



**INVESTOR**

ALT-QM  
UNDERWRITING  
GUIDELINES

08/16/2021

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## OVERVIEW

Alt-QM guidelines are structured to guide its users towards making common sense lending decisions on loans to borrowers who may have limited access to credit. These borrower's situations generally require the consideration of alternative forms of documenting income and/or compensating factors which offset risk indicated by a recent credit event or elevated debt-to-income ratio. The borrower's ability to repay must be proven in all instances.

Loans eligible for sale to a Government Sponsored Entity (Federal National Mortgage Association ("Fannie Mae" or "FNMA") or Federal Home Loan Mortgage Corporation ("Freddie Mac" or "FHLMC") are not eligible for the Alt-QM programs.

Borrowers with a loan under the Investor Program must certify that they understand that consumer protection laws applicable to consumer loans will not apply to their business-purpose loan, including the Truth in Lending Act (15 U.S.C. § 1601 *et seq.*), Real Estate Settlement Procedures Act (12 U.S.C. § 2601 *et seq.*), Gramm-Leach Bliley Act (15 U.S.C. §§ 6802-6809), Secure and Fair Enforcement Mortgage Licensing Act (12 U.S.C. § 5101 *et seq.*), and Homeowners Protection Act (12 U.S.C. § 4901 *et seq.*

For any guideline not addressed in these guides, defer to Fannie Mae Guidelines.

**DSCR > 100%**

DSCR > 100%				
DSCR > 100%	Purchase / Rate & Term Refinance			
	Loan Amount	LTV/CLTV	FICO	Reserves (PITIA)
	\$2,000,000	85%	720	6 months
	\$1,500,000		700	
	\$2,500,000	80%	720	6 months
	\$2,000,000		700	
	\$1,500,000		680	
	\$3,500,000	75%	720	6 months
	\$3,000,000		700	
	\$2,500,000		680	
Cash Out Refinance				
Loan Amount	LTV/CLTV	FICO	Reserves (PITIA)	
\$2,000,000	75%	680	12 months	
\$3,000,000	70%			

**No Ratio**

No Ratio				
No Ratio	Purchase / Rate & Term Refinance			
	Loan Amount	LTV/CLTV	FICO	Reserves (PITIA)
	\$2,000,000	85%	720	9 months
	\$1,500,000		700	
	\$2,500,000	80%	720	9 months
	\$2,000,000		700	
	\$1,500,000		680	
	\$3,500,000	75%	720	12 months
	\$3,000,000		700	
	\$3,000,000		700	
Cash Out Refinance				
Loan Amount	LTV/CLTV	FICO	Reserves (PITIA)	
\$2,000,000	70%	680	12 months	
\$3,000,000	65%			

Credit Seasoning	
Mortgage History	0 x 30 x 12
FC Seasoning	36 months
Short Sale/DIL Seasoning	36 months
BK Seasoning	24 months

Additional Program Information
<ul style="list-style-type: none"> <li>Borrower must be an experienced homeowner with current property ownership.</li> <li>Current market rents must be validated on every transaction (utilizing FNMA 1007).</li> <li>Non-Warrantable Condos are capped at 65% max LTV</li> </ul>

ARM Terms	
5/6 Month ARM	Caps: 2/2/5
7/6 Month ARM	Caps: 5/2/5
10/6 Month ARM	Caps: 5/2/5
Margin on all – 6.00	
Index – 30 Day Avg SOFR, Floor – Start Rate	

Products		
5/6m, 7/6m & 10/6m ARM		30 Yr & 40 Yr Fixed
5/6m, 7/6m & 10/6m ARM IO		30 Yr & 40 Yr Fixed IO
IO Period	Amort Term	Final Maturity
10 Years	20 Years	30 Years
10 Years	30 Years	40 Years

**Additional Program Requirements**

Appraisal	Loan amounts over \$1,500,000 automatically require two appraisals. Every appraisal requires a Desk Review. Properties with a condition rating of C5 or C6 or a quality rating of C6 are not acceptable.
Assets	Assets sourced and seasoned for 30 days. Gift funds not allowed.
Cash Out	Available without restriction following grid above.
Citizenship	US Citizen, Permanent Resident Alien & Non-Permanent Resident Alien (with US credit)
Credit	Standard two (2) tradelines reporting for 12+ months or one (1) tradeline reporting for 24+ months, all with activity in the last 90 days. Use decision score amongst all borrowers/guarantors who will be on the Note and Title. Decision Score Definition- Minimum of one borrower with two credit score. Use the lower of the two credit scores or the median, if there are three credit scores.
DSCR	Debt Service Coverage Ratio – Gross rental income/ PITIA; Gross income – lesser of market rent or lease in place
Geographic Restrictions	Available in AZ, CA, CO, District of Columbia, FL, GA, HI, ID, IA, KS, KY, LA, MD, MI, MN, MT, NV, NM, OH, OR, SC, TN, TX, UT, VA and WA - Texas 50(a)(6) loans not allowed
LLC Loan	Property vested in LLC loan must have Personal Guarantor.
Max. Financed Properties	Maximum 20 financed properties including subject property.
Minimum Loan Amount	\$100,000
Mortgage History	Current Forbearance: If the borrower has resolved missed payments through a loss mitigation solution, they are eligible for a new mortgage loan if they have subsequently made at least three (3) timely payments. Follow FNMA requirements regarding forbearance reinstatement.
Non-Arms Length	See guidelines for details
Occupancy	Investment properties only
Prepayment Penalty	6 months interest of 80% of the amount prepaid (Standard Term = 3 yrs.); Not allowed in MD and NM.
Property Types	Single Family Residences, PUDs, Townhomes, Condominiums, 2-4 Units, and Non-Warrantable Condos. *Manufactured Homes, Log Homes, and Rural Properties not allowed.
Qualifying Rate	Fixed – Note Rate; ARM: 5/6m – Greater of Note Rate or Fully Indexed Rate; 7/6m & 10/6m – Note Rate
Reserves	Follow grid above. Other REO : 2 months of each property's PITIA. Cash out cannot be used as reserves. LTVs ≤ 60% only require 3 months PITIA reserves regardless of loan amount. Cash out can be used towards the reserves requirement.
Seller Concessions	Up to 3%
Subordinate Financing	Max 85% CLTV. Secondary financing must be institutional. Seller carrybacks are not permitted.

## INVESTOR

### PROGRAM ELIGIBILITY

- **Investor** - Program geared toward investors (Business Purpose) with alternative qualifications based on cash flow of the property and rental income vs. PITIA.

The following loan products are eligible:

#### **Fully Amortizing**

- 5/6 Month SOFR: (2/2/5 Cap Structure)
- 7/6 Month SOFR: (5/2/5 Cap Structure)
- 10/6 Month SOFR: (5/2/5 Cap Structure)
- 30 Year Fixed
- **40 Year Fixed**

#### **Interest-Only**

- Loan Terms: 360
- 5/6 Month SOFR: (2/2/5 Cap Structure)
- 7/6 Month SOFR: (5/2/5 Cap Structure)
- 10/6 Month SOFR: (5/2/5 Cap Structure)
- 30 Year Fixed
- **40 year Fixed**

Interest Only Period: Available for fixed period of ARM or 10 years on 30 Year **and 40 Year** Fixed rate product

Amortization Period: 30 Year / **40 Year**

Refer to program matrices for additional requirements.

#### **Qualifying Rate (All Doc Types):**

Fixed: Qualify borrower(s) at the Note Rate.

ARMs: 5/6 Month ARM - Qualify borrower(s) at the greater of the Fully-Indexed Rate or Note Rate.

7/6 Month ARM & 10/6 Month ARM – qualify at the Note Rate.

#### **Qualifying Payment**

Qualifying Ratios are based on PITIA payment with the principal and interest payments amortized over the scheduled remaining loan term at the time of recast after the interest only period has expired.

### LOAN AMOUNTS

#### **Minimum Loan Amount**

- \$100,000

### **Maximum Loan Amount**

- \$3,500,000

### **MINIMUM FICO**

- 680

### **MAXIMUM LTV/CLTV**

- 85%/85%

### **INTERESTED PARTY CONTRIBUTIONS (SELLER CONTRIBUTIONS)**

#### **Investor:**

Up to 3%

All Interested Party Contributions must be properly disclosed in the sales contract, appraisal, loan estimate and closing disclosure and be compliant with applicable federal, state and local law.

Interested party contributions include funds contributed by the property seller, builder, real estate agent/broker, mortgage lender, or their affiliates, or any other party with an interest in the real estate transaction.

Interested party contributions may only be used for closing costs and prepaid expenses (Financing Concessions), and may never be applied to any portion of the down payment or contributed to the borrower's financial reserve requirements. If an Interested Party Contribution is present, both the appraised value and sales price must be reduced by the concession amount that exceeds the limits referenced above.

### **ESCROWS – IMPOUND ACCOUNTS**

Escrows for taxes and insurance are required on all loans with LTVs greater than 80%, unless otherwise specified by applicable state law.

Escrows for taxes and insurance are required for all HPML loans.

### **SECONDARY FINANCING**

Subordinate financing is not permitted on Investment property transactions.

### **AGE OF DOCUMENTS**

Per FNMA standard guidelines.



## FEES

Standard fee of \$1,295 for Wholesale

Retail follows Standard State Fees.

## BORROWER STATEMENT OF OCCUPANCY

### **Investment Properties**

Borrower must acknowledge that the loan is a business purpose loan by completing and signing the appropriate sections of the "Occupancy Certification" and "Certification of Business Purpose" in EXHIBIT A and EXHIBIT I of this guide.

## BORROWER CONTACT CONSENT FORM

To assist the loan servicer in contacting the borrower in a timely manner, the Loan Officer is required to obtain a valid phone number for the borrower(s). The phone number can be collected on the 1003 loan application or by using the Borrower Contact Consent Form (Exhibit G) in the Exhibit section of the Guide.

## ABILITY TO REPAY/QUALIFIED MORTGAGE RULE

Under the Debt Service Coverage documentation option property income is used to qualify the transaction. Debt Service Coverage is available to Experienced Investors purchasing or refinancing investment properties to hold for business purposes. The borrower is required to sign a Certification of Business Purpose (Exhibit I) and an Occupancy Certification (Exhibit A).

## STATE AND FEDERAL HIGH COST LOANS

High cost loans are not allowed.

## PREPAYMENT PENALTY

Where permitted by applicable laws and regulations, a prepayment charge can be structured to be assessed for between one (1) and up to three (3) years following the execution date of the note.

The prepayment charge will be equal to 6 months of interest on the amount of the prepayment that exceeds 20% of the original principal balance. The charge applies to loans that payoff due to sale or refinance, or curtailments that exceed 20% of original principal balance in a given 12-month time period.

- Investment Properties only utilizing the Investor program
- 6 months interest of 80% of the amount prepaid (Standard Term = 3 yrs.)
- Not allowed in Maryland or New Mexico.

## UNDERWRITING

All files are manually underwritten.

## INTEREST CREDITS

Loans closed within the first 5 days of the month may reflect an interest credit to the borrower.

## ASSUMABILITY

Loans are not assumable.

## PROPERTY INSURANCE

Property insurance for loans must protect against loss or damage from fire and other hazards covered by the standard extended coverage endorsement. The coverage must provide for claims to be settled on a replacement cost basis. Extended coverage must include, at a minimum, wind, civil commotion (including riots), smoke, hail, and damages caused by aircraft, vehicle, or explosion.

Policies that limit or exclude from coverage (in whole or in part) windstorm, hurricane, hail damages, or any other perils that normally are included under an extended coverage endorsement are not acceptable.

Borrowers may not obtain property insurance policies that include such limitations or exclusions, unless they are able to obtain a separate policy or endorsement from another commercial insurer that provides adequate coverage for the limited or excluded peril or from an insurance pool that the state has established to cover the limitations or exclusions.

Additional requirements apply to properties with solar panels that are leased from or owned by a third party under a power purchase agreement or other similar arrangement.

The insurance coverage should reflect one of the following:

- 100% of the insurable value of the improvements, as established by the property insurer (including guaranteed replacement, if applicable); or
- 100% of the Total Estimate of Cost-New per the appraiser; or
- The unpaid principal balance of the mortgage, as long as it at least equals the minimum amount—80% of the insurable value of the improvements—required to compensate for damage or loss on a replacement cost basis. If it does not, then coverage that does provide the minimum required amount must be obtained.

For insurance not addressed in this section, default to Fannie Mae requirements.

### **Rent Loss Insurance**

Rent loss insurance covering a minimum of 6 months of the rental figure used to qualify is required for the subject property **on all DSCR transactions. Rent loss insurance is not required on the No Ratio transactions.**

## TRANSACTION TYPES

### ELIGIBLE TRANSACTIONS

#### Purchase

- Proceeds from the transaction are used to finance the acquisition of the subject property.
- LTV/CLTV based upon the lesser of the sales price or appraised value.

#### Rate/Term Refinance

- Proceeds from the transaction are used to pay off an existing first mortgage loan and any subordinate loan used to acquire the property.
- Any subordinate loan not used in the acquisition of the subject property provided one of the following apply:
  - Closed end loan, at least 12 months of seasoning has occurred;
  - HELOC, at least 12 months of seasoning has occurred and total draws over the past 12 months are less than \$2,000. HELOC must be closed.
- Buying out a co-owner pursuant to an agreement.
- Properties listed for sale must be taken off the market prior to disbursement of the refinance loan.
- Paying off an installment land contract executed more than 12 months from the loan application date.
- Cash back in an amount not to exceed the lesser of 2% of the new loan amount or \$5,000 can be included in the transaction.
- LTV/CLTV is based upon the current appraised value, no seasoning required.

#### Cash-Out Refinance

- A refinance that does not meet the definition of a rate/term refinance
- A mortgage secured by a property currently owned free and clear is considered cash out.
- The payoff of delinquent real estate taxes, federal taxes, state taxes and judgments (60 days or more past due) is considered cash out.
- The borrower must indicate the purpose of the cash out proceeds. Cash out proceeds must be solely for business purposes.
- Properties listed for sale must be taken off the market prior to disbursement of the refinance loan.
- Loans not eligible for cash-out:
  - A prior cash out transaction within the last 12 months, unless a documented benefit exists.
  - Texas Home Equity 50 (a)6
- See Change Wholesale Matrices for cash-out limits.

#### Seasoning Requirements:

- Cash-Out Seasoning is defined as the difference between application date of the new loan and prior financing note date or date of purchase.
- If owned less than 12 months, use lesser of purchase price plus documented improvements or appraised value. If more than 12 months use appraised value.
- **Cash-Out Seasoning of less than (6) months is not permitted unless the borrower acquired the property through an inheritance or was legally awarded the property (divorce, separation).**
  - **If the property was owned by a LLC that is majority-owned or controlled by the borrower(s), the time it was held by the LLC may be counted towards meeting the borrower's six month ownership requirement.**

- If the property was owned by an inter vivos revocable trust, the time held by the trust may be counted towards meeting the borrower's six month ownership requirement if the borrower is the primary beneficiary of the trust.

### **Delayed Financing**

- Delayed Financing within 6 months of original purchase is allowed with the following restrictions:
  - 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, and HCLTV ratios for the cash-out transaction based on the lower of the initial purchase price or current appraised value.
  - The sources of funds for the purchase transaction are documented (such as bank statements, personal loan documents, or a HELOC on another property).
  - At least one of the following must exist:
    - No mortgage financing was used to obtain the property.
      - The original purchase transaction is documented by a settlement statement, 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 settlement statement if a settlement statement was not provided to the purchaser at time of sale).
      - The preliminary title search or report must confirm that there are no existing liens on the subject 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 settlement statement for the refinance transaction must reflect that all cash-out proceeds be used to pay off or pay down, as applicable, the loan 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.
    - The lender has documented that the borrower acquired the property through an inheritance or was legally awarded the property through divorce, separation, or dissolution of a domestic partnership.
    - All other rate & term refinance eligibility requirements are met. Rate & Term pricing applies.

## NON-ARMS LENGTH AND INTERESTED PARTY TRANSACTIONS

### **Non-Arm's Length**

A non-arm's length transaction occurs when the borrower has a direct relationship or business affiliation with subject property Builder, Developer, or Seller. Examples of non-arm's length transactions include family sales, property in an estate, employer/employee sales and flip transactions.

When the property seller is a corporation, partnership or any other business entity it must be ensured that the borrower is not an owner of the business entity selling the property.

A non-arm’s length transaction is not intended to bail out a family member who has had difficulties making their mortgage payment. A thorough review of the title report in these cases is required as well as the payment history pattern (VOM on the Seller’s mortgage).

**Interested Party Transaction**

A Conflict-Of-Interest Transaction occurs when the borrower has an affiliation or relationship with the Mortgage Broker, Loan Officer, Real Estate Broker or Agent, or any other interested party to the transaction. In the case of the Mortgage Broker, Loan Officer, or Real Estate Broker/Agent extra due diligence must be exercised. For example the seller’s real estate agent for the subject property may not act as the loan officer for the borrower(s) purchasing the same subject property. An examination of the relationship among the Mortgage Broker, Title/Escrow Companies, Appraiser and any other party to the transaction must be closely examined. A Letter of Explanation regarding the relationship between the parties is required.

**Non-Arm’s Length and Interested Party Transactions Eligibility**

- Buyer(s)/Borrower(s) representing themselves as agent in real estate transaction
  - Commission earned by buyer/borrower cannot be used for down payment, closing costs, or monthly PITIA reserves
- Seller(s) representing themselves as agent in real estate transaction is allowed
- Borrower to provide cancelled check verifying the earnest money deposit
- Employer to employee sales or transfers not allowed – the borrower cannot have a relationship or business affiliation with the builder, developer, or seller of the property
- Property trades between buyer and seller not allowed

**BORROWER ELIGIBILITY**

**FIRST TIME HOME BUYERS (NOT ELIGIBLE)**

- Not allowed on the Investor product. Definition: An individual is considered to be a first time home buyer if they have had no ownership interest in a residential property in the most current 3 year period.

**RESIDENCY**

Eligible	<ul style="list-style-type: none"> <li>• U.S. Citizen</li> <li>• Permanent Resident Alien (see requirements that follow)</li> <li>• Non-Permanent Resident Alien (see requirements that follow)</li> </ul>
Ineligible	<ul style="list-style-type: none"> <li>• Applicants possessing diplomatic immunity</li> <li>• Foreign National</li> <li>• Borrowers from OFAC sanctioned countries</li> <li>• Politically exposed borrowers</li> <li>• Any material parties (company or individual) to transaction listed on HUD’s Limited Denial or Participation (LDP) list, the federal General Services Administration (GSA) Excluded Party list or any other exclusionary list.</li> </ul>

Refer to Fannie Mae guidelines for all definitions of eligibility status.

## US CITIZEN

Eligible without guideline restrictions

## PERMANENT RESIDENT ALIEN

An alien admitted to the United States as a lawful permanent resident. Lawful permanent residents are legally accorded the privilege of residing permanently in the United States.

- Acceptable evidence of permanent residency include the following:
  - Alien Registration Receipt Card I-151 (referred to as a green card).
  - Alien Registration Receipt Card I-551 (Resident Alien Card) that does not have an expiration date on the back (also known as a green card).
  - Alien Registration Receipt Card I-551 (Conditional Resident Alien Card) that has an expiration date on the back, and is accompanied by a copy of the filed INS Form I-751 (petition to remove conditions).
  - Non-expired foreign passport that contains a non-expired stamp (valid for a minimum of three years) reading “Processed for I-551 Temporary Evidence of Lawful Admission for Permanent Residence. Valid until [mm-dd-yy]. Employment Authorized.”
- Eligible without guideline restrictions.
- A fully executed Certification of Resident Alien Status Form must be provided at time of submission.

## NON-PERMANENT RESIDENT ALIEN

An alien admitted to the United States as a lawful temporary resident. Lawful non-permanent residents are legally accorded the privilege of residing temporarily in the United States.

- Legal Status Documentation
  - Visa types allowed: E-1, E-2, E-3, EB-5, G-1 through G-5, H-1, L-1, NATO, O-1, R-1, TN NAFTA
  - Visa must be current and may not expire for a minimum of 1 year following the close date.
  - When applicable, valid employment authorization doc (EAD) required for US employment if not sponsored by current employer.
- Loan terms must meet the following criteria:
  - Maximum 75% LTV/CLTV

## INTER VIVOS REVOCABLE TRUST

An inter vivos revocable trust is permitted when the trust has an ownership interest in the subject property for all transaction types. The following requirements should be followed. Not all requirements may be addressed, Fannie Mae requirements should be followed if these guides are silent.

The trust must be established by one or more natural persons, solely or jointly. The primary beneficiary of the trust must be the individual(s) establishing the trust. The trust must become effective during the lifetime of the person establishing the trust. If the trust is established jointly, there may be more than one primary beneficiary as long as the income or assets of at least one of the individuals establishing the trust will be used to qualify for the mortgage.

The trustee must include either:

- The individual establishing the trust (or at least one of the individuals, if 2 or more); or

- An institutional trustee that customarily performs trust functions in and is authorized to act as trustee under the laws of the applicable state.

The trustee must have the power to hold the title and mortgage the property. This must be specified in the trust. One or more of the parties establishing the trust must use personal income or assets to qualify for the mortgage.

The following documentation is required:

- The trust was validly created and is duly existing under applicable law,
- Attorney's Opinion Letter from the borrower's attorney or Certificate of Trust verifying all the following:
  - The trust is revocable,
  - The borrower is the settler of the trust and the beneficiary of the trust,
  - The trust assets may be used as collateral for a loan,
  - The trustee is:
    - Duly qualified under applicable law to serve as trustee,
    - The borrower,
    - The settler,
    - Fully authorized under the trust documents and applicable law to pledge, or otherwise encumber the trust assets.

In lieu of the above, a complete copy of the trust documents certified by the borrower to be accurate, or a copy of the abstract or summary for jurisdictions that require a lender to review and rely on an abstract or summary of trust documents instead of the trust agreements can be provided. The Attorney needs to also verify that the trust has not been revoked, modified, or amended in any manner that would cause the representations to be incorrect.

## INELIGIBLE BORROWERS

- Irrevocable Trust
- Land Trust
- Blind Trust
- Borrowers with diplomatic immunity or otherwise excluded from U.S. jurisdiction
- Any borrower suspended, debarred, or otherwise excluded per the LDP/GSA and/or OFAC/SAM findings

## CREDIT

### CREDIT REPORTS

Fannie Mae guidelines should be utilized for processing and documenting all required credit reports and determining borrower's credit eligibility.

The credit report used to evaluate a loan may not reflect a security freeze. If the borrower(s) unfreeze credit after the date of the original credit report, a new tri-merged report must be obtained to reflect current and updated information from all repositories.

## CREDIT INQUIRIES

Any credit inquiries listed on the report within 90 days of the report date must be explained by the borrower. If new credit was extended borrowers must provide documentation on the current balance and payment. If no credit was extended borrower must state the purpose of the inquiry. Borrowers are obligated to inform the Loan Officer of any new extension of credit, whether unsecured or secured, that takes place during the underwriting process and up to the consummation of the loan.

## HOUSING HISTORY

Mortgage/rental history is required for all programs. If a borrower's mortgage or rental history is not reported on the credit report, alternative documentation showing the most recent 12-month history must be provided.

### **Mortgage Payment History – Forbearance/Payment Deferral Clarification**

Follow current FNMA reinstatement requirements for Borrowers in forbearance. If the borrower has resolved missed payments through a loss mitigation solution, they are eligible for a new mortgage loan if they have subsequently made at least three (3) timely payments:

- For a repayment plan, the borrower must have made either the three (3) consecutive timely payments under the repayment plan or completed the repayment plan, whichever occurs first.
- For a payment deferral, the borrower must have made at least three (3) consecutive timely payments following the effective date of the payment deferral agreement.

\*Note: The source of funds used to reinstate the loan must be documented if the reinstatement was completed after the application date of the new transaction. The required three (3) consecutive timely payments cannot be paid in advance or in a lump sum.

### **Mortgage Payment History Documentation**

If adequate mortgage payment history is not included in the borrower's credit report one of the following must be provided to verify the borrower's payment history:

- A standard mortgage verification; **or**
- Loan payment history from the servicer; **or**
- The borrower's canceled checks for the last 12 months; **or**
- The borrower's year-end mortgage account statement, provided the statement includes a payment receipt history, and, if applicable, canceled checks for the months elapsed since the year-end mortgage account statement was issued.

\*Note: For VOMs tied to private mortgages – **12 months recent canceled checks and/or bank statements are required to support the VOM provided as well as** a copy of the original Note plus any additional Riders or subsequent Modifications to ensure the loan being paid off is current and is not past its maturity date as that is considered being in default.



### **Rental Payment History Documentation**

The borrower's rental payment history must be documented for the most recent 12 month period. The following documentation is acceptable:

- Canceled checks can be provided but are not necessarily always required. In lieu of canceled checks the borrower may provide bank statements, copies of money orders, or other reasonable methods for documenting the timely payment of rent. The documentation must clearly indicate the payee and amount being paid, and reflect that the payments were made on a consistent basis.
- Direct verification of the payment of rent from the landlord. Direct landlord verification is acceptable whether the landlord is an individual or a professional management company. **For VORs provided by private landlords 12 months recent canceled checks and/or bank statements are required to support paid as agreed.**

Borrower mortgage and/or rental history may reflect late payments based on Documentation Option and credit grade criteria, see matrices for requirements. All housing late payments must be cured at the time of application and remain paid as agreed through closing.

Housing late payments exceeding 1x60x24 require a letter of explanation from the borrower. The situation causing the delinquency must be adequately documented as resolved. The new housing payment must be considered when determining if the situation is adequately resolved.

Borrowers who currently live rent free are permitted with supporting documentation, such as a fully executed Rent Free Letter of Explanation from the current legal owner of the property borrower is residing in.

## CONSUMER CREDIT

### **Consumer Credit History**

All mortgage accounts must be current at application and remain paid as agreed through closing.

### **Installment Debt**

Installment debt with less than 10 months' payments remaining may be excluded from the DTI, as long as the Borrower has the assets to make the remaining payments. Borrowers may pay down the debt such that the remaining balance is less than the sum of 10 months' payments. The assets used must be sourced. Loans secured by financial assets (i.e. 401k, margin loan, etc.) do not need to be included in the DTI provided the asset balance exceeds the loan balance.

### **Timeshares**

Timeshare obligations will be treated as a consumer installment loan.

### **Alimony/Child Support**

Alimony may be deducted from income rather than included as a liability, provided the alimony payments are tax deductible to the payer. Otherwise, include as a liability. Child support must be included as a liability. Alimony or child support with less than 10 months' payments remaining based on the Note date may be excluded from the DTI, as long as the borrower has the assets to make the remaining payments.

### **Consumer Credit Charge-Offs and Collections**

- Individual collection and non-mortgage charge-off accounts totaling greater than \$5,000 must be paid in full prior to or at closing.
- Medical collections may remain open regardless of amount.
- 2nd mortgage or junior lien that has been charged off is subject to foreclosure seasoning periods for grade determination based upon the charge off date
- Collections and charge-offs that have expired under the state statute of limitations on debts may be excluded. Evidence of expiration must be documented.

Charge-offs and collections not excluded by the above bullet points must be paid or may stay open if using one or a combination of both of the following:

- Payments for open charge-offs or collections are included in the DTI (Subject to program DTI restrictions) based on a documented payment plan or a 5% estimated payment based on the current account balance.
- Reserves are sufficient to cover the balance of the charge-offs or collections and also meet reserve requirements.

### **Judgment or Liens**

All open judgments, garnishments, and all outstanding liens must be paid off prior to or at loan closing.

### **Income Tax Liens**

All income tax liens (federal, state, local) disclosed on title must be paid off prior to or at loan closing.

Tax liens that do not impact title may remain open on purchase and rate and term refinance transactions only provided the following are met:

- The file must contain a copy of the repayment agreement, and
- A minimum of 6 payments has been made under the plan with all payments made on time (these cannot be paid in advance).

## **BANKRUPTCY HISTORY**

All bankruptcies must be settled at time of application. Evidence of bankruptcy resolution is required. The length of time is measured from the discharge/dismissal date to the note date. Please refer to the program matrices for requirements.

Bankruptcy seasoning required for the Investor program is 24 months (all bankruptcy types).

## **FORECLOSURE SEASONING**

Foreclosures require a letter of explanation from the borrower. The situation causing the foreclosure must be adequately documented as resolved. The new housing payment must be considered when determining if the situation is adequately resolved. If multiple foreclosures exist in this time frame each must be addressed in the explanation. The length of time is measured from the settlement date to the note date.

In the case of a foreclosure which was included in Bankruptcy, the seasoning timeline will start from the earlier of: a) the date of discharge of bankruptcy; and b) the foreclosure completion date. Re-established credit of at least 2 tradelines paid as agreed for 12 months is required or the foreclosure date will be used. Active foreclosures are not allowed.

Foreclosure seasoning required for the Investor program is 36 months.

#### SHORT SALE/DEED IN LIEU SEASONING

Short Sales or Deed-in-Lieu of Foreclosures require a letter of explanation from the borrower. The situation causing the Short Sale / Deed-In-Lieu must be adequately documented as resolved. The new housing payment must be considered when determining if the situation is adequately resolved. If multiple Short Sales and/or Deed-In-Lieu exist in this time frame each must be addressed in the explanation. The length of time is measured from the settlement date to the note date.

In the case of a short sale/deed-in-lieu which was included in Bankruptcy, the seasoning timeline will start from the earlier of: a) the date of discharge of bankruptcy; or b) the short sale/deed-in-lieu completion date. Re-established credit of at least 2 tradelines paid as agreed for 12 months is required or the completion date will be used. Short Sale or Deed-In-Lieu currently in process are not allowed.

Short Sale / Deed in Lieu seasoning required for the Investor program is 36 months.

#### LOAN MODIFICATION

Loan modifications are treated as a short sale / deed-in-lieu for grading and pricing purposes. Servicing retention related interest rate modifications are excluded from the seasoning requirement. A letter or explanation from the borrower addressing the situation that made modification necessary must be provided. The current housing payment history along with the new housing payment must be considered when determining if the situation is adequately resolved.

Loan modification seasoning required for the Investor program is 36 months.

#### CREDIT SCORE

Credit Score Selection:

- **Decision Score Definition-** Minimum of one borrower with two credit scores. Use the lower of the two credit scores or the median, if there are three credit scores.
- **Investor Program:** Use decision score amongst all borrowers/guarantors who will be on the Note and Title.

## TRADELINER REQUIREMENTS

### **Standard Tradelines**

- One (1) tradeline reporting satisfactorily for 24+ months or two (2) tradelines reporting for 12+ months all with activity in the most recent 90 days.

### **The following are not acceptable to be counted as a tradeline:**

- Any liabilities in deferment status
- Accounts discharged through bankruptcy
- Authorized user accounts
- Disputed accounts
- Non Traditional accounts
- Charge-offs, collection accounts,
- Foreclosures, deed in lieu of foreclosure, short sales, or pre-foreclosure sales.

## OBLIGATIONS NOT APPEARING ON CREDIT REPORT

### **Housing and Mortgage Related Obligations**

Housing and mortgage-related obligations include property taxes, premiums and similar charges that are required by the creditor (i.e., mortgage insurance), ground rent, and leasehold payments. All properties owned by the borrower must be fully documented in this regard. These obligations must be verified using reasonably reliable records such as taxing authority or local government records, homeowner's association billing statements, information obtained from a valid and legally executed contract.

### **Current Debt Obligations, Alimony, and Child Support**

A lender may use a credit report to verify a borrower's current debt obligations, unless the lender has reason to know that the information on the report is inaccurate or disputed. Obligations that do not appear on the credit report, such as alimony and child support, must be documented through other methods according to Fannie Mae guidelines.

## ASSETS

### DOCUMENTATION OPTIONS

Various forms of documentation are acceptable depending on borrower asset type. Assets and reserves should be calculated and documented to Fannie Mae guidelines unless otherwise specified in Change Wholesale guidelines. Fannie Mae guidelines prevail where this guide is silent regarding sources and types of assets as well as asset types not eligible to be included.

## RESERVES

Refer to the applicable Change Wholesale loan program matrix for the reserve requirements by program.

LTVs ≤ 60% only require 3 months PITIA reserves regardless of loan amount.

- Additional Reserves - Each financed property owned, in addition to the subject property, requires 2 months additional reserves of each property's PITIA, unless the subject property itself requires a minimum of 12 months reserves. Total reserve requirement is not to exceed twelve (12) months.
- Reserves must be sourced and documented per guidelines.
- **ARM loans – Reserves based upon initial proposed PITIA, not the qualifying payment.**
- **Reserves for a loan with an Interest Only feature are based upon the Interest Only payment.**
- Proceeds from 1031 Exchange cannot be used to meet reserve requirements.
- Cash out can be used as reserves.

## DOWN PAYMENT SOURCING

Down payment funds should be documented for at least 30 days. Borrowers must state the source of the down payment and provide verification. If it is determined the source of the down payment is another extension of credit, the borrower must qualify for secondary financing per Fannie Mae guides.

## GIFT FUNDS (NOT ELIGIBLE)

Gift funds are not allowed for loans qualified on the Investor program.

## INELIGIBLE ASSETS

- Down payment assistance programs
- Gift Funds
- Grant Funds
- Builder Profits
- Employer Assistance Assets
- Cash advance on credit card
- Cash for which the source cannot be verified (cash on hand)
- Commission from sale of subject property
- Proceeds from an unsecured loan
- Salary advance
- Sweat equity (contribution to the construction or rehabilitation of a property in the form of labor or services rather than cash)
- Unverifiable source of funds
- Margined Assets listed within client accounts are not eligible as a source of funds or reserves.
- Stock options and non-vested restricted stock
- Non-vested stock
- Reverse mortgage
- Pension fund

- Seller Real Estate Tax Credit
- Foreign Assets
- IRS 1031 Tax Exchange not allowed on primary residences or second homes
- **Cryptocurrency**

## ASSET DOCUMENTATION

In addition to documenting the down payment, closing costs, and minimum PITIA reserve requirements, all borrowers must disclose and verify all other liquid assets. Fannie Mae guidelines prevail regarding sources and types of assets as well as assets which are not eligible for closing costs and/or reserves.

- Account Statements should cover most recent 30-day period. Documentation provided must, at minimum, validate the current month's beginning balance, total deposits, total withdrawals, and current month's ending balance. Assuming this required information is provided, all pages of the statement(s) may not be required. In any instance where not all pages are provided it is still required to source and document any unusually large deposits.
- VOD should be dated within 30 days of closing date;
- Stocks/Bond/Mutual Funds -100% of stock accounts can be considered in the calculation of a assets for closing and reserves;
- Vested Retirement Account funds – 80% may be considered for closing and/or reserves;
- Non-vested or restricted stock accounts are not eligible for use as down payment or reserves.
- When bank statements are used, large deposits must be evaluated. Large deposits are defined as a single deposit that exceeds 10% of the loan amount. Requirements vary based on transaction type:
  - Refinance: Documentation or explanation is not required, however, it must be clear that any borrowed funds, including any related liability, are considered.
  - Purchase: Documentation is required to verify the large deposit came from an acceptable source. Any unverified large deposit must be backed out of the qualifying assets and a letter of explanation is required.

Assets held in foreign accounts may not be used as a source of funds to close and to meet applicable reserve requirements. These funds must be transferred to a U.S. banking institution account in the borrower's name at least **30** days prior to closing.

## BUSINESS FUNDS

Business funds may be used for down payment, closing costs and for the purposes of calculating reserves. The borrower must be listed as an owner of the account and the account needs to be verified per requirements in this Guide.

Business funds used to qualify are calculated based on the borrower's percentage of ownership in the company. For example if a borrower owns 25% of the business then only 25% of the available balance of the account would be allowed to qualify.

## INCOME

### DEBT SERVICE COVERAGE

The Debt Service Coverage documentation option is only allowed on the Investor Program and property income is used to qualify the transaction. Debt Service Coverage is available to experienced homeowners purchasing or refinancing investment properties to hold for business purposes. The borrower is required to sign a Certification of Business Purpose (Exhibit I) and an Occupancy Certification (Exhibit A).

#### **Restrictions**

- See Investor Program matrices for max LTV;
- Borrower must have current property ownership experience (such as a primary residence and/or second home / rental property).
- Minimum 680 credit score.
- No Gift Funds permitted (cash or equity).
- Recent late payments on all consumer (non-mortgage) debt may not exceed 1X60 over prior 12 months;
- Tax returns and IRS Form 4506C are not required for the program.

#### **Borrower Income**

- Ratios are not calculated - no income or job information is required on the 1003.

#### **Documentation Requirements**

- **Purchase**
  - Form 1007 or 216 is required to determine current market rents,
  - Existing lease agreement(s), if applicable
- **Refinance**
  - Form 1007 or 216 is required to determine current market rents,
  - Existing lease agreement(s), if appraisal report reflects tenant occupied
  - If new lease, must include copy of lease along with proof of receipt of damage deposit and first month's rent.
  - If subject property leased on a short-term basis utilizing an on-line service such as Airbnb; gross monthly rents can be determined by using a 12-month look back period; and either 12-monthly statements, or an annual statement provided by the on-line service to document receipt of rental income. If documentation can't be provided covering a 12-month period, property will be considered unleased.

#### **Debt Service Coverage Ratio**

Debt Service Coverage Ratio is the Monthly Gross Income divided by the PITIA of the subject property.

See the Investor matrix for required Debt Service Coverage Ratios and specific calculations.

#### **EXAMPLE: DEBT SERVICE COVERAGE RATIO**

Single Family Purchase Money Transaction

Monthly PITIA = \$650

Estimated Monthly Market Rent (Form 1007) = \$850

Existing Lease Monthly Rent = Not Available

Gross Market Rent = \$850 (*Estimated Monthly Market Rent when a lease is not available for a purchase transaction*)

Gross Income = \$850

÷ PITIA = \$650

DSCR = 1.30

## NO RATIO

The No Ratio option is only allowed on the Investor program. No Ratio is available to Investors purchasing or refinancing investment properties to hold for business purposes. The borrower is required to sign a Certification of Business Purpose (Exhibit I) and an Occupancy Certification (Exhibit A).

Ratios are not calculated - no income or job information is required on the 1003.

## Restrictions

- See Investor Program matrices for max LTV;
- Form 1007 or 216 **is not** required to validate current market rents
- Borrower must have current property ownership experience (such as a primary residence and/or second home / rental property).
- Minimum 680 credit score.
- Cash out proceeds for personal use are not eligible.
- No Gift Funds permitted (cash or equity).
- Recent late payments on all consumer debt may not exceed 1X60 over prior 12 months;
- Tax returns and IRS Form 4506C are not required for the program.

## PROPERTY ELIGIBILITY

### APPRAISALS

#### Appraisal Requirements

Full Interior / Exterior appraisal required. Fannie Mae/Freddie Mac Forms 1004/70, 1025/72, 1073/465 or 2090 must be used. The licensed appraiser is required to perform an interior inspection when completing the appraisal report.



- The Appraisal should be dated no more than 120 days prior to the Note Date. After a 120-day period, a new appraisal report is required.
- A Desk Review or Second appraisal is required on every transaction.

### **Second Appraisal**

A Second Appraisal from a Change Wholesale approved AMC is required when any of the following conditions exist. When a second appraisal is provided, the transactions “Appraised Value” will be the lower of the two appraisals. The second appraisal must be from a different appraiser than the first appraisal.

- Loan amount exceeds \$1,500,000
- The transaction is a flip as defined in the Property Flipping section of this guide
- As required under the Appraisal Review Products section of this guide
- Underwriter Discretion

### **Appraisal Review Requirements**

An appraisal review product is required on every appraisal required for the transaction. The options include the following:

- An enhanced desk review, or
- A field review or second appraisal from a Change Wholesale approved AMC is acceptable. The field review or 2nd appraisal may not be from the same appraisal company as the original report.

If the Appraisal Review Product reflects a value more than 10% below the appraised value or cannot provide a validation, the next option in the review waterfall must be followed. The next option would be either a field review or second appraisal, both must be from a different appraisal company and appraiser than the original appraisal. Any discrepancies found between the documentation provided (i.e. the appraisal and Desk Review) must be addressed. The final appraised value is based on the lowest reported value amongst all of the appraisal documents/reviews.

### **Minimum Square Footage**

- Single Family Residence - minimum 700 square feet
- Condominiums – minimum 500 square feet
- 2-4 units – minimum 400 square feet per individual unit

### **Rural Property**

A property is classified as rural if all the following conditions exist;

- The property is classified as rural by the appraiser
- Two of the three comparable properties are more than 5-miles from the subject property
- Less than 25% of the surrounding area is developed

### **Personal Property**

Any personal property transferred with a property sale must be deemed to have zero transfer value, as indicated by the sales contract and the appraisal. If any value is associated with the personal property, the sales price and appraised value must be reduced by the personal property value for purposes of calculating the LTV/CLTV/HCLTV.

### **Escrow Holdbacks**

Escrow holdbacks are not allowed. Any repair or maintenance required by the appraiser must be completed prior to loan purchase.

### **INELIGIBLE PROPERTY TYPES**

- Vacant land or land development properties
- Properties not readily accessible by roads that meet local standards
- Properties not suitable for year-round occupancy regardless of location
- Agricultural properties including: farms, ranches, orchards
- Manufactured, Mobile
- Condo-hotels or co-op/timeshare hotels
- A project that includes registration services and offer rentals of units on a daily, weekly or monthly basis
- Cooperative share loans
- Boarding houses or bed/breakfast properties
- Properties with zoning violations
- Dome or geodesic homes
- Assisted living facilities
- Homes on Indian reservations, Indian Leased Land
- Hawaii properties located in lava zones 1 and/or 2
- Houseboats
- Acreage > 40 acres (max 10 for loan amounts > \$2M)
  - Properties over 10 acres allowed for loan amounts < \$2M subject to underwriter's discretion along with the following:
    - common for the area, primarily residential in nature with "like" comparable sales
    - acceptable appraisal and appraisal review
    - cannot be used for agricultural or commercial purposes (i.e. farm, ranches, orchards)
- No truncating allowed
- Properties used for the cultivation, distribution, manufacture or sale of marijuana.

### **MIXED-USE PROPERTIES**

Properties that have a business use in addition to their residential use are eligible provided that special eligibility criteria is met. These business can include, but are not limited to, properties with space set aside for day care facilities, beauty or barber shops, or doctor's offices.

The following special eligibility criteria must be met:

- The borrower must be both the owner and operator of the business.
- The property must be primarily residential in nature.
- The dwelling may not be modified in a manner that has an adverse impact on its marketability as a residential property.

The appraisal requirements for mixed-use properties must:

- provide a detailed description of the mixed-use characteristics of the subject property;

- indicate that the mixed use of the property is a legal, permissible use of the property under local zoning requirements;
- report any adverse impact on marketability and market resistance to the commercial use of the property; and
- report the market value of the property based on the residential characteristics, rather than of the business use or any special business-use modifications that were made.

## GEOGRAPHIC RESTRICTIONS

Eligible in the following States:

Arizona, California, Colorado, D.C., Florida, Georgia, **Hawaii**, Idaho, Illinois, Iowa, **Kansas**, **Kentucky**, Louisiana, Maryland, Michigan, Minnesota, Montana, Nevada, New Mexico, Ohio, Oregon, **South Carolina**, Tennessee, Texas, Utah, Virginia, and Washington

## PROPERTY FLIPPING

For properties purchased by the seller of the property within 6 months of the application date where the contract price exceeds the seller's acquisition price by the following:

- More than a 10% price increase if the seller acquired the property in the past 90 days;
- More than a 20% price increase if the seller acquired the property in the past 91-180 days

The following additional requirements apply:

- Second appraisal required from an Approved AMC
- Second appraisal must be dated prior to the loan consummation/note date;
- Property seller on the purchase contract must be the owner of record;
- Increases in value should be documented with commentary from the appraiser and recent comparable sales.
- Sufficient documentation to validate actual cost to construct or renovate (e.g., purchase contracts, plans and specifications, 12 months of receipts, invoices, lien waivers, etc.)

## TITLE VESTING & OWNERSHIP

Ownership must be fee simple.

Title must be in the Borrower's name at time of application for refinance transactions and on closing date for all transactions.

Acceptable forms of vesting are:

- Individuals
- Joint tenants
- Tenants in common
- Inter Vivos Revocable Trust

Land trusts, Blind Trusts and IRAs are not eligible forms of vesting.

### **For Investment Properties Only**

Limited Liability Companies (“Entity”) are allowed in accordance with the requirements listed below:

To vest a loan in an Entity, the following requirements must be met:

- Purpose and activities are limited to ownership and management of real property.
- Any business structure is limited to a maximum of 4 owners or members.
- All members, partners, or shareholders of the Entity, as the case may be, (each, a “Member”, and up to a maximum of 4 members per Entity) must provide personal guarantees (Exhibit J) of the obligations of the Entity in a form satisfactory to Change Wholesale.
- Each Entity Member must complete a Form 1003 or similar credit application indicating clearly that such document is being provided in the capacity of guarantor. The application of each Member and such person’s credit score and creditworthiness will also be used to determine qualification and pricing.
- Each Member of the Entity must receive notice of the loan and its terms prior to closing.
- The following Entity documentation must be provided:
  - Entity Articles of Organization, Partnership, and Operating Agreements, if any
  - Tax Identification Number
  - Certificate of Good Standing
  - Certificate of Authorization for the person executing all documents on behalf of the EntityBorrowing Certificate (Exhibit F)

### **Documents required**

Documents must be completed and signed as follows:

- Loan Application (URLA)
  - Completed for each Individual
  - Section labelled “Title will be held in what Name(s)” should be completed with **only** the LLC name.
  - Signed by Individuals
- Disclosures (Loan Estimate (LE), Notice of Intent to Proceed, Servicing Disclosure, etc.) ▪ Completed and signed by Individual(s)
  - Completed and signed by Individual(s)
- Closing Disclosure (CD)
  - Completed and signed by Individual(s)
  - Other Closing Documents (Final CD, Borrower Certification of Business Purpose, etc.)
  - Completed and signed by Authorized Member(s)
- Personal Guarantee
  - Completed and signed by Individual(s)
- Note, Deed of Trust/Mortgage, and all Riders
  - “Borrower” in form, if applicable, to be completed by the authorized member of the entity that can legally sign and bind entity

### **Examples of Signature Requirements**

*[Authorized Signatory] may be replaced by other label as specified in the Member Consent (e.g. Managing Member, Member, etc.).*

### **Sample 1:**

Borrower: JJ Investors, LLC and James Johnson Single Member of LLC: James Johnson

**Note, Security Instrument & all Riders:**

Signature Block

JJ INVESTORS, LLC a [ ] limited liability company

James Johnson

By: James Johnson

Title: [Authorized Signatory]

**Sample 2:**

Borrower: JJ Investors, LLC, James Johnson, and Jane Nelson 2 Members of LLC: James Johnson and Jane Nelson

Both Members are Authorized Signatories of LLC

**Note, Security Instrument & all Riders:**

Signature Block

JJ INVESTORS, LLC a [ ] limited liability company

James Johnson

By: James Johnson

Title: [Authorized Signatory]

**and**

JJ INVESTORS, LLC a [ ] limited liability company

Jane Nelson

By: Jane Nelson

Title: [Authorized Signatory]

**LEASEHOLD PROPERTIES**

In areas where leasehold estates are commonly accepted and documented via the Appraisal, loans secured by leasehold estates are eligible for purchase. The mortgage must be secured by the property improvements and the borrower’s leasehold interest in the land. The leasehold estate and any improvements must constitute real property, be subject to the mortgage lien, and be insured by the lender’s title policy.

Documentation must be provided to confirm Leaseholds meet all FNMA eligibility requirements (i.e. term of lease to exceed maturity date of the loan transaction, product types).

## LIMITATIONS ON FINANCED PROPERTIES

- Max 20 financed properties
- Change Wholesale's exposure to a single borrower shall not exceed \$10,000,000 in current UPB or ten (10) properties

## DISASTER AREAS

The following guidelines apply to properties located in FEMA declared disaster areas, as identified by reviewing the FEMA web site at <http://www.fema.gov/news/disasters.fema>. In addition, when there is knowledge of an adverse event occurring near and around the subject property location, such as earthquakes, floods, tornadoes, or wildfires, additional due diligence should be used to determine if the disaster guidelines should be followed.

Guidelines for disaster areas should be followed for 90-days from the disaster period end date or the date of the event, whichever is later.

### **Appraisals Completed Prior to Disaster Event**

An interior and exterior inspection of the subject property, performed by the original appraiser if possible, is required.

- The appraiser should provide a statement indicating if the subject property is free from any damage, is in the same condition from the previous inspection, and the marketability and value remain the same.
- Inspection report must include photographs of the subject property and street view.
- Any damage must be repaired and re-inspected prior to purchase

### **Appraisals Completed After Disaster Event**

- Appraiser must comment on the adverse event and certify that there has been no change in the valuation.
- Any existing damage notated from the original report must be repaired and re-inspected prior to purchase.

## CONDOMINIUMS

Fannie Mae eligible projects are allowed.

### **Ineligible Projects**

- A project subject to the rules and regulations of the U.S. Securities Exchange Commission.
- Condominium Hotel –Condotel
  - Condominium Project in which any unit owner or the homeowners' association is a party to a revenue-sharing agreement with either the developer or another third-party entity.
  - Condominium project where the unit is not the lessee's residence.
  - Projects that are managed and operated as a hotel or motel, even though the units are individually owned.
  - Projects with the names that include the words "hotel," "motel," "resort," or "lodge."

- A project that includes registration services and offer rentals of units on a daily, weekly or monthly basis.
- Hotel or motel conversions (or conversions of other similar transient properties.)
- Resort type project
- Timeshare or Projects that restrict the owner's ability to occupy the unit.
- New Condo conversion completed less than 2 years.
- Houseboat project
- Manufactured home projects
- Assisted living facilities or any project where unit owners contract in advance for a lifetime commitment from the facility to care for them regardless of future health or housing needs.
- Any project in which a single entity owns more than 25% of the total number of units. Projects that have 5-19 Units, one owner can own two units.
- Multi-family units where single deed has ownership of more than one or all of the units.
- Where more than 50% of total square footage in the project or in the building that the project is located in is used for non-residential purposes.
- A Common-interest apartment or a project in which individuals have an undivided interest in a residential apartment building and land, and have the right of exclusive occupancy of a specific apartment unit in the building.
  - The project or building is often owned by several owners as tenants-in-common or by a homeowners' association.
  - Fragmented or segmented ownership
  - Ownership is limited to a specific period on a recurring basis i.e. Timeshare
- Any project where the developer (or its affiliates) owns the Common and/or Limited Elements and leases the elements back to the HOA
- Non-conforming zoning (cannot be rebuilt to current density).
- Project units sold with excessive Seller contributions that may affect the value of the subject property.
- Any project that requires Private Transfer Fees as a part of the transaction and that fee does not benefit the association
- Project in litigation, arbitration, mediation or other dispute regarding safety, soundness or habitability.
- Project with adverse environmental issue(s) involving safety, soundness or habitability.
- Projects that are not well managed or in poor physical or financial condition.
  - Excessive special assessments; Low Reserves; Neglected Repairs

### **General Project Criteria**

- Project has been created and exists in full compliance with applicable local jurisdiction, State and all other applicable laws and regulations
- Project meets all FNMA Insurance requirements for property, liability and fidelity coverage
- Confirmation the Project documents do not give a unit owner or any other party priority over the rights of the 1st mortgagee.

### **Fannie Mae Warrantable Condominium Projects**

For projects that meet Fannie Mae requirements, follow review process as required by Fannie Mae.

If the loan does not meet the following criteria for a Fannie Mae Limited Review, a FNMA Full Review is required.

<b>Limited Review Eligible Transactions – Attached Units in Established Condo Projects (For Projects Outside of Florida)</b>	
<b>Occupancy Type</b>	<b>Maximum LTV/CLTV and HCLTV Ratios</b>
Principal Residence	80%
Second Home	70%
Investment Property	70%

**Non-Warrantable Condominium Projects**

Stacking of risk is not allowed, meaning only one variance in the grid below will be permitted.

Change Wholesale will not finance more than 20% of the units in any one project.

Investor concentration in project is allowed up to 60%. Higher percentages may be considered on investment property transactions when an established history of a high percentage of rental units in the condo project can be demonstrated. Unsold units owned by a builder/developer are not considered as investor owned.

- A full review of the project is required. The following documents must be provided:
  - A completed Change Wholesale HOA Questionnaire (Exhibit C) is required.
  - Master property insurance, liability insurance and flood insurance if applicable
  - HOA Budget
  - Current balance sheet
  - CC&Rs and Bylaw's (new construction and conversion only)
  - Litigation docs, if applicable. (i.e. court documentation)
  - Ground lease, if applicable.

Additional overlays:

- Min FICO: 680
- Max LTV: 65%

**\*Refer to the Non-Warrantable grid on the next page**



Characteristic	Exception Considerations
Commercial Space	Subject property unit must be 100% residential. Project/building commercial percentage must be ≤ 50%. When commercial space exists, it must be "typical for market & have no negative impact on marketability." Commercial percentage is determined by the appraiser. No further assessment required. Commercial space in the building/project exceeding 50% will be reviewed on a single loan exception basis. Commercial entity cannot control the HOA.
New Projects	The project, or the subject's legal phase along with the other phases, must be complete. All common elements in the project or legal phase must be 100% completed. At least 25% of the units must be sold or under a bona-fide contract. Unsold units owned by a builder/developer are not considered as investor owned and can be included in the presale requirement.
Delinquent HOA Dues	No more than 20% of the total units in the project may be 60 days or more past due on the payment of condominium/association fees.
HOA Control	The developer may be in control of the condominium association provided the Master Agreement provides for the homeowners to take control upon either a predetermined percentage of unit sales or within a defined time period.
HOA Reserves	<ul style="list-style-type: none"> <li>• 3-5% allocation of replacement reserves - annual budget required</li> <li>• &lt; 3% allocation of replacement reserves - annual budget required &amp; reserve study completed by a professional</li> <li>• Projects with excessive insufficient budgetary reserves are allowed on a case by case basis with a reserve study completed within the last 5 years by a professional (Engineer, Architect, CPA, General Contractor, or Property Manager w/ 3 years experience)</li> </ul>
Litigation	Pending litigation will be considered on a case by case basis. Pending litigation is not allowed under any circumstance when the litigation involves structural items or items that impact marketability or safety of the project.

OCCUPANCY CERTIFICATION

Borrower: \_\_\_\_\_

Co-borrower(s): \_\_\_\_\_

Property Address: \_\_\_\_\_

I/We the undersigned certify that:

**Primary Residence:** I/We will occupy the property as my/our principal residence within Sixty (60) days after the date of closing as stated in the Mortgage or Deed of Trust I/we executed. I/We will continue to occupy the property as my/our principal residence for at least one year after the date of occupancy, unless Lender otherwise agrees in writing.

**Second Home:** I/We will occupy the Property as a second home (vacation, etc.) while maintaining a principal residence elsewhere.

**Investment Property:** I/We will not occupy the property as a principal residence or second home. I/We will not occupy the property for more than 14 days in any calendar year. The property is an investment to be held or rented rather than for household or personal use.

**INVESTMENT PROPERTY ONLY** (the following **must** be completed on an investment property loan):

I/We understand that consumer protection laws applicable to consumer loans will not apply to this loan, including the Truth in Lending Act (15 U.S.C. § 1601 *et seq.*), Real Estate Settlement Procedures Act (12 U.S.C. § 2601 *et seq.*), Gramm-Leach Bliley Act (15 U.S.C. §§ 6802-6809), Secure and Fair Enforcement Mortgage Licensing Act (12 U.S.C. § 5101 *et seq.*), and Homeowners Protection Act (12 U.S.C. § 5101 *et seq.*).

**REFINANCE ONLY** (the following **must** be completed on a refinance transaction):

I/We the undersigned, certify that the property referenced above is **NOT** currently listed for sale or under contract to be listed for sale.

I/We the undersigned acquired this property on \_\_\_\_\_, \_\_\_\_\_.

**I/We understand that it is illegal to provide false information in an application for a mortgage loan. Mortgage fraud is punishable by up to thirty (30) years in federal prison or a fine of up to \$1,000,000, or both under the provisions of Title 18, United States Code, Sec. 1001, et seq.**

I/We understand that failure to comply with the requirements in the Mortgage or Deed of Trust regarding occupancy of the property will entitle the Lender to exercise its remedies for breach of covenant under the Mortgage or Deed of Trust. Such remedies include, without limitation, requiring immediate payment in full of the remaining indebtedness under the Loan together with all other sums secured by the Mortgage or Deed of Trust, and exercise of power of sale or other applicable foreclosure remedies, to the extent permitted by the Mortgage or Deed of Trust.

\_\_\_\_\_  
Borrower Date Borrower Date

\_\_\_\_\_  
Borrower Date Borrower Date

## Important Ability-to-Repay Notice

Date: \_\_\_\_\_ Application No: \_\_\_\_\_

**This Important Ability-to-Repay Notice is being provided to each borrower prior to the signing of the loan documents, but after federal Truth in Lending disclosures have been provided.**

In reviewing your credit application, [ ] has considered and verified the following information as it relates to your ability to repay this loan according to its terms as required by applicable law: (1) your current and reasonably expected income and/or assets (other than the value of the dwelling and any attached real property); (2) your current employment status (to the extent that employment income is relied on to determine repayment ability); (3) the monthly payment for principal and interest on the loan; (4) the monthly payment on any simultaneous loan that [ ] knows or has reason to know will be made; (5) the monthly payment for mortgage-related obligations (*e.g.*, property taxes, certain insurance premiums, fees and special assessments for condominiums, and homeowners association, ground rent, and leasehold payments); (6) your current debt obligations, alimony, and child support; (7) your monthly debt-to-income ratio; and (8) your credit history.

Below and in the attached Application Form (Uniform Residential Loan Application on Fannie Mae Form 1003) is the information that [ ] has been used and considered in making this loan, as required by applicable law:

### **Employment and Income**

Current Monthly Income: \_\_\_\_\_ Current Monthly Income from Assets:  
\_\_\_\_\_

### **Housing Expenses**

Principal and Interest Payment \_\_\_\_\_

Real Estate Taxes \_\_\_\_\_

Homeowner's Insurance \_\_\_\_\_

Association Dues \_\_\_\_\_

Other \_\_\_\_\_

**Total Housing Payment** \_\_\_\_\_

### **Debts**

Installment and Revolving monthly debt payments \_\_\_\_\_

Other Obligations (including alimony and child support payments) \_\_\_\_\_

**Total Monthly Other Debts** \_\_\_\_\_

The information listed above and, in the Attachment, was provided by you in your application and interview, and/or in third-party records and other documents (such as credit reports and tax records). Based on its consideration of this information, [ ] has made a reasonable and good faith determination that you have the reasonable ability to repay this loan according to its terms.

[ ] wants to make sure that the information listed above is correct and complete. [ ] is in the business of making loans and collecting loan payments—it has no desire to make a loan that cannot be repaid under the terms of the agreement.

By your signature(s) below, you are confirming that:

- 1) You have read and understand this Important Ability-to-Repay Notice, and the information listed above is correct and complete;
- 2) Your current or reasonably expected income or assets (other than the value of the dwelling and any attached real property) is/are consistent with the information listed above;
- 3) Your current employment status is consistent with the information listed above and/or attached;
- 4) Your current housing expenses, debts, and other obligations (including alimony and child support payments) are consistent with the information listed above;
- 5) You have not applied for or opened any new credit accounts, defaulted on any credit accounts, filed for bankruptcy, or had any judgments entered against you by a court;
- 6) You have not experienced any other changes from the time you signed or otherwise completed the information listed above and in the attached Uniform Residential Loan Application (Form 1003) that would reduce your reasonable ability to repay this loan according to its terms.

Borrower(s):

_____	____/____/____	_____	____/____/____
(Signature)	Date	(Signature)	Date
_____	____/____/____	_____	____/____/____
(Signature)	Date	(Signature)	Date

**CONDOMINIUM PROJECT QUESTIONNAIRE**

Project Name: \_\_\_\_\_ Date: \_\_\_\_\_  
 Project Street Address: \_\_\_\_\_ HOA Tax Payer ID: \_\_\_\_\_  
 Unit Address: \_\_\_\_\_ Loan Number: \_\_\_\_\_  
 HOA Representative: \_\_\_\_\_ Lender Name: \_\_\_\_\_

**PART I: PROJECT INFORMATION**

1. Please provide actual numbers and not percentages in the chart below.

Legal Phase #, Previous and Future Phases	# of Units per Phase	# of Buildings	# of Units Complete	# of Units for Sale	# of Units Sold or Under Contract	# of Owner Occupied and Second Homes*	# of Investor Units

\* If unable to provide number of second homes, provide number of off-site addresses.

2. Please provide a breakdown of the total number of units in the Project below.

# of Owner Occupied Units		# of Investor Units		# of Units Sold from Developer	
# of Second Home Units		# of Units for Sale		# of Units in Entire Project	

3. Does the project have any of the characteristics listed below?  Yes  No If Yes, please check all that apply:

- |  |  |   |  |
|--|--|---|--|
| <input type="checkbox"/> Hotel/Motel Operations    | <input type="checkbox"/> Maid Service        | <input type="checkbox"/> Room Service   | <input type="checkbox"/> Bellman               |
| <input type="checkbox"/> On-Site Registration Desk | <input type="checkbox"/> Houseboat           | <input type="checkbox"/> Key-Card Entry | <input type="checkbox"/> Mandatory Rental Pool |
| <input type="checkbox"/> Short Term/Daily Rentals  | <input type="checkbox"/> Investment Security | <input type="checkbox"/> Cooperative    | <input type="checkbox"/> Manufactured Housing  |
| <input type="checkbox"/> Continuing Care Facility  | <input type="checkbox"/> Live-Work Project   | <input type="checkbox"/> Timeshare      | <input type="checkbox"/> Multi Dwelling        |

4. What year was the Project built or converted? \_\_\_\_\_
5. How many stories or floors does the Project have? \_\_\_\_\_
6. What is the maximum number of units allowed in the Project? \_\_\_\_\_
7. Are at least 90% of the total units sold and closed?  Yes  No
8. Are all units and common elements complete and not subject to any additional Phasing and/or additions? *If yes, when was the Project completed?*  Yes  No \_\_\_\_\_
9. If Project is not complete, is the subject legal phase, or any prior legal phases in which units have been offered for sale, substantially complete and has a Certificate of Occupancy been issued?  Yes  No \_\_\_\_\_  
*If no, when will the phase be completed?* \_\_\_\_\_

Date subject phase completed? \_\_\_\_\_  
Date last phase was completed? \_\_\_\_\_  
What remains to be completed for Project to be 100% complete? \_\_\_\_\_

10. Is the Project a conversion of an existing building within the last three years?  Yes  No  
If yes:  
What year was the Project original built? \_\_\_\_\_  
What date was the conversion completed? \_\_\_\_\_  
Was the conversion a gut rehab? Gut rehab refers to the renovation of a Property down to the shell, with replacement of all HFAC and electronic components.  Yes  No  
What was the original use of the building? \_\_\_\_\_  
**NOTE:** If Project is a conversion completed less than four years ago, please submit a copy of the engineer/architect report, evidence of repairs completed, current Reserve Study (last 24 months), and evidence of working capital fund.
11. Is any part of the Project used for commercial space? If yes:  Yes  No  
What is the total square footage of the commercial space? \_\_\_\_\_  
What is the total square footage of the building? \_\_\_\_\_  
What floor(s) is the commercial space located on? \_\_\_\_\_  
How is the commercial space currently used? \_\_\_\_\_
12. Is the Project part of a mixed-use building (contains both commercial and Residential space not part of the association)? If yes:  Yes  No  
What is the total square footage of the commercial space? \_\_\_\_\_  
What is the total square footage of the building? \_\_\_\_\_  
What floor(s) is the commercial space located on? \_\_\_\_\_  
How is the commercial space currently used? \_\_\_\_\_
13. Is the HOA or developer involved in any litigation and/or arbitration, including the Project being placed in receivership, bankruptcy, deed-in-lieu of foreclosure or Foreclosure?  Yes  No  
If yes, please describe the details and provide documentation and Attorney letter relating to the litigation: \_\_\_\_\_
14. Are there any pending or levied special assessments by the HOA? If yes:  Yes  No  
What is the total amount of assessment? \_\_\_\_\_  
What is the assessment amount per unit? \_\_\_\_\_  
What is the term of the assessment? \_\_\_\_\_  
What is the current assessment balance? \_\_\_\_\_  
Has work been completed?  Yes  No  
Describe the nature of the assessment: \_\_\_\_\_
15. Does the association have any knowledge of any adverse environmental factors Affecting the Project as a whole or any individual unit within the Project? If yes, please provide an explanation: \_\_\_\_\_
16. Is there more than one association within the Project, covered by a Master or umbrella association? If yes, provide Master Association name: \_\_\_\_\_  
Provide amenities and/or recreational facilities available through Master Association: \_\_\_\_\_

17. Are there any common amenities and/or recreational facilities available or to be built in the future? *If yes, please provide the type(s):*  Yes  No  
 Pool  Clubhouse  Tennis Court  Playground  
 Other (describe): \_\_\_\_\_
18. Are all common elements, amenities, and/or recreational facilities owned jointly by the unit Owners/HOA (including any Master Association)? *If no, please provide an explanation:*  Yes  No  
 \_\_\_\_\_
19. Does HOA own all amenities and recreational facilities debt and lien free?  Yes  No
20. Do the unit owners in the Project have rights to the use of all common elements/amenities?  Yes  No
21. Does the HOA share any common amenities with other, unaffiliated projects?  Yes  No
22. Does the Project have any mandatory, upfront membership fees for the use of recreational amenities owned by an outside party?  Yes  No
23. Are any units in the Project with resale or deed restrictions? *If yes, please explain. Provide related agreements and number of units subject to restriction and unit numbers.*  Yes  No  
 \_\_\_\_\_
24. Are all units owned fee simple?  Yes  No
25. Are any of the units owned in a leasehold? *If yes, provide copies of leasehold documents.*  Yes  No
26. Is the developer leasing or renting any of the units in the Project? *If yes, provide number of units leased/rented by developer:* \_\_\_\_\_
27. Is the developer responsible for assessments on unsold units?  Yes  No
28. If a unit is taken over in foreclosure, will the mortgagee be liable for more than six months of unpaid dues?  Yes  No
29. How many units are over 60 days delinquent on HOA dues or assessments? (including REO owned units)? \_\_\_\_\_
30. How many units are over 30 days delinquent (including units that are over 60 days delinquent) in payment of HOA dues or assessments (including REO owned units)? \_\_\_\_\_
31. Does any single entity (individual, investor or corporation) own more than 10% of the units in the Project?  Yes  No
32. Are two members of the HOA Board required to sign all checks written from the reserve account?  Yes  No
33. Does the HOA maintain two separate bank accounts for the operating and reserve accounts?  Yes  No
34. Does at least 10% of annual budget provide for funding of replacement reserves, capital expenditures, deferred maintenance, and insurance deductibles?  Yes  No
35. Is the Project professionally managed? *If yes, please provide: What is the length of the current management contract?*  Yes  No  
 \_\_\_\_\_  
*Does the management contract require a penalty for cancellation of at least 90 days?*  Yes  No  
 \_\_\_\_\_
36. Has the developer turned over Project control to unit owners?  Yes  No  
*If yes, when was it turned over?* \_\_\_\_\_  
*If no, what is the anticipated date the Project will be turned over to the unit owners?* \_\_\_\_\_
37. If/when the Project is turned over to the unit owners, does the developer retain any Ownership in the Project besides unsold units?  Yes  No  
*If yes, please provide what is owned by the developer and how it is used:* \_\_\_\_\_  
 \_\_\_\_\_

**PART II: PREPARER INFORMATION**

Preparer Name: \_\_\_\_\_ Phone: \_\_\_\_\_  
Title: \_\_\_\_\_ Email: \_\_\_\_\_

When completed by HOA representative, this form will be utilized to help determine financing eligibility of a unit within the Project. Completion of this form does not create legal liability on the part of the preparer.

The undersigned hereby certifies that the above information is true and correct to the best of the preparer’s knowledge and is presented on behalf of the Homeowners Association for the Project listed.

Signature of HOA Representative: \_\_\_\_\_ Date: \_\_\_\_\_

**PART III: REQUIRED DOCUMENTATION**

***New Projects:***

- Fannie Mae Application for Project Approval (Form 1026) Project Certification, Change Wholesale Condominium questionnaire, or similar.
- FNMA Warranty of Project Presale signed by developer/builder as authorized representative (Form 1029).
- FNMA Warranty of Condominium Project Legal Documents (Form 1054) or comparable lender’s warranty.
- FNMA Final Certification of Substantial Project Completion completed by developer. (Form 1081).
- Current Annual Budget.
- Current Balance Sheet (dated within the last 60 days).
- Evidence of current HOA/Project Insurance in compliance with FNMA guidelines.
- Project legal documents: Declarations, By-Laws, and any Amendments.
- Schedule of outstanding loan information.
- Letter from construction lender stating financing is in good standing.
- Evidence there are no contractor liens outstanding.
- Project Marketing Analysis: sales and marketing plan.
- Photos of subject property and two comparable projects including site, improvements, facilities/amenities, and parking.
- PERS Preliminary Approval, if applicable.

***Established Projects:***

- Fannie Mae Application for Project Approval (Form 1026) Project Certification, Change Wholesale Condominium questionnaire, or similar.
- Established Project Certification.
- Current Annual Budget.
- Current Balance Sheet (dated with the last 60 days).
- Evidence of current HOA/Project Insurance in compliance with FNMA guidelines.

***Re-Certification of Projects:***

- Fannie Mae Application for Project Approval (Form 1026) Project Certification, Change Wholesale Condominium questionnaire, or similar.
- Project Approval Certification Form.
- Current Annual Budget.
- Current Balance Sheet (dated with the last 60 days).
- Evidence of current HOA/Project Insurance in compliance with FNMA guidelines.
- Any amendments, supplements, etc. to Project legal documents.



EXHIBIT D: DEVELOPER/BUILDER QUESTIONNAIRE

**DEVELOPER/BUILDER QUESTIONNAIRE**

Project Name: \_\_\_\_\_  
 Legal Address: \_\_\_\_\_

**Developer Company Name:** \_\_\_\_\_ **President/Owner:** \_\_\_\_\_  
**Address:** \_\_\_\_\_ **Phone:** \_\_\_\_\_  
**Website:** \_\_\_\_\_ **Email:** \_\_\_\_\_

**Builder Name:** \_\_\_\_\_ **President/Owner:** \_\_\_\_\_  
**Address:** \_\_\_\_\_ **Phone:** \_\_\_\_\_  
**Website:** \_\_\_\_\_ **Email:** \_\_\_\_\_

**Broker/Marketing Co. Name:** \_\_\_\_\_ **Sales Manager:** \_\_\_\_\_

1. Is the marketing firm affiliated with the developer/builder? *If yes describe the relationship.*  Yes  No  
 \_\_\_\_\_
2. Are sales or financing concessions offered as part of the marketing of units? *If yes, what concessions are being offered? Please provide sales and marketing plan.*  Yes  No  
 \_\_\_\_\_

**BUILDER/DEVELOPER CONSTRUCTION EXPERIENCE**

3. Number of condo projects: \_\_\_\_\_
4. Number of units: \_\_\_\_\_
5. Unit types: \_\_\_\_\_
6. Does the developer have previous experience with conversion projects?  Yes  No
7. Number of units currently being rented by Builder/Developer: \_\_\_\_\_
8. Number of units currently being renovated/converted into condominiums: \_\_\_\_\_
9. What is the anticipated completion date of the units being renovated/converted? \_\_\_\_\_

**PROJECTS COMPLETED**

Project Name	Location	# of Units	Year Completed

**BUILDER/DEVELOPER PRE-SALE CERTIFICATION**

Status	Subject Phase	Completed Phases	Future Phases	TOTAL Project
# of units closed to borrower other than Builder/Developer				
# of units under contract/signed Purchase Agreement				
# of units under construction				
# of units available for sale				
# of units owned or intended as owner occupied				
# of units owned or intended as rental units				
# of units currently rented by Builder/Developer				
Total # of units				

10. Does the builder/developer plan to retain ownership of any units, common elements, or other Project facilities Other than during initial marketing period? *If yes, please provide an explanation of what is being retained and the reason:*  Yes  No

---

11. Are there any mechanic's liens, complaints or litigation filed against the property? *If yes, please provide an explanation and any supporting documentation:*  Yes  No

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**DEVELOPER/BUILDER REQUIRED DOCUMENTATION**

- Current reserve study (within three years), or equivalent, evidencing current condition of the Project elements, what work is needed, remaining life, and estimate of cost to replace.
- FNMA Form 1081 Final Certification of Substantial Project Completion or Project Occupancy Certification.
- Rent roll/absorption.
- Schedule of outstanding loans.
- Letter from construction lender stating financing is in good standing or statement from Builder/Developer indicating no financing exists.
- Evidence of available fund to complete the Project, e.g., certificate, letter of credit, or verification of liquid assets.
- Project Marketing Analysis: Sales and Marketing Plan.
- Project status letter detailing what is being completed/improved, cost estimate, and estimated date of completion.

**CERTIFICATION**

**Builder/Developer has completed the information above, including the occupancy grid (or has attached a list documenting same in excel format), and attests to its accuracy.**

\_\_\_\_\_  
Builder/Developer Name (please print)

\_\_\_\_\_  
Title

\_\_\_\_\_  
Builder/Developer Signature

\_\_\_\_\_  
Date

Title 18 U.S.C. 1014, provides in part that whoever knowingly and willfully makes or uses a document containing any false, fictitious, or fraudulent statement or entry, in any matter in the jurisdiction of any department or agency of the United States, shall be fined not more than \$1,000,000 or imprisoned for not more than 30 years or both. In addition, violation of this or others may result in debarment and civil liability for damages suffered by the Department.

**LIMITED LIABILITY COMPANY BORROWING CERTIFICATE**

**TO: [LENDER LEGAL NAME]**

The undersigned, being the sole member of [\_\_\_\_\_, a limited liability company] ("**Borrower**"), does hereby certify that it is the sole and only member of Borrower and, under the Borrower's [Operating Agreement][Limited Liability Company Agreement] and by these presents, the undersigned is authorized and empowered for and on behalf of and in the name of Borrower and without any requirement for consent or approval by any other person or party, as Borrower's act and deed:

1. To borrow money from [LENDER LEGAL NAME] ("**Lender**") and to assume any liabilities of any other person or entity to Lender, in such form and on such terms and conditions as shall be agreed upon by those authorized above and Lender, and to sign and deliver such promissory notes and other evidences of indebtedness for money borrowed or advanced and/or for indebtedness assumed as Lender shall require; such promissory notes or other evidences of indebtedness may provide that advances be requested by telephone communication and by any member, manager, employee or agent of Borrower so long as the advances are deposited into any deposit account of Borrower with Lender; Borrower shall be bound to Lender by and Lender may rely upon any communication or act, including telephone communications, purporting to be done by any member, manager, employee or agent of Borrower provided that Lender believes, in good faith, that the same is done by such person.
2. To mortgage, encumber, pledge, convey, grant, assign or otherwise transfer all or any part of Borrower's real or personal property for the purpose of securing the payment of any of the promissory notes, contracts, instruments and other evidences of indebtedness authorized hereby, and to execute and deliver to Lender such deeds of trust, mortgages, pledge agreements and/or other security agreements as Lender shall require.
3. To perform all acts and execute and deliver all documents described above and all other contracts and instruments which Lender deems necessary or convenient to accomplish the purposes of this certificate and/or to perfect or continue the rights, remedies and security interests to be given to Lender, including, without limitation, any modifications, renewals and/or extensions of any of Borrower's obligations to Lender, however evidenced; provided that the aggregate principal amount of all sums borrowed and credits established pursuant to this certificate shall not at any time exceed the sum of [\$ ] outstanding and unpaid.

The authority hereby conferred shall be deemed retroactive, and any and all acts authorized herein which were performed prior to the execution of this certificate are hereby approved and ratified. The authority hereby conferred is in addition to that conferred by any other certificate heretofore or hereafter delivered to Lender and shall continue in full force and effect until Lender shall have received notice in writing from Borrower of the revocation hereof, and such revocation shall be effective only as to credit which was not extended or committed to Borrower by Lender prior to Lender's receipt of such notice.

The undersigned further certifies that the activities covered by the foregoing certifications constitute duly authorized activities of Borrower; that said certifications are now in full force and effect; and that there is no provision in any document pursuant to which Borrower is organized and/or which governs Borrower's continued existence limiting the power of the undersigned to make the certifications set forth herein, and that the same are in conformity with the provisions of all such documents.

IN WITNESS WHEREOF, the undersigned has hereunto executed this Certificate as of [ \_\_\_\_\_, 20 ].

**[INSERT SIGNATURE BLOCK FOR SOLE MEMBER]**

**LIMITED LIABILITY COMPANY BORROWING CERTIFICATE**

**TO: [LENDER LEGAL NAME]**

The undersigned, being all of the members of [\_\_\_\_\_, a \_\_\_\_ limited liability company] (“Borrower”), do hereby certify that they are, respectively, all of the managers and members of Borrower and, under the Borrower’s [Operating Agreement][Limited Liability Company Agreement] and by these presents, the undersigned are each authorized and empowered for and on behalf of and in the name of Borrower and without any requirement for consent or approval by any other person or party, as Borrower’s act and deed:

1. To borrow money from [LENDER LEGAL NAME] (“Lender”) and to assume any liabilities of any other person or entity to Lender, in such form and on such terms and conditions as shall be agreed upon by those authorized above and Lender, and to sign and deliver such promissory notes and other evidences of indebtedness for money borrowed or advanced and/or for indebtedness assumed as Lender shall require; such promissory notes or other evidences of indebtedness may provide that advances be requested by telephone communication and by any member, manager, employee or agent of Borrower so long as the advances are deposited into any deposit account of Borrower with [LENDER LEGAL NAME] Lender; Borrower shall be bound to Lender by and Lender may rely upon any communication or act, including telephone communications, purporting to be done by any member, manager, employee or agent of Borrower provided that Lender believes, in good faith, that the same is done by such person.
2. To mortgage, encumber, pledge, convey, grant, assign or otherwise transfer all or any part of Borrower’s real or personal property for the purpose of securing the payment of any of the promissory notes, contracts, instruments and other evidences of indebtedness authorized hereby, and to execute and deliver to Lender such deeds of trust, mortgages, pledge agreements and/or other security agreements as Lender shall require.
3. To perform all acts and execute and deliver all documents described above and all other contracts and instruments which Lender deems necessary or convenient to accomplish the purposes of this certificate and/or to perfect or continue the rights, remedies and security interests to be given to Lender, including, without limitation, any modifications, renewals and/or extensions of any of Borrower’s obligations to Lender, however evidenced; provided that the aggregate principal amount of all sums borrowed and credits established pursuant to this certificate shall not at any time exceed the sum of [\$ \_\_\_\_\_] outstanding and unpaid.

The authority hereby conferred shall be deemed retroactive, and any and all acts authorized herein which were performed prior to the execution of this certificate are hereby approved and ratified. The authority hereby conferred is in addition to that conferred by any other certificate heretofore or hereafter delivered to Lender and shall continue in full force and effect until Lender shall have received notice in writing from Borrower of the revocation hereof, and such revocation shall be effective only as to credit which was not extended or committed to Borrower by Lender prior to Lender’s receipt of such notice.

We further certify that the activities covered by the foregoing certifications constitute duly authorized activities of Borrower; that said certifications are now in full force and effect; and that there is no provision in any document pursuant to which Borrower is organized and/or which governs Borrower’s continued existence limiting the power of the undersigned to make the certifications set forth herein, and that the same are in conformity with the provisions of all such documents.

IN WITNESS WHEREOF, the undersigned has hereunto executed this Certificate as of [\_\_\_\_\_, 20\_\_].

[INSERT SIGNATURE BLOCKS FOR MEMBERS AND ALL MANAGERS]

EXHIBIT G: BORROWER CONTACT CONSENT FORM

**BORROWER CONTACT CONSENT FORM**  
(Information Optional)

To insure we have the correct contact information for servicing your loan, please provide the following information.

By signing I authorize my mortgage servicer (its transfers and/or assigns) to contact me regarding the servicing of my loan using the following contact information.

**Mailing address for your mortgage statements and other correspondence:**

- Same as the subject property
- Please use this mailing address instead:

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

**Cell phone number:**

- I choose not to provide a cell phone number.

I understand that by providing a cell phone number and by signing this form, I am giving the holder of my mortgage Note and its billing servicer permission to use the cell phone number to contact me regarding my loan.

Borrower: \_\_\_\_\_

Co-Borrower: \_\_\_\_\_

**Email address:**

- I choose not to provide an email address.

I understand that by providing an email address, I am giving the holder of my mortgage Note and its billing servicer permission to use this email to contact me regarding my loan.

Borrower: \_\_\_\_\_ @ \_\_\_\_\_

Co-Borrower: \_\_\_\_\_ @ \_\_\_\_\_

**Signature(s)**

Borrower: \_\_\_\_\_ Date

Co-Borrower: \_\_\_\_\_ Date

**CONDOMINIUM PROJECT WARRANTY CERTIFICATION**

<b>Project Name:</b>	
<b>Project Address:</b>	
<b>Phase:</b>	
<b>Borrower Name:</b>	
<b>Subject Address:</b>	
<b>Lender Name:</b>	
<b>Loan Number:</b>	

This certification represents and warrants that the above condominium project meets all eligibility requirements for sale as required by Fannie Mae.

The Lender representative certifies that they have completed a Full Condo Project review as outlined in the Fannie Mae guidelines section B4-2.2-02 Full Review including review of all required documentation for the project type.

Project Type:    Established                       New                       2-4 unit

Project Documents reviewed include:

- Condo Questionnaire
- Current Annual HOA/Project Budget
- Current Balance Sheet
- Evidence of Project Insurance
- Project Legal Documents as required by Project Type

**Lender certifies that it has retained all supporting documentation used to complete the review for this Warranty Certification. The Lender Representative certifies that all appropriate documentation has been examined and that the Representative and Lender warrant that the Project meets all requirements set forth in the Fannie Mae guidelines for a Full Review.**

\_\_\_\_\_  
Signature of Lender Representative Certifying Project

\_\_\_\_\_  
Name of Lender Representative (please print)

\_\_\_\_\_  
Title of Lender Representative

\_\_\_\_\_  
Date of Certification

EXHIBIT I: BORROWER CERTIFICATION OF BUSINESS PURPOSE

**BORROWER CERTIFICATION OF BUSINESS PURPOSE**

Date:

Borrower(s) Name:

Borrower(s) Address:

Loan No:

Property Address:

Borrower or its members (“Borrower”) hereby warrants and represents that they wish to continue with the loan application, that the loan is for commercial purposes and not consumer purposes, and that the loan proceeds are intended to be used and shall be used for commercial purposes only, not for personal, family or household purposes. Borrower also represents that none of the properties securing the loan is currently occupied by Borrower as their primary residence or vacation home, but instead all properties are leased or intended to be leased or occupied by an entity or person other than Borrower, and that Borrower shall not occupy or reside in any of the properties during the term of the loan.

Borrower’s purpose in applying for the loan is to use the proceeds of the loan for:

\_\_\_\_\_  
\_\_\_\_\_

Because the loan would be made exclusively for commercial purposes as noted immediately above, laws applicable to consumer purpose loans, such as the following laws, are not applicable to the loan: Truth in Lending Act (15 U.S.C. § 1601 *et seq.*), Real Estate Settlement Procedures Act (12 U.S.C. § 2601 *et seq.*), Gramm-Leach Bliley Act (15 U.S.C. §§ 6802–6809), Secure and Fair Enforcement Mortgage Licensing Act (12 U.S.C. § 5101 *et seq.*), and Homeowners Protection Act (12 U.S.C. § 4901 *et seq.*).

By signing below Borrower hereby confirms that they have read and understand the Borrower Certification of Business Purpose, that the information provided in connection with obtaining the loan is complete and accurate as of the date above, and that the Properties are non-owner occupied investment properties.

Borrower(s):

\_\_\_\_\_  
Signature Date

\_\_\_\_\_  
Signature Date

\_\_\_\_\_  
Print Name

\_\_\_\_\_  
Print Name

\_\_\_\_\_  
Signature Date

\_\_\_\_\_  
Signature Date

\_\_\_\_\_  
Print Name

\_\_\_\_\_  
Print Name

EXHIBIT J: PERSONAL GUARANTY AGREEMENT

GUARANTY AGREEMENT

THIS GUARANTY AGREEMENT (this "Agreement") dated this [DATE] day of [\_\_\_\_\_, 201\_\_] made by [NAME OF GUARANTOR], having a mailing address of [ADDRESS], ("Guarantor"), for the benefit of [LENDER], a [STATE] [TYPE OF ENTITY], having a mailing address of [ADDRESS] ("Lender").

**Background**

WHEREAS, [BORROWER] ("Borrower") and Lender have executed a certain Loan Agreement of even date herewith (the "Loan Agreement") pursuant to the terms of which Lender is lending to Borrower the sum of [AMOUNT IN WORDS] and 00/100 [\$ NUMERICAL AMOUNT] (the "Loan"). The Loan is evidenced by Borrower's Promissory Note of even date herewith (the "Note") executed by Borrower and made payable to the order of Lender and secured by, inter alia, that certain Security Instrument (the "Security Instrument"), executed by Borrower in favor of Lender, and encumbering certain real property and any improvements thereon

WHEREAS, as a condition of making the Loan, Lender is requiring this Agreement to be executed, and the making of the Loan to Borrower by Lender is of material benefit to Guarantor. In order to induce Lender to make the Loan evidenced by the Note for the benefit of Borrower, Guarantor is willing to guarantee and become surety for the performance by Borrower of its obligations under the Loan Documents, as more particularly described herein. This Agreement, the Loan Agreement, the Note the Security Instrument, and any other document executed and delivered in connection with the Loan (as same from time to time may be amended, restated, and extended) are sometimes individually referred to herein as a "Loan Document" or collectively as the "Loan Documents").

CAPITALIZED TERMS WHICH ARE NOT OTHERWISE DEFINED IN THIS AGREEMENT SHALL HAVE THE SAME MEANING AS SET FORTH IN THE LOAN AGREEMENT.

**Agreement**

NOW, THEREFORE, in consideration of the above premises and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, and intending to be legally bound hereby, Guarantor hereby agrees as follows:

1. Guarantor hereby irrevocably, unconditional and absolutely guarantees to Lender and becomes surety for (a) the prompt payment of the principal sum due to Lender from Borrower under the Note at any time and from time to time, together with all interest thereon, (b) the prompt payment of all other sums due to Lender under the terms of the Note and the other Loan Documents and (c) the prompt and complete compliance with and performance by Borrower of all representations, warranties, covenants, agreements and other obligations to Lender under the terms of any and all of the Loan Documents (the payment, compliance and performance obligations hereinabove guaranteed by Guarantor are hereafter collectively referred to as the "Guaranteed Obligations").
2. This Agreement is an irrevocable, absolute, continuing guaranty of payment and performance and not a guaranty of collection. This Agreement shall remain in full force and effect until all of the Guaranteed Obligations are fully, finally, and irrevocably paid, complied with and performed, and shall continue to be effective or shall be reinstated, as the case may be, if at any time any payment of any of the Guaranteed Obligations is rescinded or must otherwise be returned by Lender (or compliance with, or performance of, the Guaranteed Obligations is rescinded) upon the insolvency, bankruptcy, or reorganization of Borrower or otherwise, all as though such payment, compliance or performance had not been made or tendered. This



Agreement may not be revoked by Guarantor and shall continue to be effective with respect to any Guaranteed Obligations arising or created after any attempted revocation by Guarantor and after (if Guarantor is a natural person) Guarantor's death (in which event this Agreement shall be binding upon Guarantor's estate and Guarantor's legal representatives and heirs). The fact that at any time or from time to time the Guaranteed Obligations may be increased or reduced shall not release or discharge the obligation of Guarantor to Lender with respect to the Guaranteed Obligations. This Agreement may be enforced by Lender and any subsequent holder of the Note and shall not be discharged by the assignment or negotiation of all or part of the Note. Guarantor shall be liable for all of the Guaranteed Obligations.

3. If an Event of Default occurs under any of the Loan Documents and continues beyond any applicable notice and grace periods set forth therein, Guarantor shall immediately pay, comply with, and perform such of the Guaranteed Obligations as Lender shall direct, irrespective of whether the Guaranteed Obligations directed by Lender to be paid, complied with and performed by Guarantor are those which give rise to the Event of Default.
4. If an Event of Default occurs under any of the Loan Documents and continues beyond any applicable notice and grace period set forth therein, Lender shall have the right to require Guarantor to pay, comply with and perform the Guaranteed Obligations and shall have the right to proceed immediately against Guarantor for such payment, compliance and performance without being required to make any demand upon or bring any proceeding or take any other action of any kind against Borrower, any guarantor under any other guaranty, or any other person or entity in connection with any of the Loan Documents, or resort to or seek to realize upon the security held by Lender, as a condition precedent to bringing an action upon this Agreement against Guarantor, the liability of Guarantor hereunder being a primary obligation of Guarantor and independent of and separate from the liability of Borrower. This Agreement shall be deemed an agreement of suretyship.
5. If an Event of Default occurs under any of the Loan Documents and continues beyond any applicable notice and grace periods set forth therein, Lender may, and is hereby authorized at any time and from time to time, without notice to Guarantor (any such notice being expressly waived by Guarantor and to the fullest extent permitted by law, to set off and apply any and all deposits, general or special, time or demand, provisional or final, at any time held and other indebtedness at any time owing by Lender to or for the credit or the account of Guarantor, against any and all obligations of Guarantor now or hereafter existing under this Agreement, irrespective of whether or not Lender shall have made any demand under this Agreement and although such obligations may be contingent or un-matured. Lender agrees to notify Guarantor after such setoff and application made by Lender, provided that the failure to give such notice shall not affect the validity of such setoff and application.
6. Until all of the Guaranteed Obligations are completely fulfilled to the satisfaction of Lender and each and every one of the terms, covenants, and conditions of this Agreement are fully performed, the liability of Guarantor under this Agreement shall in no way be released or affected by:
  - a. any act or circumstance which might, but for this paragraph, be deemed a legal or equitable discharge of any guarantor or surety, or
  - b. reason of the alteration, extension, modification, endorsement, release or waiver of any Loan Document or any of the terms, covenants and conditions contained in any Loan Document, or
  - c. reason of any waiver, extension, modification, forbearance or delay or other act or omission of Lender or its failure to proceed promptly or otherwise with respect to the Guaranteed Obligations or this Agreement, or
  - d. the commencement, existence or completion of any proceeding against Borrower or otherwise related to the collection and enforcement of the Guaranteed Obligations, or
  - e. reason of any action taken or omitted or circumstance which might vary the risk or affect the rights or remedies of Guarantor with respect to the Guaranteed Obligations or this Agreement. Guarantor hereby

expressly waives and surrenders any defenses to its liability hereunder based upon any of the foregoing acts, omissions, agreements, or waivers of Lender, it being the purpose and intent of the parties hereto that the obligations of Guarantor hereunder are absolute and unconditional.

7. Guarantor hereby irrevocably waives any notice of any compromise, forbearance, indulgence, amendment, modification, endorsement, extension, or renewal of any of the Guaranteed Obligations or any of the terms, covenants or conditions of any of the Loan Documents. Guarantor further irrevocably waives notice of (i) any loans or advances made by Lender to Borrower, (ii) acceptance of this Agreement, (iii) the execution and delivery by Borrower and Lender of any other loan or credit agreement or of Borrower's execution and delivery of any promissory notes or other documents arising under the Loan Documents or in connection with the Mortgaged Property, (iv) the occurrence of any breach by Borrower or an Event of Default, (v) Lender's transfer or disposition of the Guaranteed Obligations, or any part thereof, (vi) sale or foreclosure (or posting or advertising for sale or foreclosure) of any collateral for the Guaranteed Obligations, (vii) protest, proof of non-payment or default by Borrower, (viii) the release of all, or any portion, of the collateral for the Loan, and (ix) any other action at any time take or omitted by Lender and, generally, all demands and notices of every kind in connection with this Agreement, the Loan Documents, any documents or agreements evidencing, securing or relating to any of the Guaranteed Obligations and the obligations hereby guaranteed.
8. Guarantor consents to all of the terms, covenants, and conditions of all of the other Loan Documents (all of which are hereby incorporated herein) and any other document governing or relating to any of the Guaranteed Obligations. Guarantor represents and warrants that:
  - a. Guarantor has full power, authority and legal right to execute, deliver and comply with this Agreement, all actions of Guarantor and other authorizations necessary or appropriate for the execution and delivery of and compliance with this Agreement have been taken or obtained and this Agreement constitutes the valid and legally binding obligation of Guarantor enforceable against Guarantor in accordance with its terms. If the Guarantor is not a natural person, Guarantor is duly organized, validly existing and in good standing under the laws of Guarantor's state of organization and is duly qualified, authorized to do business and in good standing in every other jurisdiction in which it must be qualified.
  - b. No consent, approval, or other authorization of or by any court, administrative agency, or other governmental authority is required in connection with Guarantor's execution and delivery of or compliance with this Agreement.
  - c. The execution and delivery of and compliance with this Agreement by Guarantor will not conflict with or result in a breach of any applicable law, judgment, order, writ, injunction, decree, rule or regulation of any court, administrative agency or other governmental authority, or of any agreement or other document or instrument to which Guarantor is a party, or by which Guarantor or any of Guarantor's property is bound, and such action by Guarantor will not result in the creation or imposition of any lien, charge or encumbrance upon any property of Guarantor in favor of anyone other than Lender. If the Guarantor is not a natural person, the making and performance of this Agreement will not violate Guarantors Organizational Documents.]
  - d. There is no action, suit or proceeding pending or, to the knowledge of Guarantor, threatened against or affecting Guarantor before or by any court, administrative agency or other governmental authority, or which brings into question the validity of the transactions contemplated hereby.
  - e. Guarantor has not applied or consented to the appointment of a receiver, trustee, or liquidator of itself or any of Guarantor's property, has not admitted in writing Guarantor's inability to pay debts as they mature, has not made a general assignment for the benefit of creditors, been adjudicated a bankrupt, or insolvent or filed a voluntary petition in bankruptcy, nor has a petition or an answer seeking reorganization or an arrangement with creditors or to take advantage of any bankruptcy,

- reorganization, insolvency, readjustment of debt, dissolution or liquidation law or statute, or an answer admitting the material allegations of a petition filed against it in any proceeding under any such law, and no action has been taken by Guarantor for the purpose of effecting any of the foregoing. No order, judgment or decree has been entered by any court of competent jurisdiction approving a petition seeking reorganization of Guarantor or all or a substantial part of the assets of Guarantor, or appointing a receiver, sequestrator, trustee, or liquidator of any of Guarantor's property.
- f. Guarantor has received and read all of the Loan Documents and the Loan is and will be of direct interest, benefit, and advantage to Guarantor.
  - g. All other representations and warranties relating to Guarantor contained in the Loan Documents are true and correct.
9. Guarantor further represents and warrants that Guarantor's financial statements (the "Financial Statements") heretofore delivered to Lender are true and correct in all material respects, have been prepared in accordance with GAAP, and fairly represent the financial conditions as of the date thereof and for the periods shown therein; that no Material Adverse Change has thereafter occurred in the financial conditions reflected therein; and that the assets shown on the Financial Statements are wholly owned by Guarantor, and are not jointly owned with any other person or entity except as otherwise stated in the Financial Statements. Guarantor covenants and agrees (a) that Guarantor shall notify Lender promptly of any Material Adverse Change; (b) that Guarantor shall deliver to Lender such financial documentation as set forth in the Loan Agreement; (c) that Guarantor shall deliver to Lender such other financial information as Lender from time to time reasonably may request; (e) that Guarantor shall maintain complete and accurate books and records and make them available for inspection by Lender as Lender may reasonably request; and (f) that Guarantor will perform and observe all of the other terms, covenants and agreements set forth in the Loan Documents that are required to be performed or observed by Guarantor as a "Guarantor", "Borrower Party" or otherwise.
10. Guarantor shall indemnify and hold Lender and the other Indemnified Parties harmless from and against any and all claims, demands, losses, judgments, liabilities, costs or expenses (including, without limitation, reasonable attorneys' fees and disbursements) which Lender or the other Indemnified Parties may incur arising out of or resulting from any default of Borrower under the Loan Documents, or enforcement or exercise of any right or remedy granted to the Lender under the Loan Documents.
11. Except as otherwise provided in this Agreement or in any of the other Loan Documents, Guarantor hereby consents and agrees to each of the following and agrees that Guarantor's obligations under this Agreement shall not be released, diminished, impaired, reduced or adversely affected by any suretyship defense and/or any of the following and waives any and all common law, equitable, statutory or other rights (including without limitation rights to notice) which Guarantor might otherwise have as a result of or in connection with any of the following:
- a. any notice of Lender's intention to act in reliance on this Agreement or in reliance hereon;
  - b. demand, presentment for payment, notice of nonpayment, protest, notice of protest and all other notices of any kind, or the lack of any thereof, including without limiting the generality of the foregoing, notice of the existence, creation or incurring of any new or additional indebtedness or obligation or of any action or non-action on the part of Lender, any endorser or creditor of either Guarantor or any other person whomever under this or any other instrument in connection with any obligation or evidence of indebtedness held by Lender;
  - c. the commencement or prosecution of any enforcement, proceeding, including any proceeding in any court, against Borrower or any other person or entity with respect to any obligations arising out of the Loan Documents;

- d. any right to require Lender to proceed against any other person or to proceed against or exhaust any security held by Lender at any time or to pursue any other remedy in Lender's power or under any other agreement before proceeding against Guarantor hereunder;
  - e. any defense that may arise by reason of the incapacity, lack of authority, death or disability of any other person or persons or the failure of Lender to file or enforce a claim against the estate (in administration, bankruptcy or any other proceeding) of any other person or persons;
  - f. any defense based upon an election of remedies by Lender;
  - g. any right or claim of right to cause a marshaling of the assets of Borrower or any Guarantor;
  - h. any principle or provision of law, statutory or otherwise, which is or might be in conflict with the terms and provisions of this Agreement;
  - i. any duty on the part of Lender to disclose to Guarantor any facts Lender may now or hereafter know about the Mortgaged Property, regardless of whether Lender has reason to believe that any such facts materially increase the risk beyond that which Guarantor intends to assume or has reason to believe that such facts are unknown to Guarantor or has a reasonable opportunity to communicate such facts to Guarantor, if being understood and agreed that Guarantor is fully responsible for being and keeping informed of the condition of the Mortgaged Property and of any and all circumstances bearing on the risk that liability may be incurred by Guarantor hereunder;
  - j. any lack of notice of disposition or of manner of disposition of any collateral for the Loan;
  - k. any invalidity, irregularity or unenforceability, in whole or in part, of any one or more of the Loan Documents;
  - l. any lack of commercial reasonableness in dealing with the collateral for the Loan;
  - m. any deficiencies in the collateral for the Loan or any deficiency in the ability of Lender to collect or to obtain performance from any persons or entities now or hereafter liable for the payment and performance of any obligation hereby guaranteed;
  - n. any assertion or claim that the automatic stay provided by 11 U.S.C. §362 (arising upon the voluntary or involuntary bankruptcy proceeding of Borrower) or any other stay provided under any other debtor relief law (whether statutory, common law, case law or otherwise) of any jurisdiction whatsoever, now or hereafter in effect, which may be or become applicable, shall operate or be interpreted to stay, interdict, condition, reduce or inhibit the ability of Lender to enforce any of its rights, whether now or hereafter required, which Lender may have against Guarantor, if any, or the collateral for the Loan; and
  - o. any modifications of the Loan Documents or any obligation of Borrower relating to the Loan by operation of law or by action of any court, whether pursuant to Title 11 of the United States Code, as amended, or any other debtor relief law (whether statutory, common law, case law or otherwise) of any jurisdiction whatsoever, now or hereafter in effect, or otherwise.
12. Nothing herein contained is intended or shall be construed to give Guarantor any right of subrogation in or under any of the Loan Documents or any right to participate in any way therein, notwithstanding any payments made by the undersigned under this Agreement, any and all such rights of subrogation and participation being hereby expressly, unconditionally and irrevocably waived and released until the Guaranteed Obligations are fully paid to Lender and satisfied. Guarantor hereby further unconditionally and irrevocably waives, releases and abrogates any and all rights it may now or hereafter have to assert any claim against or seek contribution, indemnification or any other form of reimbursement from Borrower or any other party liable for payment of any or all of the Guaranteed Obligation for any payment made by Guarantor under or in connection with this Agreement or otherwise.
13. This Agreement shall be a continuing, absolute, and unconditional guarantee regardless of the validity, regularity, enforceability, or legality of (a) any of the Guaranteed Obligations, (b) any collateral securing the

Guaranteed Obligations, or (c) any term of any document evidencing or relating to any of the Guaranteed Obligations including the Loan Documents. In the event that for any reason one or more of the provisions of this Agreement or their application to any person or circumstance shall be held to be invalid, illegal, or unenforceable in any respect or to any extent, such provisions shall nevertheless remain valid, legal, and enforceable in any such other respects and to such extent as may be permissible. In addition, any such invalidity, illegality or unenforceability shall not affect any other provision hereof, but this Agreement shall be construed as if such invalid, illegal, or unenforceable provision had never been contained herein.

14. Any notice or communication required or permitted under this Guaranty must be made in writing and sent by (a) personal delivery, (b) expedited delivery service with proof of delivery, or (c) United States Mail, postage prepaid, registered or certified mail, addressed to such address as Lender or Guarantor may designate in writing and deliver in accordance with this section. Any change of address will be effective on the 2<sup>nd</sup> Business Day after notice is given pursuant to the terms of this Section. Any notice or communication sent in accordance with this section will be deemed to be given when received if delivered personally, on the next business day if sent by an overnight commercial courier or two days after the date mailed if sent by certified or registered mail.
15. No modification of this Agreement shall be effective unless in writing and signed by Lender and Guarantor.
16. This Agreement shall be binding upon Guarantor and Guarantor's, heirs, executors, trustees, personal representatives, successors, and assigns (as applicable) and shall inure to the benefit of Lender, its successors and assigns.
17. In this Agreement the singular includes the plural and the plural the singular; references to statutes are to be construed as including all statutory provisions consolidating, amending, or replacing the statute referred to; the word "or" shall be deemed to include "and/or", the words "including", "includes" and "include" shall be deemed to be followed by the words "without limitation"; references to "attorneys' fees" shall be deemed to be followed by the words "and disbursements"; and references to sections or exhibits are to those of this Agreement unless otherwise indicated. Section headings in this Agreement are included for convenience of reference only and shall not constitute a part of this Agreement for any other purpose.
18. This Agreement shall be construed in accordance with and governed in all respects by the laws of the **[PROPERTY STATE]** without giving effect to principles governing conflicts of laws.
19. **TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW GUARANTOR HEREBY AGREES NOT TO ELECT A TRIAL BY JURY OF ANY ISSUE TRIABLE OF RIGHT BY JURY, AND WAIVES ANY RIGHT TO TRIAL BY JURY FULLY TO THE EXTENT THAT ANY SUCH RIGHT SHALL NOW OR HEREAFTER EXIST WITH REGARD TO THIS AGREEMENT, THE NOTE, THE SECURITY INSTRUMENT, THE LOAN AGREEMENT, OR THE OTHER LOAN DOCUMENTS, OR ANY CLAIM, COUNTERCLAIM OR OTHER ACTION ARISING IN CONNECTION THEREWITH. THIS WAIVER OF RIGHT TO TRIAL BY JURY IS GIVEN KNOWINGLY AND VOLUNTARILY BY GUARANTOR, AND IS INTENDED TO ENCOMPASS INDIVIDUALLY EACH INSTANCE AND EACH ISSUE AS TO WHICH THE RIGHT TO A TRIAL BY JURY WOULD OTHERWISE ACCRUE, LENDER IS HEREBY AUTHORIZED TO FILE A COPY OF THIS PARAGRAPH IN ANY PROCEEDING AS CONCLUSIVE EVIDENCE OF THIS WAIVER BY GUARANTOR.**
20. To facilitate execution, this Agreement may be executed in as many counterparts as may be convenient or required. It shall not be necessary that the signatures of, or on behalf of, each party, or that the signature of all persons required to bind any party, appear on each counterpart. All counterparts shall collectively constitute a single instrument. It shall not be necessary in making proof of this Agreement to produce or account for more than a single counterpart containing the respective signatures of, or on behalf of, each of the parties hereto. Any signature page to any counterpart may be detached from such counterpart without impairing the legal effect of the signatures thereon and thereafter attached to another counterpart identical thereto except having attached to it additional signature pages.

**IF MORE THAN ONE GUARANTOR IS A SIGNATORY TO THIS AGREEMENT, THE LIABILITY OF EACH GUARANTOR SHALL BE JOINT AND SEVERAL.**

IN WITNESS WHEREOF, Guarantor has executed this Agreement as of the day and year first above written.

GUARANTOR:

By: \_\_\_\_\_

Name: \_\_\_\_\_

By: \_\_\_\_\_

Name: \_\_\_\_\_

By: \_\_\_\_\_

Name: \_\_\_\_\_

**[INSERT STATE SPECIFIC ACKNOWLEDGEMENT FORM]**