



MVP DSCR

DSCR >=1.00

Maximum Loan Amount	Minimum Credit Score	Purchase/Rate & Term LTV	Cash Out LTV	Reserves
\$150,000 - \$1,500,000	700	80%/80% ¹	75%	3 Months
	660	75%/75%	70%	
\$1,500,001 - \$2,000,000	700	75%/75%	70%	6 Months
	660	70%/70%	65%	
\$2,000,001 - \$2,500,000	700	70%/70%	65%	
	660	65%/65%	60%	
\$2,500,001 - \$3,000,000	700	65%/65%	65%	12 Months
	660	60%/60%	55%	

1. MAX. LTV 75% if 1x30 days/12/First-time investor/I/O (Purchase/R/T)/Non-warrantable Condo (Purchase)

DSCR <1.00 – Minimum DSCR is 0.75

Maximum Loan Amount	Minimum Credit Score	Purchase/Rate & Term LTV	Cash Out LTV	Reserves
\$1,000,000	720	75%/75%	70%	3 Months
\$1,500,000	720	70%/70%	65%	
\$2,000,000	720	65%/65%	60%	6 Months

No Ratio

Maximum Loan Amount	Minimum Credit Score	Purchase/Rate & Term LTV	Cash Out LTV	Reserves
\$1,500,000	740	70%/70%	60%	6 Months
	700	65%/65%	60%	
\$2,000,000	720	60%/60%	55%	

GENERAL REQUIREMENTS

Underwriting Method	
	<ul style="list-style-type: none"> Manual Underwriting Only All compliance requirements must meet all Federal & State regulations. Evidence of agency ineligibility is required. Any topics not addressed in this guideline, refer to the FNMA guideline if applicable.

Appraisal report	<ul style="list-style-type: none"> Two appraisals are required for either of the following scenarios: Loan amount > \$2M or HPML flip transactions as defined by the CFPB. Transferred appraisal report is allowed. Follow MCFI policy.
Minimum FICO	660 with at least two (2) scores per borrower. <ul style="list-style-type: none"> Mid fico or lower of the two scores (per borrower) will be used to qualify.
Loan amount	<ul style="list-style-type: none"> Minimum - \$150,000 Maximum - \$3,000,000
MEGA LOS Doc Type Options	<ul style="list-style-type: none"> Debt Service Coverage (DSCR) No Ratio <div style="border: 1px solid gray; padding: 5px;"> <p>Doc Type Debt Service Coverage (DSCR) ▾</p> <p>Full Document</p> <p style="background-color: #e0e0e0;">Debt Service Coverage (DSCR)</p> <p>12 Mo. Personal Bank Statements</p> <p>24 Mo. Personal Bank Statements</p> <p>12 Mo. Business Bank Statements</p> <p>24 Mo. Business Bank Statements</p> <p>Other Bank Statements</p> <p>1 Yr. Tax Returns</p> <p>VOE</p> <p>Asset Utilization</p> <p>No Ratio</p> </div>

Program Codes	Doc Type	Code	Term	Amort type	Prepay Term		
	DSCR	30yr Fixed	MDCR30	30yr Fixed	Full	-	
MDCR5P30			5yr				
MDCR4P30			4yr				
MDCR3P30			3yr				
MDCR2P30			2yr				
MDCR1P30			1yr				
40yr Fixed		40yr Fixed	MDCR40io	40yr Fixed	Interest Only	-	
			MDCR5P40io			5yr	
			MDCR4P40io			4yr	
			MDCR3P40io			3yr	
			MDCR2P40io			2yr	
			MDCR1P40io			1yr	
5/6 30yr ARM		5/6 30yr ARM	5/6 30yr ARM	5/6 30yr ARM	Full	-	
						MDCR5P5/6	5yr
						MDCR4P5/6	4yr
						MDCR3P5/6	3yr
						MDCR2P5/6	2yr
						MDCR1P5/6	1yr
5/6 30yr ARM		5/6 30yr ARM	5/6 30yr ARM	5/6 30yr ARM	Interest Only	-	
						MDCR5P5/6io	5yr
	MDCR4P5/6io					4yr	
	MDCR3P5/6io					3yr	
	MDCR2P5/6io					2yr	
	MDCR1P5/6io					1yr	
No Ratio	No Ratio	No Ratio	No Ratio	Full	-		
					MNR30	30yr Fixed	
					MNR5P30	30yr Fixed	
					MNR4P30	30yr Fixed	
					MNR3P30	30yr Fixed	
					MNR2P30	30yr Fixed	
MNR1P30	30yr Fixed						

		MNR5/6	5/6 30yr ARM	Full	-																				
		MNR5P5/6	5/6 30yr ARM	Full	5yr																				
		MNR4P5/6	5/6 30yr ARM	Full	4yr																				
		MNR3P5/6	5/6 30yr ARM	Full	3yr																				
		MNR2P5/6	5/6 30yr ARM	Full	2yr																				
		MNR1P5/6	5/6 30yr ARM	Full	1yr																				
Qualifying Rate	<p>Qualifying ratios are based on PITIA payment with the principal and interest payments amortized over the loan term.</p> <ul style="list-style-type: none"> 5/6 SOFR: (2/1/5 Cap Structure) <ul style="list-style-type: none"> Qualify borrower(s) at original Note Rate Margin: refer to rate sheet Minimum Interest rate Floor is Margin 30 Year Fixed I/O - ITIA 																								
Interest Only	<ul style="list-style-type: none"> Minimum Credit Score: 700 Maximum LTV: 75% Purchase/Rate & Term, 70% Cash-Out Minimum DSCR:0.75 																								
Subject Property Reserves	Required subject property reserves are PITIA based on the qualifying rate.																								
DSCR	<p>Minimum DSCR 0.75 or No Ratio. First Time Investor DSCR 1 Interest only minimum DSCR: 0.75</p>																								
Approved States	All MCFI approved states																								
MLO State Licensing Exemption	<p>The following states will allow for the origination of DSCR loans without a license:</p> <table border="1"> <tr> <td>Colorado</td> <td>Georgia*</td> <td>Michigan</td> <td>South Carolina</td> </tr> <tr> <td>Connecticut</td> <td>Hawaii</td> <td>Montana</td> <td>Tennessee</td> </tr> <tr> <td>District of Columbia</td> <td>Maryland</td> <td>Nebraska</td> <td>Texas</td> </tr> <tr> <td>Delaware</td> <td>Massachusetts</td> <td>Pennsylvania</td> <td>Washington</td> </tr> <tr> <td>Florida*</td> <td></td> <td></td> <td></td> </tr> </table> <p>*Title must be held by an LLC. Individuals are prohibited.</p>					Colorado	Georgia*	Michigan	South Carolina	Connecticut	Hawaii	Montana	Tennessee	District of Columbia	Maryland	Nebraska	Texas	Delaware	Massachusetts	Pennsylvania	Washington	Florida*			
Colorado	Georgia*	Michigan	South Carolina																						
Connecticut	Hawaii	Montana	Tennessee																						
District of Columbia	Maryland	Nebraska	Texas																						
Delaware	Massachusetts	Pennsylvania	Washington																						
Florida*																									
Declining Market	5% LTV reduction is required.																								
ARM Index	SOFR 30 Day Avg index																								
ARM term	TERMS	CAPS	INDEX	MARGIN																					
	5/6 ARM	2/1/5	SOFR	See Rate sheet																					
Derogatory Housing History	<ul style="list-style-type: none"> Derogatory Housing Events: <ul style="list-style-type: none"> Housing Events as Foreclosures, Short Sale, Deed in Lieu, Notice of Default, or 120+ Days Delinquent Bankruptcies are considered Housing Events, inclusive of Chapter 7, 11, and 13 Defaulted first and second mortgages on same property are considered one (1) event. Seasoning lookback is from the date of discharge/dismissal or property resolution (completion date), as of the note date. 36 months seasoning is required. Forbearance, modification, or Deferred payments <ul style="list-style-type: none"> COVID Forbearance must be released and fully current. Non-COVID - deferred payments are unacceptable credit events and disqualifies borrower(s) from financing. 																								

	<ul style="list-style-type: none"> ○ Mortgage Loan Modifications are acceptable with 36 months seasoning, min 720 FICO and no additional credit events after modification. Examples of mortgage loan modifications are: <ul style="list-style-type: none"> ▪ Forgiveness of a part of principal and/or interest on either the first or second mortgage ▪ Application of a principal curtailment by or on behalf of the investor to simulate principal forgiveness. ▪ Conversion of any part of the original mortgage debt to a “soft” subordinate mortgage ▪ Conversion of any part of the original mortgage debt from secured to an unsecured debt. ▪ Modification look back commences at inception (when loan was permanently modified) • Housing History <ul style="list-style-type: none"> ○ Twelve (12) month mortgage/housing history is required. ○ 1 x 30 days x 12 (MAX. LTV is 75% if 1x30x12)
Max. Cash-Out Limits	<ul style="list-style-type: none"> • LTV > =65% - \$750K • LTV < 65% - Unlimited • Cash-out proceeds can be used for the reserves.
Prepayment Penalty	<ul style="list-style-type: none"> ○ Hard prepayment periods up to 5 years eligible- see rate sheet. ○ Please refer to the Prepayment Penalty Guide for state specific restrictions and requirements <p>Prepayment penalty is a flat structure: up to 5 year prepayment term at a 5% flat rate. If within the loan term’s prepayment period from the date the Security Instrument is executed, a full or one or more partial prepayments, the prepayment charge will be an amount equal to the flat rate based on the principal amount so prepaid.</p>

BORROWER ELIGIBILITY	
Eligible Borrowers	<ul style="list-style-type: none"> • U.S. Citizens • Permanent Resident Aliens • Non-Permanent Resident Aliens
Permanent Resident Alien	<ul style="list-style-type: none"> • A permanent resident alien is a non-U.S. citizen authorized to live and work in the U.S. on a permanent basis. Permanent resident aliens are eligible for financing. • Acceptable evidence of lawful permanent residency must be documented and meet one of the following criteria: <ul style="list-style-type: none"> ○ I-151 – Permanent Resident Card (Green Card) that does not have an expiration date. ○ I-551 – Permanent Resident Card (Green Card) issued for 10 years that has not expired. ○ I-551 – Conditional Permanent Resident Card (Green Card) issued for two (2) years that has an expiration date, if it is accompanied by a copy of USCIS form I-751 requesting removal of the conditions. ○ Un-expired Foreign Passport with an unexpired stamp reading as follows: “Processed for I-551 Temporary Evidence of Lawful Admission for Permanent Residence. Valid until mm-dd-yy. Employment Authorized.”
Non-Permanent Resident Aliens	<ul style="list-style-type: none"> • An individual who is not a U.S. Citizen but lives in the U.S. under the terms of an applicable Visa and/or EAD Card. Borrowers who are residents of countries which participate in the State Department’s Visa Waiver Program (VWP) are not required to provide a valid visa. Individual with diplomatic immunity who are not subject to United States jurisdiction are not eligible. Participating countries can be verified through the U.S. Department of State website: https://www.dhs.gov/visa-waiver-program-requirements • Documentation requirements <ul style="list-style-type: none"> ○ Visa

- If expiration is within six months of the loan application and the borrower has not changed employers, a copy of the employer's letter of sponsorship for visa renewal must be provided.
 - If Visa has expired at closing (date the Note is signed), a filed USCIS Form I-797 is required.
 - For residents of Canada or Mexico, H1-B status stamped on an unexpired passport is acceptable.
 - EAD Card
 - If expiration is within six months of the application, the borrower must show evidence that they have applied for an extension.
 - The EAD Card must be unexpired at closing (date the Note is signed).
- Non-permanent resident borrowers must document legal residency status by meeting the documentation requirements below. Borrowers who cannot meet the requirements below are not eligible.**

VISA ELIGIBILITY MATRIX				
Visa Category	Visa Type	Brief Description	Documentation Required	EAD Code
Trade Treaty Work Visa	E-1	Treaty trader - employee, spouse, and/or child	Visa and EAD	C02
	E-2	Treaty investor - employee, spouse, and/or child	Visa	
	E-3	Specialty occupation		
	E-1, E-2, or E-3D	Spouse of E-1, E-2 or E-3	Visa and EAD	A17/C12
Temporary Employment Visa	H-1B	Specialty Occupation	Visa	
	H-1B1	Specialty Occupation		
	H-1B2	Specialty Occupation - U.S. Department of Defense		
	H-1B3	Fashion model of distinguished merit and ability		
	H-1C	Registered nurse - U.S. Department of Labor		
Media Work Visa	I	Spouse or child of H-1B	Visa and EAD	C26
Nonimmigrant Visa for Fiancé(e)	K-1	Foreign media outlet (press, radio, film, or other)	Visa	
Nonimmigrant Visa for Spouse	K-3	Fiancé(e) - purpose of marriage	Visa and EAD	A06
Temporary Employment Visa	L-1A	Spouse of a U.S. citizen	Visa and EAD	A09
	L-1B	Intracompany transfer - managerial or executive	Visa	
	L-2	Intracompany transfer - specialized knowledge	Visa and EAD	A18
Temporary Employment Visa	O-1A/B	Spouse or child of L-1A or L-1B	Visa	
	O-2	Extraordinary ability in analysis, business, education, entertainment		
	P-1A	Assistant to O-1		
NAFTA Professional Workers Visa	TN	Internationally recognized athlete	Visa	
Spouse / Child of Permanent Resident Alien	V-1	Professional under NAFTA	Visa and EAD	A15
	V-2	Spouse of a Legal Permanent Resident (LPR) who is the principal beneficiary of a family-based petition (Form I-130) which was filed prior to December 21, 2000, and has been pending for at least three years.		
	V-3	Child of a Lawful Permanent Resident (LPR) who is the principal beneficiary of a family-based visa petition (Form I-130) that was filed prior to December 21, 2000, and has been pending for at least three years.		
		The derivative child of a V-1 or V-2.]		

	<table border="1"> <thead> <tr> <th colspan="2">EAD ELIGIBILITY MATRIX</th> </tr> </thead> <tbody> <tr> <td colspan="2">Certain borrowers may hold an EAD which does not require a corresponding Visa type. Borrower's holding the EADs noted below are eligible without a Visa.</td> </tr> <tr> <th>EAD Code</th> <th>EAD Code Definition</th> </tr> <tr> <td>C09</td> <td>Adjustment of status applicant</td> </tr> <tr> <td>C10</td> <td> <ul style="list-style-type: none"> Nicaraguan Adjustment and Central American Relief Act (NACARA) section 203 applicants Applicant for suspension of deportation Applicant for cancellation of removal </td> </tr> <tr> <td>C24</td> <td>LIFE legalization applicant</td> </tr> <tr> <td>C31</td> <td> <ul style="list-style-type: none"> Principal beneficiary of an approved VAWA self-petition Qualified child of a beneficiary of an approved VAWA self-petition </td> </tr> <tr> <td>C33</td> <td>Deferred Action for Childhood Arrivals</td> </tr> </tbody> </table>	EAD ELIGIBILITY MATRIX		Certain borrowers may hold an EAD which does not require a corresponding Visa type. Borrower's holding the EADs noted below are eligible without a Visa.		EAD Code	EAD Code Definition	C09	Adjustment of status applicant	C10	<ul style="list-style-type: none"> Nicaraguan Adjustment and Central American Relief Act (NACARA) section 203 applicants Applicant for suspension of deportation Applicant for cancellation of removal 	C24	LIFE legalization applicant	C31	<ul style="list-style-type: none"> Principal beneficiary of an approved VAWA self-petition Qualified child of a beneficiary of an approved VAWA self-petition 	C33	Deferred Action for Childhood Arrivals
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Experienced Investor	An experienced investor is defined as a borrower with proof of ownership and/or management of residential and/or commercial rental real estate for at least one year in the last 3 years. A borrower working in the property management industry constitutes experience and is acceptable. Only one borrower has to be an experienced investor if there are co-borrowers.																
First Time Investor	<p>Permitted under the following conditions.</p> <ul style="list-style-type: none"> 12-month housing payment history Minimum DSCR 1 12 months reserves Max LTV 75% First time homebuyer is allowed as long as the borrower meets first time investor conditions. 																
Eligible Vesting	<p>Fee Simple with Title Vesting as:</p> <ul style="list-style-type: none"> Individual Joint Tenants Tenants in Common Inter-Vivos Revocable Trust <p>Vesting is allowed in an Entity with the following requirements:</p> <ul style="list-style-type: none"> Entity must be domiciled in a U.S. State. Business structure is limited to a maximum of four (4) owners/ members. Personal Guarantees must be provided by all owners/members of the Entity on the loan - If not signing not as member but as an individual, Guaranty is not needed. If signing only as member, personal guaranty needed. Each Entity owner / member on the loan must sign the security instruments. Each Entity owner / member providing a Personal Guaranty must complete a Form 1003 or similar credit application indicating clearly that such document is being provided in the capacity of the guarantor. The application of each member/owner providing a Personal Guaranty and their credit score, and creditworthiness will also be used to determine qualification and pricing. <p>NOTE: Vesting in a life estate is not allowed.</p> <p>For business type, the following documentation must be provided:</p> <ul style="list-style-type: none"> Limited Liability Company (LLC) <ul style="list-style-type: none"> Entity Articles of Organization, Partnership, and Operating Agreements if any Tax Identification Number (Employer Identification Number – EIN). In any case where a sole proprietor is using SSN in lieu of EIN, provide UW cert or supporting documentation confirming that. Certificate of Good Standing Certificate of Authorization for the person executing all documents on behalf of the Entity LLC Borrowing Certificate required when all owners/members are not on the loan. Corporation <ul style="list-style-type: none"> Filed Certificate/Articles of Incorporation (including all Amendments) By-Laws (including all Amendments) 																

	<ul style="list-style-type: none"> ○ Certificate of Good Standing (issued by the Secretary of State (SOS) where the business is incorporated) ○ Tax Identification Number (EIN). In any case where a sole proprietor is using SSN in lieu of EIN, provide UW cert or supporting documentation confirming that. ○ Borrowing Resolution/Corporate Resolution granting authority of signor to enter loan obligation. ○ Receipt of current year franchise tax payment or clear search (only required where applicable per state.) ● Partnership <ul style="list-style-type: none"> ○ Filed Partnership Certificate (if a general partnership, filing with the SOS may not be required) ○ Partnership Agreement (and all Amendments) ○ Certificate of Good Standing (issued by the Secretary of State (SOS) where the Partnership is registered) ○ Tax Identification Number (EIN). In any case where a sole proprietor is using SSN in lieu of EIN, provide UW cert or supporting documentation confirming that. ○ Limited partner consents (where required by partnership agreement) <p>NOTE: Official documentation issued by a CPA, a Third-Party Tax Preparer (excluding PTIN tax preparers), the state or IRS should be used to satisfy document requirements. Fillable PDF's (i.e W9's) or emails confirming in writing from borrowers are not sufficient.</p> <p>Layered entities are permitted up to two (2) layers when there is a single Guarantor of the top entity which is, 100% owner / guarantor of bottom entity (title holder / borrower).</p> <p>Guideline requirements above must be met for each entity.</p>
Ineligible Borrowers	<ul style="list-style-type: none"> ● Irrevocable or Blind Trusts ● Land Trusts ● Borrowers with diplomatic immunity ● ITIN Borrowers residing in the U.S. ● DACA & asylum applicants ● Trusts or business entities whose members include other LLCs, Corporations, Partnerships, or Trusts ● Trusts or business entities where a Power of Attorney is used. ● Persons sanctioned by OFAC.

OCCUPANCY ELIGIBILITY

Non-Owner Occupied	<ul style="list-style-type: none"> ● Occupancy designation for an income producing property where the Borrower does not occupy the Subject property. ● All borrower(s) must execute the Occupancy Certification. ● For DSCR Borrower(s) obtaining a loan, the Borrower must execute the MCFI Business Purpose & Occupancy Affidavit. ● For non-owner-occupied loans with a Guarantor, the Borrower(s) providing the guarantee must execute the Personal Guaranty Agreement.
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TRANSACTION ELIGIBILITY

Purchase	<ul style="list-style-type: none"> ● A purchase transaction is one which allows a buyer to acquire a property from a seller where the proceeds of the transaction are used to finance the acquisition of the Subject property. ● The lesser of the purchase price or appraised value of the Subject property is used to calculate the LTV.
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	<ul style="list-style-type: none"> • Sellers must have owned the property for more than 12 months, otherwise the transaction is subject to review as a Flip Transaction. Scenarios that meet the definition of a Flip Transaction must meet the requirements provided in that section. <ul style="list-style-type: none"> - Bank owned REO and Corporate Relocations are eligible and not considered a flip transaction. • Maximum Interested Party Contributions permitted up to 6%.
<p style="text-align: center;">Rate & Term</p>	<ul style="list-style-type: none"> • A Rate / Term Refinance transaction is when the new loan amount is limited to the payoff of a present mortgage for the purpose of changing the interest rate and/or term of mortgage only with no additional cash or advancing of new money on the loan unless it is below the limited cash out amount. • A seasoned non-first lien mortgage is (1) a purchase money mortgage or (2) a closed end or HELOC mortgage that has been in place for more than twelve (12) months and/or not having any draws greater than \$2,000 in the past twelve (12) months. <ul style="list-style-type: none"> ○ Withdrawal activity must be documented with a transaction history from the HELOC. • Limited cash to the Borrower must not exceed the greater of \$2,000 or 1% of the principal amount of the new mortgage to be considered a Rate & Term refinance. • The LTV/CLTV will be based off of the appraised value. Loan must be used to pay off existing lien on the Subject mortgage and cash to the Borrower must not exceed the greater of \$2,000 or 1% of the principal amount of the new mortgage. • Sale Restriction. Property must be removed from listing prior to application date and LTV will be based on the lesser of the list price or appraised value when listed within the last 3 months of the application date. • The rate / term refinance of a construction loan is eligible with the following conditions: <ul style="list-style-type: none"> ○ If the lot was acquired twelve (12) or more months before applying for the subject loan, the LTV is based on the current appraised value of the property. ○ If the lot was acquired less than twelve (12) months before applying for the construction financing, the LTV is based on the lesser of (i) the current appraised value of the property and (ii) the total acquisition costs.
<p style="text-align: center;">Cash-Out</p>	<ul style="list-style-type: none"> • A Cash-Out Refinance transaction allows the Borrower to pay off the existing mortgage by obtaining new financing secured by the same property or allows the property owner to obtain a mortgage on a property that is currently owned free and clear. The Borrower can receive funds at closing if they do not exceed the program requirements. • At least one borrower on the new loan must be an owner (on title) of the subject property at the time of loan application. Continuity of obligation must be met. If the subject property is owned for less than six months (Note to Note), a 5% reduction to max LTV is required and the LTV/CLTV will be based on the lesser of the original purchase price plus improvements or current appraised value. Proof of improvements is required, and the purchase price must be documented by the final Closing Disclosure (CD) of the property purchase transaction. The borrower must be an obligor of the existing mortgage. • Property must be removed from listing for at least three months prior to the Note Date. For properties that have been listed by the current owner within the last six months, the LTV will be based on the lesser of the list price or appraised value. • Current appraised value can be used for the final value for all other cases except above restrictions. • Refinance of a previous Cash-Out seasoned < 1 year will be considered Cash-Out refinance. • A Texas 50(a)(6) loan is ineligible. • Cash out is for business purposes only and the borrower must provide an LOE detailing the purpose and use of the proceeds.

<p>Continuity of Obligation</p>	<ul style="list-style-type: none"> • Continuity of obligation occurs on a refinance transaction when at least one of the Borrower(s) (or members of the LLC with a minimum 25% ownership) on the existing mortgage is also a Borrower / LLC on the new refinance transaction secured by the subject property. • When an existing Mortgage which is not obligated to the borrower, will be satisfied as a result of a refinance transaction, the following requirements must be met: <ul style="list-style-type: none"> ○ At least one Borrower on the refinance mortgage held title for the most recent 6-month period and the mortgage file contains documentation evidencing that the Borrower has been making 6-month timely mortgage payments, including the payments for any secondary financing, or ○ At least one Borrower on the refinance Mortgage inherited or was legally awarded the Mortgaged Premises by a court in the case of divorce, separation, or dissolution of a domestic partnership. LTV/CLTV is based on current appraised value.
<p>Subordinate Financing</p>	<p>Not allowed.</p>
<p>Flip Transactions</p>	<ul style="list-style-type: none"> • When the subject property is being resold within three hundred sixty-five (365) days of its acquisition by the seller and the sales price has increased more than ten (10%), the transaction is considered a “flip”. To determine the three hundred sixty-five (365) day period, the acquisition date (the day the seller became the legal owner of the property) and the purchase date (the day both parties executed the purchase agreement) should be used. • Flip transactions are subject to the following requirements: <ul style="list-style-type: none"> ○ All transactions must be at arm’s length, with no identity of interest between the buyer and property seller or other parties participating in the sales transaction. ○ No pattern of previous flipping activity may exist in the last twelve (12) months. Exceptions to ownership transfers may include newly constructed properties, sales by government agencies, properties inherited or acquired through divorce, and sales by the holder of a defaulted loan. ○ The property was marketed openly and fairly, through a multiple listing service, auction, for sale by owner offering (documented) or developer marketing. ○ No assignments of the contract to another buyer ○ If the property is being purchased for more than 5% above the appraised value, a signed letter of acknowledgement from the borrower must be obtained.
<p>Delayed Financing</p>	<ul style="list-style-type: none"> • Delayed Financing. Borrowers who have purchased a subject property within the last 6 months preceding the disbursement date of the new mortgage are eligible to receive cash back with the loan being priced and treated as a Cash Out Refinance if the following requirements are met (also see FNMA Guides for additional information): <ul style="list-style-type: none"> ○ The original purchase was an Arm’s Length Transaction. ○ The original purchase transaction is documented by the settlement statement which confirms that no mortgage financing was used to obtain the subject property. ○ The preliminary title report must confirm that there are no existing liens on the subject property. ○ The new loan amount can be no more than the actual documented amount of the borrower’s initial investment in purchasing the property plus the financing costs, prepaid fees, and points on the new mortgage loan (subject to maximum LTV and CLTV ratios for Cash-out Transactions based on the current appraised). ○ If the source of funds used to acquire the property was an unsecured loan or a loan secured by an asset other than the subject property (such as a HELOC secured by another property), then all cash-out proceeds are to be used to payoff or pay-down the loan used to purchase the property.

	<ul style="list-style-type: none"> ▪ The settlement statement for the refinance transaction must reflect the above. ▪ any payments on the balance remaining from the original loan must be included in the DSCR ratio calculation for the refinance transaction. ▪ funds received as gifts and used to purchase the property may not be reimbursed with proceeds of the new mortgage loan. ▪ Source of Funds Documentation. Source of funds must be documented. Examples of proper documentation include bank statements, personal loan documents, 401(k) withdrawal statements, or evidence of a HELOC on another property.
Ineligible Transaction	<ul style="list-style-type: none"> • Assumable loan • Construction loan • Temporary Buydowns • Builder Bailout Loans • Conversion Loans/Land Contracts • Lease Options/Rent-to-Own • Non-Arm's Length Transaction • Assignments of the contract to another buyer • Graduated Payment Mortgage Loan • Ground leases, Buydown Mortgage Loan, Pledged Asset Loan • Convertible Mortgage Loan - allows an ARM to convert to a Fixed Rate Mortgage • Periodic Payment - Loans must have periodic payments due and loans can't have more than 3 monthly payments paid in advance from the proceeds of the mortgage loan. • Loans with a negative amortization feature • Simple interest loans

CREDIT ELIGIBILITY													
Credit Report Details	<ul style="list-style-type: none"> • A tri-merged-in file credit report from all three repositories is required. • A written explanation for credit inquiries is not required. • Credit re-scoring is allowed. 												
Credit documents seasoning	<p>Age of documents from Note Date</p> <ul style="list-style-type: none"> • Credit documents: 120 days • Asset documents: 90 days • Appraisal: 120 days (With re-certification of value: 180 days) • Title report: 90 days 												
Credit Scores	<ul style="list-style-type: none"> • A minimum of 2 credit scores are required to be provided for each borrower and is used to determine the qualifying credit score for loan approval. The Representative Credit Score for a borrower is the middle score of 3 FICO scores, or the lower score of 2 FICO scores (when only 2 FICO scores are provided). When more than one borrower qualifies for the loan, the qualifying credit score is the lower Representative Credit Score of all borrowers. 												
Tradelines	<ul style="list-style-type: none"> • All borrowers must have an established credit history that is partially based on tradeline history. If all borrowers have three credit scores reporting on credit, then the minimum credit tradeline requirement has been met. <p>If a borrower does not have 3 reporting scores, then the borrower(s) must meet the following requirements:</p> <table border="1" style="width: 100%; border-collapse: collapse; text-align: center;"> <thead> <tr> <th style="background-color: #003366; color: white;">Required Tradelines</th> <th style="background-color: #003366; color: white;">Active reporting Period</th> <th style="background-color: #003366; color: white;">Min FICO Required</th> </tr> </thead> <tbody> <tr> <td>3 Tradelines</td> <td>≥ 12 months</td> <td>Per matrix</td> </tr> <tr> <td colspan="3" style="background-color: #003366; color: white;">Or</td> </tr> <tr> <td>2 Tradelines</td> <td>≥ 24 months</td> <td>Per matrix</td> </tr> </tbody> </table>	Required Tradelines	Active reporting Period	Min FICO Required	3 Tradelines	≥ 12 months	Per matrix	Or			2 Tradelines	≥ 24 months	Per matrix
Required Tradelines	Active reporting Period	Min FICO Required											
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2 Tradelines	≥ 24 months	Per matrix											

	<p>Borrowers without the above minimum trade lines may qualify if there is a minimum of:</p> <ul style="list-style-type: none"> • At least four years of established credit history as follows: • Eight or more tradelines reported. • At least one active in the last 12 months, defined as the last activity within 12 months of the credit report date. • At least one of these tradelines must be a mortgage tradeline and may be counted as the active tradeline.
Housing History	<ul style="list-style-type: none"> • 1 x 30days x 12 (MAX. LTV is 75% if 1x30x12) • Acceptable housing history requires evidence that a borrower has made a housing payment for at least the last 12 months. • Housing history for the DSCR Doc type is limited to verifying the borrower's primary residence and the subject property if a refinance transaction. For these properties, VOMs are required any outstanding mortgages including private mortgages. No additional documentation is required to support the VOM (e.g. cancelled checks not required). Verifications dated within 30 days of application do not require to be updated unless more than 60 days at time of Note date. If a borrower is renting their primary residence, a VOR from the landlord is required with no additional documentation (e.g. cancelled checks not required). • Properties owned free and clear are considered 0x30 for grading purposes for each month the property has been owned free and clear. (e.g. a property owned free and clear for the last 12 months satisfies the housing history requirement). • Any housing event reported on the credit report for any property owned by the borrower needs to be included in the housing history eligibility. • For any non-subject property, non-primary mortgages not reporting to the credit bureau, additional housing history is not required. However, any such mortgage that is reporting to the credit bureaus is subject to the housing rating requirements. • Past due balloon will be considered a delinquency (1x30) and not a housing event, but only within one hundred eighty (180) days of maturity.
No Housing History or Less Than 12 Months Verified	<ul style="list-style-type: none"> • This section applies to any borrower who has not made at least 12 months of housing payments on any property (or as a tenant in a rental situation) in the most recent 12 months. Borrowers who live rent free at their primary residence are not considered ineligible if they are an Experienced Investor that owns other REO that meets the 12-month housing history requirement as documented by acceptable mortgage payment history or free and clear ownership. A "rent-free" letter of explanation from the homeowner is required. Borrowers who do not have a complete 12-month housing history are ineligible for the first-time investor.
Credit Events	<ul style="list-style-type: none"> • Prior Bankruptcies (Chapter 7, 11, 13) requires 3 years seasoning. • Prior Foreclosure, Short Sale, Deed-in-Lieu, and Modification, Notice of Default, Lis Pendens, and 120+ days delinquency is permitted if seasoned 3 years. • Judgements, Garnishments and Liens: The borrower must pay-off all open judgements, garnishments, and liens (including mechanics liens or material men's liens) prior to the loan closing. • Non-title charge-offs and collections within three (3) years and exceeding \$3000 (individually or aggregate) must be paid. • Medical collections are not required to be paid. • All past-due accounts must be brought current prior to closing. • IRS tax payment plans approved by the IRS are permitted if current and do not carry a lien on any property. • All Borrowers must be current on mortgage or rent at loan application. • Delinquent credit belonging to ex-spouse can be excluded if late payments occurred after the divorce / separation, and divorce decree / separation agreement indicates derogatory accounts belong solely to the ex-spouse. • Defaulted timeshares – Timeshares including delinquencies are treated as installment loans and not a housing event.
Frozen Credit	<p>If the borrower's credit information is frozen at one of the credit repositories for borrowers who have traditional credit, the credit report is still acceptable as long as:</p> <ul style="list-style-type: none"> • Credit data is available from two repositories, • A credit score is obtained from two repositories, and

- The lender requested a three in-file merged report.

DEBT SERVICE COVERAGE RATIO

DSCR Qualification

Borrowers financing non-owner-occupied investment properties can qualify based on their ability to service the debt over the life of the loan. For Debt Service Coverage Ratio, rental income is used to qualify the transaction. Debt Service Coverage is available to experienced Investors and First Time Investors based on the requirement.

DSCR = Gross Rental Income ÷ PITIA of the proposed new loan. If the subject transaction is an Interest Only loan, divide the Gross Rental Income by the ITIA (i.e. Interest only payment plus taxes, insurance, and HOA dues). PITIA or ITIA is based on the Note Rate of the loan for Fixed Rate loans. For ARM loans, see Qualifying rate. Rounding DSCR: Rounding up of the DSCR value is permissible from the 3rd decimal. Interest Only loans require a minimum FICO 700 score.

Purchase transactions.

The qualifying Gross Rental Income figure will be the higher of the market rent on Form 1007/1025 or the current lease provided the difference is not greater than 20%.

- When the market rent on Form 1007/1025 is greater than 20%, MCFI may use up to 120% of the Lease amount to qualify (i.e., lease is \$1100 and 1007/1025 is \$1500 then \$1320 may be used to qualify). A copy of the lease is not required if the appraiser lists the rent amount for the subject on Form 1007/1025. Otherwise, a copy of the lease is required. If the subject is vacant as indicated by the appraiser, use the market rent from Form 1007/1025 with no vacancy factor.
- When the Lease is greater than 20%, the higher lease amount may be used with one month current proof of receipt of the higher rental income (as per the terms on the lease agreement). A copy of the lease is not required if the appraiser lists the rent amount for the subject on Form 1007/1025. Otherwise, a copy of the lease is required.
- Short-Term Rental Income: If the subject property is leased on a short-term basis utilizing an on-line service such as Airbnb or VRBO, gross monthly rents can be determined by using a 12-month look back period. Either 12 monthly statements or an annual statement provided by the online service is required to document receipt of the rental income. In addition, a screen shot of the online listing must show the property is activity marketed as a short-term rental. In order to use market rent from Form 1007/1025 in which the appraiser utilized short-term rentals, the subject property must be located in an established short-term/vacation market. 25% expense factor must be applied. **2-4 unit properties are ineligible. SFR/PUD/Condo only.**
- AIRDNA (www.Airdna.co) Rentalizer and Overview reports, accessed using the Explore Short-Term Rental Data, must meet the following requirements:
 - Rentalizer (Property Earning Potential)
 - Only allowed for purchase transaction and the minimum DSCR is 1.
 - Gross Rents equal the revenue projection from the Rentalizer Report.
 - a. The gross rents are subject to the application of the 20% extraordinary expense factor.
 - b. Revenue projection equals the average daily rental rate times the occupancy rate.
 - Forecast Period must cover 12-months from the Note date.
 - The occupancy rate must be > 60%.
 - Must have five (5) comparable properties, all within the same ZIP code.
 - Must be similar in size, room count, amenities, availability, and occupancy.
 - Maximum occupancy limited to 2 individuals per bedroom.
 - 2-4 unit properties and condos are ineligible. SFR detached only.
 - Overview report (Evaluate a Market):
 - Market score or Sub-Market score by zip code.
 - Market score or Sub-Market score must be 60 or greater.

Refinance transactions.

The qualifying Gross Rental Income figure is the higher of the market rent on Form 1007/1025 or the current lease provided the difference is not greater than 20%.

- When the market rent on Form 1007/1025 is greater than 20%, MCFI may use up to 120% of the lease amount to qualify (e.g. lease is \$1,100 and Form 1007/1025 is \$1,500, then \$1,320 may be used to qualify). A copy of the lease is not required if the appraiser lists the rent amount for the subject on Form 1007/1025. Otherwise, a copy of the lease is required. If the subject is vacant as indicated by the appraiser, use the market rent from Form 1007/1025 with no vacancy factor.
- When the Lease is greater than 20%, the higher Lease amount may be used with 2 months current proof of receipt of the higher rental income (as per the terms on the lease agreement for new leases). A copy of the lease is not required if the appraiser lists the rent amount for the subject on Form 1007/1025. Otherwise, a copy of the lease is required.
- Leases are required to be no less than twelve (12) months but may convert to month-to-month upon expiration.
- **Short-Term Rental Income:** If the subject property is leased on a short-term basis utilizing an on-line service such as Airbnb or VRBO, gross monthly rents can be determined by using a 12-month lookback period. Either 12 monthly statements or an annual statement provided by the online service is required to document receipt of the rental income. In addition, a screen shot of the online listing must show the property is activity marketed as a short-term rental. In order to use market rent from Form 1007 in which the appraiser utilized short-term rentals, the subject property must be located in an established short-term/vacation market. 25% expense factor must be applied. **2-4 unit properties are ineligible. SFR/PUD/Condo only.**

For properties defined as a one-unit property with an accessory unit (ADU), rental income may be qualified from the accessory unit subject to the following:

- Appraisal must reflect that the zoning compliance is legal (permits are not required to establish zoning compliance),
- The appraisal must include at least one sales comparable with an accessory unit, and Form 1007 must include at least one rental comparable with an accessory unit in which the ADU receives rental income.
- Multiple accessory units are not permitted.
- Refinance: Market rent for the accessory unit should be documented on Form 1007, and the file must include a copy of the current lease with two months proof of current receipt.
- Purchase: Use the lesser of the market rent on Form 1007 or the lease agreement.

Note: Borrowers on Investor loan programs must sign The Business Purpose and Occupancy Affidavit attests to the following for a loan to be considered an Investor Loan.

- No borrowers or borrowers' relatives (direct or by marriage) will occupy the subject property.
- Ownership of the subject property is for business purposes only.
- Any loan where Cash Out proceeds would be utilized for personal use will not be eligible for DSCR program.
- Form 1007 or 1025 Schedule of Rents are required for all Non-Owner-Occupied loans on Single Family residences for all DSCR loans.
- This program also allows No Ratio DSCR.
 - No DSCR is required.
 - No lease agreement or rental income is required.
 - 1007 or 1025 are required.
 - I/O is not permitted.
 - The property must be occupied by a tenant (Refinance only).
 - Short term rental income property is not allowed.

Reserve Requirements	<ul style="list-style-type: none"> Reserves are calculated off actual P&I payment plus taxes, insurance and HOA fees (PITIA) or ITIA for I/O. See 'Qualifying Rate' for the P&I. No requirement for additional reserves for other financed properties, Subject Property reserves only. See MVP DSCR Matrix for specific reserve requirements. Cash-Out proceeds can be utilized for reserves for the subject loan
Employment Verification	<ul style="list-style-type: none"> Borrower/Guarantors do not have to provide adequate employment verification for the DSCR Program.
Rent Loss Insurance	<ul style="list-style-type: none"> Rent loss insurance for the subject property is required and must equal at least six (6) months of local average monthly rents. Blanket policies covering the subject property are permitted.
Recourse/Guarantee	<ul style="list-style-type: none"> Personal recourse required for the business entity vesting only. All Borrower(s) should execute the MCFI Personal Guaranty Agreement.
Assignment of Rent	<ul style="list-style-type: none"> 1-4 Family Rider/Assignment of Rents must be in origination file (FNMA Form 3170)

ASSETS	
Documentation	<ul style="list-style-type: none"> Checking and Savings (100%) Certificates of Deposit (100%) U.S. Savings Bonds (100% if fully matured, otherwise 80%) • Marketable Securities (100% net of margin debt). Marketable Securities are defined as legitimate stocks, bonds or mutual funds that are publicly traded. Restricted Stock Units (RSU). Refer to FNMA Guides. IRA, Keogh, and 401(K) Retirement Accounts (100 % of vested balance after deducting outstanding loans secured against it) including ROTH. Account statements should be updated with a transaction history dated within 30 days of note date due to market volatility. Pension Plans (100%). Only amounts accessible within a 30-day window are allowed. Account statements should be updated with a transaction history dated within 30 days of note date due to market volatility. Annuities (100%). Only amounts accessible within a 30-day window are allowed. Trust Accounts (100%). Must review a copy of the full Trust. The use of business assets for self-employed borrowers for down payment, reserves and closing costs are allowed. The borrowers on the loan must have 50% ownership of the business and must be the owners of the business account. Access letters from the remaining owners of the business must be obtained as well. Spousal accounts - Accounts held solely in the name of a non-borrowing spouse may be used for down payment and closing costs only and are subject to the requirements outlined in Verification of Assets. Accounts held solely in the name of a non-borrowing spouse may not be used to meet reserve requirements. Crypto Currencies, such as Bitcoin and Ethereum, are an eligible source of funds for down payment and closing costs and reserves. For down payment and closing cost, the assets must be liquidated and deposited into an established US bank account. For reserves, documentation to prove ownership of the crypto holdings must be provided together with verification of current valuation from the Coinbase Exchange within 30 days of Note date at 60% of the current valuation. If the borrower transfers the cryptocurrency into a U.S. financial institution prior to closing, 100% of the funds can be used for reserves. Delayed 1031 Exchange funds (aka "like—kind exchange") are eligible for EMD, down payment and closing costs. 1031 Exchange funds are not eligible for reserves. Life Insurance cash value Life insurance policy current cash value or loan against the cash value may be used for down payment, closing costs or reserves. Foreign Assets

	<p>Foreign assets are acceptable and must be thirty (30) days seasoned with one (1) most recent bank statement. A currency calculation must be provided. The funds must be transferred to US Financial Institution.</p> <p>Assets from countries under OFAC sanctions are not permitted.</p> <ul style="list-style-type: none"> • Sale of Personal Assets Proceeds from the sale of personal assets are an acceptable source of funds for the down payment, closing costs, and reserves provided the 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. • Gift of Equity is not allowed. • Builder profits are not allowed. • Maximum Interested Party Contributions permitted up to 6%. • Rent credits not permitted.
Verification of Assets	<ul style="list-style-type: none"> • Verification of Deposit (VOD) Form. The information must be requested directly from the depository institution. The completed, signed, and dated document must be sent directly from the depository institution and dated within 30 days of the application date. • Assets must be seasoned for 30 days. • No source of large deposit is required. If any account transfer or wire transfer amount more than 5% of the loan amount, the borrower's one month asset document is required for the account which was transferred from. • Complete copies of bank statements or investment portfolio statements from the most recent 30 days prior to the application date. A summary statement will not be accepted. <hr/> <ul style="list-style-type: none"> • The statements may be computer generated forms, but must include or state the following: <ul style="list-style-type: none"> ○ Clearly show the borrower as the account holder, the account numbers, the time the statements cover. Include all deposits and withdrawal transactions. The report must include the previous close balance, the current balance, and the ending account balance. ○ Retirement account statements must be from the most recent period and show the borrower's vested amount and terms. • Unsecured loans, sweat equity, and gifts that require repayment are ineligible for sources of down payment.
Gift Funds	<ul style="list-style-type: none"> • Gift Funds are allowed for purchase transactions only and cannot be used for reserves (only for down payment/closing costs). • Gifts must be from a family member. • 100% of the down payment/closing costs can come from gift funds provided the borrower documents a minimum of 10% of the purchase price from their own funds. The borrower does not have to actually contribute 10%, only document that they have 10%.
Interested Party Contributions / Seller Concessions	<p>Maximum Interested Party Contributions / Seller Concessions are 6% of purchase price.</p> <p>Seller concessions include:</p> <ul style="list-style-type: none"> • Financing concessions exceeding the max financing concession limitations; or • Contributions such as cash, furniture, automobiles, decorator allowances, moving costs, and other giveaways granted by any interested party to the transaction (contributions with a combined value under \$1,000 should be excluded) • The value of sales concessions must be deducted from the sales price when calculating LTV for underwriting and eligibility purposes. The LTV is then calculated using the lower of the reduced purchase price or the appraised value.

LIABILITIES

Property tax estimates for new construction	For new construction or full renovation property, one of the following is required to document the proposed property taxes based on improvements:
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	<ul style="list-style-type: none"> Documentation from title/settlement attorney detailing tax amount being used is based on current tax mileage and new build/improvements, OR Printout of county tax estimator using purchase price or appraisal cost new estimate (if shown on appraisal), OR Calculation worksheet using mileage rate + purchase price or appraisal cost new estimate (if shown on appraisal) needs to be provided. <p>CA properties must use 1.25% of the purchase price.</p>
Solar Leases	<ul style="list-style-type: none"> Must conform to FNMA guidelines. PACE loans (or any similar loans with payments that are included in property taxes or take lien priority) are not eligible

PROPERTY							
	<table border="1" style="width: 100%;"> <thead> <tr> <th style="width: 50%;">Loan Amount</th> <th style="width: 50%;">Appraisal Requirement</th> </tr> </thead> <tbody> <tr> <td><=\$2,000,000</td> <td>One (1) Full Appraisal and CDA*</td> </tr> <tr> <td>>\$2,000,000</td> <td>Two (2) Full Appraisals**</td> </tr> </tbody> </table>	Loan Amount	Appraisal Requirement	<=\$2,000,000	One (1) Full Appraisal and CDA*	>\$2,000,000	Two (2) Full Appraisals**
	Loan Amount	Appraisal Requirement					
	<=\$2,000,000	One (1) Full Appraisal and CDA*					
>\$2,000,000	Two (2) Full Appraisals**						
<p>* For loan amounts <= \$2,000,000 Clear Capital Collateral Desktop Analysis (CDA) or Appraisal Risk Review (ARR) is required when CU score is greater than 2.5.</p> <p>**When two (2) appraisals are provided, a CDA or ARR is not required. The lower value of the two appraisals will be utilized.</p> <p>A full appraisal involves a complete inspection of the home, including the interior and exterior of the subject property. Acceptable appraisal report forms must follow FNMA and FHLMC standards which include Uniform Appraisal Data Set (UAD) Specifications and the Field Specific Standardization Requirements.</p> <p>Additional requirements:</p> <ul style="list-style-type: none"> Properties must be appraised within the 12 months that precede the date of the mortgage. When the appraisal report is more than 120 days old, the appraiser must perform a recertification of value per FNMA 1004D or FHLMC Form 442 which includes inspection of the exterior of the property and review of current market data to determine whether the property has declined in values since the date of the original appraisal. Additionally, MCFI reserves the right to require additional appraiser re-valuation reports depending on age of documentation. Uniform Residential Appraisal Report (URAR) with color photos. FNMA form 1004 / FHLMC Form 70 for use on one-unit properties including individual units in Planned Unit Development (PUD) projects and Site Condos. FNMA Form 1073 is used for condominiums. And FNMA Form 1025 is used for 2-4 unit properties. 							
Appraisal							
Valuation Overview	<p>MCFI uses FNMA Guidelines as our minimum appraisal standards for all written appraisal reports. Reports must include/have, at a minimum, the following:</p> <ul style="list-style-type: none"> Uniform Appraisal Standards Appraiser Independence Appraiser Competency Fair Lending Requirements Vendor Selection Process Acceptable Appraiser Practice Standards Compliance with the Uniform Standards Professional Appraisal Practice (USPAP), as established by the Appraisal Standards Board of the Appraisal Foundation. Properties in excess of the predominant value of the subject market area are acceptable provided they are supported by similar comparables and also represent the highest and best use of the land as improved. <p>Appraisal Independence</p> <ul style="list-style-type: none"> Appraisers must have no direct or indirect interest, financial or otherwise in the subject property or with the involved parties. 						

	<ul style="list-style-type: none"> All appraisals must be ordered through an Appraisal Management Company (AMC) <p>MCFI will not accept an appraisal from an appraiser who works for the lender, borrower or any parties affiliated with the transaction.</p> <p>Appraisal Review Requirements Appraisal reviews are required for all loan amounts. Any loan amount over \$2,000,000 will require 2 full appraisals. The lesser of the two appraisal values is used for LTV calculation purpose. When only one appraisal is required, a secondary appraisal review is also required as follows.</p> <ul style="list-style-type: none"> A CU or LCA Score ≤ 2.5 is acceptable with no other valuation required. If the CU/LCA Score is > 2.5, a desk review from one of the following is required: <ul style="list-style-type: none"> Collateral Desktop Analysis (CDA) from Clear Capital Appraisal Management Appraisal Risk Review (ARR) from Pro Teck If a valuation from either of these companies is less than 90% of the appraised value, then the LTV will be calculated using the lower of the CDA or the ARR value. If CDA or ARR are not available, then another appraisal is required. In all cases where a second appraisal is required, an acceptable CU/LCA Score, or desk review is not required. All mortgage transactions located in a federally declared disaster zone, whether it is a purchase or a refinance, require a Disaster Inspection Report confirming no damage to the subject and no adverse impact to marketability. The practice of obtaining a Disaster Inspection Report should continue for a minimum of 90 days from the date of the disaster and display a completion date that doesn't exceed 15 days prior to the loan closing. On all Purchase Money Transactions, closing instructions should indicate that no credits for property conditions are allowed and there should be no seller concessions due to damage to the property that was caused by the declared federal disaster.
Transferred Appraisals	<ul style="list-style-type: none"> Transferred appraisal report is allowed. Refer MCFI transferred appraisal requirement policy.
Eligible Property Types	<ul style="list-style-type: none"> One Unit Single Family Residences (Attached, Detached) 2-4 Unit Properties – Max. LTV is 80%. PUDs – Attached and Detached Townhouses Warrantable Condo – Max. LTV is 80%. <ul style="list-style-type: none"> Must be FNMA warrantable projects. A certification must be provided as well as any other documents used to determine eligibility. Non-Warrantable Condo – Max. LTV is 75%. Maximum of 30 acres
Ineligible Properties	<ul style="list-style-type: none"> Manufactured Homes or Modular Homes Residential units with ≥ 5 units Log Homes Barndominiums Commercial properties Condominium projects with registration services or restrictions on owner's ability to occupy. Condotels Cooperatives Unique Properties Mixed Use Properties Builder Model Leaseback Boarding Houses Fractional Ownership/Timeshares

	<ul style="list-style-type: none"> • Assisted Living/Continuing Care Facilities • Mandatory Country Club Memberships • Agricultural zoned properties (may be considered on a case-by-case basis if it is solely for a residential use.) • Hawaii properties located in lava zones 1 and/or 2. • Multiple dwellings on same lot (legal ADU acceptable, limited to one) • Zoning Violations • Properties under Construction • Working/Hobby Farms • Work escrows are not allowed. • C5 or C6 Property Condition Grades • Live/Work Condos • Leasehold properties • Geodesic Domes • Houseboats • Earth Berm Homes • Homes on Native American Land (Reservations) • Properties used for the cultivation, distribution, manufacture, or sale of Marijuana. • Rural properties greater than 30 acres. • Theme Park Resort Properties • SFR/PUD/Condo with more than 6 bedrooms 																		
<p>Project Review Warrantable</p>	<p>FNMA eligible Warrantable projects are allowed. Site Condos meeting the FNMA definition are eligible for single-family dwelling LTV/CLTV. MCFI maximum project exposure shall be \$2,000,000 or 15% of project whichever is lower.</p> <p>If an approved Fannie Mae's Condo Project Manager™ (CPM™) report is provided, a lender HOA questionnaire is not required.</p> <p>NOTE: UW Attestation and/or documentation clearly stating whether the property is a warrantable or non-warrantable condo must be delivered with the file.</p>																		
<p>Project Review Non-Warrantable</p>	<p>Non-warrantable condominiums are eligible based on the following characteristics. Max. LTV is 75%.</p> <table border="1" data-bbox="506 1138 1497 1873"> <thead> <tr> <th colspan="2">Non-Warrantable Condo</th> </tr> <tr> <th>Characteristic</th> <th>Exception Consideration</th> </tr> </thead> <tbody> <tr> <td>Commercial space</td> <td>Subject unit 100% residential. Commercial space in building/project < 50%. Any commercial space must be "typical to the marketplace and have no negative impact on marketability. Commercial % determined by appraiser. Commercial entity cannot control HOA.</td> </tr> <tr> <td>Completion status</td> <td>The project, or the subject's legal phase along with other phases, must be complete. All common elements in the project or legal phase must be 100% completed. At least 50% must be sold or under a bona-fide contract.</td> </tr> <tr> <td>Delinquent HOA dues</td> <td>No more than 25% of the total units in the project may be 60 days or more past due on the payment of condominium/association fees.</td> </tr> <tr> <td>Investor concentration</td> <td>Investor concentration in project up to 70%. Higher percentages may be considered under the DSCR Program when an established history of a high percentage of rental units in the condo project can be demonstrated.</td> </tr> <tr> <td>HOA control</td> <td>The developer may be in control of the condominium association provided the Master Agreement provides for the homeowners to take control upon either a predetermined percentage of unit sales or within a defined time period.</td> </tr> <tr> <td>HOA reserves</td> <td>HOA Budget must include a dedicated line-item allocation to replacement reserves of at least 8% of the budget.</td> </tr> <tr> <td>Litigation</td> <td>Pending litigation may be accepted on a case-by-case basis. Litigation that involves structural issues, health and safety issues or items that will impact the marketability of the project will not be accepted.</td> </tr> </tbody> </table>	Non-Warrantable Condo		Characteristic	Exception Consideration	Commercial space	Subject unit 100% residential. Commercial space in building/project < 50%. Any commercial space must be "typical to the marketplace and have no negative impact on marketability. Commercial % determined by appraiser. Commercial entity cannot control HOA.	Completion status	The project, or the subject's legal phase along with other phases, must be complete. All common elements in the project or legal phase must be 100% completed. At least 50% must be sold or under a bona-fide contract.	Delinquent HOA dues	No more than 25% of the total units in the project may be 60 days or more past due on the payment of condominium/association fees.	Investor concentration	Investor concentration in project up to 70%. Higher percentages may be considered under the DSCR Program when an established history of a high percentage of rental units in the condo project can be demonstrated.	HOA control	The developer may be in control of the condominium association provided the Master Agreement provides for the homeowners to take control upon either a predetermined percentage of unit sales or within a defined time period.	HOA reserves	HOA Budget must include a dedicated line-item allocation to replacement reserves of at least 8% of the budget.	Litigation	Pending litigation may be accepted on a case-by-case basis. Litigation that involves structural issues, health and safety issues or items that will impact the marketability of the project will not be accepted.
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	New projects	The project or the subject's legal phase along with other phases must be complete. All common areas in the project must be 100% complete. Minimum of 50% of units must be sold or under contract.
	Single entity ownership	Single entity ownership in project up to 30%.
	Insurance requirement	Per FNMA guideline

ADDITIONAL GUIDELINE REQUIREMENTS

High Cost	<ul style="list-style-type: none"> Federal, State, and Local High-Cost Loans are not permitted. Cured High-Cost loans are also not eligible.
Escrow Holdbacks	<ul style="list-style-type: none"> Escrow holdbacks are not allowed.
Maximum Financed Properties	<ul style="list-style-type: none"> There is no limitation to the total number of financed properties a borrower may own. All REO on 1003 must be completed. Maximum MCFI exposure to single Borrower: \$7.5M in unpaid principal balance or ten (10) properties whichever is less.
Power of Attorney	<ul style="list-style-type: none"> Specific Power of Attorney (POA) is acceptable for executing closing documents, is specific to the transaction, contains an expiration date, initial 1003 is signed by the Borrower executing the POA. Not permitted on Cash-Out transactions
E-Signatures	<ul style="list-style-type: none"> E-signatures are permitted with the exception of 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.
State Specific Restriction on Prepay Penalty	<p>MCFI will not allow prepayment penalties in the following states:</p> <ul style="list-style-type: none"> Alaska, Kansas, Minnesota, New Mexico, North Dakota, and Maryland when a Note is contracted under the Usury Laws (either explicitly or if Choice of Law is not stated) <p>All other loans with a prepayment penalty must be in compliance with applicable state law. The following states include specific limitations or requirements:</p> <ul style="list-style-type: none"> Illinois permitted to legal entities. Prohibited to individual borrowers. Maryland – Note must specifically include Choice of Law - Title 12, Subtitle 10 Credit Grantor provisions New Jersey permitted to legal entities. Prohibited to individual borrowers Ohio permitted on loan amounts \geq\$110,223 (for 2024). Prohibited on loan amounts $<$\$110,223. Oregon – requires state specific notice to borrower verbiage to be disclosed on the loan agreement (i.e. Note, Note Addendum or prepayment penalty rider) Pennsylvania permitted on loan amounts $>$\$312,159 (for 2024). <ul style="list-style-type: none"> Loan amounts \leq\$312,159 permitted only on 3-4 residential units. Number of units will be validated prior to purchase. Washington permitted on fixed rate loans. Prohibited on ARM loans.