

<b>CREDIT REQUIREMENT</b>	
<b>Credit</b>	<p>Tradeline requirement:</p> <ul style="list-style-type: none"> <li>The borrower must have a minimum of two individual tradelines that are open, active, and in good standing for at least 12 months.</li> <li>A FICO score of 680 is required, with price adjustments. Two FICO scores are necessary, and the lower of the two or the middle of three scores will be used for each borrower.</li> <li>Any frozen credit reports must be unfrozen, and credit must be rechecked.</li> </ul>
<b>Qualifying Rate</b>	Introductory interest rate or the fully indexed rate (SOFR), whichever is greater.
<b>Housing History &amp; Credit Standards</b>	<ul style="list-style-type: none"> <li>Housing: 0 instances of 30-day delinquencies in the past 12 months; 2 instances of 30-day and 1 instance of 60-day delinquencies in the past 24 months.</li> <li>Installment / Revolving (open accounts only): 3 instances of 30-day delinquencies in the past 12 months; 4 instances of 30-day and 1 instance of 60-day delinquencies in the past 24 months.</li> </ul>
<b>Multiple Financed Properties &amp; Housing History</b>	<p>All properties owned by the applicant must be listed on the 1003 form. The following guidelines apply to borrowers with multiple properties:</p> <ul style="list-style-type: none"> <li>A mortgage history is required for all financed properties.</li> <li>If a property is not reflected on the credit report, a Verification of Mortgage (VOM) and three months of canceled checks are required.</li> </ul> <p>Housing History:</p> <ul style="list-style-type: none"> <li>A traditional credit report must show the current mortgage balance and a mortgage rating for at least 12 months, or</li> <li>Provide the most recent 12 months of mortgage statements, or</li> <li>A written VOM/Verification of Rent (VOR) from the current lien holder or owner.</li> <li>If the total loan amount to a single borrower exceeds \$10 million, please consult with WMB beforehand.</li> </ul>
<b>Adverse Credit History</b>	<p><b>1. Bankruptcy</b> Before processing a loan application from someone who has filed for bankruptcy, the following conditions must be met:</p> <ul style="list-style-type: none"> <li>A letter of explanation, prepared, signed, and dated by the borrower, is required.</li> <li>The bankruptcy must have been discharged for at least four years prior to the application.</li> <li>A residential mortgage credit report must verify that satisfactory credit has been re-established.</li> <li>No multiple bankruptcies are allowed per borrower.</li> </ul> <p><b>2. Judgments</b> - All judgments, liens, garnishments, etc., with balances exceeding \$500 must be fully paid before closing.</p> <p><b>3. Foreclosure</b> - No foreclosures within the past four years. - Multiple foreclosures are not permitted.</p> <p><b>4. Collections</b> - Medical collections do not need to be paid. - Collection accounts with a balance of less than \$500 or a total balance of less than \$2,000 do not need to be paid before closing. - Collections or charge-offs beyond the statute of limitations for the relevant state do not need to be paid, provided there is supporting documentation. - All other collections or non-mortgage charge-offs must be paid before or at closing.</p>

	<p><b>5. Short-Sale and Deed-in-Lieu</b></p> <ul style="list-style-type: none"> <li>- Borrowers who have completed a short-sale or deed-in-lieu in the last two years are not eligible.</li> <li>- No multiple short-sales or deed-in-lieu transactions are allowed per borrower.</li> </ul> <p><b>6. Loan Modification/Forbearance</b></p> <ul style="list-style-type: none"> <li>- A 12-month seasoning period is required.</li> <li>- A three-month payment history must be provided.</li> <li>- No missed payments are allowed since exiting the plan.</li> </ul>
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<b>INCOME</b>	
Income	<p><b>Salaried Borrowers (Ownership &lt; 25%)</b></p> <p>All applicants must have two years of verified employment. If the applicant has not been in their current position for two years, a Written Verification of Employment (WVOE) from previous employment is required to cover the two-year period.</p> <p><b>Document Requirements:</b></p> <ul style="list-style-type: none"> <li>• The WVOE (FNMA Form 1005) must include the following:                             <ul style="list-style-type: none"> <li>○ Dates of employment</li> <li>○ Job title</li> <li>○ Prospects for continued employment</li> <li>○ Base pay amount and frequency</li> </ul> </li> </ul> <p><b>Self-Employed Borrowers (Sole Proprietor, Partnership, S Corp., Corp., &amp; Ownership &gt; 25%)</b></p> <p><b>Document Requirements:</b></p> <ul style="list-style-type: none"> <li>• Two years of a valid business license (must be unexpired). If the license expires within 30 days, a renewal license is needed.                             <ul style="list-style-type: none"> <li>○ If the business does not require a license, the borrower can provide a Letter of Explanation (LOE) detailing the nature of the business, along with a CPA-prepared Profit and Loss statement in place of the business license.</li> </ul> </li> <li>• Verification of the borrower's business listing and address using online directories or business profile websites.</li> <li>• Year-to-Date (YTD) Profit and Loss Statement, along with a full year's Profit and Loss Statement for applications received on or before June 30.</li> <li>• Current YTD Profit and Loss Statement for applications received on or after July 1.</li> <li>• CPA Letter:                             <ul style="list-style-type: none"> <li>○ Confirms business ownership in the same line of business for the past two years</li> <li>○ Must be prepared by a CPA or licensed independent third-party tax preparer (Enrolled Agent, CTEC, and PTIN) with their license verified</li> <li>○ Must include business name and address</li> <li>○ If business assets are utilized for qualification, the CPA letter must indicate that using these funds will not negatively impact the business.</li> <li>○ Business funds can be used up to the borrower's ownership percentage.</li> </ul> </li> <li>• Schedule C and 1099 SE: Employment must be verified through a third-party licensing source (e.g., realtor, insurance agent, broker license), and verbal verification of employment is required.</li> <li>• Employment by family members is not eligible.</li> </ul>
<b>Verbal Verification of Employment</b>	<p>Verbal Verification of Employment (VOE) is mandatory for all borrowers:</p> <ul style="list-style-type: none"> <li>• For salaried income, a verbal VOE must be obtained within 10 business days of the note date.</li> </ul>

	<ul style="list-style-type: none"> <li>For self-employed income, a verbal VOE is required within 30 days of the note date.</li> </ul>
<b>Rental Income</b>	<ul style="list-style-type: none"> <li>For purchases, provide Form 1007 or Form 1025, as applicable, along with a copy of the current lease agreement.</li> <li>If the property is not currently rented or if the existing lease is not being assigned to the borrower, lease agreements are not necessary, and either Form 1007 or Form 1025 may be submitted.</li> <li>Net rental income will be calculated by deducting the PITIA from 75% of the gross rental income.</li> <li>If rental income from additional properties owned by the borrower is utilized, it must be substantiated with a fully executed lease agreement that is current or includes language indicating a month-to-month arrangement.</li> <li>If rental income is used for qualification from a departing property (within three months of departure), a copy of the security deposit check and the lease agreement are required.</li> </ul>
<b>QUALIFICATION RATIOS</b>	
Debt Ratio	43%
Included in Total Debt Ratio	<p>The following items may be classified as debt:</p> <ul style="list-style-type: none"> <li>Estimated total monthly housing expenses.</li> <li>Installment loans with a remaining balance over 10 months, including student loans in repayment, auto loans, and home equity loans.</li> <li>Lines of credit or revolving credit (consider 5% of the outstanding balance or a confirmed minimum monthly payment).</li> <li>Child support or alimony payments if there are more than 10 months left. A copy of the divorce decree is necessary.</li> <li><b>Ongoing contributions</b> made by the borrower to a pooled savings plan.</li> <li><b>Any additional debts</b> with ten or more payments that significantly impact the borrower's ability to make payments.</li> <li><b>Any contingent liabilities</b> (such as a co-signed auto loan) for which the borrower is responsible unless they can provide six months of canceled checks proving timely payments by another party or if the debt has been legally assigned to someone else and, if applicable, the title has been transferred.</li> <li><b>Open 30-day charge accounts</b> require that the balance be fully paid each month. The borrower must show sufficient funds to cover this balance, in addition to any funds needed for the down payment, closing costs, and financial reserves. If the borrower has paid off the account balance before closing, they may provide evidence of this payment instead of verifying funds for the account balance.</li> <li><b>Payments on installment debts</b> secured by financial assets like 401(k)s, certificates of deposit, and margins do not need to be included in the total debt ratio.</li> <li><b>For student loans</b>, use 1% of the outstanding balance.</li> <li><b>For subordinate financing</b>, such as HELOCs, include either the monthly payment or, if there is none, the current balance at the current interest rate amortized over five years.</li> </ul> <p>The formula to calculate the total monthly debt ratio is as follows:  <b>Total monthly debt ÷ total income = total debt ratio.</b></p>
Conversion of Primary Residence	<p>When a borrower applies to purchase a new primary residence while selling or converting their current primary residence, certain conditions must be met:</p> <p><b>Pending Sale of Current Primary Residence</b></p> <p>If the current residence is under contract but the sale has not yet been completed at the time the subject loan closes, the following requirements must be fulfilled:</p>

	<ul style="list-style-type: none"> <li>The borrower must qualify using the PITI (Principal, Interest, Taxes, and Insurance) for both the existing and proposed properties, unless there is an executed sale contract for the current residence that has no financing contingencies.</li> <li>If the borrower has less than 20% equity in the current primary residence, reserves equal to 6 months' PITI for both properties are required.</li> <li>If the borrower has 20% or more equity in the current primary residence, as verified by a current property valuation, a reserve of 2 months' PITI for both properties is required.</li> </ul> <p><b>Conversion of Primary Residence to Second Home or Investment</b></p> <ul style="list-style-type: none"> <li>If rental income from the departing property is used for qualification within 3 months of departure, a fully executed lease agreement and proof of the security deposit are necessary.</li> <li>If the property is considered a second home, the borrower must qualify using the PITI for both the existing and proposed properties.</li> <li>If the borrower has less than 20% equity in the current primary residence, reserves equal to 6 months' PITI for both properties are required.</li> <li>If the borrower has 20% or greater equity in the current primary residence, as documented by a current property valuation, a reserve of 2 months' PITI for both properties is required.</li> </ul>
<b>ASSETS</b>	
Assets & Reserves	<p>The borrower must possess adequate liquid assets for the down payment, closing costs, and reserves. Funds can be verified through the following acceptable asset statements:</p> <ul style="list-style-type: none"> <li>One month of bank statements</li> <li>Verification of Deposit (VOD) instead of a one-month bank statement, using the average balance. Large deposits that exceed 50% of the monthly income must be sourced.</li> </ul> <p>For large deposits from a business account, any transactions that are not typical of daily business activity need to be documented and verified. When using business assets for closing costs, self-employed borrowers can only utilize the amount corresponding to their ownership percentage.</p> <p>Reserves required are as follows:</p> <ul style="list-style-type: none"> <li><b>Primary Residence:</b> 3 months of PITIA reserve based on the qualifying rate</li> <li><b>Second/Investment Property:</b> 6 months of PITIA reserve based on the qualifying rate</li> </ul> <p><b>IRA/401K:</b></p> <ul style="list-style-type: none"> <li>70% can be utilized for closing costs (after deducting 20% penalties and 10% taxes), with the same percentage available for reserves.</li> </ul> <p><b>Stocks/Bonds/Mutual Funds:</b></p> <ul style="list-style-type: none"> <li>70% can be used.</li> </ul> <p><b>Life Insurance:</b></p> <ul style="list-style-type: none"> <li>Cash value can be applied toward the down payment and reserves.</li> </ul> <p><b>Sale Proceeds:</b></p> <ul style="list-style-type: none"> <li>Cash proceeds from the sale can be allocated for reserves.</li> <li>Proceeds from the sale of the borrower's current home are a typical and acceptable source for the down payment and closing costs of a new home.</li> <li>A copy of the Final Settlement Statement or Closing Disclosure showing sufficient net cash proceeds to complete the purchase of the new home must be provided.</li> </ul>
Seller's Concessions	Up to 6% of the appraised value can be applied to closing costs for primary and secondary homes, while up to 3% of the appraised value can be used for closing costs on investment properties.
Gift Funds	<ul style="list-style-type: none"> <li>Gifts are prohibited for Investment and Foreign National borrowers.</li> </ul>

	<ul style="list-style-type: none"> <li>• Gift funds can be used for the entire or partial down payment, closing costs, or reserves.</li> <li>• The gift letter must include the gift amount, the donor's name, address, phone number, and their relationship to the borrower.</li> <li>• Acceptable donors include relatives such as a spouse, child, parent, sibling, grandparent, aunt, uncle, cousin, domestic partner, fiancée, or fiancé. Gifts from a trust account are not permitted.</li> <li>• If the borrower receives gift funds before closing, a proof of wire transfer (such as a copy of the check) is required.</li> </ul>
Property Types	<p><b>Eligible:</b></p> <ul style="list-style-type: none"> <li>• One-unit attached and detached Single-Family Residences (SFR) and Planned Unit Developments (PUDs)</li> <li>• Condominiums</li> <li>• Properties with 2-4 units (subject to appraisal requirements)</li> </ul> <p><b>Ineligible:</b></p> <ul style="list-style-type: none"> <li>• Condo hotels</li> <li>• Non-warrantable condominiums</li> <li>• Leasehold estates</li> <li>• Boarding houses</li> <li>• Manufactured homes</li> <li>• Timeshare or segmented ownership projects</li> <li>• Mixed-use properties</li> <li>• Four or more units with Accessory Dwelling Units (ADUs)</li> </ul>
Appraisal Requirement	<ul style="list-style-type: none"> <li>• For loans up to \$1,500,000, a full appraisal and an automated valuation model (AVM) or desk review are mandatory.</li> <li>• The AVM/CDA must substantiate the value and should not fall more than 10% below the appraised value.</li> <li>• When the loan amount exceeds \$1,500,000, two appraisal reports are necessary.</li> <li>• For rural properties, the land should be less than 10 acres.</li> <li>• Rural properties with agricultural zoning are not permitted to engage in commercial activities such as farming or ranching. The appraisal must indicate that the property can be rebuilt as residential and that it does not operate as a working farm.</li> <li>• Transferred appraisals are not accepted.</li> <li>• If the appraisal value is below the purchase price, the borrower's acknowledgment is required.</li> </ul>
<b>BORROWERS</b>	
Eligible Borrowers	<ul style="list-style-type: none"> <li>• U.S. Citizens</li> <li>• Permanent Resident Aliens (Registration card must be valid for at least 90 days from the note date)</li> <li>• Non-Permanent Residents</li> <li>• Inter Vivos Revocable Trust (Trust certification is acceptable)</li> <li>• Foreign Nationals (For second home or investment only) - Please refer to the Foreign National section for details.</li> </ul>
Eligible Visa Status	The following visa classifications are permitted for Non-Permanent Resident Aliens:
	The following visa classifications are permitted for Foreign Nationals:
	<ul style="list-style-type: none"> <li>• E1, E2</li> <li>• G1 to G5</li> <li>• H-1B</li> <li>• L1</li> </ul>
	<ul style="list-style-type: none"> <li>• B-1, B-2</li> <li>• G1 through G5</li> </ul>

	<ul style="list-style-type: none"> <li>• H-2A, H-2B, H-3</li> <li>• I</li> <li>• J-1, J-2</li> <li>• K-1</li> </ul> <p><i>The visa must be valid for at least 90 days from the date of the note.</i></p>
Foreign National	<ul style="list-style-type: none"> <li>• DTI Ratio: 38%</li> <li>• Types F1 and F2 are prohibited.</li> <li>• A copy of the passport and a valid visa are mandatory.</li> <li>• The borrower must have a U.S. address when applying for the loan, which should be entered as the mailing address on the 1003 form.</li> <li>• Foreign assets for down payment, closing costs, and reserves must be transferred to a U.S. account before approval.</li> <li>• A 12-month PITIA reserve is required (P&amp;I is calculated at 1% above the note rate for a 5/6 ARM).</li> <li>• Self-employed status or foreign CPA licenses must be verified independently through business searches, Google, or government/state-issued documents.</li> <li>• All documents must be translated by a certified translator.</li> <li>• Asset verification must be conducted through U.S. banking institutions.</li> <li>• Gifts are not permitted.</li> <li>• Power of Attorney (POA) is not accepted.</li> <li>• Borrower-prepared profit and loss statements are not allowed.</li> <li>• This loan is only available for second homes or investment properties.</li> <li>• Automatic payments must be set up with WMB.</li> <li>• A maximum of three loans is permitted for one borrower, totaling up to \$5 million.</li> </ul>
Occupancy Types	<p><b>Occupancy Types</b> When underwriting a loan, it's essential to evaluate the occupancy status of the property. The property may fall into one of three categories: primary residence, second/vacation home, or investment property. For a primary residence, it's important to assess whether the borrower will occupy the property.</p> <ol style="list-style-type: none"> <li>1. <b>Primary Residence</b> <ul style="list-style-type: none"> <li>○ A property is classified as a primary residence if the borrower occupies it for the majority of the year.</li> <li>○ WMB will recognize a 1-4 unit property as the borrower's primary residence if the borrower occupies one of the units within 90 days of closing and the property is within a reasonable commuting distance from their workplace.</li> </ul> </li> <li>2. <b>Second/Vacation Home</b> <ul style="list-style-type: none"> <li>○ WMB considers a 1-unit property to be a second or vacation home as long as it is not the borrower's primary residence and is available solely for the borrower's use and enjoyment. The property should be a reasonable distance from the primary residence, cannot be a time-share, and must be suitable for year-round occupancy.</li> <li>○ A second home cannot be subject to any agreements that grant a management firm control over the property's occupancy.</li> </ul> </li> <li>3. <b>Investment Property</b> <ul style="list-style-type: none"> <li>○ An investment property is one that the borrower owns but does not occupy.</li> </ul> </li> </ol>
Non-Occupant Co-Borrowers	<ul style="list-style-type: none"> <li>• Must be the primary residence only</li> <li>• Cannot be the main wage earner</li> <li>• The borrower must hold the title to the property</li> </ul>

	<ul style="list-style-type: none"> <li>Applicable only for purchase and rate/term refinancing (non-occupant must be listed on the existing mortgage for rate/term refinancing).</li> </ul>
<b>MISCELLANEOUS</b>	
Loan Purpose	<p><b>Purchase:</b></p> <ul style="list-style-type: none"> <li>For the loan-to-value (LTV) calculation, use the lower of the purchase price or the appraised value.</li> </ul> <p><b>Cash-Out:</b></p> <ul style="list-style-type: none"> <li>The existing first mortgage being refinanced must have been in place for at least 12 months from the note date.</li> <li>At least one borrower must have held the title for a minimum of six months before the new loan disbursement.</li> <li>The property cannot be listed for sale; any listings must be removed before the application date.</li> <li>Ownership must be transferred from the LLC to the individual borrower(s) before submitting the initial application.</li> <li>If the property was owned by a limited liability corporation (LLC) that is primarily owned or controlled by the borrower(s) before closing, the duration of ownership by the LLC can be counted towards fulfilling the six-month ownership requirement.</li> </ul> <p><b>No Cash-Out:</b></p> <ul style="list-style-type: none"> <li>The property cannot be listed for sale, and any listings must be withdrawn prior to the application date.</li> <li>The borrower may receive cash back only up to the lesser of \$2,000 or 2% of the new loan amount.</li> <li>No seasoning is required for value.</li> <li>At least one borrower on the new loan must be the current owner (on title) of the property at the time of the initial application.</li> </ul> <p><b>Delayed Financing Exception:</b> Borrowers who purchased the property within the last six months can qualify for a cash-out refinance if all of the following criteria are met:</p> <ul style="list-style-type: none"> <li>The original purchase was an arm's-length transaction.</li> <li>The original purchase is verified by a HUD-1 Settlement Statement, showing that no mortgage financing was utilized for the acquisition of the property.</li> <li>A preliminary title search or report must confirm there are no outstanding liens on the property.</li> <li>The funds used for the purchase must be documented and must be the borrower's own funds.</li> <li>The cash-out amount cannot exceed the borrower's original investment in the property plus closing costs. If gift funds were used, reimbursement is not allowed, and the source of the earnest money deposit (EMD) must be verified if it is included in the cash back.</li> </ul>
<b>Fraud Report</b>	Mandatory for all files.
<b>Prepayment Penalty</b>	No penalty for early repayment.
<b>Insurance Coverage Amount</b>	<p>The value for the improvement can be determined by either:</p> <ul style="list-style-type: none"> <li>100% of the replacement cost value of the improvement, or</li> <li>The loan amount, as long as it is at least 80% of the replacement cost value of the improvements. Verification can be obtained from the property insurer, an independent insurance risk specialist, or another qualified professional with the necessary resources to assess this value.</li> </ul> <p>An HOA Certificate is required for all attached properties (e.g., attached PUDs).</p>
<b>Non-Arm's Length Transaction</b>	<p>Non-arm's length transactions refer to purchase transactions involving a relationship or business connection between the buyer and seller of the property. Key points include:</p> <ul style="list-style-type: none"> <li>Applicable only to primary residences.</li> <li>A letter of explanation (LOE) is required to detail the relationship with the seller and the rationale for the purchase.</li> </ul>

	<ul style="list-style-type: none"> <li>• Borrowers cannot own the business entity that is selling the property in question.</li> <li>• Borrowers are prohibited from offering services related to the transaction (such as closing agent, title agent, appraiser, etc.).</li> <li>• A gift of equity from an immediate family member is allowed (a gift letter must be provided).</li> <li>• Foreclosure bailouts are not permitted.</li> </ul>
<b>POA</b>	<ul style="list-style-type: none"> <li>• Cash-Out is not permitted.</li> <li>• A letter of explanation detailing the relationship between the borrower and the attorney-in-fact, as well as the reason for utilizing the Power of Attorney (POA), must be provided by the borrower.</li> <li>• The POA must be specifically related to the transaction.</li> </ul>
<b>Age of Documentation</b>	<ul style="list-style-type: none"> <li>• <b>Credit Report:</b> To be provided within 90 days from the Note Date.</li> <li>• <b>Income/Assets Documentation:</b> To be submitted within 60 days from the Note Date.</li> <li>• <b>Title Report:</b> To be delivered within 90 days from the Note Date.</li> <li>• <b>Appraisal Report:</b> To be obtained within 120 days from the Note Date.</li> </ul>
<b>Other</b>	A copy of the seller's trust certification is needed when the seller operates as a trust.
<b>Texas Cash out</b>	<p>Compliance with all Texas Equity Loan requirements is necessary, including but not limited to the following:</p> <ul style="list-style-type: none"> <li>• A Section 50(a)(6) loan cannot be closed until at least 12 months have passed since the closing of a previous Section 50(a)(6) loan.</li> <li>• Only one active Section 50(a)(6) loan is permitted on a property at any given time.</li> <li>• All homeowners and their spouses must acknowledge the loan.</li> <li>• A minimum waiting period of 12 days before closing is required.</li> <li>• This applies solely to primary residences.</li> <li>• Power of Attorney is not permitted.</li> <li>• Borrowers may not incur total fees exceeding 2% of the loan amount (this excludes fees for appraisal, property, survey, title insurance premium, homeowner's insurance, property taxes, per diem, and endorsements).</li> <li>• A title insurance policy must be issued using Texas Land Title Association forms, including T-42 and T-42.1 endorsements.</li> <li>• All documents need to be reviewed by an attorney, and all signed attorney documents must be provided if available.</li> <li>• Surveys are mandatory.</li> </ul>