The AmWest Advantage Program

Revised: December 6, 2023
Advantage Program

Overview & Highlights

The Advantage Program is for the Borrower that requires alternative documentation that is outside the box.

- Self-employed and wage earners use alternative doc types.
- No 4506-C or tax returns required.
- Max DTI 49%.
- 100% gift funds allowed on Primary and Second Home.
- Business funds allowed for ≤ 100% of account balances up to the percentage of the borrower’s ownership of business.
- Non-QM waiting periods on negative credit events.
- P & I reserves on subject property only.
Advantage Program

Overview & Highlights (continued)

• 30 year fixed rate plus 7/6 ARM and 7/6 ARM with Interest Only option.

• Available for Foreign National / Non-Resident Aliens. Permanent and Non-Permanent Aliens allowed.

• Non-warrantable condos allowed (see guidelines for restrictions).

• Transferred appraisals allowed (if CU score is >2.5, a CDA is required).

• Loan amounts to $3MM.

• Cash Out proceeds can be used to meet reserve requirements.

• Prepayment Penalty applies to Investment – with option to buydown (0-3 years)

• Temporary Buydown Option available (2-1 and 1-0 terms) on all occupancies – refer to guidelines for details.
## Advantage Program

### Advantage Purchase and R/T Refinance

#### PURCHASE & RATE/TERM REFINANCE

<table>
<thead>
<tr>
<th>Property Type</th>
<th>Max Loan Amount</th>
<th>Max LTV</th>
<th>Max CLTV</th>
<th>Minimum FICO</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>1 Unit SFR, PUD and Condos</strong></td>
<td>$1,500,000</td>
<td>80%&lt;sup&gt;4&lt;/sup&gt;</td>
<td>70%</td>
<td>700</td>
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<td>75%</td>
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<td>70%</td>
<td>640</td>
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<td>65%</td>
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<td>$2,500,000</td>
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<tr>
<td><strong>Foreign Nationals</strong>&lt;sup&gt;5&lt;/sup&gt;</td>
<td>$1,500,000</td>
<td>70%</td>
<td></td>
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</tbody>
</table>

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### Footnotes

1. Non-warrantable condos are further restricted – Subject to AmWest Pre-Approval

2. Interest Only Option:
   - **Primary and Second Homes**
     - Purchase/R&T:
       - 1 Unit: Max LTV/CLTV: 75%
       - 2-4 Units: Max LTV/CLTV: 65%
       - Min Fico: 700
     - Cash-Out:
       - 1 Unit: Max LTV/CLTV: 65%
       - 2-4 Units: Max LTV/CLTV: 55%
       - Min Fico: 720

3. Only 1 Unit Properties allowed for Second Homes

4. Investment Properties:
   - **Purchase/R&T**:
     - 1 Unit: Max LTV/CLTV: 70%
     - 2-4 Units: Max LTV/CLTV: 60%
     - Min Fico: 720
   - Cash-Out:
     - 1 Unit: Max LTV/CLTV: 60%
     - 2-4 Units: Max LTV/CLTV: 50%
     - Min Fico: 720
   - **Foreign Nationals not allowed**
   - **Buydown option not allowed**

5. Foreign Nationals:
   - For 1 Unit - 2<sup>nd</sup> home or N/O/O allowed.
   - For 2-4 Units - N/O/O only (65% LTV Max).
## Advantage Program

### Advantage Cash-Out Refinance

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5. **Foreign Nationals**
   - For 1 Unit - 2nd home or N/O/O allowed.
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Rate/Term Refinance

Rate/Term Refinances whose proceeds are being used to pay off a junior lien are allowed with the following conditions:

• The junior lien must have 12 months seasoning from the Note date of the refinanced mortgage to be considered a Rate/Term Refinance. The junior lien is not seasoned for at least 1 year and it is being paid off with the new mortgage loan, the new mortgage is considered a Cash Out refinance and must meet the Cash Out Refinance guidelines. The 12 months will be calculated from the closing date of the current junior lien to the Note date of the new Rate/Term Refinance,

• If a non-purchase money junior lien is seasoned for 12 months, it does NOT require proof of no withdrawals in the past 12 months.

• The seasoning may be waived if the junior lien was originated as a Purchase Money Second Mortgage (Seller or Institutional Financing) with the first and second lien was recorded simultaneously.

Note: The borrower may only receive cash back in an amount that is the lesser of $5,000 or 2% of the new loan amount.
Advantage Program

Cash Out Refinance

75% LTV up to $1.5MM

65% LTV: Loan amount up to $3MM

• 6 months title seasoning is required.
• Delayed financing is allowed.
• Use current appraised value for LTV calculation.
• Investment with more than 6 financed properties: Max LTV is 50%
Advantage Program

Ensure That ALL Borrowers Meet the Credit Requirements

Credit Inquiries
The report must list all credit inquiries that were made in the previous 90 days. LOE is required to address all credit inquiries.

Credit
All borrowers must have minimum of two (2) FICO scores on a tri-merged credit report and sufficient credit experience.

Minimum Trade Lines
3 tradelines with 12 months rating (may be open or closed). The tradeline requirement may be waived when borrower(s) has 3 FICO scores reporting on the credit report.

Authorized User Account
Credit report tradeline that list a borrower as an authorized user cannot be considered in the minimum tradelines requirement.
Ensure That ALL Borrowers Meet the Credit Requirements (continued)

Disputes
If credit report indicates “dispute” tradeline and the dispute does belong to the borrower with a derogatory reported within the last two years, a new credit report must be provided evidencing the dispute has been removed from all repositories. If the dispute is not the borrowers, documentation to support must be provided.

Collections / Charge-off Accounts
Accounts do not have to be paid off at or prior to closing if the balance of an individual account is less than $250 or the total balance at all accounts is $1000 or less.

Judgments, Garnishments and Liens
Delinquent credit (including taxes, judgments, tax liens, mechanic’s liens – also known as materialmen’s liens) that have an affect on AmWest Funding’s 1st lien position must be paid at closing.
Credit Report

AmWest Advantage Program requires borrower(s)’ credit to be pulled from one of AmWest’s APPROVED credit vendors. *(contact your AE for list of approved vendors)*

If the loan submission contains a credit report from our APPROVED vendors, we will reissue broker’s credit report.

Loan Submissions with a credit report from any other credit vendor will require AmWest to re-pull a new credit report for all borrowers.
Foreign Nationals

- Foreign National / Non-Resident Alien borrowers are allowed.
- Copy of Passport, I-94, and Valid VISA required. Foreign Nationals allowed to legally travel to and from the U.S. without Visa are eligible (e.g., Countries participating in the Visa Waiver Program, Canadian citizens)
- I-94 is only required when the Borrower is already in the United States.
- Borrower must have US address when applying for loan.
- Max number of financed properties is the lesser of 3 loans or $2,500,000 (total financed amount including subject).
- Income: See income section of this document.
- Foreign Nationals from the countries listed on the Sanctions Programs and Country Information by the United States Department of the Treasury's Office of Foreign Assets Control (OFAC) are not eligible. Refer to: https://www.treasury.gov/resource-center/sanctions/Programs/Pages/Programs.aspx
- Foreign Nationals are only eligible for Second Home and Investment Property
- Foreign Nationals must have impounds.
- Foreign Assets (down payment, closing costs, reserves) must be transferred to US institutional account prior to ordering the loan documents.
- 1-yr 1099 income doc type not allowed for foreign nationals.
Non-Permanent Resident Aliens

Non-Permanent Resident Aliens must provide the following:

• Valid EAD card with minimum 90 days remaining on the expiration date at time of funding. EAD card with less than 90 days remaining requires evidence of application for extension.
Advantage Program

Income Documentation

SALARIED BORROWERS

• 2 years W2 and YTD paystub, OR

• Written Verification of Employment (FNMA Form 1005 or equivalent) completed by the employer.

• For US Citizens or permanent residents working abroad – Foreign Income being paid in foreign funds/foreign currency is eligible with Written Verification (requires conversion in US dollars) and CPA letter to confirm most recent 2 years filing of the foreign income.

SELF-EMPLOYED BORROWERS

Option I – P&L / CPA Letter

• Business or Professional License for the past 2 years is required for all businesses that requires a license. (If borrower is not required to have a business license, borrower may still qualify. Contact your Account Executive for more details).

• A Letter from the CPA, CTEC (California Tax Education Council) or EA (Enrolled Agent) on their business letterhead showing address, phone number & license number is required with the following:
  ✓ CPA/CTEC/EA prepared or reviewed the most recent 2 years of business tax return filing.
  ✓ Indication of business name, borrower's name, and percentage of business ownership by the borrower.
Income Documentation

SELF-EMPLOYED BORROWERS (continued)

- YTD P&L (audited or unaudited) if the borrower's loan application is dated more than 120 days after the end of the business's tax year.

<table>
<thead>
<tr>
<th>Application Date</th>
<th>Required P&amp;L</th>
</tr>
</thead>
<tbody>
<tr>
<td>January 1 to March 31</td>
<td>Full 1 year P&amp;L from previous year</td>
</tr>
<tr>
<td>April 1 to December 31</td>
<td>Full 1 year P&amp;L from previous year + YTD Interim Statement</td>
</tr>
</tbody>
</table>

Option II – 1-Year 1099

- 1-year 1099: Self-employed borrowers who are business owners paying their earnings via a 1099 are not eligible.
- Total gross income from 1099 (minus 10% expense factor) is used to calculate qualifying income.
- A CPA/Tax preparer letter to evidence that borrower has been receiving 1099 income for at least 2 years. The 2 years history may consist of 1099 incomes from multiple contract employers.
Income Documentation

**Option II – 1-Year 1099 (continued)…**

- Most recent 1099 statement(s) is required, along with a Written Verification of Employment, YTD bank statements or Payment Statements from current contract employer covering the Year-to-Date earnings to determine the stability or continuance of the borrower’s income (to be dated within 30 days of the Note date). If the Year-to-Date earning is validated to be lower than the qualifying income, the lower income will be considered as part of income analysis.

- P&L/Tax Returns are **NOT** required.

- 1099 Tax Transcript(s) **ARE** required.

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

**FOREIGN NATIONAL BORROWERS:**

- Salaried and self-employed borrowers may follow same guidelines as US Citizens using equivalent documentation.

- Documents to be translated by certified translator and notarized, if not in English.

- Foreign national borrowers are not eligible for the 1099 income option.
Advantage Program

Max Number of Financed Properties

• The financed property limit applies to the borrower's ownership of one to four-unit financed properties or mortgage obligations on such properties and is cumulative for all borrowers.

• These limitations apply to the total number of properties financed, not the number of mortgages on the property.

• Max number of financed properties: 10

• Principal and Interest Reserves only required on subject property.

• AmWest limits total number of financed/owned properties to 20 (of which only 10 properties may be financed). Borrower(s) must not have an ownership interest in more than 20 residential properties, including the subject property, as of the Note Date.
Advantage Program

Appraisal Requirements

A full appraisal must be ordered through the Mercury Network appraisal ordering platform.

- Loan Amount up to $1.5 Million: One (1) Full Appraisal
- $1.5 Million < Loan Amounts <= $2.5 Million: One (1) Full Appraisal and CDA
- Loan Amounts > $2.5 Million: One (1) Full Appraisal and one (1) Field Review
- Transferred appraisals are allowed with a CDA.
Advantage Program

Assets & Reserves

Borrowers must have sufficient assets available for down payment, closing costs and reserves. Funds may be documented as follows:

**Most recent asset document(s) required.**

- Source of large deposit is not required to be documented.
- The minimum funds to close and the reserve requirement will be based on the current balance.
- **Acceptable Asset Statements (Accounts must have been opened for >60 days):**
  - Bank Certification documenting current balance and opening date
  - 2 months bank statement
  - VOD
  - Bank prepared and stamped 60 days transaction history print-out
- The Asset documents must be dated within 60 days of the Note Date.
Advantage Program

Assets & Reserves

Reserves required as follows:

<table>
<thead>
<tr>
<th>Loan Amount</th>
<th>Required Reserves</th>
</tr>
</thead>
<tbody>
<tr>
<td>LTV &lt;= 65% and Loan Amount &lt;= $1.5MM</td>
<td>6 months Principal &amp; Interest payment</td>
</tr>
<tr>
<td>LTV &gt; 65% or Loan Amount &gt; $1.5MM</td>
<td>12 months Principal &amp; Interest payment</td>
</tr>
</tbody>
</table>

**Stocks / Bonds / Mutual Funds**

100% may be considered – funds used for closing must be documented as being liquidated.

**Net Cash Value for Life Insurance**

100% of the vested amount may be considered for reserves.

**Vested Retirement Account Funds**

100% may be considered for reserves.

**Reserves are required for subject property only.**

CASH OUT NET PROCEEDS CAN BE UTILIZED FOR RESERVE REQUIREMENT.
Acceptable Funds to Close

**Business Funds**

- Borrower may utilize ≤ 100% of business funds. The percentage of the account balance used towards the down payment, closing costs, and the reserves must be no more than the percentage of the borrower’s ownership of the business.

**Gift Funds**

- Allowed on Primary Residence and Second Home.
- Minimum borrower contribution from the borrower's own funds is not required.
- Gift funds may fund all or part of the down payment, closing costs, or reserves.
- Gift donor must be blood or legal relative, a fiancé, fiancée, or domestic partner.
- Gift letter must contain the amount of the gift, donor's name, address, phone number and relationship. The donor should state that repayment is not expected.
- Not allowed on NOO Transactions.
- Reserves coming from gift funds must be deposited into borrower’s account prior to closing.
Advantage Program

Employment Confirmation & Requirements

• Verification of the existence of the borrower's business from a third party, such as a CPA, CTEC, EA, regulatory agency or the application licensing bureau (CPA, CTEC or EA must be the individual who files the business taxes).

• Verify the listing and address for the borrower's business utilizing any available and reliable sources that can be properly documented and verified.

• Verbal Verification of Employment is required for all borrowers:
  ✓ Salaried and commission income - Verbal VOE within 10 business days prior to note date.
  ✓ Self-employed income - Verbal VOE within 90 business days prior to note date.
Non-Arms Length Transactions

Non-Arm’s length Transactions occurs when there is a relationship or business affiliation between the borrower and an interested party to the transaction. The list includes and is not limited to: Builder, Developer, or the Property seller.

- Non-arm’s length transactions are allowed on all occupancy for existing property types.
- Newly constructed properties are only allowed on primary residences.
- Non-arm’s length transactions are not permitted on Delayed Financing (FEMA 2-1.2).
- When a borrower is employed by family, income must be documented by 2 years tax returns.
At-Interest Transactions:

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

• Builder acting as listing/selling agent,

• Dual real estate agent (selling/listing agent),

• Realtor/broker selling own property,

• Selling agent acting as MLO (if allowed by State).

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

• Broker acting as listing and/or selling agent as well as the MLO,

• Seller acting as the MLO,

• Borrower is employed by the company originating the loan,

• Borrower’s family member acting as the MLO and real estate broker at the same time.

NOTE: The examples above do not represent all categories of at-interest transactions. Each transaction will be individually evaluated by the underwriters.
For Sale By Owner (FSBO) Transactions:

FSBO transactions are allowed with the following restrictions:

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

**Important Tips to Remember**

- Manually underwritten loan utilizing AmWest credit or Broker credit report from one of our APPROVED credit vendors.
- Max Debt to Income Ratio is 49%.
- CPA/CTEC/EA Letter must be signed and have license number with signature.
- Non-arms length transactions are allowed with restrictions.
- Verbal Verification of Employment required on ALL borrowers – AmWest will ensure all documents were signed by person that prepared them.
- Check additional guidelines for properties with solar panels, unpermitted additions, conversions and units.
- Do not forget to include your origination fee.
Important Tips to Remember (continued)

• DO NOT submit loans without the appropriate income documentation required for income type being utilized.

• First Time Home Buyers (FTHB) are eligible.

• Verify Income, Assets, and Employment information and documentation to be true and correct before submitting your loan(s).

• NON-OCCUPANT CO-BORROWERS ARE NOT ALLOWED.

• Co-Signer (borrower(s) not on title) NOT allowed.

• Check with your Account Executive for additional guidelines not mentioned here before submitting your loan(s).
Advantage Program

Important: READ CAREFULLY

Although this program is borrower paid, it MUST still adhere to the EPO Policy contained within our broker package.

This program is not a bridge loan for borrowers needing a quick close, a fix and flip or a borrower waiting to file taxes in order to refinance using a full doc program within 6 months of funding. WE WILL require repayment of ALL compensation paid to the broker by the borrower plus a $495.00 administration fee. This will be due to AmWest upon an EARLY PAY OFF within 6 months of funding on this program. See Broker Agreement for EPO Information.

AmWest Funding Corp. is committed to becoming your partner in the mortgage industry by offering unique and innovative programs to help grow your volume and client base. We will continue to enhance our already extensive product menu while keeping our competitive edge in pricing and customer service.

We value our broker relationships and appreciate your business!
Advantage Program

Full Guidelines Available Online

Please access the AmWest Advantage Program full guidelines online. This will ensure a fast and seamless transaction:

Click Here