

ELITE NON-QM

FULL DOC, 1 YEAR TAX RETURNS, ASSET UTILIZATION, 12 MONTHS BANK STATEMENT, 1099 AND CPA/EA PREPARED P&L

1099 AND CPA/EA PREPARED P&L PRIMARY RESIDENCE (1-3 Units)				
TRANSACTION TYPE	MAX LTV/CLTV	MAX LOAN AMOUNT	MIN FICO	
	90% ^{1,2,3.5,6,7,9} (Purchase Only)	\$1,000,000	720	
	85% ^{3,5,6,7} (Purchase Only)	\$2,000,000	680	
		\$2,000,000	660	
RATE AND TERM	80%	\$2,500,000	680	
		\$3,000,000	700	
	80% ^{5,8}	\$1,500,000	700	
		\$2,000,000	720	
		\$1,500,000	660	
	75%	\$2,000,000	700	
CASH OUT		\$2,500,000	720	
		\$2,000,000	660	
	70%	\$2,500,000	700	
	·	\$3,000,000	720	
	SECOND HOME (1	Unit)		
TRANSACTION TYPE	MAX LTV/CLTV	MAX LOAN AMOUNT	MIN FICO	
		\$1,000,000	660	
	80%	\$2,000,000	680	
PURCHASE		\$2,500,000	700	
RATE AND TERM	75%	\$1,500,000	660	
		\$2,500,000	680	
	75%	\$1,500,000	680	
		\$2,000,000	720	
		\$1,500,000	660	
CASH OUT	70%	\$2,000,000	680	
		\$2,500,000	720	
	65%	\$2,000,000	660	
	INVESTMENT (1-4 U			
TRANSACTION TYPE	MAX LTV/CLTV	MAX LOAN AMOUNT	MIN FICO	
		\$1,500,000	660	
PURCHASE	80% (Purchase Only)	\$2,000,000 ⁴	680	
RATE AND TERM		\$2,500,000 ⁴	700	
	75%	\$2,000,000 ⁴	660	
	75%	\$1,500,000	680	
CASH OUT	70%	\$2,000,000 ⁴	660	
	1070	\$2,500,000 ⁴	720	

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¹ Condos – Max 85%	Asset Utilization
² Minimum loan amount - \$200K. Interest Only not	 Primary and 2nd home – Max 80% LTV/CLTV
permitted. No FTHB.	 Investment Property – Max 65% LTV/CLTV
³ Interest Only - Max. LTV 80% & 40 Yr. IO only.	 Cash out – Max 60% LTV/CLTV
⁴ Loans \$2M+ are allowed for 2–4-unit properties only	 Gift funds may not be used.
 Exception: SFR and 2–4-unit properties 	
allowed in California only	Interest Only
⁵ 12 Month P&L – Max 80% Purchase and Rate and	 Purchase/Rate & Term/Cash-out - 40 year I/O
Term. 75% Cash Out	and Max 80% LTV/CLTV
⁶ Non-Warrantable Condos – Max 80%	
⁷ Max LTV 80% Purchase/Rate & term for 12-month	Non-Permanent Resident
⁷ Max LTV 80% Purchase/Rate & term for 12-month Business bank statements for Option #2 (3rd party)	 Non-Permanent Resident Max LTV/CLTV 80%
Business bank statements for Option #2 (3rd party	
Business bank statements for Option #2 (3rd party Expense ratio) .	
Business bank statements for Option #2 (3rd party Expense ratio) . ⁸ Max LTV 75% Cash-out for 12-month business bank	
Business bank statements for Option #2 (3rd party Expense ratio) . ⁸ Max LTV 75% Cash-out for 12-month business bank statements for expense Option #2 (3rd party	
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Business bank statements for Option #2 (3rd party Expense ratio) . ⁸ Max LTV 75% Cash-out for 12-month business bank statements for expense Option #2 (3rd party Expense ratio) . ⁹ Max LTV 85% - 12-month business bank statements	

Housing History	Occupancy Restrictions – 2nd Home & Investment	Property Type Restrictions	State Restrictions to PPP
0x30x12	 Max LTV/CLTV: 80% for Investment (Purchase only) Primary Home (1-3 unit only) Max LTV: Cash-out: 80% for Primary/75% for 2nd home / Investment Max Loan Amount: \$3,000,000 	 Condo Warrantable: 85% for Primary. 80% for 2nd home and Investment (Purchase only) Condo Non- Warrantable: 80% LTV Max 2-4 Units: 80% for Investment 	Max LTV: 80% for Investment

ELITE NON-QM EXPRESS*				
	FNMA DU OR FH	ILMC LPA (AUS) DO	CUMENTATION	
OCCUPANY TRANSACTION MAX LTV/CLTV MAX LOAN MIN FICO TYPE AMOUNT				MIN FICO
PRIMARY 1-3 UNITS	PURCHASE RATE AND TERM	80%	\$2,500,000	660
1-3 UNITS	CASH OUT	75%	\$2,500.000	660
SECOND HOME 1 UNIT	PURCHASE RATE AND TERM	75%	\$2,500,000	680
INVESTMENT 1-4 UNITS	PURCHASE RATE AND TERM	70%	\$2,500,000	660

*See Elite non-QM Express guidelines for all detailed requirements.

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	Doc Type	Code	Term	Amort type	Prepay Term
		EZ30	30yr Fixed	Full	-
		EZ40	40yr Fixed	Full	-
		EZ40io	40yr Fixed	Interest Only	-
		EZ3P40io	40yr Fixed	Interest Only	3yr
		EZ2P40io	40yr Fixed	Interest Only	2yr
		EZ1P40io	40yr Fixed	Interest Only	1yr
		EZ3P30	30yr Fixed	Full	3yr
		EZ2P30	30yr Fixed	Full	2yr
		EZ1P30	30yr Fixed	Full	1yr
		EZ3P40	40yr Fixed	Full	3yr
	Full Doc / 1yr Tax returns	EZ2P40	40yr Fixed	Full	2yr
		EZ1P40	40yr Fixed	Full	1yr
		EZ30-21BD	30yr Fixed	Full	
		EZ5/6	5/6 30yr ARM	Full	-
		EZ5/6io	5/6 30yr ARM	Interest Only	-
		EZ3P5/6io	5/6 30yr ARM	Interest Only	Зуr
		EZ2P5/6io	5/6 30yr ARM	Interest Only	2yr
		EZ1P5/6io	5/6 30yr ARM	Interest Only	1yr
		EZ3P5/6	5/6 30yr ARM	Full	3yr
		EZ2P5/6	5/6 30yr ARM	Full	2yr
		EZ1P5/6	5/6 30yr ARM	Full	1yr
		EZB30	30yr Fixed	Full	-
Program Codes		EZB40	40yr Fixed	Full	-
		EZB3P30	30yr Fixed	Full	3yr
		EZB2P30	30yr Fixed	Full	2yr
		EZB1P30	30yr Fixed	Full	1yr
		EZB3P40	40yr Fixed	Full	3yr
		EZB2P40	40yr Fixed	Full	2yr
		EZB1P40	40yrFixed	Full	1yr
		EZB30-21BD	30yr Fixed	Full	
	12mo Bank	EZB5/6	5/6 30yr ARM	Full	-
	Statements	EZB3P5/6	5/6 30yr ARM	Full	3yr
	Olatomento	EZB2P5/6	5/6 30yr ARM	Full	2yr
		EZB1P5/6	5/6 30yr ARM	Full	1yr
		EZB40io	40yr Fixed	Interest Only	-
		EZB3P40io	40yr Fixed	Interest Only	Зуr
	V	EZB2P40io	40yr Fixed	Interest Only	2yr
		EZB1P40io	40yr Fixed	Interest Only	1yr
		EZB5/6io	5/6 30yr ARM	Interest Only	-
		EZB3P5/6io	5/6 30yr ARM	Interest Only	3yr
		EZB2P5/6io	5/6 30yr ARM	Interest Only	2yr
		EZB1P5/6io	5/6 30yr ARM	Interest Only	1yr
		EZU30	30yr Fixed	Full	-
	Asset	EZU40	40yr Fixed	Full	-
	Utilization	EZU40io	40yr Fixed	Interest Only	-
	Utilization	EZU3P40io	40yr Fixed	Interest Only	Зуr
		EZU2P40io	40yr Fixed	Interest Only	2yr



	EZU1P40io	40yr Fixed	Interest Only	1yr
	EZU3P30	30yr Fixed	Full	3yr
	EZU2P30	30yr Fixed	Full	2yr
	EZU1P30	30yr Fixed	Full	1yr
	EZU3P40	40yr Fixed	Full	3yr
	EZU2P40	40yr Fixed	Full	2yr
	EZU1P40	40yr Fixed	Full	1yr
	EZU30-21BD	30yr Fixed	Full	
	EZU5/6	5/6 30yr ARM	Full	-
	EZU5/6io	5/6 30yr ARM	Interest Only	-
	EZU3P5/6io	5/6 30yr ARM	Interest Only	3yr
	EZU2P5/6io	5/6 30yr ARM	Interest Only	2yr
	EZU1P5/6io	5/6 30yr ARM	Interest Only	1yr
	EZU3P5/6	5/6 30yr ARM	Full	3yr
	EZU2P5/6	5/6 30yr ARM	Full	2yr
	EZU1P5/6	5/6 30yr ARM	Full	1yr
	EZP30	30yr Fixed	Full	-
	EZP40	40yr Fixed	Full	-
	EZP40io	40yr Fixed	Interest Only	-
	EZP3P40io	40yr Fixed	Interest Only	Зуr
	EZP2P40io	40yr Fixed	Interest Only	2yr
	EZP1P40io	40yr Fixed	Interest Only	1yr
	EZP3P30	30yr Fixed	Full	3yr
	EZP2P30	30yr Fixed	Full	2yr
	EZP1P30	30yr Fixed	Full	1yr
CPA	EZP3P40	40yr Fixed	Full	3yr
Prepared	EZP2P40	40yr Fixed	Full	2yr
P&L	EZP1P40	40yr Fixed	Full	1yr
	EZP30-21BD	30yr Fixed	Full	
	EZP5/6	5/6 30yr ARM	Full	-
	EZP5/6io	5/6 30yr ARM	Interest Only	-
	EZP3P5/6io	5/6 30yr ARM	Interest Only	Зуr
	EZP2P5/6io	5/6 30yr ARM	Interest Only	2yr
	EZP1P5/6io	5/6 30yr ARM	Interest Only	1yr
	EZ3P5/6	5/6 30yr ARM	Full	3yr
	EZP2P5/6	5/6 30yr ARM	Full	2yr
	EZP1P5/6	5/6 30yr ARM	Full	1yr



	Genera	al Requirements		
	Doc Type	LOS Doc Type	Other Bank Statements	
LOS Doc Code Mapping	Full Doc / 1yr Tax returns 12 Mo Personal Bank Statements	Full Doc, 1 Yr. Tax Returns 12 Mo. Business Bank Statements (any)	12 Mo. Personal Bank Statements 24 Mo. Personal Bank Statements 12 Mo. Business Bank Statements 24 Mo. Business Bank Statements Other Bank Statements	
	CPA Prepared P&L	Other Bank Statements	1 Yr. Tax Returns VOE Asset Utilization Debt Service Coverage (DSCR)	
	Asset Utilization	Asset Utilization	No Ratio	
Interest Only	Min Cre	edit Score	Max LTV	
Interest Only		700	80% (Purchase/Rate &Term/Cash- out, 40 Year I/O)	
Loan Amounts		/lin 0,000	Max \$3,000,000	
Loan Purpose		erm, and Cash Out	\$3,000,000	
Occupancy	Primary, Second Home, Investment			
Property Type	 Single Family, PUD, 2-4 Units, Warrantable & Non-Warrantable Condo Minimum 500 square ft per unit. 			
Prepayment Penalties	Not permitted on primary residences or second homes			
HPML	 Escrows for taxes and insurance will be required for 5 years. Residual Income- Required per household size: = 1 person \$1550; 2 persons \$2500, Add \$150 per additional household member Two appraisals are required to be delivered for flip transactions as defined by the CFPB. 			
Escrows Required	Property Tax escrows required if LTV >85%			
State & Federal High-cost Loans	Not allowed.			
State Restriction	Investment Property not allowed in: • Kansas or Michigan			
DTI	Max DTI: LTV > 85% - 45% Max DTI: LTV <= 85% - 50%			
Qualifying rates	 ARM Qualifying Rate Greater of Note Rate or the Fully Indexed Rate (rounded) Interest Only Qualifying payment for I/O must include principal component. Calculate payment based on: the ARM qualifying rate or the fixed rate			

Age of Documents	 All credit documents including credit report, income docs, and asset statements must be dated no more than 90 days prior to the note date. Appraisals are good for 120 days from effective date to note date. Any appraisal seasoned greater than 120 days will require a recertification of value. A recert of value will be permitted up to 180 days. Updated documentation may be required at underwriter discretion.
Cash-Out	Max cash-in hand: • LTV >70% - \$1M • LTV <= 70% - Unlimited Max LTV for Cash-out Seasoning>=6<12 months Primary Home-75% Second Home-70% Investment-70%
Appraisals	One Appraisal report - FNMA Form 1004, 1025, 1073 with interior/exterior inspection) Two appraisal reports - Loan amount ≥ \$2,000,000 and >65% LTV/CLTV Transferred appraisal is allowed.
Declining Markets	Properties that are in a declining market as designated by the appraiser are subject to a 5% reduction in LTV/CLTV.
Temporary Buydowns Option	 Temporary buydown allows a seller, builder, or third party to provide a funded subsidy in order to reduce the interest rate temporarily on a mortgage loan. The Note Rate remains constant, only the borrower's payment is reduced. The buydown cannot exceed the maximum interested party contributions (IPCS) limits. The buydown fund contribution can only come from a Seller/Builder or third-party. The difference between the buydown payment and the payment required by the Note Rate is paid every month by the loan servicer held in an escrow account from the buydown funds that are collected at closing. The 2-1 Buydown: Year One: 2% Below the Note Rate Year Two: 1% Below the Note Rate Year Three & Beyond: Note Rate Year Three & Beyond: Note Rate Eligibility Parameters: Owner Occupied; Primary Residence; Purchase. Seller/Builder and Third Party Funded subsidies. Third Party subsidies include Real Estate Agents and Brokerages; Funds from Borrower(s) are ineligible. Borrower(s) must qualify based on the Note Rate without consideration of the bought down rate. If reserves are required, the reserves must be calculated using the Note Rate. Borrower(s) and Seller/Builder are required to sign the Temporary Buydown Agreement at closing. The percentage of funds must be included in the interested party contribution limit. To calculate the percentage of the buydown fund contribution, divide the buydown fund total by the purchase price.
	Important to Note:



•	Funds are not refundable unless the mortgage is paid off before the funds can be applied.
•	Funds cannot be used to pay past due payments or buy down the
	mortgage for qualification purposes.
•	Funds are transferred to a new servicer as part of the standard
	transfer or servicer process (included in escrow account)
•	Buydowns must be disclosed on the LE/CD.
•	If the home is sold or refinanced in the first 24 months (or 12 months),
	the remaining buydown funds to be disbursed to the borrower at time
	of payoff.
The B	uydown Agreement Must Include:
•	Written Agreement: The buydown plan must be a written agreement
	between the party providing the buydown funds and the borrower.
•••	Calculation: The buydown agreement must clearly show
	 The Seller's calculations of the total cost of the temporary
	subsidy buydown,
	 Any interested party contribution
	• The annual percentage increase in the Borrower's monthly
	principal and interest payment.
•	Relief from Obligation: The buydown agreement must provide that the
	Borrower will not be relieved of the obligation to make the full monthly
	Mortgage payments required by the terms of the Mortgage Note if, for
	any reason, the buydown funds are not available or the buydown
	funds are not paid.
•	Terms Disclosed to Appraiser: All of the terms of the buydown
	agreement must be disclosed to the property appraiser, if applicable
•	Return of Funds: Buydown agreements that allow for the return of the
	buydown funds to the Lender/Seller are not eligible.

	Underwriting Requirements
Eligible Borrowers	 U.S. Citizens-Allowed. Permanent resident Permanent Resident Aliens are individuals who permanently reside in the United States A legible front and back copy of the borrower(s) valid Green Card. Non-Permanent Resident A Non-Permanent Resident Alien is a non-U.S. citizen authorized to live and work in the U.S. on a temporary basis. Non-Permanent Resident Alien borrowers are eligible for all products and programs. Max 80% LTV/CLTV 1-2 units Primary Residence only Purchase & Rate/Term refinance only Borrowers with diplomatic immunity are ineligible. DACA recipients are ineligible. Copies of the borrower's passport and unexpired VISA permitting employment in the United States is required. If VISA renewal is in process or delayed, provide application for extension or renewal (adjustment of status). Acceptable alternative documentation to verify visa classification is an I-797 form (Notice of Action) with valid extension dates and an I-

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	 94 form (Arrival/Departure Record). Borrowers unable to provide evidence of lawful residency status in the U.S. are not eligible for financing. A valid employment authorization document (EAD) must be obtained if the visa is not sponsored by the borrower's current employer. If the visa will expire within 3 months of loan application, it is acceptable to obtain a letter from the employer documenting the borrower's continued employment and continued visa renewal sponsorship (employer on the loan application must be the same as on the unexpired visa). The borrower(s) must have a minimum of 2 years residency and employment in U.S. All parties involved on the transaction must be screened through exclusionary lists and must be cleared through OFAC's SND list. Borrowers from OFAC sanctioned countries are ineligible. Eligible VISA Types: E1, E2, E3 G1, G2, G3, G4, G5 H1 H-1B, H-1C L-1B, L-2 NATO 1-6 O1 R1 TN-1 Canadian NAFTA TN-2 Mexican NAFTA An individual is to be considered a first-time homebuyer who (1) is
First Time Homebuyer	 purchasing the security property; (2) will reside in the security property as a principal residence; and (3) had no ownership interest (sole or joint) in a residential property during the 7-year period preceding the date of the purchase of the security property. If one borrower on the transaction is not a FTHB, no further restrictions apply. 12-month 0x30 rent history is required. (12-month period prior to loan
	 application date.) No minimum borrower contribution required unless using gifts (as allowed by product). See minimum borrower contribution requirements for additional details. FTHB > 85% LTV - not allowed. Borrowers living rent free not acceptable.
First Time Investors	A First Time Investor is defined as a borrower who has not owned at least one commercial or residential investment property in the United States for at least 12 months in the last 3 years. Borrowers living rent free requires an exception. Eligible with a 5% LTV/CLTV reduction based on LTV, FICO & loan amount.
Non-Occupant Co-Borrowers	 Not eligible for Elite non-QM Express loan program. Single unit only Cash out not eligible. Second homes not eligible Follow FNMA/FHLMC guidelines. Must sign the mortgage or deed of trust. Must not have an interest in the property sales transaction, such as the property seller, builder, or real estate broker. Blended ratios allowed.



	Limited Liability Companies (LLC) may be vested in accordance with
	requirements listed below.
	Restricted to investment properties.
	Purpose and activities limited to ownership and management of real
	property.
	Entity must be domiciled in the United States
	Any business structure is limited to a maximum of four (4) owners or
	members.
	Personal guarantees must be provided by all members of the entity (see
	Personal Guaranty form)
	Each entity member providing a personal guaranty must complete a loan
	application (Form 1003 or similar credit application) indicating clearly that
	such document is being provided in the capacity of guarantor (the
	application of each member providing a personal guaranty, their credit
	score, and creditworthiness will also be used to determine qualification and
LLC-Investment Property	pricing)
Only	No Broker shall suggest or encourage the formation of an Entity for the
	purpose of obtaining a mortgage loan; such structures shall be initiated
	and arranged by members of the Entity.
	Each member of the Entity must receive notice of the loan and its terms
	prior to closing.
	Final loan docs may not be signed with a POA.
	The following Entity documentation must be provided:
	 Limited Liability Company (LLC)
	Borrower Certificate (LLC Borrowing Certificate – Single Member or LLC
	Borrowing Certificate – Multiple Member)
	Certificate of Authorization for the person executing all documents on
	behalf of the Entity
	 Certificate of Good Standing Entity Articles of Organization, Partnership, and Operating Agreements, if
	any
	 Tax Identification Number (Employer Identification Number/EIN)
Intervivos Revocable	
Trusts	Permitted in accordance with Fannie Mae
	20 is the max number of financed properties (including subject property)
	allowed when the subject property is a Primary residence or second home.
Maximum Financed	8 is the max number of financed properties allowed when the subject
Properties	property is an investment.
	 MCFI exposure may not exceed \$3M aggregate or 10 loans for each
	borrower whichever lower.
	Irrevocable, Land or Blind Trusts
	Vesting in retirement vehicles
	Foreign Nationals
	Asylum applicants
	Any parties to a transaction listed on HUD's Limited Denial of Participation
Ineligible Borrowers	(LDP) list, or the federal General Services Administrative (GSE) Excluded
	Party lists.
	Borrowers with diplomatic immunity
	Borrowers without a valid Social Security Number
	Borrowers party to a lawsuit
	DACA Recipients

	Occupancy Eligibility
Primary Residence	 A primary residence is a 1-3 unit property that the borrower(s) currently reside in (refinance) or intend to occupy (within 60 days) as his or her principal residence. 1 to 3 unit only. Generally, borrowers may not own an additional single-family residence of equal or greater value than subject property. Significant equity in a departing residence should be considered in overall credit analysis and cannot be pared with an exception. Characteristics that may indicate that a property is used as a borrower's primary residence include: Is occupied by the borrower for the major portion of the year. Is in a location relatively convenient to the borrower's principal place of employment. Is the address of record for such activities as federal income tax reporting, voter registration, occupational licensing, and similar functions. Relocation in excess of 200 miles of self-employed borrowers with operating business is not permitted unless business is predominately run out of the home.
Second Homes	 Program Restrictions: Single unit only Gift funds ineligible A property is considered a second home when it meets all the following requirements: Must be located a reasonable distance away from the borrower(s) principal residence. Must be occupied by the borrower(s) for some portion of the year. Single unit only Must be suitable for year-round occupancy. The borrower(s) must have exclusive control over the property.
Non-Owner Occupied	 Program Restrictions: Gift funds ineligible. Rural properties ineligible Loan Amounts ≥\$2,000,000 permitted on: 2-4 unit properties only SFR in California only A Landlord, Commercial or similar rental income hazard insurance policy is required for all subject property non-owner-occupied properties. Subject property with short term rental income is not permitted.

	Eligibility
Purchase	 The lesser of the purchase price or appraised value is used to calculate LTV/CLTV. A copy of the fully executed purchase contract and all attachments and addenda should be included. Inspection reports are not required unless the appraisal suggests further investigation and no requirement by the purchase contract. (e.g., termite reports)
	 Sale and leaseback agreements will not be permitted to exceed 60 days from closing date. Flip Transactions – see section below.



Rate/Term Refinance



	A Cash-Out Refinance transaction may pay off an existing mortgage(s) with a
	minimum of 6 months seasoning or create a new lien if the property is owned
	free and clear.
	Ownership seasoning 6-12 months – Max 75% for Owner Occupied, Max
	70% for 2nd homes and non-owner occupied.
	• The borrower must have owned the property for a minimum of 6 months
	prior to the application date.
	 Seasoning = borrower's purchase closing date to application date.
	 Delayed financing proceeds are eligible assets for Asset Utilization.
	 There is no waiting period if the borrower acquired the property through an
Cash-Out Refinance	inheritance or was legally awarded the property (divorce, separation, or
	dissolution of a domestic partnership).
	 If the borrower acquired the property at any time as a gift, award,
	inheritance, or other non-purchase transaction, the LTV/CLTV will be
	based on the current appraised value. MCFI must obtain appropriate
	documentation to verify the acquisition and transfer of ownership.
	 Borrowers financing the payment of real estate taxes that are more than
	60 days delinquent is considered cash out, per FNMA.
	 The borrower can receive funds at closing as long as they do not exceed
	the program requirements.
	Max Cash Out
	LTV/CLTV >70% LTV/CLTV <=70
	\$1M Unlimited
	The permanent financing (rate/term refinance) of a construction loan is
	eligible with the following conditions:
	 If the lot was acquired 12 or more months before applying for the
	subject loan, the LTV/CLTV/HCLTV is based on the current appraised
	value of the property.
Construction Take	 If the lot was acquired less than 12 months before applying for the
Out/Construction to Perm	construction financing, the LTV/CLTV/HCLTV is based on the lesser of
	(i) the current appraised value of the property and (ii) the total
	acquisition costs.
	A builder refinancing out of a construction loan, is limited to investment
	only, with a pre-payment penalty
	Primary, Second Homes, and Investment properties without a Prepayment
	Penalty:
	 Properties that have been listed for sale within the past 6 months from
	the loan Note date are not eligible.
	 Properties listed for sale by the borrower within the last 12 months are
Properties listed for sale	not eligible for cash out.
	Investment properties with a Prepayment Penalty:
	• Properties listed for sale by the borrower within the last 12 months are
	eligible for rate term per matrix LTV limits, and for cash out with a max
	65% LTV/CLTV.
	LTV based on lower of last listing price or current appraised value.
	Delayed financing can be qualified and priced as rate/term refinances.
	• Delayed financing (on properties purchased by the borrower with cash and
	owned <12 months) are permitted if the original transaction was arm's length.
Delayed Financing	 Provide settlement statement from purchase confirming no financing used to acquire property.
	 LTV will be calculated based on Purchase Price. No documented
	improvements permitted.
	 Purchase funds are documented.

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	 If gift funds were used, the borrower may only finance the amount put into the transaction, excluding gift.
	The LTV/CLTV will be based on the lesser of the original purchase price or
	current appraised value. The prior settlement statement will be required for
	proof of purchase price.
	Delayed financing cash out proceeds are acceptable with Asset Utilization.
	An acceptable continuity of obligation exists when any of the following are
	present:
	• At least one borrower obligated on the new loan must be a borrower
	obligated on the existing loan being refinanced.
	• At least one borrower must have been on title for a minimum of six
Continuity of Obligation	 months and has made the most recent six months payments. At least one borrower must be on title and has made the most recent
Continuity of Obligation	 At least one borrower must be on title and has made the most recent 12 months documented payments.
	 At least one borrower has recently inherited or was legally awarded
	the property through a divorce or separation.
	 Continuity of Obligation is met when a borrower is at least 25% owner
	of an entity and is refinancing from a natural person to an entity or vice
	versa.
	New subordinate financing (institutional) allowed for primary residence
	purchase transactions only.
	Seller carried subordinate financing is ineligible.
	Existing subordination is permitted on refinances.
	All subordinate loans must be considered when calculating the Borrower's
	DTI
	For closed-end fixed rate, fully amortizing simultaneous loans, the
	qualifying payment is the monthly payment.
Subordinate Financing	If a HELOC is present the CLTV/HCLTV must be calculated by dividing the sum of the original loss ensure of the
	sum of the original loan amount of the first mortgage, the amount of the HELOC (whether or not there have been any draws), and the unpaid
	principal balance of all other subordinate financing by the lower of the
	property's sales price or appraised value.
	 If the subordinate financing is a HELOC secured by the subject property,
	monthly payments equal to the minimum payment required under the
	HELOC terms considering all draws made on or before closing of the
	subject transaction.
	A HELOC with zero balance does not require a minimum payment be
	applied
	On a purchase transaction when the home is being resold within 360 days
	of seller's purchase date, the transaction is considered a flip (based on the
	 day the borrower signs an initial purchase agreement) Flips with resale prices in excess of the following will require an exception:
	 Prips with resale prices in excess of the following will require an exception. o More than 10% increase within 90 days
	o More than 20% increase from 91 to 180 days
	 Current purchase transaction must be listed with a realtor on Multiple
Flip Transactions	Listing Services
	 Bank owned REO and corporate relocations are eligible and not
	considered a flip transaction.
	Second Appraisal is required for HPMLs if:
	o >10% increase in sales price if seller acquired the property in the past 90
	days
	o >20% increase in sales price if seller acquired the property in the past
	91-180 days

1031 Exchange	 Funds held by a 1031 administrator/agent are permitted for down payment and closing costs. Allowed on investment purchases only. Reverse 1031 exchanges not allowed. Must be in compliance with Internal Revenue Code Section 1031 Excess proceeds cannot be used to satisfy reserve requirements unless liquidated. Documented by accommodator instructions, fully executed exchange agreement at closing, and settlement statement. Both the sold property and subject property must be similar and qualify as "like-kind" NOTE: 2-4-unit properties where one of the units is occupied by the customer are not considered investment properties and therefore are not eligible.
Non-Arm's Length	 Non-arm's length transactions involve a direct relationship outside of the subject transaction between a borrower and a party to the loan. The appraiser must be informed of the relationship and address any impact on market value. The following non-arm's length transactions are eligible with proper documentation: Sale or transfers between members of the same family (transaction may not be due to any adverse circumstances) Renters purchasing from current landlord Property seller acting as his or her own real estate agent Borrower purchasing from his or her current landlord (cancelled checks or bank statements required to verify satisfactory pay history) Realtor cannot buy own listing as well as seller cannot buy realtor's listing. Borrower is a mortgage broker or loan officer, or works for submitting broker. Borrower is related to realtor and/or loan officer who is representing them ONLY. Non-arm's length transactions are subject to all the following requirements: Primary residence only Relationship letter required between buyer and seller unless confirmed in the sales contract. Borrower to provide a copy of the cancelled earnest money check paid to the property seller (if applicable) Underwriters must be satisfied with any occupancy red flags. All liens on title to be paid in full and reflected on the settlement statement. Lesser of sales price or current appraised value to be used to calculate the LTV/CLTV Borrower may not be an owner of a business entity selling the subject
Ineligible Transactions	 property Construction Loans Non-Arm's length (not addressed in previous section) Builder Bailout & Model leasebacks Conversion Loans Community down payment assistance / equity sharing Borrower/builder refinance of construction loans or free and clear are ineligible unless investment property with a Prepayment Penalty.



	•	Reverse 1031 exchanges
	•	Texas (a)(6) Transactions (Exception Required)
Compensating Factors	•	FICO score above minimum by 20 points or higher
	•	0 X 30 X 24-month housing history
	•	DTI below max by 5% or greater
	•	5 years minimum in subject property
	•	PITIA reserves above minimum by 6 months or higher.
	•	Job stability of 5 years or more
	•	Reduction in housing payment by 10% or greater
	•	**LTV is not a compensating factor for primary residence**
	•	Stable ancillary income sources for borrower not being used for qualifying.
	•	Residual Income

	Credit Eligibility
Credit Criteria & Tradelines	 Qualifying FICO - Middle of 3 scores or lower of 2 Primary wage earners FICO used for pricing & eligibility. Bank statements loan program: Borrowers with 50/50 split ownership of the business – highest mid FICO score Each borrower must have 2 tradelines or joint borrowers must have a total of 3 tradelines combined, rated at least 12 months, with activity in the last 24 months. For refinances, the use of highest score is only eligible if that borrower meets continuity. Tradeline may be opened or closed. Eligible tradelines cannot have any derogatory history in previous 24 months. Current housing not reporting on credit can be considered an open trade if supported by bank records (cancelled checks, debits) Borrower(s) not using income to qualify are not required to meet the minimum tradeline requirements listed above. No authorized user accounts may be used to satisfy minimum tradelines. All derogatory revolving and installment accounts > 60 days and all mortgage accounts > 1 x 30, each within 2 years of closing require a full explanation. Disputed accounts require a LOE. An updated credit report not required. Non-traditional credit is not allowed as an eligible tradeline
Approved Credit Vendor	 MCFI will pull Credco credit report if a broker's credit report submitted is not on approved credit vendors list. Broker credit report is allowed if within 60 days from submission date Credit Reports are good up to 90 days at time of CTC

Credit Events	 Housing Event = Foreclosure, Short Sale, Deed in Lieu, Default Modification, Notice of Default or 120+ Delinquent Housing event affecting both a first and second on same property is considered one event. Events include all occupancy types – Primary, 2nd Home & Investment Properties Seasoning is from the date of discharge or property resolution (completion date), as of the note date. All housing events seasoning must be at least 4 years. Modification commences at inception. Foreclosures included in bankruptcy permitted based on BK discharge date if the borrower has vacated the property. Timeshares including delinquencies are treated as installment loans and not a credit event. Multiple credit events not permitted. A borrower who holds title only to a property that has a credit event is considered the borrower's credit event and subject to these guides. Bankruptcy includes Chapter 7 and 11, based on discharge or dismissal
Bankruptcy	 date and chapter 13 paid as agreed based on filed date. BK must have been dismissed or discharged prior to application. At least 4 years seasoning is required. Ch. 13 BK – payment history shows no 30-day lates. Multiple BK filings per person are not eligible (an amended filing is not considered multiple filings)
Housing History	 All borrowers must be current on mortgage or rent at loan application. Property tax liens and delinquent HOA dues at application will require an exception. 0 x 30 days x 12 months Subject loan primary residence: housing history on primary only Subject loan Second or Investor property: housing history includes subject property and primary residence. 12 months proof of payment via cancelled checks, bank debits (highlighted on statements) or institutional VOR/VOM. Carbon copies or handwritten rent receipts are not acceptable as bank records. Mortgage ratings on rental property is required if income is being used to qualify. Rent free or incomplete housing history. No open and active mortgages reporting on initial credit or free and clear properties will require an exception and is generally limited to max 80% LTV. Open and active mortgage(s) reporting on initial credit for minimum 12 months is permitted to satisfy housing history. A minimum 12 months previous mortgage history reporting on initial credit within the last 12 months is permitted. Rent free from spouse or title only ownership requires institutional VOM or bank records to satisfy primary housing history. A borrower who sold a home and is temporarily staying rent free until the purchase of a new home is not considered an incomplete housing history.
Forbearance or Deferral	Borrowers with a Covid-19 related forbearance or deferral must have completed the program and made at least two months payments for a Purchase or Rate/Term Refinance and 6 months payments for a Cash-out



	Refinance. Documentation from the servicer of the completion is required. The deferred balance may be paid off with the subject property refinance. Primary home in forbearance is ineligible even if subject property is non-owner occupied. Other Real Estate owned limited to 1 property in forbearance is eligible.
Defaulted Time Shares	Timeshares including delinquencies are treated as installment loans and not a housing event.
Credit Counseling	Borrowers currently enrolled in credit counseling or debt management plans are not permitted
Security Freeze	A credit freeze may remain if it is reported under one bureau only and a minimum of two scores are present. More than one frozen bureau requires the freeze to be lifted by the borrower and a new report provided.
Credit Repair/Rescore	 No private credit repair companies allowed. Rapid rescore of credit permitted for confirmation of pay down and/or payoff of debt and correction of reporting errors. Updated credit score permitted for qualifying
Judgements, Liens, Charge-Offs, Collections	 All Judgments affecting title or liens affecting title must be paid. Non-title charge-offs and collections open <2 years and greater than \$10,000 (individually or aggregate) must be paid. Medical collections less than \$15,000 are not required to be paid. IRS tax payment plans approved by the IRS are permitted if current and do not carry a lien on any property

Income Requirements	
Verbal verification of employment	A VVOE is required for all borrowers and must be completed within 5 business days of the closing date.
One Year Verification of Income	 Wage Earner, 1 Year W2 or tax return, plus 30 day pay stubs. Employment is considered stable if the borrower has a 2-year work history in the same job or field. Borrower must explain any employment gaps exceeding 30 days in the last 12 months. Extended Absence – Must be employed for at least 6 months when returning from an extended absence (defined as 6 months) and must document (VOEs or W2s) a 2-year work history prior to an absence. Employee business expenses reported on tax returns are actual cash expenses and must be deducted from income. Provide copies of the borrower's signed 2-year federal income tax returns filed with the IRS if the borrower has no ownership interest (e.g., corporate returns with ownership percentages.) Bonus income is required a 2-year history. W-2 transcripts are required. 1099 Borrower Borrower(s) earning 100% commission or for independent contractors from one or several companies. Minimum history of Self-Employment: Income from self-employed for two or more years. Less than 2 years self-employment history can be considered with documentation of a minimum of two years employment history in the same ine of work or a related profession. Less than one year may not be considered as effective income. 1099's must be issued to the individual borrower (If the borrower is an entity, the 1099 must reflect the entity as the payer and the



borrower as the recipient). Borrower must have 100% ownership of the entity
for the period of the 1099 being reviewed.
 1 or 2 years of 1099s permitted.
 Qualifying income based on a 12 or 24 monthly average.
 Business Expense calculation method
- 10% Expense Fester - 00% of gross 1000 servings

- 10% Expense Factor 90% of gross 1099 earnings
 YTD earnings must be documented to support ongoing receipt of income reflected on 1099s.
- Checks or a single check stub(s) with YTD totals or;
- 3 months Bank statements or;
- YTD earnings statements from the 1099 Business
- YTD earnings from deposits must be at least 80% of qualifying income.
- Earning impacted by seasonality may be considered with documented compensating factors.
- YTD earnings may be averaged with validated 1099(s) with a 25% maximum increase.
- 1099 Transcripts are required.

Self Employed Borrower

- A borrower is considered self-employed if their ownership percentage is $\geq 25\%$
- Income from self-employment is considered stable and effective if the borrower has been self-employed for two or more years. Less than 2 years of self-employment history can be considered with documentation of a minimum of two years employment history in the same line of work or a related profession. Less than one year may not be considered as an effective income.
- 1099's must be issued to the individual borrower (If the borrower is an entity, the 1099 must reflect the entity as the payer and the borrower as the recipient). Borrower must have 100% ownership of the entity for the period of the 1099 being reviewed.

Document Requirements:

- Ownership percentage must be documented via CPA letter, Operating Agreement, or equivalent.
- One year's personal & business tax returns (along with all schedules and K-1's)
- A year-to-date P&L is required if the application is dated more than 120 days after the end of the business's tax year.
- If a gap exists between the tax return ending date and the start date of the YTD P&L, a gap-year P&L is also required. The qualifying income is determined from the tax returns, the P&L is used to determine the stability of that income. The bank statements for the two most recent months must reflect deposits that support the sales from the P&L and the qualifying income from the priors' years tax returns.
- All borrowers must also provide evidence that business has been in existence for at 2 least years via CPA/Tax Professional letter, confirmation from regulatory or state agency.
- Borrowers recently transitioned from W2 to 1099 and contracted by the same employer in the same position do not require 2 years 1099s if the employer provides documentation the borrower will not responsible for additional expenses, i.e. contract.



 Borrowers who remained in the same industry but transitioned
from W2 to 1099 with a different company must be in current
position for at least 1 year.
 Not permitted as qualifying income- interest, dividends, capital
gains, etc.
 Net operating losses may be excluded when evidence on business
returns.
 A company name change, or re-organization is considered
continuous if within last 2 years or restructure (i.e., from sole
proprietor to LLC, S-Corp, etc.)
 Tax returns transcripts are required.
Alimony & Child Support
 Final Divorce decree or legal separation agreement required.
• Must provide payment evidence of 6 months via cancelled checks,
deposit slips, or bank records.
 Non-taxable income may be grossed up 125%.
IRA/Discretionary retirement account distributions
• IRA distributions cannot be set up post application date unless the
borrower is required to start withdrawing based on age (for IRA's).
In such cases, 125% of the required minimum amount can be
used to qualify.
 Distributions must have been received at least one month prior to
application to be considered as eligible income. Distributions that
have been received for 2 months or more can be adjusted with a
letter from the plan administrator validating the increase.
 ✓ Allowable increases of distribution amount are limited to 125%
of previously received distributions. Continuance for 3 years at
the proposed monthly amount is required.
 Self Employed borrowers who contribute to their own self-funded
pension as reported on the most recent filed tax returns are
eligible to be added back as income.
Note Receivable income
 Copy of the note confirming amount and length of payment
 Must provide payment evidence of 12 months via cancelled
checks, deposit slips, or bank records.
 Notes with less than 12 months seasoning may be considered
by underwriters, but never less than 9 months (e.g., sold a
business and took back a note)
Employment offers and contracts
A borrower scheduled to begin employment under the terms of an employment
offer of contract may be eligible.
 Document fully executed offer and acceptance.
 Provide a paystub that includes sufficient information to support
the income used to qualify the borrower based on the offer or
contract at time of funding OR
 Provide receipt of 1st paystub within 30 days of closing.
 Income from the paystub provided and VVOE must align with the
contract/offer used to qualify.
\checkmark Offer must be non-contingent.
•
 If conditions of employment exist, confirm prior to closing that
all conditions of employment are satisfied either by verbal
verification or written documentation.
 Document, in addition to the amount of reserves required for the
loan transaction, one of the following:
 6 months PITI(A) OR



	 Reserves sufficient to cover the monthly liabilities included in the DTI, including the PITIA for the subject property, for the number of months between the note date and the employment
	start date, plus one. For calculation purposes, consider any
	portion of a month as a full month.
	 Variable income cannot be used to qualify.
	Retirement or pension income
	 Borrowers of retirement age do not require proof of continuance if income received from corporate, government or military retirement or pension.
	 One of the following types of income documentation is required: Award letter(s) from the organizations providing the income. Retirement award letter or benefit statement
	 ✓ Most recent personal income tax return with all schedules ✓ Most recent W2 or 1099
	 Proof of receipt of one month of the income
	 If retirement income is paid in the form of a distribution from a 401(k), IRA, or Keogh retirement account, determine whether the
	income is expected to continue for at least three years after the date of the mortgage application.
	 Eligible retirement account balances (from a 401(k), IRA, or
	Keogh) may be combined for the purpose of determining whether
	the three-year continuance requirement is met.
	 Social Security income for retirement or long-term disability that
	the borrower is drawing from his or her own account/work record
	will not have a defined expiration date and must be expected to continue.
	 However, if Social Security benefits are being paid as a benefit for
	a family member of the benefit owner, that income may be used in
	qualifying if MCFI obtains documentation that confirms the
	remaining term is at least three years from the date of the
	mortgage application.
	Ineligible income
	• Deferred compensation.
	 Rental income from a second home Education benefits
	 Education benefits Private Stock
	 Retained Earnings
	 Trailing Spouse Income
	 Medical marijuana dispensaries
	 Mortgage Differential Payments
	 Refunds of Federal, State, or local taxes.
	 Any income related to recreational marijuana use regardless of local and state law.
	 Gambling income including internet gambling.
	 SBA loans or paycheck protection funds
	 Boarder income
	 Capital gains
	 Foreign income
	RSU income
	See Departing Residence for additional details.
Dentel Income	Negative rental income can be deducted from income rather than appaidered a liability (excent departing racidenese)
Rental Income	considered a liability (except departing residences CALCULATION
	 Purchase transactions will be calculated at 75% of market rent less PITIA.

	Refinance: Tax returns programs: rental is calculated from schedule E.					
	Refinance: No tax return programs:					
	Income derived from rental real estate is qualified by documenting the					
	following:					
	 Current valid lease on the REO (must be at or below market rents 					
	as evidence by internet rental searches)					
	 Proof of receipt of the most recent two-months' rent 					
	 Calculate income or loss based on 75% of the lease less the 					
	documented PITIA					
	Examples: Airbnb – VRBO					
	 Qualifying Income is the lower one of the following: 					
	 12 months evidence of receipt via Service Provider payment receipt 					
	history deposits. Income is calculated based on average deposits over					
	a 12-month history, including zero deposit months, or					
Ob ant Tanna (Vaniable Dantal	 If 12-month statements are not available, market rents for permanent 					
Short Term/Variable Rental	tenants can be used.					
Income	 Market rents adjusted 25% vacancy. 					
	Requires property ownership report and proof of property listing on					
	Website.					
	 Must be permitted in accordance with local ordinances. 					
	Subject property with short-term rental income is not permitted. Must be					
	OREO,					
	The bank statement program is designed for active, U.S. based operating					
	businesses. Borrowers with passive income from crowdfunding, real estate					
	investors (with fewer than 10 residential units), venture capitalists, asset					
	speculation, day trading and the like are considered ineligible from					
	business bank statement income.					
	 Real Estate Investors with fewer than 10 residential units are eligible under 					
	Full Doc or no tax returns using lease agreements and proof of rents					
	received. (Not allowed for bank statements income docs.)					
	Document Requirements:					
	 12 months personal or business bank statements from a regulated U.S. 					
	financial institution.					
	 Bank statements should be most recent available at time of application 					
	but never more than 45 days prior to application.					
	 Transaction history printouts are generally not acceptable. 					
	 Multiple bank accounts may be used. More than 3 separate business 					
Bank Statements Analysis	accounts must use personal bank statements.					
Dank Otatomonto / maryoro	 Most recent 3 months deposits should generally not represent the 					
	majority of annual income.					
	Business Narrative					
	 Borrower must provide a business narrative which includes detail 					
	related to the size/scope and operating profile of the business,					
	including the following:					
	Description of Business/Business Profile					
	Locations					
	Number of Employees/Contractors					
	Description of Goods/Materials					
	Materials/Trucks/Equipment					
	Commercial or Retail client base					
	 An internet search of the business is required to support the business 					
	• All internet search of the business is required to support the business narrative.					
	Documentation Analysis:					
	Documentation Analysis.					



	Unusually large deposits in bank accounts being used to qualify may
	require a letter of explanation or evidence they are business related.
	Declining Income may require an LOE.
	NSFs should be covered with deposits shortly after they are incurred.
	Business requirements:
	• Validation of a minimum of 2 years existence of the business from one of
	the following: Business License, Letter from Tax Professional, Secretary of
	State Filing or equivalent.
	 Less than 2 years of self-employment history can be considered with
	documentation of a minimum of two years employment history in the
	same line of work or a related profession. Less than one year may not
	be considered as an effective income.
	 Ownership percentage must not be less than 25% and be documented via CPA letter, Operating Agreement, or equivalent.
	 A company name change or re-organization is considered
	continuous if within last 2 years or restructure (i.e. from sole
	proprietor to LLC, S-Corp, etc.)
	Any change of ownership percentage must be seasoned at least 12
	months.
	Borrower paid by multiple 1099s are considered Self Employed and are
	qualified using 12 months bank statements.
	See personal & business bank statements income types below.
	 Option 1: Personal bank statements with evidence of business bank
	account.
	o 100% of business deposits in a personal bank account can be used.
	o Provide the most recent 2 months business statements to validate
	deposits are from the borrower owned business bank account.
	(Only giving credit for transfers from the business; or receipt of payroll from
	business and distribution only)
	 Option 2: Personal bank statements with no business bank account Comingled business and personal with no business account for non-service
12 Months Personal Bank	businesses are considered as business bank statements with the appropriate
Statements	expense factor (20% Service Business, 50% non-service business-See Option
	#1 – Fixed Expense Ratio in 12-months business bank statements section for
	the details.) applied.
	o Deposits from self-employment business only will be included into bank
	statement calculation.
	o A trend of repeated expense not reported on the credit report may need
	additional explanation and may be considered a liability.
	Qualifying Income:
	Qualifying is total eligible deposits divided by 12 months.
	Transfers from other bank accounts into the business bank accounts will
	require conclusive evidence that the source of transfer is business-related
	income.
	Borrowers who are using more than 3 separate bank accounts must
12 Montho Business Barl	qualify using personal bank statements.S
12 Months Business Bank	Customary business debt such as auto or a business credit card may be such add from the DTI when avidenced of 42 menths resuments made from
Statements	excluded from the DTI when evidenced of 12 months payments made from
	the business statements. Does not apply to 20% Expense Ratio method.
	Mortgage debt may not be excluded from DTI when paid by the business.
	Qualification (must use one of the following two options): The expense ratio should be reasonable for the profession - for all
	 The expense ratio should be reasonable for the profession - for all qualifying methods.
	quality ing memous.



 Example: A home-based sole practitioner consultant can be 	
expected to have a lower expense ratio, while a retail business	
that has a full staff of employees, fleet of vehicles, and relies	
heavily on inventory to generate income will have a higher	
expense ratio. To the extent that MCFI has evidence or other	
reason to believe that the reasonable expense ratio for a business	
is higher than the Fixed Expense Ratio methodology, MCFI may	
determine, in its sole discretion, may require the borrower to follow	
Option 2.	
 MCFI reserves the right to request additional information, including 1040, 	
1120, and 1065 tax documentation.	
 The expense ratio should be consistent with the revenue and 	
expenses in the business bank statements.	
• Example: A business that consistently shows withdrawals on the	
bank statements for employee wages or cost of goods sold used	
in the CPA expense ratio or Fixed Expense Ratio, will be ineligible.	
Businesses that have significant pass-through revenues, such as	
retail businesses that perform check cashing services or sell	
lottery tickets, or investment firms that receive outside investment	
capital, are ineligible.	
oupital, are moligible.	
OPTION #1 – Fixed Expense Ratio	
All business can qualify using a 50% expense ratio	
 50% Expense Factor will be utilized to calculate income. 	
 Decreasing or negative ending balances must be addressed. 	
200/ Evenene Easter eligible only if all of the following applies to the	
20% Expense Factor eligible only if all of the following applies to the	
business.	
• Max LTV 85%	
• Borrower is sole owner and operator of the business (no partners,	
employees, etc.)	
 Service business (no costs of goods, no heavy equipment, 	
machinery, etc.)	1
 Does not require office space that would incur rent. 	
• OPTION #2 - Third Party Expense Ratio 20% floor*** Max LTV 80%	
Purchase/Rate & Term. Max LTV 75% Cash-out	1
 3rd party must have filed most recent business tax returns. 	
 The Tax Professional will provide an expense statement specifying 	1
business expenses as a percentage of the gross revenue –20% floor.	1
The Tax Professional attesting to the Expense Ratio must also attest that	
they have filed the borrower's most recent years business tax returns.	1
The Tax Professional must certify that the Expense Ratio represents an	
accurate summary of the applicable cash expenses of the business.	
• Tax Professional must verify the borrower's ownership percentage.	
Tax Professional license must be verified.	
• To determine net income, multiply eligible business deposits by the	
following: 100% minus the Expense Ratio as described above.	
 CPA letter must be on letterhead and originate from CPA office, DocuSign 	
not allowed.	
**Note: Self-employed borrowers who file their own tax returns are not	
eligible**	
	1

Business Bank Statements Deposits	 The following items are part of the Business Bank Statement Analysis to determine supportable qualifying income. Deposits should be reviewed for consistency. Deposits from alternative payment processing applications (i.e., Square, Venmo) are eligible. Inconsistent or large deposits should be sourced or excluded from the analysis. The definition of an inconsistent or large deposit is any deposit exceeding 50% of the average monthly sales of the business. Changes in deposit pattern must be explained. • Earnings Decline may result in loan disqualification. Net Decrease. Withdrawals consistently greater than deposits will be considered declining cashflow/income. Income documented separately, but included as deposits in the statement under review, must be backed out of deposits.
12-month CPA/EA prepared Profit & Loss Statement	 MAX. LTV/CLTV 80% Purchase/Rate & Term. 75% Cash-out transaction. Self-Employed borrowers only Self-Employed defined as borrower owning >=50% ownership of respective business Ownership percentage must be documented via CPA/EA/PTIN/CTEC letter, Operating Agreement or equivalent. Most recent 12-month Profit & Loss statement (P&L). P&L end date must be less than 60 days old at closing. All Profit & Loss statements must be completed by an independent CPA/EA/PTIN/CTEC The CPA/EA/PTIN/CTEC preparing the P&L must have filed the borrower and CPA/EA/PTIN/CTEC preparing the P&L must have filed the borrower's most recent business tax returns. CPA/EA/PTIN/CTEC must provide attestation that they prepared borrower's tax returns and that that are not related to the borrower or associated with borrower or borrower's business. The CPA/EA/PTIN/CTEC must attest that they have performed either the following functions: (i) Audited the business financial statements, or (ii) Reviewed working papers provided by the borrower. The The CPA/EA/PTIN/CTEC icense must be verified. Self-employed borrowers who file their own tax returns are not eligible. Minimum of 2 years self-employment in the current business. Validation of a minimum of 2 years existence of the business from one of the following: Business License, Letter from Tax Preparer, Secretary of State Filing or equivalent Borrower narrative on nature of business required. An internet search of the business is required with documentation to be included in the credit file to support existence of the business. Employment verification documentation must be consistent with information on the loan application and bo

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	 The 2-months of business bank statements must support the sales reflected on the Profit and Loss Statement prepared by either a CPA or EA/PTIN/CTEC. The average deposits from the bank statements must be greater than, or no less than, 10% below the average monthly sales. In the event the 10% tolerance is not met, continuous bank statements may be added to the analysis until the tolerance is met. Qualifying income is the net income from the P&L divided by the time period covered (12-months) multiplied by the borrower's ownership percentage.
Asset Utilization	 qualify for their monthly payments. The unrestricted liquid assets can be comprised of stocks/bonds/mutual funds, vested amount of retirement accounts and bank accounts. This can be combined with other sources of income (i.e., rent, pension, social security etc.) self-employment and W2 income. (Full income docs only) Program Requirements: Primary and 2nd home - Maximum LTV/CLTV of 80% Investment Property - Max LTV/CLTV of 65% Cash Out - Max 60% LTV/CLTV Cash out proceeds may not be used as qualified assets. Asset utilization will be qualified under the full doc program matrix. Reserves not required. Borrowers must have a minimum of the lesser of \$\strutce{1}\$ 1.25 times the loan balance Qualified Assets, but never less than \$450K liquid assets. Not permitted: Gift funds Foreign Assets Business Funds SBA loans or PPP loans Assets: Assets: Borrowers must have a minimum of \$450K in post-close liquid net assets. Assets: Borrowers must have a minimum of \$450K in post-close liquid net assets. Assets: Borrowers must have a minimum of \$450K in post-close liquid net assets. Assets: Borrowers must have a minimum of \$450K in post-close liquid net assets. Assets: Borrowers must have a minimum of \$450K in post-close liquid net assets. Assets: Borrowers must have a minimum of \$450K in post-close liquid net assets: Assets: Borrowers must have a minimum of \$450K in post-close liquid net assets. Assets: Borrowers must have a minimum of \$450K in post-close liquid net assets.

•				
 Qualifying Income: Qualified assets with utilization draw schedule of 5 years (Qualified Assets divided by 60). 				
ELIGIBLE ASSETS Asset Type Qualifying Amount Checking, Savings, Money Market 100% Accounts, Cash value/surrender 100% value of Life Insurance, Equity Proceeds from concurrent sale Annuities*, Mutual Funds, Publicly 80% Traded Stocks and Bonds Retirement Accounts (401(k) IRA, 70% SEP, KEOGH) Note: Sale of business, inheritance or legal settlement, delayed financing cash out with proper documentation, and other asset types				
may be used on a case-by-case basis				
INELIGIBLE ASSETS				
 529 accounts Accounts pledged as collateral on another loan Assets titled in an irrevocable trust Below investment grade corporate and municipal bonds Business Funds Cash out refinance proceeds Custodial accounts Escrow accounts Foreign funds Gift Funds Health Savings Accounts Non-Financial assets (collectibles, stamps, coins, artwork, etc.) unless liquidated Non-liquid assets (automobiles, artwork, business net worth, etc.) Non-regulated financial companies Non-vested restricted stock units 				
 Crypto currency unless seasoned and liquidated to US dollars Privately held stock Stock options SBA loans and paycheck protection funds 				

Elite non-QM Express - DU/LPA Automated Underwrite				
MCFI Elite non-QM Express program will utilize Fannie Mae Desktop Underwriter® (DU) or Freddie Mac Loan Product Advisor® (LPA) with the added guideline allowance Elite non-QM benefits for ease of process. The loan will be underwritten to the Elite non-QM Express program matrix, the DU®/LPA® ("AUS") Findings and the overlays noted below. Any items not addressed in this section will default to the FNMA or FHLMC Selling Guides.				
 FNMA DU® or FHLMC LPA® is required. References to "AUS" throughout this document collectively refer to FNMA DU®/DO® or FHLMC LPA® Findings. For underwriting guidelines not addressed below, please reference the Fannie Mae or Freddie Mac Seller Guide for details. 				
DU®/ LPA® AUS Requirements	 Approve/Eligible, LPA® Accept Approve/Ineligible, LPA® Caution (due to loan amount, loan structure, Interest Only, property and credit event. Refer to Elite non-QM "Credit Events" section for details. 			



	• Note: Refer or Caution findings will not be eligible for delivery to MCFI.					
Products	5/6 ARM, 5/6 ARM I/O, 30Yr Fixed, and 40Yr Fixed I/O					
Qualification	 5/6 ARM – qualify at the greater of the note rate + 2% or the fully indexed rate. Interest Only – qualify at the note rate based on fully amortizing Principal and Interest payment during the principal repayment period. Interest Only payment cannot be used to qualify. Qualify based on a term that equals the amortization term (i.e., 360 months for 40 year I/O). 					
Minimum Ioan amount	\$150,000					
Maximum Ioan amount	\$2,500,000					
DTI	Per AUS (Max. 50%)					
Minimum FICO	660 Qualifying FICO – Primary wage earners FICO used for pricing & eligibility. Bank statements docs: Borrowers with 50/50 split ownership of the business – highest mid FICO score For refinances, the use of highest score is only eligible if that borrower meets continuity.					
Reserves	Per AUS Cash out may be used as reserves					
Assets	Per AUS					
Borrower Eligibility	Refer to Elite non-QM "Eligible Borrowers" section. Follow Elite non-QM guideline for a non-occupant co-borrower.					
Minimum Borrower Contribution	 Per FNMA/FHLMC Selling Guide Owner or Second home, no minimum borrower contribution required. May be all gifts. Investment properties: No gifts allowed. Must be all borrower's own funds. 					
Maximum Cash Out	 Please refer to max cash out limit for Elite non-QM standard program. Per FNMA/FHLMC Selling Guide – R/T refinance max cash back is the lesser of 2% of the loan balance or \$2,000. Cash out can be used as reserves. Primary home only. 					
Cash Out Seasoning	Property must have been purchased at least six months prior to application date.					
Continuity of Obligation	Follow FNMA/FHLMC Selling Guide – Borrower must be on title at time of application.					
Income Documentation	 Follow AUS findings with minimum 1-year verification of income. Electronic WVOE (i.e., The Work Number) is acceptable. Vendor must be an approved Day 1 Certainty vendor. Elite non-QM Bank Statement product is eligible with Elite non-QM Express features (refer to bank statement/CPA P&L guidelines) 					
Asset Utilization	Follow Elite non-QM "Asset Utilization" guideline					
Rental Income	Follow Elite non-QM "Rental Income" guideline					
Credit Events	Short Sale, Foreclosure, Bankruptcy, 120+ – 4 years seasoning is required. Refer to Elite non-QM "Credit Events" section.					
Tradelines	AUS findings					



Housing History	Per AUS. No VOM/VOR unless AUS requires.						
	· ·						
Age of Documentation	90 days						
Subordinate Financing	Per AUS – Max CLTV per Elite Non-QM Express program matrix applies						
Property Eligibility	Single Family Residence (attached and detached) PUDs (attached and detached) 2-4 Units Fannie Mae warrantable condominiums Max 10 acres Refer to Elite non-QM "Ineligible property" section.						
Properties Recently Listed for Sale	Per AUS						
Vesting in LLC	Eligible Investment prop	perty only. Refe	r to Elite non-Q	M standard guid	leline for details.		
Max. Financed Properties	All occupancy ty	/pes - Max 5 fin	anced propertie	es			
Appraisal	 Loan amount ≥ \$2,000,000 and >65% LTV/CLTV - 2 full appraisals All appraisals require a third-party desk review. For CU scores <= 2.5 - no additional review is required For CU scores > 2.5 - follow Elite non-QM "Review Appraisals" guideline. When two appraisals are required, an additional desk review product is not required. Transferred appraisals are permitted. 						
Pre-Payment Penalty	 Applies to all Investment Properties Hard Prepayment penalties are required on investment property transactions when permissible by state law. Six Months Interest: the prepayment charge will be equal to six months of interest on the amount of the prepayment that exceeds 20% of the original principal balance. The prepayment penalty is applicable regardless of the reason for the prepayment of principal including prepayments resulting from the sale or refinance of the subject property or curtailments that exceed 20% of the original balance in any 12-month period. 						
Delayed Financing		12 months vs. 6 M "Delayed fina		eated as a rate 8	& term. Follow		
	Doc Type		Term	Amort type	Prepay Term		
	EZE3030yr FixedFull-EZE4040yr FixedFull-EZE40io40yr FixedInterest Only-EZE3P40io40yr FixedInterest Only3yrEZE2P40io40yr FixedInterest Only2yrEZE1P40io40yr FixedInterest Only1yr						
Program Codes	Full Doc / 1yr Tax returns	EZE3P30 EZE2P30 EZE1P30 EZE3P40 EZE2P40 EZE1P40 EZE30-21BD	30yr Fixed 30yr Fixed 40yr Fixed 40yr Fixed 40yr Fixed 30yr Fixed	Full Full Full Full Full Full	3yr 2yr 1yr 3yr 2yr 1yr		
	EZE5/6 5/6 30yr ARM Full - EZE5/6io 5/6 30yr ARM Interest Only -						



	EZE3P5/6io	5/6 30yr ARM	Interest Only	3yr
	EZE2P5/6io	5/6 30yr ARM	Interest Only	2yr
	EZE1P5/6io	5/6 30yr ARM	Interest Only	1yr
	EZE3P5/6	5/6 30yr ARM	Full	Зуr
	EZE2P5/6	5/6 30yr ARM	Full	2yr
	EZE1P5/6	5/6 30yr ARM	Full	1yr
	EZEB30	30yr Fixed	Full	-
	EZEB40	40yr Fixed	Full	-
	EZEB3P30	30yr Fixed	Full	Зуr
	EZEB2P30	30yr Fixed	Full	2yr
	EZEB1P30	30yr Fixed	Full	1yr
	EZEB3P40	40yr Fixed	Full	3yr
	EZEB2P40	40yr Fixed	Full	2yr
	EZEB1P40	40yr Fixed	Full	1yr
	EZEB30-21BD	30yr Fixed	Full	-
	EZEB5/6	5/6 30yr ARM	Full	-
12mo Bank	EZEB3P5/6	5/6 30yr ARM	Full	3yr
Statements	EZEB2P5/6	5/6 30yr ARM	Full	2yr
	EZEB1P5/6	5/6 30yr ARM	Full	 1yr
	EZEB40io	40yr Fixed	Interest Only	
	EZEB3P40io	40yr Fixed	Interest Only	3yr
	EZEB2P40io	40yr Fixed	Interest Only	2yr
	EZEB1P40io	40yr Fixed	Interest Only	1yr
	EZEB5/6io	5/6 30yr ARM	Interest Only	-
	EZEB3P5/6io	5/6 30yr ARM	Interest Only	3yr
	EZEB2P5/6io	5/6 30yr ARM	Interest Only	2yr
	EZEB1P5/6io	5/6 30yr ARM	Interest Only	
	EZEB1P3/010	30yr Fixed	Full	1yr -
	EZEU40	40yr Fixed	Full	
	EZEU40io	40yr Fixed		-
			Interest Only	
	EZEU3P40io	40yr Fixed	Interest Only	3yr
	EZEU2P40io	40yr Fixed	Interest Only	2yr
	EZEU1P40io	40yr Fixed	Interest Only	1yr
	EZEU3P30	30yr Fixed	Full	3yr
	EZEU2P30	30yr Fixed	Full	2yr
	EZEU1P30	30yr Fixed	Full	1yr
Asset	EZEU3P40	40yr Fixed	Full	3yr
Utilization	EZEU2P40	40yr Fixed	Full	2yr
	EZEU1P40	40yr Fixed	Full	1yr
	EZEU30-21BD	30yr Fixed	Full	-
	EZEU5/6	5/6 30yr ARM	Full	-
	EZEU5/6io	5/6 30yr ARM	Interest Only	-
	EZEU3P5/6io	5/6 30yr ARM	Interest Only	3yr
	EZEU2P5/6io	5/6 30yr ARM	Interest Only	2yr
	EZEU1P5/6io	5/6 30yr ARM	Interest Only	1yr
	EZEU3P5/6	5/6 30yr ARM	Full	3yr
	EZEU2P5/6	5/6 30yr ARM	Full	2yr
	EZEU1P5/6	5/6 30yr ARM	Full	1yr
СРА	EZEP30	30yr Fixed	Full	-
Prepared	EZEP40	40yr Fixed	Full	-
P&L	EZEP40io	40yr Fixed	Interest Only	-
	EZEP3P40io	40yr Fixed	Interest Only	Зуr



	EZEP2P40io	40yr Fixed	Interest Only	2yr
	EZEP1P40io	40yr Fixed	Interest Only	1yr
	EZEP3P30	30yr Fixed	Full	3yr
	EZEP2P30	30yr Fixed	Full	2yr
	EZEP1P30	30yr Fixed	Full	1yr
	EZEP3P40	40yr Fixed	Full	3yr
	EZEP2P40	40yr Fixed	Full	2yr
	EZEP1P40	40yr Fixed	Full	1yr
	EZEP30-21BD	30yr Fixed	Full	-
	EZEP5/6	5/6 30yr ARM	Full	-
	EZEP5/6io	5/6 30yr ARM	Interest Only	-
	EZEP3P5/6io	5/6 30yr ARM	Interest Only	3yr
	EZEP2P5/6io	5/6 30yr ARM	Interest Only	2yr
	EZEP1P5/6io	5/6 30yr ARM	Interest Only	1yr
	EZE3P5/6	5/6 30yr ARM	Full	Зуr
	EZEP2P5/6	5/6 30yr ARM	Full	2yr
	EZEP1P5/6	5/6 30yr ARM	Full	1yr

Assets				
	Transaction Type	Asset Statement Requirement		
	Asset Utilization	4 Months Statements		
	Purchase (excluding Asset Utilization)	2 Months Statements		
	Rate/Term Refinance	1 Month Statement		
	Cash-Out Refinance	0 Months required if Cash Out satisfied reserve requirement (Otherwise 1 month is required.)		
	quarterly statement.	required months statements, the most recent		
	 Exchange traded Stocks/Bon reserves. 	ids/Mutual Funds – 75% may be used for		
	Vested Retirement Accounts	- 60% may be considered for reserves.		
	If needed to close, verification that funds have been liquidated (if			
Documentation		funds needed to close remaining in the of liquidation is not required.		
		allowed for down payment and closing costs		
	 An LOE may be required on purchase transactions for large deposited (generally exceeding 50% of the total monthly qualifying income). If LOE sufficient, no sourcing required. 			
	• A borrower, who is also the r	ealtor on the subject property, may use		
	commission earned (commission must be market rate) towards the funds to close requirement.			
	•	low FNMA requirements. If needed to meet tion, provide documentation.		
	Builder profits are not allowed.			
	Rent to own Credits not allow			
	Repayment of loan without ba disbursement are not allowed	ank records to show the initial loan d.		

v v	Non-borrowing titleholder or member of LLC/entity who is contributing	
	assets. One month asset statement required. No gift letter required.	
	• SBA loans or paycheck protection funds may not be used as assets,	
	income, down payment, closing costs, reserves.	
Business Funds	 Business accounts may only be used to meet down payment and/or reserve requirements if: 100% ownership of the business across borrowers OR Shared ownership requires an access letter from partners allowing the use of the business funds by the borrower. 	
	Gift Funds are acceptable:	
	Purchase transaction only	
	For Primary home transaction only	
	 Borrower must have 10% of own funds documented but not required to use if LTV/CLTV > 80%. 	
	 Borrower must have 5% of own funds documented but not required to use if LTV/CLTV <=80%. 	
	 If the above minimum borrower contribution % is not used towards the down payment, these funds can be used towards reserves. Gifts from family members are allowed. 	
	 Non-borrowing titleholder or member of LLC/entity who is contributing 	
	funds is not considered a gift, no gift letter required. One month asset	
Gift Funds	statement required.	
	 Non-borrowing spouse residing in property who is contributing funds is not considered a gift, no gift letter required. One month asset statement 	
	required.	
	• Gift of Equity from family member allowed up to 75% LTV/CLTV	
	(Primary Only). Subject property mortgage rating from seller is required	
	Ineligible Gift Funds	
	Unacceptable Sources for Down Payment, Closing Costs, Or Reserves:	
	Cash on hand	
	Sweat equity	
	 Gift or grant funds that must be repaid Down payment assistance programs 	
	 Down payment assistance programs Unsecured loans or cash advances 	
	Life insurance policy current cash value or loan against the cash value may be	
Life Insurance Cash Value	used for down payment, closing costs or reserves.	
	• Foreign assets are acceptable and must be 60 days seasoned with 2 most recent bank statements.	
	Any foreign assets used for verification and/or qualification should be	
Foreign Assets	transferred to a US Bank account; if funds are being used for down	
3	novmont and/or reconvoc	
	payment and/or reserves.	
	Assets held in foreign accounts must be translated to English and verified	
	Assets held in foreign accounts must be translated to English and verified in US Dollar equivalency at the current exchange rate via either	
Non-borrowing Spauge	Assets held in foreign accounts must be translated to English and verified	
Non-borrowing Spousal	 Assets held in foreign accounts must be translated to English and verified in US Dollar equivalency at the current exchange rate via either http://www.xe.com or the Wall Street Journal conversion table. Access Letters required for Bank Statement only. Non-borrowing joint account holder affidavit is required to ensure no 	
Non-borrowing Spousal Accounts/Access Letters	 Assets held in foreign accounts must be translated to English and verified in US Dollar equivalency at the current exchange rate via either http://www.xe.com or the Wall Street Journal conversion table. Access Letters required for Bank Statement only. Non-borrowing joint account holder affidavit is required to ensure no deposits by that non-borrower are included as income. 	
	 Assets held in foreign accounts must be translated to English and verified in US Dollar equivalency at the current exchange rate via either http://www.xe.com or the Wall Street Journal conversion table. Access Letters required for Bank Statement only. Non-borrowing joint account holder affidavit is required to ensure no deposits by that non-borrower are included as income. Allowed for down payment, closing costs and reserves with evidence of 	
Accounts/Access Letters	 Assets held in foreign accounts must be translated to English and verified in US Dollar equivalency at the current exchange rate via either http://www.xe.com or the Wall Street Journal conversion table. Access Letters required for Bank Statement only. Non-borrowing joint account holder affidavit is required to ensure no deposits by that non-borrower are included as income. 	

	individual purchasing the assets is not a party to the property sale transaction or the mortgage financing transaction. Documentation required supporting borrower ownership of the asset, independent valuation of the asset, ownership transfer of the asset and borrower's receipt of sale proceeds.
Reserves	 Reserve requirements based on total housing payment PITIA per qualifying rate or ITIA if Interest Only. 6 months for loan amounts <=\$2,000,000 9 months for loan amounts >\$2,000,000 Cash-out from the subject transaction may be used toward the reserve requirement. Gift funds can't be used for the reserves. Restricted stock is ineligible to be used for reserves. No reserves are required for an additional financed property except the departing residence.
Interested Party Contributions – IPC/Seller	 Full Doc, Express Doc, Bank Statement, IPC permitted up to 3% for LTV >80%, 6% for LTV<=80%.
Contributions	 All IPC calculations are based on purchase price.

Liabilities			
30-Day Accounts	30-day accounts (AmEx) should be qualified using the full monthly payment or 3% for monthly accounts unless borrower documents balance can be covered by excess reserves.		
Business Debt	 Debts paid by the borrower's business can be excluded from the DTI ratio with any of the following supporting documentation: Most recent six (6) months of canceled checks(0x30) drawn against the business account. Tax returns reflecting the business expense deduction. Business bank account statement showing assets remaining after funds to close and reserve requirements are deducted, with a balance greater than or equal to the balance of the debt. If the debt is less than six (6) months old, the payment must be included in the DTI ratio. 		
Contingent Liabilities	 Contingent liabilities can be excluded from DTI if the borrower provides evidence that their business or another individual/entity has made payments for 12 months (0x30). Any liability related to a separation or divorce can be omitted if ordered by family court. Documentation from the court is required. 		
Departing Residence	 Departing residence positive rental income cannot be used as qualifying income. Departing residence PITIA can be offset by 75% of projected net rental income. Departing residence rental that produces a loss must be included in DTI. Document rents received via current lease and initial deposit, or if not available, market rent survey may be used (free online source permitted) Generally, borrowers may not own an additional single-family residence of equal or greater value than subject property. Significant equity in a departing residence should be considered in overall credit analysis and cannot be pared with an exception. Departing residence obligation can be excluded if the property is under contract and meet the following - A copy of an executed sales contract for the property pending sale and confirmation all contingencies have been cleared/satisfied. The 		

	 departure transaction must be closing within 30 days of the subject transaction. The pending sale transaction must be arm's length. No appraisal required for departure residence. The borrower must be netting a positive number from the sale of the property or assets must be accounted for to cover any funds the borrower may have to bring to closing on the sale of the departure residence. An additional 6 months PITIA reserves for the departure residence is required.
Leases	 Vehicle lease payments must be included in DTI, regardless of the number payments remaining. Turning in a vehicle early to exclude the payment from the DTI is not allowed.
Property Tax Estimates	 New Construction: Property taxes should be calculated using 1.5% of sales price for qualification or documented tax rate from municipality. (1.25% in California Only) Purchase and Refinance: Use current tax amount per title or tax cert. CA Purchases use 1.25% of purchase price or documented tax rate from municipality whichever is higher. Do not use property tax amount of current owner.
Authorized User Account	 Authorized Users of Credit. Credit report tradelines in which the applicants are "authorized users" may not be considered in the underwriting decision except in certain circumstances such as those listed here: Another borrower in the mortgage transaction is the owner of the tradeline. The borrower is an authorized user on a spouse's credit report tradeline. The borrower can provide written documentation that he or she has been the actual and sole payer of the monthly payment on the account for at least 12 months preceding the date of the application.
Payoff / Pay Down of Debt to Qualify	 Installment and revolving debt paid at closing may be excluded from the debt-to-income ratio with: A credit supplement OR Verification from the creditor liability is paid in full or evidence of payoff on Closing Disclosure Cash out proceeds may be used to pay off or pay down debt to qualify at closing. Installment loans may be paid down to less than 10 payments
Student Loan	 Student loans that are deferred beyond 12 months may be excluded from DTI calculation. Student loans that are deferred < 12 months or in repayment status must be included in the DTI calculation. Loans in repayment - If a payment amount is not identified, .5% of the current loan balance may be utilized. Affordability based payments may be used.

Property		
Appraisal	 Loan amount ≥ \$2,000,000 and >65% LTV/CLTV - 2 full appraisals An appraisal prepared by an individual who was selected or engaged by a borrower, property seller, real estate agent or other interested party is not acceptable. Transferred appraisals are acceptable, unless ordered by borrower or affiliate of the property seller. Form 1007 Schedule of Rents is required for all Non-Owner-Occupied loans on Single Unit residences. For 2-4-unit properties, a FNMA 1025 Small Residential Income Property Appraisal Report is required. 	

	 Interior inspections required, including photos, according to USPAP guides Legal non-conforming zoned properties must indicate that the subject property can be rebuilt if it is severely damaged or destroyed. Negative property influences must be disclosed and adjusted accordingly by appraiser - Including but not limited to: Water Tower, Cell Tower, Gas Station, Railroad Tracks, Landfill/Dump, Auto Repair, Auto Sales, Highway Overpass, On- & Off-Ramp, Billboards/Advertisements, Airports, Hospitals, Police & Fire Stations Properties with unpermitted additions: appraiser to determine if addition is completed in a workman like manner. HPML flips require 2nd full appraisal
Review Appraisals	 All loans require a desk review or other third-party valuation product. Desk review vendors ServiceLink (Desktop Valuation) Summit Valuations (SVR) Pro Teck (ARR) Consolidated Collateral Analysis (CCA) MCFI will accept a desk review within -10% variance of original appraised value from approved valuation vendors above. Desk review variance may not exceed -5% for loans at 90% LTV. Fannie Mae Collateral Underwriter (CU) Reports No 3rd party review required (desk review or second appraisal) if CU Score is 2.5 or below. When two appraisals are required, they do not require a separate review product. Lowest value of the two appraisals is used as subject property value.
Transferred Appraisals	 Appraisal transfers are allowed when an appraisal was completed prior to the loan being closed. Appraisal transfers are subject to the following requirements: Appraisal must have been completed by an approved AMC. The appraisal must be less than 60 days old (less than 120 days at closing) and completed by an Appraisal Management Company. A letter must be obtained from the original lender on their letterhead stating they are transferring the appraisal to MCFI. The letter must transfer the ownership and rights for the specific transaction. The Lender must certify they have complied with Federal, State and FNMA Appraisal Independence requirements. An appraisal delivery form must be provided to the borrower to confirm the borrower's receipt of the appraisal within three (3) business days of the report's completion. If the original Lender will not transfer the appraisal or provide the transfer letter, then a new appraisal is required. NOTE: Subject to FIRREA requirements; if corrections are required, the previous lender to obtain them.



	Condo project review must	be in accordance with the FNMA Seller Guide		
	MCFI to perform project review and designate as warrantable.			
	Condo projects must be 100% complete and HOA in control.			
	No Project Review	Detached condos.2- to 4 unit projects		
	Limited Review for	Primary: ≤ 85% LTV/CLTV		
Warrantable Condo	Established Projects <u>except</u> Florida	 Second Home: ≤ 75% LTV/CLTV 		
		■ Non-Owner: ≤ 75%		
	<u> </u>	LTV/CLTV		
	Limited Review for	 Primary: ≤ 75% LTV/CLTV 		
	Established Projects in Floric			
		LTV/CLTV		
		 Non-Owner: ≤ 70% 		
	Full Review	LTV/CLTV All new projects		
	Full Review	 Project ineligible for limited 		
		review		
	Non-Warrantable Condos –	Supporting documentation to determine		
	warrantability must be provided.			
	Max LTV 80% LTV/CLTV			
	Presale At least 30% of the units must be sold o			
	under bona fide contract			
	Commercial Space	Commercial space up to 50% is allowed.		
	Investor Concentration	Up to 70% of units can be tenant occupied		
	Single Entity Ownership	A single entity can own up to 30% of units.		
	Insurance Coverage Exceptions to Fannie Mae minimum			
	Reserves	coverage requirements		
Non-Warrantable Condos	Reserves	<10% replacement, maintenance, and/or deductible (min 5% required)		
Non-Warrantable Condos	Mandatory Membership	Cannot exceed 10% of purchase price		
	Material Litigation -	Ineligible		
	Structural/Functional	mongholo		
	litigation against developer			
	Delinquent HOA	Up to 25%		
	Newly Converted - Non-full	Ineligible		
	gut rehabs Flood Insurance	Drojecto in a flood zone with no mester flood		
	Flood Insurance	Projects in a flood zone with no master flood coverage are ineligible.		
		Borrower individual policies are not		
		acceptable		
		uoooptubio		

Acreage > 10 Acres Assisted Living/Continuing Care Facilities Barndominums Bed & Breakfast Boarding Houses/Individual Room Leases Builder Model Leaseback C5 or C6 property condition grades Community Land Trusts Condels Co-Op Fractional Ownership/Time Shares Geodesic Domes Native American Leased Land Leased land/Leasehold Properties Live/Work projects Log Homes or Log Home Characteristics Manufactured Homes/Mobile Home Mixed-Use Property Non-Conforming Zoning Regulations That Prohibit Rebuilding Properties under construction Properties under construction Properties under construction Square Footage < 500SF per unit Mandarory Rental Pools Tenants in Common Time-shares Unique Properties Vacant Land or Land Development Property Working Farms Zoning violations Industrial zoning Properties Vacant Land or Land Development Property <td< th=""><th>Accessory Dwelling Units - ADU</th><th> Appraiser to confirm ADU is typical to the area with supporting comparable. Rental income is not allowed. Unit should not jeopardize potential future hazard insurance claim(s) Conforms to all zoning laws/regulations including permit requirements. Unpermitted ADUs must be completed in a workman like manner and conform to the subject property. No rental income may be used to qualify. No more than one ADU per property. Purchase - Borrower to provide attestation regarding their intentions to rent the ADU. 4 unit with ADU is ineligible. </th></td<>	Accessory Dwelling Units - ADU	 Appraiser to confirm ADU is typical to the area with supporting comparable. Rental income is not allowed. Unit should not jeopardize potential future hazard insurance claim(s) Conforms to all zoning laws/regulations including permit requirements. Unpermitted ADUs must be completed in a workman like manner and conform to the subject property. No rental income may be used to qualify. No more than one ADU per property. Purchase - Borrower to provide attestation regarding their intentions to rent the ADU. 4 unit with ADU is ineligible.
Rural • Second Home – Max 70% Properties/Agricultural • Investment - Ineligible Subject to an exception. An appraisal report is required.	Ineligible Properties	Assisted Living/Continuing Care Facilities Barndominiums Bed & Breakfast Boarding Houses/Individual Room Leases Builder Model Leaseback C5 or C6 property condition grades Commercial Zoned (Unless Condo) Community Land Trusts Condotels Co-Op Fractional Ownership/Time Shares Geodesic Domes Native American Leased Land Leased land/Leasehold Properties Live/Work projects Log Homes or Log Home Characteristics Manufactured Homes/Mobile Home Mixed-Use Property Non-Conforming Zoning Regulations That Prohibit Rebuilding Property Not Constructed for Year-Round Use Properties under construction Property with Health and Safety Issues Internally or Externally that Are Not Cured and Verified with FNMA 1004D (May Not Be Cured Through Close of Loan) Shouses Square Footage < 500SF per unit Mandatory Rental Pools Tenants in Common Time-shares Unique Properties Vacant Land or Land Development Property Working Farms Zoning violations Industrial zoning
	Properties/Agricultural	 Primary Residence – Max 75% Second Home – Max 70% Investment - Ineligible
	Agricultural Zoning	

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Multiple Dwellings on 1 Lot	 Properties with more than one 1-4 unit dwellings are not eligible. Multiple APNs are acceptable if the subject property is on one parcel or across the lot line. Additional adjoining parcel(s) may not have additional dwelling unit(s) and is limited to non-residential improvements. 		
Solar	 Properties with solar panels are eligible for purchase, however, should not be included in property valuation. Solar panel agreements are permitted in accordance with FNMA guidelines 		
Solar/PACE/HERO Loans	 Solar leases are allowed if the lease payment is included in the DTI, equipment owner is responsible for any damage because of installation/removal/defect/malfunction, and equipment owner is not listed as loss payee of on the insurance policy. Must conform to FNMA. Borrower to provide copy of lease for refinance. Purchases require copy of lease however reflecting in borrower's name to show they qualified for the transfer of solar lease. Power purchase agreements are eligible. Not necessary to be included in DTI. Must conform to FNMA. PACE loans (or any similar loans with payments that are included in property taxes) are not eligible to remain on title; must be paid off through closing. Payoff of PACE/HERO will be treated as a rate and term. 		
Power of Attorney	 Payon of PACE/HERO will be iteated as a rate and term. Must be reviewed by an MCFI Funding Manager. Except as otherwise required by applicable law, or unless they are the borrower's relative (or fiancée or domestic partner), the following persons connected to the transaction may not sign the security instrument or Note as the Attorney-in-Fact or Agent under a Power of Attorney (POA): Lender Lender Lender's Affiliate Mortgage Loan Originator (MLO) Employee of the MLO Employee of the MLO's Employer Title Insurance Company (providing the title insurance policy for the loan) or its Employee. Title Insurance Company's Affiliate or its Employee Real Estate Agent with Financial Interest in the Transaction or Agent's Affiliate Not permitted on cash-out. A LOE describing the reason for using a POA is required. 		
E-Signatures	 E-signatures are permitted except for the following documents: Note, Mortgage, Deed of Trust, Closing Disclosure, Power of Attorney, Riders/Addendums, and any state regulated disclosures. These documents require a wet signature. 		
Escrow Holdbacks	Escrow Holdbacks are not allowed.		

Other Requirement		
Prepayment Penalty Investment Property Only	• • •	Hard Prepayment periods up to 2 years. See rate sheet. District of Columbia: (Max 2 months interest) Georgia: limited to 2% of the loan amount, if prepaid in the first 12 months, and 1% of the loan amount, if prepaid in the second 12 months. Penalties not allowed on loans vested to individuals in IL & NJ Declining Prepay in Mississippi (3-2-1%)



- Massachusetts: Penalty capped at 3 months interest.
- Pennsylvania: Penalties not allowed on loan amounts less than \$278,204

