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1. SERIES 6 ELIGIBILITY GUIDELINES

1.1 GENERAL INFORMATION

The Lendz Financial Series 6 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.

Note, Mortgage, Deed of Trust, Closing Disclosure, Power of Attorney, documents that require a Notary, Riders/Addendums and any state regulated disclosure require Wet Signature.

2.0 BORROWER ELIGIBLITY

- Foreign National and/or ITIN borrowers are not eligible
- Layered Entity with a Trust is not eligible
- All Trusts must meet Fannie Mae guidelines
- POA is not permitted on Entities: LLC, Corporations, Entity Borrower, etc.
- Tenants in Common are ineligible unless all parties vested match the actual borrowers of the loan.

3.0 TRANSACTION SPECIFIC

3.1 NON-ARMS' LENGTH TRANSACTION

- Non-Arm's Length Transaction. A non-Arm's Length transaction is a transaction between family members, co-workers, friends, or anyone associated with the transaction such as the listing agent, mortgage lender or broker. The following are required if the purchase of the subject property is a non-arm's length transaction:
  - Allowed on primary purchase transactions only
- Renter(s) Purchasing from Landlord:
  - 12 months of cancelled checks are required to verify timely rental payments.
  - Verification of Rent (VOR) is not acceptable.
- Any employee of a seller, broker or originator that is party to the subject loan must be completed as full documentation or qualify via DSCR (DSCR qualification must be an investment property only).

3.2 GIFT OF EQUITY

Gift of Equity Requirements:

- A gift letter is required, and the gift of equity credit must be reflected on the Closing Disclosure (CD).
- A 12-month mortgage payment history on the existing mortgage securing the subject property is required to confirm the transaction is not a foreclosure bailout.
- Gift of equity is permitted for primary residence transactions only.
- Borrower must provide verification of the earnest money deposit.

3.3 FLIP TRANSACTION

Applies to all covered HPML transactions

- Qualified Mortgages (QM) are excluded.

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.
- All HPML transactions must follow Regulation Z (Residual Income, Appraisal, Mandatory Escrows, etc.)

4.0 HOUSING HISTORY

When the subject property or the borrower's primary residence has a private party mortgage (e.g., individual, private lender, hard money lender), the following documentation is also required:

- Borrower's proof of payment for the most recent 6-months (e.g., Cancelled checks, bank statements, ACH payments, bank transfer/wire, electronic payment method)

5.0 INCOME AND EMPLOYMENT

5.1 12- OR 24-MONTH PROFIT AND LOSS (P&L) ONLY STATEMENT

- Profit & Loss program must be prepared, reviewed and completed by an independent CPA, Enrolled Agent (EA), California Tax Education Council (CTEC). PTINs are not eligible for the Profit & Loss program
- Borrower Prepared P&L Programs are not permitted

6.0 ASSETS

Crypto-Currency is an eligible source of funds for down payment, closing costs and reserves. Cryptocurrency must liquidate to Cash be utilized for down payment or closing costs.

7.0 COLLATERAL

- Escrow holdbacks are not allowed. Any repair or maintenance required by the appraiser must be completed prior
- Properties that have been listed for sale by the Borrower within the past six (6) months from the Note Date may not be currently listed at the time of Loan Application and will require a Borrower LOE and Listing Cancellation.
- Follow FNMA ADU guidelines.
- Follow FNMA guidelines in regard to unpermitted additions/alterations and deferred maintenance
- BPO, CDA, Field Review and SSR meeting Rating Agency requirements and valuations tolerances are acceptable as Secondary Valuation.
- Subordinate Financing is not allowed on Investment properties

7.1 INELIGIBLE PROPERTY TYPES

In addition to the ineligible properties listed in the main guidelines, the following properties are also not permitted under Series 6:

- Log homes

  - (Faux Log Homes (properties with a Log Cabin aesthetic, IE Log Cabin siding) may be considered on a caseby-case basis and will require an exception approval, subject to an additional LLPA.)

- Condotels
- Condominium projects with registration services or restrictions on owner's ability to occupy
- Multi- units (5+ units)
- Mixed-use properties
- Theme Park Resort properties
- Properties with mandatory country club memberships
- Multiple dwellings on a single lot (legal ADU(s) acceptable, follow FNMA guidelines)
- Rural Properties

8.0 CONDOMINIUMS

- Milestone inspections required for Florida and California condominiums