



PLATINUM JUMBO EXPRESS (PJE)

FIXED

PLATINUM JUMBO EXPRESS (PJE) - PURCHASE / RATE & TERM REFINANCE				
Occupancy	Units	Max Loan Amount	Max LTV/CLTV	Credit Score
Primary	1 Unit	\$2MM	89.99%*	680
		\$2MM	80%	660
		\$2.5MM	80%	720
	2-4 Units	\$2MM	80%	700
Second Home	1 unit	\$2MM	89.99%*	680
		\$2MM	80%	660
		\$2.5MM	80%	720
NOO	1 Unit	\$2MM	80%	680
		\$2MM	70%	660
		\$2.5MM	75%	720
	2-4 Units	\$2MM	75%	680
		\$2MM	65%	660
		\$2.5MM	70%	720

*30-year fixed rate only for LTV/CLTV greater than 80%.

PLATINUM JUMBO EXPRESS (PJE) - CASH-OUT REFINANCE					
Occupancy	Units	Max Loan Amount	Max LTV/CLTV	Credit Score	Max Cash-out
Primary	1 Unit	\$2MM	80%	680	\$500K
	2-4 Units	\$2MM	75%	700	
2nd Home	1 Unit	\$2MM	75%	700	\$350K
NOO	1 Unit	\$1MM	75%	680	
		\$2MM	75%	720	
	2-4 Units	\$1MM	70%	680	
		\$2MM	70%	720	
		\$2MM	65%	680	



PROGRAM DETAILS	
QM Status	<ul style="list-style-type: none"> Standard QM requirements apply
Program Codes	<ul style="list-style-type: none"> PJE30, PJE15
Eligible States	All MCFI approved States
Overview	<ul style="list-style-type: none"> SFRs, Warrantable Condo and PUDs 2-4 Units and N/O/O allowed. 30 year & 15 year fully amortizing Fixed Rate & Term. Minimum Loan Amount - \$1 over the current 1-unit Conforming loan limit. Housing/Total DTI ratio Max 45%. No Recasting/Re-amortizing allowed No Balloon mortgages allowed No Prepayment Penalty allowed No Temporary Buy-down allowed No Higher Priced Covered Transaction allowed No Mortgage Insurance (PMI) allowed Non-traditional credit not acceptable. No Interest Only allowed No Property Inspection Waiver (PIW) allowed
Current Market Relock Policy	<p>Previous loan must be cancelled >60 days with the investor to allow for current market pricing. Broker must request previous loan cancellation with lock desk otherwise loan will remain active with an expired lock subject to worse-case pricing. +0.25 relock fee</p>
Lock Extension Policy	<ul style="list-style-type: none"> Lock Extensions must be requested on or before the current lock expiration date at standard extension fees. <ul style="list-style-type: none"> 0.125 for 5 business days. (30 days max extension) Additional extensions beyond the thirty (30) days limit will apply worse-case pricing. <p><u>Worse-case pricing applies when:</u></p> <ol style="list-style-type: none"> The rate lock has expired or been canceled/denied for sixty (60) days or less. The loan product has changed. <p><u>Note:</u> Worse-case pricing does not reset the rate lock period & that standard extension fees will be assessed for the length of the extension needed to close.</p>
AUS Options	<p>AUS findings required with Approve/Accept Eligible or Approve/Accept Ineligible due only to loan amount or maximum LTV on cash-out refinances.</p>



TRANSACTION TYPES

<p style="text-align: center;">Occupancy</p>	<p>Primary Residence A primary residence is the property the borrower occupies as his or her principal residence. At least one of the borrowers must occupy, be on title to the property and execute the Note and the security instrument. A borrower may not maintain more than one primary residence at any given time.</p> <ul style="list-style-type: none"> • 1-4 unit detached, attached, and PUD, warrantable condominium. <p>Second Home The property must be occupied by the borrower from time-to-time and is suitable for year-round use. Typically, the property is located in either a resort or vacation area or for convenience in a city where the borrower works when the primary residence is in a distant suburb.</p> <ul style="list-style-type: none"> • 1 unit detached, attached, and PUD, eligible condominium. • Property may not be a time share, subject to a rental agreement or other shared ownership arrangements. • The property must be a reasonable distance from the borrower's primary residence. • Rental income and expenses on Schedule E of the borrower's personal tax return(s) must not exceed thirty (30) rental days. • Rental income from a second home cannot be used to qualify the borrower. <p>Investment Property (Non-owner occupied) An investment property is owned by the borrower but is not occupied by the borrower.</p> <ul style="list-style-type: none"> • 1 unit detached, attached, PUD, and eligible condominiums. <ul style="list-style-type: none"> ○ For cash-out refinance transactions of an investment property a borrower signed Business Purpose & Occupancy Affidavit indicating the loan purpose is for the acquisition, improvement or maintenance of a rental property is required. See Appendix B for form of Affidavit. Loans delivered without the affidavit will be subject to TILA compliance. ○ Cash out loan proceeds used for any personal use are not eligible as a Business Purpose loan and will be subject to TILA compliance.
<p style="text-align: center;">Non-Arm's Length Transaction</p>	<p>All of the parties to a transaction should be independent of one another. Except as indicated below if a direct relationship exists between or among the parties, the transaction is a non-arm's length transaction and the related loan is not eligible for purchase. The following non-arm's length transactions are eligible provided that such transactions and the related circumstances are properly documented:</p> <ul style="list-style-type: none"> • Sales or transfers between members of the same family. Transaction may not be due to any adverse circumstances. • Property seller acting as his or her own real estate agent. • Borrower acting as his or her own real estate agent. • Borrower is the employee of the originating broker. • Borrower purchasing from his or her current landlord (cancelled checks or bank statements required to verify satisfactory pay history between borrower and landlord). • Investment property transactions must be arm's length.



MEGA CAPITAL FUNDING, INC.

<p>Loan Seasoning</p>	<p>The period between the closing date and the lock date cannot exceed 90 days.</p>										
<p>Multiple Financed Properties</p>	<p>Follow the DU or LPA requirements.</p>										
<p>Purchases</p>	<ul style="list-style-type: none"> • Must adhere to Agency guidelines. • LTV is calculated using the lesser of the purchase price or the appraised value of the subject property. • If Seller has taken title to the subject property ninety (90) days or less prior to the date of sales contract the following requirements apply. <ul style="list-style-type: none"> ○ Property seller on the purchase contract is the owner of record. ○ LTV/CLTV will be based on the lesser of the prior sales price, current purchase price or the current appraised value. ○ Loans that are bank or relocation sales are exempt from the above requirements. • Personal property may not be included in the purchase agreement/sales contract. Personal property items should be deleted from the sales contract or reasonable value must be documented and the sales price adjusted. Items that are customary to residential real estate transactions such as lighting fixtures, kitchen appliances, window treatments and ceiling fans are not considered personal property. • 12 months primary home loan finance seasoning is required. Any borrower who had a primary home loan financing within 12 months period can't apply another primary home loan financing. 										
<p>Rate & Term Refinance</p>	<ul style="list-style-type: none"> • Minimum of 6 months seasoning from the note date of the new transaction required if previous refinance was cash-out, including the pay-off of a non-seasoned subordinate lien. • For properties purchased more than six (6) months prior to the closing date the current appraised value may be used to calculate LTV. • For properties purchased within six (6) months of closing date the LTV will be based upon the lesser of the original sales price or the current appraised value conclusion from the appraiser. Original sales price will be determined from the Closing Disclosure from the subject acquisition transaction. • Inherited properties are exempt from this seasoning requirement. LTV will be calculated off current appraised value. • The mortgage amount may include the: <table border="1" data-bbox="586 1346 1463 1665" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 30%;"></td> <td>Principal balance of the existing first lien.</td> </tr> <tr> <td></td> <td>Payoff of a co-owner pursuant to a written agreement.</td> </tr> <tr> <td></td> <td>Financing of the payment of prepaid items and closing costs.</td> </tr> <tr> <td></td> <td>Payoff of a non-purchase second lien seasoned a minimum of 12 months from date of application. The second lien must not evidence draws exceeding \$2,000 within the past 12 months from date of application. Withdrawal activity must be documented with a transaction history of the line of credit.</td> </tr> <tr> <td></td> <td>Payoff of a purchase second lien.</td> </tr> </table> • Cash back to the borrower is limited to the lesser of \$2,000 or 1% of the new loan. • Principal reduction is permitted up to the lesser of \$2,500 or 2% of the new loan. • Properties listed for sale are ineligible for refinance unless the listing was withdrawn (or expired) prior to the date of closing. 		Principal balance of the existing first lien.		Payoff of a co-owner pursuant to a written agreement.		Financing of the payment of prepaid items and closing costs.		Payoff of a non-purchase second lien seasoned a minimum of 12 months from date of application. The second lien must not evidence draws exceeding \$2,000 within the past 12 months from date of application. Withdrawal activity must be documented with a transaction history of the line of credit.		Payoff of a purchase second lien.
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<p>Cash-out Refinance</p>	<ul style="list-style-type: none"> • Borrower must have held title for a minimum of 6 months from disbursement date. • If an existing first mortgage is being paid off through the transaction, it must be at least 12 months old at the time of refinance, as measured by the note date of the existing loan to the note date of the new loan. The requirements do not apply to any existing subordinate liens paid off through the transaction or when buying out a co-owner pursuant to a legal agreement. • Properties listed for sale are ineligible for refinance unless the listing was withdrawn (or expired) prior to the date of closing. • Texas Cash-out/Texas 50(a)(6) loan are ineligible. • Maximum Cash-out amount for OO/2nd Home \$500K • Maximum Cash-out for NOO \$350k • Any payoffs except 1st lien must be considered as a part of maximum cash out limit unless 2nd lien was a purchase money lien.
<p>Delayed Financing Refinance</p>	<p>Delayed financing refinances in which the borrowers purchased the subject property for cash within ninety days (90) from the date of the application are eligible for purchase. Cash back to the borrower in excess of the original purchase price or appraised value (whichever is less) is not allowed. 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), the settlement statement for the refinance transaction must reflect that all cash-out proceeds were used to pay off or pay down the loan used to purchase the property. Funds received as gifts and used to purchase the property may not be reimbursed with the proceeds of the new loan. Delayed financing refinances are underwritten as rate and term refinances and are not subject to cash-out refinancing program limitations. Property may not be located in Texas.</p> <p>Closing Disclosure is required to document no mortgage financing was used to obtain the subject property.</p>
<p>Continuity of Obligation</p>	<p>For a refinance transaction to be eligible for purchase there must be a continuity of obligation of the outstanding lien that will be paid through the refinance transaction.</p> <p>Continuity of obligation is met when any one of the following exists:</p> <ul style="list-style-type: none"> • At least one (1) borrower is obligated on the new loan who was also a borrower obligated on the existing loan being refinanced. • The borrower has been on title and residing in the property for at least 12 months and has either paid the mortgage for the last 12 months or can demonstrate a relationship (relative, domestic partner, etc.) with the current obligor. • The loan being refinanced and the title to the property are in the name of a natural person or a limited liability company (LLC) as long as the borrower owns at least 25% of the LLC prior to transfer. Transfer of ownership from a corporation to an individual does not meet the continuity of obligation requirement. • The borrower has recently been legally awarded, the property (divorce, separation or dissolution of a domestic partnership). <p>Loans with an acceptable continuity of obligation may be underwritten, priced, and delivered as limited cash-out refinance transactions based on the requirements for each type of transaction.</p>



Contract of Deed / Land Contract	The payoff of an installment loan land contract is not eligible.
Construction Loan Refinancing	<p>Construction loan refinances are eligible as Rate & Term refinances and must meet the following criteria:</p> <ul style="list-style-type: none">• Only the permanent financing on a construction to perm loan is eligible. Single closing construction permanent loan refinances are ineligible.• Borrower must have held title to the lot for a minimum of 6 months prior to the closing of the permanent loan. Appraiser's final inspection is required.• The LTV will be based on the current appraised value if the borrower has held title to the lot for 12 or more months prior to the closing date of the permanent loan.• If the lot was acquired less than 12 months before the closing date of the permanent loan the LTV will be based on the lesser of a) the original purchase price of the lot plus the total acquisition costs (sum of construction costs) or b) the current appraised value of the lot plus the total acquisition costs.• Appraiser's final inspection is required.• A certificate of occupancy is required from the applicable governing authority. If the applicable governing authority does not require a certificate of occupancy proof must be provided.• Construction loan refinances in which the borrower has acted as builder are not eligible for purchase.
Subordinate Financing	<ul style="list-style-type: none">• Allowed up to maximum CLTV per matrix. Secondary financing terms must conform to Agency guidelines.• The CLTV should be calculated using the unpaid principal balance on all closed-end subordinate financing and the full amount of any HELOCs (whether or not funds have been drawn).
Conversion of Departing Residence to Investment Property	Follow the DU and the requirements in chapters B3-3 through B3-6 of the Fannie Mae Single Family Selling Guide, published June 3, 2020 or follow the LPA and the requirements in Sections 5102 through 5500 of the Freddie Mac Single-Family Seller/Service Guide, published June 10, 2020. If a discrepancy exists between DU and the aforementioned Fannie Mae guide or LPA and the aforementioned Freddie Mac guides the guide requirements must be followed.



BORROWER ELIGIBILITY

Eligible Borrowers

Borrowers must have reached the age at which the mortgage note can be enforced in the jurisdiction where the property is located. There is no maximum age limit for a borrower. All borrowers must have a valid social security number.

- Maximum of 4 borrowers per loan.

A third-party fraud report (Fraud guard or similar) to identify any borrower information discrepancies and indications of possible fraudulent activity is required.

- **U.S. Citizens**

- **Permanent resident aliens**

- Copy of valid resident alien card must be included in loan file.

- **Non-permanent resident aliens**

- Must be legally present in the U.S with an acceptable visa type.

Acceptable visa types are as follows:

- E Series (E-1, E-2, E-3)
- G Series (G-1, G-2, G-3, G-4, G-5)
- H Series (H-1B, H-1C)
- L Series (L-1, L-1A, L-1B, Spouse L-2 with EAD)
- NATO Series (NATO 1 – 6)
- O Series (O-1)
- TN-1, Canadian NAFTA visa
- TN-2, Mexican NAFTA visa

See USCIS.gov for more information.

- Must have a valid Social Security Number.
- Must have a history of visa renewals and a minimum of two (2) year employment history in the U.S and qualifying income must be from the U.S.
- Must be able to verify that current employment has a probability of three (3) years continuance. VOE form may be used to document.
- Must have a two (2) year credit history in U.S. and must meet minimum credit requirements.
- Funds to close must be deposited in a U.S. financial institution. No funds to close from outside the U.S. are allowed.

- **Inter-Vivos Revocable Trusts**

- Trust must be established by one or more natural persons, individually or jointly.
- The individual(s) establishing the trust must be the primary beneficiary/beneficiaries.
- If the trust is established jointly, there may be more than one primary beneficiary as long as the income or assets of at least one of the individuals establishing the trust will be used to qualify for the mortgage.
- At least one of the trustees must be either the individual establishing the trust, or an institutional trustee that customarily performs the duties of a trustee and is duly authorized to act as a trustee under applicable state law.

<p>Eligible Borrowers <i>(continued)</i></p>	<ul style="list-style-type: none"> ○ The mortgage and trust documents must meet Agency eligibility criteria including title and title insurance requirements, as well as applicable state laws that regulate the loan origination of inter-vivos revocable trusts. ○ The trustee(s) must have the power to mortgage the security property for the purpose of securing a loan to the party (or parties) who are the borrower(s) under the mortgage or deed of trust note. ● A first-time homebuyer is defined as a borrower who has not had ownership interest in a property within the last three (3) years from the application date. <ul style="list-style-type: none"> ○ Owner-occupied primary residence only. ○ Maximum 80% LTV/CLTV ○ Maximum loan amount \$2,000,000.
<p>Ownership</p>	<p>Ownership must be fee simple or leasehold only and must be in the name of the individual Borrower(s) or Trust. Borrower(s) may hold title as follows:</p> <ul style="list-style-type: none"> ○ Individual ○ Joint Tenants ○ Tenants in Common
<p>Ineligible Borrowers</p>	<ul style="list-style-type: none"> ● Borrowers with only an ITIN (individual taxpayer identification number). ● Irrevocable trusts ● Corporations, limited partnerships, general partnerships, and limited liability companies ● Foreign Nationals ● Borrowers with Diplomatic Immunity ● Borrowers who are party in a lawsuit ● Illinois Land Trusts ● Community Land Trusts

EMPLOYMENT AND INCOME

Follow the DU and the requirements in chapters B3-3 through B3-6 of the Fannie Mae Single Family Selling Guide, published June 3, 2020 or follow the LPA and the requirements in Sections 5102 through 5500 of the Freddie Mac Single-Family Seller/Servicer Guide, published June 10, 2020. If a discrepancy exists between DU and the aforementioned Fannie Mae guide or LPA and the aforementioned Freddie Mac guides the guide requirements must be followed. The loan file should include an Income Analysis form detailing income calculations.

Employment and Income Stability	Borrower(s) must have a minimum of two (2) years employment and income history on the 1003.
Income Documentation Requirements	<p>Salaried Borrowers:</p> <ul style="list-style-type: none"> Completed, signed and dated final Uniform Residential Mortgage Application. Most current form must be used. Follow the DU and the requirements in chapters B3-3 through B3-6 of the Fannie Mae Single Family Selling Guide, published June 3, 2020 or follow the LPA and the requirements in Sections 5102 through 5500 of the Freddie Mac Single-Family Seller/Servicer Guide, published June 10, 2020. If a discrepancy exists between DU and the aforementioned Fannie Mae guide or LPA and the aforementioned Freddie Mac guides the guide requirements must be followed. Signed IRS Form 4506C. <p>Salaried Borrowers with Commission/Bonus:</p> <ul style="list-style-type: none"> Commission income must be documented with a written VOE breaking down the bonus or commission income for the past 2 years or a year-to-date paystub and W-2's supporting the income. Commission/Bonus income with less than a 2 year history may not be used for qualification. <p>Verbal VOE:</p> <ul style="list-style-type: none"> Verbal VOE of current employment documented in writing is required to be obtained either no more than ten (10) business days prior to the Note Date. If the employer uses a third-party employment verification vendor, the verification must be obtained within the same time frame as the verbal VOE requirements above and the verification must evidence the information in the vendor's database was no more than 35 days old as of the Note Date. <p>Tax Transcripts:</p> <ul style="list-style-type: none"> Tax transcripts are required to be obtained from the IRS only for income for years being used for qualification. Wage transcripts are acceptable for W-2 borrowers. Borrower pulled transcripts are not acceptable. The IRS transcripts and the supporting income documentation must be consistent. <p>Self-Employed Borrowers:</p> <ul style="list-style-type: none"> Borrowers with a 25 percent or greater ownership interest in a business are considered self-employed and will be evaluated as a self-employed borrower for underwriting purposes. Completed, signed, and dated final Uniform Residential Mortgage Application Most current form must be used.

- Follow the DU and the requirements in chapters B3-3 through B3-6 of the Fannie Mae Single Family Selling Guide, published June 3, 2020 or follow the LPA and the requirements in Sections 5102 through 5500 of the Freddie Mac Single-Family Seller/Servicer Guide, published June 10, 2020. If a discrepancy exists between DU and the aforementioned Fannie Mae guide or LPA and the aforementioned Freddie Mac guides the guide requirements must be followed.
- If the tax return for the previous tax year is not filed a 12-month P&L and balance sheet for this period is required.
- If the most recent year's tax returns have not been filed by the IRS deadline, an executed copy of the borrower's extension request for both personal and business tax returns must be provided.
- Signed IRS Form 4506C.

Additional Requirements for P&L, Balance Sheet, and Business Bank Statements for Self-Employment Income used to Qualify:

Underwriter should apply due diligence and review the actions of the business and any impact the current economic environment has taken on the flow of income in order to determine if the borrower's income is stable and there is a reasonable expectation of continuance.

The underwriter must include comments/justification of their analysis to clearly explain their conclusion of the effect to the business. Due to the pandemic's continuing impact on businesses, MCFI are now required to obtain the following documentation to support the decision that the self-employment income meets requirements:

(1) An audited year-to-date P&L, no older than 60 days from the Note date, reporting business revenue, expenses, and net income up to and including the most recent month preceding the loan application date, and (2) a Balance Sheet;

or
 (1) An unaudited year-to-date P&L, no older than 60 days from the Note date, signed by the borrower reporting business revenue, expenses, and net income up to and including the most recent month preceding the loan application date, and (2) business bank statements from the most recent three months represented on the year-to-date P&L and (3) a Balance Sheet.

- For example, the business bank statements should be from March through May 2021 for a year-to-date profit and loss statement dated through May 31, 2021.
- The three most recent bank statements must support and/or not conflict with the information presented in the current year-to-date P&L statement. Otherwise, MCFI must obtain additional statements or other documentation to support the information from the current year-to-date P&L statement.

Small Business Administration (SBA) Loans and Grants Requirements:

The existence of a Paycheck Protection Program (PPP) loan or any other similar COVID related loan or grant could be helpful information in analyzing the borrower's business.

PPP loan terms allow deferred payments for a specified period, no personal loan guarantee, and the potential for all or some portion of the loan to be forgiven. Therefore, a payment for the PPP loan does not need to be included in the borrower's liabilities at this time. Once it has been determined that any portion of the PPP loan must be repaid, follow the requirements of the "Employment and Income" and "Debts and Liabilities" sections of these guidelines.

Proceeds from the PPP loan must not be included as business income or assets. PPP loan proceeds cannot be used for the subject transaction down payment, closing costs, prepaids or reserves.

	<p>Follow all requirements in this section for underwriting self-employed borrowers.</p> <p>Business Verification:</p> <ul style="list-style-type: none"> ○ MCFI must verify the existence of the borrower's business in writing either no more than ten (10) business days prior to the Note Date. Methods of verifying the business include verification from a third party, such as a CPA, regulatory agency or by an applicable licensing bureau. Internet listings are not an acceptable source of verification. <p>Tax Transcripts:</p> <ul style="list-style-type: none"> ○ Tax transcripts are required to be obtained from the IRS only for income for years being used for qualification. Borrower pulled transcripts are not acceptable. The IRS transcripts and the supporting income documentation must be consistent.
Other Income	<p>For all other acceptable income sources.</p> <ul style="list-style-type: none"> • Follow the DU and the requirements in chapters B3-3 through B3-6 of the Fannie Mae Single Family Selling Guide, published June 3, 2020 or follow the LPA and the requirements in Sections 5102 through 5500 of the Freddie Mac Single-Family Seller/Servicer Guide, published June 10, 2020. If a discrepancy exists between DU and the aforementioned Fannie Mae guide or LPA and the aforementioned Freddie Mac guides the guide requirements must be followed.
Rental Income	<p>Follow the DU and the requirements in chapters B3-3 through B3-6 of the Fannie Mae Single Family Selling Guide, published June 3, 2020 or follow the LPA and the requirements in Sections 5102 through 5500 of the Freddie Mac Single-Family Seller/Servicer Guide, published June 10, 2020. If a discrepancy exists between DU and the aforementioned Fannie Mae guide or LPA and the aforementioned Freddie Mac guides the guide requirements must be followed.</p>
Unacceptable Income	<p>Unacceptable income sources include the following:</p> <ul style="list-style-type: none"> • Any source that cannot be verified. • Automobile allowances • Asset depletion of non-employment related assets. • Expense account payments. • Income that is temporary. • Non-occupant income. • Rental Income (Boarder Income) received from the borrower's primary residence. • Restricted stock income (RSU) • Retained earnings. • Virtual Currency
Retirement & Pension Income	<p>Follow the DU and the requirements in chapters B3-3 through B3-6 of the Fannie Mae Single Family Selling Guide, published June 3, 2020 or follow the LPA and the requirements in Sections 5102 through 5500 of the Freddie Mac Single-Family Seller/Servicer Guide, published June 10, 2020. If a discrepancy exists between DU and the aforementioned Fannie Mae guide or LPA and the aforementioned Freddie Mac guides the guide requirements must be followed.</p>

CREDIT

Credit Documents Age	<ul style="list-style-type: none"> • A broker's credit report (Must be on MCFI approved credit vendors list) must be dated less than 30 days from time of the submission date or • Submission team will pull a new CREDCO Credit Report. • For all transaction types of credit documents may not be older than 90 days from the Note date.
Minimum Credit Requirements	<p>Follow the DU and the requirements in chapters B3-3 through B3-6 of the Fannie Mae Single Family Selling Guide, published June 3, 2020 or follow the LPA and the requirements in Sections 5102 through 5500 of the Freddie Mac Single-Family Seller/Servicer Guide, published June 10, 2020. If a discrepancy exists between DU and the aforementioned Fannie Mae guide or LPA and the aforementioned Freddie Mac guides the guide requirements must be followed.</p>
Credit Score	<ul style="list-style-type: none"> • The representative credit score for qualification purposes for an individual borrower is the middle score of the three (3) scores reported. If two (2) scores are reported the representative credit score is the lower of the two (2) scores. Credit scores from all three (3) repositories must be requested (Equifax, Experian and TransUnion). • For multiple borrowers the credit score is the lowest of all representative credit scores. • If only one credit score or no credit score is reported borrower is not eligible. • No borrower in a transaction may have frozen credit. If a borrower has frozen credit and unfreezes their credit after the original credit report was ordered, a new credit report must be obtained to reflect current updated information for evaluation. • Credit rescues are not permitted unless the rescore is correcting erroneous line items or disputed accounts.
Mortgage / Rental History	<ul style="list-style-type: none"> • A minimum of twenty-four (24) months verified housing history is required with 0 x 30 payment history. • For rental verification a standard VOR completed by a professional management company, or twenty-four (24) months bank statements/ canceled checks and a lease agreement to document the term and payment are required. • If a borrower is refinancing a privately held mortgage the following payment verification requirements apply: <ul style="list-style-type: none"> ○ The privately held mortgage payments must be verified with either cancelled checks or bank statements (if the payment is automatically withdrawn from the borrower's account). ○ Evidence must be included in the loan file that the lien being paid off is a current recorded lien against the subject property. • Borrowers with no mortgage / rental history due to residence scenario requiring no mortgage or rental payments are eligible with a satisfactory letter of explanation. • If the housing history reflects a forbearance arrangement, the payment history must reflect 0 x 30 in the most recent 24 months since exiting forbearance. The payment history must be provided by the lender/servicer.
Credit Inquiries	<ul style="list-style-type: none"> • All inquiries that have taken place within 120 days of the credit report date must be explained by the borrower and documented accordingly. • Borrower must be qualified with any new debt.

<p>Liens, Judgements and Collections</p>	<ul style="list-style-type: none"> • Any existing tax or mechanic's liens must be paid in full through escrow. • Satisfactory explanation for any delinquent credit from the borrower is required. • Borrower must pay off all delinquent credit that has the potential to impact lien position. • Collection accounts or charged-off accounts do not need to be paid off if the balance of an individual account is less than \$1,000.00 or if there are multiple accounts the total balance of all accounts cannot exceed \$2,500.00.
<p>Bankruptcy, Foreclosure, Notice of Default, Deed-In-Lieu of Foreclosure, Short Sales and Modifications</p>	<ul style="list-style-type: none"> • At least seven (7) years must have elapsed since bankruptcy discharge or dismissal, foreclosure, notice of default (NOD), short sale or deed in-lieu or modifications measured from the date of completion to the application date. • A satisfactory letter of explanation for the event from the borrower is required. • Borrower must show reestablished credit and meet the minimum credit requirement. • Borrowers with multiple bankruptcy filings/Foreclosures/Deed-in-lieu of foreclosures/Pre-foreclosure NODs/Short sales/Real property settled debts/Modifications are ineligible.

DEBTS AND LIABILITIES	
Debt-to-Income Ratio	<ul style="list-style-type: none"> The Debt-to-Income (DTI) ratio is based on the total of existing monthly liabilities and any planned future monthly liabilities divided by gross monthly income. Liabilities include but are not limited to all housing expenses, revolving debts, installment debts, other mortgages, rent, alimony, child support, and other consistent and recurring expenses.
Installment Debt	<ul style="list-style-type: none"> Follow the DU and the requirements in chapters B3-3 through B3-6 of the Fannie Mae Single Family Selling Guide, published June 3, 2020 or follow the LPA and the requirements in Sections 5102 through 5500 of the Freddie Mac Single-Family Seller/Servicer Guide, published June 10, 2020. If a discrepancy exists between DU and the aforementioned Fannie Mae guide or LPA and the aforementioned Freddie Mac guides the guide requirements must be followed.
Revolving Debt	<ul style="list-style-type: none"> Follow the DU and the requirements in chapters B3-3 through B3-6 of the Fannie Mae Single Family Selling Guide, published June 3, 2020 or follow the LPA and the requirements in Sections 5102 through 5500 of the Freddie Mac Single-Family Seller/Servicer Guide, published June 10, 2020. If a discrepancy exists between DU and the aforementioned Fannie Mae guide or LPA and the aforementioned Freddie Mac guides the guide requirements must be followed.
Home Equity Line of Credit (HELOC)	<ul style="list-style-type: none"> For HELOC loans paid off at closing the line must be closed to any future draws. Requirement on title commitment for payoff and cancellation of HELOC is acceptable to document. Subordination of HELOC loans is permitted up to maximum CLTV per matrix. The CLTV should be calculated using the full amount of any HELOCs (whether or not funds have been drawn).
Pending Sale of Departing Residence or Conversion of Departing Residence to Investment Property	<ul style="list-style-type: none"> Follow the DU and the requirements in chapters B3-3 through B3-6 of the Fannie Mae Single Family Selling Guide, published June 3, 2020 or follow the LPA and the requirements in Sections 5102 through 5500 of the Freddie Mac Single-Family Seller/Servicer Guide, published June 10, 2020. If a discrepancy exists between DU and the aforementioned Fannie Mae guide or LPA and the aforementioned Freddie Mac guides the guide requirements must be followed.

ASSETS AND SOURCE OF FUNDS

Source of Funds	<ul style="list-style-type: none"> • Follow the DU and the requirements in chapters B3-3 through B3-6 of the Fannie Mae Single Family Selling Guide, published June 3, 2020 or follow the LPA and the requirements in Sections 5102 through 5500 of the Freddie Mac Single-Family Seller/Servicer Guide, published June 10, 2020. If a discrepancy exists between DU and the aforementioned Fannie Mae guide or LPA and the aforementioned Freddie Mac guides the guide requirements must be followed. • Gifts of equity are not allowed.
Cash Reserves	<ul style="list-style-type: none"> • Reserves must be verified and comprised of liquid assets that borrower can readily access. Equity lines of credit, gift funds, business assets and cash out from the subject property on refinance transactions are not acceptable sources to meet the reserve requirement. • Follow the greater of the AUS reserve requirements or below requirements. If AUS does not provide minimum reserve requirements follow below requirements. LTV/CLTV <=80% Loan Amount <= \$1,000,000 - follow the AUS requirements. Loan Amount > \$1,000,000 and <=\$2,000,000 - 3 months PITI reserves. Loan Amount >\$2,000,000 and <=\$2,500,000 - 12 months PITI reserves. Cash Out Refinance Loan Amount >\$2,000,000 and <=\$2,500,000 - 18 months PITI reserves. LTV/CLTV >80% 6 months PITI reserves.

PROPERTY	
Eligible Property Types	<ul style="list-style-type: none"> • 1-4 unit attached/detached owner occupied and non-owner occupied properties. • 1-unit second homes. • Planned Unit Development (PUD). • Low/mid/high-rise new and established agency warrantable condominiums. Condominiums with HOA in litigation are ineligible. Minimum square footage 400. • Maximum lot size 20 acres. Properties with greater than 10 acres must have three comparable with similar acreage.
Age of Appraisal	<ul style="list-style-type: none"> • Appraisal Recertification of Value with two additional comparable required 90 days from original report date and it is good for additional 90 days. The appraisal value is good for a total of 120 days.
Appraisal Requirements	<ul style="list-style-type: none"> • All appraisals must be completed on the most current Agency appraisal forms and conform to Agency appraisal practices. • All appraisals must be ordered using a Mega approved Appraisal Management Company (AMC). • Appraisals must not be over 120 days old from the date of the Note. If appraisal is over 120 days old a recertification of value needs to be performed. • Transferred appraisals are not acceptable. • Property Inspection waivers are not allowed. • Two (2) full appraisals are required for loan amounts >\$2,000,000. LTV/CLTV will be based on the lower of the two values. All inconsistencies between the two appraisals must be addressed and reconciled.
Third Party Appraisal Review	<ul style="list-style-type: none"> • MCFI must order a Collateral Desktop Analysis (CDA) from Clear Capital for each loan with a collateral underwriter score greater than 2.5. A CDA is not required for loans with two appraisals, regardless of the collateral underwriter score. • A copy of the appraisal desk review report should be submitted in the loan file. The review must not be over 120 days old from the date of the Note. • If the desk review produces a value in excess of a 10% negative variance to the appraised value, the loan is not eligible for purchase. However, there is an option to order a Field Review (A Field Review order to be inquired to the MCFI upper management.) to support the appraised value. If the field review also produces a value in excess of a 10% negative variance to the appraised value, then the loan will remain ineligible for purchase. • All appraisals are reviewed for eligibility as well as value support. However, the use of an appraisal review product does not relieve the seller of its representations and warranties relating to the property and the appraisal including the underwriting thereof.
Declining Markets	Reduce maximum LTV/CLTV by 10% for any property located in an area of declining property values as reported by appraiser.
Land-to-Value	The property site should be of size, shape, and topography that is generally conforming and acceptable in the market area. It must also have competitive utilities, street improvements, adequate vehicular access, and other amenities. Because amenities, easements, and encroachments may either detract from or enhance the marketability of a site, the appraiser must reflect them in his or her analysis and evaluation. The appraiser must comment if the site has adverse conditions or if there is market resistance to a property because the site is not compatible with the neighborhood or the requirements of the competitive markets, and assess the effect, if any, on the value and marketability of the property.
Properties Located in a Disaster Area	The following is required for properties located in a FEMA declared disaster zone to be eligible:

	<ul style="list-style-type: none"> • If the property is in a zone where a Disaster End Date has been declared by FEMA, MCFI will order a post disaster inspection prior to loan purchase to confirm the property value has not been impacted by the disaster. • If the property is in a zone where a Disaster End Date has not been declared by FEMA, in addition to the above inspection requirement, a date and time stamped area map from a state or county agency or similar, showing the subject property in relation to the disaster area is required to evidence that the property is outside of current known fire boundaries
<p>Ineligible Property Types</p>	<p>SFR w/unusual ADU including extra-large size of ADU w/multi-rooms, multiple ADUs, 2-4 units w/ADU, etc. Manufactured Homes Factory built housing Properties with income producing attributes Condo hotel units Log homes Timeshare units Geodesic/Dome homes Unique properties Mixed use properties Working farms Commercially zoned properties Agriculturally zoned properties (agricultural/residential eligible) Properties held as leaseholds Properties with oil and gas lease. Properties with more than 20 acres. Properties located in Puerto Rico, Guam, and US Virgin Islands Unwarrantable condos Condos with HOA in litigation 2-4 Unit Condo Projects – Attached Coops Rural zoned properties</p>

COMPLIANCE	
Power of Attorney	<p>The use of a Power of Attorney (POA) is allowed in accordance to Fannie Mae Policy. POAs are allowed on Purchase and Rate & Term transactions. The use of a POA is permitted if the following requirements are met:</p> <ul style="list-style-type: none"> • The POA must be transaction specific; and • The attorney-in-fact must be the borrower's attorney-at-law or the borrower's relative
Seller Contributions	<ul style="list-style-type: none"> • Primary and 2nd home - Maximum 6% of sales price. • Non-owner occupied - Maximum 2% for non-owner occupied.
Escrows / Impounds	<ul style="list-style-type: none"> • It is recommended that escrow account be created for funds collected by the originator to pay taxes, hazard insurance, flood insurance, special assessments, water, sewer, and other items as applicable. • All applicable loans must adhere to HFIAA regarding mandatory flood insurance escrow requirements for properties located in a Special Flood Hazard Area. • Escrow holdbacks are not allowed.
Chain of Title	<ul style="list-style-type: none"> • All transactions require a minimum twelve (12) months chain of title. • For purchase transactions, follow the requirements in Purchase section on this guideline if seller has taken title to the subject property within ninety (90) days of the date of sales contract.
Hazard Insurance	<ul style="list-style-type: none"> • Properties where the insurance coverage on the declaration page does not cover the loan amount must have a cost estimate from the insurance company or agent evidencing the property is insured for its replacement cost. • Hazard insurance must have the same inception date as the date of the disbursement. This may be documented with a post-closing Closing Disclosure or the correction of the inception date on the hazard policy.
Interested Party Contributions	<p>Interested party contributions include funds contributed by the property seller, builder, developer, real estate agent or any other party with an interest in the real estate transaction. Interested party contributions may only be used for closing costs and prepaid expenses.</p> <ul style="list-style-type: none"> ○ LTV between 75.01% - 89.99% max 6% contribution allowed. ○ LTV ≤ 75% max 9% contribution allowed. ○ Non-owner occupied properties max 2% contribution allowed.
Seller Concessions/Contribution	<p>Seller contributions in excess of the interested party contribution limits or contributions not being used for prepaid expenses or closing costs are considered seller concessions. The amount of the seller concession must be deducted from the purchase price and appraised value to determine the LTV.</p>
HERO/PACE/Solar Panels	<ul style="list-style-type: none"> • Any item that that will include a UCC associated with the property and/or will create an easement on title is ineligible. • Payoff of a HERO lien is considered cash-out.
Title and Closing Documentation	<ul style="list-style-type: none"> • Title insurance must meet Agency requirements and be written on the 2006 American Land Title ALTA form providing gap coverage or the ALTA short form. Other state forms may be used in states in which standard ALTA forms of coverage are not used or in which the 2006 ALTA forms have not been adopted. • The title policy should include all applicable endorsements issued by a title insurer qualified to do business in the jurisdiction in which the mortgage insured property is located, including the endorsements for Condominiums, PUDs, and ARM loan types.

- The title insurance coverage must include an environmental protection lien endorsement (ALTA 8.1-06 or equivalent state form).
- The title insurance policy must ensure the mortgagee and its successors and assigns as to the first priority lien of the loan amount at least equal to the outstanding principal balance of the loan.
- A statement by the title insurance company or closing attorney on such binder or commitment that the priority of the lien of the related Mortgage during the period between the date of the funding of the related Mortgage Loan and the date of the related title policy (which title policy shall be dated the date of recording of the related Mortgage) is insured.
- Any existing tax or mechanic's liens must be paid in full through escrow.

