

Table of Contents

1. NON-QM UNDERWRITING GUIDELINES	2
1.1 GENERAL INFORMATION	2
2.0 SUMMARY OF OVERLAYS	2
3.0 BORROWER ELIGIBILITY.....	2
3.3 NON-PERMANENT RESIDENT ALIENS	2
3.4 FOREIGN NATIONAL	2
7.0 CREDIT ELIGIBILITY	3
7.9 CREDIT EVENTS.....	3
7.9.1 BANKRUPTCY.....	3
7.9.4 FORBEARANCE, MODIFICATION OR DEFERRALS	3
8.0 INCOME AND EMPLOYMENT	3
8.6 ALTERNATIVE DOCUMENTATION INCOME.....	3
8.6.1 BANK STATEMENT PROGRAM	3
8.6.2 12- OR 24-MONTH PROFIT AND LOSS (P&L) ONLY STATEMENT	3
8.6.3 1099 ONLY INCOME	4
8.7 DEBT SERVICE COVERAGE (INVESTMENT PROPERTY).....	4
8.7.6 DSCR RESTRICTIONS	4
8.7.7 5-8 RESIDENTIAL AND 2-8 MIXED USE PROPERTY	4
10.0 COLLATERAL.....	4
10.1.10 APPRAISAL TRANSFER	4
10.9 INELIGIBLE PROPERTY TYPES	5
11.0 CONDOMINIUMS	5
11.4 CONDOMINIUM HOTEL – AKA CONDOTEL	6

1. NON-QM UNDERWRITING GUIDELINES

1.1 GENERAL INFORMATION

The Lendz Financial Series 4 Eligibility Guidelines are to be used in conjunction with the Lendz Financial Non-QM Eligibility Guidelines dated April 2025.

The Lendz Financial guidelines are intended to reference and supplement Fannie Mae's Seller Guide. Refer to the Fannie Mae Seller Guide for specific information concerning qualification requirements that are not specifically referenced in the guidelines. All loans must be manually underwritten

All Covered Loans must be designated as ATR compliant and must adhere to the standards set forth in the CFPB's Reg Z, Section 1026.43(c).

Deviations from the underwriting guidelines based on compensating factors need to be documented in the loan file.

2.0 SUMMARY OF OVERLAYS

1. Borrowers with CO8 Visas are not eligible.
2. Foreign National and ITIN borrowers are not eligible.
3. Bankruptcy Chapter 13s are seasoned from Filing date and not discharge date
4. Forbearance, modifications, and deferrals must follow the overlays contained within this document.
5. Borrowers using a PTIN are only allowed on an exception basis.
6. AIRDNA (www.airdn.co) Rentalizer and Overview reports are not allowed
7. 5–8-unit properties are not eligible
8. Mixed-use properties are not eligible
9. Condo-tels are not eligible.

3.0 BORROWER ELIGIBILITY

3.3 NON-PERMANENT RESIDENT ALIENS

A Non-Permanent Resident Alien is a non-U.S. citizen authorized to live and work in the U.S. on a temporary basis. Non-Permanent Resident Alien borrowers are eligible for all products and programs available on the applicable Lendz Financial Matrix.

- Borrowers holding a CO8 designation are not eligible for funding

3.4 FOREIGN NATIONAL

A Foreign National is a non-resident alien who may not purchase property intended for use as a primary residence or second home. Occupancy is limited to investment.

Foreign Nationals and ITIN borrowers are not eligible under Series 4

7.0 CREDIT ELIGIBILITY

7.9 CREDIT EVENTS

7.9.1 BANKRUPTCY

Bankruptcy Chapter 13s are seasoned from Filing date and not discharge date

7.9.4 FORBEARANCE, MODIFICATION OR DEFERRALS

Forbearances, modifications, and deferrals are considered under housing payment history as outlined below:

- COVID Forbearance must be released and fully current.
- Non-COVID deferred payments are unacceptable credit events and disqualify borrower(s) from financing.
- Mortgage Loan Modifications are acceptable with 36 months seasoning, min 720 FICO and no additional credit events after modification. Examples of mortgage loan modifications are:
 - Forgiveness of a portion of principal and/or interest on either the first or second mortgage.
 - Application of a principal curtailment by or on behalf of the investor to simulate principal forgiveness.
 - Conversion of any portion of the original mortgage debt to a “soft” subordinate mortgage.
 - Conversion of any portion of the original mortgage debt from secured to unsecured

8.0 INCOME AND EMPLOYMENT

8.6 ALTERNATIVE DOCUMENTATION INCOME

8.6.1 BANK STATEMENT PROGRAM

The business being used to source income must be evidenced by one of the following:

- CPA, EA, PTIN (allowed by exception only), or CTEC Letter, or
- Business License, or
- Bank statement from 24 or more months prior to note date reflecting activity, or
- Other reasonable evidence of business activity.

8.6.2 12- OR 24-MONTH PROFIT AND LOSS (P&L) ONLY STATEMENT

The business being used to source income must be in existence for a minimum of two (2) years as evidenced by one of the following:

- CPA, EA, PTIN (allowed by exception only), or CTEC letter, or
- Business License, or
- Bank statement from 24 or more months prior to note date reflecting activity, or
- Other reasonable evidence of business activity.

8.6.3 1099 ONLY INCOME

One of the following Business expense analysis methods:

- 90% Net Margin (10% Expense Factor), or
- 3rd Party prepared P&L (CPA, EA, PTIN (allowed by exception only), accountant, tax preparer)

8.7 DEBT SERVICE COVERAGE (INVESTMENT PROPERTY)

8.7.3.1.2 SHORT TERM RENTAL

AIRDNA (www.Airdna.co) Rentalizer and Overview reports are not allowed

8.7.6 DSCR RESTRICTIONS

8.7.6.1 INELIGIBLE PROPERTY TYPES

Assisted Living	Properties with less than 400 square feet living space
Barndominiums	Properties Under Construction
Boarding houses	Rural properties greater than 20 acres
C5 or C6 property condition grades	Tenancy in Common properties
Commercial properties	Time-shares
Geodesic domes	Unique Properties
Log Homes	Working Farms
Manufactured housing or Manufactured Homes	Vacant lots
Work escrows are not permitted	No Mortgage Loans financing builder inventory is permitted
5-8 Unit Properties	Mixed-use properties

8.7.7 5-8 RESIDENTIAL AND 2-8 MIXED USE PROPERTY

8.6.7.7.1 PROPERTY INCOME ANALYSIS

- 5-8 Units are not eligible
- Mixed-use properties are not eligible

10.0 COLLATERAL

10.1.10 APPRAISAL TRANSFER

- Transferred appraisals will require a CDA

10.9 INELIGIBLE PROPERTY TYPES

- 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, or orchards)
- Manufactured or Mobile homes
- Co-op/timeshare hotels
- Cooperative / Cooperative share loans
- Properties used as boarding houses, bed/breakfast, or single room occupancy
- Properties with zoning violations
- Dome or geodesic homes
- Assisted living facilities
- Homes on Native American Land (Reservations)
- Log homes
- Hawaii properties located in lava zones 1 and/or 2
- Houseboats
- Fractional ownership
- Properties used for the cultivation, distribution, manufacture, or sale of marijuana
- Condo-tels/Condo-hotels
- 5-8 Unit properties
- Mixed-use properties
- Maximum number of bedrooms allowed for a single family residence is 6

11.0 CONDOMINIUMS

A condominium project is one in which individual owners hold title to units in the project along with an undivided interest in the real estate that is designated as the common area for the project. The units in the project must be owned in fee simple and the unit owners must have the sole ownership interest in and rights to the use of, the project's facilities, common elements, and limited common elements.

The following LTV restrictions are for Florida Limited Review condominiums:

- Limited review
 - 70% LTV Purchase/Rate-term

- 65% LTV Cash out refinance

For all condominiums, the following requirements must be met regarding special assessments:

- If there is a special assessment, the assessment may not be more than 10% of the condominium's value
 - Example, if the condo is \$280,000 the special assessment may not be more than \$28,000

For all established condominiums, the following requirements must be met regarding properties listed for sale:

- No more than 10% of the total condominiums in the community can be listed for sale

11.4 CONDOMINIUM HOTEL – AKA CONDOTEL

- Not eligible for Series 4