



PREMIER DSCR

Parameters			
Loan Amount	FICO	Purchase, R/T & Cash-Out ¹ LTV/CLTV	Min. DSCR
\$150,001 - \$1,500,000	720	70% ²	1.00

1. Max. Cash out amount on LTV>65%-\$750,000 & LTV<=65%-\$1,500,000
Only cash-out transaction requires 6 months reserves, but cash-out proceeds can be the reserves.
2. If the borrower acquired the property through an inheritance or was legally awarded the property (divorce, separation, or dissolution of a domestic partnership). Max LTV is 60%.

Program Codes	Doc Type	Code	Term	Amort type	Prepay Term
	DSCR		PDSCR5P30	30yr Fixed	Full
		PDSCR5P5/6	5/6 30yr ARM		
		PDSCR4P30	30yr Fixed	4yrs	
		PDSCR4P5/6	5/6 30yr ARM		
		PDSCR3P30	30yr Fixed	3yrs	
		PDSCR3P5/6	5/6 30yr ARM		
		PDSCR5P40i	40yr Fixed	Interest Only	5yrs
		PDSCR5P5/6io	5/6 30yr ARM		
		PDSCR4P40io	40yr Fixed		4yrs
		PDSCR4P5/6io	5/6 30yr ARM		
		PDSCR3P40io	40yr Fixed		3yrs
		PDSCR3P5/6io	5/6 30yr ARM		

Capacity	
Capacity	<p>Borrowers are not required to disclose employment information on the application (Form 1003). Income derived from regular employment, retirement or other investments should not be disclosed and tax returns are not required. The application should otherwise be fully completed including the Schedule of Real Estate Owned listing all properties owned with any associated mortgages (including private mortgages).</p>
Debt Service Coverage Qualification	<ul style="list-style-type: none"> • DSCR is calculated by taking the lower of the subject property's market rent disclosed on the appraisal or the lease rental agreement divided by the monthly PITIA housing payment. • PITIA - principal, interest, taxes, insurance, and homeowner's association dues • Interest Only loans are qualified on the ITIA payment.



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	<p>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.</p> <ul style="list-style-type: none"> No borrowers or borrowers' relatives (direct or by marriage) will occupy the subject property. Ownership of the subject property is for business purposes only.
Rent Qualification	<ul style="list-style-type: none"> Market rent is determined by the appraisal comparable rent schedule. Rent qualification is lesser of current lease agreement or 100% of appraisal market rent schedule for annual tenants, except: <ul style="list-style-type: none"> Refinance Transactions: If the current lease exceeds market rent, borrower may use that amount up to 115% of market rent with most recent 6 months of evidence of rent receipts. Purchase Transactions: Vacant properties use 100% of the market rent. 2-4 Units – Rent qualification is the lesser of each individual unit's current lease agreement or individual unit's market rent. (Borrower may use up to 115% as stated above.)
Lease Requirements	<ul style="list-style-type: none"> A Lease or the lower of 1007 is required except for the scenarios below. In these instances, market rent should be used to qualify. <ul style="list-style-type: none"> Purchase transaction. Refinances if the property has recently completed rehab or is listed for rent <ul style="list-style-type: none"> Proof of recently completed rehab or listing required. Refinance transactions will require a lease agreement. Properties leased to family members are not eligible. Expired Leases will be considered to have renewed automatically with 1 month evidence of rent receipt at lease amount.
Short Term/Variable Rental	Not allowed.

General Requirements	
Product Type	30-Yr Fixed, 5/6 ARM, I/O
Loan Amounts	<ul style="list-style-type: none"> Min: \$150,001 Max: \$1,500,000
Loan Purpose	Purchase, Rate/Term, and Cash Out
Occupancy	Investment
Property Type	See section "Property" for the eligible properties.
Document Age	90-days Credit, 90- days Assets, 120-days Appraisal
Max. Cash-Out	<ul style="list-style-type: none"> Max Cash-Out: <ul style="list-style-type: none"> LTV>65% - \$750,0000 LTV<= 65% - \$1,500,000
Qualifying Payment	<ul style="list-style-type: none"> 30 years fixed – The fully amortized PITIA. 5/6 ARM – The greater of the note rate or the fully indexed rate plus TIA. I/O – Interest only payment plus TIA.
Appraisals	FNMA Form 1004, 1025, 1076 with interior/exterior inspection Transferred appraisal is allowed.



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<p>Prepayment Penalty</p>	<ul style="list-style-type: none"> • Minimum 3 year Prepay Penalty required. • Non-PPP states are not eligible (refer to Prepayment Penalty Guide for more information) • AR, LA, MS: Declining prepay penalty only • HI, DC, MA, MI, OH, RI, WI, WV: pricing based on 6 months' interest prepay penalty only due to state PP restrictions <p>Three Prepayment Penalty structure options are available.</p> <p>1) Standard Prepayment Penalty term: 3,4, or 5-year term. Penalty term of six months advance interest on the amount prepaid that exceeds 20% of the original balance of the note.</p> <p>2) Flat Structure: 3-,4-,or 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, and the total of all prepayments in any 12-month period exceeds 20% of the original Principal amount of the loan, the prepayment charge will be an amount equal to the flat rate based on the principal amount so prepaid.</p> <p>3) Tiered Structure: 3,4, or 5-year term unless an alternative term is required by state or federal law. If within the loan term's prepayment period from the date the Security Instrument is executed, a full or one or more partial prepayments, and the total of all prepayments in any 12-month period exceeds 20% of the original Principal amount of the loan, the prepayment charge will be an amount equal to the below example:</p> <ul style="list-style-type: none"> • The 5-year tiered prepayment penalty has a declining payment structure as follows: <ul style="list-style-type: none"> -If paid during the 1st year from the date hereof, 5% of the portion of such prepayment equal to the principal amount so prepaid -If paid during the 2nd year from the date hereof, 4% of the portion of such prepayment equal to the principal amount so prepaid -If paid during the 3rd year from the date hereof, 3% of the portion of such prepayment equal to the principal amount so prepaid -If paid during the 4th year from the date hereof, 2% of the portion of such prepayment equal to the principal amount so prepaid -If paid during the 5th year from the date hereof, 1% of the portion of such prepayment equal to the principal amount so prepaid • After 5 years no prepayment penalty will be applied to the loan 																				
<p>Eligible States</p>	<ul style="list-style-type: none"> • Ineligible states: KS, KY, MI, MN, NM, OH, RI (due to No PP requirement) 																				
<p>MLO State Licensing Exemption</p>	<p>The following states will allow for the origination of DSCR loans without a license:</p> <table border="1" data-bbox="537 1493 1463 1650"> <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																		
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District of Columbia	Maryland	Nebraska	Texas																		
Delaware	Massachusetts	Pennsylvania	Washington																		
Florida*																					
<p>Escrow Waiver</p>	<ul style="list-style-type: none"> • Escrow waiver permitted on non-HPML or exempt business-purpose loans • Federal, State High-cost loans are not allowed. 																				



Borrower Eligibility	
Eligible borrowers	<ul style="list-style-type: none"> • U.S. Citizens: <ul style="list-style-type: none"> ○ All U.S. Citizens, as defined by the U.S. Department of Immigration and Naturalization Service (INS), are eligible borrowers. • Permanent Resident Aliens: <ul style="list-style-type: none"> ○ Permanent Resident Aliens are individuals who permanently reside in the United States ○ A legible front and back copy of the borrower(s) valid Green Card
Eligible Vesting	<p>Fee Simple with Title Vesting as:</p> <ul style="list-style-type: none"> • Individual • Joint Tenants • Inter-vivos Revocable Trust <p>Vesting is allowed in a business entity with the following requirements:</p> <ul style="list-style-type: none"> • Purpose and activities are limited to ownership and management of real property. • Entity must be domiciled in a U.S. State. • Eligible: LLC, Sole Proprietorship, LP, LLP, S and C Corp – must be U.S. based. <ul style="list-style-type: none"> ○ Personal guarantor required - Personal Guarantor must also sign closing documents and disclosures. • Final loan docs may not be signed with a POA. • Non-profit 501 c3 – ineligible <p>Business entity review process. MCFI will review entity documents to ensure the borrowing entity is duly formed with full authority to conduct real estate transactional and borrowing activity in the state of formation or proper foreign registration documents in business is being performed. Furthermore, for entities with more than 1 member, provide evidence that the individual signing on behalf of the borrowing entity has the authority to conduct real estate transactions. Confirmation of good standing status must be reviewed on state websites to ensure borrowing counterparties are current on all state taxes and fees; in the state of formation and/or state business is being performed. Any entity must be in good standing and provide proper formation.</p> <p>Borrower Entity Requirements:</p> <ul style="list-style-type: none"> • Allowable Entity Types: LLC, Sole Proprietorship, LP, LLP, S and C Corp, LLP • The borrowing entity must be a single purpose entity with a defined purpose to engage in real estate investment activities. • At least one qualifying individual with >25% interest must sign a personal guarantee. <p>Entity documentation:</p> <ul style="list-style-type: none"> • Operating Agreement/Bylaws based on state requirements, must include an authorization to encumber real properties and signing authority • Certificate of Formation/Articles of Organization • Certificate of Good Standing or equivalent document • Certificate of Foreign Qualification or other qualification to operate in the state where business is being conducted (If entity is formed in a state other than where business is being performed)



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	<ul style="list-style-type: none"> EIN/W9 required. <p>Guaranty MCFI requires all of its entity borrowers to submit their loan application with a guarantor subject to the following requirements:</p> <ul style="list-style-type: none"> The guarantor must be an individual person and not an entity. A guarantor is required to be a significant owner (25% or greater) of the entity and is subject to the same FICO and background checks as individual borrowers. A separate guaranty form is not required if the borrower(s) is signing the note on behalf of both the LLC as the borrower and also as an individual guarantor. Additional signature line must indicate “as guarantor.” At least 1 borrower/guarantor must attest they are not a first-time homebuyer. POA is not acceptable. Closing documents must be personally signed by the guarantor. Permitted for individual borrower, not permitted for cash out refinance. An OFAC search is required for borrowers, guarantors and any member of the borrowing entity owning 25% or more.
<p>Ineligible Borrowers</p>	<ul style="list-style-type: none"> Non-Permanent Resident Aliens Irrevocable, Blind, and Land Trusts First Time Home Buyers Tenants in Common Foreign Nationals Asylum applicants Any parties to a transaction listed on HUD’s Limited Denial of Participation (LDP) list, or the federal General Services Administrative (GSE) Excluded Party lists. Borrowers with diplomatic immunity Borrowers without a valid Social Security Number Borrowers party to a lawsuit DACA recipients Vesting in retirement vehicle
<p>First Time Homebuyer</p>	<ul style="list-style-type: none"> Defined as not owning a property/rental in the United States within last 7 years – Borrowers that have owned a property/rental in the last 7 years are not considered first time homebuyers. Not eligible for Premier program. If one borrower on the transaction is not a FHTB, no further restrictions apply.
<p>First Time Investor</p>	<ul style="list-style-type: none"> A First Time Investor is defined as a borrower who has not owned at least one commercial or residential investment property in the United States for at least 12 months in the last 3 years. If one borrower on the transaction is not a first-time investor, first time investor guideline rules do not apply. Motivation letter required if property is purchased out of state from borrower’s/guarantor’s residence. Borrower’s living rent free or incomplete housing history, see section “Credit” Housing History.

Transaction Eligibility



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<p style="text-align: center;">Purchase</p>	<p>The lesser of the purchase price or appraised value is used to calculate LTV/CLTV.</p> <ul style="list-style-type: none"> • A copy of the fully executed purchase contract and all attachments and addenda should be included. • Inspection reports are not required unless the appraisal suggests further investigation (e.g. termite reports) • Non-Arm's Length transactions are not permitted. • Unless the borrower is purchasing a multi-unit property, the subject property value should generally not exceed 75% of the property value of the borrower's current residence (own or rent)" In the event that it does, the Underwriter should review further for adherence to Section 4 "Eligibility" above. • Sale and leaseback agreements will not be permitted to exceed 60 days from the closing date. • Flip Transaction – See the section 'Flip Transaction' for the restrictions. <ul style="list-style-type: none"> ○ Assignment of contract with 3rd party fees (no wholesales/finders) are not permitted 						
<p style="text-align: center;">Rate/Term Refinance</p>	<ul style="list-style-type: none"> • No seasoning required. • Limited cash to the borrower must not exceed the greater of \$2000 or 1% the loan. • Borrowers financing the payment of real estate taxes that are more than 60 days delinquent is considered cash out. • Subject property recently vacated by borrower requires a lease and proof of three months rent paid at new primary residence in order to consider the property under DSCR guidelines. Subject property refinance is ineligible if borrower is now rent free. • If borrower has less than 6 months ownership seasoning prior to application date, LTV/CLTV will be based on the lesser of the original purchase price plus improvements or current appraised value. The prior settlement statement will be required for proof of purchase price. Proof of improvements is required. • There is no waiting period if the borrower documents that the borrower acquired the property through an inheritance or was legally awarded the property (divorce, separation, or dissolution of a domestic partnership). • If the borrower acquired the property within the last 12 months as a gift, award, inheritance or other non-purchase transaction, the LTV/CLTV will be based on the current appraised value. The borrower must provide appropriate documentation to verify the acquisition and transfer of ownership. <table border="1" data-bbox="537 1419 1463 1562"> <thead> <tr> <th data-bbox="537 1419 691 1476">Ownership Seasoning</th> <th data-bbox="691 1419 1265 1476">0-6 months</th> <th data-bbox="1265 1419 1463 1476">6.1-12 months</th> </tr> </thead> <tbody> <tr> <td data-bbox="537 1476 691 1562">Rate/Term</td> <td data-bbox="691 1476 1265 1562">Lesser of (PP + Improvements*) -or- Appraisal *Purchase appraisal or original listing photos required along with schedule of improvements</td> <td data-bbox="1265 1476 1463 1562">Appraisal</td> </tr> </tbody> </table>	Ownership Seasoning	0-6 months	6.1-12 months	Rate/Term	Lesser of (PP + Improvements*) -or- Appraisal *Purchase appraisal or original listing photos required along with schedule of improvements	Appraisal
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Rate/Term	Lesser of (PP + Improvements*) -or- Appraisal *Purchase appraisal or original listing photos required along with schedule of improvements	Appraisal					
<p style="text-align: center;">Cash-Out Refinance</p>	<ul style="list-style-type: none"> • A Cash-Out Refinance transaction may pay off an existing mortgage(s) with a minimum of 6 months seasoning or create a new lien if the property is owned free and clear. • Seasoning = Borrower's purchase closing date to application date. • There is no waiting period if the borrower acquired the property through an inheritance or was legally awarded the property (divorce, separation, or dissolution of a domestic partnership). Max LTV is 60%. • If the borrower acquired the property within the last 12 months as a gift, award, inheritance or other non-purchase transaction, the LTV/CLTV will be based on the current appraised value, max LTV 60%. The borrower 						



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	<p>must provide appropriate documentation to verify the acquisition and transfer of ownership.</p> <ul style="list-style-type: none"> • The borrower can receive funds at closing as long as they do not exceed the program requirements. • Subject property recently vacated by borrower requires a lease and proof of three months rent paid at new primary residence in order to consider the property under DSCR guidelines. Subject property refinance is ineligible if borrower is now rent free. • Current appraisal value can be used.
<p>Construction Take Out/Construction to Perm</p>	<ul style="list-style-type: none"> • The permanent financing (rate/term refinance) of a construction loan is eligible with the following conditions: <ul style="list-style-type: none"> ○ If the lot was acquired 12 or more months before applying for the subject loan, the LTV/CLTV/HCLTV is based on the current appraised value of the property. ○ If the lot was acquired less than 12 months before applying for the construction financing, the LTV/CLTV/HCLTV is based on the lesser of (i) the current appraised value of the property and (ii) the total acquisition costs.
<p>Delayed Financing</p>	<ul style="list-style-type: none"> • Delayed financing can be qualified and priced as a rate/term refinance. • Delayed financing (on properties purchased by the borrower with cash and owned < 12 months) are permitted if the original transaction was arm's length. <ul style="list-style-type: none"> ○ provide settlement statement from purchase confirms no financing used to acquire. ○ purchase funds are documented. <ul style="list-style-type: none"> ▪ If gift funds were used, the borrower may only finance the amount put into the transaction, excluding gift. • The LTV/CLTV will be based on the lesser of the original purchase price or current appraised value. The prior settlement statement will be required for proof of purchase price.
<p>Continuity of Obligation</p>	<ul style="list-style-type: none"> • An acceptable continuity of obligation exists when any of the following are present: <ul style="list-style-type: none"> ○ At least one borrower obligated on the new loan must be a borrower obligated on the existing loan being refinanced; ○ At least one borrower must have been on title for a minimum of six months, and has made the most recent six months payments; ○ At least one borrower must be on title and has made the most recent 12 months documented payments. ○ At least one borrower has recently inherited or was legally awarded the property through a divorce or separation; ○ When title is held in the name of a natural person or an entity, as long as the borrower was a member of the entity prior to any transfer. 25% ownership of an entity is considered to meet continuity of obligation. ○ Continuity of Obligation is met when a borrower is at least 25% owner of an entity and is refinancing from a natural person to an entity or visa versa.
<p>Subordinate Financing</p>	<ul style="list-style-type: none"> • No new subordinate financing. • Existing subordination may be eligible on refinances. • All subordinate loans must be considered when calculating the Borrower's DSCR • For closed-end fixed rate, fully amortizing simultaneous loans, the qualifying payment is the monthly payment. • If a HELOC is present the CLTV/HCLTV must be calculated by dividing the sum of the original loan amount of the first mortgage, the amount of the



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	HELOC (whether or not there have been any draws), and the unpaid principal balance of all other subordinate financing by the lower of the property's sales price or appraised value.
Properties Listed for Sale	<ul style="list-style-type: none"> • Properties that have been listed for sale; the seasoning is from listing removal date to application date. • LTV calculated based on the lower of the last listing price or appraisal value. • Permitted with a minimum 3 years PPP.
Flip Transaction	<p>On a purchase transaction when the home is being resold within 360 days of seller's purchase date), the transaction is considered a flip (based on the day the borrower signs an initial purchase agreement)</p> <ul style="list-style-type: none"> • Flips with resale prices in excess of the following will require an exception: <ul style="list-style-type: none"> ○ More than 10% increase within 90 days. ○ More than 20% increase from 91 to 180 days. • Current purchase transaction must be listed with a realtor on Multiple Listing Services. • Bank owned REO and corporate relocations are eligible and not considered a flip transaction.
1031 Exchange	<p>Funds held by a 1031 administrator/agent are permitted for down payment and closing costs.</p> <ul style="list-style-type: none"> • Allowed on investment purchases only. • Reverse 1031 exchanges not allowed. • Must be in compliance with Internal Revenue Code Section 1031. • Excess proceeds cannot be used to satisfy reserve requirements unless liquidated. • Documented by accommodator instructions, fully executed exchange agreement at closing, and settlement statement. • NOTE: 2-4-unit properties where one of the units is occupied by the customer are not considered investment properties and therefore are not eligible.
Ineligible Transactions	<ul style="list-style-type: none"> • Construction Loans • Non-Arm's length • Temporary Buydowns Assumable • Lease with option to purchase • Community down payment assistance / equity sharing. • Builder Bailout & Model leasebacks • Conversion Loans • Borrower/builder refinance of construction loans without subject loan prepayment penalty • Reverse 1031 exchanges

Credit	
Credit Report Detail	<ul style="list-style-type: none"> • A tri-merged in file credit report including scores from Experian, Transunion and Equifax is required. • Credit Report is good for 90 days from credit report date. • Disputed accounts may require an LOE. An updated credit report not required. • All derogatory revolving and installment accounts > 60 days within 2 years of closing require a full explanation. • Delinquent credit belonging to ex- spouse - can be excluded if late payments occurred after the divorce/separation, and divorce



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	decree/separation agreement indicates derogatory accounts belong solely to the ex-spouse.
Credit Repair/Rescore	<ul style="list-style-type: none"> No private credit repair companies allowed. Rapid rescore of credit permitted for confirmation of pay down/or payoff of debt and correction of reporting errors. Updated credit score permitted for qualifying.
Security Freeze	A credit freeze may remain if it is reported under one bureau only and a minimum of two scores are present. More than one frozen bureau requires the freeze to be lifted by the borrower and a new report provided.
Credit Score	<ul style="list-style-type: none"> The highest Mid FICO score is used to qualify. <ul style="list-style-type: none"> Use the highest mid FICO of any guarantor if more than 1 guarantor. Each borrower's 'Credit Score' is the middle of three or the lesser of two for any borrower. No borrower can have a middle FICO score less than 620. For refinances, the use of highest score is only eligible if that borrower meets continuity
Tradelines	<ul style="list-style-type: none"> Each borrower must have 2 tradelines or joint borrowers must have a total of 3 tradelines combined, rated at least 12 months, with activity in the last 24 months. Tradeline may be opened or closed. Eligible tradelines cannot have any derogatory history in previous 24 months. Current housing not reporting on credit can be considered an open trade if supported by bank records (cancelled checks, debits). No authorized user accounts may be used to satisfy minimum tradelines. Non-traditional credit is not allowed as an eligible tradeline
Housing History	<ul style="list-style-type: none"> 1x30x12 (no rolling) Only one borrower needs to meet housing history requirement. All borrowers must be current on mortgage or rent at loan application. Property tax liens and delinquent HOA dues at application will require an exception. Housing history required for Primary and subject property refi. Other REO, not reported on credit, no mortgage rating required. Document housing history via 12 months proof of payment via cancelled checks, bank debits or institutional VOR/VOM. Carbon copies or handwritten rent receipts are not acceptable as bank records. Rent free or incomplete housing history. <ul style="list-style-type: none"> No open and active mortgages reporting on credit, rent free or free and clear properties will require an exception. Open and active mortgage(s) reporting on initial credit for a minimum of 12 months is permitted to satisfy housing history. A minimum 12 months previous mortgage history reporting on initial credit within the last 12 months is permitted to satisfy housing history. No private VOMs or credit supplements permitted. Rent free from spouse or title only ownership requires Institutional VOM or bank records are required to satisfy primary housing history. A borrower who sold a home and is temporarily staying rent free until the purchase of a new home is not considered an incomplete housing history. Must document most recent 12-month history prior to the sale of departing residence
Housing Event	<ul style="list-style-type: none"> Credit Event = Foreclosure, Short Sale, Deed in Lieu, Default Modification, Notice of Default or 120+ Delinquent <ul style="list-style-type: none"> 4 years seasoning or 3 years with LLPA.



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	<ul style="list-style-type: none"> Seasoning is from the date of discharge or property resolution (completion date), as of the note date. Modification commences at inception. Foreclosures included in bankruptcy are permitted based on BK discharge date if the borrower has vacated the property. Timeshares including delinquencies are treated as installment loans and not a credit event. LOE is required for any recent credit event less than 4 years. Event is considered if property is owned by borrower, even if not on note. Multiple events not permitted
Bankruptcy	<ul style="list-style-type: none"> 4 years seasoning or 3 years with LLPA. Bankruptcy includes Chapter 7 and 11, based on discharge or dismissal date and chapter 13 history paid as agreed based on filed date. Cash out cannot be used to settle, BK must have been settled prior to application. Multiple BK filings per person are not eligible (an amended filing is not considered multiple filings) LOE required for any recent credit event less than 4 years.
Forbearance or Deferral	<ul style="list-style-type: none"> Borrowers with a Covid-19 related forbearance or deferral on primary or subject property, must have completed the program and made at least two months payments for a Purchase or Rate/Term Refinance and 6 months payments for a Cash-out Refinance. Documentation from the servicer, credit bureau or other documentation of the completion is required. The deferred balance may be paid off with the subject property refinance. Primary home in forbearance is ineligible even if subject property is non-owner occupied. Other Real Estate owned limited to 1 property in forbearance is eligible.
Credit Counseling	Borrowers currently enrolled in credit counseling or debt management plans are not permitted
Balloon Payment Past Due	<ul style="list-style-type: none"> A past due balloon payment is treated as a delinquency (1 x 30) and not a housing event, but only within 180 days of maturity. Transaction histories showing payments made and applied on time are considered to have been extended and not considered delinquent.
Judgments, Liens, Charge-offs, Collections	<ul style="list-style-type: none"> All Judgments affecting title or liens affecting title must be paid. Non-title charge-offs and collections open <2 years and greater than \$10,000 (individually or aggregate) must be paid. Medical collections less than \$15,000 are not required to be paid. IRS tax payment plans approved by the IRS are permitted if current and do not carry a lien on any property

Assets	
Asset Documentation	<ul style="list-style-type: none"> Asset Statements <ul style="list-style-type: none"> 1 month or 1 quarterly investment statement. <ul style="list-style-type: none"> Statements not required for Cash Out transactions which satisfy reserves. FNMA approved third party direct pull services are eligible. Exchange traded Stocks/Bonds/Mutual Funds – 100% may be used for reserves. Vested Retirement Accounts – 100% may be considered for reserves If needed to close, verification that funds have been liquidated (if applicable) is required.



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	<ul style="list-style-type: none"> ○ If borrower has >20% of funds needed to close remaining in the account, documentation of liquidation is not required. • Secured borrower funds are allowed for down payment and closing cost (ex: HELOC or OREO) • Asset statements for closing and reserves do not require access letters for non-borrowing parties. • Non-borrowing title holder or member of LLC/entity contributing assets are not considered a gift. • Earnest money deposit – Follow FNMA requirements. If needed to meet minimum borrowers' contribution, provide documentation. • A borrower, who is also the realtor on the subject property, may use commission earned (commission must be market rate) towards the funds to close requirement. • Builder profits are not allowed. • SBA loans or paycheck protection funds may not be used as income, assets, down payment, closing costs, or reserves. • No source of large deposit.
Business Funds	<ul style="list-style-type: none"> • Business accounts may only be used to meet down payment and/or reserve requirements if: <ul style="list-style-type: none"> ○ 100% ownership of the business; OR ○ Shared ownership requires an access letter from partners allowing the use of the business funds by the borrower
Gift Funds	<ul style="list-style-type: none"> • Purchase transaction only. • Gifts are limited to 10% of the purchase price. • Minimum Borrower Contribution <ul style="list-style-type: none"> ○ Borrower must have 10% of their own funds documented but not required to use. ○ If the minimum borrower contribution % is not used towards the down payment, those funds can be used towards reserves. • Gift funds are not permitted for reserves. • Only gifts from family members are allowed. • Non-borrowing titleholder or member of the LLC/entity who is contributing funds is not considered a gift, no gift letter required. • Gift of equity not permitted
Life Insurance Cash Value	<ul style="list-style-type: none"> • Life insurance policy current cash value or loan against the cash value may be used for down payment, closing costs or reserves.
Foreign Assets	<ul style="list-style-type: none"> • Funds required for down payment and closing costs must be held in a US bank and have been seasoned a total of 60 days total between abroad and in the US. • Funds in foreign accounts for reserves do not need to be moved to US accounts.
Bitcoins (Crypto Currencies)	<ul style="list-style-type: none"> • Allowed for down payment, closing costs and reserves with evidence of ownership and liquidation to US dollars.
Sale of Personal Assets	<ul style="list-style-type: none"> • 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.
Reserves	<ul style="list-style-type: none"> • No reserves required except Cash-Out transaction – 6 Months required. (Cash-Out proceeds allowed for the reserves)



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	<ul style="list-style-type: none"> Reserves are calculated off actual P&I payment plus Taxes, Insurance, and HOA <ul style="list-style-type: none"> Interest only - payment plus Taxes, Insurance and HOA Restricted stock is ineligible to be used for reserves. If multiple loans to one borrower, reserves are based on the greater PITIA for all properties.
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IPC

Interested Party Contributions / Seller Concessions	<ul style="list-style-type: none"> IPCs are costs that are normally the responsibility of the property purchaser that are paid directly or indirectly by someone who has a financial interest in the sale or transfer of the subject property. Maximum Interested Party Contributions 5% of purchase price. Excess IPCs must be netted from the purchase price for LTV qualification. All IPCs must be properly disclosed in the sales contract, appraisal, or addendum and HUD-1/Closing Disclosure IPCs may only be used for closing costs and prepaid expenses, no cash credit.
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Property

Appraisal	<ul style="list-style-type: none"> 1 full appraisal required for all transactions. An appraisal prepared by an individual who was selected or engaged by a borrower, property seller, real estate agent or other interested party is not acceptable. Transferred appraisals are acceptable, unless ordered by borrower or affiliate of the property seller. Form 1007 Schedule of Rents is required for all loans on Single Unit residences. For 2-4-unit properties, a FNMA 1025 Small Residential Income Property Appraisal Report is required. Interior inspections required, including photos, according to USPAP guides. Legal non-conforming zoned properties must indicate that the subject property can be rebuilt if it is severely damaged or destroyed. Negative property influences must be disclosed and adjusted accordingly by the appraiser. Including but not limited to: Water Tower, Cell Tower, Gas Station, Railroad Tracks, Landfill/Dump, Auto Repair, Auto Sales, Highway Overpass, On- & Off-Ramp, Billboards/Advertisements, Airports, Hospitals, Police & Fire Stations. Properties with unpermitted additions: appraiser to determine if addition is completed in a workman like manner.
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Review Appraisal	<ul style="list-style-type: none"> All loans require a desk review or other third-party valuation product. 3rd party valuation product (Desk review/CU/AVM) <ul style="list-style-type: none"> Desk review vendors. <ul style="list-style-type: none"> ServiceLink (Desktop Valuation) Summit Valuations (SVR) Pro Teck (ARR) Consolidated Collateral Analysis (CCA) MCFI will accept a desk review within -10% variance of original appraised value from above valuation vendors. CU score of 2.5 or lower, no 3rd party review required
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<p>Eligible Property Type</p>	<ul style="list-style-type: none"> • SFR (Max 6 Bdrms) or Townhome • 2-4 Unit • PUD – Attached or Detached (Max 6 Bdrms) • Modular/Prefabricated/panelizes or sectional housing • Warrantable Condo • Non-Warrantable Condo • 5 Acre Maximum • Minimum Square Footage – 500 sq ft per unit– No kitchenettes • Mandatory Country Club Fee: Cannot exceed 10% of Purchase Price (golf resort)
<p>Ineligible Property Types</p>	<ul style="list-style-type: none"> • Assisted Living/Continuing Care Facilities • Boarding Houses/Individual room leases • Builder Model Leaseback • C5 or C6 property condition grades • Commercial Zoned, except Condo or Mixed Use • Community Land Trusts • Condotels • Co-Op • Fractional Ownership/Time Shares • Geodesic Domes • Native American Leased Land • Leased land if lease term does not exceed term of loan by 5 years • Barndominium • Log Homes or Log Home Characteristics • Manufactured Homes • Mixed Use properties • Properties under construction • Mandatory Rental Pools • Shouses • Tenants in Common • Unique Properties • Working Farms • Zoning violations • Live/Work Condos • Rural Properties • Industrial zoning.
<p>Transferred Appraisals</p>	<ul style="list-style-type: none"> • Appraisal must have been completed by an approved AMC. • The appraisal must be less than 60-days old (less than 120-days at closing) and ordered through an Appraisal Management Company. • A letter must be obtained from the original lender on their letterhead stating they are transferring the appraisal to MCFI. The letter must transfer the ownership and rights for the specific transaction. • The Lender must certify they have complied with Federal, State and FNMA Appraisal Independence requirements. • An appraisal delivery form must be provided to the borrower to confirm the borrower's receipt of the appraisal within three (3) business days of the report's completion. <p>If the original Lender will not transfer the appraisal or provide the transfer letter, then a new appraisal is required.</p> <p>NOTE: Subject to FIRREA Requirements; if corrections are required, the previous lender to obtain them.</p>



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<p>Property Tax Estimates</p>	<ul style="list-style-type: none"> • New Construction: Property taxes should be calculated using 1.5% of sales price for qualification (1.25% in California) or documented tax rate from municipality. • Purchase and Refinance: Use current tax amount per title or tax card. <ul style="list-style-type: none"> ○ CA Purchases use 1.25% of purchase price or documented tax rate from municipality. Do not use property tax amount of current owner. 																										
<p>Warrantable Condo</p>	<p>Condo projects must be 100% complete and HOA turned over.</p> <table border="1"> <tr> <td data-bbox="548 426 979 510">No Project Review</td> <td data-bbox="979 426 1446 510"> <ul style="list-style-type: none"> • Detached condos • 2- to 4-unit projects </td> </tr> <tr> <td data-bbox="548 510 979 573">Limited Review for Established Projects</td> <td data-bbox="979 510 1446 573"> <ul style="list-style-type: none"> • Non-Owner: ≤ 70% LTV/CLTV </td> </tr> <tr> <td data-bbox="548 573 979 636">Full Review</td> <td data-bbox="979 573 1446 636"> <ul style="list-style-type: none"> • All new projects • Project ineligible for limited review </td> </tr> </table>	No Project Review	<ul style="list-style-type: none"> • Detached condos • 2- to 4-unit projects 	Limited Review for Established Projects	<ul style="list-style-type: none"> • Non-Owner: ≤ 70% LTV/CLTV 	Full Review	<ul style="list-style-type: none"> • All new projects • Project ineligible for limited review 																				
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<p>Accessory Dwelling Units - ADU</p>	<ul style="list-style-type: none"> • Appraiser to confirm ADU is typical to the area with supporting comparables. • Rental income may be used with supporting appraisal comparable which contains permitted accessory units, Appraisal market rents survey, and lease with 1 month evidence receipt of income. Purchase – Borrower to provide attestation regarding their intentions to rent the ADU. • Unpermitted ADUs must be completed in a workman like manner and conform to the subject property. No value. no rental income may be used to qualify. • No more than one ADU per property. • Conforms to all zoning laws/regulations. • Not permitted on four-unit properties 																										



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Multiple Dwellings on 1 Lot/Multiple APNS	<ul style="list-style-type: none"> • Properties with more than one 1-4 unit dwellings are not eligible • Multiple APNs are acceptable if the subject property is on one parcel or across the lot line. Additional adjoining parcel(s) may not have additional dwelling unit(s) and is limited to non-residential improvements.
Title Insurance	<ul style="list-style-type: none"> • Satisfactory title insurance coverage must be obtained for all loans confirming first lien position and no associated liens with the property including but not limited to mechanics, municipal, HOA, etc. • The amount of coverage must be at least the amount of the original principal balance. • All applicable title endorsements must be included in the title policy. • Title policy affirmatively insures ingress and egress, and against encroachments by or upon the Mortgaged Property or any interests therein. • Short form title policies are allowed. • Preliminary title report must include plat map and survey (as required)
Power of Attorney	<ul style="list-style-type: none"> • Limited Power of Attorney (POA) is acceptable for executing closing documents, is specific to the transaction, contains an expiration date, initial application is signed by the borrower executing the POA. • No POA may be used for cash out transactions. • No POA may be used if closing in an entity. • An LOE regarding why a POA is needed must be provided.
Property Insurance	<ul style="list-style-type: none"> • A Commercial, Landlord or rental dwelling policy with rent loss coverage is required. • Blanket policies covering the subject property are permitted
Deed Restrictions	<ul style="list-style-type: none"> • Deed restrictions that affect transferability of a property are not allowed. Age Restricted communities are allowed.
Escrow Holdbacks	<ul style="list-style-type: none"> • Escrow holdbacks are not allowed.
E-Signatures	<ul style="list-style-type: none"> • E-signatures are permitted except for the following documents: Note, Mortgage, Deed of Trust, Closing Disclosure, Power of Attorney, Riders/Addendums, and any state regulated disclosures. These documents require a wet signature.
Solar/PACE/HERO Loans	<ul style="list-style-type: none"> • Solar leases are allowed if the equipment owner is responsible for any damage because of installation/removal/defect/malfunction, and equipment owner is not listed as loss payee of on the insurance policy. • Borrower to provide copy of lease for refinance. Purchases require a copy of the lease, however reflecting in borrower's name to show they qualified for the transfer of solar lease. • Power purchase agreements are eligible. • PACE loans (or any similar loans with payments that are included in property taxes) are not eligible to remain on title; must be paid off through closing.
Maximum Number of Financed Properties	<ul style="list-style-type: none"> • The max financed properties = 15 residential.
Miscellaneous	<p>Fraud Reviews</p> <ul style="list-style-type: none"> • Data integrity is crucial to having a quality loan file delivery and mitigation of fraud risk. All loans must be submitted to an automated fraud and data check tool (i.e. Fraud Guard, etc.). A copy of the findings report must be



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	<p>provided in the loan file along with any documentation resolving any deficiencies or red flags noted.</p> <p>OFAC and Watchlist</p> <ul style="list-style-type: none">• Provide documentation to confirm borrowers, entities as borrower, sellers, realtors need to be ran against these lists. For refinances, the borrowers, entities as borrower, appraiser and appraisal company should also be included in the search.
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