

**1-Yr 1099
Income Option
Now Available!**

PROGRAM CODES

30 Year Fixed		With PPP (N/O/O only)	7/6 ARM and 7/6 ARM (I/O) ²		With PPP (N/O/O only)
30-Year	AAF30	AAF30P1 / AAF30P2 / AAF30P3	7/6 ARM	AAA7/6	AAA7/6P1 / AAA7/6P2 / AAA7/6P3
			7/6 ARM (I/O) ²	AAA7/6IO	AAA7/6P1IO / AAA7/6P2IO / AAA7/6P3IO

• **Temporary Buydowns now available!** – Product codes for Buydown Option will end in –B1 or –B2 (B1=12 months / B2= 24 months terms). Refer to Temporary Buydown section of the guidelines for requirements.

PURCHASE & RATE/TERM REFINANCE				
Primary Residence, Second Home ³ & Investment Properties ⁴				
Property Type	Max Loan Amount	Max LTV	Max CLTV	Minimum FICO
1 Unit SFR, PUD and Condos ¹	\$1,500,000	80% ⁴	80%	700
		75%		660
		70%		640
		65%		620
	\$2,500,000	70%		660
		60%		640
	\$3,000,000	70%		680
		60%		660
2 – 4 Units	\$1,500,000	70%	80%	680
		60%		640
	\$3,000,000	65%		700
Foreign Nationals ⁵	\$1,500,000	75%	N/A	N/A
	\$3,000,000	60%		

CASH-OUT REFINANCE			
Primary Residence, Second Home ³ & Investment Properties ⁴			
Property Type	Max Loan Amount	Max LTV/CLTV	Minimum FICO
1 Unit SFR, PUD and Condos ¹	\$1,500,000	75%	700
		70%	680
		65%	660
	\$2,500,000	65%	680
		55%	660
	\$3,000,000	65%	700
		55%	660
	2 – 4 Units	\$2,500,000	60%
Foreign Nationals ⁵	\$2,000,000	50%	660
		55%	N/A

Minimum Loan Amount: \$75,000

ADVANTAGE PROGRAM	
Overview & Highlights	
For the Borrower that requires alternative documentation (outside the box).	
<ul style="list-style-type: none"> Self-employed and wage earners use alternative doc types. No 4506-C or tax returns required. Max DTI 49%. 100% gift funds allowed on primary and 2nd Home. Business funds allowed for borrower(s) ≤ 100% owner of business and account. Non-QM waiting periods on negative credit events. P & I reserves on subject property only. 	
Footnotes	
1	Non-warrantable condos are further restricted – Subject to AmWest Pre-Approval
2	Interest Only Option: Primary and Second Homes Purchase/R&T: <ul style="list-style-type: none"> 1 Unit: Max LTV/CLTV: 75% 2-4 Units: Max LTV/CLTV: 65% Min Fico: 700 Cash-Out: <ul style="list-style-type: none"> 1 Unit: Max LTV/CLTV: 65% 2-4 Units: Max LTV/CLTV: 55% Min Fico: 720
	Investment Properties Purchase/R&T: <ul style="list-style-type: none"> 1 Unit: Max LTV/CLTV: 70% 2-4 Units: Max LTV/CLTV: 60% Min Fico: 720 Cash-Out: <ul style="list-style-type: none"> 1 Unit: Max LTV/CLTV: 60% 2-4 Units: Max LTV/CLTV: 50% Min Fico: 720 **Foreign Nationals not allowed **Buydown option not allowed.
3	Only 1 Unit Properties allowed for Second Homes
4	Investment Properties: <ul style="list-style-type: none"> Maximum LTV 75% Prepayment Penalty may apply (refer to guidelines and State restrictions) <ul style="list-style-type: none"> AmWest Borrower's Intent to Proceed with Loan and Business Purpose Loan Certification is required when the transaction is originated as a "Business Purposes Loan".
5	Foreign Nationals: <ul style="list-style-type: none"> For 1 Unit - 2nd home or N/O/O allowed. For 2-4 Units - N/O/O only (70% LTV Max). 1099 income option not allowed.

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.
Loan Terms and Other Information:	<p>Fixed Rate Mortgage: 30 -Year fixed rate. Fully amortizing payments for 360 months.</p> <p>ARM: 7/6 ARM: Index: 30 day avg. SOFR published by NY Fed Margin: 4.00% Caps: 5 / 1 / 5 Floor: Start Rate</p> <ul style="list-style-type: none"> Qualify at greater of start rate or fully indexed rate with fully amortized payment for 30 years. <p>Interest Only: Interest Only option available. Interest only period is 7 years (84 months). Refer to Interest Only Option section.</p>
Interest Only Option:	<p>AAA 7/6 ARM Interest Only (Loan Program Code: AAA7/6 IO): Refer to Footnotes for restrictions.</p> <ul style="list-style-type: none"> Foreign Nationals not allowed 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:	3 Years PPP: Only applies to Investment Property transactions (with options to buy down to 2, 1 year or no PPP) – Refer to State specific restrictions. ***Refer to the rate sheet for buy down options (price adjustments)
Eligible Properties:	<ul style="list-style-type: none"> SFR, PUD (attached and detached). Condominium (low-high rise condos, attached, and detached), and 2 – 4 Unit properties. Properties exceeding 10 acres require pre-approval from AmWest.
Ineligible Property Type:	Agricultural property, Condotel, Co-ops, Hobby Farms, Log Homes, Mixed Use, Manufactured Homes, Timeshare, and Mobile Homes.
Eligible Borrowers:	<ul style="list-style-type: none"> U.S Citizens, Permanent and Non-Permanent Resident Aliens with valid SSN, and Inter vivos revocable trusts meeting Fannie Mae guidelines are eligible. Non-Permanent Resident Aliens must provide the following: <ul style="list-style-type: none"> Valid EAD card with minimum 90 days remaining on expiration date at time of funding. EAD card with less than 90 days remaining requires evidence of application for extension. <i>(This applies to loan applications dated on or after 1/1/2019.)</i> Non-Resident Aliens (Foreign Nationals) – see Foreign Nationals section for details. Non-occupant co-borrower is not allowed for qualifying purposes. Occupant borrower(s) must meet the guideline ratios. Co-Signer (borrower(s) not on title) 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. When closing a purchase transaction in a LLC vesting, the LLC must be the purchaser on the sale contract.
First Time Homebuyers:	<ul style="list-style-type: none"> First time homebuyers are eligible / First time homebuyers may not use rental income to qualify on investment property purchases.
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). Multiple financed properties with AmWest by the same borrower restricted to the lesser of 3 loans or \$2,500,000 financed amount (includes subject property). Foreign Assets (down payment, closing costs, reserves, gift funds) must be transferred to and accepted by US institutional bank account prior to ordering loan docs. Income: Refer to Income section of guidelines. Foreign National loans must establish escrow account for all property taxes and insurances. 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).
Max DTI Ratio:	Max 49% DTI
Age of Credit Documentation:	<ul style="list-style-type: none"> 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 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.
Credit:	<ul style="list-style-type: none"> Credit Inquiries: Report must list all credit inquiries made in previous 90 days. LOE required to address all credit inquiries. Credit: All borrowers must have minimum of (2) FICO scores on a tri-merged credit report and sufficient credit experience. Minimum Trade Lines: 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. Disputes: Disputed accounts are reviewed to determine current balance and derogatory information (a 30-day or more delinquency) within 2 years prior to the credit report date: <ul style="list-style-type: none"> Zero balance and no derogatory in last 2 years – no action required Zero balance and derogatory information – credit supplement showing dispute removed A positive balance and no derogatory information – credit supplement showing dispute removed. With an LOE and sufficient assets to cover the outstanding balance, no credit supplement is required. A positive balance and derogatory information – remove and pull new credit report Collections / Charge-off Accounts: Accounts do not have to be paid off at or prior to closing if the balance of an individual account is less than \$250 or the total balance of all accounts is \$1000 or less (medical collections do not have to be paid off). <p><i>(Continued onto next page):</i></p>

<p>Credit (continued):</p>	<p>Judgments, Garnishments and Liens: Delinquent credit (including taxes, judgments, tax liens, mechanics' or materialmen's liens) that have an affect on AmWest Funding's 1st lien position must be paid at or before closing.</p>
<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>Restructured or Modified Loans:</p>	<p>Eligible when the loan modification has been seasoned for at least 24 months. All payments must have been made on time throughout the duration of the modification.</p>
<p>Rate/Term Refinance:</p>	<p>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 less than 2% of the new loan amount.</p> <p>The LTV calculation for a Rate and Term Refinance: Current appraised value is used for calculating LTV for Rate/Term Refinance regardless of the subject acquisition date.</p> <p>Note: Texas loans for refinance as a rate and term do not allow:</p> <ul style="list-style-type: none"> • Any principal reductions/ curtailments. • Impounds may not be added to new loan calculation if they are not netted from the payoff. • 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.
<p>Cash Out Refinance:</p>	<p>6 months title seasoning is required.</p> <p>Note: If the borrower inherits or is legally awarded (by divorce, dissolution of a domestic partnership etc.) a property- it is exempt from the 6 months waiting period.</p> <p>Note: The property must have been purchased/acquired (recording date) by the borrower at least 6 months prior to the disbursement date of the new mortgage loan.</p> <ul style="list-style-type: none"> • Delayed financing is allowed within the 6 months from the purchase date if the property was purchased and there is no financing evidenced by the settlement statement provided by the escrow company. • LTV Calculation: Use current appraised value. • Properties in an LLC, Corporation, or Partnership may count towards the 6 months title seasoning if the borrower is the majority (≥51%) owner. Ownership must be transferred out of the LLC/Corporation/Partnership and into the name of the individual borrower(s) prior to or at closing. • 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. <p>Maximum LTV/CLTV ratios for standard Cash Out transaction except for Investment > 6 financed properties. Investment with more than 6 financed properties: Max LTV is 50%</p>
<p>Texas Cash Out:</p>	<ul style="list-style-type: none"> • Subject to compliance with all Texas Equity loan requirements, including but not limited to: <ul style="list-style-type: none"> ✓ A Section 50(a)(6) loan may not be closed sooner than 12 months after the closing of a previous Section 50 (a)(6). ✓ Only one outstanding 50(a)(6) loan on a property at one time. ✓ Each owner of the home and spouse must acknowledge the loan. ✓ 12 days waiting period for closing must be met. ✓ Texas cash out loans are eligible for fixed rate mortgages only.
<p>Cash Out Refinance Delayed Financing Exception:</p>	<p>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:</p> <ul style="list-style-type: none"> • 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: <ul style="list-style-type: none"> ✓ A natural person ✓ An eligible inter vivos revocable trust, where borrower is both the beneficiary & individual establishing the trust or ✓ As 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 property (such as a HELOC secured by another property), the Final CD for the refinance transaction must reflect that all cash out proceeds be used to pay down, if applicable, the loan (unsecured or secured by an asset other than the subject property) used to purchase the property. Any payments on the balance remaining from the original loan must be included in the debt-to-income ratio calculation for the refinance transaction (Gift funds used to purchase the property may not be reimbursed with proceeds of the new loan). • 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. <p>Maximum LTV/CLTV ratios for standard Cash Out transaction except for Investment > 6 financed properties. Investment with more than 6 financed properties: Max LTV is 50%</p>

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 BORROWERS:

Option I – P&L / CPA Letter

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):

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

Option II – 1-Year 1099

- 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 CPA/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.
- Foreign National Borrowers are not eligible for the 1099 income option.

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.

FOREIGN NATIONAL BORROWERS:

- Salaried borrowers and self-employed borrowers may follow above guidelines or provide equivalent documentation.
- Foreign national borrowers are not eligible for the 1099 income option.
- Document to be translated by certified translator and notarized, if necessary.

Note: * If paystubs, W-2s, or Tax Returns are used to qualify, AmWest's Tax Transcript/Tax Return policy will apply.

Income:

Self-Employed Confirmation or Employment Requirements:

- 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 the internet/directory assistance or business profile websites, etc.

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 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:

Most recent asset document required.

- 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.

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Assets & Reserves
(continued):

- Acceptable Asset Statements (Account has to be opened more than 60 days):
 - Bank Certification documenting current balance and opening date
 - 2 months bank statement
 - VOD
 - Bank prepared and stamped 60 days transaction history print-out.
- **The asset documents must be dated within 60 days of the Note date.**

Reserves required as follows:

Loan Amount	Required Reserves
LTV ≤ 65% and Loan Amount ≤ \$1,500,000	6 Months Principal & Interest payment
LTV > 65% or Loan Amount > \$1,500,000	12 Months Principal & Interest payment

- Stock/Bonds/Mutual Funds: 100% may be considered - funds used for closing must be 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 are required for subject property only.
- **Cash Out Net Proceed can be used for reserve requirement.**
- **For Interest Only loans** – Reserves (P&I) are calculated based on fully amortized payment over 30 years.

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 CPA/CTEC/EA 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.
- 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.
- The donor must state that repayment is not expected.
- Reserves coming from gift funds must be deposited into borrower’s account prior to closing.
- Not allowed on N/O/O transactions.

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.**

Multiple financed properties with AmWest Funding Corp. by the same borrower is restricted as below:

- 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
1x30 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) renting and are purchasing an investment property to verify housing payment and history. If borrower(s) is living rent free and purchasing an investment property, 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. If mortgage or rental rating 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.

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. **(Unless the monthly debt obligation significantly affects the 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. **(continued onto next page):**

**Monthly Debt Obligations
(continued):**

30 Day Accounts

Open 30-day charge accounts require the balance to be paid in full every month. Borrower must demonstrate funds to cover the account balance. The verified funds must be in addition to any funds required for down payment, closing costs and financial reserves. If the borrower paid off the account balance prior to closing, evidence of payoff may be provided in lieu of verifying funds to cover the account balance.

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, 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

Lease Payments

The lease payment must be included in the DTI regardless of the remaining number of payments.

Co-signed Debts (Contingent Liability: non-mortgage debt)

May be excluded from total debt if evidence showing at least current 12 months paid by other party with no delinquencies. Most recent consecutive 12 months cancelled checks or bank statements required.

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.

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.

Condominiums and condo reviews must meet Fannie Mae Selling Guide requirement, B4-2 Project Standards and the requirements:

- Condos with Pending Litigation(s) are ineligible.

Non-warrantable Condos:

The following non-warrantable characteristics must be met:

	Requirements
Single Entity Ownership	<ul style="list-style-type: none"> • Up to 30% single entity ownership allowed. • Maximum 2 units owned by a single owner if the subject has 5-10 units.
Occupancy	Investor concentration up to 80% (in an established project).
Commercial Space	Commercial space up to 50% allowed.
Pending Litigation	Pending litigation(s) – not allowed.
HOA Budget/Reserve	>= 5% allocation of replacement reserves required.
HOA Dues – Delinquency %	Up to 20% of HOA dues > 60 days delinquent allowed.
Condo Conversion	<ul style="list-style-type: none"> • Condo conversion full gut – allowed via full project review. • Condo conversion non- or partial- gut – must be PERs approved.
New Condominium	Minimum of 50% of units must be conveyed or under contract.
Condotels	Not Allowed.

Condo Projects:

- **Lender full review required:** [Form 1073 or 1004](#), [certification of project eligibility](#), [HOA Questionnaire](#), [project budget](#), [project legal documents](#), [insurance coverage that conforms to FNMA](#).
- Sale must be arms length: No blood/marriage relation, renters buying from landlord, etc.
- Not allowed on Foreign Nationals
- Max exposure of 20-25% of units in project, if less than or equal to 4 units in project, only 1 unit.
- Minimum Loan Amount = \$100,000.

Occupancy	Max Loan	Max LTV	Max C/O LTV	Min. FICO
Primary Residence	\$1,000,000	65%	45%	700
	\$1,500,000	60%	45%	720
	\$2,000,000	55%	45%	720
Second Home	\$1,000,000	60%	45%	700
	\$1,500,000	55%	45%	720
	\$2,000,000	50%	45%	720
Investment	\$1,000,000	50%	45%	700

<p>Property Listed for Sale*: (Rate/Term & Cash Out)</p>	<p>Primary/Second Homes: Subject property that is listed for sale at the time of loan application is not permitted. Evidence of cancelled listing is required at least 1 day prior to loan application date.</p> <p>Investment Property: Properties previously listed for sale must be seasoned at least six (6) months from the listing cancellation date to the loan application. A listing cancellation of less than six (6) months is permitted with a prepayment penalty.</p> <p>*Effective for new loans submitted on and after 8/25/2023.</p>
<p>Appraisal Requirements:</p>	<p>A full appraisal must be ordered through one of AmWest Funding's approved Appraisal Management Companies.</p> <ul style="list-style-type: none"> • Loan Amount up to \$1.5MM: One (1) Full Appraisal • Loan Amount >\$1.5MM & ≤ \$2.5MM: One (1) Full Appraisal and CDA* • Loan Amount > \$2.5MM: One (1) Full Appraisal and one (1) Field Review. • Transfer Appraisals are allowed – If the CU score is >2.5 or not available, a CDA* will be required. • Properties with a condition rating of C5 or C6 are not acceptable. <p>*A Red Bell Valuation Risk Review (VRR) or a Clear Capital Collateral Desktop Analysis (CDA) must be within 10% variance. If variance exceeds 10% (lower than appraised value), then a second appraisal is required. The lower value of the two appraisals will be utilized.</p> <p>Note: If transaction involves a resale within 90-180 days, refer to "Property Resale within 90-180 days/HPML" section of the guidelines.</p>
<p>Non-Permitted Additions and Garage Conversions:</p>	<ul style="list-style-type: none"> • 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).
<p>Accessory Unit (Unpermitted Illegal Units)</p>	<ul style="list-style-type: none"> • 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 at least one comparable property that have the same illegal use. • Multiple accessory units are not permitted. • The property must be defined as a one-unit property. • 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.
<p>Properties with Solar Panels:</p>	<p>If the property owner is the owner of the solar panels, standard eligibility requirements apply (for example, appraisal, insurance, and title).</p> <p>If the property owner leases the solar panels from a third party, the following requirements apply:</p> <ul style="list-style-type: none"> • The solar panels may not be included in the appraised value of the property. • The property must maintain access to an alternate source of electric power that meets community standards. • The monthly lease payment must be included in the DTI ratio unless the payment goes entirely to pay for the energy. Any portion of the payment that is not used to purchase energy must be included in the DTI ratio. • The lease or power purchase agreement must indicate that: <ul style="list-style-type: none"> ✓ Any damage that occurs as a result of installation, malfunction, manufacturing defect, or the removal of the solar panels is the responsibility of the owner of the equipment and the owner must be obligated to repair the damage and return the improvements to their original or prior condition. ✓ The owner of the solar panels agrees not to be named loss payee on the property owner's property insurance policy covering the residential structure on which the panels are attached. ✓ In the event of foreclosure, the lender or assignee has the discretion to: <ul style="list-style-type: none"> ▪ Terminate the lease/agreement and require the third-party owner to remove the equipment; ▪ Become, without payment of any transfer or similar fee, the beneficiary of the borrower's lease/agreement with the third party; OR ▪ enter into a new lease/agreement with the third party, under terms no less favorable than the prior owner • The title cannot reflect any liens related to the ownership or maintenance of the solar panels that will result in a lien superior to AmWest Funding's first lien position.
<p>Property Resale within 90-180 days and HPML:</p>	<p>If the consumer is using a covered HPML to buy a flipped property, 2nd set of appraisal is required if the purchase price is more than a certain amount higher than the seller's acquisition price. These amounts are:</p> <ul style="list-style-type: none"> • More than 10% price increase if the seller acquired the property in the past 90 days • More than 20% price increase if the seller acquired the property in the past 180 days. <p>Property Resale days are measured from the date seller acquired title to the property (Recording Date) to the new sales contract date.</p> <p>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.</p>
<p>Non-Arms Length Transaction:</p>	<p>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.</p> <ul style="list-style-type: none"> • Non-arm's length transactions are allowed on all occupancy for existing property types. • Newly constructed properties are only allowed on primary residences. • Non-arm's length transactions are not permitted on Delayed Financing (FNMA 2-1.2). • When a borrower is employed by family, income must be documented by 2 years tax returns.
<p>At-Interest Transaction:</p>	<p>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. Due to increased risk factors, the following restrictions apply:</p> <p><i>(continued onto next page):</i></p>

At-Interest Transaction (continued):

The following are examples of allowable at-interest transactions under this program guideline:

- 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).

The following are examples of at-interest transactions where income must be documented by Paystubs, W-2s and/or Tax Returns:

- 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

❖ Salaried Borrowers: Most recent 2 years W-2 and 30 days YTD paystubs

❖ Self-employed Borrowers: Most recent 2 years tax returns including all schedules

Note (1): When income is documented by paystubs, W-2, and/or tax returns, 4506-T transcripts are required.

Note (2): 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:

For Sale by Owner transactions are allowed with the following restrictions:

- Must be supported by a letter of explanation from the borrower documenting how the property was located and if there are any affiliation/relationship with the seller.
- Must document the transaction is not a foreclosure bailout
- No flipping – seller must have owned the property for no less than 180 days after the recorded deed date.

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.
- Foreign National loans must establish escrow account for all property taxes and insurances.

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 transactions are 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	Minnesota
District of Columbia	New Mexico
Kansas	Rhode Island
Michigan	Vermont

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
Missouri	Always allowed	Max Rates: 2-2-2-2	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
Texas	Purchase, or Non-Homestead Refinances	Normal Rates	Homestead Refinances

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:**
 - 2-1 Buydown:**
 - ✓ 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
 - 1-0 Buydown:**
 - ✓ 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:
 - The calculations of the total cost of the temporary subsidy buydown.
 - Any interested party contribution, and
 - 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.

Temporary Buydowns:



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