

MFG 500 Series Conforming 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. All occupancy types acceptable. SFR, Condo, PUD & 2-unit acceptable. (3-4 units are not allowed) 15- & 30-year fixed and 5/1 ARM available. Interest Only option available. Full doc only. Additional restrictions will apply if unable to obtain DU Approve / Eligible. Please see LTV / CLTV restrictions on back page.
FICO Restrictions	Minimum 660 FICO required. ARMs require minimum 680 FICO. LTV / CLTVs exceeding 75% require minimum 700 FICO. All cash out, second home, investment property and 2-unit transactions require minimum 740 FICO.
Program Numbers	15-year fixed: #544 30-year fixed: #546 30-year fixed I.O.: 558 5/1 ARM: #574 5/1 ARM I/O: #559
Loan Size	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. Max loan amount for 2-unit property is \$650,000. Refer to the following link to determine maximum loan amount and county eligibility: https://entp.hud.gov/idapp/html/hicostlook.cfm <i>Note: in order to obtain the correct loan limits for this program, select "Fannie/Freddie" from the <Limit Type> field, and "CY2009" in the <Limit Year> field.</i>
Eligible Borrowers	MFG will only extend loans to individual applicants. Title may be vested in a trust, provided it is a "Living" Trust, and subject to the following: Attorney's Opinion letter from the borrower's attorney verifying all of the following: The trust was validly created and is duly existing under applicable law, is revocable, borrower is settler and beneficiary, the trustee is qualified by law to serve as trustee, is the borrower, and settler, is fully authorized to encumber the trust assets. Also require complete copy of the trust documents certified by the borrower to be accurate. 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 property. Co-borrower may not be the property seller, builder, real estate broker, or any other party to the transaction, other than as co-borrower. Co-borrower does not have to occupy subject property as long as LTV is 90% or less; in that case co-borrower income may be used to qualify. Max debt ratio for occupant borrower is 43% based on their income alone. If LTV >80%, 5% occupant/borrower's own funds are required
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.

Property Type Restrictions	Condo / Attached PUD must be warrantable per FNMA warranty & insurance guidelines. Condos require two additional comps from proximate competing projects. No units allowed on second home. No 3-4 units. Units require appraiser to complete FNMA Form 216. Cash out is not allowed on 2 nd home, investment property or 2-unit.
I.O. Period	On all interest only loans, the interest only term is 10 years (120 months)
ARM Adjustments	The adjustment on all ARM products is 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	Cash out not allowed. Gift funds not allowed. Rural properties not allowed. Non-arms length transaction not allowed. 1 st time homebuyer not allowed. 6 months PITI reserves required on subject. 6 months rent loss insurance required on subject. FNMA 216 / 1007 always required.
Debt Ratios	Maximum debt ratio is 45%, or 50% with DU Approve Eligible
Qualifying Rate	<u>Fixed</u> – Note rate <u>Interest Only Fixed</u> – Fully amortized note rate <u>ARMs</u> – Note rate or fully indexed rate, whichever is higher 5/1 ARM qualify at Note rate plus 2%. <u>Interest Only ARMs</u> – Fully amortized 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. Installment debt with 10 or less payments should also be considered if it significantly affects the borrower's ability to meet his/her credit obligations. Deferred debt is not allowed. If no payment is indicated on the credit report, qualify with payment based on 2% of the original loan amount. Lease payments must always be included in debt ratio. For revolving debt, \$10 or 5% of the current balance, whichever is greater, will be used to qualify if no payment is stated on the credit report. 30 day (Amex type) charge accounts are required to be paid off unless borrower has sufficient funds to pay the unpaid balance. Revolving debt must be included in debt ratio unless account is paid in full and closed. Co-signed debt may be omitted from debt ratio with copies most recent 12 months cancelled checks. The party making the payment must have a signed obligation to make the payment (he/she signed the note or contract), or it must be included in borrower's debts. HELOC 2 nd may be qualified with actual payment shown on credit report..
Credit	DU will assess credit history and make credit approval determination, however, there are minimum credit requirements: All borrowers must have at least one valid credit score, and require 2 tradelines with a minimum 12 months history, OR one tradeline with a minimum 12 month history and a 12 month housing payment history evidenced by cancelled checks. No 1X30 mortgage lates allowed within the past 12 months. Private party VOM / VOR must be accompanied by canceled checks for a consecutive 12 months. Disputed accounts: follow DU 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. Credit report 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.

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 are not considered in this calculation. We may lend up to a maximum of \$1,000,000 per borrower on this product.
Employment	DU will assess employment history and determine the extent of documentation required to verify income. 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. Self employed borrowers may be qualified with most recent 1 year 1040 with DU approval. 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). Any employment gap exceeding 30 days requires written explanation. All employment income must be derived from current employment in the United States.
Other Income Types	DU 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. In order to use rental income for any property, that property must appear on borrowers most recent 2 years filed tax returns as a rental. 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	DU will set all reserve requirements and documentation requirements on owner occupied SFR. 24 months PITI reserves required on all Interest Only products. Typically, 2 months PITI reserves required for purchase & cash out refinance. Second homes require 2 months PITI reserves for subject and all other financed properties other than primary residence. Investment properties require 6 months PITI reserves for subject and 2 months PITI reserves for all other financed properties other than primary residence. Owner occupied 2-unit requires 6 months PITI reserves, regardless of transaction type. Business funds are acceptable, provided a satisfactory third party (CPA, etc.) can 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. Investment properties require three months bank statements. VODs permitted on an exception basis.
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, 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.
Max Seller Contributions	Primary Res. / Second Home: 9% if CLTV ≤ 75%, 6% if CLTV 75.01-80% (based on lesser of purchase price / appraised value) Investment Properties: 2% for all LTVs (based on lesser of purchase price / appraised value)
Subordinate Financing	Allowed to a maximum of 75% LTV. All transactions involving subordinate financing require a 5% reduction in max LTV. Require copy fully executed Subordination Agreement, Note, and Deed of Trust on 2 nd mortgage. Ineligible subordinate financing are: has interest rate buydown plan, neg am, wraparound terms, community 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%. Seller 2 nd mtg. rate below market, will be considered a seller concession and must qualify as such. HELOC 2 nd may be qualified with actual payment shown on credit report

Rate / Term vs. Cash Out	<p>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 and minimum six months seasoning on all liens to be paid, with the following exception on DU / FNMA loans only: Borrowers who purchased the subject property within the past six months in an all cash transaction are eligible for a cash-out refinance if all of the following requirements are met:</p> <ul style="list-style-type: none"> • The new loan amount is not more than the actual documented amount of the borrower's initial investment in purchasing the property, plus the financing of closing costs, prepaid fees, and points (subject to the maximum LTV, CLTV, and HCLTV ratios for the transaction). • The purchase transaction was an arms-length transaction. • The purchase transaction is documented by the HUD-1, which confirms that no mortgage financing was used to obtain the subject property. • The source of funds for the purchase transaction can be documented (bank statements, personal loan documents, HELOC on another property). Any loans used as the source for the purchase transaction will be required to be repaid on the new HUD-1. • All other cash-out refinance eligibility requirements are met and cash-out pricing is applied. <p>The preliminary title search must not reflect any existing liens on the subject property. If the source of funds to acquire the property was an unsecured loan or HELOC (secured by another property), the new HUD-1 must reflect that source being paid off with the proceeds of the new refinance transaction.</p>
Conversion Of Current Primary To Investment	<p>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.</p>
Title	<p>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 60 days of funding.</p>
Power Of Attorney	<p>Permitted case-by-case on purchase & rate / term transactions for primary residences and second homes only. All POAs must be transaction-specific and more than one borrower must be on the subject loan. Initial credit documents, application and purchase contract must be signed by all parties.</p>
Mortgage Insurance	<p>All loans with an LTV greater than 80% (see last page for restrictions) require mortgage insurance. For loans with a term of 15 years, except ARMS the following M.I. percentage is required: 80.01 - 85% = 6%, 85.01 - 90% = 12%. For loans with terms of 30 years, and all ARMS the following M.I. percentage is required: 80.01 - 85% = 12%, 85.01 - 90% = 25%. Max Debt ratio 41%. See separate M.I. company conditions / restrictions as well</p>

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. For Condo projects, if master hazard policy does not provide coverage of the interior of the subject unit an HO-6 (AKA "Walls-In") policy must be provided, showing minimum coverage of 20% of the appraised value.
Value Determination	Lesser of purchase price or appraised value used on purchase. Auction properties have additional restrictions. If property was purchased in past 12 months, value will be based on lesser of purchase price or current appraised value for cash out transactions. Exceptions permitted 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 (AVM or appraisal review).
Property Flipping	All purchase transactions require that the seller have had title, and be the recorded owner of the property for at least 30 days. The 30 days start from the date of the Deed last recorded to the date of the signed purchase contract for our transaction. If property has increased in value by 20% or \$20,000 (whichever is higher) since purchase, a field review is required. Properties that previously sold under value (trustee sale, etc.) or had home improvements that contributed to value increase must be fully documented and supported.
Special Notes	Notary may not be associated with the broker or the lender.
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. Properties listed For Sale By Owner (FSBO) or by any non-lending institution, new construction > 70% LTV, is bank owned, or has units, the full appraisal must be from from Streetlinks, or review appraisal from Streetlinks including 3 additional comps in addition to the full appraisal. Currently listed properties are not eligible for refinance. Properties listed within past 180 days are eligible for cash out refinance w/ max 70% LTV, on a case by case basis. Properties listed within the past 90 days are eligible for a rate/term refinance w/ max 70% LTV. REO properties: If appraisal is completed without the utilities being turned on, prior to closing we require a satisfactory inspection from the appraiser the mechanical systems have been turned on and are functioning properly. Condos require appraiser to provide two additional comps from proximate competing projects. Properties with unpermitted additions / conversions require appraiser to provide proximate comps with similar unpermitted additions / conversions in order to be acceptable. Commercially or agriculturally zoned properties are not allowed. Appraisal must be dated within 90 days of funding – no exceptions. Recert of value not permitted.

Fixed Rate – Fully Amortizing and Interest Only
 Loan Amount up to \$625,500

Primary Residence¹

Purchase and Rate/Term Refinance

Property Type	Maximum LTV	Maximum CLTV	Minimum Credit Score
SFR, Condo, PUD	90	90	700
	75	75	660
2 unit	75	75	740

Cash Out Refinance

Property Type	Maximum LTV	Maximum CLTV	Minimum Credit Score
SFR, Condo, PUD	60	60	740

INTEREST ONLY: No cash out, No units, No Investment property. Min score 720, max LTV/CLTV 70%, & 24 mo PITI required.
 MFG 500 Series Conforming Jumbo Program

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Fixed Rate – Fully Amortizing and Interest Only
Loan Amount up to \$625,500

2nd Home¹

Purchase and Rate/Term Refinance

Property Type	Maximum LTV	Maximum CLTV	Minimum Credit Score
SFR, Condo, PUD	65	65	740

Cash Out is not allowed

¹ **INTEREST ONLY:** No cash out, No units, No Investment property. Min score 720, max LTV/CLTV 70%, & 24 mo PITI required
MFG 500 Series Conforming Jumbo Program

Fixed Rate – Fully Amortizing and Interest Only
Loan Amount up to \$625,500

Investment Property¹

Purchase and Rate/Term Refinance

Property Type	Maximum LTV	Maximum CLTV	Minimum Credit Score
1-2 Unit, Condo, PUD	65	65	740

Cash Out is not allowed

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MFG 500 Series Conforming Jumbo Program

**Fixed Rate – Fully Amortizing and Interest Only
Loan Amount greater than \$625,500**

Primary Residence¹

Purchase

Property Type	Maximum LTV	Maximum CLTV	Minimum Credit Score
SFR, Condo, PUD	90	90	700
	75	75	660
2 unit ²	75	75	740

Rate/Term Refinance

Property Type	Maximum LTV	Maximum CLTV	Minimum Credit Score
SFR, Condo, PUD	80	80	700
	75	75	660
2 unit ²	75	75	740

Cash Out Refinance

Property Type	Maximum LTV	Maximum CLTV	Minimum Credit Score
SFR, Condo, PUD	60	60	740

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² Maximum loan amount is \$650,000

Fixed Rate – Fully Amortizing and Interest Only
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2nd Home¹

Purchase and Rate/Term Refinance

Property Type	Maximum LTV	Maximum CLTV	Minimum Credit Score
SFR, Condo, PUD	65	65	740

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MFG 500 Series Conforming Jumbo Program

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Loan Amount greater than \$625,500

Investment Property¹

Purchase and Rate/Term Refinance

Property Type	Maximum LTV	Maximum CLTV	Minimum Credit Score
1-2 Units, Condo, PUD ²	65	65	740

Cash Out is not allowed

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² Maximum loan amount on 2 unit property is \$650,000

Adjustable Rate – Fully Amortizing and Interest Only
Loan Amount up to \$625,500

Primary Residence¹

Purchase

Property Type	Maximum LTV	Maximum CLTV	Minimum Credit Score
SFR, Condo, PUD	75	75	680
2 unit	75	75	740

Rate/Term Refinance

Property Type	Maximum LTV	Maximum CLTV	Minimum Credit Score
SFR, Condo, PUD	75	75	680
2 unit	75	75	740

Cash Out Refinance

Property Type	Maximum LTV	Maximum CLTV	Minimum Credit Score
SFR, Condo, PUD	60	60	740

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MFG 500 Series Conforming Jumbo Program

Adjustable Rate – Fully Amortizing and Interest Only
Loan Amount up to \$625,500

2nd Home¹

Purchase and Rate/Term Refinance

Property Type	Maximum LTV	Maximum CLTV	Minimum Credit Score
SFR, Condo, PUD	65	65	740

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MFG 500 Series Conforming Jumbo Program

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Investment Property¹

Purchase and Rate/Term Refinance

Property Type	Maximum LTV	Maximum CLTV	Minimum Credit Score
1-2 Unit, Condo, PUD	65	65	740

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MFG 500 Series Conforming Jumbo Program

Adjustable Rate – Fully Amortizing and Interest Only
 Loan Amount greater than \$625,500

Primary Residence¹

Purchase and Rate Term Refinance

Property Type	Maximum LTV	Maximum CLTV	Minimum Credit Score
SFR, Condo, PUD	75	75	680
2 Unit ²	75	75	740

Cash Out Refinance

Property Type	Maximum LTV	Maximum CLTV	Minimum Credit Score
SFR, Condo, PUD	60	60	740

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² Maximum loan amount on 2 unit is \$650,000.

Adjustable Rate – Fully Amortizing and Interest Only
Loan Amount greater than \$625,500

2nd Home¹

Purchase and Rate/Term Refinance

Property Type	Maximum LTV	Maximum CLTV	Minimum Credit Score
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