

# MFG 500 Series Freddie Mac Relief Open Access Conforming & Super Conforming Program Wholesale

<b>Disclaimer</b>	The guidelines contained herein are intended to give an overview of Manhattan Financial Group's general underwriting policies. They are <b>not</b> 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.
<b>Program Description</b>	Rate / term refinance only is allowed. Max cash to borrower is \$250.00. Owner occupied only. SFR, Condo, PUD & 2-4 unit acceptable. 10-, 15-, 20-, & 30-year fixed and 5/1, ARM is available. Full doc only. L.P. Accept is required. Please see LTV / CLTV restrictions on back page. <b>2<sup>nd</sup> signature is required on all loans.</b> Borrower's existing loan must be identified as a Freddie Mac loan, and must have been sold to Freddie Mac prior to 6/1/09. To determine if existing loan is a Freddie Mac loan, go to the following website: <a href="https://ww3.freddiemac.com/corporate/">https://ww3.freddiemac.com/corporate/</a> , a printout is not required; it does not show subject address. The following message must appear on the LP findings: xxxxxxxxx is the Freddie Mac loan number of the loan to be refinanced. MFG max mortgage worksheet must be completed to determine maximum loan amount. The new refinance must result in a net tangible benefit to the borrower as evidenced by MFG Net Tangible Benefit Worksheet. If the existing FHLMC loan is a fixed rate, the new loan may not be an ARM. Copy of Note required.
<b>FICO Restrictions</b>	There is no minimum credit score.
<b>Program Numbers</b>	10-year fixed: #587 15-year fixed: #588 20-year fixed: #589 30-year fixed: #590 5/1 ARM: #591
<b>Loan Size</b>	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. Minimum loan amount is \$20,000.  Refer to the following link to determine maximum loan amount and county eligibility: <a href="https://entp.hud.gov/idapp/html/hicostlook.cfm">https://entp.hud.gov/idapp/html/hicostlook.cfm</a>  <i>Note: in order to obtain the correct loan limits for this program, select "Fannie/Freddie" from the &lt;Limit Type&gt; field, and "CY2010" in the &lt;Limit Year&gt; field.</i>
<b>Eligible Borrowers</b>	Same borrowers must be on the original and new loan. The exception to this is a borrower may be omitted from the Note, provided they are also removed from the Deed and have no ownership in subject property. At least one borrower from the loan being refinanced must be retained. A new borrower may be added to this loan as long as at least one borrower from the existing loan is retained. 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.

<b>Co-borrower</b>	Non-occupant co-borrower is not allowed.
<b>Non-Arms Length Transactions</b>	Permitted on a case-by-case basis.
<b>Property Type Restrictions</b>	Condo and PUD must be FHLMC warrantable. Condo Project must be currently eligible for Streamline Review (which is not available on high balance loan amounts) or a full project review is required. Units require appraiser to complete FNMA Form 216.
<b>ARM Adjustments</b>	The adjustments on all ARM products are 5/2/5.
<b>Maximum Fees</b>	Broker Compensation: Loan below \$500k = 4%. Loans \$500k and over = 2%. ARMS = max 2% YSP. Fixed = max 3% YSP.
<b>Debt Ratios</b>	Maximum debt ratio is determined by L.P.
<b>Qualifying Rate</b>	Note rate
<b>Debts Counted</b>	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. If revolving debt is paid in full, it may be excluded from debt ratio, it need not be 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 <sup>nd</sup> may be qualified with actual payment shown on credit report.
<b>Credit</b>	LP 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: Require written LOE from borrower and supporting documentation subject to underwriter review. 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). All require satisfactory re-established credit history. Credit report must be dated within 90 days of funding.
<b>Credit Inquiries</b>	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
<b>Max Financed Properties</b>	No limit. We may lend up to a maximum of \$1,000,000 per borrower on this product.

<b>Employment</b>	LP 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 LP 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.
<b>Other Income Types</b>	LP 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. 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.
<b>Assets</b>	LP will set all reserve requirements and documentation requirements on SFR, <b>however, all transactions require minimum one month bank statement even when no reserves or funds to close are required.</b> Owner occupied 2-unit requires 6 months PITI. . 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, and borrower is 100% owner. All funds must be verified by all pages of most recent two months bank statements. VODs permitted on an exception basis only.
<b>Gift Funds</b>	Not applicable to this program.
<b>Max Seller Contributions</b>	Not applicable to this program.
<b>Subordinate Financing</b>	New subordinate financing is not allowed. All existing subordinate financing must resubordinate. Require copy fully executed Subordination Agreement, Note and Deed of Trust on 2 <sup>nd</sup> mortgage. Ineligible subordinate financing are: has interest rate buydown plan, neg am, wraparound terms, community 2 <sup>nd</sup> , 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 <sup>nd</sup> 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%. HELOC 2 <sup>nd</sup> may be qualified with actual payment shown on credit report.
<b>Rate / Term Refinance</b>	If we are paying off a purchase money 1 <sup>st</sup> mortgage, a minimum of 120 days seasoning is required, Note date to Note date.
<b>Cash Out Limits</b>	Maximum cash out amount is \$250.
<b>Title</b>	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 60 days of funding. If we are paying off a purchase money 1 <sup>st</sup> mortgage, a minimum of 120 days seasoning is required, Note date to Note date.
<b>Power Of Attorney</b>	Permitted case-by-case. All POAs must be transaction-specific and more than one borrower must be on the subject loan. Application must be signed by all parties.

<b>Hazard / Flood Insurance</b>	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.
<b>Mortgage Insurance</b>	Mortgage Insurance is not required if the existing loan does not have mortgage insurance in force. If the mortgage being refinanced has mortgage insurance then the same MI coverage percentage, and same M.I. company must be maintained on the new loan. If Genworth, max loan amount is \$417,000. If M.I. is required LP will indicate so with the following messages: M.I. company name (Genworth, MGIC, PMI) was provider if M.I. on loan to be refinanced, and provides cert # and coverage amount. Loans requiring MI are only eligible with same Investor. If existing loan is with a different investor, if it does require M.I. it is not eligible. If loan being refinanced originally had M.I., but no longer does an M.I. cancellation letter is required from servicer. Max Debt ratio 41%. See separate M.I. company conditions / restrictions as well. Amount of eligible increase on unpaid balance; lesser of 4% or \$5,000.
<b>Value Determination</b>	Appraised value.
<b>Property Flipping</b>	Property flipping / churning is not applicable to this program
<b>Special Notes</b>	Notary may not be associated with the broker or the lender.
<b>Appraisal</b>	Full URAR required on all loans, to be ordered by MFG. If value exceeds \$1,000,000 appraisal must be completed by a state certified appraiser. Field review required if loan amount is \$625,500 or greater, 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. For 2-4 unit properties the appraisal must be 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 the past 90 days are eligible for refinance w/ max 70% LTV. 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.

**Primary Residence  
Rate Term Refinance**

<b>Property Type</b>	<b>Minimum LTV</b>	<b>Maximum LTV</b>	<b>Maximum <sup>1</sup> CLTV</b>
1-4 Unit Warrantable Condo PUD	90.01%	105%	None

**Rate Term Refi only  
Primary Residence only  
No Minimum Credit Score Required**

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<sup>1</sup> New subordinate financing is not allowed. All existing subordinate financing must resubordinate.  
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