

MFG 900 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, and rate / term refinance are allowed. Cash out is not allowed. Primary residence only. SFR, Condo, & PUD acceptable. Units are not allowed. 15-, 20- & 30-year fixed and 5/1, 7/1, & 10/1 ARM available. Full doc only. Please see LTV / CLTV restrictions on back page.
FICO Restrictions	Minimum 720 FICO required.
Program Numbers	15-year fixed: #924 20-year fixed: #925 30-year fixed: #926 5/1 ARM: #994 7/1 ARM: #995 10/1 ARM #996
Loan Size	Minimum loan amount \$417,001. Properties in Hawaii have different minimums. Maximum loan amount \$2,000,000. Please see LTV / CLTV restrictions on back page.
Eligible Borrowers	MFG will only extend loans to individual applicants. Borrowers must be natural persons only – no corporations, estates, partnerships, etc. We can lend on 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. U.S. citizens and permanent resident aliens are eligible. Non-permanent resident aliens are eligible for financing case by case. Require applicable Visa, and subject to underwriting manager approval. Foreign nationals and borrowers with diplomatic immunity are not eligible..
Co-borrower	Co-borrower does not have to occupy property subject to the following: Max Debt Ratio for borrower alone 38%.
Non-Arms Length Transactions	Non-arms length transactions are allowed 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. Units are not allowed.
ARM Adjustments	The adjustment on all ARM products are 5/2/5
Maximum Fees	2% including YSP. ARMS = max 2% YSP. Fixed = max 3% YSP.
Investment Properties	Not allowed
Debt Ratios	Maximum debt ratio is 38%.

Qualifying Rate	<u>Fixed</u> – Note rate <u>ARM</u> – Note rate or fully indexed rate, whichever is higher, except 5/1 ARM requires qualification on 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. Pay down of installment debts to less than 10 payments to qualify is not allowed. Lease payments must always be counted. Deferred debt is not allowed. For student loan debt, 2% of the current balance, or proof of actual payment will be used to qualify if no payment is stated on the credit report. For other deferred debt, proof of the actual payment is required. Revolving debt must be included in debt ratio unless account is paid in full and closed. Revolving debt payment must be included in debt ratio regardless of apparent number of months remaining. 30 day (Amex type) charge accounts are required to be paid off unless borrower has sufficient funds to pay the unpaid balance. Co-signed debt may be omitted from debt ratio with copies of a minimum of 12 months cancelled checks, evidencing debt paid by someone else, no lates. HELOC 2 nd may be qualified with actual payment shown on credit report
Credit	Non-traditional credit is not allowed. 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. Minimum 48 months (60 months if there are multiple bankruptcies) since BK discharge with a minimum 680 qualifying credit score. Minimum 84 months since Foreclosure discharge required with a minimum 680 qualifying credit score – both require satisfactory re-established credit history. Deed in lieu of foreclosure requirements: 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 for rate/term refi, cash out refi not allowed). Minimum two FICOs required for all borrowers. 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	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	Borrowers may not own more than a maximum of four 1-4 unit financed properties. No maximum on the amount owned free and clear.
Employment	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). 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	Evidence of most recent 2 year consecutive income documentation is required. 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.
Assets	10% post closing liquidity required. On loan amount < \$1.5 million, reserves may come from retirement if: <ul style="list-style-type: none"> - LTV is < 60% - SFR or PUD (not a condo) - No mortgage lates in past 24 months

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.
Max Seller Contributions	6%
Subordinate Financing	Not allowed
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 is not allowed
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 borrower(s) have a minimum 2 year history of managing rental properties.. 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. 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 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. . If this is an REO transaction, LTV is based on the lesser of appraised value, sales price, auction/foreclosure bid value, or auction/foreclosure sales price. 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	Properties resold within 90 days of the seller's acquisition are not permitted. Properties resold within 91-180 days of the seller's acquisition are allowed on a case-by-case basis. 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.

Appraisal

Full URAR required on all loans. Must be completed by state licensed or certified appraiser – appraiser trainees not acceptable. Loan amounts < \$1,000,000 require one full appraisal from RELS. Loan amounts > / = \$1,000,000 require one full appraisal from RELS, and one from ACM. If value exceeds \$1,000,000 appraisal must be completed by a state certified appraiser. On REO transactions appraisal must be obtained from RELS Valuation at: www.res-direct.com or 1-877-844-8573. If appraisal is not from RELS a Field Review must be obtained from RELS. LTV is based on the lesser of appraised value, sales price, auction/foreclosure bid value, or auction/foreclosure sales price on REO transactions. Subject property may not be listed for sale at the time / date of application. 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.

Maximum LTV / CLTV

80% is Maximum LTV
Secondary Financing is not allowed

Maximum LTV may vary depending on Market Classification, transaction type, product, property type, and / or loan amount.

Market Classification LTV Information

SFR and PUD	Market Class 3 or 4 w/ loan amount > \$1.5 million = 75% max LTV
Condo	Market Class 1 or 2 w/ loan amount up to \$1.5 million = 75% max LTV
	Market Class 3 or 4 all loan amounts = 70% max LTV

Market Classifications per County

California	Most 1 or 2: e-mail for specific county
Hawaii	All 1 or 2, except Kauai County is 3
North Carolina	All 1 or 2
New Mexico	All 1 or 2
Oregon	All 1 or 2, except Jackson County is 3, & Deschutes County is 4
Washington	All 1 or 2