

MFG 300 Series Super Conforming Program Wholesale

Disclaimer	The guidelines contained herein are intended to give an overview of Manhattan Financial Group's general underwriting policies. They are not all inclusive in that scenarios not depicted here may arise, in which case additional restrictions may apply. MFG reserves the right to update our guidelines periodically without notice.
Program Description	Purchase, rate / term refinance and cash out refinance are all allowed. All occupancy types acceptable. SFR, PUD & 2-4 unit acceptable. 15- & 30-year fixed and 5/1 ARM available. Full doc only. Additional restrictions will apply if unable to obtain L.P. Accept. Please see LTV / CLTV restrictions on back page.
FICO Restrictions	See back pages.
Program Numbers	15-year fixed: #330 30-year fixed: #331 5/1 ARM: #332
Loan Size	<p>On this program, loan amounts are applicable to high cost areas only as determined by the Federal Housing Finance Agency (FHFA). The loan amounts must be greater than the current maximum Conventional Conforming Loan Limits and may not exceed the High Cost Loan Limit established by FHFA. Currently, the maximum loan amount available (subject to county eligibility) ranges between \$417,001 and \$729,750 for SFR.</p> <p>Refer to the following link to determine maximum loan amount and county eligibility: https://entp.hud.gov/idapp/html/hicostlook.cfm</p> <p><i>Note: in order to obtain the correct loan limits for this program, select "Fannie/Freddie" from the <Limit Type> field, and "CY2010" in the <Limit Year> field.</i></p>
Eligible Borrowers	MFG will only extend loans to individual applicants. Title may be vested in a trust, subject to underwriting manager review. Trust must be revocable; irrevocable trust is not allowed. Investment property may not be vested in a trust. Borrowers must be natural persons only – no corporations, estates, partnerships, etc. U.S. citizens, permanent and non-permanent resident aliens are eligible. Additional restrictions apply for non-permanent resident aliens: Must be a legal resident of the United States, have a valid social security number, and work in the United States.
Co-borrower	Co-borrower does not have to occupy subject to the following: occupant borrower must qualify for loan, non-occupant borrower must be on separate application, and occupant borrower must verify 5% investment from own funds
Non-Arms Length Transactions	Non-arms length transactions are allowed on the purchase of a primary residence on a case-by-case basis, subject to review and approval by Underwriting Manager. Interest Only loans not allowed.
Property Type Restrictions	Condos are not permitted. Attached PUD must be warrantable per FNMA warranty & insurance guidelines. No units allowed on second home. Units require appraiser to complete FNMA Form 216.
ARM Adjustments	The adjustments on all ARM products are 5/2/5
Maximum Fees	Loan below \$500k = 4% including YSP. Loans \$500k and over = 2% including YSP. ARMS = max 2% YSP. Fixed = max 3% YSP

Investment Properties	Gift funds not allowed. Rural properties not allowed. Non-arms length transaction not allowed. May not be vested in a trust. 6 months PITI reserves required on subject. 6 months rent loss insurance required on subject. FNMA 216 / 1007 always required. Interest Only is not allowed.
Cash Out	Cash to borrower is allowed on primary residence, 2 nd home and investment property. It is not allowed on Interest Only products.
Debt Ratios	Debt ratio is evaluated by L.P. "Accept" decision is required.
Qualifying Rate	<u>Fixed</u> – Note rate <u>ARMs</u> – Note rate or fully indexed rate, whichever is higher.
Debts Counted	Installment debts with monthly payments that extend beyond 10 months must be included in the debt ratio for qualification purposes. If 10 or less payments remain, the debt may be excluded IF the payment does not increase the debt ratio by more than 5%, and sufficient funds to pay off the debt are documented. Lease payments must always be counted. Open 30 day (Amex type) charge accounts are required to be paid off unless borrower has sufficient funds to pay the unpaid balance, or borrower will receive reimbursement of the charge from his / her employer; proof required. Revolving debt must be included in debt ratio unless account is paid in full and closed. Deferred debt is not allowed. For deferred student loan use 2% of original principal balance if no payment is stated on the credit report. For revolving \$10 or 5% of the current balance, whichever is greater, will be used to qualify if no payment is stated on the credit report. For HELOC 2 nd qualify with I.O. payment based on current balance; if -0- balance, -0- payment. Co-signed debt may be omitted from debt ratio with a minimum of twelve month's cancelled checks, evidencing debts are paid by someone else, and no late payments.
Credit	LP will assess credit history and make credit approval determination. No 1X30 mortgage lates allowed within the past 12 months. Disputed accounts: Require written LOE from borrower and supporting documentation subject to underwriter review. Private party VOM / VOR must be accompanied by canceled checks for a consecutive 12 months. Collection or charge off; follow AUS findings. Minimum 48 months since BK discharge and minimum 84 months (7 yrs) since Foreclosure discharge. Deed in lieu of Foreclosure: none in past 84 mo (7 yrs) (4-7 yrs allowed case by case with re-established credit; Purchase allowed on primary residence only to 90% LTV, and allowed on all occupancy types for rate/term refi, cash out refi not allowed). All require satisfactory re-established credit history. No short payoff related to mortgage obligation allowed in past 7 years. Minimum two FICOs required for all borrowers. Credit report must be dated within 90 days of funding.
Credit Inquiries	All inquiries in past 120 days must be reported on the credit report, and require an explanation, and borrowers must certify no new credit has been established, and / or if new credit has been established require proof of payment and balance. If borrower(s) have more than three inquiries in past 120 days we will require a letter from borrowers stating that all loan applications were withdrawn, or declined and why. In addition they must execute Manhattan Financial Group's "Undisclosed Debt Acknowledgement" form.
First-Time Homebuyers	Allowed on primary residence only. This restriction applies only when all borrowers on the transaction are first-time homebuyers. A first-time homebuyer is defined as a borrower that does not have a minimum 12-month mortgage payment history within the past three years.
Max Financed Properties	On second home and investment property transactions, borrowers may not own more than a maximum of four financed properties. No limit on primary residence transactions. Commercial properties, multi-family properties and lots are not considered in this calculation; however, a borrower who holds a partnership interest in an organization that has been formed for the purpose of real estate investment or development must take into consideration all properties owned and financed by that partnership. We may lend to a maximum of \$2,000,000 per borrower on this product.

Employment	Regardless of LP findings, most recent full months paystubs, and most recent 2 years W-2s required for wage earners. Self-employed borrowers are required to provide most recent 1 or 2 years' personal and business tax returns (including all schedules) Follow LP findings for # years required. YTD P & L and Balance sheet may also be required. Typically, a 2-year history of employment in the same line of work and / or self-employment is required. Minimum 2-year history of secondary employment is required; 1-year history may be considered on a case-by-case basis, provided secondary employment is directly related to primary employment. 1003 must report a full 2-year employment history (if available). If borrower works for a family business we require a signed letter from the company CPA or Controller stating the borrower has no ownership interest in the company. All employment income must be derived from current employment in the United States. Additional documentation may be required at underwriter's discretion
Other Income Types	L.P. will assess income type and set documentation requirements. Other non-employed income may be used to qualify, provided the borrower can evidence a history of receiving said income regularly. 2 year history of managing rental properties required in order to use rental income on investment property. Typically, a minimum 2 years history (12 months for Alimony / Child Support) of receiving other income and minimum 3 years continuance of receipt is required. For a W-2 wage earner, if using any income other than base, a VOE is required, and the likelihood of continuance of that income must be indicated.
Assets	L.P. will set all reserve requirements and documentation requirements on owner occupied SFR or units , however, all refinance transactions run through LP require minimum one month bank statement even when no reserves or funds to close are required. If either the borrower's primary residence is for sale, but the sale will not close before the Note Date of the Mortgage on the new primary residence, or the borrower is converting his/her primary residence to a second home or Investment property; the following is required; Six months PITIA reserves required for both the retained and subject properties. Typically, 2 months PITI reserves required for purchase & cash out refinance. Second homes require 2 months PITI reserves. Investment properties require 6 months PITI reserves. Business funds are not permitted unless borrower is sole-proprietor. A satisfactory third party (CPA, etc.) must verify that withdrawal of funds will not adversely affect ongoing viability of business. All funds must be verified by all pages of most recent two months bank statements. VODs must be accompanied by most recent bank statement, and are permitted on an exception basis only
Gift Funds	Allowed on owner occupied or second home, must be from family member related by blood, marriage, or adoption. 5% borrower's own funds required. Gift of equity allowed, subject to the aforementioned restrictions. Gift of equity must be reflected in sales contract and on final HUD-1.
Max Seller Contributions	Primary Res. / Second Home: 3% for all CLTVs (based on lesser of purchase price / appraised value) Investment Properties: 2% for all CLTVs (based on lesser of purchase price / appraised value)
Subordinate Financing	Require copy fully executed Subordination Agreement and Note on 2 nd mortgage. Ineligible subordinate financing are: has interest rate buydown plan, neg am, wraparound terms, community 2 nd , seller 2 nd , tax and judgment liens, prepayment penalty, maturity date less than 5 years (unless fully amortized). Scheduled payments must be on a regular basis; no less than semi-annually. If employer 2 nd must: be fully amortizing, or deferred for a period of time then fully amortizing, deferred over the entire term, forgiveness of debt over time. If a variable rate (other than HELOC), the monthly payment must remain constant for 12 months, change of the payment at the end of each 12-month period cannot exceed 1%.

Rate / Term vs. Cash Out	Payoff of existing first lien, payoff of purchase money second lien, incidental cash back equal to maximum of \$2,000, and / or payment of due property taxes will be considered rate / term. Any excess cash back / debt consolidation, payoff of non-purchase money second liens, payoff of a HELOC first, payoff of a first lien seasoned less than six months that was a cash out refinance, and / or payment of delinquent property taxes will be considered cash out. Cash out refinance requires minimum six months ownership of subject property for at least one borrower, and minimum six months seasoning on all liens to be paid. All rate/term (limited cash out) refinances run through LP: if we are paying off a purchase money 1st mortgage, a minimum of 120 days seasoning is required, Note date to Note date.
Conversion Of Current Primary To Investment	Borrowers who wish to purchase a new primary residence and convert their current primary residence to an investment property are allowed to use 75% of the proposed rental income to offset the existing mortgage payment if there is documented equity of at least 30% in the existing property (derived from an HVCC-compliant appraisal, minus outstanding liens). If the 30% equity requirement cannot be met, borrowers must be qualified with both PITI payments and 6 months PITI reserves are required for <u>both</u> properties. In addition to above referenced appraisal, the rental income must be documented with a copy of the fully executed lease agreement, receipt of the security deposit, and proof security deposit deposited into borrower's account.
Title	Full ALTA title insurance report covering the face value of the mortgage, with plat map or survey, is required. All borrowers must be on title prior to application date. Cash out refi requires at least one borrower be on title a minimum of 6 months prior to application date. 24-month chain of title required. Judgments or any other adverse credit affecting title must be paid prior to or at close. When title is a leasehold, rather than fee simple, it may be acceptable subject to 2 nd signature approval. Child support / alimony orders must subordinate to subject loan. Properties with multiple parcels must be adjoining; only one parcel may contain a residential dwelling. Title must be dated within 90 days of funding. All rate/term (limited cash out) refinances run through LP: if we are paying off a purchase money 1st mortgage, a minimum of 120 days seasoning is required, Note date to Note date.
Hazard / Flood Insurance	Hazard insurance coverage equivalent to the greater of the loan amount or cost new is required <u>or</u> policy to reflect 100% guaranteed replacement cost. Maximum deductible is \$1,000 or 1% of the dwelling coverage. Premium amount listed must be paid current, or provide proof paid at closing. If flood insurance is applicable, all above requirements apply.
Mortgage Insurance	All loans with an LTV greater than 80% (see last page for restrictions) require mortgage insurance. Minimum 720 qualifying credit score is required. For loans with a term less than or equal to 20 years the following M.I. percentage is required: 80.01-85% = 6%, 85.01-90% = 12%. For loans with a term greater than 20 years the following is required: 80.01-85% = 12%, 85.01-90% = 25%. 2-4 unit, 2 nd home, investment property, and cash out refinance are not eligible for mortgage insurance. Max Debt ratio 41%. See separate M.I. company conditions / restrictions as well.
Value Determination	Lesser of purchase price or appraised value used on purchase. Auction properties have additional restrictions. If property was purchased within past 12 months, value will be based on lesser of purchase price or current appraised value for cash out transactions. Exceptions permitted on a case-by-case basis – any increase in value since purchase must be adequately documented by appraiser and must be supported by recent sales, current listings, and independent third-party verification (AVM or appraisal review).
Property Flipping	Seller must be on title at time of agreement / contract. Bail out situations are not allowed. Appraiser to comment and provide details of any prior sales in past 3 years. If value has increased by 15% or more in one year, or 30% or more in 3 years, require appraiser document with contracts, receipts and photos. If it appears any substantial appreciation in value, and / or property flipping / churning has occurred, loan may be subject to additional requirements including but not limited to Field Appraisal Review.

Appraisal

Full URAR required on all loans, to be ordered by MFG. Must be completed by state licensed or certified appraiser – appraiser trainees not acceptable. If value exceeds \$1,000,000 appraisal must be completed by a state certified appraiser. Field review required if loan amount is greater than \$625,500 and CLTV is greater than 80%, OR if appraised value is equal to or greater than \$1,000,000 and LTV and / or CLTV is greater than 75 percent. Currently listed properties are not eligible for refinance. Properties listed within past 180 days are eligible for cash out refinance w/ max 70% LTV. Unpermitted additions / conversions may not be given value and require appraiser to establish cost-to-cure to bring property back to original utility. Commercially or agriculturally zoned properties are not allowed. Cost to cure of 2.5% or greater of the property value, and / or any items that affect basic habitability and / or safety will require Appraiser's Completion Cert(s) and photo(s). Appraisal must be dated within 90 days of funding – no exceptions. Recert of value not permitted.

Primary Residence
Fixed Rate and Libor ARM

Loan Amount <= \$625,500

Units	LTV (1,2)	CLTV(2)	Minimum Credit Score
Purchase and Rate Term Refinance			
1	90	90	620
2	75	75	620
Minimum loan amount exceeds \$625,500 for 3-4 units			
Cash Out Refinance			
1	75	75	620
2	65	65	620
Minimum loan amount exceeds \$625,500 for 3-4 units			

Loan Amount > \$625,500

Units	LTV (1,2)	CLTV(2)	Minimum Credit Score
Purchase and Rate Term Refinance			
1	80	80	620
2-4	75	75	620
Cash Out Refinance			
1	65	65	620
2-4	65	65	620

- 1) Subordinate financing no longer requires a 5% reduction in max LTV.
- 2) 700 minimum credit score required when LTV / CLTV exceeds 75%, fixed

2nd Home
 (Units not allowed on 2nd home)
 Fixed Rate and Libor ARM

Loan Amount <= \$625,500

Units	LTV(1,2)	CLTV(2)	Minimum Credit Score
Purchase and Rate Term Refinance			
1	80	80	620
Cash Out Refinance			
1	65	65	620

Loan Amount > \$625,500

Units	LTV(1)	CLTV	Minimum Credit Score
Purchase and Rate Term Refinance			
1	70	70	620
Cash Out Refinance			
1	65	65	620

- 1) Subordinate financing no longer requires a 5% reduction in max LTV
- 2) 700 minimum credit score required when LTV / CLTV exceeds 75%, fixed

Investment Property
Fixed Rate and Libor ARM

Loan Amount <= \$625,500

Units	LTV(1,2,3)	CLTV(3)	Minimum Credit Score
Purchase and Rate Term Refinance			
1 (2)	80	80	620
2	70	70	620
Minimum loan amount exceeds \$625,500 for 3-4 units			
Cash Out Refinance			
1-2	65	65	620
Minimum loan amount exceeds \$625,500 for 3-4 units			

Loan Amount > \$625,500

Units	LTV(1,2)	CLTV	Minimum Credit Score
Purchase and Rate Term Refinance			
1	70	70	620
2-4	70	70	620
Cash Out Refinance			
1	65	65	620
2-4	65	65	620

- 1) Subordinate financing no longer requires a 5% reduction in max LTV
- 2) Reduce LTV by 5% on rate term refinance
- 3) 700 minimum credit score required when LTV / CLTV exceeds 75%, fixed