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1. SERIES 9 ELIGIBILITY GUIDELINES

1.1 GENERAL INFORMATION

The Lendz Financial Series 9 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 OVERLAYS FOR SERIES 9

2.1 HOUSING PAYMENT HISTORY

- All loans must be current at settlement date. Pay history must be provided prior to settlement, any loans with prior delinquencies will be removed.
- Platinum, Gold and DSCR Programs: 0x30x24 housing payment history required
- Taxes are current.

2.2 VESTING AND CLOSING

- Business purpose loans must have a personal guarantee if vesting in an entity.
- E-Notes are ineligible
- Notes Electronically Signed are ineligible
- Lost Note Affidavits are ineligible
- No graduated payment mortgage loans
- No shared appreciation loans
- Accrued interest capped at 59 days.

2.3 COLLATERAL

- Loans collateralized by properties located on Federal and State Native American Land, allotments conveyed to members of Native American Tribes and land where title can only be held by an individual Native American or tribe are ineligible for purchase.
- No damage to the property.
- Properties located in a FEMA Declared Disaster area will not fund until property inspection has been received that shows no damage (we will rely on the Individual Assistance as Servicers rely on the Individual Assistance). If FEMA has not yet declared impacted zip codes, Lendz will not fund any loans from an impacted state with a natural disaster until FEMA provides its own results.
- Properties are legally habitable (i.e. no condemnation or similar municipal actions).
- No more than four (4) unit properties

- The following are ineligible property types:
  - Mobile homes
  - Manufactured homes
  - Land loans
  - Rural properties
  - Farms
  - Co-ops
  - Condotels
  - Unique properties (i.e. dome homes)
  - Non-warrantable condominiums
  - Condominiums in Florida
  - Row Houses
  - Mixed use properties
  - Homes used for commercial purposes (assisted living, day care, drug/alcohol rehabilitation, halfway houses, etc.)
  - Leaseholds
  - Chattel/DMV registered construction
  - Short-term rental properties for DSCR
  - Properties 5+ units
- No hybrid appraisals

2.3.1 CONVERSIONS

- Appraisal requirements for conversions of non-Gross Living Area (GLA) spaces like garages, sunrooms and porches, for example, are allowed provided the following criteria are met:
  - Square footage is not counted in the GLA.
  - Conversions must have been made in a manner that is consistent with the subject property.
  - Appraiser must comment that no health and safety issues are present and that the conversion was done in a workmanlike manner.
  - Appraiser must provide a cost to cure to return the conversion to previous use
  - Appraiser must comment that the conversion is common and accepted by buyers in the subject's market.

2.3.2 ADDITIONS TO THE PROPERTY

- Properties with an addition which is described or designated by the appraiser as non-permitted, are ineligible.
- Properties for which permits were not required or not available due to property location or age require the following:
  - Appraiser to confirm addition was done in a manner consistent with the original structure.
  - Count as GLA at appraiser discretion

2.3.3 ACCESSORY DWELLING UNITS

- ADUs are acceptable provided the appraisal shows the ADU to be legal or zoning compliant.
- Properties with multi ADUs are acceptable providing total unit count does not exceed 4.
- ADU or multi-ADUs need similar comps to support value and market acceptance.

2.4 BANK STATEMENT PROGRAM

- Minimum of 12 months bank statements for the Bank Statement Program
- Acceptable NSF tolerances: No more than 5 NSF occurrences in the most recent 12 months are allowed

2.5 PROFIT AND LOSS ONLY

- P&L loans must have at least two (2) months of supporting bank statements
- 2 months of recent Business Bank statements must be provided to support the P&L gross income. The average bank statement deposits must be no lower than 85% of the monthly average of gross income reflected in the P&L.
- Borrower must be a minimum 50% owner of the business

2.6 DEBT SERVICE COVERAGE (INVESTMENT PROPERTY)

- Short term rental for DSCR is not allowed
- DSCR Novice Investor requirements
    - Maximum LTV = 80%
    - Minimum credit score = 680
- DSCR < 1.0 ineligible
- DSCR calculation cannot include additional "eligible assets" (i.e. asset depletion)
- Unleased/vacant properties require a 5% LTV reduction.

2.7 FOREIGN NATIONAL

- ITIN Borrowers are not eligible
- Foreign National borrowers are not allowed
- Loans that do not have residency status disclosed are assumed to be US Citizen or Permanent Resident Alien and will otherwise be subject to reprice.

2.8 LENDZ EXPOSURE

- No more than one (1) loan to any borrower unless identified up front prior to submission.
- Max exposure to Lendz for Series 9 for any single borrower is 10 loans or $5,000,000 UPB

2.9 CONDOMINIUMS

- Loans in projects with Single Entity Ownership (SEO) that exceeds Fannie Mae guidance are ineligible:
    - Projects with 5 to 20 units with SEO 2+ units are ineligible
    - Projects with 21 or more units SEO may need exceed 20%
- Non-warrantable condominiums are not eligible

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.

2.9.1 CONDOMINIUMS OUTSIDE OF FLORIDA

- Both full and limited review require a Project Questionnaire Addendum. FNMA form is available, other lender forms can be used if they provide functionally the same content. The purpose of the addendum is to determine the physical condition of the project.

2.9.2 CONDOMINIUMS IN FLORIDA

Condominium projects located in Florida are not eligible.

2.10 GEOGRAPHIC RESTRICTIONS

- Loans in Mississippi are ineligible
- Loans in South Dakota are ineligible
- Massachusetts only allowed for DSCR loans
- No loans are HUD insured (active)
- Investor loans and business purpose loans in Baltimore, MD and Brooklyn, NY are ineligible
- For the Investor properties located in Bergen County, NJ, Essex County, NJ, Orange County, NY and Rockland County, NY, Lendz will require Risk Committee review.

2.11 CREDIT REQUIREMENTS

- No loans without a FICO score are allowed
- FICO < 620 ineligible
- Maximum equity withdrawal
    - Non-QM:
        - > 70% LTV up to $1,000,000 allowed
        - <= 70% LTV unlimited
    - DSCR:
        - > 65% LTV up to $750,000 allowed
        - <= 65% LTV up to $1,500,000 allowed
- Credit Event Seasoning Requirements (BK, foreclosure, short sale, deed-in-lieu, modification)
    - Platinum program: 48 months
    - Gold Expanded: 24

2.12 ASSETS

2.12.1 RESERVE REQUIREMENTS:

- Loan proceeds may be used to meet the reserve requirement
    - 3 months PITIA required for loan amounts of <= $750,000
    - 6 months PITIA required for loan amounts of <= $1.5mm
    - 9 months PITIA required for loan amounts > $1.5mm
    - 12 months PITIA required for loan amounts > $2.5mm
    - 18 months PITIA required for loan amounts > $3.5mm
- Additional 2 months PITIA on subject property when using departure property rents with no lease.