

# THIRD PARTY ORIGINATION

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WEI MORTGAGE CORPORATION

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**CHAPTER 1. GENERAL**

**1.1. Overview of Guidelines**

The following Underwriting Guidelines ("Guideline") are to assist WEI Mortgage Corporation ("WEI") approved brokers (the "Originator") establish the evaluation standards for determining applicants' (the "Borrower") eligibility for WEI's mortgage loans. Along with objective criteria of which all Borrowers are to be evaluated against, it contains information that will assist the Originator in applying the criteria in a manner that takes each prospect Borrower's unique profiles into consideration. This Guideline must be applied in a fair and consistent basis to all Borrowers. However, it should be only considered as a tool to assist in the general and broad sense of evaluation of the Borrower's eligibilities for WEI's products. WEI understands that underwriting is not an exact science and this Guideline will not cover all potential scenarios. WEI's underwriters will use sound judgments and common-sense approach in making decision of approval of loans.

## **1.2. Originator Eligibilities**

To be eligible to submit loans to WEI, the Originator must be duly organized, have valid and current license(s), and be qualified to transact business in each state where property securing a loan is located. The Originator at all time should be in compliance with federal, state and local laws and regulations applicable to the operation of its business including, but not limited to, RESPA, the Home Ownership and Equity Protection Act of 1974, the Fair Credit Reporting Act, the Fair Housing Act, the Equal Credit Opportunity Act, the Truth in Lending Act, the Home Mortgage Disclosure Act and all regulations published under such laws. The Originator must meet state requirements net worth. The Originator will be subject to an in-depth background check at WEI's discretion in order to discover and prevent fraudulent activities by cross referencing the Originator, its subsidies and affiliates, subordinates and all involved parties to data available by Genworth Financials (formerly known as GE Mortgage Insurance Corporation) or any others at WEI's sole discretion.

## **1.3. Registration & Lock Commitment**

Lock & Registration Form provided by WEI should be faxed to WEI Mortgage at 240-243-9100. Registrations sent to any other number will not be honored. This form is available to download and print on the WEI's broker website <http://broker.weicorp.com>. A confirmation will be sent back to the number that the originator specified on the Registration Form. Faxed registration will be processed within 48 hours. If originator does not receive a confirmation, contact WEI Mortgage Lock Desk immediately.

WEI Mortgage will not be held responsible for incorrect registrations and/or lock-ins that are not reported to WEI Mortgage within 48 hours after the activity occurs. WEI will not honor any corrections after this period for any reasons.

If faxed Lock & Registration Form misses information or contain inaccurate information, WEI will not complete the registration information by assumption. If any required data is missing or appear to be inaccurate or incomplete, the case will be placed in a pending status and a confirmation will be sent to the originator who faxed the form reflecting this condition. This will not be locked.

A one-time extension may only be used once. Brokers may choose one of the following fees:

<b>Extension Period</b>	<b>Extension Fee (Deduct from Price)</b>
7 Days	0.125
15 Days	0.25
30 Days	0.375

The extension must be requested on Form 1-Lock and Registration Form and must be faxed in to WEI's lock desk no later than 5PM on the day of lock expiration.

A worse case extension may be used as many times as needed. Broker may choose from extension periods of 15, 30 or 45 days.

Worse Case Extension Fee = 0.125 plus difference between current market base price and commitment base price

Current market for extension period is compared to the trade price and the worse of the two is given with an additional 0.125 extension fee.

Worst-case extension is the only option when the case's lock is expired. Worse case extension will also assume the loan price adjustments that apply the day it was requested.

#### **1.4. Closings & Settlement**

Once loan is cleared to close, after all conditions have been clarified, originator should schedule closing and inform WEI at least 24 hour in advance of the scheduled closing date. Originator must speak to a live person at WEI in doing so. Please make sure to have following documents.

1. Title Commitment
2. Wire instruction
3. Hazard/Flood Insurance and paid receipt
4. Completed Fee Sheet

WEI reviews funded loans after the legal packages come back from settlement offices. There are two major areas of review:

A: The accuracy, consistency and completeness of the legal documentation and settlement statement (pre HUD-1) including the following checks:

1. If the name(s) shown on the title is (are) the same with that on title binder, transmittal summary (1008), loan applications (1003), DU or LP.
2. Any judgments, payoffs, subordination liens and tax information on the title.

3. Title Company's wiring instruction and Error & Omission policy for the first-time business.
4. The accuracy of closing protection letter (ICL).

B: The loan's compliance with agency and investor requirements include the following checks:

1. Ordering Flood certificate from different report agent to confirm the flood zone and purchasing flood insurance if the subjective property is located in special flood hazard area.
2. Ensuring that accurate information including lock confirmation, appraisal review, credit history review were the same shown on the final underwriter approval.
3. Detecting discrepancies in original GFE, TIL, pre HUD-1 and the fees charged to borrowers etc.). Ensuring all fees abide by the state code and documentation.
4. Ensuring the dwelling coverage abide by the investor's hazard insurance guidelines. Typically, the coverage is less of the loan amount or the replacement costs granted that the loan amount is at least 80% of the replacement costs.

## **1.5. Exhibits & Forms**

Useful forms are listed on broker's website. Below are list of forms by their form number and its use. Broker needs to download Adobe PDF reader to view.

- FORM 01: Lock & Registration Form
- FORM 02: Credit Package Stacking Order Form
- FORM 03: ARM Disclosure - Interest Only Programs
- FORM 04: Residency Certification
- FORM 05: Foreign National Diplomatic Immunity Certification
- FORM 06: HOA Certification for PUD
- FORM 07: HOA Certification for Condo

## **1.6. Underwriting Credit Matrices**

WEI keeps its credit matrices separately with broker guide. Broker may download most updated credit matrices at <http://broker.weicorp.com>.

## **1.7. Supports**

To ensure that your request is responded to in a prompt manner, we are offering delegated support options. Please review these support options and contact us accordingly. If you have questions or require support regarding WEI's broker program, products and pricing or any other general questions, please contact us at [broker@weicorp.com](mailto:broker@weicorp.com)

For all other questions, contact an account executive at (240) 243-9000 -or- email us at:

- **Underwriting Department:** undrewriting@weicorp.com
- **Closing:** closing@weicorp.com
- **Lock Desk:** lock@weicorp.com
- **Post Closing & Previously Serviced Loans by WEI:** servicing@weicorp.com
- **Wholesale Programs Oversight:** broker@weicorp.com

## CHAPTER 2. BORROWER & TRUST

### 2.1. Borrower Eligibilities

- A. The Borrower must be natural persons only, with title to the property to be held in the names of individual Borrowers
- B. Corporations, partnerships, limited liability companies (LLC), or syndications, irrevocable trusts, realty investment trusts, any trust in which the Borrower is not the entity for settlement or of which survives the Borrower's lifetime, or "Abusive Trust Arrangements" as defined by the Internal Revenue Service ("IRS") are not eligible
- C. Borrowers with Diplomatic Immunity are not eligible
- D. Foreign Nationals (defined as "citizens of another country who reside outside of the United States and who only periodically visit the United States") are not eligible

### 2.2. Residency and Immigration Status

- A. **Residency Certification Form** is required for the Borrowers who are non-U.S. citizens. Originator must utilize to verify lawful Permanent or Non-Permanent Resident Alien status. Originator is responsible to obtain and submit evidences of the alien's residency status. By submitting loans to WEI with supporting evidences of the Borrower's lawful residency and immigration status, the Originator represents and warrants that those evidences are legitimate.
- B. Permanent Resident Alien
  - Non-U.S. citizen who is lawfully accorded the privilege of residing permanently in the United States. The Immigration and Naturalization Service ("INS") defined this status as "immigrant"
  - Loan may be submitted to WEI under the same terms as a loan made to a U.S. Citizen
  - Permanent Resident Alien must hold one of the following:
    - a. Unexpired Alien Registration Receipt Card ("Green Card"; **INS Form I-551**)
    - b. Conditional Alien Registration Receipt Card (**INS Form I-551** & **INS Form I-751**)
    - c. Unexpired foreign passport with unexpired stamp ("Processed for I-551 for Temporary evidences of lawful admission to permanent residence. Valid until: [date] Employment Authorized.")
    - d. Accepted for processing (**INS Form I-485** for "Application to Adjust Status")
- C. Non-Permanent Resident Alien
  - Non-U.S. citizen who resides in the United States under the terms of a visa. The Immigration and Naturalization Service ("INS") uses the word "nonimmigrant" to describe these individuals
  - To be eligible, non-permanent resident aliens must have resided in the U.S. for the most recent two (2) years, have 2 years employment history in the U.S., have a satisfactory 2 year credit history and have clearly met this Guidelines

- Following U.S. visas typically represent this status: A-1, A-2, A-3 (non diplomatic immunity must be verified); H-1 (Temporary Worker); L-1 (Intra-Company Transferee); E-1 (Treaty Trader); G-1, G-2, G-3, G-4, G-5 (non diplomatic immunity must be verified); TN NAFTA; TC NAFTA

### **2.3. Age**

- A. No maximum age for a Borrower
- B. Borrower must have reached an age at which the Note can be legally enforced in the jurisdiction in which the property is located

### **2.4. Inter Vivos Trust**

Inter Vivos revocable or “living” trusts are eligible for submission subject to Fannie Mae standards of eligibility. Loans are not eligible for submission in any case where the title policy takes exception to the trust ownership. Borrower must be obligated on the Note individually and as trustee of the Inter Vivos trust.

### **2.5. Non-Arm’s Length Transactions**

Non-Arm’s Length Transactions: A non-arm’s-length transaction is a transaction in which a direct personal or financial relationship exists between or among the buyer, seller, lender, broker, and/or appraiser. In some cases, such as an in-family sale or employee loan, the risk may be mitigated and the loan may be eligible as long as all the facts have been fully disclosed and the loans meet the requirements indicated below. A loan involving a non-arm’s-length transaction may be eligible only on a case-by-case basis.

### **2.6. Signature**

- A. All persons whose income, assets or financials are used to qualify for the loan must sign the Note
- B. At least one person who signs the Note must also take title to the subject property and sign the Mortgage or Deed of Trust
- C. All owners of the subject property must sign the Mortgage or Deed of Trust
- D. The Mortgage or Deed of Trust must also be signed by any person with potential interests in the property under state or local law, and whose rights must be waived in order to perfect the lien
- E. Documents signed by a Power of Attorney must comply with applicable state law and the title insurance policy for the loan must contain an endorsement or equivalent affirmative coverage that provides coverage for the execution of documents using the Power of Attorney.

### **2.7. Other**

#### **MULTIPLE MORTGAGES TO SAME BORROWER, GIFT, GRANT, CONTRIBUTION**

## CHAPTER 3. OCCUPANCY ELIGIBILITIES

### 3.1. Primary Residence

Primary residence is a one-to-four-unit family property, which is or will be physically occupied by the Borrower as primary residence. See following details.

- A. Borrower occupies or intends to occupy the property as primary residence within 60 days of closing.
- B. Property occupied by the Borrower for the major part of the year.
- C. Property location is convenient to the Borrower's principal place of employment.
- D. Property address is on record for federal income tax reporting, voter registration, driver's license, occupational licensing, etc.
- E. Property possesses physical characteristics to accommodate the Borrower's immediate family.
- F. Second primary residence (i.e. property purchased by a commuter to be occupied during the workweek in addition to a primary residence already owned) is not eligible as primary residence. It will be considered as a second home or investment property.
- G. If occupancy is questionable, it will be treated as non-owner occupied.

### 3.2. Second (Vacation) Home

Second home is a one-unit property owned and occupied by the Borrower for exclusive use and enjoyment. Second home must be located at a sufficient distance or time of travel from the primary residence. See following details.

- A. Property must be suitable for year-round occupancy
- B. Property is for the Borrower's exclusive use and enjoyment
- C. Property is not subject to any rental pools, agreements requiring the property to be rented
- D. Property occupancy must not be controlled by a management firm
- E. Two-to-four-unit family property is not eligible as second home
- F. Timesharing or rental agreement ownership is not eligible

### 3.3. Non-Owner Occupied (Investment Property)

- A. One-to-four-unit family property that is neither the Borrower's primary residence nor second home is a non-owner occupied property.
- B. Investment property is a property that the owner does not currently occupy or the Borrower does not intend to occupy
- C. Properties purchased by the Borrower for the use of family members or relatives who are not the Borrower and who does not pay rent are only eligible for purchase as an investment property

## CHAPTER 4. PROPERTY ELIGIBILITIES

#### 4.1. Eligible Property Locations

Loan secured by property in the states of DC, MD and VA is eligible.

#### 4.2. Eligible Property Types

- A. Single Family - detached, semi-detached or attached houses are eligible
- B. Multi-Family - dwellings of up to four units are acceptable including two single-family dwellings on one parcel with similar comparables. More than two single-family dwellings on one parcel are not eligible
- C. Warrantable and Non-warrantable Condominiums
- D. One and two family properties in Planned Unit Developments (PUDs)
- E. Warrantable Co-operatives
- F. Condominiums, PUDs and Co-operatives follow Agency guidelines

#### 4.3. Eligible Construction Types

- A. Townhouse or rowhouse
- B. Stick-built, log, modular or panelized construction

#### 4.4. Ineligible Property Types

- A. Mobile home
- B. Non-warrantable Co-operatives or condotels
- C. Some non-warrantable condominiums
- D. Unimproved land
- E. Historic properties
- F. Geodesic domes
- G. Earth or berm homes
- H. Timeshares or mandatory rental pools
- I. Industrial or manufacturing-use properties
- J. Multi-family properties with more than four units
- K. Mixed-use properties with more than 30% commercial use (including boarding houses and bed-and-breakfast establishments)

#### 4.5. Ineligible Property Conditions

Any of the following rendering conditions of a property are ineligible even if the property type is eligible.

- A. Properties currently listed for sale, or listed within the six months prior to the loan application (including Refinance)
- B. Properties in poor condition
- C. Properties with hazardous materials present or routinely used, or with past hazardous material problems, which have not been corrected to federal standards.

- D. Properties used in whole or in part for manufacturing or industrial purposes.
- E. Boarded-up or abandoned properties.
- F. Properties subject to pending zoning changes, which may negatively impact value.
- G. Properties located in uninsurable flood hazard areas.
- H. Any property with a highest and best use different from the current use.
- I. Properties with inadequate or unsafe heating systems (i.e., fireplaces, non-affixed space heaters, etc.).
- J. Properties with inadequate utilities such as lack of water or electrical connections or improperly vented water heaters.
- K. Properties with environmental hazards or unsafe well and septic systems.
- L. Properties with potential damage from geological conditions (fault lines, mudslides, etc.).
- M. Properties that pose an imminent threat to the health or safety of the occupants.
- N. Properties with inadequate foundations.
- O. Properties with shared or community cesspools.

## CHAPTER 5. LOAN PURPOSE ELIGIBILITIES

### 5.1. Purchase

A purchase of a property by sales contract executed between the Borrower and the seller for a first lien on the property. The seller must be the owner of record.

- A. In transactions where the seller is a corporation, partnership or any other business entity, the Borrower must not be one of the owners of the business entity selling the subject property.
- B. A loan involving a non-arm's-length transaction may be eligible only on a case-by-case basis.
- C. A loan where the seller is a relative of the buyer may be eligible if the Borrower is an owner-occupant and the following conditions are met:
  - Full or alternative documentation of the Borrower's income, employment, and assets is required.
  - The Borrower must provide verification that earnest money has been paid to the seller (cancelled checks are acceptable verification).
  - The Borrower must have savings at least equal to 5% of the sales price, whether or not these funds are used for the down payment.
  - The loan file must contain verification that the Borrower is not currently nor has ever been on title to the property.
- D. Section 1031 Exchanges
 

Loans made to a Borrower acquiring an investment property under the terms of a Section 1031 Exchange are eligible under certain circumstances. Second mortgages used to acquire an exchange property are not eligible, and there must be no subordinate financing in the transaction.
- E. Reverse Exchanges
 

Loans made as part of a reverse exchange (where the subject property is being purchased from the buyer of the relinquished property) are not eligible.

### 5.2. R & T Refinance

First lien mortgages to be used to pay off an existing mortgage in order to reduce interest rate, to change term, or to reduce principal balance and monthly payment.

- A. Loan Proceed Distribution
- Payoff of the unpaid principal balance of the existing first mortgage, including any prepayment penalty.
  - Payoff of the unpaid principal balance of any existing subordinate mortgage of any age used to purchase the property or make documented home improvements, including any prepayment penalty.
  - Payoff of the unpaid principal balance of any existing closed-end subordinate mortgage used for any other purpose, including any prepayment penalty, as long as the loan is seasoned at least 12 months.
  - Payoff of the unpaid principal balance of any existing home equity line of credit ("HELOC") used for any other purpose, including any prepayment penalty, as long as the loan is seasoned at least 12 months and draws in the preceding 12 months do not exceed \$2,000.
  - Closing costs (including prepaid expenses).
  - Incidental cash back to the Borrower of no more \$5,000.
- B. No seasoning requirement for a first lien mortgage to be paid off in a Rate/Term Refinance
- C. LTV is based on the current appraised value
- D. Others fall into R & T Refinance
- Divorce/Buyouts of an ex-spouse or Buyout of joint owner(s)  
Must meet all other requirements under Rate and Term Refinance and followings:
    - a. Jointly owned property by the Borrowers, the ex-spouse or other owners
    - b. The property has been owned and occupied for at least the preceding twelve months by the Borrower and joint owner, except in the case of inheritance
    - c. The Borrower's income, assets and debts are verified with full or alternative documentation
    - d. Documentation of the divorce property settlement or estate disposition is in the file
    - e. Proceeds are disbursed directly to the ex-spouse or joint owner or authorized agent - not to the Borrower - and are reflected on the HUD-1 Settlement Statement
  - Inheritance
    - a. For property inherited less than 12 months prior to loan application, only rate/term refinances will be permitted subject to the following:
      - Proceeds may be used to buyout the documented equity interest of others. Equity owners must be paid through escrow.
      - The property must have cleared probate, and be vested in Borrower's name. Also, a copy of the Trust and/or Will is required to document Borrower has rights to the property being refinanced.
    - b. For property inherited more than 12 months ago, cash out is eligible subject to:
      - Copy of the Trust and/or Will evidencing Borrower inherited property, along with evidence the property has cleared probate 12 months or more from the date of loan application, and
      - Borrower to be vested on title to the property (no seasoning required)

### 5.3. Cash-Out Refinance

Cash Out refinances must be first lien mortgages.

- A. Loan Proceed Distribution
- Payoff of the unpaid principal balance of the existing first mortgage, including any prepayment penalty.
  - Payoff of the unpaid principal balance of any existing subordinate mortgage, regardless of purpose or seasoning.
  - Closing costs (including prepaid items).
  - Cash to the Borrower for any purpose.

- B. The amount of cash available to the Borrower is subject to the maximum stated cash limits as well as LTV and loan amount limits in the Product Pages. Additional restrictions may apply for LTV's greater than 80%.
- C. Others fall into Cash Out Refinance
- Unseasoned Properties - For properties owned less than one year, the LTV will be based on the lesser of current appraised value or purchase price acquisition cost plus documented home improvements. For properties owned one year or more, LTV will be based on current appraised value. Exception: For cash out and/or debt consolidation loans with a CLTV/HCLTV < = 75% and the property is owned less than one year, the LTV will be based on the current appraised value.
  - Free & Clear Ownership - In any case where the subject property is owned free and clear by the Borrower, and the loan proceeds are distributed as cash to the Borrower or debt payoff, the new loan will be treated as a Cash Out Refinance. (If proceeds are used solely to buy out the interest of a joint owner, the loan may be considered a Rate/Term Refinance. (see above under "Rate/Term Refinances.")
  - A transaction where the Borrower is seeking to "replenish cash" may be treated as a Rate/Term Refinance with the following restrictions:
    - a. The application date must be within 60 days of the cash settlement date.
    - b. The LTV will be based on the lesser of the acquisition cost or current appraised value.
    - c. The Borrower must have the ability to document acceptable source of funds for the cash transaction.
  - In any case where consumer debts must be paid as a condition of approval, the payoffs must be reflected on the HUD-1 Settlement Statement.

## CHAPTER 6. GENERAL UNDERWRITING

### 6.1. Credit History

Borrower(s) credit history will be used as the baseline factor in evaluating acceptability for WEI's programs and products. WEI uses common-sense evaluations in order to gauge Borrowers' willingness to repay the mortgage debt obligation and as one of determination factor. See following guidelines as the basic standards. For specifics, **See Product**. Exceptions will be evaluated on a case-by-case basis and must be supported by documented compensating factors.

#### A. Credit Scores

- A minimum of two credit scores is required for each applicant
- Credit history should extend for at least two (2) years, includes at least three (3) tradelines with a twelve (12) month, satisfactory payment history, and reflects the Borrower's credit history and credit patterns to be considered.
- For Borrowers with all three scores from Equifax, TransUnion and Experian, the middle scores will be considered to determine eligibilities for a specific product.
- For Borrowers with two scores, the lesser of two will be the representative score of each applicant.
- For multiple Borrowers, the lowest of all Borrowers' middle scores will be used to qualify.
- Some products may use the lowest representative score for qualifying for loans with multiple Borrowers.
- The representative score used for underwriting purposes will depend upon the product selected.
- Credit scores that do not appear to represent an accurate picture of the Borrower's credit risk will not be considered usable.

- For Borrowers with less than three (3) tradelines or significant inaccurate information on credit reports that may affect the usefulness of the score, Non-Traditional credit may be utilized to supplement an inadequate tradeline profile.
  - **WEI will make pricing adjustment for files with more than 2 times 30 day late within the last 24 month for any revolving tradeline.**
- B. Non-Traditional Credit - Borrowers who do not use the conventional credit system, alternative credit histories may be used, to supplement, as follows:
- A minimum of three alternative sources should be verified directly with the creditor, or with twenty-four (24) months cancelled checks showing no late payments over the past twenty-four (24) months.
  - Alternative sources include housing payments, utility payments, and telephone payments.
  - Alternative sources that are payroll-deducted are not acceptable.
  - All accounts must be generally paid as agreed. Chapter 7 and Chapter 13 bankruptcies must be aged at least 2 years. There may be no foreclosure or equivalent (deed-in-lieu, short sale, etc.) in the Borrower's credit history in the past three (3) years.
  - Consumer credit counseling will be treated the same as a Chapter 13 bankruptcy.
- C. Collection accounts, charge-off accounts, judgments, liens, delinquent property taxes, repossessions, and garnishments and accounts currently 90 days or more delinquent are considered to be major adverse credit. In these cases, the following applies:
- Documented Medical accounts will not be required to be paid (<\$2,500 cumulative).
  - All State, IRS and property tax liens must be paid, whether or not they currently affect title. No payment plans or subordination is allowed. Property tax liens on other properties will be considered major adverse credit.
  - Any current 90-day or more delinquent account must be brought current before or at closing.
  - Collection accounts, charge-off accounts, judgments and garnishments that do not affect title may be left open as long as the cumulative amounts are less than \$500.
- D. Mortgage/Rental Payment History
- Files should contain verification of the Borrower's 12-month payment history for all mortgages appearing on the credit report and application. Less than 12-month history may be permitted when the mortgage has been in place for less than 12 months.
  - Mortgage history may be verified in one of the following manners:
    - a. Direct written reference from the mortgagee, or
    - b. Verified on the credit report; or
    - c. Mortgage computer-generated or typed payment history from the mortgagee, which identifies the payment history covering at least 12 months (or for the entire time the mortgage has been in place if less than 12 months), the Borrower, issuer and mortgage and the outstanding balance.
    - d. Twelve-months canceled checks (front and back) are required if the mortgagee is a private party.
  - Rental history may be verified in one of the following manners:
    - a. Direct written verification of 12-month rental history from landlord may be provided, or
    - b. 12-months canceled checks (front and back) may be provided.
  - A copy of the front and back of each check is required when cancelled checks are provided as documentation. The print must be legible, the date of the bank endorsement for deposit must show on the back and the check must identify the servicer, landlord, or management company.
- E. Timeshare obligations are considered an installment obligation, not a mortgage obligation, for credit review.
- F. Lawsuit/Pending Litigation
- If application, title, or credit documents reveal that the Borrower is presently involved in a lawsuit or pending litigation,

a statement from the Borrower's attorney may be required. The statement must explain the circumstances of the lawsuit or litigation and discuss the Borrower's liability and insurance coverage. A copy of the complaint and answer may also be needed. The title company closing the loan must be informed of the lawsuit or litigation and provide affirmative coverage of our first lien position.

## 6.2. Income

In determining monthly income, income will be considered stable and when able to conclude, based on all sources and documentation verifying the income, that it can reasonably be expected to continue for the next 3 years. Stable income follows standard Agency guidelines for acceptability.

### A. Wage or Salary Income

Wage or Salary compensation may be based on an hourly, weekly, monthly or semi-monthly basis. For employees paid on an hourly basis, verification must state the hourly wages, including the number of hours worked each week. The employer must list the hourly income earned for the previous two years and year-to-date income. If the number of hours is omitted from the employment verification, income figures for the past two years will be used to calculate the average. Pay stubs for the most recent 30-day period showing the Borrower's year-to-date income and W-2 forms may be requested for submission based on the Product selection. For the Borrowers who have been with current employer for the past two years continuously, the most recent year's W-2 form is acceptable. For the Borrowers changed jobs within past two years, W-2 forms for past two years are required.

Bonus, overtime pay, tip, gratuity, commission, additional part-time employment income will only be considered if it can be verified and considered as substantial part of the Borrower's income. If commission income represents 25% or more of the Borrower's income, two years of signed personal tax returns of those evidences are required.

### B. Additional Stable Income

- Tax-Exempt Income
  - a. It must be likely continue for three years and that it will remain untaxed
  - b. Disability retirement payments, Public assistance payments with verifiable documents
  - c. Non-taxable trust and inheritance income with supporting documentation.
- Alimony, Child Support and Separate Maintenance Income
  - a. A copy of the divorce decree or the court order showing that payments are obligated for a minimum of three years beyond the date of the Note and satisfactory proof of regular receipt of monthly payments
  - b. Copies of bank statements or canceled checks showing payments for a minimum of six months are required
  - c. Documentation for alimony, child support and household maintenance income need not be included in the file if the Borrower chooses not to have these sources of income considered.
- Foster Care Income
  - a. Required verifiable two-year history of past receipt
  - b. Only be considered if it is regular, recurring and likely to continue. Income must be averaged over this timeframe. Projected income may not be used.
- Disability or Workers' Compensation Income
  - a. Required verifiable two-year history of receipt
  - b. Short-term Disability – Will only be considered if the file contains documentation addressing the anticipated return to work date and the employer confirms the Borrower's position is still available to the Borrower. If the Borrower's full wages are required for qualifying, the file must also contain sufficient verification of assets remaining after closing to supplement the disability income until the Borrower returns to work. The assets required are in addition to any requirements for cash reserves required by the program.

- c. Permanent Disability - Income verification must include a copy of the insurance award letter showing the percent or dollar amount for the permanent disability.
- Inherited and Guaranteed Income - Income received from inheritance or other guaranteed sources, such as prize earnings or lottery winnings as eligible for loan qualification. Receipt of this income and determination of the probability of continuance for at least three years must be addressed. Award letter and proof of receipt outlining is required to support guaranteed income:
  - a. Total income paid to Borrower as beneficiary
  - b. Method of payment
  - c. Duration of income (must continue at least three years beyond the note date)
  - d. What portion, if any, of income to Borrower is not taxable
  - e. Two years signed personal tax returns with all schedules, if applicable.
- Seasonal Unemployment Compensation
  - a. Seasonal unemployment compensation may be eligible if the income is properly documented, has been received for the past two years and is likely to continue. To support seasonal unemployment compensation income two years signed federal income tax returns are required.
  - b. Income from seasonal employment may be considered as Stable Monthly Income if the Borrower has worked the same job "in season" for the past two years and expects to be rehired for the next season.
  - c. Verifications should include W-2 forms for the previous two years and a verification of employment.
  - d. If the Borrower is employed by a party involved in the transaction (i.e., employed by seller or real estate agent), two-years personal federal returns will be required.
- Pension/Retirement Income
  - a. Newly-retired or soon-to-be retired Borrowers whose income is exclusively or primarily derived from retirement accounts such as 401(k) plans, individual retirement accounts ("IRA") and Keogh plans, or certain other private or public retirement accounts.
  - b. These Borrowers cannot demonstrate the usual two-year history of receipt of retirement income, in the case of the newly retired, or cannot demonstrate the usual three-year continuation of employment income, in the case of the soon-to-be retired.
  - c. This option is available for "A" quality Borrowers purchasing or refinancing primary residences or second homes only. The Borrower may be recently retired or planning to retire within three years of closing. The following types of accounts may be used to establish income:
    - Vested balances of both employee and employer contributions.
    - Balances of any personal loans or margin accounts.
    - Accounts not identified as 401(k), 403(b), or an IRA-type account must include information regarding distribution restrictions such as age and employment status.
    - Pension/retirement income verification must include a copy of either 12 months checks, one year W-2P form, copies of signed federal tax returns or an award letter from the organization providing the income indicating the yearly pension amount. Verification that income will continue for at least three years is required.
  - d. Retired Borrowers whose income is derived solely from Social Security or other types of fixed-income or defined-benefit plans must provide standard full or alternative documentation for this income, with verification of its continuance for at least three years. Borrowers who have retired more than two years prior to closing must provide two years' signed tax returns and will be qualified on the actual distribution amount received. Borrowers who intend to retire within three years of closing must provide full or alternative documentation of employment income sufficient to qualify for the loan in the interim period from closing to retirement. In any case where this documentation cannot be provided, the Borrower is eligible only under a SIVA, No Ratio, SISA

or NINA loan program.

- e. Stable monthly income may be calculated via one of two methods, depending on the size of the retirement account and the amount of income needed to qualify. WEI will calculate ratios based on the most conservative formula that will arrive at ratios within our normal guidelines.
  - Income Method: The Borrower's gross monthly income may be derived using a standard calculation of investment income of 5% of the available account balance divided by 12.
  - Liquidation Method: The Borrower's, gross monthly income may be derived by dividing the available balance by 36.
  - In either case, the available balance is calculated as the statement balance less the following adjustments:
    - Only vested balances may be used.
    - Vested balances must be netted against any personal loans or margin accounts shown on the account statements.
    - If the accounts used are IRAs or 401(k)s, the Borrower is not yet 59 and one-half years old, and will not be 59 and one-half at the time of retirement, only 70% of the net balance may be used, to account for early-withdrawal penalties. Other types of private or public retirement accounts may have different age requirements.
    - Any funds for closing or required liquid reserves must be subtracted from the penalty-adjusted balance; unless the Borrower is using other verified account balances for these asset requirements.
    - Acceptable documentation includes the most recent quarterly or most recent three monthly statements of account. The statements must include the following information:
      - f. Social Security Income - Social Security income verification must include a copy of the award letter, copies of signed federal tax returns, W-2 forms or copies of bank statements showing automatic deposit. For children's Social Security income or Social Security disability income, verification that the income will continue for a minimum of three years is required.

#### C. Rental Income

Income received from rental properties owned by the Borrower that are not of the subject property, income will be calculated by 75% of actual rents or Schedule E of the tax returns, if provided. For properties owned less than one complete tax year, income will be based on lesser of 75% of actual rents or market rents. Paid rent evidences with the signed leases must be submitted. Net income will be added to gross income or net loss will be added to liabilities of the Borrower. Verification of rental income on Stated Income loans may be requested if the stated rental income does not appear reasonable. Stated rental income will be reduced by 25% for maintenance, repairs and vacancy minus PITI.

#### D. Income from an alternate source

- Interest, dividend, capital gains, trust, rental or note income
- It must be documented that the income will continue for a minimum of three years. WEI will consider income from the following sources:
  - a. Income for Military Reserves Not Called to Active Duty - Military Reserves who have not been called to active duty may use their military reserve income to qualify, as long as they can provide a two-year history of receiving that income.
  - b. Income Used For Military Reserves or National Guard Called to Active Duty - A Borrower called to active duty in
  - c. Interest and Dividend Income - Interest and dividend income may be used as acceptable stable income if it is properly documented, has been received for the past two years, and is expected to continue to be received for a minimum of three years from the date of the Note. The following documentation is necessary to support interest and dividend income:
    - Two years IRS Forms 1040 with Schedule B, and
    - Proof of ownership of the assets to support the interest or dividend income

When historical and current earnings are reasonable, the earnings will be averaged over the most recent two years. Projected income is not permitted.

The cash/stocks/bonds producing this interest and dividend income may not be used as a source for down payment and should not have been previously pledged as security.

- d. Capital Gains - Capital gains earned from the sale of assets (including mutual funds but generally excluding sale of real estate) will be considered Stable Monthly Income if the Borrower has a two-year history of earning capital gains and sufficient assets to continue generating similar earnings. Federal tax returns for the past two years should be provided. Income will be averaged over the past 24 months provided income continuity is expected.
- e. Trust Income - A Borrower's trust income may be taxed at a lower rate or it may be part of a partnership that writes off losses resulting in no tax liability. Trust income is reported on the 1041 Fiduciary Income Tax Return, which includes a K-1 Schedule. All beneficiaries of trust income receive K-1s from the trust. Trust income may be used if the trust is non-revocable and the income will continue for at least three years. The following documentation is required to support trust income:
  - Trust agreement or Trustee's statement outlining:
    - Total income paid to Borrower as beneficiary
    - Method of payment
    - Duration of trust
    - What portion, if any, of income to Borrower is not taxable.
  - Two years signed personal tax returns with all schedules, if applicable, or
  - K-1 Schedule (2 years), or
  - Two years 1041 Fiduciary Tax Returns
- f. Note Receivable Income - WEI will accept ongoing note income for loan qualification. A copy of the Note outlining the amount and terms of payment must be obtained. The repayment period should extend at least three years.

#### E. Sole Proprietorship Income

- WEI evaluates Schedule C sole proprietorship income using total profit or loss plus any depreciation, amortization, depletion, casualty loss or business use of the home expenses reported, minus the IRS exclusion for entertainment expenses.
- Net farm income reported on Schedule F is eligible with the addition of any depreciation, pension, amortization, depletion, casualty loss or business use of the home expenses.
- Capital gain income/losses are considered after subtracting losses incurred on assets acquired in one of the tax years being analyzed.
- Net rental income reported on Schedule E is eligible with the addition of depreciation.

#### F. Partnership Income

If the Borrower reports partnership income on Schedule E, WEI requires a copy of the appropriate K-1 Schedule to determine the Borrower's cash flow received from the partnership. Income from a 1065 partnership is determined by deducting capital contributions from the Borrower's total withdrawals and guaranteed payments. Analysis includes:

- The analysis of the cash flow of a partnership to assess the stability of the Borrower's personal cash flow.
- WEI determines partnership cash flow by analyzing the 1065 tax return and giving credit for ordinary income, depreciation, depletion and pension expenses. Amortization or casualty loss deductions listed under other deductions may be added to the total. Discretionary losses will be excluded from the cash flow analysis if the business is a limited partnership and the Borrower provides a copy of the partnership agreement, stating that all subsequent contributions are voluntary.

#### G. Corporate Income

Income of Borrowers who are principals of a corporation is generally reported as W-2 earnings or Schedule E earnings. An average of the Borrower's past two years earnings may be used to determine the income that may be used to qualify. Additionally, the underwriter must analyze the business tax returns to assess the likelihood of continued personal income to the Borrower as follows:

- The cash flow of the corporation and an analysis of the trends experienced by the business will be used to determine its viability.
- WEI will consider taxable income minus total tax and will add back depreciation, depletion, pension or net operating loss deductions listed on the return. If other deductions include amortization casualty losses, they may be added back.
- WEI does not recognize income retained in the business as personal cash flow to the Borrower unless it can be demonstrated that the Borrower is 100% owner and that the withdrawal of funds will have no effect on the corporation's continued growth.

#### H. Sub S Corporation

S Corporation K-1 income is determined by giving credit by property distributions (including cash) made to the Borrower

### 6.3. Employment

#### A. Salaried

- Borrowers who receive a wage, or salary, from an employer in return for a service rendered and have less than 25% ownership interest in the business.
- Verbal verification of employment must be completed within five days of closing and/or disbursement and include:
  - a. Date of verification
  - b. Employment status
  - c. Name, phone number and job title of person receiving the call of verification
  - d. Name and title of the person making the call of verification
- Written request for Verification of Employment (**Fannie Mae Form 1005**) covering most recent two years must include the following:
  - a. Dates of employment
  - b. Position
  - c. Probability of continued employment
  - d. Base pay amount and frequency
  - e. Additional salary information, itemizing bonus, overtime, tip, gratuity or commission income, if applicable, is required. If the commission income represents 25% or more of the Borrower's income, two years of personal tax returns are required. This amount should be averaged over the prior two years unless declining; otherwise the past 12 months must be averaged.
- Third-party employment verifications are acceptable in lieu of standard income and employment documentation. WEI accepts employment verification reports via third-party verification services.

#### B. Self-Employed

- Borrowers who are principals of a corporation, controlling partners or sole proprietors. Evidence that the Borrower has at least two consecutive years of self-employment in the same business entity and ongoing, stable income is required.
- Borrowers operating a business on a draw against commission basis but do not have actual ownership in the parent company, such as insurance or real estate agents, are considered to be self-employed for qualification purposes.

- Borrowers who rely on investments for income (i.e. interest, dividends, capital gains or real estate) will be treated as self-employed.

## 6.4. Assets

### A. Asset Verification

Full or alternative documentation of Borrower assets under all programs except Stated Income/Stated Asset (SISA) and No Income/No Asset (NINA) programs are required. Follow on Agency guidelines to establish the amount of assets to be verified and the acceptable documentation. Some may be subject to additional liquid reserve requirements. Evidence of sufficient funds for down payment, closing costs and reserves must be provided. Assets may be verified using direct written verification, completed by the depository; or two consecutive account statements. Account statements must identify the Borrower as the account holder, the account number, current balance, time period covered and include the date.

### B. Cash to Close

- The Borrower must provide documentation evidencing of sufficient cash to pay the down payment, prepaid items, closing costs, adequate additional cash reserves, as the program requires, and any additional funds needed to complete the transaction.
- Except for the SISA and NINA, cash to close must be sourced and verified. Electronic verifications may be acceptable. Borrowers must satisfactorily explain source of any recent large deposits if used to qualify for the loan.

### C. Gift Funds

- Funds must come from an immediate family member, domestic partner or other appropriate relation.
- For loans with LTVs of 80% or less, the entire down payment may be in the form of a gift.
- Gifts from a family member who has resided with the Borrower for at least 12 months, and who will reside in the subject property, can be considered the same as the Borrower's funds. Documentation must be obtained to verify that the family member has resided with the Borrower for at least 12 months.
- In all cases, the donor must execute a gift letter stating the donor's name and address, relationship to the Borrower, amount of gift and that no repayment is expected.
- Verification of the transfer of gift funds is required.
- Gift funds may be used as reserves.
- Second home and Investment property loans, Condotels, Seller-funded gifts are not eligible for Gift Fund.

### D. Unacceptable Sources of Funds

- A grant or subsidy, even if no repayment requirement exists, may not be permitted, except as permitted in the Program Page.
- Proceeds of a personal or unsecured loan, such as a cash advance on a revolving account or unsecured line of credit. Up-front costs, such as application fees or rate lock fees, paid by credit card are acceptable. However, the funds to close documented in the file must include amounts sufficient to cover the charged fees, if the balance is not paid in full prior to closing.
- Gift funds that must be repaid in full or part.
- Labor performed by the Borrower (sweat equity) or material furnished in construction or rehabilitation of the subject property that is not part of a pre-closing agreement with the builder.
- Cash on hand.
- Any payment received as a result of being a party to the sales transaction (i.e., real estate sales commission) after Borrower has met the minimum down payment requirement.

## 6.5. Liabilities

### A. Verification of Outstanding Liabilities

Any significant liability which is not verified on the credit report, including but not limited to the Borrower's current housing payment, must be verified via a direct verification of rent or mortgage, a mortgage payment history provided by the current mortgage holder, or copies of cancelled checks covering the most recent 12 month period.

The following debts must be included in the Borrower's debt-to-income ratio (DTI):

- Monthly housing expenses
- Revolving charges (if no payment is showing, use 5% of the outstanding balance).
- Installment debt (if 11 payments or more are remaining).
- Real estate loans
- Automobile loans
- Automobile leases (must be included in the DTI even if fewer than 11 payments are remaining.)
- Net rental losses from real estate owned.
- Alimony, child support or maintenance payments with 11 or more remaining payments.
- Divorced and separated Borrower's joint obligations.
- Business debts for which the applicant is personally liable. This would include business-paid personal debt, unless proof of payment by business is established.
- Student loans (unless deferred for more than 12 months.)

### B. Payment for loans secured by 401(k), life insurance or other liquid asset accounts may be excluded from DTI calculations unless the account is used to meet program reserves and/or liquid asset requirements or is used as a compensating factor. The Borrower, however, may liquidate the non-secured portion of the account for use as down payment.

### C. Debt Payoff/Pay Down

Revolving and installment debt that is paid off at closing may be excluded provided the payoff of the debt is a condition of underwriting approval. When this occurs, WEI will not include the payment in the debt-to-income ratio. The paid bill(s), cancelled check(s) or a HUD-1 Settlement Statement evidencing payment must be provided. Documentation, verifying a pay down of a revolving or installment debt, must be received.

### D. Co-Signed Debt

If the Borrower is a co-signer or guarantor on any loans, those liabilities must be indicated on the loan application. The payments for these loans will be included in the Borrower's total monthly debt, unless satisfactory documentation is provided to prove that the primary debtor has been making the payments on a regular basis by providing at least three months cancelled checks.

### E. Divorce Debt

Debts owned jointly with a former spouse will be considered as an obligation of the Borrower unless a legal separation agreement or divorce decree is provided to prove the former spouse is responsible for the debt.

### F. Business Debt

Debts paid by the Borrower's business will not be considered in the Borrower ratios if cancelled checks drawn on the business account are provided indicating the obligation has been paid by the Business on a regular basis for a minimum of six months.

### G. Student Loans

If the Borrower has a student loan that is currently deferred, the payment can be excluded from the debt ratio if the underwriter receives verification from the creditor that payment will not be required from the Borrower for the next 12 months. HELOC Payments WEI will not include in the ratios a monthly payment on a HELOC if it has a zero balance. If there is any balance, we include the verified payment or, if a payment cannot be verified, 1% of the entire line amount.

Qualifying Ratios Maximum acceptable debt-to-income (DTI) ratios are specified in the respective Product Page. Any loan that exceeds the DTI guidelines in the Product Pages must be submitted for exception approval. In any case where consumer debts or subordinate liens are to be paid down or paid off, in order to qualify, the underwriter must condition, before or at closing, for paid bills, cancelled checks, or a HUD-1 showing direct payments to the creditor

## 6.6. Automated Underwriting Decisions

- A. WEI permits the utilization of Fannie Mae's Desktop Underwriter (DU) or Freddie Mac's Loan Prospector (LP) on Full/Alt Doc and stated Income loans, up to \$650,000 with the Jumbo A, SISA and Alt-A product sets.
- B. For more specific information, please reference the applicable product page.
  - In conjunction with the specific Jumbo A or Alt-A requirements outlined in more detail in the product pages, LP or DU may be utilized subject to the following:
    - For Jumbo A, the LP/DU decision and feedback responses are followed subject to conditions. This means doc waivers and appraisal waivers are available in certain instances. Please refer to the Jumbo A product page.
    - For Alt-A, LP/DU is simply utilized as a decision tool (i.e. Yes/No). As a result, doc waivers and appraisal waivers are not permitted. Other than the decision, the feedback response conditions and waivers must be ignored. The standard documentation and appraisal requirements for the program must be satisfied. Also, there is no maximum number of mortgage/rental late payments for Alt-A when AU is utilized and a positive response is received.
    - A Piggyback loan must be underwritten simultaneously and through the same method as the first mortgage. LP and DU automatically factor in the risk of the second with the inclusion of the CLTV data element. Also, when the first lien is processed using DU or LP, the piggyback documentation may be in accordance with the AU findings.
    - No matter if a loan is a Jumbo A or an Alt-A, the Limited Review or Streamlined Agency condominium warranties are eligible per the feedback response.
    - The loans must receive an Approve/Eligible, Approve/Ineligible (if the only reason for ineligibility is based on a parameter outside of Fannie Mae's guidelines but that still meets WEI guidelines, i.e. loan amount over Fannie Mae limits), Accept or Accept Plus.
    - A-Minus, Expanded Approval, Caution and Refer responses are all ineligible. In these instances, the loan must be manually underwritten or deemed ineligible.
    - The DTI ratio limitations and minimum credit scores must be adhered to no matter the AU response.
    - Reduced and Lower-cost mortgage insurance is ineligible no matter the AU response.
    - When AU is utilized with a SIVA product, the full amount of assets must be verified to the extent that the assets were included in the submission to the AU engine, even if that full amount exceeds the required cash-to-close and reserve requirements.
- C. Investment-quality loans that do not meet the above requirements may be submitted for traditional underwriting and will be subject to all, traditional underwriting guidelines required by the product and transaction type.

## 6.7. Appraisal

Field review may be required for certain combination of risk factors. For example, option arm, interest only loans with stated income, cash-out transactions, and / or with non-conforming loan amounts may require a field review performed by a different appraisal company than the one performing full appraisal on the application. This condition may be required on certain high-risk files deemed by a WEI underwriter.

## **6.8. Property Insurance**

Property insurance is required. Dwelling coverage should be the least of replacement cost or loan amount if loan amount is at least 80% of replacement costs. If loan amount is not more than 80% of the replacement cost, dwelling coverage should be at 80% of replacement costs. Deductibles must be less of \$1,000 or 1% of the replacement costs for Alt A product line. Deductibles can be more of \$1,000 or 1% of the policy amount for other product types.

## **6.9. Title Insurance**

ALTA policy should have negative endorsement for all Option Arm products. Insured Closing Letter or Closing Protection Letter should indicate borrower's name, address and WEI's loan number. Title commitment can be no more than 90 days old or Gap Letter is required.

## **6.10. Rent Loss Insurance**

For investment properties, WEI may require rent loss insurance up to one year of coverage in case of rent loss. This is required at the underwriter's discretion depending on risks of an application.

## **6.11. High Cost Loans**

## **6.12. Ratio (DTI)**

General:

- Conforming Programs please follow DU/LP – WEI will allow Eligible / Approved decisions.
- Jumbo, Alt-A and Option Arm programs generally have a maximum DTI of 45%.
- SISA programs have a maximum DTI of 45%. However compensating factors will be considered for up to 50%.
- All home equity programs have a maximum DTI of 50%. No exceptions may be granted.

## **6.13. Quality Control**

WEI or an outside firm performs quality control after files are closed. Clients are expected to sign a Quality Control Release form at the closing table. Brokers, loan originators are expected to cooperate in assisting WEI's quality control efforts and complete its review.

## **6.14. Fraud Indicator**

WEI performs Prior To Closing (PTC) Quality Control and Fraud Indication checks. WEI reserves the right not to fund a specific loan due to possible high fraud risks from PTC fraud control process.

## CHAPTER 7. PRODUCTS

### 7.1. FULL-DOC

7.1.1. Full-Doc Conforming FIXED	
<b>Doc Type</b>	Full Doc
<b>Program Code</b>	wmdexim
<b>Description</b>	Fixed rate conforming fully amortizing. Follows Fannie Mae or Freddie Mac Guidelines.
<b>Terms</b>	15 or 30 year term
<b>Automatic Underwriting</b>	Approve or Eligible results of DU or LP accepted
<b>Property</b>	(a) 1-4 unit single-family property (b) Condo and PUDs are eligible only for Fannie Mae or Freddie Mac warrantable projects (c) Co-ops not eligible (d) Manufactured homes not eligible
<b>Loan Amount</b>	Maximum loan amount of \$417,000
<b>LTV / CLTV / FICO</b>	Follow Agency guideline
<b>Ratio</b>	DU and LP evaluation
<b>Limitation</b>	All loans must be submitted to DU or LP
<b>Assumption</b>	Not allowed

<b>7.1.2. Full-Doc Non-Conforming (Jumbo) FIXED</b>	
<b>Doc Type</b>	Full Doc
<b>Program Code</b>	wmfw
<b>Description</b>	Fixed rate non-conforming mortgage
<b>Terms</b>	30-year amortization. 15, 20 or 30 year term.
<b>Property</b>	(a) 1-2 unit single-family detached/attached and 1 unit second home are eligible. (b) PUD, Condo, Co-ops are eligible. (c) 1-4 unit investment property allowed. (d) Manufactured home is not eligible.
<b>Loan Amount</b>	(a) No Minimum. (b) Conforming amount may be permitted when using non-conforming features. (c) Maximum up to \$ 2,000,000.
<b>Interest Only</b>	(a) Available only with 30-year fixed term. (b) Interest-Only requires min FICO of 660 and only eligible up to loan amount of \$2,000,000 with 30-year fixed term. (c) Interest-Only for Investment Cash-out Refinance available up to \$800,000 only with 30 year fixed term.
<b>Limitation</b>	LTV or CLTV greater than 90% will be subject to high-risk transaction restriction.
<b>LTV / CLTV / FICO</b>	See Exhibits
<b>Reserve</b>	(a) CLTV greater than 95% requires 6 month PITI (b) Primary Residence & 2nd Home <ul style="list-style-type: none"> <li>▪ Loan amount greater than \$650,000 requires 6 month PITI</li> <li>▪ Loan amount greater than \$1,000,000 requires 9 month PITI</li> <li>▪ Loan amount greater than \$1,500,000 requires 12 month PITI</li> </ul> (c) Investment Property requires 9 month PITI for each investment property on which they have a loan
<b>Mortgage Insurance</b>	(a) $90 < LTV \leq 95$ <ul style="list-style-type: none"> <li>▪ 20-year or less term loan requires 30%.</li> <li>▪ 21-year or more term requires 35%.</li> </ul> (b) $85 < LTV \leq 90$ <ul style="list-style-type: none"> <li>▪ 20-year or less loan requires 25%.</li> <li>▪ 21-year or more term requires 30%.</li> </ul> (c) $80 < LTV \leq 85$ <ul style="list-style-type: none"> <li>▪ 20-year or less loan requires 12%</li> <li>▪ 21-year or more term requires 17%.</li> </ul>
<b>Prepayment Penalty</b>	Not applicable.

<b>7.1.3. Full-Doc Conforming ARM</b>	
<b>Doc Type</b>	Full Doc
<b>Program Code</b>	wmitic
<b>Description</b>	LIBOR indexed Adjustable rate mortgage. Initial fixed rate period of one to ten years with annual interest rate and payment adjustments thereafter.
<b>Terms</b>	30-year amortization. 1/1 LIBOR ARM can have 20, 25, 30-year amortization 1/1, 3/1 (2/2/6 CAPS 2.25 Margin) 5/1 (5/2/6 CAPS 2.25 Margin) 7/1, 10/1 (5/2/5 CAPS 2.25 Margin)
<b>Automatic Underwriting</b>	Approve/Eligible results of DU or LP accepted
<b>Property</b>	1-4 unit single-family properties are eligible. 1 unit Condo, Co-ops, and PUDs are eligible.
<b>Loan Amount</b>	Agency conforming loan maximum limit apply
<b>LTV / CLTV / FICO</b>	See Exhibits
<b>Reserve</b>	(a) Cash reserves of at least 2 month PITI required. (b) Investment property requires 6 month PITI for each investment property on which they have a loan
<b>Ratio</b>	40% Higher Ratios may be accepted and subject to evidence documentations of the compensating factors and much higher FICO and underwriter's decision.
<b>Borrower</b>	(a) Not eligible for borrowers with previous bankruptcies or foreclosures on credit history. (b) Not eligible for borrowers with delinquent payments on any mortgage in the past 12 months. (c) <u>Investment Property</u> : <ul style="list-style-type: none"> <li>▪ Borrowers must have at least 2-year history of managing rental property</li> <li>▪ Borrowers must have rent loss insurance equal to a minimum of 6 months of the gross monthly rent for the subject property on 2-4 family investment properties. This requirement may only be waived if the customer qualifies for the loan using the full PITI payment without relying on the rental income.</li> </ul>
<b>Limitation</b>	The note rate may not be lower than 2% below Index plus Margin at the time the rate is locked.
<b>Mortgage Insurance</b>	(a) 30% coverage required for 90% < LTV <= 95% (b) 25% coverage required for 85% < LTV <= 90% (c) 12% coverage required for 80% < LTV <= 85% (d) <u>Co-ops</u> : requires 35% MI coverage for LTV > 90%
<b>Conversion</b>	1/1 is convertible between the 13 <sup>th</sup> and 60 <sup>th</sup> months. 3/1, 5/1, 7/1, 10/1 are convertible after the first, second, third rate change. Once the conversion is exercised, the loan is no longer assumable.

<b>7.1.4. Full-Doc Non-Conforming (Jumbo) ARM</b>	
<b>Doc Type</b>	Full Doc
<b>Program Code</b>	wmitic
<b>Description</b>	LIBOR indexed Adjustable rate mortgage. Initial fixed rate period of one to ten years with annual interest rate and payment adjustments thereafter.
<b>Terms</b>	30-year amortization. 1/1 LIBOR ARM can have 20, 25, 30-year amortization 1/1, 3/1 (2/2/6 CAPS 2.25 Margin) 5/1 (5/2/6 CAPS 2.25 Margin) 7/1, 10/1 (5/2/5 CAPS 2.25 Margin)
<b>Property</b>	Eligible for 1-4 unit single-family properties. Eligible for 1 unit Condo, Co-ops, and PUDs.
<b>Loan Amount</b>	(a) Minimum: \$50 over the maximum conforming loan limit (b) Maximum: up to \$ 3,000,000 (c) <u>Loan Amount &gt;= \$1,500,000</u> : <ul style="list-style-type: none"> <li>▪ Only eligible for 1-2 unit Primary Residence single-family property, 1 unit Condo, Co-op, and PUD.</li> <li>▪ Not eligible for Cash-out Refinance</li> <li>▪ Min 720 FICO and Max LTV/CLTV to 75/75</li> </ul>
<b>LTV / CLTV / FICO</b>	See Exhibits

<b>Reserve</b>	(a) Cash reserves of at least 2 monthly payments (PITI) required. (b) Investment Property requires 6 month PITI for each investment property on which they have a loan.
<b>Ratio</b>	40% <u>Higher Ratios</u> may be eligible in some cases. Subject to evidence documentations of the compensating factors and high enough FICO and underwriter's decision.
<b>Borrower</b>	(a) Not eligible for borrowers with previous bankruptcies or foreclosures on credit history. (b) Not eligible for borrowers with delinquent payments on any mortgage in the past 12 months. (c) <u>Investment Property</u> : <ul style="list-style-type: none"> <li>▪ Borrowers must have at least 2-year history of managing rental property</li> <li>▪ Borrowers must have rent loss insurance equal to a minimum of 6 months of the gross monthly rent for the subject property on 2-4 family investment properties. This requirement may only be waived if the customer qualifies for the loan using the full PITI payment without relying on the rental income.</li> </ul>
<b>Limitation</b>	(a) The note rate may not be lower than 2% below fully indexed rate (Index plus Margin) when the rate is locked. (b) 100% CLTV is only available for single-family properties and loan amounts greater than the conforming maximum loan limit. (c) Loans with a loan amount > \$ 1.5 MM up to \$ 3 MM are permitted with restrictions
<b>Mortgage Insurance</b>	(a) 30% coverage required for 90% < LTV <=95% (b) 25% coverage required for 85% < LTV <= 90% (c) 12% coverage required for 80% < LTV <= 85% (d) <u>Co-ops</u> : requires 35% MI coverage for LTV > 90%

**7.2. SISA**

<b>7.2.1. SISA Conforming</b>	
<b>Doc Type</b>	Stated Income, Stated Assets (SISA)
<b>Program Code</b>	wmwc
<b>Description</b>	Stated Income and Stated Assets conforming
<b>Property</b>	1 unit single-family properties and PUDs, Condos, Co-ops are eligible.
<b>Loan Amount</b>	Maximum up to \$ 417,000
<b>LTV / CLTV / FICO</b>	See Exhibits
<b>Ratio</b>	Up to 50%
<b>Borrower</b>	(a) U.S. citizen and Permanent Resident Aliens are eligible. (b) Non-Permanent Resident Aliens allowed with restrictions. (c) Foreign Nationals are not eligible.
<b>Limitation</b>	(a) Minimum FICO of 680 (the middle of 2 scores or the lower of 2 for the lowest scoring borrower) (b) No VOE required (c) 2-year history of managing rental properties is required for all investment property

<b>7.2.2. SISA Non-Conforming (Jumbo)</b>	
<b>Doc Type</b>	Stated Income, Verified Assets (SIVA)
<b>Program Code</b>	wmwc
<b>Description</b>	Stated Income and Stated Assets Non-conforming
<b>Terms</b>	Fixed rate (including Interest Only) ARMs (including Interest Only) 6-month LIBOR 1-Year Treasury 1-month & 6-month Interest Only LIBOR
<b>Property</b>	1-2 units single family properties are eligible 1 unit PUDs, 1 unit Condos, 1 unit Co-ops are eligible
<b>Loan Amount</b>	Maximum loan up to \$ 2,000,000
<b>LTV / CLTV / FICO</b>	See Exhibits

<b>Purchase / R&amp;T Refinance</b>	<p>(a) 2 units:</p> <ul style="list-style-type: none"> <li>▪ Max 90/90 LTV/CLTV with FICO 730</li> <li>▪ Max 80/80 LTV/CLTV with FICO 730</li> <li>▪ Not allowed</li> </ul> <p>(b) High-rise Condo:</p> <ul style="list-style-type: none"> <li>▪ Max 90/90 LTV/CLTV for Primary Residence</li> <li>▪ Max 75/75 LTV/CLTV for 2<sup>nd</sup> Home</li> </ul> <p>(c) Non-Permanent Resident Aliens: Max Loan amount up to \$ 1,500,000 and Max 90/90 LTV/CLTV</p> <p>(d) 3-4 units, Condotel, Non-warrantable Condos not allowed.</p> <p>(e) Co-ops: Secondary financing not allowed.</p> <p>(f) 2/6, 3/6, 5/6, 7/6 Fixed ARMs not allowed.</p>
<b>Cash-Out Refinance</b>	<p>(a) Primary Residence of 2 units requires FICO 730</p> <p>(b) 3-4 units, Condotels, and Non-warrantable Condos not allowed.</p> <p>(c) Co-ops: Secondary financing not allowed.</p> <p>(d) 2/6, 3/6, 5/6, 7/6 Fixed ARMs not allowed.</p> <p>(e) 2-4 units 2nd Home, high-rise Condos, Condotels, and Non-warrantable Condos not allowed.</p> <p>(f) Non-Permanent Resident Aliens: Max Loan amount up to \$ 1,500,000 and Max 70/70 LTV/CLTV</p> <p>(g) Maximum Cash-out amount</p> <ul style="list-style-type: none"> <li>▪ \$325,000: LTV &gt; 80 for Primary Residence</li> <li>▪ \$325,000: LTV &gt; 55 for Second home</li> <li>▪ \$500,000: 55 &lt; LTV &lt;= 80 for Primary Residence</li> </ul>
<b>Reserve</b>	<p>Owner-occupied: 2 month PITI required</p> <p>Second home: 6 month PITI required</p>
<b>Ratio</b>	50%
<b>Borrower</b>	<p>U.S. citizen and Permanent Resident Aliens are eligible.</p> <p>Non-Permanent Resident Aliens allowed with restrictions.</p> <p>Foreign Nationals are <u>not</u> eligible.</p>
<b>Limitation</b>	<p>(a) Minimum FICO of 700 (the middle of 2 scores or the lower of 2 for the lowest scoring borrower)</p> <p>(b) 4506-T required for all borrowers.</p> <p>(c) Current verification of employment and 2-year history required. (Self-employed must have been had same business at same location for 2 years)</p> <p>(d) 3/1 ARMs (including Interest Only) with LTV &gt; 75%, borrower must be qualified at the Note rate + 2%</p>

## 7.3. ALT-A

7.3.1. ALT-A First Lien	
<b>Doc Type</b>	Full, Alt, SIVA, SISA, No Ratio, NINA
<b>Program Code</b>	wmtnm
<b>Description</b>	Fixed and LIBOR-indexed Adjustable rate mortgage
<b>Terms</b>	30-year amortization or Interest-only available (Interest-only not available for Co-operatives) 10, 15, 20, 25, 30 Year fixed Rate 3/6, 5/6, 7/6 (6/2/6 CAPS 2.25 Margin) 3/1 (2/2/6 CAPS 2.25 Margin) 5/1, 7/1 (5/2/5 CAPS 2.25 Margin)
<b>Property</b>	(a) Mobile homes, Investor co-ops, Non-warrantable co-ops, 2 to 4 unit second homes are <u>not</u> eligible. (b) Mixed-use properties follow Agency guidelines and subject to Max. LTV/CLTV of 80/80. (c) Rural properties follow Agency guidelines. (d) Condos, PUDs, Co-ops follow Agency guidelines and warranty must be completed. (e) <u>Non-warrantable Condos</u> : <ul style="list-style-type: none"> <li>▪ Subordinate financing is permitted to a maximum CLTV of 95%.</li> <li>▪ Pre-sale of 33% required for the legal phase within the project.</li> <li>▪ 50% of all units must be complete.</li> <li>▪ The common areas may be incomplete.</li> <li>▪ No more than 50% investor concentration.</li> <li>▪ The developer may still be in control of the HOA.</li> <li>▪ The project may be subject to additional phasing and conversions are acceptable.</li> </ul>
<b>Interest-Only</b>	(a) 30-year terms are required. (b) Co-ops are not permitted. (c) For Fixed rate mortgage, the interest-only period is for the first ten (10) years. (d) For ARM, there are two types of interest only options available: <ul style="list-style-type: none"> <li>▪ Interest only is due on the loan during the applicable initial fixed interest rate periods (3, 5, or 7 years) and, one month following the first interest rate adjustment, the payment is adjusted to include both principal and interest, full amortizing the mortgage over the remaining term (27, 25 or 23 years). The interest rate will continue to adjust annually changing the principal and interest payment.</li> <li>▪ Interest only for the first 10 years. The interest rate will remain fixed during the applicable initial fixed interest rate periods, when the interest rate will begin to adjust annually, changing the interest-only payment accordingly. Upon the 11-th year, the monthly payment will change to include both principal and interest, fully amortizing until maturity based on a 20-year amortization schedule. The interest rate will continue to adjust annually changing the principal and interest payment.</li> </ul>
<b>LTV / CLTV / FICO</b>	See Exhibits
<b>Reserve</b>	Two months PITI required for Primary Residences and 2nd Homes. Six months PITI required for Non Owner-Occupied. Do not apply for NINA loans. Equity from cash-out refinances may not be used as reserves for loan amounts greater than \$1 MM.
<b>Ratio</b>	50%
<b>Cash-Out Amount</b>	For LTV > 80%, cash-out limited to 150 K.
<b>Doc Type</b>	* Only required where Federal Tax Returns are used to document the borrower's income ** For all <u>SIVA and SISA</u> , underwriter must deem the amount of income disclosed as reasonable for the profession and consistent with the borrower's asset and credit profile.
<b>Borrower</b>	Foreign National Borrowers and Non-occupant cp-borrowers are not eligible.
<b>Mortgage Insurance</b>	Reduced, Lower-Cost, Custom and Lender-Paid mortgage insurance products are not permitted.
<b>Seasoning</b>	Cash-out Refinance requires 12 months of seasoning
<b>Limitation</b>	ARM not available for Co-operatives. Fixed with Interest-only and all ARM mortgages must have terms of 30 years.
<b>Appraisal</b>	One (1) report is required for loans of \$1 million or less. Two (2) reports are required for loans greater than \$1 million and cash out refinances greater than \$650,000.
<b>Gifts</b>	(a) Gifts are permitted with the borrower's contributed a minimum 5%, and LTV is greater than 80%. (b) For LTV of 80% or less, gifts are permitted without restrictions. (c) 80/20 Loans – There is no required down payment or minimum contribution required from the Borrower(s).
<b>Credit Scores</b>	(d) Full/Alt Doc – The middle score of the primary income Borrower will be used for qualifying and pricing. If no occupant Borrower earns > 50% of the qualifying income, the lowest middle score is used.

	(e) All Other Doc Types – The lowest of all Borrowers’ middle scores are used to qualify. There is no determination of a primary income Borrower.
<b>Subordinate Financing</b>	<p>Not eligible for followings:</p> <ul style="list-style-type: none"> <li>(a) Closed-end seconds, no balloon within 5 years.</li> <li>(b) Loan with negative amortization.</li> <li>(c) Privately held seconds.</li> <li>(d) Grants (soft second)</li> </ul>

7.3.2. ALT-A Second (Piggyback)	
<b>Doc Type</b>	Full, Alt, SIVA, SISA, No Ratio, NINA
<b>Program Code</b>	wmtnm
<b>Description</b>	Second mortgage to be closed with Alt-A first
<b>Terms</b>	15, 30 year fixed 30/15 Balloon
<b>Borrower</b>	Follows the eligibilities of Alt-A 1 <sup>st</sup> lien
<b>Loan Amount</b>	Min of \$10,000
<b>LTV / CLTV / FICO</b>	See Exhibits
<b>Limitation</b>	No stand alone 2 <sup>nd</sup> mortgage is allowed under this program This program must be accompanied with a closed Alt-A 1 <sup>st</sup> mortgage and all requirements must fall within the guidelines of Alt-A 1 <sup>st</sup> mortgage
<b>Assumption</b>	Not Allowed

## 7.4. PAYOPTION ARM

7.4.1. PayOption ARM	
<b>Doc Type</b>	Full, Alt, SIVA
<b>Program Code</b>	wmwc
<b>Terms</b>	Negative amortization up to 115% with 30 or 40-year term. Index based on MTA. Max up to 90% CLTV. Piggyback only allowed with restrictions and second must be HELOC.
<b>Description</b>	<p>PayOption ARM offers borrowers advantages of an adjustable rate mortgage combined with flexible payment options. After an introductory period the borrower may select each month, in addition to the required minimum payment, one of three additional payment options.</p> <p>After the initial introductory period of 1 or 3 month (the minimum required payment fully amortizing based on the start rate), borrower may be eligible for up to three payment options, in addition to the minimum payment due (fully amortizing based on the initial start rate) if any one of them are greater than the required minimum payment.</p> <p>(a) Minimum payment amount plus any interest owing for the current month (interest only)            (b) Fully Amortizing (based on 30 or 40 year term)            (c) Fully Amortizing (based on 15 year term)</p>
<b>Automatic Underwriting</b>	Not accepted.
<b>Doc Type</b>	Full/Alt SIVA SISA
<b>Borrower</b>	US Citizen and Permanent Resident Alien are eligible. Non-Permanent Resident Alien and Foreign Nationals eligible with certain restrictions.
<b>Property</b>	1-4 units Attached/Detached Single family properties, PUDs, Low and High rise Condos, Co-ops, Non-warrantable Condos. Restrictions may apply.
<b>Loan Amount</b>	\$3,000,000 Loan amount larger than \$3,000,000 may be allowed on case-by-case basis.
<b>LTV / CLTV / FICO</b>	<p><u>Full/Alt Primary Residence:</u></p> <p>(a) 2 units require min 680 FICO.            (b) 1 unit property only. Secondary financing not allowed.            (c) 3-4 units Purchase/R&amp;T Refinance: max 90/90 LTV/CLTV up to \$1,500,000.            (d) 3-4 units Cash-out Refinance: max 80/80 LTV/CLTV up to \$1,500,000 with min 660 FICO.            (e) 3-4 units Cash-out Refinance: max 70/70 with min 680 FICO.            (f) Co-ops: Secondary financing not allowed.            (g) Non-warrantable Condo</p> <ul style="list-style-type: none"> <li>▪ Max 95/95 LTV/CLTV up to loan amount of \$300,000 with min 620 FICO.</li> <li>▪ Max 80/80 LTV/CLTV up to \$650,000 with min 620 FICO.</li> <li>▪ Max loan amount is \$650,000.</li> </ul> <p><u>Full/Alt 2nd Home:</u></p> <p>(h) 2-4 units not allowed.            (i) Non-warrantable Condo</p> <ul style="list-style-type: none"> <li>▪ Max 90/90 LTV/CLTV up to loan amount of \$400,000 with min 680 FICO.</li> <li>▪ Max 80/80 LTV/CLTV up to \$500,000 with min 620 FICO.</li> <li>▪ Max 75/75 LTV/CLTV up to \$650,000 with min 620 FICO.</li> <li>▪ Max loan amount is \$650,000.</li> </ul> <p>(j) Co-ops: Secondary financing not allowed.            (k) 2nd Home of 2-4 units, Co-ops, Non-warrantable Condo not allowed for Cash-out Refinance.</p> <p><u>Full/Alt Investment:</u></p> <p>(l) 3-4 units require min 680 FICO.            (m) Co-ops not allowed.            (n) Non-warrantable Condo</p> <ul style="list-style-type: none"> <li>▪ Max 75/75 LTV/CLTV up to loan amount of \$350,000 with min 620 FICO.</li> <li>▪ Max 70/70 LTV/CLTV up to loan amount of \$400,000 with min 620 FICO.</li> <li>▪ Max 65/65 LTV/CLTV up to loan amount of \$650,000 with min 620 FICO.</li> <li>▪ Max loan amount is \$650,000.</li> <li>▪ Cash-out Refinance not allowed.</li> </ul> <p>(o) 1-2 units CO Refinance only.            (p) 3-4 units CO Refinance: max 75/75 LTV/CLTV with min 680 FICO.            (q) 3-4 units CO Refinance: max 55/60 LTV/CLTV with min 620 FICO.</p> <p><u>Full/Alt Max Cash-out Amount:</u></p>

- (r) Primary Resident & 2nd Home:
  - \$ 325,000 for LTV > 80
  - \$ 500,000 for 55 < LTV <= 80
  - No restriction for LTV <= 55
- (s) Investment
  - \$ 325,000 for LTV > 55
  - No restriction for LTV <= 55

SIVA Primary Residence:

- (a) 2-4 units for Purchase / R&T Refinance allow max 70/70 LTV/CLTV with min 660 FICO
- (b) 3-4 units for Purchase / R&T Refinance allow max 90/90 LTV/CLTV up to \$1,500,000
- (c) Co-ops: secondary financing not allowed.
- (d) Non-warrantable Condo for Purchase / R&T Refinance
  - Max 80/80 LTV/CLTV up to loan amount of \$500,000 with min 660 FICO.
  - Max 75/75 LTV/CLTV up to loan amount of \$650,000 with min 660 FICO.
  - Max loan amount is \$650,000.
  - Cash-out Refinance not allowed.
- (e) 3-4 unit Cash-out Refinance
  - Max 75/75 LTV/CLTV with min 660 FICO.
  - Max loan amount is \$ 1,500,000.
- (f) Co-ops Cash-out Refinance allows max 80% LTV with no secondary financing allowed.
- (g) Max Cash-out Amount same as Full/Alt Primary Residence.

SIVA 2nd Home:

- (h) 2-4 units not allowed.
- (i) Co-ops: secondary financing not allowed.
- (j) Non-warrantable Condo for Purchase / R&T Refinance
  - Max 70/70 LTV/CLTV up to loan amount of \$400,000 with min 660 FICO.
  - Max 65/65 LTV/CLTV up to loan amount of \$650,000 with min 660 FICO.
  - Max loan amount is \$650,000.
  - Cash-out Refinance not allowed
- (k) 2-4 units, Co-ops Cash-out Refinance not allowed.
- (l) Max Cash-out Amount same as Full/Alt 2nd Home Cash-out Refinance.

SIVA Investment:

- (m) 3-4 units allow max 75/75 LTV/CLTV.
- (n) Co-ops not allowed.
- (o) Non-warrantable Condo for Purchase / R&T Refinance
  - Max 70/70 LTV/CLTV up to loan amount of \$350,000 with min 680 FICO.
  - Max 65/65 LTV/CLTV up to loan amount of \$650,000 with min 680 FICO.
  - Max loan amount is \$650,000.
  - Cash-out Refinance not allowed
- (p) Co-ops Cash-out Refinance not allowed.
- (q) 3-4 units Cash-out Refinance allows 70/70 LTV/CLTV up to \$1,500,000.
- (r) 3-4 units Cash-out Refinance allows 45/65 LTV/CLTV up to \$1,500,000.
- (s) Max Cash-Out Amount same as Full/Alt Investment Cash-out Refinance.

SISA Primary Residence:

- (t) 3-4 units allows max 80/80 LTV/CLTV
- (u) Non-warrantable Condo not allowed.
- (v) 2 units allow max 90/90 LTV/CLTV.
- (w) Co-ops: secondary financing not allowed.
- (x) Co-ops Cash-out Refinance up to 80 LTV with no secondary financing allowed.
- (y) Max Cash-out Amount same as Full/Alt Primary Residence Cash-out Refinance.

SISA 2nd Home:

- (z) 2-4 units, Non-warrantable Condo not allowed.
- (aa) Co-ops: secondary financing not allowed.
- (bb) Cash-out Refinance not allowed.

SISA Investment:

Not allowed.

<b>Reserve</b>	(a) 2 month PITI: Full/Alt Primary Residence (b) 3 month PITI: SIVA Primary Residence, SIVA Primary Residence (c) 6 month PITI: Full/Alt 2nd Home & Investment, SIVA 2nd Home & Investment, SISA 2nd Home (d) Loan amount greater than \$3,000,000 requires 9-12 month PITI based on the doc Type
<b>Limitation</b>	(a) 80/20 allowed with restrictions. (Doc Type of SISA not allowed) (b) Max LTV up to 90%.
<b>Ratio</b>	(a) 40% for Full/Alt (b) 38% for SIVA and SISA (c) 45% for 80/20
<b>Mortgage Insurance</b>	(a) 90% < LTV <= 95%: 25% (10,15,2 year term), 30% (25,30,40 year term & Non-warrantable Condo) (b) 85% < LTV <= 90%: 12% (10,15,2 year term), 25% (25,30,40 year term & Non-warrantable Condo) (c) 80% < LTV <= 85%: 6% (10,15,2 year term), 12% (25,30,40 year term), 20% (Non-warrantable Condo) (d) In addition, ARM pricing with potential negative amortization pricing applies. (e) Financed single premium mortgage insurance not allowed.
<b>Escrow Holdback</b>	Not allowed
<b>Prepayment Penalty</b>	Allowed

7.5.1. HELOC / HELOAN	
<b>Doc Type</b>	Full/Alt Doc, SIVA, SISA
<b>Program Code</b>	wmwc
<b>Description</b>	Home Equity Line of Credit (HELOC) and Closed-end fixed rate Second loans (HELOAN)
<b>Terms</b>	25 Years for HELOC (10-year Interest Only Draw & 15-year Amortization) 30/30, 30/15, 20/20, 15/15 for HELOAN Interest Only 10/15, Interest Only 10-year Balloon, Interest Only 15-year Balloon for HELOAN
<b>Loan Amount</b>	Stand-alone second must be greater of \$10,000 or the state-required minimum. Price add-ons apply for the loan amount less than \$150,000. Piggyback second must be greater than \$10,000 or the state-required minimum..
<b>Property</b>	Detached and attached single family properties, PUDs, Condos are eligible Condotels, Mobile homes, Co-ops, Non-warrantable Condos, and Manufactured Homes are not eligible.
	<p><u>Full/Alt:</u></p> <p>(a) Loan Amt &gt;= \$100,000 requires min FICO of 660  (b) Piggyback 2<sup>nd</sup> requires min FICO of 700  (c) Loan Amt &gt;= \$ 500,000 up to \$1,000,000 only eligible for HELOC and Full Doc for 1-2 unit single family properties, Condos and PUDs.  (d) 3-4 unit single family properties: Max loan amount of \$215,000 and Max 95% CLTV</p> <p><u>SIVA:</u></p> <p>(a) 3-4 units Max 90% CLTV for Primary Residence.  (b) Manufactured home not allowed.  (c) 2-4 units not allowed for 2nd Homes.  (d) 3-4 units Investment property requires max 75% LTV</p> <p><u>SISA:</u></p> <p>(a) CLTV &gt; 90% eligible only on Piggyback with First mortgage of Non-conforming SISA.  (b) High-rise Condo not eligible.  (c) Manufactured home not allowed</p> <p>* Lesser of \$125,000 or 25% of the principal balance of the first lien at close of the second lien  * Lesser of \$50,000 or 25% of the principal balance of the first lien at close of the second lien</p>
<b>Interest Only</b>	Closed-End Seconds requires FICO of 620 for all occupancy type
<b>Ratio</b>	50% for FICO >= 660 45% for FICO < 660
<b>Borrower</b>	Non-Permanent Resident Aliens allowed with restrictions. Foreign Nationals not eligible.
<b>Limitation</b>	Non-conforming requires 4506-T
<b>Assumption</b>	Not allowed

