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1. NON-QM UNDERWRITING GUIDELINES

1.1 GENERAL INFORMATION

The Lendz Financial Series Z Eligibility Guidelines are to be used in conjunction with the most recent Lendz Financial Non-QM Eligibility Guidelines.

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 FOR SERIES Z

1. Foreign National borrowers are only eligible for DSCR, 12-24 Month Bank Statement or 12-24 Month Profit and Loss only loans.
2. EAD Code C08, DACA, Asylum or TPS status are ineligible – exception basis only.
3. Lendz Financial Exposure defined
4. Layering of entities is only allowed on an exception basis
5. Cashout seasoning is 3 months. If <3 months, will not be eligible.
6. All borrowers to meet the score requirement of 3 credit scores.
7. Housing history will allow a Verification of Mortgage (VOM) or Verification of Rent (IVOR) only without any further documentation.
8. The minimum expense ratio for the Bank Statement program is 20%.
9. Proceeds from a cashout refinance may not be used for reserves if the qualifying credit score is <700.
10. Rural properties >10 acres are only eligible on an exception basis
11. Expanded the list of ineligible property types
12. Maximum acreage for any program is 10
13. Florida Condominiums rate/term or cash out refinance are only allowed on an exception basis

3.0 BORROWER ELIGIBILITY

3.3 NON-PERMANENT RESIDENT ALIENS

3.3.1 VERIFICATION OF NON-PERMANENT RESIDENCY STATUS

EAD Code C08 is ineligible

Non-permanent Resident Aliens with DACA, Asylum or TPS states are allowed on an exception basis only. The key requirements:

- Current EAD and VISA with an expiration date >12 months, duration of residency in the US, current income source, plan/status for permanent residency must be provided

3.4 FOREIGN NATIONAL

3.4.6 FOREIGN NATIONAL INCOME

- DSCR Income Doc Type – See section for Debt Service Coverage (Investment Property) for DSCR calculation methods.
- 12-24 Month Bank Statement for a US based business is allowed
- 12-24 Month Profit and Loss only loan for a US based business is allowed

No other types of Foreign National borrower income are eligible

3.7 INELIGIBLE BORROWERS

- Irrevocable Trust
- Land Trust
- Blind Trust
- Persons with Diplomatic Immunity, as defined by US Citizenship and Immigration Services
- Persons from OFAC sanctioned countries and persons sanctioned by OFAC
- Not-for-profit entity
- ITIN borrowers
- Foreign National
- Any material parties (company or individual) to the transaction listed on HUD's Limited Denial of Participation (LDP) list, the federal General Services Administration (GSA) Excluded Party list, or any other exclusionary list.

3.8 LENDZ FINANCIAL EXPOSURE – BORROWER LIMITATIONS

Maximum 5 mortgage or \$2.5m total unpaid balance. This is at the same time (i.e., active locks).

4.0 TITLE VESTING AND OWNERSHIP

4.1.2 BUSINESS ENTITY FOR BUSINESS PURPOSE LOAN

Layering of entities is only allowed on a case-by-case basis.

- The transaction should be a single-family residence, investment only.
- The nested LLC should just own the single asset.

6.0 TRANSACTION SPECIFIC

6.3 CASH-OUT REFINANCE TRANSACTION

Cash-Out Seasoning is defined as the time difference between application date of the new loan and the property acquisition date.

A minimum borrower seasoning requirement of three (3) months is required for a transaction to be eligible for cash-out.

For properties owned three (3) months or longer, the LTV/CLV is based upon the appraised value.

If the cash-out seasoning is less than six (6) months, but greater than three (3) months, two appraisals will be required. The transaction property value is limited to the lower of the two appraisals.

Cash-out seasoning of three (3) months or less is not allowed

7.0 CREDIT ELIGIBILITY

7.3 CREDIT SCORES

To determine the Representative Credit Score, select the middle score when three (3) agency scores are provided. Three (3) credit scores are required per borrower for Series 0

7.4 TRADELINES

If the primary borrower has three (3) credit scores, the minimum tradeline requirement is waived. All borrowers are required to have 3 scores.

7.8 HOUSING HISTORY

7.8.1 Mortgage Verification

MORTGAGE(S) NOT REPORTING ON CREDIT REPORT

The lender must document mortgage history not reporting on credit report with all the following:

- Request for Verification of Mortgage Form only completed by the creditor:
 - On owner occupied and non-DSCR investment transactions a 12-month mortgage history is required for all properties.
 - On DSCR transactions a 12-month mortgage history is required for the borrower/guarantor's primary residence and subject property only (if refinance).
 - 6 months proof of borrower payment is required when a VOM is completed by a private party.

7.8.2 Rental Verification

A 12-month rental history is required for all Lendz Financial programs when the borrower is renting their current primary residence. The following documents are required:

- A third-party Verification of Rent (VOR) is required for any file when the borrower is currently renting.

8.0 INCOME AND EMPLOYMENT

8.6.1 BANK STATEMENT PROGRAM

8.6.1.2 BUSINESS BANK STATEMENTS OR CO-MINGLED STATEMENTS

Option 2: Business Expense Statement Letter

Income Calculation Method:

Total expenses are calculated by multiplying the total deposits by the expense factor provided (subject to a minimum total expense percentage of 20%) multiplied by ownership percentage, divided by the number of bank statements.

8.7 DEBT SERVICE COVERAGE (INVESTMENT PROPERTY)

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 or greater than 10 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
Historical buildings	Row Houses

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

8.6.7.7.1 PROPERTY INCOME ANALYSIS

5-8 Residential and 2-8 Mixed-use properties are not eligible for Series Z

8.7.8 CROSS COLLATERAL

Cross-collateral loans are not eligible for Series Z

9.0 ASSETS

9.3 RESERVES

Lendz Financial loan program requires minimum reserves as outlined on the Lendz Financial Loan\LTV matrices.

Net proceeds from a cash-out transaction may not be used to meet reserve requirements for borrowers with a qualifying credit score <700.

10.0 COLLATERAL

10.1 ELIGIBLE PROPERTY TYPES

- Single Family Detached
- Single Family Attached
- 2-4 Unit residential properties
- Condominium
- Condo-tel
- Modular homes
- Properties of 10 acres or less
- Leaseholds (in areas where leaseholds are common)
- Rural properties are only allowed on an exception basis

10.2 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
- A-Frame
- Dome Homes
- Historical buildings
- Two (2) or more Accessory Dwelling Units (ADUs)
- Hawaii properties located in lava zones 1 and/or 2
- Houseboats
- Fractional ownership
- Properties used for the cultivation, distribution, manufacture, or sale of marijuana
- 5-8 multifamily
- 2-8 unit mixed-use
- Properties with only a kitchenette or studio
- Maximum number of bedrooms allowed for a single family residence is 6
- Properties located in Baltimore City, MD
- Agricultural Zoning – should not have agricultural use and should be a luxury ranch with clear valuation comparables.
- Pad Split, Lock-out or Co-living condominiums – Should be luxury condominium with second living area and not a single family converted with extra bedrooms
- Row houses for investment purpose.
- Properties with a closing price over 25% higher than the listing price within the last 12 months

10.3 ACREAGE LIMITS

A maximum of 10 acres - No truncation allowed.

11.0 CONDOMINIUMS

The following LTV restrictions are for Florida condominiums:

- All refinance transactions (rate/term or cash out) are on an exception basis only.