LEXINGTON LENDING

Gold Series Alt-A 30 Super Jumbo (30SJPP) Niche Guidelines

Max Loan Amount	Max LTV	Max CLTV	Purpose	Property Type	Occupancy	Min FICO
FULL DOC						
$1,500,000	75	95	Pur, R&T	1-4 Units, Condos, PUDS	PR	600
$1,500,000	75	95	C/O	1-2 Units, Condos, PUDS	PR	600
$4,000,000	70	95	Pur, R&T,	1-4 Units, Condos, PUDS	PR	600
$4,000,000	70	95	C/O	1-2 Units, Condos, PUDS	PR	600
$1,500,000	75	95	Pur, R&T, C/O	1 Unit, Condos, PUDs	SH	600
$4,000,000	70	95	Pur, R&T, C/O	1 Unit, Condos, PUDs	SH	600
STATED INCOME & NO RATIO						
$1,500,000	70	80	Pur, R&T	1-4 Units, Condos, PUDS	PR	600
$1,500,000	70	80	C/O	1-2 Units, Condos, PUDS	PR	600
$4,000,000	65	80	Pur, R&T,	1-4 Units, Condos, PUDS	PR	600
$4,000,000	65	80	C/O	1-2 Units, Condos, PUDS	PR	600
$1,500,000	70	80	Pur, R&T, C/O	1 Unit, Condos, PUDs	SH	600
$4,000,000	65	80	Pur, R&T, C/O	1 Unit, Condos, PUDs	SH	600
NINA						
$1,500,000	65	80	Pur, R&T	1-4 Units, Condos, PUDS	PR	600
$1,500,000	65	80	C/O	1-2 Units, Condos, PUDS	PR	600
$2,000,000	60	80	Pur, R&T,	1-4 Units, Condos, PUDS	PR	600
$2,000,000	60	80	C/O	1-2 Units, Condos, PUDS	PR	600
NO DOC & NO DOC W/ ASSETS						
$2,000,000	60	80	Pur, R&T	1-4 Units, Condos, PUDS	PR	600
$2,000,000	60	80	C/O	1-2 Units, Condos, PUDS	PR	600

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UNDERWRITING REQUIREMENTS	
Product Description	> Super Jumbo Niche. 75% LTV or less. > Maturity Term: 30/15 years (360/180 months), 30 years (360 months) > Amortization: 30 due in 15 years (30/15), 30 years > Minimum loan amount $1,000,000 (See *30CORE* program for loan amounts under $1,000,000) > Maximum loan amount $4,000,000 > Product Codes: 30SJ, IO 30SJ, IO 30/15SJ, 30/15SJ, 15SJ > Available to Wholesale and Retail Channels
Underwriting Philosophy	> If the *LEXINGTON Alt-A 30 Super Jumbo Niche Product Fact Sheet* does not address and issue, refer to the *LEXINGTON Alt-A General Underwriting Guidelines.* If an issue is not addressed in the *LEXINGTON Alt-A General Underwriting Guidelines,* the standard Fannie Mae guidelines will apply. > Exceptions to guidelines may be granted on a case by case basis with consideration to compensating factors. All approved brokers must submit a full file to an LEXINGTON Operations Center for approval. > Loans manually underwritten must meet all FICO and LTV requirements outlined in the respective grid.
Transaction Types	> Purchase > Rate & Term Refinance > Cash-Out Refinance ■ One to two (1-2) Units, Condos and PUDs - Cash Out amount unlimited ■ Three to four (3-4) Units - No Cash Out allowed
Interest Only	> Payments are interest-only for the first ten (10) years, and fully amortizing for the remaining term of the loan. > Term of loan must be thirty (30) years (15-year term, including 30/15 Balloon, **not eligible** for Interest-Only Option). > The interest-only payment is calculated each month on the current balance. If the Borrower makes voluntary prepayments of principal during the interest-only period, the subsequent monthly interest payments will be based on the lower unpaid principal balance. > Allowed for LTVs up to 75%, or CLTVs up to 95%.
DOCUMENTATION	
Age of Documents	> Credit documentation must be no more than 120 days old on the date the Note is signed. However, if the property is new construction, the documents may be up to 180 days old.
Documentation Types	> ***Full Doc:*** Income, assets and employment are all disclosed on 1008/1003 and verified. Requires either a VOE or Fannie Mae alternative documentation. IRS form 4506T is required to be fully executed and verified prior to documents issued if tax returns are used for qualifying purposes. Ratios will be calculated. Asset verification is required including a complete schedule of real estate owned (REO). A verbal VOE covering the preceding two (2) year period is also required. > *Stated Income:* Income is stated on the 1008/1003, but not verified. Assets and employment are stated on the 1008/1003 and verified. Income must be reasonable for the line of work and length of employment. Ratios will be calculated. IRS form 4506T is not required. Asset verification is required including a complete schedule of real estate owned (REO). A verbal VOE covering the preceding two (2) year period is required. > *No Ratio:* No income is stated on the 1008/1003. Assets and employment are stated on the 1008/1003 and verified. Ratios are not calculated. IRS form 4506T is not required. Asset verification is required including a complete schedule of real estate owned (REO). A verbal VOE covering the preceding two (2) year period is required. > *NINA (No Income/No Asset):* Income and assets are not stated on the 1008/1003, or verified. Employment is stated on the 1008/1003 and verified. Ratios are not calculated. IRS form 4506T is not required. A verbal VOE covering the preceding two (2) year period is required. > *No Doc w/Assets:* Income and employment are not to be stated on the 1008/1003 or verified. Assets are stated on the 1008/1003 and verified. Ratios are not calculated. IRS form 4506T is not required. Asset verification is required including a complete schedule of real estate owned (REO). A VOE is not required. > ***No Doc:*** Income, assets and employment are not stated on the 1008/1003 or verified. Ratios are not calculated. IRS form 4506T is not required. Assets including a complete schedule of real estate owned (REO) are not stated on the 1008/1003 or verified. A VOE is not required.

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OCCUPANCY	
Occupancy Types	> Primary Residence > Second Home (one (1) unit only)
BORROWER ELIGIBILITY	
Eligible Borrowers	> U.S. Citizens > Permanent Resident Aliens
Ineligible Borrowers	> Non-Permanent Resident Alien > Foreign National Borrower > No Credit Score Option Borrower > Non-Occupant Co-Borrowers
First-Time Homebuyers	A First-Time Homebuyer is a Borrower who: ■ Is purchasing or refinancing the secured property and; ■ Has a history of less than six (6) months ownership and mortgage payments made and; ■ Has had no ownership or less than six (6) months ownership interest (sole or joint) in a residential property during the three year period preceding the date of the purchase of the security property. > If any party to the transaction is deemed a First Time Home Buyer the loan will be qualified using First Time Home Buyer requirements. > Two (2) unit properties are subject to a minimum 660 FICO score and a Field Review Appraisal, regardless of LTV or documentation type. > Three to Four (3-4) Unit properties are not permitted. > First-Time Homebuyers must provide housing rental history, *regardless of credit score or doc type,* which must be documented by Verification of Rent (VOR), credit report supplement, or cancelled checks verifying the most recent 12-month period. > If the landlord is the seller of the property or a relative of the Borrower's, cancelled checks for the most recent 12-month period will be required. If the borrower indicates on the loan application that he/she lives with parents or lives rent-free, i.e., no rental payment history, the loan is still eligible and the VOR requirement would not apply if a payment shock calculation is not required.
Payment Shock	> Not calculated.
Non-Arms Length Transactions	> Not permitted.
Owner/Builder	> **Full Doc Primary Residence Only,** Acquisition of Land plus documented Hard Costs are used to determine the value. Maximum LTV is **75%**. *Cash-Out Refinances are not permitted.*

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CREDIT	
Representative Score	**<u>Credit Score Requirements</u>**: > Three (3) bureau merged credit report or Residential Mortgage Credit Report (RMCR) is required for all borrowers, with a minimum of two (2) credit scores per borrower. Scores must be obtained from Experian (FICO), Equifax (Beacon), and/or Transunion (Empirica/Classic). > One (1) borrower with two (2) credit scores - use the lower score. > One (1) borrower with three (3) credit scores - use the middle score. > When a borrower has three (3) scores and two (2) of them are identical, one (1) of the identical scores is considered the middle score. **<u>Determination of Representative Score for Full Doc Loans is as follows</u>**: > Multiple borrowers with two (2) credit scores - use the lowest score of the primary wage earner (> 50% of the combined income). > Multiple borrowers with three (3) scores - use the middle score of the primary wage earner (> 50% of the combined income). **<u>Determination of Representative Score for all other Doc Types except Full Doc is as follows</u>**: > <u>The lower of the middle scores of all borrowers is used as the representative credit score.</u>
Credit History	Loans processed through LEXINGTON's automated underwriting engine, receiving 'Approve' recommendations must meet the following credit criteria: > Minimum two (2) year credit history. > Minimum of five (5) rated trade lines, with at least one (1) trade reported in the past six (6) months. > Four (4) rated trade lines may be accepted if housing payment history is 0 x 30 in past 24 months. *Housing payment history (mortgage or rental) must be reported on the credit report by the repositories. If separately or manually verified, five (5) rated trade lines are required.* > Credit requirements are applied across all borrowers (not individually). ***In addition,*** all borrowers must meet the definition of superior quality as specified in the **Credit Quality** section below.

<u>Minimum Credit Score</u> ^ Please refer to the LTV grid at the beginning of the Product Fact Sheet for minimum FICO score.

Credit Quality	**SUPERIOR CREDIT QUALITY** > **Superior Credit,** covering a four (4) year period is required in addition to meeting the minimum credit scores. > **Superior Credit** is considered: ■ Minimum five (5) credit trades; at least three (3) must be > four (4) years old. ■ Mortgage/Housing payments must be 0 x 30 in past 24 months; 1 x 30 if > 24 months. ■ Installment debt limited to 2 x 30 in past 48 months if additional late pay occurred more than 24 months ago. ■ Revolving debt limited to 3 x 30 & 1 x 60 in past 48 months if additional late pay occurred more than 24 months ago). ■ Bankruptcy (including dismissals) - none in last seven (7) years, no derogatory credit after discharge and four (4) years of re-established good credit. ■ Foreclosure - none in last seven (7) years. ■ Major derogatory items (Collections, Judgments, Liens): All must be paid. None in last four (4) years. ■ Medical Collections, up to cumulative total of $1,000, may remain open if older than 24 months.

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Lexington Automated Underwriting	LCC - GOLD SERIE's automated decisioning engine for all automated Mortgage Products. The engine, with the information that has been input, will determine the best loan program for the applicant, including automated analysis for the credit report. Loans that are **'Approved'** through Automated Underwriting include enhancements to LCC - GOLD SERIE's standard underwriting guidelines. These enhancements, as they apply to Gold *30SJ*, include the following: > *CREDIT ENHANCEMENTS* ■ Installment/Revolving Debt: Installment loans and revolving debt with less than ten (10) payments remaining will be disregarded and not included in the debt-to-income ratio. ■ Verification of Rent: Unless the borrower is a First Time Homebuyer, Verification of Rent will not be required. A non-First Time Homebuyer is a borrower who has or had owned residential real estate within the past 36 months. ■ Credit and Inquiry explanations will not be required. ■ Bankruptcy: Re-established credit after a bankruptcy will be considered accounted for in the credit score if the date of the bankruptcy is greater than 24 months. ■ Consumer Credit Counseling (CCCS) will be considered accounted for in the credit score. CCCS must be paid off prior to or at closing. ■ Charge-Offs/Collections: Adverse accounts greater than 24 months old that do not affect title will not be considered in the underwriting process and are not required to be paid. Individual collections and charge-offs up to $500 per account within the last 24 months are allowed to remain open up to a cumulative total of $2,500, if they do not affect title. Medical collections may remain open up to a cumulative total of $2,500, regardless of individual account balances or age. > *INCOME DOCUMENTATION ENHANCEMENTS* ■ **Full Doc** (Salaried Borrowers): Most recent paystub that shows year-to-date earnings and most recent (one (1) year) W-2 form(s), or Verification of Employment/Income will be required. All job gaps over 30 days must be explained change of employment must be considered career advancement. ■ **Full Doc** (Self-Employ ed Borrowers): Most recent two (2) years of personal federal income tax returns, including all schedules and attachments that support the monthly income being utilized to qualify. Business tax returns and Profit & Loss Statements are not required if income has been consistent for the last two (2) years. > *ASSET ENHANCEMENTS* ■ Cash-Out: Cash-out from a simultaneous 2nd mortgage refinance transaction, if sufficient for the required reserves, will be considered an asset to satisfy any asset test or reserve requirement. ■ Retirement funds will only require the most recent retirement statement for asset verification purposes, if applicable. ■ If stocks, bonds or any part of a retirement account are to be liquidated, proof of liquidation is not required. > *INELIGIBLE TRANSACTIONS* These transactions must be manually underwritten - please submit to your regional LEXINGTON operations center for review (enhancements stated above do not apply to these transactions): ■ Borrowers with less than five (5) combined rated trade lines or four (4) if borrower has 24-month mortgage payment history with no lates, no single account opened for 24 months or more, and/or no active trades in the last six (6) months. ■ Owner/Builder Transactions. ■ Bankruptcy Dismissal must be at least seven (7) years old and must be manually underwritten.

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INCOME	
Qualifying Ratios	> Qualifying Ratio for **Full Doc and Stated Income** is 42%. > Housing Ratio will not be analyzed. > Total Debt Ratio is not calculated on **No Ratio, NINA, No Doc w/ Assets or No Doc** loans. > **Interest-Only Option:** The *interest-only* payment plus taxes and insurance is used for qualifying purposes.
Employment Verification	> Borrowers employment must be verified: **(Not Applicable on No Doc w/ Assets or No Doc** loans**)** ■ Two (2) years continuous employment in the same line of work. Change of employment must be determined to be career advancement. All job gaps over 30 days must be explained. ■ For **Stated Income** loans, the borrower must state his or her income on the loan application. Income will not be verified, but must be reasonable for the profession and assets verified. Salaried, commissioned or self-employed borrowers are allowed to use the **Stated Income** option. **Retired borrowers or borrowers on a fixed income must** qualify using the **Full Doc** or **No Ratio** standards. ■ For **Stated Income, No Ratio, and NINA** loans, <u>salaried</u> borrower's employment history is verified by a verbal verification of employment which must confirm the following information: a) Date of employment, b) Employment status and title of job, c) Probability of continued employment, d) Name, phone number and title of verifier, and e) Name and title of person making the call. ■ Self-employed borrower's employment history must verify the borrower has been self-employed with the same company/business for the past two (2) years through Accountant, CPA, Enrolled Agent, Attorney, business licenses or other acceptable 3rd party verification. Three (3) business references are acceptable as an alternative. Verification that business is currently active must be provided in all cases. ■ **Full Doc Only** - IRS Form 4506 or 4506T must be **processed and validated prior to funding** for all transactions that income tax returns are in file and used to calculate qualifying income.
ASSETS	
Asset Test	> In addition to Superior Credit, the Borrower <u>must</u> meet an **Asset Test**. Assets must be exclusive of cash-out proceeds. Business funds are not acceptable. > **Prior to, and after closing**, the Borrower should have at least the following amounts of assets fully documented: ■ **Full Doc:** Verified liquid assets of six (6) months PITI. ■ **Stated Income, No Ratio and No Doc w/ Assets:** Verified liquid assets of the <u>greater</u> of six (6) months PITI *OR:* *o* LTV of >70%: 20% of loan balance. o LTV of 65.00 - 69.99%: 15% of loan balance. o LTV 60.00 - 64.99%: 10% of loan balance. o LTV of < 60.00%: 5% of loan balance. ■ **NINA and No Doc:** Not Applicable. Assets are not disclosed or verified. > Acceptable Asset Test accounts include not only liquid assets, stocks, bonds, etc., but also certain retirement accounts such as IRAs and 401(k). ■ If any portion of the IRA account funds are to be used for cash to close or reserves, 70% of the vested balance will be used. The account must be verified and documented. ■ If any portion of the 401(k) funds is to be used for cash to close or reserves, 70% of the vested balance will be used. The account and the amount of the Borrowers vesting must be verified and documented. > Asset Test funds may come from proceeds from the sale of real estate, or Cash-Out transactions on other real estate, not the subject property transaction. > Exceptions to the Asset Test will only be made with attention to compensating factors and approval by Sr. Management.

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Reserves (Required in Addition to Asset Test)	> For **Full Doc, Stated Income, No Ratio and No Doc w/ Assets** loans, cash reserves equal to six (6) months Total Housing Expense (PITI) is required for all loans. > For **NINA and No Doc** loans, assets are not disclosed or verified. Reserves are not calculated or verified. > **Interest-Only Option:** Total Housing Expense is defined as interest-only payment plus taxes and insurance. > **Reserves are in addition to loan proceeds or cash necessary to close the transaction**. > Acceptable reserve accounts include not only liquid stocks, bonds, etc., but also certain retirement accounts such as IRAs and 401(k). Withdrawals from these accounts are not required when being used for reserves. ■ If any portion of the IRA account funds are to be used for cash to close or reserves, 70% of the vested balance will be used. The account must be verified and documented. ■ If any portion of the 401(k) funds is to be used for cash to close or reserves, 70% of the vested balance will be used. The account and the amount of the Borrowers vesting must be verified and documented.
Gift Funds	> Allowed on **Full Doc & Stated Income** *Primary Residences and* **Full Doc** *Second Homes* only. > Gift must come from a family member or unrelated individual who can demonstrate an established personal relationship with the Borrower. > Gifts are acceptable for down payment, closing costs (including prepaids) and cash reserves as long as five percent (5%) of the lesser of the sales price or appraised value comes from the Borrower's own funds. > Gifts must be acknowledged by an acceptable gift letter and evidence of transfer and receipt of funds must be provided. > If gift is not provided in certified funds, proof of clearance from Donor's account will be required. > Asset Test must still be met for Borrower. **Gift is not permitted for the Asset Test.**
PROPERTY	
Geographic Restrictions	All States > *12 CFR Regulation Z Section 32/HOEPA and all state predatory lending loams are not permitted.* > Mortgage Brokers are responsible for identifying loans that are considered high cost loans as defined by federal and/or state laws or regulations. High cost loans, as defined by federal regulations (12 CFR Regulation Z Section 32) and/or state regulations (predatory lending laws), are ineligible for financing (or purchase) by LEXINGTON.
Texas Cash-Out Refinances	> Permitted for Second Homes and Non-Owner Occupied transactions only.

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Property Types	Eligible > Single Family Residences (Attached or Detached) > Two to Four (2-4) Unit Properties > PUDs > Condominiums (Low: four stories or less; High: Greater than four stories) Ineligible > Properties and units with less than five hundred (500) square feet > Manufactured Homes > Mobile Homes > Unimproved Land > Non-Warrantable Condos > Condo-hotels (Condotels) > Kiddie Condos > Co-ops > Unique properties-Geodesic Domes, Earth Homes, overbuilt, etc > Timeshare units > Multi-Family dwellings containing more than four (4) units > Working farms > Ranches and orchards > Any residential properties zoned commercial
Condos and Attached PUDs	> Must be warrantable under Type P, Q, R, or S (Condos) or Type E or F (PUDs) project approval classification and requirements. Evidence of Fannie Mae Type T approval is also acceptable (Final project acceptance letter from Fannie Mae). Limited Project Review available for primary residences and 2nd homes under certain terms and conditions. See *LEXINGTON Alt-A General Underwriting Guidelines* for specific documentation and eligibility requirements. > Attached PUDs located in projects that have been conveyed by the developer to the unit owners are eligible for Type E Warranty classification, and do not require project review. Detached PUDs (Type E or F) also do not require formal project review.
Number of Properties Financed	> There are no limits on the number of properties a borrower has financed.
Number of Properties Financed by LEXINGTON	> *Alt-A 30 Super Jumbo Product:* The maximum number of properties financed by LEXINGTON on the **30SJ** program to any Borrower is **one (1)**. Exceptions may be granted on a case-by-case basis, provided the Borrower has strong verified assets, and is an excellent credit risk. **Total aggregate loan amount not to exceed $4,000,000.** > *Only LEXINGTON Alt-A Products***:** Maximum of four (4) properties financed by LEXINGTON per Borrower under any **Alt-A** programs. Within this limitation, *for LTVs greater than 80%,* no more than one (1) property financed for **No Ratio, NINA, No Doc w/ Assets or No Doc** loans, or no more than two (2) properties financed for **Full Doc or Stated Income** loans. **Total aggregate loan amount not to exceed $4,000,000.** > These limitations apply to loans originated within the most recent 12-month period. Mortgages paid in full no later than the date of funding for the subject transaction are not included. Evidence must be provided to show prior mortgage(s) paid in full.

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Property Value Determination	**Purchase Transactions:** > Lesser of current appraised value or sales price. **Rate & Term Refinance Transactions:** > Current appraised value is used to establish value. **Cash-Out Transactions:** > If the CLTV is > 75% and property is **owned and completed** < 12 months, use the lesser of the current appraised value or acquisition cost + documented costs of home improvements. > If the CLTV is < 75% or the property is **owned and completed** > 12 months, use the current appraised value. > **Construction-to-Permanent loans (cash-out refinances only):** ■ Property value for LTV calculation is based on the lesser of documented acquisition cost or current appraised value. ■ Land value indicated in Cost Approach of Appraisal may be used, provided the Borrower has owned the subject lot for at least one (1) year. If the lot has been owned for less than one (1) year, the value must be based on the lesser of the original purchase price or the current land value per appraisal. > **HUD REPOS are not eligible.**
Rural Properties	Rural properties require five percent (5%) reduction in the maximum LTV. A property is considered rural if any of the following conditions exist: > Appraiser classifies the property as rural. > Less than 25% of the surrounding market area is developed. > If at least 50% of the acceptable comparable properties are not within five miles of the subject property, unless the appraiser provides sufficient justification for the distance of the comparables and clarifies that the property is not rural in nature.
Appraisal Requirements	> Appraisals must meet LEXINGTON, Fannie Mae, Freddie Mac Property and Appraisal requirements. Appraisal documentation must meet the following property type standards: ■ Fannie Mae Form 1004/Freddie Mac Form 70: SFR, PUD and Detached Condos Form 1007: Single Family Comparable Rent Schedule is required for SFR, Investment Properties (unless the borrower qualifies with the full PITI for the subject investment property, or loan is **No Ratio, NINA, No Doc w/Assets or No Doc**) ■ Fannie Mae Form 1073/Freddie Mac Form 465: Attached Condos ■ Fannie Mae Form 1025/Freddie Mac Form 72: 2-4 Unit Dwellings ■ Form 216: Operating Income Statement will be required for 1-4 properties (unless the borrower qualifies with the full PITI for the subject investment property, or loan is **No Ratio, NINA, No Doc w/Assets or No Doc**). > Appraisal is valid for 12 months but must be updated after 4 months. At underwriter discretion, a new appraisal may be required in place of appraisal update. > All loans require a two (2) Full URAR appraisal reports, one (1) must have interior photos. > For any loan, a Satisfactory Appraisal Review may be required. > Appraisers must provide evidence of Errors & Omission Insurance with liability coverage > $250,000. If the appraiser does not have E&O insurance or has inadequate coverage, a field review from a LEXINGTON approved national appraisal firm is required. > The E&O requirement is mandatory unless the loan transaction meets **all** of the following parameters: ■ Primary Residence and Second Homes only ■ Maximum LTV/CLTV of 70% for purchases or rate/term refinances, or 65% for cash-out refinances. With an acceptable Hansen Pro score of 3.0 or higher, maximum LTV/CLTV's may be expanded by 5% (maximum LTV of 75% for purchases or rate/term refinances or 70% for cash out refinances) ■ Loan amounts of $650,000 or less ■ Representative Credit Score of 680 or greater ■ SFR, Condo, or PUD only. Note: Condo conversions, non-warrantable condo's, and/or projects with 5 stories or more are not eligible for the E&O waiver.

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GENERAL	
Contributions From Interested Parties	> Contributions by Seller, Builder or Real Estate Agent may be applied to closing costs (including prepaids) only. No excess contributions to the Borrower. > The total contribution percentage plus the CLTV may not exceed 103%. ■ 9% limitation for **Primary Residences** < 75% LTV. ■ 6% limitation for **2nd Homes** < 75% LTV.
Lien Seasoning	> Rate & Term Refinance (no cash-out) proceeds may be used to: ■ Pay off the existing first mortgage, regardless of its age. ■ Pay off junior lien that was used in its entirety for the purchase of the subject property. ■ Pay related closing costs, financing costs and prepaid items. ■ Disburse cash out to the borrower (or any other payee) not to exceed two percent (2%) of the new mortgage or $2,000, whichever is less. ■ Paying off ex-spouse in accordance with divorce decree. Required documentation: copy of divorce decree, evidence title was conveyed from ex-spouse to the Borrower, evidence to establish the amount of equity held by ex-spouse, and evidence funds were disbursed to the ex-spouse (which can be shown on the HUD-1 Settlement Statement for the subject transaction). ■ Pay off of any junior liens (regardless of seasoning or purpose unless it was used in its entirety for the purchase of the subject property) must use Cash-Out guidelines and pricing. > An Inherited property is a property that was received from another individual either through a Trust or a Will. ■ If the property was inherited less than 12 months prior to the loan application, only Rate/Term Refinances will be permitted subject to the following: o Proceeds may be used to buyout the documented equity interest of others. Equity owners must be paid through escrow and the borrower may not receive any cash back at closing o The property must have cleared probate. o Copy of the Trust and/or Will will be required to document the borrower has rights to the property being refinanced. ■ If the property was inherited 12 months or more from the date of the loan application, cash out is eligible subject to the following documentation. o Copy of the Trust and/or Will evidencing borrower has inherited property 12 months or more from the date of the loan application. o The property has cleared probate 12 months or more from the date of the loan application. o Borrower to be vested on the title to the property (no seasoning required).
Subordinate Financing	> Permitted on all loans up to maximum CLTV. > Terms of subordinate lien: ■ No balloon within five (5) years. ■ Payment must be sufficient to cover interest. Interest rate and payment may not change more than once a year. > If lien is an Equity Line of Credit: ■ CLTV based on maximum credit balance. ■ Payment is based on unpaid balance. ■ Variable equity line payments permitted if the first mortgage is either Fixed (purchase or refinance) or an ARM refinance transaction.
Chain of Title	> All Purchase or Refinance transactions on existing properties will require a 24-month “Chain of Title” from the Title Insurer, or a copy of the deeds conveying ownership for the past 24 months. Sales price must be included. This requirement is waived for new construction homes. > Any additional risk factors discovered in review of the chain of title may require further explanation and/or documentation. Risk factors include, but are not limited to: ■ Change in ownership in the last 24 months; ■ Substantial increase in value or transfer amounts in last 24 months; or ■ Previously owned by a corporation or a limited liability corporation (LLC).
Mortgage Insurance	> Not Applicable.

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Prepayment Penalty	> No Prepay > One (1) year Hard Prepay > Two (2) year Prepay; year one (1) hard remaining soft > Three (3) year Prepay; year one (1) hard remaining soft > Five (5) year Prepay; year one (1) hard remaining soft
Flood Insurance	> Life of Loan Flood Certification is required on all loans. > Flood Insurance is required if improvements are in a flood zone.
Power of Attorney	> Must be specific to transaction and approved prior to closing/documents. ***Not permitted for No Doc and No Doc w/ Assets loans.***
Escrow Hold Backs	> Please refer to *LEXINGTON Alt-A General Underwriting Guidelines* for requirements.
Escrows	> Escrow Impound Waiver allowed.
Temporary Buydowns	> **Not permitted.**