

MFG 900 Series Homepath Conforming and Jumbo 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 only is allowed. All occupancy types acceptable. SFR, PUD, Condo & 2-4 unit acceptable. 15-, 20-, & 30-year fixed, and 5/1, 7/1, & 10/1 ARMs are available on Conforming loan amounts with DU Approve/Eligible. Not eligible for Expanded Approval. 15-, & 30-year fixed and 5/1, 7/1, & 10/1 ARMs are available on Jumbo Conforming with DU Approve/Eligible. Interest only is available on all ARMs, on Owner occupied and 2 nd home, on 1 unit only. (Not available on fixed, or Investment property or units). Subordinate financing not allowed with I.O. 1 st Mtg. Full doc only. Please see LTV / CLTV restrictions on back pages. Property must be owned and sold by Fannie Mae and eligible for Homepath Financing. Document file with listing page(s) from www.homepath.com for subject. (Homepath Renovation program, which allows for repairs to be financed, is not eligible) Any DU message relating to mortgage insurance or appraisal requirements may be disregarded as neither is required on this program. If a DU message is received regarding excessive seller concessions, it may be disregarded as long as the concession falls within the guidelines stated later in this matrix.
FICO Restrictions	All three credit scores for all borrowers must be 620 or above. Qualifying credit score may be higher in some circumstances; see back LTV CLTV grids.
Program Numbers	15-year fixed: #909 20-year fixed: #910 30-year fixed: #911 5/1 ARM: #912 7/1 ARM: #913 10/1 ARM: #918 5/1 ARM I.O: #915 7/1 ARM I.O: #917 10/1 ARM I.O: #919
Loan Size	On this program, conforming loan amounts, and loan amounts which are applicable to high cost areas only as determined by the Federal Housing Finance Agency (FHFA) are allowed. The loan amounts 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. 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 "CY2011" in the <Limit Year> field</i>
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, (except on Investment property) 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	For loans with CLTV > 95%, all borrowers must occupy the property as their primary residence. For all others, co-borrower does not have to occupy property subject to the following: Refer to AUS recommendation.
Non-Arms Length Transactions	Non-arms length transactions are permitted on primary residence only on a case-by-case basis. Not permitted on second home or investment property transactions. MFG requires written LOE regarding relationship.
Property Type Restrictions	Condo / Attached PUD must be warrantable per FNMA warranty & insurance guidelines. No units allowed on second home. On 2 nd home & Investment property transactions, 5/1 ARM products are not allowed if borrower owns more than one financed 1-4 unit investment property.
ARM Adjustments	The adjustment on all ARM products are 5/2/5
Maximum Fees	Broker Compensation: Loan below \$500k = 4%. Loans \$500k and over = 2%. 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. 5/1 ARM products are not allowed if borrower owns more than one financed 1-4 unit investment property.
Debt Ratios	Maximum debt ratio is 45%. 50% allowed on a case-by-case basis with DU Approve / Eligible.
Qualifying Rate	<u>Fixed</u> – Note rate <u>ARMs</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.
Credit	DU will assess credit history and make credit approval determination. No 1X60 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 (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: 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. 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

Max Financed Properties	On second home and investment property transactions, borrowers may not own more than a maximum of four financed properties. On second home and investment property transactions, if borrower owns more than one financed 1-4 unit investment property, subject loan may not be on 5/1 ARM program. No limit on primary residence transactions. Commercial properties are not considered in this calculation.
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). 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. 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	24 months PITI reserves required on all Interest Only products. Typically, 2 months PITI reserves required for o/o purchase. 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 2-4 unit requires 6 months PITI reserves, regardless of transaction type. Business funds are acceptable, provided borrower is 100% owner, and 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. VODs 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, unless 20% down, or unless LTV/CLTV is >95%. Gift of equity is not allowed; it is not applicable to this program as FNMA owns the property.
Max Seller Contributions	Primary Res. / Second Home: 9% if CLTV ≤ 75%, 6% if CLTV 75.01%-97%. Investment Properties: 2% for all CLTVs
Subordinate Financing	Allowed on one unit, owner occupied or 2 nd home only; no units, no investment property, no I.O.. 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%.
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. FNMA must be vested owner of subject, with no liens. 24-month chain of title required. Judgments or any other adverse credit affecting title must be paid prior to or at close. Properties with multiple 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.
Mortgage Insurance	Mortgage Insurance is not required on this program. Any DU message relating to mortgage insurance requirements may be disregarded.
Value Determination	As no appraisal is required, and this program allows for purchase only, the value is determined by the purchase price set by FNMA
Property Flipping	Property Flipping is not applicable to this program. Property must be owned and sold by FNMA.
Appraisal	Appraisal is not required on this program, nor is a valuation of any kind. Any DU message relating to an appraisal requirement may be disregarded

CONFORMING LOAN AMOUNTS (See below regarding I.O.)

**Primary Residence
Fixed Rate and ARM**

Units	Maximum^{1,2} LTV	Maximum CLTV
SFR, Condo, PUD	97	97
2 Unit	80	80
3-4 Unit	75	75

**2nd Home
Fixed Rate and ARM**

Units	Maximum² LTV	Maximum CLTV
SFR, Condo, PUD	90	90

**Investment Property
Fixed Rate and ARM**

Units	Maximum² LTV	Maximum CLTV
SFR, Condo, PUD	90	90
2 Unit	80	80
3-4 Unit	75	75

Interest only

Allowed on ARM products (fixed rate not allowed)

No Subordinate Financing

Max LTV 70%

Allowed on 1 unit, owner occupied or 2nd home (no units or investment property)

¹ If there is subordinate financing, LTV may not exceed 95%

² LTV > 80% requires a minimum 660 qualifying credit score

HIGH BALANCE LOAN AMOUNTS (See below regarding I.O.)

**Primary Residence ³
Fixed Rate**

Units	Maximum LTV	Maximum CLTV
SFR, Condo, PUD	90	90
2 Unit	75	75
3-4 Unit	75	75

ARM

Units	Maximum LTV	Maximum CLTV
SFR, Condo, PUD	75	75
2 Unit	75	75
3-4 Unit	75	75

2nd Home ⁴

Fixed Rate and ARM

Units	Maximum LTV	Maximum CLTV
SFR, Condo, PUD	65	65

Investment Property ⁴

Fixed Rate and ARM

Units	Maximum LTV	Maximum CLTV
SFR, Condo, PUD	65	65
2 Unit	65	65
3-4 Unit	65	65

Interest only

Allowed on ARM products (fixed rate not allowed)

No Subordinate financing

Max LTV: 70% o/o, 65% 2nd home

Allowed on 1 unit, owner occupied or 2nd home (no units or investment property)

³ Minimum qualifying credit score requirements (apply the most restrictive) 660 ltv/cltv < /= 75% on fixed rate, 680 ltv/cltv < /= 75% on ARM, 700 ltv/cltv > 700 on fixed and ARM, 740 for 2-4 unit on fixed & ARM for all ltv/cltv

⁴ All 2nd home and investment properties require a minimum qualifying credit score of 740 regardless of ltv/cltv or property type.