

# Change

WHOLESALE

**FOREIGN  
NATIONAL**

**ALT-QM  
UNDERWRITING  
GUIDELINES**

**02/02/2026**

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## OVERVIEW

Alt-QM guidelines are structured to guide its users towards making common sense lending decisions on loans to borrowers who may have limited access to credit. These borrower's situations generally require the consideration of alternative forms of documenting income and/or compensating factors which offset risk indicated by a recent credit event or elevated debt-to-income ratio. The borrower's ability to repay must be proven in all instances.

Loans eligible for sale to a Government Sponsored Entity (Federal National Mortgage Association ("Fannie Mae" or "FNMA") or Federal Home Loan Mortgage Corporation ("Freddie Mac" or "FHLMC") are not eligible for the Alt-QM programs.

For any guideline not addressed in these guides, defer to Fannie Mae Guidelines.

### Business Purpose - Outside of Dodd Frank

DSCR > 1.00	Max LTV	Max LTV	Maximum Loan Amount	Reserves
	Purch / R & T	Cash Out		
	75%	70%	≤ \$1,500,000	8
	70%	65%	≤ \$2,500,000	8

Products		
5/6m ARM	10/6m ARM	30 Yr Fixed
5/6m ARM IO	10/6m ARM IO	30 Yr Fixed IO
I/O feature available for 10 years on all ARM & 30 Year Fixed rate products		
ARM Margins & Caps		
5/6 Month ARM	Margin: 6.0	Caps 2/2/5
10/6 Month ARM	Margin: 6.0	Caps 5/2/5
Index = 6 mos SOFR, Floor = Start Rate		

### Additional Program Information

All Florida Condominiums	Max 70% LTV
Short Term Rental Income	Not permitted
Rural Properties	Not permitted

### Cash Out Requirements

LTV >60%	\$500k (Max Cash Out)
LTV ≤60%	Unlimited Cash Out

### Additional Program Requirements

Appraisal Requirements	Loan amounts over \$2,000,000 automatically require two appraisals. Every appraisal requires a Desk Review. Properties with a condition rating of C5 or C6 or a quality rating of Q6 are not acceptable. *Properties located within a Declining Market as defined by the appraiser require a 5% reduction to the max LTV/CLTV offered (refer to grid above).
Assets	Foreign Assets are permitted - refer to guidelines for additional details.
Certification	Borrowers must execute Certificate of Non-Owner Occupied and Certificate of Business Purpose <b>prior to closing</b> .
Compliance	Escrows for taxes and insurance are required on all loans with LTVs greater than 80%, unless otherwise specified by applicable state law. • Compliance with all applicable federal and state regulations • No section 32 or state high cost • Total borrower paid points and fees must be less than 5%
Credit	Credit report and FICO are not required.
DSCR	DSCR = Gross Rental Income / PITIA; Gross income = lesser of estimated market rent from Form 1007 or lease in place. DSCR calculations less than 100% are not eligible.
Eligible Borrowers	A Foreign National is a non-resident alien who is not authorized to live or work in the U.S. or holds a Visa that is indicative of a more temporary residency than those required to meet Non-Permanent Resident Alien requirements. In order to be eligible for this program, the borrower must be a resident of another country. The property is not intended for use as a primary residence. Diplomatic Immunity and borrowers from OFAC sanctioned countries are not eligible. <a href="http://sanctionssearch.ofac.treas.gov/">http://sanctionssearch.ofac.treas.gov/</a>
Occupancy	Investment Properties
Minimum Loan Amount	\$100,000
Max Financed Properties	Maximum 10 financed properties including subject property.
Power of Attorney	Not allowed
Prepayment Penalty	Where permitted by applicable laws and regulations. Total points, fees and APR may not exceed current state and federal high-cost thresholds. Not allowed in AK, KS, MN, NM, NC (loan amounts < \$150,000) or PA (loan amounts < \$312,159 on 1-2 Units, including condos).
Property Types	SFR, PUD, Townhome, Condominium, 2-4 Units. Non-Warrantable Condos and Manufactured Homes are not eligible.
Qualifying Rate	Fixed = Note Rate; ARM: 5/6m and 10/6m ARM = Greater of the Note Rate or Fully Indexed Rate
Seller Concessions	Up to 6% toward closing for Investment Properties.
Gift Funds	Gift funds are permitted if the borrower has a minimum of 10% of their own funds towards the down payment, closing costs & reserves.
Subordinate Financing	Not allowed

## FOREIGN NATIONAL

### PROGRAM ELIGIBILITY

- **Foreign National** - Program for non-resident alien who is not authorized to live or work in the U.S or holds a work Visa that is indicative of a more temporary residency than those required to meet Non-Permanent Resident Alien requirements. To be eligible, the borrower must live and work in another country and be a legal resident of that same country.

The following loan products are eligible:

#### **Fully Amortizing**

- 5/6 Month SOFR: (2/2/5 Cap Structure)
- 10/6 Month SOFR: (5/2/5 Cap Structure)
- 30 Year Fixed

#### **Interest-Only**

- Loan Terms: 360
- 5/6 Month SOFR: (2/2/5 Cap Structure)
- 10/6 Month SOFR: (5/2/5 Cap Structure)
- 30 Year Fixed

Interest Only Period: Available for 10 years on all ARM & 30 Year Fixed rate products.

Amortization Period: 30 Year

Refer to program matrices for additional requirements.

#### **Qualifying Rate (All Doc Types):**

Fixed: Qualify borrower(s) at the Note Rate.

ARMs: 5/6 Month & 10/6 Month ARM - Qualify borrower(s) at the greater of the Fully Indexed Rate or Note Rate.

#### **Qualifying Payment**

Qualifying Ratios are based on the fully amortized payment (using the qualifying rate noted above), over the fully amortized term of the loan. For Interest Only transactions – the qualifying ratios are based on the initial interest only payment.

### LOAN AMOUNTS

#### **Minimum Loan Amount**

- \$100,000

#### **Maximum Loan Amount**

- \$2,500,000

#### MINIMUM FICO

- Not applicable

#### MAXIMUM LTV/CLTV

- 75%/75%

#### INTERESTED PARTY CONTRIBUTIONS (SELLER CONTRIBUTIONS)

Up to 6%

All Interested Party Contributions must be properly disclosed in the sales contract, appraisal, loan estimate and closing disclosure and be compliant with applicable federal, state and local law.

Interested party contributions include funds contributed by the property seller, builder, real estate agent/broker, mortgage lender, or their affiliates, or any other party with an interest in the real estate transaction.

Interested party contributions may only be used for closing costs and prepaid expenses (Financing Concessions) and may never be applied to any portion of the down payment or contributed to the borrower's financial reserve requirements. If an Interested Party Contribution is present, both the appraised value and sales price must be reduced by the concession amount that exceeds the limits referenced above.

#### ESCROWS – IMPOUND ACCOUNTS

Escrows for taxes and insurance are required on all loans with LTVs greater than 80%, unless otherwise specified by applicable state law.

Escrows for taxes and insurance are required for all HPML loans.

#### SECONDARY FINANCING

Subordinate financing is not permitted on Investment property transactions.

#### AGE OF DOCUMENTS

Per FNMA standard guidelines.

#### FEES

Standard fee of \$1,795 for Wholesale

Retail follows Standard State Fees.

## BORROWER STATEMENT OF OCCUPANCY

### Investment Properties

Borrower must acknowledge that the loan is a business purpose loan by completing and signing the appropriate sections of the “Occupancy Certification” and “Certification of Business Purpose” in EXHIBIT A and EXHIBIT H of this guide.

## BORROWER CONTACT CONSENT FORM

To assist the loan servicer in contacting the borrower in a timely manner, the Loan Officer is required to obtain a valid phone number for the borrower(s). The phone number can be collected on the 1003 loan application or by using the Borrower Contact Consent Form (Exhibit F) in the Exhibit section of the Guide.

## STATE AND FEDERAL HIGH-COST LOANS

High-cost loans are not allowed.

## PREPAYMENT PENALTY

Where permitted by applicable laws and regulations, a prepayment charge can be structured to be assessed if prepayment occurs between the first twelve (12) to sixty (60) payments due on the loan.

The prepayment charge shall be equal to six (6) months interest at the then applicable Interest Rate on the amount prepaid that exceeds twenty percent (20%) of the original principal balance of the loan. The prepayment charge shall be assessed if the loan is paid due to sale or refinance of the property or any curtailments that exceed twenty percent (20%) of the original principal amount of the loan in any given twelve (12) month period.

- The following states are subject to local jurisdiction prepayment penalty rules and regulations:
  - District of Columbia, Illinois, Michigan, Mississippi, New Jersey, Ohio, Oklahoma, Rhode Island, Utah, and Virginia.
- Not allowed in Alaska, Kansas, Minnesota, New Mexico, North Carolina (loan amounts < \$150,000) or Pennsylvania (loan amounts < \$312,159 on 1-2 Units, including condos).

## UNDERWRITING

All files are manually underwritten.

## INTEREST CREDITS

Loans closed within the first 5 days of the month may reflect an interest credit to the borrower.

## ASSUMABILITY

Loans are not assumable.

## PROPERTY INSURANCE

Property insurance for loans must protect against loss or damage from fire and other hazards covered by the standard extended coverage endorsement. The coverage must provide for claims to be settled on a replacement cost basis. Extended coverage must include, at a minimum, wind, civil commotion (including riots), smoke, hail, and damages caused by aircraft, vehicle, or explosion.

Policies that limit or exclude from coverage (in whole or in part) windstorm, hurricane, hail damages, or any other perils that normally are included under an extended coverage endorsement are not acceptable.

Borrowers may not obtain property insurance policies that include such limitations or exclusions unless they are able to obtain a separate policy or endorsement from another commercial insurer that provides adequate coverage for the limited or excluded peril or from an insurance pool that the state has established to cover the limitations or exclusions.

Additional requirements apply to properties with solar panels that are leased from or owned by a third party under a power purchase agreement or other similar arrangement.

The insurance coverage should reflect one of the following:

- 100% of the insurable value of the improvements, as established by the property insurer; or
- 100% of the Total Estimate of Cost-New per the appraiser; or
- The unpaid principal balance of the mortgage, as long as it at least equals the minimum amount—80% of the insurable value of the improvements—required to compensate for damage or loss on a replacement cost basis. If it does not, then coverage that does provide the minimum required amount must be obtained.

For insurance not addressed in this section, default to Fannie Mae requirements.

### **Rent Loss Insurance**

Rent loss insurance covering a minimum of 6 months of the rental figure used to qualify is required for the subject property on all DSCR transactions.

## TRANSACTION TYPES

### ELIGIBLE TRANSACTIONS

#### Purchase

- Proceeds from the transaction are used to finance the acquisition of the subject property.
- LTV/CLTV based upon the lesser of the sales price or appraised value.
- **In the event the Seller is an entity (including, without limitation, an LLC or partnership), the Seller must provide documentation identifying all current members, along with authorized signors, to ensure full transparency.**

#### Rate/Term Refinance

- Proceeds from the transaction are used to pay off an existing first mortgage loan and any subordinate loan used to acquire the property.
- Any subordinate loan not used in the acquisition of the subject property provided one of the following apply:
  - Closed end loan, at least 12 months of seasoning has occurred;
  - HELOC, at least 12 months of seasoning has occurred and total draws over the past 12 months are less than \$2,000. HELOC must be closed.
- Buying out a co-owner pursuant to an agreement.
- Properties listed for sale must be taken off the market at least 90 days prior to disbursement of the refinance loan or a 1 year prepayment penalty is required.
- **For properties listed for sale within the most current 12 months, the listing price must be reconciled against the current appraised value. The lower of the two must be used to qualify and determine LTV/CLTV.**
- Paying off an installment land contract executed more than 12 months from the loan application date.
- Cash back in an amount not to exceed the lesser of 2% of the new loan amount or \$5,000 can be included in the transaction.
- LTV/CLTV based upon the appraised value, no seasoning required.

#### Cash-Out Refinance

- A refinance that does not meet the definition of a rate/term refinance
- A mortgage secured by a property currently owned free and clear is considered cash out.
- The payoff of delinquent real estate taxes, federal taxes, state taxes and judgments (60 days or more past due) is considered cash out.
- For investment properties only: The borrower must indicate the purpose of the cash out proceeds. Cash out proceeds must be solely for business purposes.
- Properties listed for sale must be taken off the market at least 90 days prior to disbursement of the refinance loan or a 1 year prepayment penalty is required.
- **For properties listed for sale within the most current 12 months, the listing price must be reconciled against the current appraised value. The lower of the two must be used to qualify and determine LTV/CLTV.**
- Loans not eligible for cash-out:
  - A prior cash out transaction within the last 12 months unless a documented benefit exists.
- See Change Home Mortgage Matrices for cash-out limits.

#### Seasoning Requirements:

- Cash-Out Seasoning is defined as the difference between application date of the new loan and prior financing note date or date of purchase.
- If owned for less than 12 months, use lesser of purchase price plus documented improvements or appraised value. If more than 12 months use appraised value.
- Cash-Out Seasoning of less than (6) months is not permitted.

## NON-ARMS LENGTH AND INTERESTED PARTY TRANSACTIONS

### **Non-Arm's Length**

A non-arm's length transaction occurs when the borrower has a direct relationship or business affiliation with subject property Builder, Developer, or Seller. Examples of non-arm's length transactions include family sales, property in an estate, employer/employee sales and flip transactions.

When the property seller is a corporation, partnership or any other business entity it must be ensured that the borrower is not an owner of the business entity selling the property.

A non-arm's length transaction is not intended to bail out a family member who has had difficulties making their mortgage payment. A thorough review of the title report in these cases is required as well as the payment history pattern (VOM on the Seller's mortgage).

### **Interested Party Transaction**

A Conflict-Of-Interest Transaction occurs when the borrower has an affiliation or relationship with the Mortgage Broker, Loan Officer, Real Estate Broker or Agent, or any other interested party to the transaction.

In the case of the Mortgage Broker, Loan Officer, or Real Estate Broker/Agent extra due diligence must be exercised. For example, the seller's real estate agent for the subject property may not act as the loan officer for the borrower(s) purchasing the same subject property. An examination of the relationship among the Mortgage Broker, Title/Escrow Companies, Appraiser and any other party to the transaction must be closely examined. A Letter of Explanation regarding the relationship between the parties is required.

### **Non-Arm's Length and Interested Party Transactions Eligibility**

- Buyer(s)/Borrower(s) representing themselves as agent in real estate transaction
  - Commission earned by buyer/borrower cannot be used for down payment, closing costs, or monthly PITIA reserves
- Seller(s) representing themselves as agent in real estate transaction is allowed
- Borrower to provide cancelled check verifying the earnest money deposit
- Employer to employee sales or transfers not allowed – the borrower cannot have a relationship or business affiliation with the builder, developer, or seller of the property
- Property trades between buyer and seller not allowed

## BORROWER ELIGIBILITY

### NON-OCCUPANT CO-BORROWERS (NOT ELIGIBLE)

Not Allowed

### FIRST TIME HOME BUYERS

- Definition: An individual is considered to be a first-time home buyer if they have had no ownership interest in a residential property in the most current 3-year period.
- Allowed on Foreign National program without any further requirements.

### RESIDENCY

Eligible	<ul style="list-style-type: none"><li>• Foreign National</li><li>• Non-Permanent Resident Alien (refer to the Foreign National section for specifics)</li></ul>
Ineligible	<ul style="list-style-type: none"><li>• U.S. Citizen</li><li>• Permanent Resident Alien</li><li>• Applicants possessing diplomatic immunity</li><li>• Borrowers from OFAC sanctioned countries</li><li>• Politically exposed borrowers</li><li>• Any material parties (company or individual) to transaction listed on HUD's Limited Denial or Participation (LDP) list, the federal General Services Administration (GSA) Excluded Party list or any other exclusionary list.</li></ul>

Refer to Fannie Mae guidelines for all definitions of eligibility status.

### US CITIZEN (NOT ELIGIBLE)

Not allowed on the Foreign National program.

### PERMANENT RESIDENT ALIEN (NOT ELIGIBLE)

Not allowed on the Foreign National program.

### NON-PERMANENT RESIDENT ALIEN

An alien admitted to the United States as a lawful temporary resident. Lawful non-permanent residents are legally accorded the privilege of residing temporarily in the United States. Refer to the Foreign National Section for specifics.

### INTER VIVOS REVOCABLE TRUST

Not allowed on the Foreign National program.

## INELIGIBLE BORROWERS

- Revocable / Irrevocable Trusts
- Land Trust
- Blind Trust
- Life Estate Trusts
- Borrowers with diplomatic immunity or otherwise excluded from U.S. jurisdiction

## FOREIGN NATIONAL SPECIFIC DOCUMENTATION REQUIREMENTS

One of the following are required as evidence the borrower is in the U.S legally:

- Copy of the borrower's valid and unexpired passport (including photograph), or
- Copy of the borrower's valid and unexpired visa (including photograph) OR an I-797 form with valid extension dates and I-94. **Visa types permitted: B-1, B-2, H-2, H-3, I, J-1, J-2, O-2, P-1, P-2**
  - Borrowers from countries participating in the State Department's Visa Waiver Program (VWP) are not required to provide a valid visa. Participating countries can be found at <https://travel.state.gov/content/travel/en/us-visas/tourism-visit/visa-waiver-program.html>. The credit file should be documented with a current print out of the participating countries with the borrower's country of origin highlighted.

The following is also required:

- All parties involved on transaction must be screened through exclusionary lists, must be cleared through OFAC's SND list, search of Specially Designated Nationals & Blocked Persons List may be completed via US Department of Treasury: <http://sdnsearch.ofac.treas.gov/>.
  - Borrowers from OFAC sanctioned countries are ineligible <http://www.treasury.gov/resource-center/sanctions/Programs/Pages/Programs.aspx>.
  - Individuals with Diplomatic immunity not eligible <http://www.state.gov/s/cpr/rls>.
- Documents signed by Borrowers outside of the United States must be notarized by a U.S. embassy or consular official. The certificate of acknowledgment must meet the standard notarial requirements and must include the embassy or consular seal. If the U.S. Embassy or consular office is unavailable, a notary is acceptable if the country where the signing is taking place is part of the Hague Convention and the signed documents are accompanied by an Apostille. Refer to the following link to determine if the country in question is part of the Hague Convention: <https://travel.state.gov/content/travel/en/Intercountry-Adoption/Adoption-Process/understanding-the-hague-convention/convention-countries.html>. Model Apostille forms can be found on the following link: <https://www.hcch.net/en/instruments/conventions/specialised-sections/apostille>.
- Power of Attorney (POA) is not allowed.

## ASSETS

### DOCUMENTATION OPTIONS

Various forms of documentation are acceptable depending on borrower asset type. Assets and reserves should be calculated and documented to Fannie Mae guidelines unless otherwise specified in Change Wholesale guidelines. Fannie Mae guidelines prevail where this guide is silent regarding sources and types of assets as well as asset types not eligible to be included.

### RESERVES

- A minimum of eight (8) months of reserves are required.
- Additional reserves are not required for any additional financed properties owned.
- ARM loans – Reserves based upon initial proposed PITIA, not the qualifying payment.
- Reserves for a loan with an Interest Only feature are based upon the Interest Only payment.
- Proceeds from 1031 Exchange cannot be used to meet reserve requirements.
- Cash out proceeds cannot be applied toward the reserve requirement.

### GIFT FUNDS

Gift funds are permitted if the borrower has a minimum investment of 10% of their own funds towards the down payment, closing costs & reserves:

- Purchase transactions only
- Borrower(s) meet(s) reserve requirement with their own documented funds.
- Fannie Mae guidelines are used for donor relationship to borrower(s), documentation, proof of funds, and evidence of receipt.

Gifts of Equity are not permitted.

### INELIGIBLE ASSETS

- Down payment assistance programs
- Grant Funds
- Builder Profits
- Employer Assistance Assets
- Cash advance on credit card
- Cash for which the source cannot be verified (cash on hand)
- Commission from sale of subject property
- Proceeds from an unsecured loan
- Salary advance
- Sweat equity (contribution to the construction or rehabilitation of a property in the form of labor or services rather than cash)
- Unverifiable source of funds

- Margined Assets and/or Pledged Assets listed within client accounts are not eligible as a source of funds or reserves.
- Stock options and non-vested restricted stock
- Non-vested stock
- Reverse mortgage
- Pension fund
- Seller Real Estate Tax Credit
- Cryptocurrency

## ASSET DOCUMENTATION

In addition to documenting the down payment, closing costs, and minimum PITIA reserve requirements, all borrowers must disclose and verify all other liquid assets. Fannie Mae guidelines prevail regarding sources and types of assets as well as assets which are not eligible for closing costs and/or reserves.

- Account Statements should cover most recent 30-day period, all pages are required;
- VOD should be dated within 30 days of closing date;
- Stocks/Bond/Mutual Funds -100% of stock accounts can be considered in the calculation of a assets for closing and reserves;
- Vested Retirement Account funds – 80% may be considered for closing and/or reserves;
- Non-vested or restricted stock accounts are not eligible for use as down payment or reserves.
- Foreign Assets are permitted. Provide the following:
  - Provide one full month's recent bank statement from the foreign institution.
    - For utilization as reserves only – the funds may remain in the foreign bank account.
    - For utilization towards the down payment and/or funds to close – the funds must be transferred to the borrower's US FDIC insured bank account and seasoned for at least 10 days **OR** the funds may be wired directly to the Closing Agent. The Closing Agent must provide valid confirmation of receipt between the foreign institution and the closing company.
    - If the funds are from a foreign banking institution that also operates within the Unites States – provide documentation that confirms cross-border business arrangements (For example: <https://www.td.com/ca/en/personal-banking/solutions/cross-border-banking>)
  - Assets must be verified in U.S. Dollar equivalency at the current exchange rate via either [www.xe.com](http://www.xe.com) or the Wall Street Journal conversion table, and
  - Assets must be translated into English, where applicable.
- Large deposits do not need to be sourced on the Foreign National program.

## BUSINESS FUNDS

Business funds may be used for down payment, closing costs and for the purposes of calculating reserves. The borrower must be listed as an owner of the account and the account needs to be verified per requirements in this Guide.

Business funds used to qualify are calculated based on the borrower's percentage of ownership in the company. For example, if a borrower owns 25% of the business then only 25% of the available balance of the account would be allowed to qualify.

Business assets held in foreign accounts may not be used as a source of funds to close and to meet applicable reserve requirements. These funds must be transferred to a U.S. banking institution account in the borrower's name at least 30 days and validated by a 3<sup>rd</sup> party prior to closing.

## INCOME

### Borrower Income

- Ratios are not calculated - no income or job information is required on the URLA.
- Tax returns and IRS Form 4506C are not required for the program.

## DEBT SERVICE COVERAGE

The Debt Service Coverage documentation option is only allowed on the Investor Program and property income is used to qualify the transaction. Debt Service Coverage is available to experienced homeowners purchasing or refinancing investment properties to hold for business purposes. The borrower is required to sign a Certification of Business Purpose (Exhibit H) and an Occupancy Certification (Exhibit A).

### Documentation Requirements

- **Purchase**
  - **Long-Term Rents (30+ days or more)** – calculate by using the lower of the following:
    - Form 1007, 216, or 1025 (for 2-4 units) validating current market rents, or
    - The executed lease agreement in place (if applicable).
      - If executed lease agreement being transferred from the Seller to our borrower reflects a higher monthly rent than the 1007 provided by the Appraiser, it may be used in the calculation with sufficient evidence of receipt. Three (3) most recent, consecutive months of receipt must be documented and transfer of lease must be evident within the executed purchase contract.
  - **Short-Term Rents (29 days or less)** – not permitted/ineligible for the DSCR qualification.
- **Refinance**
  - **Long-Term Rents (30+ days or more)** – calculate by using the lower of the following:
    - Form 1007, 216 or 1025 (for 2-4 units) is required to determine current market rents,
    - The executed lease agreement in place.
      - If executed lease agreement in place reflects a higher monthly rent than the 1007 provided by the Appraiser, it may be used in the calculation with sufficient evidence of

receipt. Three (3) most recent, consecutive months evidence of receipt must be documented.

- If new lease - it must include a copy of the fully executed lease along with proof of receipt of damage/security deposit and first month's rent.
  
- **Short-Term Rents (29 days or less)** – not permitted/ineligible for the DSCR qualification.
  
- For vacant or properties that are currently not leased the max LTV is 60%. A 1007, 216 or 1025 (for 2-4 units) is still required to validate current market rents.
- Properties currently being occupied by non-paying tenants/family members are not eligible for this business purpose program as the property does not debt service.

### **Debt Service Coverage Ratio**

Debt Service Coverage Ratio is the Monthly Gross Income divided by the proposed PITIA of the subject property (not the qualifying payment). The DSCR calculation with an Interest Only feature is based on the Monthly Gross income divided by the proposed Interest Only PITIA payment.

See the Investor matrix for required Debt Service Coverage Ratios and specific calculations.

#### **EXAMPLE: DEBT SERVICE COVERAGE RATIO**

Single Family Purchase Money Transaction

Monthly PITIA = \$650

Estimated Monthly Market Rent (Form 1007) = \$850

Existing Lease Monthly Rent = Not Available

Gross Market Rent = \$850 (*Estimated Monthly Market Rent when a lease is not available for a purchase transaction*)

Gross Income = \$850

÷ PITIA = \$650

DSCR = 1.30

## PROPERTY ELIGIBILITY

### APPRAISALS

#### **Appraisal Requirements**

Full Interior / Exterior appraisal required. Fannie Mae/Freddie Mac Forms 1004/70, 1025/72, 1073/465 or 2090 must be used. The licensed appraiser is required to perform an interior inspection when completing the appraisal report.

- The Appraisal should be dated no more than 120 days prior to the Note Date. After a 120-day period, a new appraisal report is required.
- All Investment Property transactions require a Form 1007, 216 or 1025 (for 204 units) to determine current market rents.
- A Desk Review or Second appraisal is required on every transaction.

#### **Second Appraisal**

A Second Appraisal from a Change Wholesale approved AMC is required when any of the following conditions exist. When a second appraisal is provided, the transactions "Appraised Value" will be the lower of the two appraisals. The second appraisal must be from a different appraiser than the first appraisal.

- Loan amount exceeds \$2,000,000
- The transaction is a flip as defined in the Property Flipping section of this guide
- As required under the Appraisal Review Products section of this guide
- Underwriter Discretion

#### **Appraisal Review Requirements**

An appraisal review product is required on every appraisal required for the transaction. The options include the following:

- An enhanced desk review, or
- A field review or second appraisal from a Change Wholesale approved AMC is acceptable. The field review or 2nd appraisal may not be from the same appraisal company as the original report.

If the Appraisal Review Product reflects a value more than 10% below the appraised value or cannot provide a validation, the next option in the review waterfall must be followed. The next option would be either a field review or second appraisal, both must be from a different appraisal company and appraiser than the original appraisal. On transactions when the difference in appraised value is less than 10%, the acceptability of the appraisal is subject to UW Management review and discretion. The final appraised value is based on the lowest reported value amongst all of the appraisal documents/reviews.

#### **Minimum Square Footage**

- Single Family Residence - minimum 700 square feet
- Condominiums – minimum 500 square feet
- 2-4 units – minimum 400 square feet per individual unit

#### **Rural Property**

Rural properties are not permitted under the Foreign National program.

A property is classified as rural if any of the following exist:

- The property is classified as rural by the appraiser; or
- Two of the three comparable properties are more than five (5) miles from the subject property, or
- The property is located on an unpaved or unimproved road, or
- Less than 25% of the surrounding area is developed

### **Personal Property**

Any personal property transferred with a property sale must be deemed to have zero transfer value, as indicated by the sales contract and the appraisal. If any value is associated with the personal property, the sales price and appraised value must be reduced by the personal property value for purposes of calculating the LTV/CLTV/HCLTV.

### **Escrow Holdbacks**

Escrow holdbacks are not allowed. Any repair or maintenance required by the appraiser must be completed prior to loan purchase.

## INELIGIBLE PROPERTY TYPES

- Florida Condominiums exceeding 70% LTV
- Unique properties
- Mixed Use properties
- Builder Model Leaseback
- Live/Work condos
- Multiple dwellings on a single lot (legal ADU permitted)
- Vacant land or land development properties
- Properties not readily accessible by roads that meet local standards
- Properties not suitable for year-round occupancy regardless of location
- Agricultural properties including farms, ranches, orchards
- Manufactured, Mobile
- Condo-hotels or co-op/timeshare hotels
- A project that includes registration services and offer rentals of units on a daily, weekly or monthly basis
- Cooperative share loans
- Boarding houses or bed/breakfast properties
- Properties with zoning violations
- Dome or geodesic homes
- Assisted living facilities
- Homes on Indian reservations, Indian Leased Land
- Hawaii properties located in lava zones 1 and/or 2
- Houseboats
- Acreage > 20 acres
- No truncating allowed
- Properties used for the cultivation, distribution, manufacture or sale of marijuana.

## PROPERTY FLIPPING

For properties purchased by the seller of the property within 6 months of the new subject purchase contract date where the contract price exceeds the seller's acquisition price by the following:

- More than a 10% price increase if the seller acquired the property in the past 90 days;
- More than a 20% price increase if the seller acquired the property in the past 91-180 days

The following additional requirements apply:

- Second appraisal required from an Approved AMC
- Second appraisal must be dated prior to the loan consummation/note date;
- Property seller on the purchase contract must be the owner of record;
- Increases in value should be documented with commentary from the appraiser and recent comparable sales.

## TITLE VESTING & OWNERSHIP

Ownership must be fee simple.

Title must be in the Borrower's name at time of application for refinance transactions and on closing date for all transactions.

Acceptable forms of vesting are:

- Individuals
- Joint tenants
- Tenants in common

Revocable Trust, Irrevocable Trusts, Land trusts, Blind Trusts and IRAs are not eligible forms of vesting.

### **For Investment Properties Only**

Limited Liability Companies ("Entity") are allowed in accordance with the requirements listed below:

To vest a loan in an Entity, the following requirements must be met:

- Any business structure is limited to a maximum of 4 owners or members.
- The LLC must be domiciled within the United States.
- Personal Guarantees are required from the authorized signor(s) who are borrowers on the loan along with any individual with 50% or greater ownership in the entity.
- Each authorized signor and/or member with 50% or greater ownership must complete a Form 1003 or similar credit application indicating clearly that such document is being provided in the capacity of guarantor. The application associated with each authorized signor and/or member with 50% or greater ownership and such person's credit score and creditworthiness will also be used to determine qualification and pricing.
- **If the articles of organization or operating agreement do not state an authorized signor, then all entity owners must apply as a borrower and complete a loan application as an individual applicant.**
- Each Member of the Entity must receive notice of the loan and its terms prior to closing.

- If the LLC is not domiciled/formed within the state that the subject property is located in, a certificate of authority to do business by the entity in the subject state must be provided if required.
- No more than two layered entities is permitted.
- The following Entity documentation must be provided:
  - Entity Articles of Organization, or Partnership, and Operating Agreement(s)
    - This must include a list of all owners along with titles and designated authorized signors
  - Tax Identification Number (TIN) or Employee Identification Number (EIN) in the name of the LLC obtained directly from the IRS or an accredited 3<sup>rd</sup> party (i.e. Secretary of State or a licensed CPA)
  - Certificate of Good Standing issued by the Secretary of State where the LLC was formed
  - Certificate of Authorization for the person executing all documents on behalf of the Entity

### **Documents required**

Documents must be completed and signed as follows:

- Loan Application (URLA)
  - Completed for each Individual(s) meeting the requirements above
  - Section labelled “Title will be held in what Name(s)” should be completed with **only** the LLC name.
  - Signed by Individuals meeting the requirements above
- Disclosures (Loan Estimate (LE), Notice of Intent to Proceed, Servicing Disclosure, etc.)
  - Completed and signed by Individual(s) meeting the requirements above
- Closing Disclosure (CD)
  - Completed and signed by Individual(s) meeting the requirements above
  - Other Closing Documents (Final CD, Borrower Certification of Business Purpose, etc.)
  - Completed and signed by Authorized Member(s) meeting the requirements above
- Personal Guarantee
  - Completed and signed by Individual(s) meeting the requirements above
- **Borrowing Certificate (Exhibit F for Single Member or Exhibit G for Multiple Members)**
  - **Completed and signed by Individual(s) meeting the requirements above**
- Note, Deed of Trust/Mortgage, and all Riders
  - “Borrower” in form, if applicable, to be completed by the authorized member of the entity that can legally sign and bind entity

### **Examples of Signature Requirements**

*[Authorized Signatory] may be replaced by other label as specified in the Member Consent (e.g., Managing Member, Member, etc.).*

#### **Sample 1:**

Borrower: JJ Investors, LLC and James Johnson Single Member of LLC: James Johnson

#### **Note, Security Instrument & all Riders:**

Signature Block

JJ INVESTORS, LLC a [\_\_\_\_\_] limited liability company

James Johnson

By: James Johnson

Title: [Authorized Signatory]

**Sample 2:**

Borrower: JJ Investors, LLC, James Johnson, and Jane Nelson 2 Members of LLC: James Johnson and Jane Nelson

Both Members are Authorized Signatories of LLC

**Note, Security Instrument & all Riders:**

Signature Block

JJ INVESTORS, LLC a [ \_\_\_\_\_ ] limited liability company

James Johnson

By: James Johnson

Title: [Authorized Signatory]

**and**

JJ INVESTORS, LLC a [ ] limited liability company

Jane Nelson

By: Jane Nelson

Title: [Authorized Signatory]

**LEASEHOLD PROPERTIES (NOT ELIGIBLE)**

Not allowed on the Foreign National program.

**LIMITATIONS ON FINANCED PROPERTIES**

- Max 10 financed properties
- Change Wholesale’s exposure to a single borrower shall not exceed \$10,000,000 in current UPB or ten (10) properties

**DISASTER AREAS**

The following guidelines apply to properties located in FEMA declared disaster areas, as identified by reviewing the FEMA web site at <http://www.fema.gov/news/disasters.fema>. In addition, when there is knowledge of an adverse event occurring near and around the subject property location, such as earthquakes, floods, tornadoes, or wildfires, additional due diligence should be used to determine if the disaster guidelines should be followed.

Guidelines for disaster areas should be followed for 90-days from the disaster period end date or the date of the event, whichever is later.

### **Appraisals Completed Prior to Disaster Event**

An interior and exterior inspection of the subject property, performed by the original appraiser if possible, is required.

- The appraiser should provide a statement indicating if the subject property is free from any damage, is in the same condition from the previous inspection, and the marketability and value remain the same.
- Inspection report must include photographs of the subject property and street view.
- Any damage must be repaired and re-inspected prior to purchase

### **Appraisals Completed After Disaster Event**

- Appraiser must comment on the adverse event and certify that there has been no change in the valuation.
- Any existing damage notated from the original report must be repaired and re-inspected prior to purchase.

## CONDOMINIUMS

Fannie Mae eligible projects are allowed.

### **Ineligible Projects**

- A project subject to the rules and regulations of the U.S. Securities Exchange Commission.
- Non-Warrantable projects
- Condominium Hotel –Condotel
  - Condominium Project in which any unit owner or the homeowners' association is a party to a revenue-sharing agreement with either the developer or another third-party entity.
  - Condominium project where the unit is not the lessee's residence.
  - Projects that are managed and operated as a hotel or motel, even though the units are individually owned.
  - Projects with the names that include the words "hotel," "motel," "resort," or "lodge."
  - A project that includes registration services and offer rentals of units on a daily, weekly or monthly basis.
  - Hotel or motel conversions (or conversions of other similar transient properties.)
- Resort type project
- Timeshare or Projects that restrict the owner's ability to occupy the unit.
- New Condo conversion completed less than 2 years.
- Houseboat project
- Manufactured home projects
- Assisted living facilities or any project where unit owners contract in advance for a lifetime commitment from the facility to care for them regardless of future health or housing needs.
- Any project in which a single entity owns more than 25% of the total number of units. Projects that have 5-19 Units, one owner can own two units.
- Multi-family units where single deed has ownership of more than one or all of the units.
- Where more than 50% of total square footage in the project or in the building that the project is located in is used for non-residential purposes.
- A Common-interest apartment or a project in which individuals have an undivided interest in a residential apartment building and land and have the right of exclusive occupancy of a specific apartment unit in the building.

- The project or building is often owned by several owners as tenants-in-common or by a homeowners' association.
- Fragmented or segmented ownership
- Ownership is limited to a specific period on a recurring basis i.e., Timeshare
- Any project where the developer (or its affiliates) owns the Common and/or Limited Elements and leases the elements back to the HOA
- Non-conforming zoning (cannot be rebuilt to current density).
- Project units sold with excessive Seller contributions that may affect the value of the subject property.
- Any project that requires Private Transfer Fees as a part of the transaction and that fee does not benefit the association
- Project in litigation, arbitration, mediation or other dispute regarding safety, soundness or habitability.
- Project with adverse environmental issue(s) involving safety, soundness or habitability.
- Projects that are not well managed or in poor physical or financial condition.
  - Excessive special assessments; Low Reserves; Neglected Repairs

**General Project Criteria**

- Project has been created and exists in full compliance with applicable local jurisdiction, State and all other applicable laws and regulations
- Project meets all FNMA Insurance requirements for property, liability and fidelity coverage
- Confirmation the Project documents do not give a unit owner or any other party priority over the rights of the 1st mortgagee.

**Fannie Mae Warrantable Condominium Projects**

For projects that meet Fannie Mae requirements, follow review process as required by Fannie Mae.

If the loan does not meet the following criteria for a Fannie Mae Limited Review, a FNMA Full Review is required.

<b>Limited Review Eligible Transactions – Attached Units in Established Condo Projects (For Projects Outside of Florida)</b>	
<b>Occupancy Type</b>	<b>Maximum LTV/CLTV and HCLTV Ratios</b>
Investment Property	75%

<b>Limited Review Eligible Transactions – Florida Attached Units in Established Condo Projects</b>	
<b>Occupancy Type</b>	<b>Maximum LTV/CLTV and HCLTV Ratios</b>
Investment Property	70%

OCCUPANCY CERTIFICATION

Borrower: \_\_\_\_\_

Co-borrower(s): \_\_\_\_\_

Property Address: \_\_\_\_\_

I/We the undersigned certify that:

**Primary Residence:** I/We will occupy the property as my/our principal residence within Sixty (60) days after the date of closing as stated in the Mortgage or Deed of Trust I/we executed. I/We will continue to occupy the property as my/our principal residence for at least one year after the date of occupancy, unless Lender otherwise agrees in writing.

**Second Home:** I/We will occupy the Property as a second home (vacation, etc.) while maintaining a principal residence elsewhere.

**Investment Property:** I/We will not occupy the property as a principal residence or second home. I/We will not occupy the property for more than 14 days in any calendar year. The property is an investment to be held or rented rather than for household or personal use.

**INVESTMENT PROPERTY ONLY** (the following **must** be completed on an investment property loan):

I/We understand that consumer protection laws applicable to consumer loans will not apply to this loan, including the Truth in Lending Act (15.U.S.C. § 1601 *et seq.*), Real Estate Settlement Procedures Act (12 U.S.C. § 2601 *et seq.*), Gramm-Leach Bliley Act (15 U.S.C. §§ 6802-6809), Secure and Fair Enforcement Mortgage Licensing Act (12 U.S.C. § 5101 *et seq.*), and Homeowners Protection Act (12 U.S.C. § 5101 *et seq.*).

**REFINANCE ONLY** (the following **must** be completed on a refinance transaction):

I/We the undersigned, certify that the property referenced above is **NOT** currently listed for sale or under contract to be listed for sale.

I/We the undersigned acquired this property on \_\_\_\_\_, \_\_\_\_\_.

**I/We understand that it is illegal to provide false information in an application for a mortgage loan. Mortgage fraud is punishable by up to thirty (30) years in federal prison or a fine of up to \$1,000,000, or both under the provisions of Title 18, United States Code, Sec. 1001, et seq.**

I/We understand that failure to comply with the requirements in the Mortgage or Deed of Trust regarding occupancy of the property will entitle the Lender to exercise its remedies for breach of covenant under the Mortgage or Deed of Trust. Such remedies include, without limitation, requiring immediate payment in full of the remaining indebtedness under the Loan together with all other sums secured by the Mortgage or Deed of Trust, and exercise of power of sale or other applicable foreclosure remedies, to the extent permitted by the Mortgage or Deed of Trust.

\_\_\_\_\_  
Borrower Date Borrower Date

\_\_\_\_\_  
Borrower Date Borrower Date

**CONDOMINIUM PROJECT QUESTIONNAIRE**

Project Legal Name: \_\_\_\_\_ Date: \_\_\_\_\_  
 Project Physical Address: \_\_\_\_\_ HOA Tax ID: \_\_\_\_\_  
 Unit Address: \_\_\_\_\_ Loan Number: \_\_\_\_\_  
 HOA Name: \_\_\_\_\_ Lender Name: \_\_\_\_\_  
 HOA Management Address: \_\_\_\_\_ HOA Management Co. Tax ID: \_\_\_\_\_

**PART I: BASIC PROJECT INFORMATION**

1. Please provide actual numbers and not percentages in the chart below.

Legal Phase #, Previous and Future Phases	# of Units per Phase	# of Buildings	# of Units Complete	# of Units for Sale	# of Units Sold or Under Contract	# of Owner Occupied and Second Homes*	# of Investor Units

\* If unable to provide number of second homes, provide number of off-site addresses.

2. Please provide a breakdown of the total number of units in the Project below.

# of Owner Occupied Units		# of Investor Units		# of Units Rented by Developer	
# of Second Home Units		# of Units owned by the HOA		# of Units in Entire Project	

3. Complete the following table if more than one unit is owned by the same individual or entity.

Individual / Entity Name	Developer or Sponsor (Yes or No)	# of Units Owned	Percentage Owned of Total Project Units	# Leased at Market Rent	Number Leased under Rent Control
			%		
			%		
			%		
			%		
			%		

4. Does the project have any of the characteristics listed below?  Yes  No **If Yes, please check all that apply:**

- Hotel/Motel/Resort Activities     Any restriction on the Unit owner’s ability to occupy the unit  
 Mandatory Rental Pool             Mandatory fee-based memberships for use of project amenities/services

- Deed/Resale restrictions                       Non-incident income from business operations  
 Manufactured Housing                       Supportive or continuing care for seniors or residents with disabilities

Provide additional detail here, if applicable (optional):

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**PART II: PROJECT COMPLETION INFORMATION**

5. Are all units and common elements 100% complete and not subject to any additional phasing and/or additions?  Yes  No  
*If yes, when was the Project completed?* \_\_\_\_\_
6. **If no**, complete lines a-f:
- a. *Is the project subject to additional phasing or annexation?*  Yes  No  
b. *Is the project legally phased?*  Yes  No  
c. *How many phases have been completed?* \_\_\_\_\_  
d. *How many total phases are legally planned for the project?* \_\_\_\_\_  
e. *How many total units are planned for the project?* \_\_\_\_\_  
f. *Are all planned amenities and common facilities fully complete?*  Yes  No
7. Has the developer turned over Project control to unit owners?  Yes  No  
*If yes, when was it turned over?* \_\_\_\_\_  
*If no, what is the anticipated date the Project will be turned over to the unit owners?* \_\_\_\_\_
8. Is the Project a conversion within the past 3 years of an existing structure that was used as an apartment, hotel/resort, retail or other professional business, industrial or for other non-residential use?  Yes  No  
**If yes – complete lines a-h:**
- a. *What year was the property built?* \_\_\_\_\_  
b. *What date was the conversion completed?* \_\_\_\_\_  
c. *Was the conversion a full gut rehabilitation of the existing structure(s), including replacement of all major mechanical components?*  Yes  No  
d. *What was the original use of the building?* \_\_\_\_\_  
e. *Does the report from the licensed engineer indicate that the project is structurally sound, and that the condition and remaining useful life of the project’s major components are sufficient?*  Yes  No  
f. *Are all repairs affecting safety, soundness, and structural integrity complete?*  Yes  No  
g. *Are replacement reserves allotted for all capital improvements?*  Yes  No  
h. *Are the project’s reserves sufficient to fund the improvements?*  Yes  No

**PART III: FINANCIAL INFORMATION**

9. How many units are over 60 days delinquent on HOA dues or assessments? \_\_\_\_\_
10. In the event a unit is taken over in foreclosure or a deed-in-lieu of foreclosure, is the mortgagee responsible for paying delinquent common expense assessments?  Yes  No  
**If yes**, for how long is the mortgagee responsible for paying these expenses? (select one):  
 1 to 6 months  
 7 to 12 months  
 12+ months
11. Is the HOA or developer involved in any litigation and/or arbitration, including the project being placed in receivership, bankruptcy, deed-in-lieu of foreclosure or Foreclosure?  Yes  No

*If yes, please describe the details and provide documentation directly from the Court(s) relating to the litigation:* \_\_\_\_\_

**PART IV: OWNERSHIP & OTHER INFORMATION**

12. Do the unit owners have sole ownership interest in and the right to use the project amenities and common areas?  Yes  No

**If No**, explain who has ownership interest in and rights to use the project amenities and common areas:

\_\_\_\_\_

\_\_\_\_\_

13. Are any of the units or any part of the building used for non-residential or commercial space?  Yes  No  
**If Yes**, complete the following table:

Type of Commercial or Non-Residential Use	Name of Owner or Tenant	# of Units	Square Footage	% Square Footage of Total Project Square Footage
				%
				%
				%

14. What is the total square footage of commercial space in the building that is separate from the residential HOA? Include above and below grade space used for commercial purposes, such as public parking facilities, retail space, apartments, commercial offices and so on:

Total square footage of commercial space: \_\_\_\_\_

**PART V: INSURANCE INFORMATION & FINANCIAL CONTROLS**

15. Are units or common elements located in a flood zone?  Yes  No

**If Yes**, flood coverage is in force equaling (select one):

- 100% replacement cost
- Maximum coverage per condominium available under the National Flood Insurance Program
- Some other amount (enter amount here): \$ \_\_\_\_\_

16. Check all of the following that apply regarding HOA financial accounts:

- HOA maintains separate accounts for operating and reserve funds.
- Appropriate access controls are in place for each account.
- The bank sends copies of monthly bank statements directly to the HOA.
- Two members of the HOA Board of Directors are required to sign any check written on the reserve account.
- The Management Company maintains separate records and bank accounts for each HOA that uses its services.
- The Management Company does not have the authority to draw checks on, or transfer funds from, the reserve account of the HOA.

17. Supply the information requested below. Do NOT enter "contact agent."

Type of Insurance	Carrier/Agent Name	Phone Number	Policy Number
Hazard			
Liability			
Fidelity			
Flood			

**PART VI: BUILDING SAFETY, SOUNDNESS, STRUCTURAL INTEGRITY, AND HABITABILITY**

18. When was the last building inspection by a licensed architect, licensed engineer, or any other building inspector? \_\_\_\_\_

19. Did the last inspection have any findings related to the safety, soundness, structural integrity, or habitability of the project's building(s)?  Yes  No

19a. **If Yes**, have recommended repairs/replacements been completed?  Yes  No

If the repairs/replacements have not been completed:

19b. What repairs/replacements remain to be completed?

\_\_\_\_\_

19c. When will the repairs/replacements be completed? \_\_\_\_\_

*Provide a copy of the inspection and HOA board meeting minutes to document findings and action plan.*

20. Is the HOA aware of any deficiencies related to the safety, soundness, structural integrity, or habitability of the projects building(s)?  Yes  No

20a. **If Yes**, what are the deficiencies?

\_\_\_\_\_

20b. Of these deficiencies, what repairs/replacements remain to be complete?

\_\_\_\_\_

20c. Of these deficiencies, when will the repairs/replacements be completed? \_\_\_\_\_

21. Are there any outstanding violations of jurisdictional requirements (zoning ordinances, codes, etc.) related to the safety, soundness, structural integrity, or habitability of the project's building(s)?  Yes  No

**If Yes**, provide notice from the applicable jurisdictional entity.

22. Is it anticipated the project will, in the future, have such violation(s)?  Yes  No

**If Yes**, provide details of the applicable jurisdiction's requirement and the projects plan to remediate the violation.

\_\_\_\_\_

23. Does the project have a funding plan for its deferred maintenance components/items to be repaired or replaced?  Yes  No

24. Does the project have a schedule for the deferred maintenance components/items to be repaired or replaced?  Yes  No

*If Yes, provide the schedule.*

25. Has the HOA had a reserve study completed on the project within the past three (3) years?  Yes  No
26. What is the total of the current reserve accounts balance? \_\_\_\_\_
27. Are there any current special assessments unit owners are obligated to pay? **If Yes:**  Yes  No
- 26a. What is the total amount of the special assessment(s): \$ \_\_\_\_\_
- 26b. What are the terms of the special assessments(s)? \_\_\_\_\_
- \_\_\_\_\_
- 26c. What is the purpose of the special assessment(s)? \_\_\_\_\_
- \_\_\_\_\_
28. Are there planned special assessments unit owners are obligated to pay? **If Yes:**  Yes  No
- 26a. What will be the total amount of the special assessment(s): \$ \_\_\_\_\_
- 26b. What will be the terms of the special assessments(s)? \_\_\_\_\_
- \_\_\_\_\_
- 26c. What will be the purpose of the special assessment(s)? \_\_\_\_\_
- \_\_\_\_\_
29. Has the HOA obtained any loans to finance improvements or deferred maintenance?  Yes  No
- 28a. Amount borrowed? \$ \_\_\_\_\_
- 28b. Terms of repayment? \_\_\_\_\_

**PART VI: PREPARER INFORMATION**

Preparer Name: \_\_\_\_\_ Phone: \_\_\_\_\_

Title: \_\_\_\_\_ Email: \_\_\_\_\_

Preparer's Company Name: \_\_\_\_\_

Preparer's Company Address: \_\_\_\_\_

When completed by HOA representative, this form will be utilized to help determine financing eligibility of a unit within the Project. Completion of this form does not create legal liability on the part of the preparer.

The undersigned hereby certifies that the above information is true and correct to the best of the preparer's knowledge and is presented on behalf of the Homeowners Association for the Project listed.

Signature of HOA Representative: \_\_\_\_\_ Date: \_\_\_\_\_

**PART VII: REQUIRED DOCUMENTATION**

***New Projects:***

- Fannie Mae Application for Project Approval (Form 1026) Project Certification, Change Home Mortgage Condominium questionnaire, or similar.
- FNMA Warranty of Project Presale signed by developer/builder as authorized representative (Form 1029).
- FNMA Warranty of Condominium Project Legal Documents (Form 1054) or comparable lender's warranty.

- FNMA Final Certification of Substantial Project Completion completed by developer. (Form 1081).
- Current Annual Budget.
- Current Balance Sheet (dated within the last 60 days).
- Evidence of current HOA/Project Insurance in compliance with FNMA guidelines.
- Project legal documents: Declarations, By-Laws, and any Amendments.
- Schedule of outstanding loan information.
- Letter from construction lender stating financing is in good standing.
- Evidence there are no contractor liens outstanding.
- Project Marketing Analysis: sales and marketing plan.
- Photos of subject property and two comparable projects including site, improvements, facilities/amenities, and parking.
- PERS Preliminary Approval, if applicable.

***Established Projects:***

- Fannie Mae Application for Project Approval (Form 1026) Project Certification, Change Home Mortgage Condominium questionnaire, or similar.
- Established Project Certification.
- Current Annual Budget.
- Current Balance Sheet (dated with the last 60 days).
- Evidence of current HOA/Project Insurance in compliance with FNMA guidelines.

***Re-Certification of Projects:***

- Fannie Mae Application for Project Approval (Form 1026) Project Certification, Change Home Mortgage Condominium questionnaire, or similar.
- Project Approval Certification Form.
- Current Annual Budget.
- Current Balance Sheet (dated with the last 60 days).
- Evidence of current HOA/Project Insurance in compliance with FNMA guidelines.
- Any amendments, supplements, etc. to Project legal documents.

EXHIBIT C: DEVELOPER/BUILDER QUESTIONNAIRE

**DEVELOPER/BUILDER QUESTIONNAIRE**

Project Name: \_\_\_\_\_  
 Legal Address: \_\_\_\_\_

**Developer Company Name:** \_\_\_\_\_ **President/Owner:** \_\_\_\_\_  
**Address:** \_\_\_\_\_ **Phone:** \_\_\_\_\_  
**Website:** \_\_\_\_\_ **Email:** \_\_\_\_\_

**Builder Name:** \_\_\_\_\_ **President/Owner:** \_\_\_\_\_  
**Address:** \_\_\_\_\_ **Phone:** \_\_\_\_\_  
**Website:** \_\_\_\_\_ **Email:** \_\_\_\_\_

**Broker/Marketing Co. Name:** \_\_\_\_\_ **Sales Manager:** \_\_\_\_\_

1. Is the marketing firm affiliated with the developer/builder? *If yes describe the relationship.*  Yes  No  
 \_\_\_\_\_
2. Are sales or financing concessions offered as part of the marketing of units? *If yes, what concessions are being offered? Please provide sales and marketing plan.*  Yes  No  
 \_\_\_\_\_

**BUILDER/DEVELOPER CONSTRUCTION EXPERIENCE**

3. Number of condo projects: \_\_\_\_\_
4. Number of units: \_\_\_\_\_
5. Unit types: \_\_\_\_\_
6. Does the developer have previous experience with conversion projects?  Yes  No
7. Number of units currently being rented by Builder/Developer: \_\_\_\_\_
8. Number of units currently being renovated/converted into condominiums: \_\_\_\_\_
9. What is the anticipated completion date of the units being renovated/converted? \_\_\_\_\_

**PROJECTS COMPLETED**

Project Name	Location	# of Units	Year Completed

**BUILDER/DEVELOPER PRE-SALE CERTIFICATION**

Status	Subject Phase	Completed Phases	Future Phases	TOTAL Project
# of units closed to borrower other than Builder/Developer				
# of units under contract/signed Purchase Agreement				
# of units under construction				
# of units available for sale				
# of units owned or intended as owner occupied				
# of units owned or intended as rental units				
# of units currently rented by Builder/Developer				
Total # of units				

10. Does the builder/developer plan to retain ownership of any units, common elements, or other Project facilities Other than during initial marketing period? *If yes, please provide an explanation of what is being retained and the reason:*  Yes  No \_\_\_\_\_

11. Are there any mechanic's liens, complaints or litigation filed against the property? *If yes, please provide an explanation and any supporting documentation:*  Yes  No \_\_\_\_\_

**DEVELOPER/BUILDER REQUIRED DOCUMENTATION**

- Current reserve study (within three years), or equivalent, evidencing current condition of the Project elements, what work is needed, remaining life, and estimate of cost to replace.
- FNMA Form 1081 Final Certification of Substantial Project Completion or Project Occupancy Certification.
- Rent roll/absorption.
- Schedule of outstanding loans.
- Letter from construction lender stating financing is in good standing or statement from Builder/Developer indicating no financing exists.
- Evidence of available fund to complete the Project, e.g., certificate, letter of credit, or verification of liquid assets.
- Project Marketing Analysis: Sales and Marketing Plan.
- Project status letter detailing what is being completed/improved, cost estimate, and estimated date of completion.

**CERTIFICATION**

**Builder/Developer has completed the information above, including the occupancy grid (or has attached a list documenting same in excel format), and attests to its accuracy.**

\_\_\_\_\_  
Builder/Developer Name (please print) Title

\_\_\_\_\_  
Builder/Developer Signature Date

Title 18 U.S.C. 1014, provides in part that whoever knowingly and willfully makes or uses a document containing any false, fictitious, or fraudulent statement or entry, in any matter in the jurisdiction of any department or agency of the United States, shall be fined not more than \$1,000,000 or imprisoned for not more than 30 years or both. In addition, violation of this or others may result in debarment and civil liability for damages suffered by the Department.

**LIMITED LIABILITY COMPANY BORROWING CERTIFICATE**

**TO: [LENDER LEGAL NAME]**

The undersigned, being the sole member of [\_\_\_\_\_, a limited liability company] ("**Borrower**"), does hereby certify that it is the sole and only member of Borrower and, under the Borrower's [Operating Agreement][Limited Liability Company Agreement] and by these presents, the undersigned is authorized and empowered for and on behalf of and in the name of Borrower and without any requirement for consent or approval by any other person or party, as Borrower's act and deed:

1. To borrow money from [LENDER LEGAL NAME] ("**Lender**") and to assume any liabilities of any other person or entity to Lender, in such form and on such terms and conditions as shall be agreed upon by those authorized above and Lender, and to sign and deliver such promissory notes and other evidences of indebtedness for money borrowed or advanced and/or for indebtedness assumed as Lender shall require; such promissory notes or other evidences of indebtedness may provide that advances be requested by telephone communication and by any member, manager, employee or agent of Borrower so long as the advances are deposited into any deposit account of Borrower with Lender; Borrower shall be bound to Lender by and Lender may rely upon any communication or act, including telephone communications, purporting to be done by any member, manager, employee or agent of Borrower provided that Lender believes, in good faith, that the same is done by such person.
2. To mortgage, encumber, pledge, convey, grant, assign or otherwise transfer all or any part of Borrower's real or personal property for the purpose of securing the payment of any of the promissory notes, contracts, instruments and other evidences of indebtedness authorized hereby, and to execute and deliver to Lender such deeds of trust, mortgages, pledge agreements and/or other security agreements as Lender shall require.
3. To perform all acts and execute and deliver all documents described above and all other contracts and instruments which Lender deems necessary or convenient to accomplish the purposes of this certificate and/or to perfect or continue the rights, remedies and security interests to be given to Lender, including, without limitation, any modifications, renewals and/or extensions of any of Borrower's obligations to Lender, however evidenced; provided that the aggregate principal amount of all sums borrowed and credits established pursuant to this certificate shall not at any time exceed the sum of [\$ ] outstanding and unpaid.

The authority hereby conferred shall be deemed retroactive, and any and all acts authorized herein which were performed prior to the execution of this certificate are hereby approved and ratified. The authority hereby conferred is in addition to that conferred by any other certificate heretofore or hereafter delivered to Lender and shall continue in full force and effect until Lender shall have received notice in writing from Borrower of the revocation hereof, and such revocation shall be effective only as to credit which was not extended or committed to Borrower by Lender prior to Lender's receipt of such notice.

The undersigned further certifies that the activities covered by the foregoing certifications constitute duly authorized activities of Borrower; that said certifications are now in full force and effect; and that there is no provision in any document pursuant to which Borrower is organized and/or which governs Borrower's continued existence limiting the power of the undersigned to make the certifications set forth herein, and that the same are in conformity with the provisions of all such documents.

IN WITNESS WHEREOF, the undersigned has hereunto executed this Certificate as of [\_\_\_\_\_, 20 ] .

**[INSERT SIGNATURE BLOCK FOR SOLE MEMBER]**

**LIMITED LIABILITY COMPANY BORROWING CERTIFICATE**

**TO: [LENDER LEGAL NAME]**

The undersigned, being all of the members of [\_\_\_\_\_, a \_\_\_\_ limited liability company] (“Borrower”), do hereby certify that they are, respectively, all of the managers and members of Borrower and, under the Borrower’s [Operating Agreement][Limited Liability Company Agreement] and by these presents, the undersigned are each authorized and empowered for and on behalf of and in the name of Borrower and without any requirement for consent or approval by any other person or party, as Borrower’s act and deed:

1. To borrow money from [LENDER LEGAL NAME] (“Lender”) and to assume any liabilities of any other person or entity to Lender, in such form and on such terms and conditions as shall be agreed upon by those authorized above and Lender, and to sign and deliver such promissory notes and other evidences of indebtedness for money borrowed or advanced and/or for indebtedness assumed as Lender shall require; such promissory notes or other evidences of indebtedness may provide that advances be requested by telephone communication and by any member, manager, employee or agent of Borrower so long as the advances are deposited into any deposit account of Borrower with [LENDER LEGAL NAME] Lender; Borrower shall be bound to Lender by and Lender may rely upon any communication or act, including telephone communications, purporting to be done by any member, manager, employee or agent of Borrower provided that Lender believes, in good faith, that the same is done by such person.
2. To mortgage, encumber, pledge, convey, grant, assign or otherwise transfer all or any part of Borrower’s real or personal property for the purpose of securing the payment of any of the promissory notes, contracts, instruments and other evidences of indebtedness authorized hereby, and to execute and deliver to Lender such deeds of trust, mortgages, pledge agreements and/or other security agreements as Lender shall require.
3. To perform all acts and execute and deliver all documents described above and all other contracts and instruments which Lender deems necessary or convenient to accomplish the purposes of this certificate and/or to perfect or continue the rights, remedies and security interests to be given to Lender, including, without limitation, any modifications, renewals and/or extensions of any of Borrower’s obligations to Lender, however evidenced; provided that the aggregate principal amount of all sums borrowed and credits established pursuant to this certificate shall not at any time exceed the sum of [\$ \_\_\_\_\_] outstanding and unpaid.

The authority hereby conferred shall be deemed retroactive, and any and all acts authorized herein which were performed prior to the execution of this certificate are hereby approved and ratified. The authority hereby conferred is in addition to that conferred by any other certificate heretofore or hereafter delivered to Lender and shall continue in full force and effect until Lender shall have received notice in writing from Borrower of the revocation hereof, and such revocation shall be effective only as to credit which was not extended or committed to Borrower by Lender prior to Lender’s receipt of such notice.

We further certify that the activities covered by the foregoing certifications constitute duly authorized activities of Borrower; that said certifications are now in full force and effect; and that there is no provision in any document pursuant to which Borrower is organized and/or which governs Borrower’s continued existence limiting the power of the undersigned to make the certifications set forth herein, and that the same are in conformity with the provisions of all such documents.

IN WITNESS WHEREOF, the undersigned has hereunto executed this Certificate as of [\_\_\_\_\_, 20\_\_].

[INSERT SIGNATURE BLOCKS FOR MEMBERS AND ALL MANAGERS]

EXHIBIT F: BORROWER CONTACT CONSENT FORM

**BORROWER CONTACT CONSENT FORM**  
(Information Optional)

To insure we have the correct contact information for servicing your loan, please provide the following information.

By signing I authorize my mortgage servicer (its transfers and/or assigns) to contact me regarding the servicing of my loan using the following contact information.

**Mailing address for your mortgage statements and other correspondence:**

- Same as the subject property
- Please use this mailing address instead:

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

**Cell phone number:**

- I choose not to provide a cell phone number.

I understand that by providing a cell phone number and by signing this form, I am giving the holder of my mortgage Note and its billing servicer permission to use the cell phone number to contact me regarding my loan.

Borrower: \_\_\_\_\_

Co-Borrower: \_\_\_\_\_

**Email address:**

- I choose not to provide an email address.

I understand that by providing an email address, I am giving the holder of my mortgage Note and its billing servicer permission to use this email to contact me regarding my loan.

Borrower: \_\_\_\_\_ @ \_\_\_\_\_

Co-Borrower: \_\_\_\_\_ @ \_\_\_\_\_

**Signature(s)**

Borrower: \_\_\_\_\_ Date

Co-Borrower: \_\_\_\_\_ Date

**CONDOMINIUM PROJECT WARRANTY CERTIFICATION**

<b>Project Name:</b>	
<b>Project Address:</b>	
<b>Phase:</b>	
<b>Borrower Name:</b>	
<b>Subject Address:</b>	
<b>Lender Name:</b>	
<b>Loan Number:</b>	

This certification represents and warrants that the above condominium project meets all eligibility requirements for sale as required by Fannie Mae.

The Lender representative certifies that they have completed a Full Condo Project review as outlined in the Fannie Mae guidelines section B4-2.2-02 Full Review including review of all required documentation for the project type.

Project Type:    Established                       New                       2-4 unit

Project Documents reviewed include:

- Condo Questionnaire
- Current Annual HOA/Project Budget
- Current Balance Sheet
- Evidence of Project Insurance
- Project Legal Documents as required by Project Type

**Lender certifies that it has retained all supporting documentation used to complete the review for this Warranty Certification. The Lender Representative certifies that all appropriate documentation has been examined and that the Representative and Lender warrant that the Project meets all requirements set forth in the Fannie Mae guidelines for a Full Review.**

\_\_\_\_\_  
Signature of Lender Representative Certifying Project

\_\_\_\_\_  
Name of Lender Representative (please print)

\_\_\_\_\_  
Title of Lender Representative

\_\_\_\_\_  
Date of Certification

EXHIBIT H: BORROWER CERTIFICATION OF BUSINESS PURPOSE

**BORROWER CERTIFICATION OF BUSINESS PURPOSE**

Date:

Borrower(s) Name:

Borrower(s) Address:

Loan No:

Property Address:

Borrower or its members (“Borrower”) hereby warrants and represents that they wish to continue with the loan application, that the loan is for commercial purposes and not consumer purposes, and that the loan proceeds are intended to be used and shall be used for commercial purposes only, not for personal, family or household purposes. Borrower also represents that none of the properties securing the loan is currently occupied by Borrower as their primary residence or vacation home, but instead all properties are leased or intended to be leased or occupied by an entity or person other than Borrower, and that Borrower shall not occupy or reside in any of the properties during the term of the loan.

Borrower’s purpose in applying for the loan is to use the proceeds of the loan for:

\_\_\_\_\_  
\_\_\_\_\_

Because the loan would be made exclusively for commercial purposes as noted immediately above, laws applicable to consumer purpose loans, such as the following laws, are not applicable to the loan: Truth in Lending Act (15 U.S.C. § 1601 *et seq.*), Real Estate Settlement Procedures Act (12 U.S.C. § 2601 *et seq.*), Gramm-Leach Bliley Act (15 U.S.C. §§ 6802–6809), Secure and Fair Enforcement Mortgage Licensing Act (12 U.S.C. § 5101 *et seq.*), and Homeowners Protection Act (12 U.S.C. § 4901 *et seq.*).

By signing below Borrower hereby confirms that they have read and understand the Borrower Certification of Business Purpose, that the information provided in connection with obtaining the loan is complete and accurate as of the date above, and that the Properties are non-owner occupied investment properties.

Borrower(s):

\_\_\_\_\_  
Signature Date

\_\_\_\_\_  
Signature Date

\_\_\_\_\_  
Print Name

\_\_\_\_\_  
Print Name

\_\_\_\_\_  
Signature Date

\_\_\_\_\_  
Signature Date

\_\_\_\_\_  
Print Name

\_\_\_\_\_  
Print Name

EXHIBIT I: PERSONAL GUARANTY AGREEMENT

GUARANTY AGREEMENT

THIS GUARANTY AGREEMENT (this "Agreement") dated this [DATE] day of [\_\_\_\_\_, 201\_\_] made by [NAME OF GUARANTOR], having a mailing address of [ADDRESS], ("Guarantor"), for the benefit of [LENDER], a [STATE] [TYPE OF ENTITY], having a mailing address of [ADDRESS] ("Lender").

**Background**

WHEREAS, [BORROWER] ("Borrower") and Lender have executed a certain Loan Agreement of even date herewith (the "Loan Agreement") pursuant to the terms of which Lender is lending to Borrower the sum of [AMOUNT IN WORDS] and 00/100 [\$ NUMERICAL AMOUNT] (the "Loan"). The Loan is evidenced by Borrower's Promissory Note of even date herewith (the "Note") executed by Borrower and made payable to the order of Lender and secured by, inter alia, that certain Security Instrument (the "Security Instrument"), executed by Borrower in favor of Lender, and encumbering certain real property and any improvements thereon

WHEREAS, as a condition of making the Loan, Lender is requiring this Agreement to be executed, and the making of the Loan to Borrower by Lender is of material benefit to Guarantor. In order to induce Lender to make the Loan evidenced by the Note for the benefit of Borrower, Guarantor is willing to guarantee and become surety for the performance by Borrower of its obligations under the Loan Documents, as more particularly described herein. This Agreement, the Loan Agreement, the Note the Security Instrument, and any other document executed and delivered in connection with the Loan (as same from time to time may be amended, restated, and extended) are sometimes individually referred to herein as a "Loan Document" or collectively as the "Loan Documents").

CAPITALIZED TERMS WHICH ARE NOT OTHERWISE DEFINED IN THIS AGREEMENT SHALL HAVE THE SAME MEANING AS SET FORTH IN THE LOAN AGREEMENT.

**Agreement**

NOW, THEREFORE, in consideration of the above premises and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, and intending to be legally bound hereby, Guarantor hereby agrees as follows:

1. Guarantor hereby irrevocably, unconditional and absolutely guarantees to Lender and becomes surety for (a) the prompt payment of the principal sum due to Lender from Borrower under the Note at any time and from time to time, together with all interest thereon, (b) the prompt payment of all other sums due to Lender under the terms of the Note and the other Loan Documents and (c) the prompt and complete compliance with and performance by Borrower of all representations, warranties, covenants, agreements and other obligations to Lender under the terms of any and all of the Loan Documents (the payment, compliance and performance obligations hereinabove guaranteed by Guarantor are hereafter collectively referred to as the "Guaranteed Obligations").
2. This Agreement is an irrevocable, absolute, continuing guaranty of payment and performance and not a guaranty of collection. This Agreement shall remain in full force and effect until all of the Guaranteed Obligations are fully, finally, and irrevocably paid, complied with and performed, and shall continue to be effective or shall be reinstated, as the case may be, if at any time any payment of any of the Guaranteed Obligations is rescinded or must otherwise be returned by Lender (or compliance with, or performance of, the Guaranteed Obligations is rescinded) upon the insolvency, bankruptcy, or reorganization of Borrower or otherwise, all as though such payment, compliance or performance had not been made or tendered. This

Agreement may not be revoked by Guarantor and shall continue to be effective with respect to any Guaranteed Obligations arising or created after any attempted revocation by Guarantor and after (if Guarantor is a natural person) Guarantor's death (in which event this Agreement shall be binding upon Guarantor's estate and Guarantor's legal representatives and heirs). The fact that at any time or from time to time the Guaranteed Obligations may be increased or reduced shall not release or discharge the obligation of Guarantor to Lender with respect to the Guaranteed Obligations. This Agreement may be enforced by Lender and any subsequent holder of the Note and shall not be discharged by the assignment or negotiation of all or part of the Note. Guarantor shall be liable for all of the Guaranteed Obligations.

3. If an Event of Default occurs under any of the Loan Documents and continues beyond any applicable notice and grace periods set forth therein, Guarantor shall immediately pay, comply with, and perform such of the Guaranteed Obligations as Lender shall direct, irrespective of whether the Guaranteed Obligations directed by Lender to be paid, complied with and performed by Guarantor are those which give rise to the Event of Default.
4. If an Event of Default occurs under any of the Loan Documents and continues beyond any applicable notice and grace period set forth therein, Lender shall have the right to require Guarantor to pay, comply with and perform the Guaranteed Obligations and shall have the right to proceed immediately against Guarantor for such payment, compliance and performance without being required to make any demand upon or bring any proceeding or take any other action of any kind against Borrower, any guarantor under any other guaranty, or any other person or entity in connection with any of the Loan Documents, or resort to or seek to realize upon the security held by Lender, as a condition precedent to bringing an action upon this Agreement against Guarantor, the liability of Guarantor hereunder being a primary obligation of Guarantor and independent of and separate from the liability of Borrower. This Agreement shall be deemed an agreement of suretyship.
5. If an Event of Default occurs under any of the Loan Documents and continues beyond any applicable notice and grace periods set forth therein, Lender may, and is hereby authorized at any time and from time to time, without notice to Guarantor (any such notice being expressly waived by Guarantor and to the fullest extent permitted by law, to set off and apply any and all deposits, general or special, time or demand, provisional or final, at any time held and other indebtedness at any time owing by Lender to or for the credit or the account of Guarantor, against any and all obligations of Guarantor now or hereafter existing under this Agreement, irrespective of whether or not Lender shall have made any demand under this Agreement and although such obligations may be contingent or un-matured. Lender agrees to notify Guarantor after such setoff and application made by Lender, provided that the failure to give such notice shall not affect the validity of such setoff and application.
6. Until all of the Guaranteed Obligations are completely fulfilled to the satisfaction of Lender and each and every one of the terms, covenants, and conditions of this Agreement are fully performed, the liability of Guarantor under this Agreement shall in no way be released or affected by:
  - a. any act or circumstance which might, but for this paragraph, be deemed a legal or equitable discharge of any guarantor or surety, or
  - b. reason of the alteration, extension, modification, endorsement, release or waiver of any Loan Document or any of the terms, covenants and conditions contained in any Loan Document, or
  - c. reason of any waiver, extension, modification, forbearance or delay or other act or omission of Lender or its failure to proceed promptly or otherwise with respect to the Guaranteed Obligations or this Agreement, or
  - d. the commencement, existence or completion of any proceeding against Borrower or otherwise related to the collection and enforcement of the Guaranteed Obligations, or
  - e. reason of any action taken or omitted or circumstance which might vary the risk or affect the rights or remedies of Guarantor with respect to the Guaranteed Obligations or this Agreement. Guarantor hereby

expressly waives and surrenders any defenses to its liability hereunder based upon any of the foregoing acts, omissions, agreements, or waivers of Lender, it being the purpose and intent of the parties hereto that the obligations of Guarantor hereunder are absolute and unconditional.

7. Guarantor hereby irrevocably waives any notice of any compromise, forbearance, indulgence, amendment, modification, endorsement, extension, or renewal of any of the Guaranteed Obligations or any of the terms, covenants or conditions of any of the Loan Documents. Guarantor further irrevocably waives notice of (i) any loans or advances made by Lender to Borrower, (ii) acceptance of this Agreement, (iii) the execution and delivery by Borrower and Lender of any other loan or credit agreement or of Borrower's execution and delivery of any promissory notes or other documents arising under the Loan Documents or in connection with the Mortgaged Property, (iv) the occurrence of any breach by Borrower or an Event of Default, (v) Lender's transfer or disposition of the Guaranteed Obligations, or any part thereof, (vi) sale or foreclosure (or posting or advertising for sale or foreclosure) of any collateral for the Guaranteed Obligations, (vii) protest, proof of non-payment or default by Borrower, (viii) the release of all, or any portion, of the collateral for the Loan, and (ix) any other action at any time take or omitted by Lender and, generally, all demands and notices of every kind in connection with this Agreement, the Loan Documents, any documents or agreements evidencing, securing or relating to any of the Guaranteed Obligations and the obligations hereby guaranteed.
8. Guarantor consents to all of the terms, covenants, and conditions of all of the other Loan Documents (all of which are hereby incorporated herein) and any other document governing or relating to any of the Guaranteed Obligations. Guarantor represents and warrants that:
  - a. Guarantor has full power, authority and legal right to execute, deliver and comply with this Agreement, all actions of Guarantor and other authorizations necessary or appropriate for the execution and delivery of and compliance with this Agreement have been taken or obtained and this Agreement constitutes the valid and legally binding obligation of Guarantor enforceable against Guarantor in accordance with its terms. If the Guarantor is not a natural person, Guarantor is duly organized, validly existing and in good standing under the laws of Guarantor's state of organization and is duly qualified, authorized to do business and in good standing in every other jurisdiction in which it must be qualified.
  - b. No consent, approval, or other authorization of or by any court, administrative agency, or other governmental authority is required in connection with Guarantor's execution and delivery of or compliance with this Agreement.
  - c. The execution and delivery of and compliance with this Agreement by Guarantor will not conflict with or result in a breach of any applicable law, judgment, order, writ, injunction, decree, rule or regulation of any court, administrative agency or other governmental authority, or of any agreement or other document or instrument to which Guarantor is a party, or by which Guarantor or any of Guarantor's property is bound, and such action by Guarantor will not result in the creation or imposition of any lien, charge or encumbrance upon any property of Guarantor in favor of anyone other than Lender. If the Guarantor is not a natural person, the making and performance of this Agreement will not violate Guarantors Organizational Documents.]
  - d. There is no action, suit or proceeding pending or, to the knowledge of Guarantor, threatened against or affecting Guarantor before or by any court, administrative agency or other governmental authority, or which brings into question the validity of the transactions contemplated hereby.
  - e. Guarantor has not applied or consented to the appointment of a receiver, trustee, or liquidator of itself or any of Guarantor's property, has not admitted in writing Guarantor's inability to pay debts as they mature, has not made a general assignment for the benefit of creditors, been adjudicated a bankrupt, or insolvent or filed a voluntary petition in bankruptcy, nor has a petition or an answer seeking reorganization or an arrangement with creditors or to take advantage of any bankruptcy,

- reorganization, insolvency, readjustment of debt, dissolution or liquidation law or statute, or an answer admitting the material allegations of a petition filed against it in any proceeding under any such law, and no action has been taken by Guarantor for the purpose of effecting any of the foregoing. No order, judgment or decree has been entered by any court of competent jurisdiction approving a petition seeking reorganization of Guarantor or all or a substantial part of the assets of Guarantor, or appointing a receiver, sequestrator, trustee, or liquidator of any of Guarantor's property.
- f. Guarantor has received and read all of the Loan Documents and the Loan is and will be of direct interest, benefit, and advantage to Guarantor.
  - g. All other representations and warranties relating to Guarantor contained in the Loan Documents are true and correct.
9. Guarantor further represents and warrants that Guarantor's financial statements (the "Financial Statements") heretofore delivered to Lender are true and correct in all material respects, have been prepared in accordance with GAAP, and fairly represent the financial conditions as of the date thereof and for the periods shown therein; that no Material Adverse Change has thereafter occurred in the financial conditions reflected therein; and that the assets shown on the Financial Statements are wholly owned by Guarantor, and are not jointly owned with any other person or entity except as otherwise stated in the Financial Statements. Guarantor covenants and agrees (a) that Guarantor shall notify Lender promptly of any Material Adverse Change; (b) that Guarantor shall deliver to Lender such financial documentation as set forth in the Loan Agreement; (c) that Guarantor shall deliver to Lender such other financial information as Lender from time to time reasonably may request; (e) that Guarantor shall maintain complete and accurate books and records and make them available for inspection by Lender as Lender may reasonably request; and (f) that Guarantor will perform and observe all of the other terms, covenants and agreements set forth in the Loan Documents that are required to be performed or observed by Guarantor as a "Guarantor", "Borrower Party" or otherwise.
10. Guarantor shall indemnify and hold Lender and the other Indemnified Parties harmless from and against any and all claims, demands, losses, judgments, liabilities, costs or expenses (including, without limitation, reasonable attorneys' fees and disbursements) which Lender or the other Indemnified Parties may incur arising out of or resulting from any default of Borrower under the Loan Documents, or enforcement or exercise of any right or remedy granted to the Lender under the Loan Documents.
11. Except as otherwise provided in this Agreement or in any of the other Loan Documents, Guarantor hereby consents and agrees to each of the following and agrees that Guarantor's obligations under this Agreement shall not be released, diminished, impaired, reduced or adversely affected by any suretyship defense and/or any of the following and waives any and all common law, equitable, statutory or other rights (including without limitation rights to notice) which Guarantor might otherwise have as a result of or in connection with any of the following:
- a. any notice of Lender's intention to act in reliance on this Agreement or in reliance hereon;
  - b. demand, presentment for payment, notice of nonpayment, protest, notice of protest and all other notices of any kind, or the lack of any thereof, including without limiting the generality of the foregoing, notice of the existence, creation or incurring of any new or additional indebtedness or obligation or of any action or non-action on the part of Lender, any endorser or creditor of either Guarantor or any other person whomever under this or any other instrument in connection with any obligation or evidence of indebtedness held by Lender;
  - c. the commencement or prosecution of any enforcement, proceeding, including any proceeding in any court, against Borrower or any other person or entity with respect to any obligations arising out of the Loan Documents;

- d. any right to require Lender to proceed against any other person or to proceed against or exhaust any security held by Lender at any time or to pursue any other remedy in Lender's power or under any other agreement before proceeding against Guarantor hereunder;
  - e. any defense that may arise by reason of the incapacity, lack of authority, death or disability of any other person or persons or the failure of Lender to file or enforce a claim against the estate (in administration, bankruptcy or any other proceeding) of any other person or persons;
  - f. any defense based upon an election of remedies by Lender;
  - g. any right or claim of right to cause a marshaling of the assets of Borrower or any Guarantor;
  - h. any principle or provision of law, statutory or otherwise, which is or might be in conflict with the terms and provisions of this Agreement;
  - i. any duty on the part of Lender to disclose to Guarantor any facts Lender may now or hereafter know about the Mortgaged Property, regardless of whether Lender has reason to believe that any such facts materially increase the risk beyond that which Guarantor intends to assume or has reason to believe that such facts are unknown to Guarantor or has a reasonable opportunity to communicate such facts to Guarantor, if being understood and agreed that Guarantor is fully responsible for being and keeping informed of the condition of the Mortgaged Property and of any and all circumstances bearing on the risk that liability may be incurred by Guarantor hereunder;
  - j. any lack of notice of disposition or of manner of disposition of any collateral for the Loan;
  - k. any invalidity, irregularity or unenforceability, in whole or in part, of any one or more of the Loan Documents;
  - l. any lack of commercial reasonableness in dealing with the collateral for the Loan;
  - m. any deficiencies in the collateral for the Loan or any deficiency in the ability of Lender to collect or to obtain performance from any persons or entities now or hereafter liable for the payment and performance of any obligation hereby guaranteed;
  - n. any assertion or claim that the automatic stay provided by 11 U.S.C. §362 (arising upon the voluntary or involuntary bankruptcy proceeding of Borrower) or any other stay provided under any other debtor relief law (whether statutory, common law, case law or otherwise) of any jurisdiction whatsoever, now or hereafter in effect, which may be or become applicable, shall operate or be interpreted to stay, interdict, condition, reduce or inhibit the ability of Lender to enforce any of its rights, whether now or hereafter required, which Lender may have against Guarantor, if any, or the collateral for the Loan; and
  - o. any modifications of the Loan Documents or any obligation of Borrower relating to the Loan by operation of law or by action of any court, whether pursuant to Title 11 of the United States Code, as amended, or any other debtor relief law (whether statutory, common law, case law or otherwise) of any jurisdiction whatsoever, now or hereafter in effect, or otherwise.
12. Nothing herein contained is intended or shall be construed to give Guarantor any right of subrogation in or under any of the Loan Documents or any right to participate in any way therein, notwithstanding any payments made by the undersigned under this Agreement, any and all such rights of subrogation and participation being hereby expressly, unconditionally and irrevocably waived and released until the Guaranteed Obligations are fully paid to Lender and satisfied. Guarantor hereby further unconditionally and irrevocably waives, releases and abrogates any and all rights it may now or hereafter have to assert any claim against or seek contribution, indemnification or any other form of reimbursement from Borrower or any other party liable for payment of any or all of the Guaranteed Obligation for any payment made by Guarantor under or in connection with this Agreement or otherwise.
13. This Agreement shall be a continuing, absolute, and unconditional guarantee regardless of the validity, regularity, enforceability, or legality of (a) any of the Guaranteed Obligations, (b) any collateral securing the

Guaranteed Obligations, or (c) any term of any document evidencing or relating to any of the Guaranteed Obligations including the Loan Documents. In the event that for any reason one or more of the provisions of this Agreement or their application to any person or circumstance shall be held to be invalid, illegal, or unenforceable in any respect or to any extent, such provisions shall nevertheless remain valid, legal, and enforceable in any such other respects and to such extent as may be permissible. In addition, any such invalidity, illegality or unenforceability shall not affect any other provision hereof, but this Agreement shall be construed as if such invalid, illegal, or unenforceable provision had never been contained herein.

14. Any notice or communication required or permitted under this Guaranty must be made in writing and sent by (a) personal delivery, (b) expedited delivery service with proof of delivery, or (c) United States Mail, postage prepaid, registered or certified mail, addressed to such address as Lender or Guarantor may designate in writing and deliver in accordance with this section. Any change of address will be effective on the 2<sup>nd</sup> Business Day after notice is given pursuant to the terms of this Section. Any notice or communication sent in accordance with this section will be deemed to be given when received if delivered personally, on the next business day if sent by an overnight commercial courier or two days after the date mailed if sent by certified or registered mail.
15. No modification of this Agreement shall be effective unless in writing and signed by Lender and Guarantor.
16. This Agreement shall be binding upon Guarantor and Guarantor's, heirs, executors, trustees, personal representatives, successors, and assigns (as applicable) and shall inure to the benefit of Lender, its successors and assigns.
17. In this Agreement the singular includes the plural and the plural the singular; references to statutes are to be construed as including all statutory provisions consolidating, amending, or replacing the statute referred to; the word "or" shall be deemed to include "and/or", the words "including", "includes" and "include" shall be deemed to be followed by the words "without limitation"; references to "attorneys' fees" shall be deemed to be followed by the words "and disbursements"; and references to sections or exhibits are to those of this Agreement unless otherwise indicated. Section headings in this Agreement are included for convenience of reference only and shall not constitute a part of this Agreement for any other purpose.
18. This Agreement shall be construed in accordance with and governed in all respects by the laws of the **[PROPERTY STATE]** without giving effect to principles governing conflicts of laws.
19. **TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW GUARANTOR HEREBY AGREES NOT TO ELECT A TRIAL BY JURY OF ANY ISSUE TRIABLE OF RIGHT BY JURY, AND WAIVES ANY RIGHT TO TRIAL BY JURY FULLY TO THE EXTENT THAT ANY SUCH RIGHT SHALL NOW OR HEREAFTER EXIST WITH REGARD TO THIS AGREEMENT, THE NOTE, THE SECURITY INSTRUMENT, THE LOAN AGREEMENT, OR THE OTHER LOAN DOCUMENTS, OR ANY CLAIM, COUNTERCLAIM OR OTHER ACTION ARISING IN CONNECTION THEREWITH. THIS WAIVER OF RIGHT TO TRIAL BY JURY IS GIVEN KNOWINGLY AND VOLUNTARILY BY GUARANTOR, AND IS INTENDED TO ENCOMPASS INDIVIDUALLY EACH INSTANCE AND EACH ISSUE AS TO WHICH THE RIGHT TO A TRIAL BY JURY WOULD OTHERWISE ACCRUE, LENDER IS HEREBY AUTHORIZED TO FILE A COPY OF THIS PARAGRAPH IN ANY PROCEEDING AS CONCLUSIVE EVIDENCE OF THIS WAIVER BY GUARANTOR.**
20. To facilitate execution, this Agreement may be executed in as many counterparts as may be convenient or required. It shall not be necessary that the signatures of, or on behalf of, each party, or that the signature of all persons required to bind any party, appear on each counterpart. All counterparts shall collectively constitute a single instrument. It shall not be necessary in making proof of this Agreement to produce or account for more than a single counterpart containing the respective signatures of, or on behalf of, each of the parties hereto. Any signature page to any counterpart may be detached from such counterpart without impairing the legal effect of the signatures thereon and thereafter attached to another counterpart identical thereto except having attached to it additional signature pages.

**IF MORE THAN ONE GUARANTOR IS A SIGNATORY TO THIS AGREEMENT, THE LIABILITY OF EACH GUARANTOR SHALL BE JOINT AND SEVERAL.**

IN WITNESS WHEREOF, Guarantor has executed this Agreement as of the day and year first above written.

GUARANTOR:

By: \_\_\_\_\_

Name: \_\_\_\_\_

By: \_\_\_\_\_

Name: \_\_\_\_\_

By: \_\_\_\_\_

Name: \_\_\_\_\_

**[INSERT STATE SPECIFIC ACKNOWLEDGEMENT FORM]**