

Freddie Mac Premium <i>(Non-Delegated Correspondent Program—NOT ELIGIBLE)</i>			Fixed 10030LP—30 year 10025LP—25 year 10020LP—20 year 10015LP—15 Year 10010LP—10 Year			ARM 1003/1LP — 3/1 ARM 1005/1LP — 5/1 ARM 1007/1LP — 7/1 ARM 10010/1LP—10/1 ARM		
Any guideline not specifically covered in this document can be located in the Freddie Mac Single Family Seller Guide FHLMC Loan Limits: Federal Housing Finance Agency (FHFA) (2)								
Loan Product AdvisorSM Approve/Accept Eligibility Matrix – Fixed Rate and Fixed Period ARMs								
Owner Occupied								
Purchase and Rate and Term						Cash-Out		
Property Type	LTV, CLTV, HCLTV		Min Fico	Property Type	LTV, CLTV, HCLTV		Min Fico	
1 Unit	FRM—95	ARM—95	620	1 Unit	FRM—80	ARM—80	620	
2-4 Unit	FRM—80	ARM—80	620	2-4 Unit	FRM—75	ARM—75	620	
Second Home								
Purchase and Rate and Term						Cash-Out		
Property Type	LTV, CLTV, HCLTV		Min Fico	Property Type	LTV, CLTV, HCLTV(1)		Min Fico	
1 Unit	FRM—85	ARM—85	620	1 Unit	FRM—75	ARM—75	620	
Investment Property (1)								
Purchase and Rate and Term						Cash-Out		
Property Type	LTV, CLTV, HCLTV		Min Fico	Property Type	LTV, CLTV, HCLTV		Min Fico	
1 Unit Purchase	FRM—85	ARM—85	620	1 Unit	FRM—75	ARM—75	620	
1 Unit Rate and Term	FRM—75	ARM—75	620					
2-4 Unit	FRM—75	ARM—75	620	2-4 Unit	FRM—70	ARM—70	620	
(1) 5/1 ARM—Ineligible if subject is investment property and borrower owns any other financed investment 1-4 unit properties, 22.22.1. (2) Combined Loan amount cannot exceed \$1,000,000								

Age of Documents	<ul style="list-style-type: none"> • All credit docs must be dated within 90 days of the note date • Appraisal to be dated within 120 days of the note date. If the effective date of the appraisal report is more than 120 days before the Note Date, an appraisal update (1004D/442) with at least an exterior-only inspection is required. • 1004D/442 cannot be older than 60 days at closing 	
Assets	<p>Streamline Accept Documentation</p> <ul style="list-style-type: none"> • A statement covering a one-month period 	<p>Standard Documentation</p> <ul style="list-style-type: none"> • A statement covering a two-month period <ul style="list-style-type: none"> • FBO (for the betterment of) or ITF (Trust Account) —confirmation that the client of record has access to the account (is either the beneficiary or the trustee) is required. This can be satisfied by the following: <ul style="list-style-type: none"> ▪ Copy of the trust or trust certificate indicating they are the beneficiary or trustee ▪ Their name matches the FBO account • Earnest money deposit must be adequately sourced from an eligible source • VOD as a standalone document is not allowed, regardless of LPA Findings • 1031 Tax Deferred Exchanges-Allowed-Non-owner occupied properties ONLY Guide Section 5501.3 <p>All other asset requirements—refer to LPA Documentation Matrix</p>
Appraisals	<ul style="list-style-type: none"> • Full appraisal required • Field Review is required for properties > 10 acres (Maximum 15 acres) • Re-use of an unexpired appraisal from previous transaction is not acceptable • Use of a PIA (Property Inspection Alternative) is not allowed • A field review is required for ALL loans when—LTV/TLTV/HTLTV >75% and property value >\$1mm. (the LTV is calculated on the lower of the appraised value, sales price or field review) • A desk review is required for All loans when—LPA returns an excessive value message or a message notifying the lender of REO activity within the preceding 24 months 	
AUS Requirement	<p>Loan Product Advisor® (LPA®) Feedback Certificate with Risk Class “Streamlined Accept” or “Accept” findings The LPA Documentation Matrix requirements must be met in addition to the LPA findings requirements</p>	
Debt-to-Income (DTI)	<ul style="list-style-type: none"> • Maximum 50%-regardless of LPA Approve/Accept • Payoff of revolving debts is allowed • Debts in deferment or forbearance—If the credit report does not reflect a monthly payment, a payment coupon, canceled check, etc., should be provided. When student loans are deferred or in forbearance, provide documentation verifying the proposed monthly payment amount, or use a minimum of 1% of the outstanding balance for qualifying purposes. • Installment debts secured by financial assets—may be excluded from the ratios provided the loan was made by a financial institution, and the asset is reduced by the outstanding balance of the loan when including it in the funds available to the borrower • Open-End Accounts—monthly payment is not required to be included in the ratio if the borrower has sufficient verified funds to pay off the outstanding balance 	

Debt-to-Income (DTI) (cont.)	<ul style="list-style-type: none"> • Business Debt—ok to exclude if documentation is provide to verify that the debt has been paid timely by the borrower’s business for no less than the most recent 12 months, and the tax returns verify that business expenses associated with the debt (e.g., interest, lease payments, taxes, insurance) have been reported and support that the debt has been paid by the business
Documentation Requirements	<p>Follow The LPA Documentation Matrix for Standard Doc or Streamlined Accept Documentation requirements.</p> <p>NOTE—VOD, VOM or VOR is not acceptable by itself as a standalone document</p>
HPML	<p>HPML transactions are eligible with the following requirements</p> <ul style="list-style-type: none"> ▪ Establishment of an escrow account for taxes and insurance premiums on any transaction secured by a principal residence ▪ Must meet all applicable state and/or federal compliance requirements ▪ If an ARM must have a fixed period of 7 years or longer
Eligible Borrowers	<ul style="list-style-type: none"> • US Citizens • Permanent Resident Aliens • Non-Permanent Resident Aliens with eligible visa type (see Eligible Visa Types below) • Inter vivos “Living” Trust—NOT Eligible • Partnerships, Corporations and LLC’s—Not Eligible
Eligible Visa Types	<ul style="list-style-type: none"> • A Series (A-1, A-2, A-3) • E-1 Treaty Trader and E-2 Treaty Investor • G Series: (G-1, G-2, G-3, G-4, and G-5) • H-1 (includes H-1B and H-1C), Temporary Worker • L-1, Intra-Company Transferee • O-1A; O-1B; O-2 • TN, NAFTA Visa or TC, NAFTA Visa
Employment	<ul style="list-style-type: none"> • If newly employed borrower with less than a two-year employment history, obtain documentation showing that the borrower was in school or in a training program immediately prior to their current employment • If borrower is re-entering the workforce, obtain documentation to support the borrower has been at the current employment for a minimum of six months and documentation to show a previous work history • Projected and Future Income—Refer to “Projected/Future Income Topic” in this document <p>All other employment or income related requirements—refer to LPA Documentation Matrix</p>
Escrow Waivers (Impound Requirements)	<ul style="list-style-type: none"> • Escrow accounts are required if LTV > 80%, except where prohibited by state law • Regardless of state requirements, if subject property is located in a flood zone, flood insurance impounds will be required • Mortgage Insurance—regardless of LTV • HO6 (if applicable)

Escrow Holdbacks	Not Allowed	
General Credit Requirements	<ul style="list-style-type: none"> • All borrowers must have a valid SSN—TINs are not acceptable • All borrower must have at least TWO valid credit score • All judgments, garnishments, and liens must be paid in full and released • Non-traditional trade lines are not eligible • Private party VOM/VOR (when applicable) as a standalone document is not permitted • Significant Derogatory Credit Refer “Significant Derogatory Credit Topic” in this document 	
Hobby Farms	<ul style="list-style-type: none"> • No more than 15% of land can be “income producing” per the appraisal – appraiser must comment • Cannot be reflected on 1040s Schedule F or C • Cannot have significant farming or ranching activity • Appraisal must reflect highest and best use is SFR and comment on marketability • Maximum 15 Acres 	
Income	<u>Streamline Accept Documentation</u> Obtain all of the following—Written VOE(s) covering the most recent year OR all of the following—most recent YTD paystub or salary voucher documenting at least 30 days of income and W-2(s) for the most recent tax year	<u>Standard Documentation</u> Obtain all of the following—Written VOE(s) covering two full years OR all of the following—most recent YTD paystub documenting at least 30 days of income and W-2(s) for the most recent two tax years
	<ul style="list-style-type: none"> • Commission and Bonus—a two-year consecutive history of receipt to use as qualifying income <p>Ineligible Income Sources</p> <ul style="list-style-type: none"> • Homeownership Voucher Program • Public assistance income (i.e. Temporary Assistance for Needy Families (TANF)) <p>All other employment or income related requirements—refer to LPA Documentation Matrix</p>	
Ineligible Transactions Types	<ul style="list-style-type: none"> • A-minus Mortgages • Refinance transaction that includes the subordination of a PACE/HERO Lien • Construction Conversion Program • A Refinance of a Converted or Modified Mortgages • Energy Conservation Improvement (Purchase) Loans • Renovation Mortgages • Freddie Mac Relief Refinance • LP Open Access 	

Ineligible Property Types	<p>Mobile Homes Manufactured Homes Cooperatives Condotels Condos less than 400 sq. ft. Leasehold Estates Resale Restrictions excluding “Age Restrictions” Unapproved non-conforming use property (does not include grand fathered use)</p>	<p>Timeshares Unimproved land Property currently in litigation Non-warrantable Condos Working farms/ranches Tenancy in Common Agreement (TIC) Unique Properties (i.e., geodesic domes, log cabins) >15 acre parcels Assisted living or board and care facilities</p>		
Manual Underwriting	<p>Not Eligible—Loan Product Advisor® (LPA®) Feedback Certificate with Risk Class “Streamlined Accept” or “Accept” findings is required on all transactions</p>			
Marijuana Related Business (MRB)	<p>Marijuana Related Business (MRB) employment and income is not permitted</p>			
Mortgage Insurance	<p>Refer Western Bancorp Seller Guide for eligible mortgage insurance companies – Standard Coverage must be in place (the greater of the two MI coverage level option on the AUS)</p> <table border="0" style="width: 100%;"> <tr> <td style="vertical-align: top;"> <p>Eligible MI Types:</p> <ul style="list-style-type: none"> ▪ Borrower Paid Monthly ▪ Borrower Paid Single Premium ▪ Financed – Gross LTV cannot exceed program maximum ▪ Split Premium ▪ Lender Paid Single Premium </td> <td style="vertical-align: top;"> <p>Ineligible MI Types:</p> <ul style="list-style-type: none"> ▪ Flexible coverage ▪ Financed MI ▪ Monthly/Annual Lender Paid ▪ Borrower Paid Annually </td> </tr> </table>		<p>Eligible MI Types:</p> <ul style="list-style-type: none"> ▪ Borrower Paid Monthly ▪ Borrower Paid Single Premium ▪ Financed – Gross LTV cannot exceed program maximum ▪ Split Premium ▪ Lender Paid Single Premium 	<p>Ineligible MI Types:</p> <ul style="list-style-type: none"> ▪ Flexible coverage ▪ Financed MI ▪ Monthly/Annual Lender Paid ▪ Borrower Paid Annually
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Non-Arm’s Length Transaction	<p>Full documentation for assets and income, and appraisal regardless of LP findings</p> <ul style="list-style-type: none"> ▪ Primary residences only, no-bail outs allowed ▪ Delayed financing not allowed ▪ Existing properties only, no new construction ▪ Not allowed for property being sold is a pre-foreclosure or short sale ▪ Verification of seller’s mortgage to show that the loan is current and no delinquency in the last 12 months ▪ Verification that the borrower has not been on title of subject property within the last 24 months ▪ Written explanation from borrower stating the relationship with seller and reason for purchase ▪ Copy of the canceled earnest money check to verify payment to the seller ▪ Non-Arm’s Length transactions are not eligible if property had a prior sale within 180 days 			
Occupancy	<ul style="list-style-type: none"> • Primary residence – 1-4 units • Second home – 1 unit only • Investment Property – 1-4 units 			

Projected Income (Future Income)	<p>Purchase, Primary residence, Fixed Rate Only refer to LPA Documentation Matrix</p>
Property Flipping	<ul style="list-style-type: none"> • Prior sale within 90 days <ul style="list-style-type: none"> ▪ Acceptable if the property was acquired by a relocation agency in connection with the relocation of an employee, and then resold to someone who is not an employee or affiliate of the original employee’s company, or ▪ Resale by a lender when property is obtained through foreclosure or deed in lieu of foreclosure, or ▪ Resale of a property obtained through an inheritance or as part of the property settlement in a divorce agreement • A second appraisal may be required with any increase over 50%, regardless of the improvements or documented upgrades <ul style="list-style-type: none"> ▪ All improvements must be evidenced by receipts, contractor invoices, and/or building permits ▪ Loan file must document all improvements were completed after seller acquired property ▪ Appraisal must justify and adequately support any increase in value over seller’s acquisition costs • Must be an “arm’s length transaction”
Purchase Contract	<p>WBC will not accept re-negotiated purchase agreements that increase the sales price after the original appraisal has been completed if the appraised value is higher than the contracted sales prices provided to the appraiser, and the new purchase agreement and/or addendum used to modify the sales price is dated after the appraisal is received, and the only change to the purchase agreement is an increase in sale price.</p> <p>If the purchase agreement is re-negotiated subsequent to the completion of the appraisal, the LTV will be based on the lower of the original purchase price or the appraised value, unless:</p> <ul style="list-style-type: none"> ▪ Re-negotiation of only seller paid closing costs and/or pre-pays when seller paid closing costs/pre-pays are common and customary of the market and supported by the comparables. or ▪ An amended purchase agreement for new construction property is obtained due to improvements that have been made that impact the tangible value of the property. In the event of such changes, an updated appraisal ▪ must be obtained to verify the value of the modification/changes
Recently Listed Subject	<p>Rate and Term Refinance</p> <ul style="list-style-type: none"> • The listing must have been cancelled at least one day prior to the initial application date of the new loan AND a copy of the MLS cancellation will be required • A signed letter of explanation from the borrower explaining why property was listed for sale and removed, and if Primary Residence, statement of intent to continue to occupy the property. • A final appraised value lower than lowest previously listed sale price. <p>Additional Requirements for Cash-Out Refinance Transactions</p> <ul style="list-style-type: none"> • A property that was listed for sale within the six months prior to the application date of the new loan is limited to the lower of 70% LTV/CLTV/HLTV

Rent Back	Maximum 45 days												
Seasoning	Purchase—purchase money liens paid off at closing must be at least 120 days old												
Secondary Financing	<ul style="list-style-type: none"> • Must meet all FHLMC guidelines • Down Payment Assistance Programs (DPA) or Community Seconds-Must meet all FHLMC requirements • PACE/HERO—The subordination of an existing PACE/HERO Lien is not allowed 												
Significant Derogatory Credit	<table border="1"> <thead> <tr> <th>Derogatory Event</th> <th>LPA Waiting Period</th> </tr> </thead> <tbody> <tr> <td>Bankruptcy Ch. 7-11</td> <td>4 Years</td> </tr> <tr> <td>Bankruptcy Ch. 13</td> <td>2 years from discharge or 4 years from dismissal</td> </tr> <tr> <td>Multiple Bankruptcy</td> <td>5 Years</td> </tr> <tr> <td>Foreclosure</td> <td>7 Years</td> </tr> <tr> <td>Short Sale, Deed-in-Lieu, Pre-foreclosure, Mortgage Debt Charge off</td> <td>Per LPA-Manual Downgrade required, however not WBC Eligible</td> </tr> </tbody> </table>	Derogatory Event	LPA Waiting Period	Bankruptcy Ch. 7-11	4 Years	Bankruptcy Ch. 13	2 years from discharge or 4 years from dismissal	Multiple Bankruptcy	5 Years	Foreclosure	7 Years	Short Sale, Deed-in-Lieu, Pre-foreclosure, Mortgage Debt Charge off	Per LPA-Manual Downgrade required, however not WBC Eligible
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Tax Transcripts (Income Validation)	<ul style="list-style-type: none"> • Tax return transcripts are required for all loans borrowers, whose income is used to qualify; the number of years required is based on number of years of income verified 												