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1. NON-QM UNDERWRITING GUIDELINES

1.1 GENERAL INFORMATION

The Lendz Financial Series 4 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 BORROWER ELIGIBILITY

2.1 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.

2.3 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

3.0 TRANSACTION SPECIFIC

3.1 FLIP TRANSACTION

Applies to all transactions.

A property is considered a "flip" if either of the following are true:

- The price in the borrower's purchase agreement exceeds the property Seller's acquisition price by more than 10% if the property Seller acquired the property 90 or fewer days prior to the date of the borrower's purchase agreement.
- The price in the borrower's purchase agreement exceeds the property Seller's acquisition price by more than 20% if the property Seller acquired the property 91-180 days prior to the date of the borrower's purchase agreement.
- The acquisition date is the day the seller became the legal owner. The purchase date is the day the borrower and the seller sign the home purchase agreement. Start with the day after the acquisition date and count up to and including the purchase date.

If the property is a "flip" as defined above, the following additional requirements apply:

- A second appraisal must be obtained.
- If the loan is subject to Regulation Z, a copy of the second appraisal must be provided to the borrower in compliance with the federal HPML requirements.
- The second appraisal must be dated prior to the loan consummation/note date.
- The 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.
- Sufficient documentation to validate the actual cost to construct or renovate (e.g., purchase contracts, plans and specifications, receipts, invoices, lien waivers, etc.) must be provided, if applicable.

4.0 INCOME AND EMPLOYMENT

4.1 ALTERNATIVE DOCUMENTATION INCOME

4.1.2 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
- Business License, or
- Bank statement from 24 or more months prior to note date reflecting activity, or
- Other reasonable evidence of business activity.

Personal bank statement method requires two (2) months business bank statements to support the borrower maintains a separate business account; If no business bank statements are provided the PERSONAL statements will be treated as BUSINESS statements – subject to expense ratio etc. as covered in the business and co-mingled bank statement review section

4.1.3 12- OR 24-MONTH PROFIT AND LOSS (P&L) ONLY STATEMENT

- PTIN/ASFP tax preparers are not allowed

4.1.5 ASSET UTILIZATION

- Assets must be seasoned for a minimum of 6 months, with 6 months of account statements required to document the assets.
- Trust assets are not acceptable for Asset Utilization
- Gift funds are not acceptable for Asset Utilization

4.1.6 WVOE ONLY

- Primary Residence only
- Only salary/base pay may be used for qualifying income. Supplemental income is not eligible.
- FTHB max 70% LTV (and 45% DTI)

5.0 COLLATERAL

5.1 ACERAGE LIMITS

A maximum of 20 acres

5.2 INELIGIBLE PROPERTY TYPES

In addition to the ineligible properties listed in the main guidelines, the following properties are also not permitted under Series 4:

- 5-8 multifamily
- 2-8 unit mixed-use