

Table of Contents

1. NON-QM UNDERWRITING GUIDELINES.....	1
1.1 GENERAL INFORMATION.....	2
1.1.2 GUIDELINE EXCEPTIONS.....	2
2.0 AGE OF DOCUMENTS.....	2
2.1 CREDIT REVIEW DOCUMENTS.....	2
3.0 BORROWER ELIGIBILITY	2
3.1 NON-PERMANENT RESIDENT ALIENS	2
3.2 FIRST TIME HOMEBUYER	2
3.3 FOREIGN NATIONAL	2
4.0 TITLE VESTING AND OWNERSHIP	2
4.1 BUSINESS ENTITY FOR BUSINESS PURPOSE LOAN	3
5.0 TRANSACTION SPECIFIC	3
5.1 INTEREST PARTY CONTRIBUTIONS	3
6.0 CREDIT EVENTS	3
6.1 COLLECTIONS, JUDGMENTS, LIENS, CHARGE-OFFS	3
7.0 INCOME AND EMPLOYMENT	3
7.2 12- OR 24-MONTH PROFIT AND LOSS (P&L) ONLY STATEMENT	3
7.3 1099 ONLY INCOME	3
8.0 DEBT SERVICE COVERAGE (INVESTMENT PROPERTY).....	3
8.1 BORROWER EXPERIENCE	3
8.2 LONG TERM RENTAL DOCUMENTATION AND DSCR CALCULATION	4
8.2.1 SHORT TERM RENTAL (E.G., AIRBNB, VRBO, FLIPKEY) DOCUMENTATION AND DSCR CALCULATION	4
9.0 ASSETS.....	4
9.1 RESERVES	4
10.0 COLLATERAL	4
10.1 PROPERTY CONDITION.....	4
10.2.1 ACCESSORY DWELLING UNIT (ADU).....	4
10.3 INELIGIBLE PROPERTY TYPES	4

1. NON-QM UNDERWRITING GUIDELINES

1.1 GENERAL INFORMATION

The Lendz Financial Series 5 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.

1.1.2 GUIDELINE EXCEPTIONS

Multiple guideline exceptions are not permitted.

2.0 AGE OF DOCUMENTS

2.1 CREDIT REVIEW DOCUMENTS

The following documents may not be more than 90 days old at closing (the date the Note is signed):

- Income verification/pay stubs
- Asset documents/bank statements

Any credit review documents exceeding these timeframes must be updated.

2.2 APPRAISAL AGE

Residential Appraisals (1-4 units): The appraisal must be dated within 365 days of the Note date. Recertification of value required if the report exceeds 120 days of the Note Date.

3.0 BORROWER ELIGIBILITY

3.1 NON-PERMANENT RESIDENT ALIENS

- Deferred Action for Childhood Arrivals (DACA/EAD Category C33) are not eligible.

3.2 FIRST TIME HOMEBUYER

A first-time homebuyer is not eligible for investment or DSCR transactions.

3.3 FOREIGN NATIONAL

- Foreign National borrowers are not eligible
- Borrowers possessing an ITIN are not eligible

4.0 TITLE VESTING AND OWNERSHIP

4.1 BUSINESS ENTITY FOR BUSINESS PURPOSE LOAN

- Layering of entities (i.e. LLC whose member(s) are an entity or trust) are not allowed

5.0 TRANSACTION SPECIFIC

5.1 INTEREST PARTY CONTRIBUTIONS

Occupancy	LTV	Max Percentage
Primary OR 2 nd Home	≤75%	9%
Primary OR 2 nd Home	75.01≤	6%
Investment	All	6%

6.0 CREDIT EVENTS

6.1 COLLECTIONS, JUDGMENTS, LIENS, CHARGE-OFFS

The following accounts may remain open:

- Collections and charge-offs less than an aggregate total of \$2,500

7.0 INCOME AND EMPLOYMENT

7.2 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:

- P&L Statement/Expense Ratio Letter prepared by a PTIN holder is permitted only if the PTIN holder is employed by a third-party tax preparation service.

7.3 1099 ONLY INCOME

- P&L Statement/Expense Ratio Letter prepared by a PTIN holder is permitted only if the PTIN holder is employed by a third-party tax preparation service.

8.0 DEBT SERVICE COVERAGE (INVESTMENT PROPERTY)

8.1 BORROWER EXPERIENCE

FIRST-TIME INVESTOR

First-Time Investor is a borrower not meeting the Experienced Investor definition, but who currently owns a primary residence.

- First-time investors are not eligible if utilizing gift funds for the transaction

8.2 LONG TERM RENTAL DOCUMENTATION AND DSCR CALCULATION

- Refinance Transactions
 - Monthly Gross Rents are determined by using the estimated market rent from 1007/1025.

8.2.1 SHORT TERM RENTAL (E.G., AIRBNB, VRBO, FLIPKEY) DOCUMENTATION AND DSCR CALCULATION

- DSCR must qualify on the 1007/AMC's rental analysis of short term market rents or trailing twelve-month rents.

9.0 ASSETS

9.1 RESERVES

Gift funds may not be used to meet reserve requirements.

10.0 COLLATERAL

10.1 PROPERTY CONDITION

Properties with deferred maintenance exceeding \$2,500 are not eligible.

10.2.1 ACCESSORY DWELLING UNIT (ADU)

For properties defined as a one-unit property with an accessory dwelling unit (ADU), rental income may be qualified from the accessory unit subject to the following:

- Appraisal must reflect that the zoning compliance is legal (permits are not required to establish zoning compliance).
- The appraisal must include at least two (2) sales comparables with an accessory unit, and Form 1007 must include at least one rental comparable with an accessory unit in which the ADU receives rental income.
- The following are considered on a case-by-case basis:
 - 1-unit property with up to three (3) ADUs
 - 2-unit property with up to two (2) ADUs
 - 3-unit property with a single ADU
 - ADUs are not allowed on 4-unit property

10.3 INELIGIBLE PROPERTY TYPES

In addition to the ineligible properties listed in the main guidelines, the following properties are also not permitted under Series 5:

- Condotels
- Zoning that is non-residential
- Multi- units (5+ units)
- Mixed-use properties