ADVANTAGE ITIN PROGRAM

Revised: November 15, 2024

PROGRAM CODE

Fixed		With PPP (N/O/O Only)	ARM		With PPP (N/O/O Only)
30- Yr	AAI30*	AAI30 (+ P1, P2, P3, P4, or P5 for years of PPP)	7/6 ARM	AAI7/6*	AAI7/6 (+ P1, P2, P3, P4, or P5 for years of PPP)
15- Yr	AAI15*	AAI15 (+ P1, P2, P3, P4, or P5 for years of PPP)	7/6 ARM (I/O) [5]	AAI7/6IO*	AAI7/6 (+ P1, P2, P3, P4, or P5 for years of PPP) IO

*** Product codes ending in "B" represent Bank Statement and "S" represent 1099 Income Doc Types (Ex: AAI30BP5 / AAI7/6SP4IO)**
Product codes for Buydown Option will end in "–B1" or "–B2" (B1=12 months / B2= 24 months terms).

1099 & Bank Statement Income Doc Types Now Available!

AmWest Advantage ITIN Program Matrix

Primary Residence & Second Home [1,6]

PURCHASE and RATE/TERM REFINANCE

Property Type	Max Loan Amount	Max LTV/CLTV [6]	Min. FICO [4]
1 Unit SFR, PUDs, and Condos	$1,500,000	80%	700
		75%	660
		65%	620
2-4 Units		70%	660
		60%	640

CASH-OUT REFINANCE [2]

Property Type	Max Loan Amount	Max LTV/CLTV [6]	Min. FICO [4]
1 Unit SFR, PUDs, and Condos	$1,500,000	75%	700
		70%	680
2-4 Units		70%	680
		65%	660

Investment Property [3,6]

PURCHASE and RATE/TERM REFINANCE

Property Type	Max Loan Amount	Max LTV/CLTV [6]	Min. FICO [4]
1 Unit SFR, PUDs, and Condos	$1,500,000	75%	700
		70%	660
2-4 Units		70%	680
		60%	660

CASH-OUT REFINANCE [2]

Property Type	Max Loan Amount	Max LTV/CLTV [6]	Min. FICO [4]
1 Unit SFR, PUDs, and Condos	$1,500,000	70%	700
		60%	660
2-4 Units		65%	680
		55%	660

Footnotes

1	Second Homes: 1 Unit Properties Only
2	Texas Cash-Out Section 50(a)(6) not permitted. **Max Cash-Out Proceeds**: LTV > 65%: $500,000 LTV≤ 65%: Unlimited
3	**Investment Properties**: **Prepayment Penalty may apply (refer to guidelines and State restrictions)** *****AmWest Borrower's Intent to Proceed with Loan and Business Purpose Loan Certification*** is required when the transaction is be originated as a "Business Purposes Loan".
4	**Borrowers without a credit score**: Limited to 65% LTV (Purchase & R/T) and 65% LTV (Cash-Out). 1-Unit Properties Only.
5	**Interest Only:** Max LTV: 70% Min FICO: 700
6	Refer to **Rural Properties** and **Declining Market** guideline for restrictions.

Contact Information

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Wholesale Division
www.amwestwholesale.com
Become an Approved Broker
https://www.amwestwholesale.com/Account/NewBrokers
View All AmWest Loan Programs
https://www.amwestwholesale.com/Products

Underwriting Method:	Manual Underwriting only.
Eligible Properties:	SFR, PUD (attached and detached), townhomes, condominiums (low-high rise condos, attached, and detached), and 2-4 unit properties. Note: Properties exceeding 10 acres require pre-approval from AmWest.
Ineligible Property Types:	Agricultural zoned property, Condotel, Co-ops, Hobby Farms, Log Homes, Mixed Use, Manufactured Homes, Timeshare, and Mobile Homes.
Loan Terms:	**Fixed Rate Mortgage:** 30/15 Year Fixed Rate. Fully amortizing payments for 360/180 months. **ARM:** 7/6 ARM: **Index:** 30 day avg. SOFR published by NY Fed **Margin:** 4.00% **Caps:** 5 / 1 / 5 **Floor:** Start Rate * Qualify at greater of start rate or fully indexed rate with fully amortized payment for 30 years.
Interest Only Option:	Interest only period is 7 years (84 months). Qualify at greater of start rate or fully indexed rate, followed by fully amortized payment for the remaining 23 years after the Interest Only period.
Pre-Payment Penalty:	**Hard PPP:** 5 Years (5-4-3-2-1%), with options to buydown to 4, 3, 2, 1, or 0 year PPP. Only applies to Investment Property transactions – **Refer to State specific restrictions**. ***Refer to the rate sheet for buy down options (price adjustments)
Minimum Loan Amount:	$75,000
Max DTI Ratio:	Max 49% DTI
Eligible Borrowers:	• The borrower(s) must possess a valid ITIN card or IRS ITIN letter, and an Unexpired Government Photo ID (i.e. Driver's license, Passport, etc). EAD cards are not required. • Co-borrower(s) with SSN allowed. • All ITIN Borrowers must take a Homebuyer's Course (for purchase transactions only). – refer to https://www.frameworkhomeownership.org/get-started/homebuyer-education • Non-occupant co-borrower is not allowed. • **Vesting (Business Purpose Loans Only)**: Title vesting may be in a Limited Liability Company (LLC) as long as the borrower(s) have 100% ownership interest and it is documented by the organization documentation. (State specific restrictions may apply – refer to Approved States section of the guideline). When closing a purchase transaction in a LLC vesting, the LLC must be the purchaser on the sale contract.
First Time Homebuyers:	• First time homebuyers are eligible. • First time homebuyers may not use rental income to qualify on the investment property purchases.
Age of Documents:	• Credit reports and Preliminary Title Reports must be no more than 120 days old on the Note date. • Employment and income documents cannot be older than 90 days from the Note date. • Asset documents used for reserves/funds to close must be dated within 60 days of the note date. • The effective date of the appraisal report must be dated within 120 days of the funding date. If the effective date of the appraisal report is more than 120 days from the funding date, the appraiser must acknowledge that the value of the subject property has not declined since the effective date of the original appraisal. The update must be completed on FNMA Form 1004D/FHLMC Form 442 and must be dated within 120 days prior to the funding date.
Credit:	• Credit report will be pulled using borrower's ITIN number (Tri-Merge) and must have minimum of (1) FICO score. (No credit score is acceptable with non-traditional tradelines.) - If SSN is reflected on the credit report, a Letter of Explanation (LOE) from the borrower to confirm they are not using the SSN is required. • Borrower(s) with No Credit must assume credit score of 620 (Purchase/R&T) and 660 (Cash-Out). • All borrowers must have at least **three (3)** open and active traditional tradelines with 12 months rating, or **two (2)** open and active traditional tradelines with 18 months rating. • If a borrower has a minimum credit score of 620, but does not meet the tradeline requirement, non-traditional tradeline(s) may be used and must be provided in a credit supplement format. • If non-traditional credit reference(s) is required, at least 1 must be a utility reference. • If a borrower does not have a credit score (no credit), **three (3)** non-traditional credit references/letters with minimum of 12 months rating may be used in lieu of credit supplement on credit report. o 12 months credit reference may include items like: ✓ Utilities (electricity, phone, cable) ✓ Written VOR (may request additional documentation) ✓ Housing Payments ✓ Installment loan payments not listed on credit report ✓ Non-payroll deducted Medical and Life Insurance ✓ Auto and Renter's insurance ✓ Lease payments for durable goods (i.e. car) ✓ Local store payments (department, furniture, appliance) ✓ School tuition / Child Care ✓ Documented individual loans
Bankruptcy:	3 years from discharge date to the Note Date of the new loan – No multiple events allowed for the past 7 years (84 months) prior to the initial application date. Any credit events that occurred greater than 7 years will not be included in the multiple events.
Foreclosure, Deed-in-Lieu, and Short Sale:	Will be considered on case-by-case basis with other compensating factors. No multiple events allowed for the past 7 years (84 months) prior to the initial application date. Any credit events that occurred greater than 7 years will not be included in the multiple events.
Rate/Term Refinance:	• No seasoning required. If the first mortgage being paid off with this transaction was used to payoff any subordinate financing that was not used to acquire the property and that mortgage has not been seasoned for at least 6 months prior to the date of the application, the loan is ineligible for Rate & Term Refinance. **The borrower may only receive cash back in an amount that is the lesser of $5,000 or 2% of the new loan amount.** • **See "Properties Listed for Sale" section of the guideline for restrictions on properties previously listed for sale. • The LTV calculation for Rate/Term Refinance: Current appraised value is used for calculating LTV for Rate/Term Refinance regardless of the subject acquisition date**. Texas loans for refinance as a rate and term do not allow**: Any principal reductions/ curtailments. Impounds may not be added to new loan calculation if they are not netted from the payoff. ***(continued onto next page):***

Rate/Term Refinance (continued):	POC fees may not be refunded when financed into the loan amount, and loan must be recalculated due to any payoff reductions, (Ex. - Borrower made a payment, now payoff reduced) and loans that fall into Texas Cash out 50(a)(6) eligibility. Vesting in a Living Trust (Inter Vivos Revocable Trust) is NOT permitted for Texas 50(f)(2).
Cash Out Refinance:	A refinance that does not meet the definition of a Rate and Term transaction is considered cash-out. • A minimum borrower seasoning requirement of six (6) months is required for a transaction to be eligible for cash-out (**at least one borrower on the new loan must have been on title to the subject property [does not have to be on the mortgage] for at least six (6) months prior to the note date of the new loan).** • For properties owned 12 months or longer, the LTV/CLTV is based upon the appraised value. • If the cash-out seasoning is less than 12 months, but greater than 6 months, the transaction property value is limited to the lower of the current appraised value or the property's purchase price plus documented improvements analyzed by the appraiser. • Cash-out seasoning of six (6) months or less is allowed only when the borrower acquired the property through an inheritance, or was legally awarded the property through divorce, separation, or dissolution of a domestic partnership. • Properties in an LLC, Corporation, or Partnership may count towards the title seasoning if the borrower has been the majority (≥51%) owner for minimum of 6 months. • Ownership must be transferred out of the LLC/Corporation/Partnership and into the name of the individual borrower(s) prior to or at closing. ✓ Title vesting may remain in a Limited Liability Company (LLC) if the borrower(s) have 100% ownership interest, the ownership interest is documented by the organization documents, and is a Business Purpose Loan. • See "Properties Listed for Sale" section of the guideline for restrictions on properties previously listed for sale. • **Max Cash-Out Proceeds:** *LTV > 65%:* \$500,000 *LTV ≤ 65%:* Unlimited ****In order to meet the "Business Purpose Loan" definition, proceeds from cash-out transaction must be used for business purpose only. The purpose(s) must be disclosed on the Business Purposes Loan Certification.** ****Investment with more than 6 financed properties:** Max LTV is 50%
Cash Out Refinance Delayed Financing Exception:	Borrowers who purchased the subject property within the past six months are eligible for a cash-out refinance if **all** of the following requirements are met: • The original purchase transaction was an arms-length transaction • For this refinance transaction, the borrower(s) must meet the borrower eligibility requirements (i.e.-borrowers who are natural persons that have reached the age at which the mortgage note can be enforced in the jurisdiction where the property is located). The borrower(s) may have initially purchased the property as one of the following: ✓ A natural person ✓ An eligible inter vivos revocable trust, where borrower is both the beneficiary & individual establishing the trust **or** ✓ A LLC or partnership in which the borrower(s) have an individual or joint ownership of 100%. • The original purchase transaction is documented by Final CD, which confirms that no mortgage financing was used to obtain the subject property. (A recorded trustee's deed [or similar alternative] confirming the amount paid by the grantee to trustee may be substituted for a Final CD if a Final CD was not provided to the purchaser at time of sale.) • The sources of funds for the purchase transaction are documented (such as bank statements, personal loan documents, or a HELOC on another property. • If the source of funds used to acquire the property was an unsecured loan or a loan secured by an asset other than the subject. • The new loan amount can be no more than the actual documented amount of the borrower's initial investment in purchasing the property plus the financing of closing costs, prepaid fees, and points on the new mortgage loan (subject to the maximum LTV/CLTV/HCLTV ratios for the cash out transaction based on the current appraised value). • All other Cash Out refinance guidelines apply and must be met. Investment with more than 6 financed properties: Max LTV is 50%
Income:	**SALARIED BORROWERS:** • Written Verification of Employment (FNMA Form 1005 or equivalent) completed by the employer. • Must cover at least 2 years of employment history. • Must include all year-to-date earnings. **SELF-EMPLOYED BORROWERS:** *Option 1 – Full Doc:* • Most recent 2 years Personal and Business Tax Returns. • A Year-to-Date P&L. • Business license for the past 2 years (if applicable) or a Licensed Tax Preparer's letter to document minimum of 2 years self-employment. **NOTE:** An executed 4506-C and 2 years transcripts will be required for both Self-Employed Full Doc Option and Salaried Borrowers. *Option 2 – 12/24 months Bank Statements:* The borrower have been continuously self-employed for at least 2 years, AND incomes used to qualify must be generated from self-employment/business. (Wage/salary income from the co-borrower may be used if not associated with the borrower's business.) Borrowers may use Personal or Business bank statements. ❑ Using Business Bank Statements to Qualify: • Most recent 12 or 24 months business bank statements. • Business or Professional license for the past 2 years (if available – depending on nature of business). • A Letter from a Licensed Tax Preparer (CPA, CTEC, EA, PTIN) with their business letterhead showing the Licensed Tax Preparer's address, phone number & license number. The letter must also document the following information: i. Document that the Licensed Tax Preparer has either prepared or reviewed the most recent 2 years of business tax return filing. ii. The name of the business, borrower's name, and percentage of business ownership by the borrower. *(continued onto next page):*

Income *(continued):*	• Business bank statements require 50% deduction for business expenses and overhead. **Less than 50% (floored at 30%) deduction may be considered with a Letter prepared by a Licensed Tax Preparer (PTIN not allowed) states the business' expense ratio based on the most recent year's tax return.** ❑ <u>Using Personal Bank Statements to Qualify:</u> • Most recent 12 or 24 months personal bank statements of each account. • When borrower is operating a business out of a personal bank statement, the business must either be a Sole Proprietor, a Single Member LLC, or 1099 based, filing Schedule-C business tax filing. Business entity may not be a Corporation or a Partnership. • Borrower must be a 100% owner of the business. • Business or Professional license for the past 2 years (if available – depending on nature of business). • A Letter from a Licensed Tax Preparer with their business letterhead showing the Licensed Tax Preparer's address, phone number & license number. The letter must also document the following information: i. Document that the Licensed Tax Preparer has either prepared or reviewed the most recent 2 years of Schedule-C business tax return filing. ii. The name of the business, borrower's name, and 100% business ownership by the borrower. • Personal bank statements require 50% deduction for business expenses and overhead**Less than 50% (floored at 30%) deduction may be considered with a Letter prepared by a Licensed Tax Preparer (PTIN not allowed) states the business' expense ratio based on the most recent year's tax return.** • <u>For Joint bank accounts:</u> ✓ Must deduct deposit(s) not associated with the borrower's business (i.e. co-account holder's payroll, etc.) ✓ May only consider the percentage of account ownership (ex: If borrower holds a joint account with another account holder, only 50% of the deposits will be considered in the income/bank statement analysis) . <u>The following restrictions apply:</u> • Borrowers must be self-employed for at least 2 years • Statements must be consecutive and reflect the most recent months available. • Ineligible deposits, such as non-business related account transfers, one-time deposits, cash advances from credit cards, income sources already taken into account, product returns/credits, gift funds and credit line deposits/business financing related must be deducted from the calculation. • Large deposits (defined as any single deposits exceeding 150% of average monthly total deposits) should be omitted or sourced/explained with LOE from the borrower. • Additional income deposited into the bank statements but derived from a source other than the self-employed business may not be included in the bank statement average. • Transfers between accounts should be excluded. • The percentage of the income used must coincide with the percentage of the business ownership (when using personal bank statement, borrower must be a 100% owner). **NOTE:** An executed 4506-C/2 years transcripts not required on Bank Statement Income Option. <u>*Option 3 – 1-Year 1099:*</u> • 1-year 1099: Self-employed borrowers who are business owners paying their earnings via a 1099 are not eligible. • Total gross income from 1099 (minus 10% expense factor) is used to calculate qualifying income. • A Licensed Tax Preparer letter to evidence that borrower has been receiving 1099 income for at least 2 years. - The 2 years history may consist of 1099 incomes from multiple contract employers in the same line of work with minimum of 12 months at the job. • Most recent 1099 statement(s) is required, along with a Written Verification of Employment, YTD bank statements or Payment Statements from current contract employer covering the Year-to-Date earnings to determine the stability and continuance of the borrower's income (to be dated within 30 days of the Note date). If the Year-to-Date earning is validated to be lower than the qualifying income, the lower income will be considered as part of income analysis. • P&L/Tax Returns are **NOT** required. • 1099 Tax Transcript(s) **ARE** required. <u>**RENTAL INCOME (For Bank Statement & 1099 Income Option):**</u> All properties that the applicant owns must be listed on the Schedule of REO section of the 1003. Rental income should be verified from executed lease agreement(s) and internet searches (i.e. Zillow, rentometer, etc.) and the lower rental income will be used for qualifying. When rental income is being used to qualify, the percentage of the rental income must be no more than the percentage of the borrowers' ownership of the property. <u>*Total gross rent (minus 25% vacancy factor) may be used when:*</u> • Properties owned jointly with a spouse, • 12 months cancelled rent checks documenting 100% of rent was paid to the borrower, **-OR-** • Schedule E of Tax Return is provided. When Schedule E is used to compute the net rental income, the vacancy factor is not considered.
Verbal Verification of Employment:	Verbal Verification of Employment is required for all borrowers: • Salaried and commission income - Verbal VOE within 10 business days prior to the note date. • Self-employed income - Verbal VOE within 90 business days prior to note date.
Assets & Reserves:	Borrower must have sufficient liquid assets available for down payment, closing costs and reserves. Funds may be documented as follows: <u>**Most recent asset document required (The asset documents must be dated within 60 days of the Note date).**</u> • Source of large deposit is not required to be documented. • The minimum funds to close and the reserve requirement will be based on the **current** balance. • Acceptable Asset Statements (Account has to be opened more than 60 days): o Bank Certification documenting current balance and opening date ***(continued onto next page):***

Assets & Reserves (continued):	o 2 months bank statement o VOD o Bank prepared and stamped 60 days transaction history print-out. **Reserves required as follows:** Loan Amount / Required Reserves: ≤ $1,000,000 — 6 Months PITIA > $1,000,000 — 9 Months PITIA • Stock/Bonds/Mutual Funds: 100% may be considered - funds used for closing must documented as being liquidated. • Net Cash Value for Life Insurance: 100% of the vested amount may be considered for reserves. • Vested Retirement Account Funds: 100% may be considered for reserves. • Reserves coming from gift funds must be deposited into borrower's account prior to closing. • **Cash Out Net Proceed can be used for reserve requirement.**
Business Funds:	• Business funds: Funds in the borrower's business account(s) ≤ 100% of account balance may be counted toward down payment, closing costs, and reserves. The percentage of the account balance used towards the down payment, closing costs, and the reserves must be no more than the percentage of the borrower's ownership of the business. • Business funds that are in a personal account prior to application may be used for down payment, closing costs, and reserves without restriction. • A Licensed Tax Preparer must provide a letter explaining that the withdrawal of the funds will not negatively affect the business operations.
Gift Funds:	• Allowed on Primary Residence and Second Home transactions. • Gift funds may fund all or part of the down payment, closing costs, or financial reserves. • Reserves coming from gift funds musts be deposited into borrower's account prior to closing. • The donor must state that repayment is not expected. • Gift donor must be blood or legal relative, a fiancé, fiancée, or domestic partner. • Gift letter must contain the amount of the gift, donor's name, address, phone number and relationship. • Seller-subsidized gifts/grants are ineligible. • Gift of equity allowed.
Interested Party Contribution (IPC):	Maximum allowable contribution from seller, builder, realtor, broker, or an affiliate who may benefit from the transaction: • 6% for Primary Residence, Second Home, and Investment Properties
Maximum Number of Financed/Owned Properties:	The financed property limit applies to the borrower's ownership of one - to four - unit financed properties or mortgage obligations on such properties and is cumulative for all borrowers. These limitations apply to the total number of properties financed, not the number of mortgages on the property. • **Max number of financed properties:** 10 • **Investment Cash Out:** Max LTV is 50% if subject property is an investment and borrower has > 6 financed properties. ****AmWest limits total number of financed/owned properties to 20 (of which only 10 properties may be financed). Borrower(s) must not have an ownership interest in more than 20 residential properties, including the subject property, as of the Note Date.** <u>Multiple financed properties with AmWest Funding Corp. by the same borrower is restricted as below:</u> • Aggregate AmWest loan amount to one borrower may not exceed $5 million. • Maximum number of AmWest loans allowed to one borrower is 4. • Aggregate loan amount greater than $5 million and/or number of AmWest loans to one borrower greater than four (4) loans requires prior approval by AmWest Management. **Note:** Loans with properties exceeding the maximum number of financed properties may be considered subject to Sr. Management Review.
Monthly Debt Obligations:	**Mortgage History:** • 0x30 within 12 months • VOM required for borrower(s) that are homeowners and mortgage payment history is not reflected on credit report. VOR required when borrower(s) are renting and are purchasing an investment property to verify housing payment and history. If borrower(s) are living rent free, evidence that someone else is responsible and making the payment is required. If **Private Lender** or **Private Landlord**, 12 months cancelled checks or 12 months bank statements must be provided to document mortgage or rents. **HELOC Payment:** • Current monthly payment reflected on the credit report may be used for qualifying ratios. • If the amount is not shown on the credit report, use the payment reflected on the billing statement. **Installment Debts:** • Payments on installment debts with more than 10 months of remaining payment must be included in the DTI. • Installment debts may be **paid off** or **paid down** to 10 or fewer monthly payments for qualifying. (<u>Unless the monthly debt obligation significantly affects the</u> borrower's ability to meet their credit obligations).*Note: Pay downs may be limited to one installment debt per borrower/loan application if the borrower does not have sufficient liquid funds in the bank to cover the remaining balance. *All pay downs require liquid funds to support the remaining balances of each debt being paid down to qualify the loan* • 0x30 within last 12 months. **30 Day Accounts:** • Document that the borrower has sufficient funds to cover the unpaid balance of all 30-day charge accounts. • 0x30 within last 12 months. ***(continued onto next page):***

Monthly Debt Obligations *(continued)*:	**Deferred Installment Debts:** • Deferred Installment debts must be included in Debt Ratios as follows: ✓ Installment debts, other than Student loans, when minimum payment is not shown on credit report, then use: ➢ a copy of the payment letter, or ➢ forbearance agreement that reflects a future monthly payment. **Student Loans:** For all student loans, whether deferred, in forbearance, or in repayment (not deferred), monthly payment must be included in the borrower's DTI. • **In order to calculate the repayment amount, one of the following must be used:** ✓ If a payment amount is provided on the credit report, that amount can be used for qualifying purpose. ✓ 1% of the outstanding balance; OR ✓ a calculated payment that will fully amortize the loan(s) based on the documented loan repayment terms. **Co-Signed Debts (contingent liability)** • Evidence that the borrower is not making the payments for the last 12 months documented by copies of 12 months canceled checks to show timely payments by the primary obligor required to remove liability from borrower. **Debts paid by Business for Self-employed borrowers** Debts paid by business for self employed borrowers may be excluded from the monthly obligation when all of the following requirements are met. • No late payments in the last 12 months and no more than 1x30 in the last 24 month period. • Evidence, such as 12 months canceled checks, that the debt has been paid from the company funds. **Lease Payments** • The lease payment must be included in the DTI regardless of the remaining number of payments. **Revolving Accounts** • Use the monthly payment shown on the credit report. If not available, use 5% of the outstanding balance. **Payoff of Revolving Accounts** • In order to qualify without the monthly payment on the current balance, evidence of pay off is required. **Judgements/ Liens / Repossessions** • Must be released with 0 balance. **IRS Debt** Must either show paid in full or payment agreement w/ 3 months payment history (payment will be included in DTI). **Collections/Charge Offs** • Accounts do not have to be paid off at or prior to closing if the balance of an individual account is less than $250 and the total balance of all accounts is $1,000 or less. • Medical collections do not have to be paid off.
Property Listed for Sale*: (Rate/Term & Cash Out)	**Primary/Second Homes:** Subject property that is listed for sale is not permitted. Evidence of cancelled listing is required prior to the Note Date. **Investment Property:** Properties previously listed for sale must be seasoned at least six (6) months from the listing cancellation date to the Note Date. A listing cancellation of less than six (6) months is permitted with a prepayment penalty.
Condo Projects:	**HOA Cert:** Limited Review or Full Review per Fannie Mae Standards on all Projects. **Full Review:** ✓ If the property will be used as an Investment Property, at least 50% of the total number of the project must have been conveyed to purchasers who occupy their unit as a primary residence or second home. ✓ Delinquencies for HOA dues may not exceed 15% (total unit dues cannot be more than 60 days delinquent). ✓ No single entity may own more than 20% of the total units (or 1 unit in a 2 to 4 unit project). ✓ No more than 35% commercial usage. ✓ At least 90% of the total units in the project have been conveyed to the unit purchasers. ✓ The project is 100% complete (including all units and common elements). ✓ The project is not subject to phasing or annexation. ✓ Control of the homeowners association has been turned over to the unit owners. ✓ Private transfer fees are not allowed unless established prior to 02/08/11 or if provides direct benefit and is paid to HOA. **Pending Litigations:** Not allowed. **Insurance:** • Copy of the Master/Blanket Hazard Policy is required (To include fidelity coverage). If the blanket policy does not provide "walls in" coverage (aka- HO6 coverage), the borrower will need to obtain it separately. **Non-warrantable Condo:** • Not allowed.
Appraisal Requirements:	**A full appraisal must be ordered through one of AmWest Funding's approved Appraisal Management Companies.** • **Loan Amount ≤ $1.0 MM:** One (1) Full Appraisal + CDA* if both CU and LCA Scores are > 2.5 or not available. • **Loan Amount > $1.0 MM:** One (1) Full Appraisal + CDA*. • **Transferred Appraisals are allowed with a CDA*.** Refer to the Appraisal Transfer Policy. • Properties with a condition rating of C5 or C6 are not acceptable. ***(continued onto next page):***

Appraisal Requirements *(continued):*	***Collateral Desktop Analysis (CDA):** A Collateral Desktop Analysis (CDA) must be within 10% variance. If variance exceeds 10% below the value used for LTV calculation, then a second appraisal is required. The lower value of the two appraisals will be utilized. ➢ **Requirements on loans with LTV >75% for Purchases/R&T and >70% for C/O:** • The LTV will be determined based on the lower value of the Full Appraisal, Purchase Price, or the CDA. • If the calculated LTV is less than or equal to the maximum LTV allowed, the value of the full appraisal/purchase price will ultimately be utilized. • If the calculated LTV exceeds the maximum LTV allowed for the loan program, the borrower will need to obtain a second appraisal or lower the loan amount. o When using a second appraisal: the lower value of the two appraisals/purchase price will be utilized. o When lowering the loan amount: the lower value of the Full Appraisal, Purchase Price, or the CDA will be utilized. **Note**: 1. If transaction involves a resale within 365 days or HPML, refer to "Flip Transactions" section of the guidelines. 2. **Refer to Rural Properties and Declining Market section of the guidelines for restrictions.**
Non-Permitted Additions and Garage Conversions:	• Appraiser to comment that the addition or conversion was completed in a workmanlike manner. • Appraiser to comment if there are any health and safety issues. • Appraiser to comment that the addition conforms to the homes structure. • Appraiser to comment if there is a second kitchen (If there is an illegal 2nd kitchen, loan must meet all of the accessory unit guidelines below).
Accessory Unit (Unpermitted Illegal Units):	• The illegal unit (addition) conforms to the subject neighborhood and to the market. • Property must be appraised based on its current use and must report that the improvements represent illegal use. • Borrower cannot use rental income to qualify from the illegal 2nd unit. • Appraiser to comment that the improvements are typical for the market area by supporting this with "3"comparable properties that have the same illegal use. • Hazard insurance policy must include the total square footage of the property (including the illegal unit) & note that any future claims will not jeopardize the property.
Flip Transactions/HPML:	• When the subject property is being resold within three hundred sixty-five (365) days of its acquisition by the seller, and the sales price has increased more than ten (10%), the transaction is considered a "flip". To determine the 365-day period, the acquisition date (the day the seller became the legal owner of the property – Recording Date) and the purchase date (the day both parties executed the purchase agreement) should be used. • Flip transactions are subject to the following: ✓ All transactions must be arm's length, with no identity of interest between the buyer and the property seller or other parties participating in the sales transaction. ✓ No pattern of previous flipping activity may exist in the last twelve (12) months. Exceptions to ownership transfers may include newly constructed properties, sales by government agencies, properties inherited or acquired through divorce, and sales by the holder of a defaulted loan. ✓ The property was marketed openly and fairly, through a multiple listing service, auction, for sale by owner offering (documented) or developer marketing. ✓ No assignments of the contract to another buyer. ✓ If the property is being purchase for more than 5% above the appraised value, a signed letter of acknowledgement from the Borrower must be obtained. ✓ An additional appraisal product is required: o A Collateral Desktop Analysis (CDA) o A CDA is not required for loans with two (2) appraisals *A Collateral Desktop Analysis (CDA) must be within 10% variance. If variance exceeds 10% below the appraised value, then a second appraisal is required. The lower value of the two appraisal will be utilized. • A second appraisal is required in the following circumstances: ✓ Greater than 10% increase in sales price if the seller acquired the property in the past 180* days. ✓ Greater than 20% increase in sales price if the seller acquired the property in the past 365* days. ✓ The Borrower may not pay for the 2nd appraisal. **Note:** Flip transactions must comply with the HPML appraisal rules in Regulation Z (ex: Borrower may not pay for 2nd appraisal). Full Reg Z revisions can be found Here. * 180/365 days reflect AmWest's Overlay.
Assignment on Purchase Agreement:	• Loans to Assignees on purchase contracts are not permitted except when the original buyer remains as one of the buyers.
Non-Arm's Length Transaction*:*	**Non-Arm's Length Transaction** occurs when there is a relationship or business affiliation between the borrower and an interested party to the transaction. The list includes and is not limited to: Builder, Developer, or the Property seller. (Examples: Family transactions, Landlord/Tenant-Buyer, Property in an estate, Employer/Employee Sales, etc.) Non-Arm's Length Transactions are allowed for transactions of existing properties. For purchase transaction of newly constructed properties: If the borrower has a relationship or business affiliation with the builder, developer, or seller of the property, only Primary Residence is allowed: Mortgage loans on newly constructed homes secured by a second home or investment property where there is a non-arm's length relationship are prohibited. (FNMA 2-1.2-01) In addition, Non-arm's length transactions are not permitted on Delayed Financing. (FNMA 2-1.2)
At-Interest Transaction:	**At-Interest Transaction** involves persons who are not closely tied or related but may have a greater vested interest in the transaction, such as a party who plays more than one role in the same transaction. At-interest transactions carry increased risk due to the greater vested interest in the transaction by one of the parties, which could potentially influence the loan transaction lured by the possible dual compensation. Additional scrutiny may be required in order to mitigate risk associated. ***(continued onto next page):***

At-Interest Transaction (continued):	The following are examples of at-interest transactions: • Builder acting as listing/selling agent, • Dual real estate agent (selling/listing agent), • Realtor/broker selling own property, • Selling agent acting as MLO (if allowed by State). • Broker acting as listing and/or selling agent as well as the MLO, • Seller acting as the MLO, • Borrower is employed by the company originating the loan, • Borrower's family member acting as the MLO and real estate broker at the same time Note: The examples above do not represent all categories of at-interest transactions. Each transaction will be individually evaluated by the underwriters.
For Sale By Owner (FSBO) Transaction:	FSBO transactions are allowed.
Escrow Hold Backs:	Escrow Hold Backs are ineligible in all states.
Impounds/Escrows:	• Impounds/Escrows may be waived per state law • HPML loans must be impounded. • Any loans requiring flood insurance must include flood insurance in the borrower(s)' escrow account even if no other escrows are collected or escrows have been waived.
Power of Attorney:	Power of Attorney is not allowed for Cash Out Transactions.
Approved States:	Refer to eligible states at: https://www.amwestwholesale.com/Company/Licensed-States **Texas:** Texas Cash-out Section 50(a)(6) refinance are not eligible. **Maryland:** LLC vesting for business purpose lending not allowed.

Prepayment Penalty (PPP)

The states that have "restricted" PPP are eligible according to the state requirements.

**** Refer to the complete** Prepayment Penalty Matrix.

Prepayment Penalties Not Allowed	
Alaska	New Mexico
Kansas	Rhode Island
Minnesota	Vermont
New Jersey	

States with "Restricted" Prepayment Penalties			
States	**PPP Allowed When:**	**PPP Structures**	**No PPP Allowed When:**
Illinois	APR <=8.00%	Normal Rates	APR >8.00%
Indiana	Fixed Loans	Normal Rates	ARM Loans
Kentucky	Always allowed	Max Rates: 3-2-1	Always allowed
Michigan	Always allowed	Max Rates: 1-1-1	Always allowed
Mississippi*	Always allowed	1 Unit: 5-4-3-2-1 2-4 Units: Normal Rates	Always allowed
Ohio	>= $110,223	1-2 Units (Limited PPP): 1-1-1-1-1 3-4 Units (Normal PPP): 5-5-5-5-5 or 5-4-3-2-1	< $110,223
Pennsylvania	>$312,519 (1-2 Units) Any amount (3-4 Units)	Normal Rates	<=$312,519 (1-2 Units)
Texas	Purchase, or Non-Homestead Refinances	Normal Rates	Homestead Refinances

*** Mississippi-** ***Allows payoff based on UPB, not original loan amount.***

Temporary Buydown:

A temporary buydown is an option that creates a funded buydown account that is used to temporarily reduce the borrower's monthly payment during the initial year(s) of the loan. The Note Rate remains constant during the buydown period; only the borrower's portion of the monthly payment is reduced.

- **Eligibility:**
  - ✓ Owner Occupied Primary Residences, Second Homes, and Investment Properties
  - ✓ Eligible for Seller/Builder, Lender/Creditor, and Third Party funded temporary buydowns.
  - ✓ Third Party includes Real Estate Agents and Brokerages; Funds from Borrowers and Borrower related parties are ineligible.
  - ✓ Purchase and Rate & Term Refinance Transactions
  - ✓ 1- 4 Unit, SFR, Condos, PUDs (Manufactured Homes are ineligible)
  - ✓ 1-Unit for Second Homes
  - ✓ 12- or 24- month terms
  - ✓ 30- year Fixed Rate and 7/6 SOFR ARMs (not offered on I/O option)

- **Buydown Types:**

  <u>**2-1 Buydown:**</u>
  - ✓ Payment calculated at 2% below the Note Rate for the first year
  - ✓ Payment calculated at 1% below the Note Rate for the second year
  - ✓ Payment calculated at the Note Rate for the years three through maturity

(continued onto next page):

Temporary Buydown (continued):	**<u>1-0 Buydown:</u>** ✓ Payment calculated at 1% below the Note Rate for the first year ✓ Payment calculated at the Note Rate for the years two through maturity • Must qualify the borrower based on the Note rate without consideration of the bought-down rate. • If reserves are required, the reserves must be calculated using the Note rate. • **Buydown Agreement:** ✓ **Written Agreement:** The buydown plan must be a written agreement between the party providing the buydown funds and the borrower. (The buydown agreement will be provided with the closing documents and must be signed at closing) ✓ **Calculation:** The buydown agreement must clearly show: o The calculations of the total cost of the temporary subsidy buydown. o Any interested party contribution, and o The annual percentage increase in the Borrower's monthly principal and interest payment. ✓ **Relief of Obligation:** The buydown agreement must provide that the Borrower will not be relieved of the obligation to make the full monthly Mortgage payments required by the terms of the Mortgage Note if, for any reason, the buydown funds are not available or the buydown funds are not paid. ✓ **Terms Disclosed to Mortgage Insurer and Appraiser**: All of the terms of the buydown agreement must be disclosed to the mortgage insurer and the property appraiser, if applicable. ✓ **Return of Funds:** Buydown agreements that allow for the return of the buydown funds to the Lender/Seller are not eligible.
Rural Properties / Declining Market:	**Rural Properties:** A property indicated by the appraisal as rural, or containing any of the following characteristics, is typically considered a rural property: • Neighborhood is less than 25% built-up. • Area around the property is zoned agricultural. • Photographs of the subject show a dirt road. • Comparable are more than 5 miles away from the subject. • Subject is located in a community with a population of less than 25,000. • Distance to schools and/or amenities are greater than 25 miles. • Subject property and/or comparable have lot sizes greater than 10 acres. • Subject property and/or comparable have outbuilding or larger storage sheds. *<u>Rural Properties</u>* must comply with all of the following criteria: ✓ Primary residences only (second home and investment properties not allowed). ✓ Purchases and Rate/Term Refinances only (Cash-Out transactions are ineligible). ✓ Maximum LTV allowed is 70%. ✓ Transferred Appraisals not allowed. **Declining Markets:** An LTV reduction of 5% is required on all loans when the appraiser indicates the property is located in declining market.