

PROGRAM CODES

	WVOE	P&L	12 Months Bank Statement ³	DCR
30-Year Fixed	CES30V	CES30P	CES30B	CES30D
With PPP (N/O/O only) ¹	CES30V-P1 / CES30V-P2	CES30P-P1 / CES30P-P2	CES30B-P1 / CES30B-P2	CES30D-P1 / CES30D-P2

• **20 Year Fixed terms now available!** – Product codes for 20 Year Fixed terms will start with ‘CES20’. Also available with Interest Only option!

• **For DCR Doc Type (Short Term Rentals)** – Product codes will end with ‘S’

Portfolio Closed-End Second Program Matrix

Stand-Alone Closed-End Second Loan

Property Type	Maximum Loan Amount	Minimum Fico	CLTV ⁴		
			Primary Residence	Second Home ²	Investment Property ¹
1-4 Units	\$250,000	700	75%	75%	70%
		680	70%	70%	65%
		660	65%	65%	60%
	\$500,000	720	75%	75%	70%
		700	70%	70%	65%
		680	65%	65%	60%
Foreign Nationals ³	\$250,000	N/A	N/A	65%	60%

Footnotes

1	Investment Properties Only: Prepayment Penalty may apply – refer to guidelines and State restrictions.
2	1-Unit only for Second Homes
3	Foreign National Borrowers are ineligible under the 12 months Bank Statement Income Doc Type.
4	<ul style="list-style-type: none"> For Loans with Interest Only 1st Liens or eligible 1st Lien Balloon Mortgages – Max CLTV: 65% <ul style="list-style-type: none"> ✓ Interest Only 1st Lien loans: Qualify using the Interest Only payment on the 1st lien DCR Doc Type - Short Term Rentals: Reduce CLTV by 5%

Contact Information



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Wholesale Division
[amwestwholesale.com](https://www.amwestwholesale.com)

Become an Approved Broker
<https://www.amwestwholesale.com/Account/NewBrokers>

View All AmWest Loan Programs
<https://www.amwestwholesale.com/Products>

Underwriting:	Manually Underwritten to the standards of the different doc types set out in this program guidelines. Refer to Income/Doc Types in the guidelines.
Loan Amount:	<ul style="list-style-type: none"> Minimum Loan Amount: \$75,000 Maximum Loan Amount: \$500,000
Loan Terms:	<ul style="list-style-type: none"> Stand-Alone Second Lien 30-year Fixed and 20-year Fixed Amortization
Interest Only:	<ul style="list-style-type: none"> Interest-Only period is for the first ten (10) years of the loan, followed by fully amortized payment for the remaining 10 years after the Interest-Only period. Qualify using the fully amortized payment calculated over the fully amortizing period of 10-years. <ul style="list-style-type: none"> ✓ If the 1st lien loan is an Interest-Only loan, qualify using the Interest Only payment on the 1st lien, with 2nd lien loan qualified using the fully amortized payment calculated over the fully amortizing period of 10 years. For DSCR calculation, use the I/O payment based on the Note Rate.
Pre-Payment Penalty:	2 Years PPP: Only applies to Investment Property transactions (with options to buy down to 1 year or no PPP) – Refer to State specific restrictions. - (PPP Structure Max Rate: 3-3)
DTI:	50% on all Income Doc Types (excluding DSCR doc type)
Occupancy:	<ul style="list-style-type: none"> Owner-Occupied Second Homes Investment Properties – Limited to 10 Financed properties
Ineligible Transaction:	<ul style="list-style-type: none"> Purchase transactions Texas 50(a)(6) transactions HPML Flip transactions
Eligible Properties:	<ul style="list-style-type: none"> 1-4 Unit properties (second homes must be 1-unit) PUD attached or detached Warrantable condos
Ineligible Property Type:	<ul style="list-style-type: none"> Cooperatives Condotels / Non-Warrantable Condos Mobile Homes Manufactured Housing Commercial Operations Geodesic Domes Working farms and ranches Unimproved Land Properties with >20 acres Timeshares Leasehold Mixed use Lot Loans Log Homes Leasehold properties / Land Trusts Hobby Farms Properties zoned Commercial or Agricultural Properties with Deed/Resale Restrictions Properties in a business name Condition Ratios at C5 or C6
Eligible Borrowers:	<ul style="list-style-type: none"> U.S. citizens Permanent resident aliens Non-permanent resident aliens Foreign Nationals (Not allowed on 12 months Bank Statement Income Doc Type) Revocable/"living" trusts are acceptable provided it is established by, and the primary beneficiary is, an individual Maximum number of borrows on a loan transaction is limited to four (4). <p>Note: Borrowers who are party to a lawsuit are ineligible.</p>
Foreign Nationals:	<ul style="list-style-type: none"> Copy of passport, valid Visa, and I-94 required. Foreign Nationals allowed to legally travel to and from the United States without Visa are eligible. (e.g., Countries participating in the Visa Waiver Program, Canadian citizens) VWP are found under U.S. Department of State's website: https://travel.state.gov/content/travel/en/us-visas/tourism-visit/visa-waiver-program.html Note: I-94 is only required when the Borrower is already in the United States. (This applies to loan applications dated on or after 1/1/2019.) Borrower must have US address when applying for loan (must be entered as the mailing address on 1003). If asset is required: Foreign Assets (closing costs, gift funds) must be transferred to and accepted by US institutional bank account prior to ordering loan docs. Foreign Nationals of the countries listed on the Sanctions Programs and Country Information by the U.S. Department of the Treasury's Office of Foreign Assets Control (OFAC) are not eligible. Refer to: https://www.treasury.gov/resource-center/sanctions/Programs/Pages/Programs.aspx Primary Residence not allowed. (2nd home and Investment transactions only).
Ineligible Senior Lien:	<p>Senior liens with high-risk features which can include, but are not limited to:</p> <ul style="list-style-type: none"> Loans in active forbearance or deferment Negative Amortization Balloon, if the balloon payment has less than three years remaining at the time of Note Date of new loan (Max CLTV: 65%). Reverse Mortgages Private Mortgages opened within the past 12 months
Value Seasoning:	<p>LTV/CLTV/HCLTV is generally calculated based on the appraisal value or valuation of the property.</p> <ul style="list-style-type: none"> Properties purchased within 120 days of the application will use the lesser of the purchase price or appraised value to calculate LTV/CLTV/HCLTV, measured from the date on which the property was purchased to the disbursement date of the new mortgage loan.

<p>Age of Credit Documentation:</p>	<ul style="list-style-type: none"> Credit documents cannot be older than 90 days from the Note date. These documents include credit report, employment, income, and asset. (Asset documents used for funds to close must be dated within 60 days of the note date.) Preliminary Title report is good for 90 days. The effective date of the appraisal report must be dated within 120 days of the note date. If the effective date of the appraisal report is more than 120 days from the note 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 note date.
<p>Credit Score:</p>	<ul style="list-style-type: none"> All borrowers must have minimum of (2) FICO score on a tri-merged credit report and sufficient credit experience. Foreign National Borrowers do not require credit.
<p>Tradelines:</p>	<ul style="list-style-type: none"> 3 Tradelines with 12 months rating (may be open or closed.) The tradeline requirement may be waived when borrower(s) has 3 FICO scores reporting on the credit report. Authorized User Account: Credit report tradeline that list a borrower as an authorized user cannot be considered in the minimum tradelines requirement.
<p>Housing History:</p>	<p><u>Mortgage History</u></p> <ul style="list-style-type: none"> Credit report must reflect OX30 in last 12 months for all mortgages, both subject and non-subject. <ul style="list-style-type: none"> ✓ DSCR Loans: <ul style="list-style-type: none"> Only applies to mortgages reported on the credit report, the borrower’s primary residence and the subject property. For any non-subject property, non-primary mortgages not reporting to the credit bureau, additional housing history is not required. If Private Lender, 12 months cancelled checks or 12 months bank statements must be provided to document mortgage. If mortgage is reported on Credit Supplement, then 12 months cancelled checks or 12 months bank statements are not required. Foreign National borrowers are not required to document housing payment history unless borrower currently owns their primary residence in their country. If borrower owns properties in the US, mortgage rating(s) is required.
<p>Bankruptcy, Foreclosure, Deed in Lieu, Pre-Foreclosure, Short Sale:</p>	<ul style="list-style-type: none"> Bankruptcy: 3 years from discharged / dismissed date to the Note date of the new loan. Foreclosure: 5 years from completion date to the Note date of the new loan. Deed in Lieu, Pre-Foreclosure, Short Sale: 2 years from completion or settlement date to the Note date of the new loan. <p>***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.</p>
<p>Liabilities:</p>	<ul style="list-style-type: none"> Paying off debt to qualify is permitted Lease payments are not permitted to be excluded
<p>Appraisal:</p>	<p>All Appraisals must be ordered through one of AmWest’s approved Providers.</p> <ul style="list-style-type: none"> A full FNMA 1004 or FHLMC 70 with interior & exterior inspection containing color photos are required. A prior full appraisal completed within 6 months from the settlement date is acceptable. If the prior full appraisal is completed between 4 – 6 months from the settlement date, a 1004D Recertification is required. <p>NOTE:</p> <ul style="list-style-type: none"> For loans being qualified under DSCR doc type and investment transactions being qualified with rental income, a comparable rent schedule (Form 1007) is required along with the appraisal/valuation report being used. Transferred appraisals not allowed.
<p>Condominiums:</p>	<p>All condominium properties require a full review. The property must be reviewed by AmWest Condo Desk when the loan is submitted to underwriting.</p>
<p>Assets:</p>	<p>Asset verification will be required when borrower must bring \$3,000 or more to closing. If Asset verification will be required for closing, or as deemed necessary by the underwriter, assets may be documented as follows:</p> <p><u>Most recent asset document required.</u></p> <ul style="list-style-type: none"> Source of large deposit is not required to be documented. The minimum funds to close will be based on the current balance. Acceptable Asset Statements (Accounts must be opened for more than 60 days): <ul style="list-style-type: none"> Bank Certification documenting current balance and opening date 2 months bank statement VOD Bank prepared and stamped 60 days transaction history print-out.

Collections and Charge-Offs of Non-Mortgage Accounts:

- Accounts that are reported as past-due, not reported as collection accounts, must be brought current.
 - ✓ For owner-occupied properties, borrowers are not required to pay off outstanding collections or charge-offs, regardless of the amount, provided the collection will not threaten first-lien position.
 - ✓ For second homes and investment properties, collections and charge-offs totaling more than \$5,000 must be paid in full prior to closing.
- **Delinquent credit, including taxes, judgments, charge-offs of non-mortgage accounts, tax liens, and other liens that have the potential to affect lien position or diminish the borrower's equity, must be paid off at or prior to closing.**
- **Judgements, Garnishments, and Liens:** Open judgments, garnishments, and all outstanding liens that are in the public records section of the credit report will be identified and must be paid off prior to closing. Documentation of the satisfaction of these liabilities, along with verification of funds sufficient to satisfy these obligations, must also be obtained.

Title:

- All loans require a **minimum** of an Owner and Encumbrance Property Report (the "O&E Property Report") ordered/obtained by approved title insurer or vendor. The title to the property must be in the Borrower(s) name (all borrowers) at the time of the initial loan application and Note Date.
- The O&E Property Report, and related closing documents if applicable, must indicate that the lien for the Product on Collateral is subordinate to a first lien, and that no other liens or encumbrances remain. The O&E Property Report must be dated no more than 60 days to the Note Date.
- **The title documentation must include, but not limited to the following:**
 - ✓ Current grantee and grantor
 - ✓ Last deed of record information
 - ✓ Property address
 - ✓ Recordable legal description
 - ✓ Ownership interest (i.e., fee simple)
 - ✓ Status of real estates taxes
 - ✓ Open mortgages and voluntary encumbrances
 - ✓ Judgments, liens, and involuntary encumbrances
- **At least one borrower must be a current owner (on Title) of the subject property at the time of the initial loan application.**

Flood Insurance:

Flood insurance is required if the property and any of its improvements are located in a flood zone as shown on the flood determination.

Homeowners Insurance:

- Hazard insurance coverage must be sufficient.
- Requires Guaranteed Replacement Cost or an updated policy which covers both 1st and 2nd lien.

Additional Requirements:

- Current first mortgage statement showing:
 - ✓ Current principal balance
 - ✓ Fully amortized
 - ✓ Term
- Note/Deed (if applicable)
- HOA statement (if applicable)
- HOI, flood insurance (if applicable)

Approved States:

- Refer to eligible states at: <https://www.amwestwholesale.com/Company/Licensed-States>

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 Jersey (Fixed Rate)		
District of Columbia	North Carolina		
Kansas	Rhode Island		
Maryland	Texas		
Michigan	Vermont		
Minnesota	West Virginia		
Missouri	Wisconsin		
New Mexico			
States with "Restricted" Prepayment Penalties			
States	PPP Allowed When:	PPP Structures	No PPP Allowed When:
Illinois	Always allowed	Max Rates: 3-2-1	Always allowed
Indiana	Fixed Loans	Normal Rates	ARM Loans
Kentucky	Always allowed	Max Rates: 3-2-1	Never
New Jersey	ARM Loans	Normal Rates	Fixed Loans
Ohio	>= \$107,633	1-2 Units (Limited PPP): 1-1-1-1 3-4 Units (Normal PPP): 4-4-4-4 or 4-3-2-1	< \$107,633

INCOME DOC TYPES

Salaried Borrowers:

One of the following is required:

1. Most recent 2 years W2 and 30 days YTD paystub **OR**
2. Written Verification of Employment (FNMA Form 1005 or equivalent) completed by the employer.

**** For U.S. Citizens or permanent residents working abroad - Foreign Income being paid in foreign funds/foreign currency is eligible with Written Verification (requires conversion in U.S. dollars) AND a CPA letter to confirm most recent 2 years filing of the foreign income.**

Self-employed Borrower:

All of the 3 items listed below must be provided:

1. Business or Professional license for the past 2 years is required for all businesses that requires a license. Businesses or professional occupation that do not require a license must provide documentation to evidence such,
2. A Letter from the CPA, CTEC (California Tax Education Council) or EA (Enrolled Agent) on their business letterhead showing address, phone number & license number. The letter must also document the following information:
 - i. Document that the CPA, CTEC, or EA 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, and
3. CPA, CTEC, or EA signed/prepared Profit and Loss Statement(s):

WVOE / P&L:

Application Dates:	Required P&L:
January 1 to March 31	Full 1 year P&L from previous year
April 1 to December 31	Full 1 year P&L from previous year + YTD Interim Statement

Foreign Nationals:

- Salaried borrowers and self-employed borrowers may follow above guidelines or provide equivalent documentation.
- Document to be translated by certified translator and notarized, if necessary.

Rental Income:

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.

Total gross rent (minus 25% vacancy factor) may be used when:

- 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.

12 Months Bank Statements:

The 12 months Bank Statements income documents are for borrower(s) who have been continuously self-employed for at least 2 years. (Wage earner income from a co-borrower may be used if not associated with the Borrowers business.) Borrowers may use Personal or Business bank statements. **** Foreign National borrowers are not allowed under this Doc Type****

Using Business Bank Statements to Qualify:

- Most recent 12 months business bank statements.
- Business or Professional license for the past 2 years (if available – depending on nature of business).
- A Letter from the CPA, CTEC (California Tax Education Council) or EA (Enrolled Agent) on their business letterhead showing address, phone number & license number. The letter must also document the following information:
 - i. Document that the CPA, CTEC, or EA 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.
- Business bank statements require 50% deduction for business expenses and overhead. **Less than 50% (minimum 30%) deduction may be considered with CPA/EA prepared P&L.**

Using Personal Bank Statements to Qualify:

- Most recent 12 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 or 1099 based. 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 the CPA, CTEC (California Tax Education Council) or EA (Enrolled Agent) on their business letterhead showing address, phone number & license number. The letter must also document the following information:

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INCOME DOC TYPES

12 Months Bank Statements
(continued):

- i. Document that the CPA, CTEC, or EA 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.
- Personal bank statements require 50% deduction for business expenses and overhead. **Less than 50% (minimum 30%) deduction may be considered with CPA/EA prepared P&L.**
- For Joint bank accounts:
 - ✓ 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) .

The following restrictions apply:

- 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).

Rental Income:

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.

Total gross rent (minus 25% vacancy factor) may be used when:

- 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.

Self-Employed Confirmation:

- Verification of the existence of the borrower's business from a third party, such as a CPA, CTEC, EA, regulatory agency or the application licensing bureau (CPA, CTEC or EA must be the individual who files the business taxes).
- Verify the listing and address for the borrower's business using telephone book, the internet or directory assistance.

Debt Coverage Ratio (DCR):

The Debt Coverage Ratio Doc Type is limited to Investment property transactions only.

Loan qualification is based on Debt Coverage Ratio (DCR) for the subject property. Debt to Income (DTI) ratio is not calculated. Use Note Rate to calculate PITIA for use in Debt Coverage Ratio (DCR).

Debt Coverage Ratio

- The debt coverage ratio is calculated by taking 100% of the gross rents divided by the PITIA of the subject property
- Use the Note Rate to calculate PITIA
- Rents are derived from the lesser of the rental/lease agreement or the rent survey (Form 1007)
- **DCR: ≥ 1.00**

DOCUMENTATION REQUIREMENTS- Long Term Rentals:

- Rental agreement and rent survey (FNMA Form 1007 or 1025) provided by the appraiser will be utilized.
- An expired lease agreement that has verbiage that states the lease agreement becomes a month-to-month lease once the initial lease/rental term expires is allowed.
- Monthly Gross Rents are determined by the lower of the actual lease amount or market rent from 1007/1025. If using a higher monthly actual lease amount, evidence of 2-months of receipt is required, and the lease amount must be within 125% of the estimated market rent from the 1007/1025.

DOCUMENTATION REQUIREMENTS- - Short Term Rentals (e.g. AirBnB, Vrbo, FLIPKEY):

- Min. Debt Coverage Ratio (DSCR): ≥ 1.15**
- Expense Ratios:** Calculated by utilizing the methods below, and accepting the lower overall income to qualify:
 1. Reduce gross rents from FNMA Form 1007 or 1025 by 25% to reflect costs associated with operating short-term rental; and
 2. Rental History Statements for the most recent 12 months (or up to the number of months of ownership)

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INCOME TYPES

**Debt Coverage Ratio (DCR)
(continued):**

- **The following methods will be used to determine the gross monthly rental income:**
 - ✓ A most recent 12-months (number of months of ownership) rental history statements from the 3rd party rental/management agency. The statement must identify the subject property /unit, rents collect for the previous months, and all vendor management fees.
 - ✓ Use the rents provided on the comparable rent schedule established on FNMA Form 1007 or 1025 from the appraiser.
- Monthly gross rents based upon a 12-month (ownership months) average to account for seasonality required.
- If the subject property is a condo, provide evidence that the property is eligible for short-term rentals (condo association letter, etc.)

