FOREIGN NATIONAL**

Not eligible

**NON-ARMS LENGTH TRANSACTIONS**

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). 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:

- Loans must be processed using full documentation for assets and income, regardless of the AUS findings.
- Transaction must be for a primary residence or second home. Investment properties are not allowed.



**RATE AND TERM  
REFINANCE**

**RATE AND TERM REFINANCE TRANSACTIONS**

A rate-and-term refinance is a new mortgage loan that pays off in full the sum of the liens as follows:

- Unpaid principal balance of an existing first lien **And/Or** Junior liens (closed-end seconds and HELOC's) that were used for the original purchase of the home.
- Other than payment of the first and second liens and closing costs, incidental cash back may not exceed the lesser of 2% of the principal amount of the new mortgage or \$2000.

**Continuity of Obligation**

- Continuity of Obligation is met when any one of the following exist:
  - At least one borrower is obligated on the new loan who was also a borrower obligated on the existing loan being refinanced.
  - 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.
  - 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.
  - The borrower has recently inherited, or was legally awarded, the property (divorce, separation, or dissolution of a domestic partnership).

**PAY OFF OF DEBT  
REVOLVING /  
INSTALLMENT**

It is acceptable to include closing costs, discount points, prepayment penalties, and any prepaid items, such as hazard insurance and property taxes for the current year, as part of the transaction. Non-purchase money second liens, including reconveyance and similar fees, must be paid off prior to close for a transaction to be considered a rate & term refinance. If these liens and fees are not paid off prior to close, the transaction will be considered a cash-out refinance, even if the funds are provided from the borrower at closing. Delinquent property taxes or HOA dues cannot be included in the loan amount on a rate-and-term refinance.

**CASH OUT REFINANCE**

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. If the borrower purchased the property less than six months prior to application date, the borrower is ineligible for a cash-out refinance transaction.

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:

- 660 for a fixed rate mortgage;
- 680 for an adjustable rate mortgage fully amortizing; and
- 720 for an adjustable rate mortgage with interest only.

**CREDIT SCORES  
(cont'd):**

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

- Bankruptcy, foreclosure, deed-in-lieu, pre-foreclosure, 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 for purchase.

**CREDIT DOCUMENTS**

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.

**CREDIT REQUIREMENTS**

**Mortgage/Rental Delinquency:**

0X30 day mortgage or rental late payment in the last 12 months.

**Adverse or derogatory credit information:** Although adverse credit in and itself does not mean the borrower's credit reputation is unacceptable; generally, the more recent the adverse or derogatory credit information the more likely it is significant. The underwriter must consider all of the following:

- The number, timing and extent of the adverse or derogatory credit information
- The number, type and size of accounts with adverse or derogatory credit information
- Public record information, such as judgments and collection accounts
- Other characteristics listed in this section

**Derogatory information is considered significant if any of the following exists:**

- There are several accounts showing recent late payments
- There are multiple 60 or 90 day late payments
- There is more than one 30 day late housing payment in the last 12 months
- There are more than two 30 day or more than 60 day late housing payments within the most recent two years
- The number and size of the delinquent accounts are large in relation to the overall credit
- There are multiple episodes of late payments extending over a period of time
- The credit history shows derogatory credit information within the two most recent years

**BANKRUPTCY**

- combined with multiple revolving accounts with high balances-to-limits
- The public record information reveals several occurrences of derogatory credit information, including judgments, tax liens and/or collection accounts
- There is bankruptcy, foreclosure, short payoff related to a delinquent mortgage obligation or deed-in-lieu of foreclosure within the last seven years.

To be considered for a mortgage loan, the borrower must have re-established a satisfactory credit history and demonstrated the ability to manage financial affairs prudently. Unless there are extenuating circumstances, the mortgage application may not be approved before the following time periods have elapsed from the date of the application:

**BANKRUPTCY (cont'd):**

- 4 years from the date the Chapter 7, 11, or 12 bankruptcy was discharged or dismissed
- 4 years from the date a Chapter 13 repayment plan was dismissed

Two years may be an acceptable interval for having re-established a satisfactory credit record when:

- The previous action was a discharged Chapter 13 bankruptcy, regardless of the reasons that contributed to the previous bankruptcy
- The previous action related to a foreclosure, deed-in-lieu or Chapter 7, 11 or 12 bankruptcies resulted from extenuating circumstances. (If the borrower cannot provide satisfactory documentation of the extenuating circumstances, four full years must have elapsed.)

**Multiple Bankruptcy Filings**

- A 5-year time period must have elapsed from most recent dismissal or discharge date for borrowers with more than one bankruptcy filing within the past 7 years. A satisfactory credit record must be re-established. All bankruptcies must be either dismissed or discharged.
- 3 years may be an acceptable interval for having re-established a satisfactory credit record when the most recent bankruptcy filing was the result of documented extenuating circumstances.

Note: Two or more borrowers with individual bankruptcies should not be considered cumulative. For example, if the borrower has one bankruptcy and the co-borrower has one bankruptcy, this is not considered a multiple bankruptcy.

**Documentation Requirements**

- Borrower's who have had a bankruptcy within the past 7 years must provide the following:
- Copies of the bankruptcy petition, schedule of debts and discharge or dismissal.
- Evidence to indicate that all debts not satisfied by the bankruptcy have been paid or are being paid.
- Any other evidence necessary to support the determination that the borrower has reestablished and maintained an acceptable credit reputation.

**DEED-IN-LIEU/ SHORT  
SALE/ PRE-  
FORECLOSURE**

**Deed-In-Lieu/ Short Sale / Pre-Foreclosure**

A deed-in-lieu is a transfer of title from a delinquent borrower to the lender in satisfaction of the mortgage debt to avoid foreclosure; also called a voluntary conveyance. A short sale or pre-foreclosure sale is a transaction where the mortgage lender agrees to accept a lower amount than is owed on the property. The loan may or may not be delinquent.

The waiting period (i.e., the amount of time that must pass before the borrower is eligible for mortgage financing), which commences on the completion date of the above events, is a minimum of two years with the following conditions:

- 2-years: 80% maximum LTV
- 4-years: 90% maximum LTV
- 7-years: Maximum LTV permitted by policy

**Extenuating Circumstances:** If the deed-in-lieu, short sale, or pre-foreclosure was the result of documented extenuating circumstances, the waiting period is two years provided the borrower meets all requirements for re-establishing credit. The maximum LTV is 90%.

- Examples of how short sales/pre-foreclosures may be identified on the credit report:
- Special Comment Code AU (Account Paid-in-Full for Less than Full Amount Due)
- \$0.00 Current Balance
- Payment rating applicable to the contractual status of the loan at time short sale is processed (i.e. current, 30 days delinquent, 60 days delinquent, etc.).

**FORECLOSURE**

As a result of the "AU" reporting, credit bureaus display a corresponding comment on the consumer's credit report. The verbiage of that comment varies per bureau. The bureaus may display verbiage very similar to the actual AU definition, but may also display a comment, such as "settled". The actual "AU" code does not appear on the consumer's credit report. There is also not anything within the payment history section of the credit report that would refer to the short sale. All mortgage lenders "should" be reporting as above defined for short sales. However, there is always the possibility that other lenders may report differently.

Note: Because pre-foreclosure and short sales cannot be identified in the credit report data by DU, Lenders are required to determine if there is a pre-foreclosure or short sale during their review of the credit report and must manually apply the above policies.

After the requisite 5-year but less than 7-year elapsed time period:

- The borrower may obtain a new mortgage to purchase a principal residence with a minimum 10% down payment and a minimum credit score of 680.
- The borrower may obtain a limited cash-out refinance mortgage pursuant to our eligibility requirements in effect at that time.
- The borrower may not obtain a cash-out refinance or obtain a mortgage secured by a second home or investment property for seven years after the foreclosure action.

After 7 years have elapsed, the borrower may obtain a purchase mortgage pursuant to the eligibility requirements in effect at that time.

<b>FORECLOSURE (cont'd)</b>	<p>3 years may be an acceptable interval for having re-established a satisfactory credit record when:</p> <ul style="list-style-type: none"> <li>The previous action was a foreclosure resulted from extenuating circumstances. (If the borrower cannot provide satisfactory documentation of the extenuating circumstances, 5 full years must have elapsed.)</li> </ul> <p>If the foreclosure was the result of documented extenuating circumstances and the requisite 3 year elapsed time period has passed:</p> <ul style="list-style-type: none"> <li>The same requirements apply as outlined above, with the exception that the minimum credit score of 680 is not required.</li> </ul>
<b>RATIOS</b>	Qualifying ratio - maximum DTI ratio of 45% regardless of DU Findings.
<b>QUALIFYING</b>	<p>5/1 ARM - Qualifying Rate is the greater of the fully indexed rate or note rate + 2%.</p> <p>7/1 ARM – Qualifying Rate is the greater of the fully indexed rate or the note rate.</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> <p>The qualifying payment is calculated using the fully-amortizing monthly principal and interest payment based on the higher of the qualifying rate or the note rate and the term of the loan plus monthly amounts for taxes, insurance and other applicable housing expenses.</p>
<b>SEASONING</b>	<p>For no cash out transactions, the borrower must comply with the following:</p> <ul style="list-style-type: none"> <li>Must have owned the property for six months prior to the application date.</li> </ul>
<b>SECONDARY FINANCING EMPLOYMENT AND INCOME HISTORY</b>	<p>Full Doc is required on all Agency Jumbo loans. The borrower's employment and income (2 years income; 2 months bank statements) for the most recent two years must be verified regardless of the DU Findings. A completed and signed IRS Form 4506-T is required for all borrowers at application and closing and must be included in the loan file delivered for purchase.</p> <p><b>Employment Gap:</b> 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</p> <ul style="list-style-type: none"> <li>The borrower has been at the current employer for a minimum of six months, and</li> <li>There is evidence of a previous employment history.</li> </ul>
<b>SALARIED AND HOURLY WAGES</b>	<p>A two-year employment history is required, as stated on the application:</p> <ul style="list-style-type: none"> <li>All pay stubs for the most recent 30-day period with YTD earnings. Pay stubs must be dated no earlier than 30 days prior to the application date. If the paystub does not include sufficient information to appropriately calculate income, additional documentation must be obtained.</li> <li>W-2 forms covering the most recent two tax years, regardless of the length of time with employer</li> <li>Documented telephone verification of employment with the employer must be completed no more than 10 calendar days prior to the loan closing. Neither a pay stub nor a written VOE may replace the verbal VOE.</li> </ul>
<b>SELF EMPLOYMENT</b>	<p>A individual receiving income from any of the following sources must be qualified as self-employed:</p> <ul style="list-style-type: none"> <li>Borrower has an ownership interest of 25% or more in a business. The business may be a sole proprietorship, a general partnership, limited partnership, corporation, or S-corporation.</li> <li>Borrower receives commission income totaling 25% or more of total gross income.</li> <li>Borrower relies on investments for income (e.g., interests, dividends, capital gains, or real estate).</li> <li>Borrower is a member of the clergy and files taxes as self-employed. (Additional guidelines apply if a portion of their income is for housing, which may be tax exempt—federal and state).</li> <li>Borrower is a contract worker (1099 income)</li> <li>Borrower receives income from the subject property seller or broker</li> </ul>

**SELF EMPLOYMENT  
(cont'd):**

A 2-year self-employment history, which includes verifying the borrower has ownership in the business, is required to ensure that the income is stable. Generally, the borrower should not be approved for maximum financing terms if they have been self-employed for less than 2-years. Less than 2-years may be considered provided the borrower has a recent 2-year history of successful employment in the same occupation (or a related field) and they have been self-employed for at least 1 full tax year.

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.

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.

Self employment may be documented with the following:

- Two years Individual Tax Returns (IRS Form 1040) (and)
- Two years Partnership Tax Returns (IRS Form 1065) (if applicable)
- Two years S Corporation Tax Returns (IRS Form 1120S) (if applicable)
- Two years Corporate Tax Returns (IRS Form 1120) (if applicable)

**Commission**

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:

Required Documentation

- Most recent YTD pay stubs documenting at least 30 days of income. Paystub must be dated no earlier than 30 days prior to the application date, and must include all year to-date income. If the paystub does not include sufficient information to appropriately calculate income, additional documentation must be obtained; and
- 2 years most recent W-2s and/or 1099s; and
- 2 years most recent tax returns with all Schedules reflecting at least 6 months of commission income; and
- Verbal Verification of Employment performed no more than 10 business days prior to the loan closing

**DU Loans:** For loans that receive an Approve/Eligible or Approve/Ineligible recommendation, follow the DU Findings Report, which will identify the appropriate documentation requirements.

- 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.

**FIXED INCOME****Retirement**

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:

- Copy of the retirement award letters, or
- Most recent year's W-2 forms or 1099 forms, or
- Twelve months' most recent bank statements showing receipt of the income.

**FIXED INCOME (cont'd):**

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.

**Social Security**

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:

- A copy of the Social Security Administration's award letter Copies of the borrower's previous 12 months bank statements to confirm regular deposit of the payment
- Signed tax returns for the most recent two years, and a
- Signed IRS form 4506-T or 1099 forms are also acceptable.

Social Security Benefits include any of the following types of payments:

- Social Security Retirement Benefits
- Supplemental Security Income
- Survivor's Benefits (surviving spouse or child payments)

**RENTAL INCOME**

Regardless of the DU recommendation, if the subject property being financed is a 1-4 unit investment property and rental income is being used for qualifying purposes, the borrower must have a 2-year history of managing rental property. A Single Family Comparable Rent Schedule (Form 1007) is required on all one-unit investment properties. An operating Income Statement must be obtained for all investment property transactions, and all two-to-four properties (including those in which the borrower occupies one of the units as a principal residence).

**VERBAL VOE****Verification of Employment for hourly, salary, and commission income (VOE)**

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:

- The name and title of the person who confirmed the employment
- The date of the call
- The source of the phone number
- The borrower's current employment status
- The borrower's job title
- The borrower's date of hire / dates of employment
- Probability of continued employment

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.

**VERBAL VOE (cont'd)**

**Verbal VOE requirements for self-employed income are:**

Independent verification of the existence of the borrower's business within 30 calendar days prior to the note date through:

- A third party, such as a CPA, regulatory agency, or the applicable licensing bureau, if possible; and
- Verifying the phone listing and address for the borrower's business using a telephone book, the internet, or directory assistance.

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.

**IRS Form 4506-T**

**IRS Form 4506-T** – 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.

**FRAUD REPORT**

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.

**ASSETS**

Assets used for down payment must be documented to show that they are from borrower's own funds. The loan application should provide an accurate reflection of the funds required from the borrower to close the transaction. The application must clearly state the source of the funds for down payment and closing costs, and cannot state other or any vague description. This applies to all loan applications. The funds required to close are the difference between the funds needed to complete the transaction and the mortgage amount. When a borrower will be paying off debts, adequate funds should be documented to complete the debt payoff, in addition to the funds required to close the transaction and any required cash reserves.

**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 dates 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

<p><b>REAL ESTATE OBLIGATIONS (cont'd)</b></p>	<p><b>Borrower Converting Primary Residence to a Second Home</b></p> <ul style="list-style-type: none"> <li>Both the current and proposed mortgage payments must be used to qualify the Borrower for the new transaction</li> <li>Six months PITI reserves required for both the retained and subject properties or</li> <li>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.</li> </ul>
<p><b>CASH RESERVES</b></p>	<p><b>Borrower Converting Primary Residence to Investment Property</b></p> <ul style="list-style-type: none"> <li>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.</li> <li>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.</li> <li>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</li> <li>At Underwriting discretion, a fair market rent letter may also be required</li> <li>If the 30% equity in the property cannot be documented, rental income may not be used to offset the mortgage payment</li> <li>Both the retained and the proposed mortgage payments must be used to qualify the Borrower for the new transaction</li> <li>Six months PITI reserves required for both the retained and subject properties.</li> </ul> <p>Loan closings involving an owner occupied loan are required to have two months cash reserves (or as determined by DU/DO. The following are required when the borrower will have 1-4 financed properties (including the subject property):</p> <ul style="list-style-type: none"> <li>Two months reserves on the subject property if it is an owner occupied or second home.</li> <li>Six months reserves on the subject property if it is an investment property.</li> <li>Two months reserves on each additional financed second home or investment properties.</li> <li>As per DU Requirements: 24 months PITI reserves are required if product is interest only.</li> </ul> <p>When the subject property is a primary residence, the policy for reserves requirements is unchanged regardless of how many other financed properties the borrower may have.</p>
<p><b>GIFT INCOME</b></p>	<p>Gift income can only be considered if the borrower has a 2-year history of receiving it and the donor will verify the likelihood of its continuance. <b>Tax-free gift income is not permitted.</b> Tax returns are required to verify that the borrower pays tax on any gift income used to qualify.</p>
<p><b>GIFTS/ DOWN PAYMENT</b></p>	<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>Minimum down payment / borrower contribution requirement: 3% from borrowers own funds.</li> <li>When the LTV/CLTV is <math>\leq</math> 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>SECTION 6:</b>	<b>PROPERTY/APPRAISALS</b>										
<b>ELIGIBLE PROPERTIES</b>	Attached and detached SFR's                      2-4 Units Attached and detached PUD's                      Modular Homes Low & High Rise Condos										
<b>INELIGIBLE PROPERTIES</b>	<b>Ineligible properties:</b> manufactured homes, cooperatives, condotels, timeshares, commercial properties, unimproved land and "Live/work" condo's.										
<b>OCCUPANCY</b>	Owner-occupied primary residences, second homes, and investment properties.										
<b>STATE RESTRICTIONS</b>	Loans allowed in the 40 contiguous states where WesLend Financial is licensed, the District of Columbia and the state of Hawaii. Please refer to the state Licensing list at <a href="http://www.weslendwholesale.com">www.weslendwholesale.com</a> .  Florida condominiums are restricted to 70%/70% with a minimum 740 FICO or 60%/60% with a FICO less than 740, Primary and Second home. Investment properties are not permitted.  Texas Cash Out on Homestead properties not allowed										
<b>APPRAISAL</b>	<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@Weslendfinancial.com">AppraisalDesk@Weslendfinancial.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 except as referenced below.</li> <li>• 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> </ul> <p>The appraisal format recommended by DU may be used, except for the following:</p> <ul style="list-style-type: none"> <li>• Full interior/exterior inspection appraisals are required for all cash-out refinances, regardless of the DU Findings.</li> <li>• All loans that require MI must have a full interior/exterior appraisal, regardless of the DU Findings.</li> <li>• A field Review is required in addition to the DU recommended appraisal if: <ul style="list-style-type: none"> <li>○ The loan amount is &gt; \$625,500 and the LTV, CLTV, or HCLTV is greater than 80%;or</li> <li>○ The property is valued at \$1,000,000 or more and the LTV,CLTV, or HCLTV is greater than 75%.</li> </ul> </li> </ul> <p><u>Note: 5/1 or 7/1 Interest Only LIBOR ARM loans may be subject to an enhanced review.</u></p> <p>Based on the property type, the following appraisal report form must be used:</p> <table border="1" style="width: 100%;"> <thead> <tr> <th style="text-align: center;">Property Type</th> <th style="text-align: center;">Form Name/No.</th> </tr> </thead> <tbody> <tr> <td>Single-Family Residence (SFR), Planned Unit Development (PUD)</td> <td>Uniform Residential Appraisal Form (#1004/70) And 1004MC</td> </tr> <tr> <td>Condominiums</td> <td>FNMA Form 1073 and 1004MC</td> </tr> <tr> <td>Site Condominiums</td> <td>FNMA Form 1004 and 1004MC</td> </tr> <tr> <td>2-4 unit Properties</td> <td>Small Residential Income Property Appraisal Report (#1025/#72) and 1004MC</td> </tr> </tbody> </table>	Property Type	Form Name/No.	Single-Family Residence (SFR), Planned Unit Development (PUD)	Uniform Residential Appraisal Form (#1004/70) And 1004MC	Condominiums	FNMA Form 1073 and 1004MC	Site Condominiums	FNMA Form 1004 and 1004MC	2-4 unit Properties	Small Residential Income Property Appraisal Report (#1025/#72) and 1004MC
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<b>CONDO PROJECTS</b>	The following <b>FNMA project classifications</b> are permitted:										

- 1028, or
- Project Eligibility Review Service (PERS), or
- Condo Project Manager (CPM)\*

**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.
- ❖ **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

**CONDO PROJECTS  
(cont'd)**

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.
- ❖ **Detached condominiums**
  - The property may be covered by the type of hazard insurance required for single-family detached dwellings. The common elements must be covered by the project's master or blanket insurance policy, unless otherwise indicated in the project's governing documents.

**Ineligible Condominium Project Reviews**

The following condo project review options and guidelines are not acceptable:

- Homeowners Association (HOA) Certification Review
- Freddie Mac Exempt Florida Condo Project 42.7 (e)

**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.

**SECTION 7:**

**INSURANCE**

**MORTGAGE INSURANCE**

**MI for site built homes:**

LTV	<=20 year	>20 Yr. Term
90.01 - 95%	25%	30%
85.01 - 90%	12%	25%
80.01 - 85%	6%	12%

Reduced MI is no longer available  
 Fannie Mae's new Minimum Mortgage Insurance Coverage option is not available.  
 Custom MI is not allowed.  
 Approved MI companies are: MGIC, GE, Radian and UGI

**SELF-INSURED-OPTION**

Self Insurance (LPMI) is not available.

**HAZARD INSURANCE**

Hazard insurance is required for each property.

- 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.
- For properties located in California, lenders may not require hazard insurance in an amount exceeding the replacement value of the improvements on the property.
- The maximum deductible may be up to 5% of the amount of the policy.

**HO-6 Policy (Condo)**

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.

**RENT LOSS INSURANCE**

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.

**FLOOD INSURANCE**

- A flood hazard determination is required for all loans.
- Flood insurance is required if the property is located in a special flood hazard area or flood zone.
- 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
- 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.)
- The deductible for 1-4 unit properties may not exceed a maximum of \$5,000 unless a higher maximum is required by state law.

**IMPOUNDS**

Property tax and insurance escrows may be waived with the following criteria:

All Property Types:

- LTV Requirements:
  1. Less than or equal to 80% LTV for properties located in all states except for California
  2. Less than or equal to 89.99% LTV for properties located in California

<b>SECTION 8:</b>	<b>TITLE/CLOSING AGENTS</b>
<b>TITLE DOCUMENTATION</b>	<p><b>Title History Review Policy:</b> The preliminary title report must reflect a minimum 24-month title history.</p>
<b>PLAT/SURVEYS</b>	<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>
<b>INTER VIVOS REVOCABLE TRUSTS</b>	<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>
<b>SECTION 9:</b>	<b>FEES/MISCELLANEOUS</b>
<b>FEE LIMITATIONS</b>	<p>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>.</p> <ul style="list-style-type: none"> <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>
<b>SELLER/INTERESTED PARTY CONTRIBUTIONS:</b>	As per DU Requirements