

MFG 300 Series Super Jumbo 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. Primary residences and 2 nd homes are allowed; no investment property. SFR, 2-unit & PUD acceptable. 10-, 15-, 20-, & 30-year fixed & 5/1 , 7/1 and 10/1 ARM available. Full doc only. All loans are manually underwritten. Please see Market Classifications and corresponding LTV / CLTV restrictions on back page.
FICO Restrictions	See back pages.
Program Numbers	10-year fixed: #323 15-year fixed: #324 20-year fixed: #325 30-year fixed: #326 5/1 Libor: #394 7/1 Libor ARM: #395 10/1 Libor ARM: #396
Loan Size	Minimum loan amount \$417,001. Units, and properties in Alaska and Hawaii have different minimums. Maximum loan amount \$2,000,000. Please see LTV / CLTV restrictions on back pages.
Fee Caps	Loan below \$500k = 4% including YSP. Loans \$500k and over = 2% including YSP. ARMS = max 2% YSP. Fixed = max 3% YSP.
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. 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, work in the United States and maximum LTV/CLTV for 1-2 units: 75%. Maximum LTV/CLTV for 3-4 units: 70%.
Co-borrower	Co-borrower does not have to occupy the property subject to the following: An established relationship with the borrower exists, a party with an interest in the property sales transaction, (including but not limited to the builder, property seller, or real estate broker) is not eligible as a non-occupant co-borrower, guarantor, or co-signor. Primary residence. A non-occupant co-borrower, guarantor, or co-signor must provide verification of income. Maximum LTV/CLTV for 1-2 units: 75%. Maximum LTV/CLTV for 3-4 units: 70%. Qualifying total debt ratio for the occupant borrower may not exceed 45%.
Non-Arms Length Transactions	Non-arms length transactions are not permitted.
Property Type Restrictions	Condos are not permitted. Attached PUD must be warrantable per FNMA warranty & insurance guidelines. 2 nd homes allow SFR only, no cash out, max LTV 65%, max d/r 35%, min score 740, max loan \$1,000,000.
ARM Adjustments	The adjustments on all ARM products are 5/2/5
Investment Properties	Not permitted.
Debt Ratios	Maximum debt ratio is 45% on owner occupied; 35% on 2 nd home.

Qualifying Rate	<u>Fixed</u> – Note rate <u>ARMs</u> – Note rate or fully indexed rate, whichever is higher. 5/1 ARM qualify at Note rate plus 2%.
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	Non-traditional credit is not allowed. For all borrowers on the transaction, 0X30 on all housing debt in past 12 months, 0X60 on all housing debt in past 24 months. If mortgage or rental payment history is not reported on the credit report, direct verification of payment history for past 24 months is required. Private party VOM / VOR must be accompanied by canceled checks for a consecutive 12 months. No major adverse credit allowed within past 24 months. Minimum two FICO scores required for all borrowers. Minimum three non-delinquent tradelines open and active for most recent twelve-month period are required, including at least one trade with a minimum \$5,000 credit limit. Minimum 84 months since BK / Foreclosure discharge required. 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 max LTV, and allowed on rate/term refi, cash out refi not allowed). All require satisfactory re-established credit history. Credit must be dated within 90 days of funding.
Credit Inquiries	All inquiries in past 90 days 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 90 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. First-time homebuyers are required to prove 12 months PITI reserves.
Max Financed Properties	Borrowers may not own more than a maximum of four properties. Commercial properties multi-family properties, lots and properties owned free and clear are considered in this calculation. We may lend to a maximum of \$2,000,000 per borrower on this product.
Employment	Salaried borrowers must provide all pay stubs for the most recent 30-day period with YTD earnings and W-2s covering the most recent two tax years, regardless of the length of time with employer. Self-employed borrowers are required to provide most recent 2 years' personal and business tax returns (including all schedules) along with a signed copy of the most recent balance sheet and YTD profit and loss statement for the business. Additional documentation may be required at underwriter's discretion. 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. 1003 must report a full 2-year employment history (if available). Any employment gap exceeding 30 days requires written explanation. All employment income must be derived from current employment in the United States. 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. 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.

Other Income Types	Other non-employed income may be used to qualify, provided the borrower can evidence a history of receiving said income regularly. 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.
Assets	12 months PITI reserves are required. Retirement accounts (401K, SEP, etc.) must be qualified at 50% vested interest and are permitted for a maximum of 6 months reserves – all other reserves must be liquid. 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. Funds must be verified by all pages of most recent three months bank statements. VODs must be accompanied by most recent bank statement, and are permitted on an exception basis only. If loan amount < \$1,000,000 and debt ratio < 35%, reserve requirement is reduced to 6 months PITI.
Gift Funds	Must be from family member related by blood, marriage, or adoption. 5% borrower's own funds required, unless 20% down. Gift of equity allowed, subject to the aforementioned restrictions. Gift of equity must be reflected in sales contract and on final HUD-1. Gift funds are not permitted when loan amount exceeds \$1,000,000. If 20% gift, seller concessions not allowed.
Max Seller Contributions	Allowed to maximum of 3% of lesser of purchase price or appraised value.
Subordinate Financing	Require copy fully executed Subordination Agreement and Note on 2 nd mortgage. Allowed to a maximum of 75% LTV. Certain transactions involving subordinate financing require a 5% reduction in max LTV. See back pages. 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%. Allowed to a maximum of.
Rate / Term vs. Cash Out	Payoff of existing first lien, payoff of purchase money or seasoned (12 months) second lien, payoff of seasoned HELOC second lien with draws not exceeding \$2,000 within past 12 months, 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 unseasoned non-purchase money second lien, and / or payment of delinquent property taxes will be considered cash out. Cash out refinance requires minimum six months ownership of subject property for ALL borrowers (note date to application date) and minimum six months seasoning on all liens to be paid.
Cash Out Limits	Cash out limits include actual cash in hand, as well as debts to be paid. LTV/CLTV > 65: \$250,000 LTV/CLTV ≤ 65: \$350,000 3-4 units: \$150,000
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) AND the borrowers have at least two years of previous landlord experience as evidenced by 1040s. . 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 If these requirements cannot be met, borrowers must be qualified with both PITI payments, and 6 months PITI reserves are required for retained property, 12 months PITI for subject.

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 all borrowers 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. 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.
Hazard / Flood Insurance	Hazard insurance coverage equivalent to the greater of the loan amount or 80% of cost new is required <u>or</u> 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.
Value Determination	Lesser of purchase price or appraised value used on purchase and refinances where subject has been owned for less than 12 months. Current appraised value used on refinances when subject has been owned for more than 12 months (as verified via final HUD-1 from purchase).
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.
Declining Market Restrictions	All properties determined to be located in a declining market are subject to mandatory LTV / CLTV reductions based on the severity of decline. These reductions are reflected in the LTV / CLTV grid contained on the back page of this matrix. Market classifications are determined by MFG based on subject zip code. Please contact your AE for further details.
Appraisal	Full URAR required on all loans, to be ordered by MFG. Loan amounts greater than \$1,000,000 require two full URARs. All Appraisals to be ordered from Veros Appraisal Management. Must be completed by state certified appraiser – appraiser trainees not acceptable. Properties that are currently listed or have been listed in the past six months are not eligible for refinance. 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). Maximum acreage is 10. Properties with legal non-conforming zoning are not allowed. All comps must be dated within six months and appraiser must provide two current listings / pending sales. Appraisal must be dated within 90 days of funding – no exceptions. Recert of value not permitted.

Max LTV / CLTVs
Owner Occupied

Jumbo Fixed Rate
Purchase and Rate/Term Refinance

	LTV(1)	CLTV(1)	Credit Score	Loan Amount
1-2 Unit	80%	80%	700	\$1,000,000
1-2 Unit	80%	80%	720	\$2,000,000

Jumbo Fixed Rate
Cash Out Refinance

	LTV(1)	CLTV(1)	Credit Score	Loan Amount
1-2 Unit	80%	80%	700	\$1,000,000
1-2 Unit	80%	80%	720	\$1,500,000

3-4 units not allowed

Declining Market Maximum LTV/CLTV:

- B Market: Reduce Max LTV/CLTV by 5%
- C Market: Reduce Max LTV/CLTV by 10%
- D Market: Reduce Max LTV/CLTV by 15%

Market Upgrade of 5% LTV/CLTV permitted based on credit guidelines below:

Must meet all criteria below- no exceptions. May not exceed Declining Market Maximums

- Minimum 720 FICO
- Maximum DTI 35%
- Single Family Residence, PUDs, Modular Home, Pre-Cut Home, Panelized Home and Site Condominiums (multi-family not permitted)
- Purchase and Rate/Term only
- Two Full Appraisals
- Full Amortization – No Interest Only Products
- Maximum Combined Loan Amount \$2 million

CASH OUT TRANSACTIONS ARE INELIGIBLE FOR Market Upgrade

Max LTV / CLTVs
Owner Occupied

Jumbo Libor ARM
Purchase and Rate/Term Refinance

	LTV (1)	CLTV (1)	Credit Score	Loan Amount
1-2 Unit	80%	80%	700	\$1,000,000
1-2 Unit	80%	80%	720	\$2,000,000

Jumbo Libor ARM
Cash Out Refinance

	LTV (1)	CLTV (1)	Credit Score	Loan Amount
1-2 Unit	80%	80%	700	\$1,000,000
1-2 Unit	80%	80%	720	\$1,500,000

3-4 units not allowed

Declining Market Maximum LTV/CLTV:

- B Market: Reduce Max LTV/CLTV by 5%
- C Market: Reduce Max LTV/CLTV by 10%
- D Market: Reduce Max LTV/CLTV by 15%

Market Upgrade of 5% LTV/CLTV permitted based on credit guidelines below:

Must meet all criteria below- no exceptions. May not exceed Declining Market Maximums

- Minimum 720 FICO
- Maximum DTI 35%
- Single Family Residence, PUDs, Modular Home, Pre-Cut Home, Panelized Home and Site Condominiums (multi-family not permitted)
- Purchase and Rate/Term only
- Two Full Appraisals
- Full Amortization – No Interest Only Products
- Maximum Combined Loan Amount \$2 million

CASH OUT TRANSACTIONS ARE INELIGIBLE FOR Market Upgrade

Max LTV / CLTVs
2nd Home

Jumbo Fixed Rate & ARM
Purchase and Rate/Term Refinance

	LTV(1)	CLTV(1)	Credit Score	Loan Amount
1 Unit	65%	65%	740	\$1,000,000

Cash out not allowed
SFR only
Max D/R 35%

1 Declining Market Maximum LTV/CLTV:

- B Market: Reduce Max LTV/CLTV by 5%
- C Market: Reduce Max LTV/CLTV by 10%
- D Market: Reduce Max LTV/CLTV by 15%

Market Upgrade of 5% LTV/CLTV permitted based on credit guidelines below:

Must meet all criteria below- no exceptions. May not exceed Declining Market Maximums

- 2 Full Appraisals
- Maximum Combined Loan Amount \$2 million