LIFT PRODUCT GUIDELINES	
Allowable Transaction Types:	**<u>Purchases</u>** • Existing home (with or without property renovation) • Short sales (see Restrictions and Commitment Period sections) • New construction (must be able to close within 6 months) please reference the New Construction period which allows for one additional extension **<u>Refinances</u>** LIFT will subordinate to new first mortgage only if: • Rate & term refinance with lower interest rate and/or payment • Borrower death or divorce • **<u>NOTE:</u>** Cash back on refinance transactions is not allowed; Cash back on purchase transactions allowed per the first mortgage lender/investor guidelines – See Cash Back Allowance section • Maximum loan term is 30 years for all transaction types. • Fixed rate mortgages only
Nonprofit Participation as an Approved LIFT 1st Mortgage Lender	LIFT nonprofit agencies and/or their affiliates and partners in LIFT markets must submit a formal request to participate as an approved 1st mortgage lender in the LIFT program no less than 60 days prior to the Launch Event. NeighborWorks America program managers in consultation with Wells Fargo program managers agree to review and rule on completed approval requests within 30 days of receipt. Nonprofit applicants agree that any approved programs cannot be used in conjunction with properties the nonprofit (or its affiliates) are selling. Participation approval requests must include the following for all products to be offered: • Program description detailing product features including any unique benefits that differentiate the program from other approved lender offerings • Underwriting guidelines • Market(s) to be served (including geographic or demographic) limitations and/or targets • Executed Anti-Steering Affidavit • Executed Borrower Acknowledgment (if applicable)

LIFT PRODUCT GUIDELINES	
Short Sale and Real Estate Owned (REO) Restrictions:	• **<u>Eligible – Short Sale</u>** LIFT funds can be used in connection with the financing of a Wells Fargo short sale but only if Wells Fargo is not the new first mortgage lender on the short sale purchase. Another lender must originate the new first mortgage loan. • **<u>Ineligible - REO</u>** LIFT funds cannot be used in connection with the financing of a Wells Fargo REO property purchase.
Eligible Borrowers:	**<u>Eligible</u>** • First-time homebuyers • Ready again homebuyers • Living Trusts • Non-arm's length transactions must meet agency (Fannie/Freddie, FHA, VA etc.) and/or the first mortgage lender's guidelines **<u>Ineligible</u>** • Investors are not allowed • Individual Tax Identification Number (ITIN) borrower transactions are not allowed • Non-Occupant co-borrowers and co-signors are not allowed • **<u>NOTE:</u>** Employees and the 'Immediate Family Members' of employees of participating NWOs are not eligible for LIFT funding. Immediate Family Member is defined as the spouse or dependent children of the nonprofit employee. A child of the nonprofit employee that is no longer financially dependent on his or her parent(s) IS eligible to participate. These same restrictions also apply to Wells Fargo employees but do NOT apply to other participating first mortgage lenders.
Occupancy Types:	**<u>Eligible</u>** • Owner-occupied principal residence only **<u>Ineligible</u>** • No second/vacation homes • No investment property
Previous Ownership Restrictions:	• Cannot have an ownership interest remaining in another residential property at the time of settlement on the new purchase. Vacant land parcels or lots are excluded from this restriction. • Evidence of transfer of ownership is required, if applicable.

LIFT PRODUCT GUIDELINES	
	• **NOTE:** Borrowers can remain obligated on other mortgage financing if the first mortgage lender allows it.
Previous Ownership Restrictions- EXCEPTIONS:	• The previous ownership restriction rule does NOT apply to non-borrowing household members. • Properties that are held in trust on behalf of a borrower that is a beneficiary of the trust do not need to be sold or transferred provided both of the following conditions apply: 1. The borrower (beneficiary) cannot be the settlor of the trust 2. The borrower (beneficiary) cannot have the power to direct the disposition of the trust's assets • **NOTE:** It is the responsibility of the first mortgage lender to evaluate trust governing documents and determine whether borrower(s) satisfy these conditions, if applicable
Property Types:	**Eligible** • Single-family (attached or detached) • 2-4 Unit • Condominium • Townhome • PUD • Co-op • Land Trust • Manufactured homes (meeting FNMA and Freddie Mac guidelines) **Ineligible** • No modular condos • No mixed use properties unless permitted under FHA 203(k) program
Allowable First Mortgage Types:	**Eligible** • Fannie Mae / Freddie Mac fixed rate financing • FHA – including 203k • VA – 15 to 30 year fixed rate mortgages • USDA Rural Development (RD) fixed financing • Portfolio/State HFA fixed rate financing • Conventional Portfolio or other CRA affordable lending fixed rate programs **Ineligible** • Adjustable rate mortgages • Negative Amortization • Terms exceeding 30 years

LIFT PRODUCT GUIDELINES	
	• No temporary buy-downs; permanent buy-downs allowed
Maximum Sales Price:	• Not applicable to LIFT. May be a stipulation imposed by first mortgage lender's program such as state HFA programs.
Maximum LTV/CLTV:	Standard as per 1st mortgage product guidelines. • **<u>NOTE</u>**: Conventional Portfolio products or other CRA affordable lending programs CLTV cannot exceed 105%. • **<u>NOTE:</u>** – for all products/programs: The total of all financing cannot result in cash back to the borrower See the Cash Allowances section for exceptions.
Income Restrictions:	• Up to **<u>115%</u>** of Area Median Income (AMI) adjusted for household size for FHA transactions • Up to **<u>120%</u>** of Area Median Income (AMI) adjusted for household size for all other transactions including: Conventional, VA, State HFA, Portfolio • **<u>NOTE:</u>** Some state Housing Finance Agency loans, first mortgage portfolio loans and/or other down payment assistance programs may impose borrower or household income limits that are more restrictive than LIFT limits, such as 80% AMI or 100% AMI. LIFT transactions must comply with the most restrictive income limits imposed by any other layer of financing.
Allowable Geographic Area :	Designated zip codes in Bakersfield, CA. 93301, 93304, 93305, 93306, 93307, 93308, 93309, 93311, 93312, 93313, 93314
Lien Position:	• LIFT funds may be in any lien position on purchase transactions. • LIFT financing will only subordinate to new first mortgages in connection with eligible refinance transactions. See Allowable Transaction Types section.
Loan Term:	0% interest grant that is forgivable 20% each year for five years. The prorated balance due is repayable if the property is sold, refinanced, transfer of title or foreclosure within the first 5 years. **<u>NOTE:</u>** The only exception is the refinance of the first mortgage to a lower interest rate and/or payment or refinance due to death/divorce where one of the original borrowers remains in the property. No cash out to the borrower allowed.

LIFT PRODUCT GUIDELINES	
	Funds that are "recaptured" would be returned to the pool of funds and made available for assistance to other qualified borrowers of this DAP Program.
Qualifying Ratios:	• Not applicable to LIFT. Determined by the first mortgage loan program.
Minimum Credit Score:	• Not applicable to LIFT. Determined by the first mortgage loan program.
Amortization Types:	• First mortgage loans must be fixed rate only. No ARMs, balloons, temporary buy-down or interest only loans allowed. • **NOTE:** First mortgage loan terms can be between 15 and 30 years
Interest Rate:	• The LIFT interest rate is zero percent (0.00%) in all markets
LIFT Lender Allowable Fees:	• The LIFT lender's transaction level fees are restricted. Cannot exceed $250 per loan. Specific items covered by that fee will be finalized prior to the launch. Transaction pass through fees are not included.
Homebuyer Education Requirements:	• All homebuyers must have 8 hours pre-purchase education, and participation must be evidenced by an acceptable completion certificate. • HBE education must be completed before closing. Borrowers that have previously completed their HBE education through an approved provider must have a completion certificate that is dated not more than 12 months prior to closing. • Eligible counseling agencies must be HUD-approved AND must have adopted the National Industry Standards for Homeownership Education and Counseling. • Online courses may also be approved in some markets. Most require payment of a separate participation fee to the provider. • **NOTE:** 2-4 unit buyers **must** also have landlord education provided by a HUD-approved organization.
Cash Reserve Requirements:	• Not applicable to LIFT. Determined by the first mortgage loan program.
Cash Back Allowances:	• Cash back to the borrower is not allowed on LIFT transactions except in the following instances: • Verified Earnest Money deposits that exceed the borrower's out-of-pocket settlement costs requirements may be refunded to the borrower. • Fees paid in advance to the first mortgage lender by the borrower that are subsequently allowed to be included in one or more layers of

LIFT PRODUCT GUIDELINES	
	transaction financing (such as a credit report, appraisal fee, hazard insurance) may be refunded to the borrower. • **NOTE:** The first mortgage lender must advise the LIFT organization if cash back is allowed or expected in any transaction.
Allowable Sales Concessions or Contributions:	• Not determined by LIFT. Established by the first mortgage loan program.
Assumability:	• Not allowed
Prepayment Penalty:	• Not applicable to LIFT. May be a requirement of the first mortgage loan program.
Deed Restrictions:	• Not applicable to LIFT. May be a requirement of the first mortgage loan program.
Mortgage Insurance Requirements (PMI/MIP):	• Not applicable to LIFT. May be a requirement of the first mortgage loan program.

LIFT PRODUCT GUIDELINES	
Reservation Periods: (Launch Events) –	Reservation Periods are unique to Launch Events and pertain to the number of days that LIFT funds will be reserved on behalf of a potential borrower that attends a Launch Event. In order to secure a reservation at a Launch Event, the potential borrower must have a valid pre-approval from any lender and must provide supporting household income documentation that indicates they are within the Area Median Income (AMI) limits (adjusted for family size) established for the community where they wish to purchase a home. Potential borrowers that are issued a reservation of funds at a Launch Event must secure a 1st mortgage from an Approved Lender in the LIFT market. Potential borrowers that attend a Launch Event without a pre-approval from an Approved Lender and are subsequently issued a reservation at the Launch Event are required to execute a supplemental disclosure. The disclosure includes an acknowledgement that the lender the prospective borrower is currently pre-approved with is not an Approved Lender and that LIFT funds will not be provided unless the potential

LIFT PRODUCT GUIDELINES	
	borrower is able to secure an approval from an Approved Lender in the LIFT market. • **<u>NOTE:</u>** Reservation Periods are **<u>60 days</u>** in all LIFT markets. Potential borrowers with a reservation that are unable to execute a fully ratified real estate purchase contract within the Reservation Period will lose their reservation and funds will be made available to other potential borrowers through normal post-launch event LIFT funds application procedures in the market.
Commitment Periods: (Post-Launch Events)	Commitment Periods represent firm commitments to provide LIFT funds in connection with eligible transactions that have been fully reviewed and approved by NWO underwriters. Commitment Period terms and settlement requirements are fully detailed in the form of a Conditional Commitment Letter. Conditional Commitment Letters will only be issued in connection with eligible 1st mortgage transactions offered by Approved Lenders in the LIFT market. • **<u>Purchases</u>** LIFT commitments are valid for 90 days from the date of issuance. Borrowers must complete the purchase transaction prior to the commitment's expiration date in order to secure LIFT financing. Commitment period extensions will only be granted in the following circumstances: • **<u>Sale of Existing Home</u>** A 30 day extension may be granted to complete the sale of an existing primary residence. • **<u>Short Sales</u>** Eligible short sales must have a signed purchase contract accepted by both the seller and buyer. Initial short sale commitments are then valid for 90 days. One additional 90 day commitment extension may be granted provided there is some confidence the transaction can be closed within the second 90-day commitment period. **<u>NOTE:</u>** In order to close and fund a short sale transaction that involves LIFT financing, satisfactory evidence of a fully ratified contract, with terms accepted by the subject property lienholder(s), is required prior to closing.

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	• **<u>New Construction</u>** Initial new construction commitments are valid for 180 days. An additional 30- 60 day extension can be granted by the local non-profit if the builder certifies that the construction will be complete and can be closed; the 60 day extension would require review and approval by NeighborWorks. **<u>• Renovation Loans</u>** A one-time 30 day extension may be granted if the contractor and inspector certifies that the renovations will be complete in 30 days; no subcontractor liens and extension is needed to complete work within the original scope. • **<u>Property Defects/Valuation Gaps</u>** Borrowers may execute purchase contracts on properties that are subsequently rejected by the first mortgage lender during the initial 90 day commitment period for home inspection failure, appraisal defects, valuation gaps etc. or in cases where the contract expires, through no fault of the buyer, and is not extended by the seller. These borrowers will be offered a one-time additional 90 day commitment extension in which to secure and close on another property. The borrower must be under contract on the new home prior to the expiration of the initial 90-day commitment period in order to qualify for the extension.
Minimum & Maximum Loan Amounts:	• LIFT loan amounts vary by market but are fixed for each market in advance and do not change. LIFT is not a "needs based" program. The LIFT loan amount should **ALWAYS** be exactly the same for every transaction. Any exception requests must be submitted in writing and approved by NeighborWorks America designated program managers. • Maximum first mortgage amounts are tied to agency or lender limits and depend on the loan type: (Fannie, Freddie, FHA, VA, Portfolio, etc.) and the first mortgage loan program.
Borrower Minimum Investment:	• Not determined by LIFT. Borrower minimum investment requirements vary by first mortgage loan program or other down payment assistance providers. FHA always requires 3.5% from the borrower's resources unless other eligible down payment assistance programs are layered in the transaction and allow for a lower minimum investment from the borrower. • FHA – CLTV generally limited to 96.50% unless LIFT organization or other down payment assistance provider is a government agency or

LIFT PRODUCT GUIDELINES	
	nonprofit 'Instrumentality of Government'. If so, allowable CLTV may be up to total acquisition costs. • The first mortgage lender is responsible for determining the borrower's minimum investment when other down payment assistance programs or seller concessions are part of the transaction. • **NOTE:** LIFT liquid assets rule testing may result in the borrower having to contribute more of their own funds towards down payment than may typically be required by the loan program.
Maximum LTV/CLTV:	• Not determined by LIFT. LTV/CLTV limits vary by first mortgage loan program. In general: • **FHA** – CLTV generally limited to 96.50% unless LIFT organization or other down payment assistance provider is a government agency or nonprofit 'Instrumentality of Government'. If so, allowable CLTV may be up to total acquisition costs NOTE: For 203K, the total CLTV is calculated on the Renovation Mortgage Worksheet and may exceed 96.50%. The borrower must meet the minimum investment required by FHA from an acceptable source. • **Conventional** – CLTV limits generally range from 95% to 105% depending on first mortgage loan program. LIFT funds are considered an eligible secondary financing source in connection with Fannie/Freddie products. • **VA** –LTV limit is 100% - CLTV % limit is not specified by VA • **Portfolio/State HFA** – Set by portfolio lender or state housing finance agency
LIFT Funds Eligible Uses:	LIFT funds may be used in one of the following ways depending on the first mortgage loan program and/or any other down payment assistance provider's allowable CLTV and/or borrower contribution requirements. In general: 1) If the loan program's allowable CLTV is **less** than 100%, the borrower must make their minimum investment from their own resources (which may include gift funds if allowed) and pay settlement costs themselves or find other options, such as seller or lender paid settlement costs. LIFT funds can only be used as additional down payment on top of the minimum out-of-pocket investment the borrower must make. 2) If the loan program's allowable CLTV is **equal** to 100%, there is no borrower minimum investment so LIFT funds can be used entirely as a down payment, but the borrower must still pay settlement costs themselves or find other options such as seller or lender paid settlement costs.

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	3) If the loan program's allowable CLTV is **greater** than 100%, there is no borrower minimum investment. Some or all of their settlement costs can come from LIFT, as long as paying those costs keeps the transaction within the allowable maximum CLTV. The remainder of LIFT funds not used towards the borrower's settlement costs would then be used towards additional down payment. **NOTE:** Since the LIFT organization may not be aware of all layers of financing and any associated programmatic restrictions, the first mortgage lender is responsible for the accuracy of all CLTV restrictions and calculations.
Geographic Restrictions:	• LIFT funds may only be used in connection with properties purchased in the eligible jurisdictions that are determined in advance for each market. Property lookup links and associated maps are prepared for each jurisdiction. • Property taxes on the subject property must be paid to the designated jurisdiction entity in order to be eligible for LIFT funds.
Higher Priced & High Cost Mortgage Loans	• NWO must comply with current standards, rules, regulations and law in place regarding Higher Priced Mortgage Loans (HPMLs). • The NWO reserves the right to remove any first mortgage lender found in violation of any of the standards listed above from its approved lender list and from the program. • High Cost Mortgage Loans (Section 32 HOEPA loans) are NOT allowed in connection with LIFT financing.
Property Insurance Requirements:	• The NWO must be named as a subordinate loss payee or mortgagee on the homeowner's insurance policy during the entire 5-year term of the LIFT lien. • **NOTE:** This requirement does not apply to condos, co-ops or other properties where a single Master Policy covers multiple dwelling units in a development.
Flood Insurance Requirements:	• The NWO must be named as a subordinate loss payee or mortgagee on the homeowner's flood insurance policy during the LIFT lien.
Title Insurance Requirements:	• The LIFT lien does not require a lender's title insurance policy.
Property Rehab Standards:	• Not determined by LIFT. May be a requirement of the first mortgage loan program, such as FHA 203(k).
Documentation Standards:	• Full, substitute or alternative documentation for employment, income and assets only. Income documents are valid for up to 90 days.

LIFT PRODUCT GUIDELINES	
	<u>NOTE:</u> New income documents that are received by the LIFT organization prior to loan closing will be reviewed and evaluated for continued program compliance.
Minimum FICO Standards:	• Based on first mortgage
Appraisal Standards:	• A full appraisal is NOT required by the LIFT nonprofit lender. LIFT organizations will request and review the following property valuation sections of the applicable appraisal to ensure that the property meets LIFT program guidelines and that LIFT funds are not being inappropriately used to cover appraisal value gaps. • Fannie Form 1004 - Uniform Residential Appraisal Report (Pages 1-3) • Fannie Form 1073 - Individual Condominium Unit Appraisal Report (Pages 1-3) • Fannie Form 1025 - Small Residential Income Property Appraisal Report (Pages 1-4) • **<u>NOTE:</u>** Freddie Mac HomeSteps transactions may not require an appraisal. The first mortgage lender is responsible for determining if an appraisal is required and for notifying the NWO if the transaction does not require one.

LIFT INCOME STANDARDS	
Household Income Limitations Analysis:	• LIFT funds are available only to eligible borrowers whose household income is equal to or less than **<u>115%</u>** or **<u>120%</u>** of Area Median income (AMI) depending on the type of first mortgage loan program. The NWO is required to collect and analyze its own household income documents in connection with LIFT loan income documentation standards. • **<u>NOTE:</u>** The first mortgage lender is responsible for determining that its first mortgage loan program complies with any programmatic Area Median Income limit thresholds. LIFT organizations are only responsible for income limit compliance with the LIFT loan.

LIFT INCOME STANDARDS	
Step 1 – Determine Household Size:	**<u>Count</u>** • All borrowers who plan to live in the new home • All non-borrower adults (age 18 & older) with any type of income who will live in the home • Full time students (age 18 & older) with or without income • All minors (under age 18) with or without income
Step 2 - Determine Household Income:	• Using the income treatment methodology from this section, calculate the total household member's annual income to be considered in household income limits. **<u>Include:</u>** • All borrowers who plan to live in the new home • All non-borrower adults (age 18 & older) with any type of income who will live in the new home **<u>Exclude:</u>** • Full time students (age 18 & older) with or without income who will live in the new home • All minors (under age 18) with or without income who will live in the new home • SSI benefits for minors (under age 18) • Foster Care payment for minors (under age 18)
Step 3 - Determine Income Eligibility:	• Using the applicable AMI limits chart for the market, find the corresponding household size column based on the results of Step 1 calculations. • Add the total household income based on the results of Step 2 calculations. • Compare the calculated total household income amount to the maximum income allowed based on the family size and the type of loans.

INCOME/ASSET TYPE	DESCRIPTION	DOCUMENTATION	CALCULATION
Salaried or Hourly Earnings:	Salaried or hourly earnings are generally derived from base employment income for all present employers. If the borrower does not have a two year history with the same employer, previous employment income within the past 2 years may also be evaluated.	Verified using the following acceptable substitute documentation: • Most recent 30 days of pay stubs • W-2s for all present and past employers over the previous 2 years • Two years tax returns with all forms, schedules and attachments including W-2s and 1099s • Absent any of the above documentation, the standard Verification of Employment may also be used.	Income calculations are based on the method of pay and the recurrence of earnings. Multiply the current rate of pay by the corresponding pay period and then by number of pay periods in a year. **EXAMPLE 1** Borrower earns $22.50 per hour and works 37 ½ hours per week. Multiply $22.50 x 37.50 = $843.75 x 52 weeks = $43,875 per year. **EXAMPLE 2** Borrower earns $15.75 per hour and works 80 hours every two weeks. Multiply $15.75 x 80 = $1260.00 x 26 pay periods = $32,760 per year. **EXAMPLE 3** Borrower is salaried and earns $3200 per month. Multiply $3200 x 12 months = $38,400
Variable Income Earnings:	Variable income earnings includes income such as overtime, tips, commissions, bonuses, 2nd jobs, seasonal jobs, odd jobs, seasonal unemployment, family	Verified using the following acceptable substitute documentation: • Most recent 30 days of pay stubs • W-2s for all present and past employers over the previous 2	Average YTD earnings and previous 1 to 2 years of annual earnings if applicable.

INCOME/ASSET TYPE	DESCRIPTION	DOCUMENTATION	CALCULATION
	contributions and military income.	years • Two years tax returns with all forms, schedules and attachments including W-2s and 1099s • Absent any of the above documentation, the standard Verification of Employment may also be used.	
Self-Employment Earnings:	Self-employment income is forecasted and annualized using YTD Profit & Loss Statements and up to 2 years of tax returns. Net operating income for YTD P&Ls and tax returns is used from the P&L or tax returns.	Verified using the following acceptable substitute documentation: • Two years tax returns with all forms, schedules and attachments including W-2s and 1099s AND • The most recent (quarterly) year-to-date profit loss/income statement for the business OR • An industry standard self-employment income analysis form (Fannie Mae Form 1084 Cash Flow Analysis or Freddie Mac Form 91 Income Analysis)	Determine the net income amount from the YTD profit and loss statement and the previous 1-2 year's tax return; Divide the total by the number of months included in the P&L statement and tax return timeframe to arrive at the average monthly income then multiply by 12.

INCOME/ASSET TYPE	DESCRIPTION	DOCUMENTATION	CALCULATION
Fixed Income Earnings:	Fixed income includes other types of earnings such as retirement income, government assistance, disability, alimony, child support or separate maintenance.	Social security, retirement, pensions, workers compensation, severance pay, disability or death benefits, and Medicaid. (Food stamps are excluded from the calculation of household income.) • Copy of statement supplied from the source of the income (i.e. award letter), and copies of checks or two most recent bank statements showing receipt of such payment. Child support or alimony requires the divorce decree or separation documents and any court ordered support documentation along with (bank statements, checks, and/or statement from a state agency) indicating amount being paid	To compute annual income from social security, disability or death benefits, pension, adoption assistance, public assistance, etc.: Multiply the gross amount paid monthly by 12. To compute the annual income from child support or alimony: Multiply the amount received by the number of payment periods in the year and annualize based upon the amount and frequency of payments.

INCOME/ASSET TYPE	DESCRIPTION	DOCUMENTATION	CALCULATION
Investment/Asset Earnings:	Investment/Asset earnings include regular, scheduled, periodic payments from trusts, annuities, inheritances, interest, dividends etc. Does not pertain to one-time gains such as sales of assets or gains from the sale of a prior residence.	• Copy of statement supplied from the source of the income, copies of checks or two most recent bank statements showing receipt of such payments. • Two years of personal tax returns with all forms, schedules and attachments including W-2s and 1099-INTs, 1099-DIVs or 1099 Consolidated forms **<u>NOTE:</u>** The income should be reduced proportionately, if the borrower plans to liquidate all or some of the assets that generate the income to close on the home purchase.	To compute income from investments/assets, calculate the interest earned on any YTD monthly or quarterly investment statements along with annual interest earnings from the investment/asset from 1099-INT or 1099-DIV form. Divide the total amount by the number of months in the earnings period and multiply the result by 12.

INCOME/ASSET TYPE	DESCRIPTION	DOCUMENTATION	CALCULATION
Net Rental Income (Principal Residence)	In a purchase transaction, income from rental units in a borrower's 2-4 unit principal residence is **NOT** considered income for LIFT qualification purposes.	Projected rental income, if used and calculated in the borrower's annual income, will effectively keep many moderate income families from taking advantage of LIFT funds to buy multi-unit properties. In addition, LIFT-related purchase transactions involving 2-4 unit properties may have additional beneficial effects in LIFT communities by providing additional rental options for tenants that may not have access to other rental housing.	The first mortgage lender is still responsible for underwriting the rental income from a 2-4 unit purchase using whatever methodology the first mortgage loan program requires.

LIFT ASSET STANDARDS	
Unprotected Liquid Assets Contribution Rule	Borrowers must make an additional down payment contribution from any **Unprotected Liquid Asset Account** if the remaining funds in the account(s) at the time of settlement will exceed $20,000. **Available liquid asset determinations and contribution requirement estimates are made at the time of the Eligibility Determination Session.** Liquid asset funds that are subsequently transferred to protected accounts after the Eligibility Determination Session are not excluded from contribution calculation requirements. Actual contribution requirements are established once the first mortgage loan and the LIFT loan settlement costs have been satisfactorily determined. The amount of the borrower's contribution is then based on the difference between the available funds as determined at the

LIFT ASSET STANDARDS	
	Eligibility Determination Session and the funds actually required to settle the transaction. **<u>NOTE: This contribution rule only applies to the Borrower(s).</u>** Non-borrowing household members are not subject to any asset analysis or contribution requirements.
Unprotected Liquid Assets Contribution Rule EXCEPTIONS	• Any borrowed funds that the borrower has accumulated in an account that is otherwise considered an 'unprotected liquid asset' account will be excluded from contribution requirements. Borrowers must be able to document to the LIFT organization's satisfaction that excluded borrowed funds are in fact eligible for exclusion from calculations. • LIFT organizations may also make a needs-based, case-by-case exception to the contribution rule policy provided that the exception is related to a personal situation that requires the commitment of unprotected liquid funds to another purpose that is satisfactorily documented by the LIFT organization. Example: Funds reserved for college tuition and/or funds needed for a medical emergency. • The exception policy does not apply to funds utilized by the customer to pay off debt after the Eligibility Determination Session (and documentation of liquid assets) has occurred.

ASSET TYPE	DESCRIPTION
Unprotected Liquid Asset Accounts:	Unprotected Liquid Assets include Earnest Money deposits and available funds in bank accounts such as: • Checking • Savings • Money Market Accounts or other similar types of accounts where funds are readily accessible without withdrawal restrictions or penalties. **<u>NOTE:</u>** A monthly account maintenance fee or minimum balance fee is not considered a withdrawal restriction or penalty.

ASSET TYPE	DESCRIPTION
Protected Liquid Asset Accounts:	Protected Liquid Assets include available funds in asset accounts such as: • Retirement Accounts (401(k), IRA or pension accounts) • Investment Accounts (stock, bond or mutual funds) • Certificates of Deposit (CDs) • Business Checking or Savings Accounts or other similar types of accounts where withdrawal of funds may result in a penalty or withdrawal restriction being imposed such as an early redemption fee from a CD or a withdrawal restriction on a retirement account. It also applies in instances of potential loss of value such as mutual or index fund investment accounts. **NOTE:** If a borrower is required to sell a property as a result of the Previous Ownership Restriction rule, the net proceeds (if any) from the sale of the property are treated as a Protected Liquid Asset.