

FHA Premium (Non-Delegated Correspondent Program—NOT ELIGIBLE)	10030FHA-30 Year FRM	10030FHH-High Balance 30 year FRM	10030FHAS-30 Year FRM- Streamline
	10015FHA-15 Year FRM	10015FHH-High Balance 15 Year FRM	10015FHAS-15 Year FRM- Streamline
Purchase			
Units	LTV	Total LTV- Including UFMIP	CLTV- Excluding UFMIP
1-4(1)	96.5%	98.25%	96.5%
Rate and Term and Simple Refinance			
1-4(1)	97.75%	99.5%	97.75%
Cash-Out Refinance			
1-4(1)	85%	86.75%	85%
(1) Max Loan amount on 3-4 Unit Property—\$650K—regardless of FHA county loan limit			

When a topic is silent, Western Bancorp will defer to the most recent version of the [FHA Single Family Housing Policy Handbook 4000.1](#)

Age of Documents	<ul style="list-style-type: none"> • Preliminary Title Policies must be no more than 120 days old on the date the note is signed • Appraisal must be no more than 120 days old on the date the note is signed (existing and new construction) • Income, assets and credit documentation must be no more than 90 days old on the date the note is signed • Credit Report cannot be more than 60 days old at the time of initial underwriting <ul style="list-style-type: none"> ○ Appraisal update is allowed—Follow FHA 4000.1 requirements ○ If the appraisal expires before the loan has closed and no additional updates are allowed, the case number must be cancelled and a new case number must be assigned through FHAC
Assets	<p>Regardless of underwriting method (AUS or Manual) the following will apply:</p> <p>VOD</p> <ul style="list-style-type: none"> • A written VOD and the borrower’s most recent statement for each account or statement(s) for the most recent two months. (A written VOD is not acceptable by itself) <p>Earnest Money Deposit (EMD)</p> <p>Regardless of the amount of the EMD the following documentation will be required by WBC:</p> <ul style="list-style-type: none"> • a copy of the Borrower’s cancelled check • certification from escrow/title acknowledging receipt of funds

Assets (Cont.)	<ul style="list-style-type: none"> • bank statement showing that the average balance was sufficient to cover the amount of the earnest money • deposit at the time of the deposit <p>Note: if the source of the EMD is from a gift, follow FHA Gift requirements per the 4000.1</p> <p>Premium Pricing</p> <ul style="list-style-type: none"> • Prepaid expenses, closing costs and/or UFMIP may be paid with premium pricing <p><i>Refer to "Reserves" Topic for additional reserve requirements</i></p> <p><i>Refer to "Gift" Topic for additional gift documentation requirements</i></p>
AUS/Underwriting	<ul style="list-style-type: none"> • AUS Approve/Eligible • Manual Underwriting (downgrade or AUS Refer) <p><i>Refer to "Manual Underwriting" Topic for additional guidelines</i></p>
Borrower Eligibility	<ul style="list-style-type: none"> • Individuals only • All borrowers, including non-vesting spouse must have a valid SSN • Non-permanent & and permanent resident aliens allowed • Vesting in Trust—Not Eligible • No more than 4 borrowers per loan • Foreign Nationals not allowed
Cash-Out Refinance	<p>Max LTV is limited to 85% and is subject to the following conditions:</p> <ul style="list-style-type: none"> • The LTV is calculated using the current appraised value if: <ul style="list-style-type: none"> A) the property has been owned by the borrower as their primary residence for 12 months or more preceding the date of the loan application • The LTV is based on the lower of the appraised value or sales price of the property when acquired if: <ul style="list-style-type: none"> A) Less than 12 months preceding the date of the loan application This does not apply if the subject property was inherited and is or will become the heir's principal residence • Mortgage cannot be delinquent or in arrears in the past 12 months • Modified mortgages not allowed for cash out refinance • For mortgages with more than 6 months and less than 12 months of payment history, the mortgagor must have made all the payments when due • Mortgages with less than a 6 month payment history—Not Eligible • Subordinate financing may remain in place with a maximum CLTV of 85% • No Bankruptcy or Foreclosures in the past 7 years • High Balance with a manual underwrite—Not Eligible • 640 Score required for all borrowers
Credit	<ul style="list-style-type: none"> • Purchase and Rate & Term Refinance—0x30 in months 1-6 and 1x30 in months 7-12 • Each borrower must have at least one credit score to be eligible • Non Traditional credit—Not Eligible • Restructured mortgages—Not Allowed • Modified mortgages—Not Allowed for cash out refinance • Non-Vesting Spouse Credit must be provided, all monthly obligations must be included in borrower's DTI

Credit (Cont.)	<ul style="list-style-type: none"> • Loan amounts \$650,000 and above-No bankruptcy (7 or 13) or foreclosure in last 7 years • Cash Out—No bankruptcy or foreclosure in the last 7 years, regardless of loan amount or DU Approve/Eligible • All judgments, tax liens, mechanic’s liens must be paid off regardless of DU findings <p><u>Additional Credit Requirements for Manual Underwriting</u></p> <ul style="list-style-type: none"> • 12 months previous housing history must be documented, 0X30 • Borrowers living rent free-property owner to verify the borrower has been living rent free and the length of residency • Business credit report is required for corporations and s-corps <p><i>Significant Derogatory—refer to “Significant Derogatory” credit topic</i></p>
Co-Borrowers (adding or deleting-refinance transactions)	<p><u>Cash-out Refinance</u></p> <ul style="list-style-type: none"> • Non-occupant co-borrowers, co-signors may not be added to the loan • Non-occupant co-borrower/co-signer income may not be used to qualify, regardless if they were obligated on the original note and income was used at the time of the previous transaction • If a borrower is being removed from title and subject property mortgage is not reported on the borrower’s credit report or is not in the borrower’s name, document all payments in the last 12 months have been made by the borrower <p><u>Rate/Term and Simple Refinance</u></p> <ul style="list-style-type: none"> • Non-occupant co-borrower, co-borrower may be added <ul style="list-style-type: none"> ▪ Must be either a US Citizen or have a primary residence in the U.S. • If a borrower is being removed from title and subject property mortgage is not reported on the borrower’s credit report or is not in the borrower’s name, document all payments in the last 12 months have been paid by the borrower
Co-Signed Debts/Contingent Obligations	<p><u>Contingent Liabilities</u></p> <p>If an individual can be held responsible for the repayment of a debt if another legally obligated party defaults on the payment the Underwriter must include the monthly obligation in the DTI. Additionally, the Underwriter must verify the borrower is a co-obligator on the contingent liability</p> <p><i>EXCEPTION (one or the other)</i></p> <ul style="list-style-type: none"> • verify there is no possibility that the debt holder will pursue debt collection against the borrower should the other party default • the other legally obligated party has made 12 months of timely payments <p><u>Cosigned Debts</u></p> <ul style="list-style-type: none"> • Provide evidence that the other party to the debt has been making regular on-time payments during the previous 12 months, and does not have a history of delinquent payments on the loan <p><u>Court Ordered Divorce Decree</u></p> <ul style="list-style-type: none"> • The Mortgagee must obtain a copy of the divorce decree ordering the spouse to make payments
Compensating Factors	<p>If compensating factors are a requirement of the D.E. Underwriter or FHA, one of the following must be documented and present in the file:</p>

Compensating Factors (Cont.)	<ul style="list-style-type: none"> • Long Term Employment • Conservative use of consumer credit-Ability to devote a greater portion of income to housing • Minimal payment shock • Potential for increased earnings • Trailing spouse income (relocation only) • Other income, documented, not used to qualify • Documented cash reserves (3 months PITIA or more) • Sizable down payment 																					
Debt-to-Income (DTI)	<ul style="list-style-type: none"> • AUS Decision Approve/Accept with score of 580 or above—up to a maximum of 55% • 50% Maximum for the transaction when a non-occupant, co-borrower’s income is used to qualify • Loan Amount over \$650,000—Max DTI 41% • Manual Underwrite—See Below <table border="1" data-bbox="701 391 1997 1149"> <thead> <tr> <th colspan="3">Manual Underwriting Credit Score and DTI Requirements</th> </tr> <tr> <th>Score</th> <th>DTI</th> <th>Required Compensating Factors</th> </tr> </thead> <tbody> <tr> <td>580</td> <td>31/43</td> <td>None</td> </tr> <tr> <td>580</td> <td>37/47</td> <td>1 of the following: <ul style="list-style-type: none"> • Verified and documented cash reserves that equal or exceed 3 months PITIA (1-2 units) or that equal or exceed 6 months PITIA (3-4 units); • New PITIA is not more than \$100 or 5% higher than previous housing payment, whichever is less, and there is a documented 12 month housing payment history with no more than 1X30 day late payment • Residual income (See residual income topic for requirements) </td> </tr> <tr> <td>580</td> <td>40/50</td> <td>2 of the following: <ul style="list-style-type: none"> • Verified and documented cash reserves that equal or exceed 3 months PITIA (1-2 units) or that equal or exceed 6 months PITIA (3-4 units); • New PITIA is not more than \$100 or 5% higher than previous housing payment, whichever is less, and there is a documented 12 month housing payment history with no more than 1X30 day late payment. • Verified and documented significant additional income that is not considered effective income; and • Residual income (See residual income topic for requirements) </td> </tr> <tr> <td>580</td> <td>40/40</td> <td>Borrower must have established credit lines in their own name open for at least 6 months. No additional comp factors required</td> </tr> <tr> <td colspan="3">IMPORTANT NOTE: Cash out and High Balance Manual U/W—Not Eligible</td> </tr> </tbody> </table>	Manual Underwriting Credit Score and DTI Requirements			Score	DTI	Required Compensating Factors	580	31/43	None	580	37/47	1 of the following: <ul style="list-style-type: none"> • Verified and documented cash reserves that equal or exceed 3 months PITIA (1-2 units) or that equal or exceed 6 months PITIA (3-4 units); • New PITIA is not more than \$100 or 5% higher than previous housing payment, whichever is less, and there is a documented 12 month housing payment history with no more than 1X30 day late payment • Residual income (See residual income topic for requirements) 	580	40/50	2 of the following: <ul style="list-style-type: none"> • Verified and documented cash reserves that equal or exceed 3 months PITIA (1-2 units) or that equal or exceed 6 months PITIA (3-4 units); • New PITIA is not more than \$100 or 5% higher than previous housing payment, whichever is less, and there is a documented 12 month housing payment history with no more than 1X30 day late payment. • Verified and documented significant additional income that is not considered effective income; and • Residual income (See residual income topic for requirements) 	580	40/40	Borrower must have established credit lines in their own name open for at least 6 months. No additional comp factors required	IMPORTANT NOTE: Cash out and High Balance Manual U/W—Not Eligible		
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Down Payment	<ul style="list-style-type: none"> • Minimum down payment is 3.5%, based on the lower of appraised value or sales price • The down payment requirement cannot be met by borrower paid closing costs, prepaid expenses, points or premium pricing • Sweat Equity—Not Eligible • The D.E. Underwriter is responsible for ensuring the Community Seconds complies with HUD guidelines • 620 Score required if a DPA is part of the transaction 																					

Eligible/Ineligible Products	<p><u>Eligible</u></p> <ul style="list-style-type: none"> • 15 Year Fixed Rate – Conforming Loan Amounts Only • 20, 25, and 30 Year Fixed Rate – Conforming and High Balance <p><u>Ineligible</u></p> <ul style="list-style-type: none"> • Temporary buy downs • HUD \$100 Down • Good Neighbor • MCCs (Mortgage Credit Certificates) • Adjustable Rate Mortgages (ARMS) • Layering of Risk • Construction to Perm Loans • Energy Efficient Mortgage Loans • Restructured loans or short payoff refinances are not eligible • 203K and 203K Streamline <p><i>Refer to “Layered Risk” Topic for additional guidelines and eligibility</i></p>	
Employment History	<ul style="list-style-type: none"> • Employment and income history that covers less than the 2 most recent years borrower must be with their current employer for a minimum of 6 months and must have a documented 2-year work history prior to the absence 	
Escrow Waivers	Tax and Hazard and Flood Insurance Impounds, regardless of LTV	
Fico (decision credit score)	580 ^{1,2,3}	<ul style="list-style-type: none"> • Purchase • Rate Term • Simple Refinance
	640	Streamline (Credit and No-Credit Qualifying)
	640	Cash Out Refinance <ul style="list-style-type: none"> • AUS Approve/Accept required, no manual underwriting
	680	Any Loan Amount >\$1,000,000
	No Score	Not eligible, non-traditional credit is not allowed
	<p>1) Transactions with a non-occupant, co-borrower allowed. Non-occupant, co-borrower’s mid score must be 620 or above</p> <p>2) 2-4 Units—not eligible; No Gifts; VOR/VOM required regardless of AUS; DPA not allowed</p> <p>3) All loans are required to comply with the Residual Income Matrix to be eligible for loan approval</p>	
Geographic Restrictions	California Only	

<p>Gifts</p>	<p>• Minimum 620 credit score required when a gift is part of the transaction</p> <p>Gift Letter must be included and state the following:</p> <ul style="list-style-type: none"> • Specify the dollar amount given • Signed and dated by the donor and borrower • Clearly state that no repayment is required • State the donor's name, address, telephone number, and relationship to the borrower <p>Additionally, the gift letter must also contain language asserting that the funds given to the borrower were not made available to the donor from any person or entity with an interest in the sale of the property. NOTE: Cash-on-hand is not an acceptable source of donor gift funds</p> <table border="1" data-bbox="655 430 2001 958"> <thead> <tr> <th data-bbox="655 430 1327 495"><i>IF THE GIFT FUNDS ARE ...</i></th> <th data-bbox="1327 430 2001 495"><i>THEN PROVIDE...</i></th> </tr> </thead> <tbody> <tr> <td data-bbox="655 495 1327 630">In the borrower's account</td> <td data-bbox="1327 495 2001 630">a copy of the withdrawal document showing that the withdrawal is from the donor's account AND the borrower's deposit slip and bank statement showing the deposit</td> </tr> <tr> <td data-bbox="655 630 1327 695">Provided at close AND in the form of a certified check from the donor's account</td> <td data-bbox="1327 630 2001 695">bank statement with withdrawal from the donor's acct AND copy of the certified check</td> </tr> <tr> <td data-bbox="655 695 1327 792">Provided at closing AND are in the form of a cashier's check, money order, official check or other type of bank check</td> <td data-bbox="1327 695 2001 792">a withdrawal document or cancelled check for the amount of the gift showing that the funds came from the donor's personal account</td> </tr> <tr> <td data-bbox="655 792 1327 857">Provided at closing AND are in the form of an electronic wire transfer to the closing agent</td> <td data-bbox="1327 792 2001 857">documentation of the wire transfer to the closing agent</td> </tr> <tr> <td data-bbox="655 857 1327 958">Being borrowed by the donor, and documentation from the bank or other savings account is not available</td> <td data-bbox="1327 857 2001 958">written evidence that the funds were borrowed from an acceptable source, not from a party to the transaction, including the lender</td> </tr> </tbody> </table>	<i>IF THE GIFT FUNDS ARE ...</i>	<i>THEN PROVIDE...</i>	In the borrower's account	a copy of the withdrawal document showing that the withdrawal is from the donor's account AND the borrower's deposit slip and bank statement showing the deposit	Provided at close AND in the form of a certified check from the donor's account	bank statement with withdrawal from the donor's acct AND copy of the certified check	Provided at closing AND are in the form of a cashier's check, money order, official check or other type of bank check	a withdrawal document or cancelled check for the amount of the gift showing that the funds came from the donor's personal account	Provided at closing AND are in the form of an electronic wire transfer to the closing agent	documentation of the wire transfer to the closing agent	Being borrowed by the donor, and documentation from the bank or other savings account is not available	written evidence that the funds were borrowed from an acceptable source, not from a party to the transaction, including the lender
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<p>Identity of Interest/ Non-Arm's Length</p>	<p>Maximum 85% LTV Maximum financing is eligible <i>if:</i></p> <ul style="list-style-type: none"> • Borrower is a family member purchasing family member's primary residence • Employee of builder purchasing one of the builder's new homes or model home as a primary residence • Current tenant purchasing property they have rented for at least 6 months predating the sales contract • Sales by a corporation that transfers employees out of the area, purchases the employee's residence and resells to another employee <p>The definition of "family" member includes: child, parent, or grandparent, spouse legally adopted son or daughter, including a child who is placed with the borrower by an authorized agency for legal adoption foster child, brother, stepbrother, sister, stepsister uncle, and aunt.</p> <p>Note: A child is defined as a son, stepson, daughter, or stepdaughter. A parent or grandparent includes a step-parent or step-grandparent or foster parent/grandparent. Employee loans are not considered identity of interest transactions</p>												

Income Documentation	An IRS Tax Transcript is required for all income used to qualify for the most recent two years (excluding Streamline Refinance)
Layered Risk Factors	<p>If any 3 of the following risk factors are present, management review and approval is required. If any 4 of the following risk factors are present, the loan is <i>not eligible</i> to WBC:</p> <ul style="list-style-type: none"> • Unstable work history • Payment Shock that is in excess of 150% • Less than 3 tradelines that have been active within the past 3 years for a minimum of 24 months • Any late payments in the last 12 months, regardless of the type of account • Excessive DTI (i.e. over 45%) • Source of entire down payment and closing costs is 100% gift funds and no pattern of savings
Limitations on other R.E. Owned	<ul style="list-style-type: none"> • Borrower may own no more than one FHA insured property with maximum financing <ul style="list-style-type: none"> ▪ Refer to FHA 4000.1 for permitted exceptions • Maximum number of other property owned, regardless of financed or owned free and clear—Four (4)
Manual Underwriting	<ul style="list-style-type: none"> • Non-Occupant Co-borrower (blended ratio)—Not Allowed • Loan amount greater than \$417,001—Not Eligible • Cash Out with HB Loan Amount—Not Eligible <p>Manual Downgrade <i>will be required</i> if any one of the following are present in the file:</p> <ul style="list-style-type: none"> • Purchase/Rate Term Refinance <ul style="list-style-type: none"> ▪ Any mortgage trade line during the 12 months prior to case number assignment date reflects any of the following; 3X30, 1X60 plus 1X30 or 1X90 • The mortgage file contains information or documentation that cannot be entered into or evaluated by TOTAL Mortgage Scorecard • Undisclosed debts, uncovered through an inquiry explanation • Undisclosed Mortgage debt if the rating reflects a current delinquency, any delinquency within 12 months of the case number assignment, or more than 2X30 day lates within 24 months of the case number assignment • Additional information, not considered in the AUS recommendation affects the overall insurability of the mortgage • The borrower has \$1,000 or more collectively in disputed derogatory credit accounts • The date of the borrower’s bankruptcy discharge as reflected on bankruptcy documents is within 2 years from the date of case number assignment • The case number assignment date is within 3 years of the date of the transfer of title through a foreclosure sale, deed-in-lieu, pre-foreclosure or short sale • Business income reflects a greater than 20% decline in effective income over the analysis period • Paystub provided by the borrower do not reflect year-to-day earnings <p><i>Refer to “Compensating Factors” and “DTI” topic for additional guidance</i></p>

Maximum Loan Amount	<ul style="list-style-type: none"> • SFR/Condo/PUD Refer to HUD.Gov Maximum Mortgage Limits 2016-2017 • 3-4 Unit Property—\$650,000 (No Exceptions)
Minimum Loan Amount	\$100,000
Mortgage Credit Certificate (MCC)	Not Eligible
Mortgage Insurance	<ul style="list-style-type: none"> • Mortgage Insurance is required on all loans-regardless of LTV • Refer to WBC FHA UFMIP Job Aid
Non-Occupant Co-Borrower(s)	<ul style="list-style-type: none"> • Allowed—1 unit property with maximum financing • Ok to blend ratios, occupant ratio will not be calculated (AUS Approve/Eligible required) • Family or “family like” member only • Occupant borrower must have 620 credit score and sufficient credit for AUS Approve/Eligible (a.k.a. Kiddie Condo) • Max LTV—75% if not a family member • Cash-out transaction—Income cannot be included as effective income for qualifying purposes • May not be a party to the transaction, including parent/family as seller <p><i>Refer to “Co-borrower- refinance” topic for additional requirements</i></p>
Non-Purchasing Spouse	<p>Borrower’s Authorization must be obtained for non-borrowing spouse and non-borrowing spouse consent must be obtained for SSN verification with the Social Security Administration</p> <p>To exclude a non-purchasing spouse’s debt from the qualifying ratio, an irrevocable legal separation agreement must be provided</p> <ul style="list-style-type: none"> ➤ The irrevocable agreement must be signed by a judge, recorded and address all assets, liabilities, child support and alimony
Non-Traditional Credit	Not Permitted
Occupancy	Borrower(s) must occupy the property within 60 days after close of escrow with a continued occupancy of a minimum of 1 year. Exceptions are allowed if due to a hardship or extenuating circumstance
Paying off Debt	<p>If debt is being paid off to qualify (Follow FHA 4000.1 guidelines to determine when it is permissible) the following documentation will be required by WBC:</p> <ul style="list-style-type: none"> • Credit supplement, verifying balance of the account is zero
Property, Eligible Types	<ul style="list-style-type: none"> • Single Family (Detached, Attached) • PUD (Detached, Attached) FHA Project approval not required • FHA-approved Condominium (Detached, Attached) (Site Condos do not require FHA Project Approval) • Modular/Factory and Stick Built • 2-4 Units • Rural Properties (in accordance with agency Guidelines, loans must be residential in nature)

Property, Ineligible Types	<ul style="list-style-type: none"> • Manufactured homes • Mobile Homes • Geodesic Domes • Working Farms and Ranches 	<ul style="list-style-type: none"> • Parcels over 25 Acres • Section 8 Housing • Unimproved Land 														
Rental Income	<p>Rental income requirements will follow FHA 4000.1 with the exception of the conversion of a current principal residence, partial or no rental history on tax returns. All of the following will apply:</p> <ul style="list-style-type: none"> ▪ Fully executed lease agreement, covering 12 months and FNMA Form 1007 (the lower of the two will be used to qualify, regardless of marketplace or tenant explanation) ▪ Copy of cancelled checks from the tenant to support the terms of the lease. (money order, cashier’s checks or any other form of payment will not be accepted) ▪ 3rd party verification to confirm property is not currently listed for sale ▪ Written certification from the borrower to state that neither they nor the Loan Originator and/or Real Estate Agent have a prior personal or professional relationship with the new tenant(s) ▪ WBC LexisNexis Report (provided by WBC-at Final Approval Only) 															
Reserves	<p><u>AUS Approve/Accept</u></p> <ul style="list-style-type: none"> • 1-2 Units—None required • 3-4 Units—3 months PITI (Purchase and Rate/Term Refinance) <p>Note—Gifts are not allowed to meet the reserve requirement for 3-4 Unit properties</p> <p><u>Manual Underwrite</u></p> <ul style="list-style-type: none"> • 3-4 Unit Property—6 months PITIA <p><u>Ineligible sources of reserves</u></p> <ul style="list-style-type: none"> • Borrowed funds from any source • Surplus gift funds • Equity in another property • Incidental cash received at settlement <p><i>Refer to “Manual Underwriting” Topic for additional reserve requirements</i></p>															
Residual Income	<ul style="list-style-type: none"> • When required, the WBC underwriter must following the residual requirements outlined below • All family members are required to be included regardless of their nature of their relationship and without regard to whether they are joining on title or the note <table border="1" data-bbox="688 1097 1997 1331"> <thead> <tr> <th data-bbox="688 1097 1016 1133">Family Size</th> <th data-bbox="1016 1097 1997 1133">Monthly Residual</th> </tr> </thead> <tbody> <tr> <td data-bbox="688 1133 1016 1166">1</td> <td data-bbox="1016 1133 1997 1166">\$ 491</td> </tr> <tr> <td data-bbox="688 1166 1016 1198">2</td> <td data-bbox="1016 1166 1997 1198">\$ 823</td> </tr> <tr> <td data-bbox="688 1198 1016 1230">3</td> <td data-bbox="1016 1198 1997 1230">\$ 990</td> </tr> <tr> <td data-bbox="688 1230 1016 1263">4</td> <td data-bbox="1016 1230 1997 1263">\$1,117</td> </tr> <tr> <td data-bbox="688 1263 1016 1295">5</td> <td data-bbox="1016 1263 1997 1295">1,158</td> </tr> <tr> <td data-bbox="688 1295 1016 1331">Over 5</td> <td data-bbox="1016 1295 1997 1331">Add \$80 for each additional member up to a family of 7</td> </tr> </tbody> </table>		Family Size	Monthly Residual	1	\$ 491	2	\$ 823	3	\$ 990	4	\$1,117	5	1,158	Over 5	Add \$80 for each additional member up to a family of 7
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Re-Occupying former Investment Property	<ul style="list-style-type: none"> • If occupancy of the former investment property was 12 months or more prior to the loan application date then maximum financing is allowed • If occupancy of the former investment property was less than 12 months prior to the loan application date then the loan is eligible as a rate-term refinance with a max LTV of 85%
Secondary Financing	<ul style="list-style-type: none"> • Down Payment Assistance Programs (DPA) or Community Seconds Allowed—follow FHA 4000.1 <ul style="list-style-type: none"> ➤ 620 Score Required • Refinance transactions, regardless of type—New Secondary Financing not allowed • High Balance with DPA or Community Second—NOT ELIGIBLE
Significant Derogatory Credit Event	<ul style="list-style-type: none"> • Event period wait time definition—“from event date to the new loan case number assignment date” • High Balance, Cash-out transactions—7 year seasoning required on BKs and Foreclosures • ML 2013-26 “Back to Work” Extenuating circumstance is allowed—Second Signature required Sr.Management • Except in a transaction where the borrower is receiving Cash-Out; Bankruptcy, Foreclosure, Deed-in-Lieu, Short Sale and Pre-foreclosure—Follow FHA 4000.1 regardless of underwriting method <i>Refer to “Cash Out” Topic for further guidance</i>
Streamline Refinance	<ul style="list-style-type: none"> • Minimum 640 credit score required • Salaried borrowers require a Verbal VOE—Performed by a WBC employee only • Self-employed borrowers require verification of the business through a 3rd party Source • Retirement and/or social security income requires the most recent bank statement or award letter • 4506-T must be processed and income validated for credit qualifying streamlines only • Non-traditional credit—Credit Qualifying Streamline Refinance—NOT ELIGIBLE • Subject property mortgage rating must reflect—0x30x6 and no more than 1x30x12 • Non-owner and second home—NOT ELIGIBLE <p>Mortgage Only Credit Report with credit score—eligible, subject to pricing exception</p>
Property Flipping	Refer to FHA 4000.1 Chapter II, Sect. 1. Para. 3 for eligibility and exceptions
Property Restrictions	<ul style="list-style-type: none"> • No Water filtration systems • No Solar panel lease on title • 10 Acre Maximum
Section 8 Housing Subsidies	No permitted
Seller Contributions	<ul style="list-style-type: none"> • Maximum 6% of the purchase price • Seller Contributions are limited to <ul style="list-style-type: none"> ○ Discount points ○ Borrower paid closing costs ○ Prepaid expenses ○ UFMIP (must pay the entire amount)