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# 1. NON-QM UNDERWRITING GUIDELINES

## 1.1 GENERAL INFORMATION

The Lendz Financial Series Z Eligibility Guidelines are to be used in conjunction with the Lendz Financial Non-QM Eligibility Guidelines dated March 2025.

The Lendz Financial guidelines are intended to reference and supplement Fannie Mae's Seller Guide. Refer to the Fannie Mae Seller Guide for specific information concerning qualification requirements that are not specifically referenced in the guidelines. All loans must be manually underwritten

All Covered Loans must be designated as ATR compliant and must adhere to the standards set forth in the CFPB's Reg Z, Section 1026.43(c).

Deviations from the underwriting guidelines based on compensating factors need to be documented in the loan file.

## 2.0 SUMMARY OF OVERLAYS FOR SERIES Z

1. Foreign National borrowers are only eligible for DSCR, 12-24 Month Bank Statement or 12-24 Month Profit and Loss only loans.
2. EAD Code C08 is ineligible
3. Cashout seasoning is 3 months. If <3 months, will not be eligible.
4. All borrowers to meet the score requirement of 3 credit scores.
5. Housing history will allow a Verification of Mortgage (VOM) or Verification of Rent (IVOR) only without any further documentation.
6. The minimum expense ratio for the Bank Statement program is 20%.
7. Proceeds from a cashout refinance may not be used for reserves if the qualifying credit score is <700.

## 3.0 BORROWER ELIGIBILITY

### 3.3 NON-PERMANENT RESIDENT ALIENS

#### 3.3.1 VERIFICATION OF NON-PERMANENT RESIDENCY STATUS

EAD Code C08 is ineligible

### 3.4 FOREIGN NATIONAL

#### 3.4.6 FOREIGN NATIONAL INCOME

- DSCR Income Doc Type – See section for Debt Service Coverage (Investment Property) for DSCR calculation methods.
- 12-24 Month Bank Statement for a US based business is allowed
- 12-24 Month Profit and Loss only loan for a US based business is allowed

No other types of Foreign National borrower income are eligible

*Refer to page 16*

## 6.0 TRANSACTION SPECIFIC

### 6.3 CASH-OUT REFINANCE TRANSACTION

**Cash-Out Seasoning** is defined as the time difference between application date of the new loan and the property acquisition date.

A minimum borrower seasoning requirement of three (3) months is required for a transaction to be eligible for cash-out.

For properties owned three (3) months or longer, the LTV/CLV is based upon the appraised value.

If the cash-out seasoning is less than six (6) months, but greater than three (3) months, two appraisals will be required. The transaction property value is limited to the lower of the two appraisals.

Cash-out seasoning of three (3) months or less is not allowed

*Refer to page 24*

## 7.0 CREDIT ELIGIBILITY

### 7.3 CREDIT SCORES

To determine the Representative Credit Score, select the middle score when three (3) agency scores are provided. Three (3) credit scores are required per borrower for Series 0

### 7.4 TRADELINES

If the primary borrower has three (3) credit scores, the minimum tradeline requirement is waived. All borrowers are required to have 3 scores.

*Refer to page 34*

### 7.8 HOUSING HISTORY

#### 7.8.1 Mortgage Verification

#### **MORTGAGE(S) NOT REPORTING ON CREDIT REPORT**

The lender must document mortgage history not reporting on credit report with all the following:

- Request for Verification of Mortgage Form only completed by the creditor:
  - On owner occupied and non-DSCR investment transactions a 12-month mortgage history is required for all properties.

- On DSCR transactions a 12-month mortgage history is required for the borrower/guarantor's primary residence and subject property only (if refinance).

*Refer to page 37*

## 7.8.2 Rental Verification

A 12-month rental history is required for all Lendz Financial programs when the borrower is renting their current primary residence. The following documents are required:

- A third-party Verification of Rent (VOR) is required for any file when the borrower is currently renting.

*Refer to page 38*

# 8.0 INCOME AND EMPLOYMENT

## 8.6.1 BANK STATEMENT PROGRAM

### 8.6.1.2 BUSINESS BANK STATEMENTS OR CO-MINGLED STATEMENTS

#### **Option 2: Business Expense Statement Letter**

##### Income Calculation Method:

Total expenses are calculated by multiplying the total deposits by the expense factor provided (subject to a minimum total expense percentage of 20%) multiplied by ownership percentage, divided by the number of bank statements.

*Refer to page 53*

# 9.0 ASSETS

## 9.3 RESERVES

Lendz Financial loan program requires minimum reserves as outlined on the Lendz Financial Loan\LTV matrices.

Net proceeds from a cash-out transaction may not be used to meet reserve requirements for borrowers with a qualifying credit score <700.

*Refer to page 70*

# 10.0 EXPOSURE LIMITS

Series 2 and Series Z Exposure limit is the lower of 5 mortgages or \$2.5m Total UPB **between both Series.**