



MEGA CAPITAL FUNDING, INC.

VA PLUS Conforming & High Balance Fixed

VA FIXED RATE PROGRAM MATRIX				
PURCHASE				
Doc Type	Occupancy	Units	Min FICO	Max LTV/CLTV
Full	Primary Residence	1-4	600	100/100%
INTEREST RATE REDUCTION REFINANCE LOAN / IRRRL				
Streamline	Primary Residence	1-4	620	125/125%
Streamline	Second Home	1	620	125/125%
Streamline	Investment Property	1-4	620	125/125%
REGULAR REFINANCE (CASH-OUT)				
Full	Primary Residence	1-4	600	90/90%
Full	Primary Residence	1-4	600	90/90%

Program Matrix Notes:

- VA Purchase and VA IRRRL transactions: LTV Calculated using base loan amount. The LTV may be exceeded by the financed funding fee.
- VA Cash-Out - LTV Calculated using combined base loan amount **and** VA funding fee. The LTV may **not** be exceeded by the financed funding fee.
- Each borrower must have at least one credit score

PROGRAM DETAILS

Overview	<ul style="list-style-type: none"> • All loans currently in pipeline that do not meet current requirements will be suspended. • Escrow Holdback/Repair Escrow is not allowed • VA IRRRL – VOE required
AUS	<ul style="list-style-type: none"> • DU or LP Findings with Approve/Eligible results are allowed. • DU or LP Approve/Eligible loans with ratios exceeding 59% and loan amounts <u>below \$999,999</u> will require 2nd level review for approval, Maximum ratios for loan amounts above \$1,000,000 see - (Max Loan Amount Section). • Manual Underwriting is allowed with DU findings of (Refer/Eligible), ratios cannot exceed 50%, and ratios exceeding 41% will require compensating factors
Ability to Repay/ Qualified Mortgage Rule	MCFI will purchase only Safe Harbor Qualified Mortgages as defined under HUD and the Dodd-Frank Wall Street Reform and Consumer Protection Act.



<p>Age of Docs</p>	<ul style="list-style-type: none"> • 120 days • Preliminary Title Policies must be no more than 120 days old on the date the Note is signed.. • 180 days for all appraisals.
<p>Amortization Type</p>	<p>Fixed only</p>
<p>TRANSACTION TYPES</p>	
<p>Appraisals</p>	<ul style="list-style-type: none"> • Appraisal transfers are allowed. • All appraisals must be ordered through VA's WebLGY which will assign the order to a VA approved Appraiser <ul style="list-style-type: none"> ○ include an interior and exterior inspection of the subject property • A notice of value for property appraised as existing or new construction is valid for six months. Rapidly fluctuating real estate market conditions may temporarily dictate the use of a shorter validity period. • No new Appraisal can be requested on a property which already has a valid VA value determination (No duplicate appraisal) • Appraisal must reflect the VA case# • Appraisal payment is due once the appraiser releases the appraisal in VA portal • (1004D) required for all final inspections
<p>Eligible Borrowers</p>	<ul style="list-style-type: none"> • Must be a veteran with eligibility documented with a Certificate of Eligibility (COE), which will also indicates the Veteran's Entitlement. • Joint loans where the veteran and co-borrower are not married is allowed, however the entire loan package with <u>all the final conditions and appraisal</u> will be required to be sent to VA for initial and final approval. * Note: VA has the authority to add conditions, recalculate income, suspend the loan, require collections to be paid off, or decline the loan as they deemed necessary. <p>Note: VA does not have a fixed turn time to review loans.</p>



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Condominiums	<ul style="list-style-type: none"> • Condos must be approved by VA. The approval condo list is available on WebLGY. • IRRRLs do not require a condo approval.

Credit	<ul style="list-style-type: none"> • Each borrower must have at least one credit scores to be eligible. • A full tri-merge credit report is required for all borrowers on all transactions. For VA Interest Rate Reduction Refinance Loan (IRRRL) transactions, a mortgage only tri-merge credit report is required to verify a 12-month mortgage history and a credit score for each borrower. • Non-Traditional credit is not allowed. • If the subject property is located in a community property state and the borrower has a non-purchasing spouse, a credit report for the non-purchasing spouse must also be ordered. • Cannot be delinquent on any Federal Debt unless the delinquent account has been brought current or a satisfactory arrangement has been made - Check CAIVRS No more than 0x30 for the last 12 month's mortgage payments. • Credit report inquiries dated within the previous 90 days: a letter from the creditor, or if such letter is unobtainable, a signed statement from the borrower may be used to determine whether additional credit was obtained.
Derogatory Credit	<ul style="list-style-type: none"> • Bankruptcy, Foreclosure, Deed in Lieu/Short Sale: Per AUS or the VA Lender's Handbook for manually downgraded and manually underwritten loans. • All judgments must be paid in full or subject to a repayment plan with a history of timely payments. • VA IRRRLs: Bankruptcy and foreclosure waiting periods do not apply. VA guidelines may be followed.
Documentation	<ul style="list-style-type: none"> • Full • Streamline • As determined by AUS
Down Payment Assistance	<ul style="list-style-type: none"> • Down Payment Assistance programs may be eligible depending on the program. • Mega will need to review the specific program to determine if it will be eligible or not
Employment/Income	<ul style="list-style-type: none"> • Active Military income must be documented with a Leave and Earnings Statement (LES) • Marijuana Related Business (MRB) employment and income is not permitted.



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<p>Entitlement</p>	<ul style="list-style-type: none"> Entitlement is the amount of VA Guaranty available to a Veteran for use on a loan. The amount of entitlement will be displayed near the center of the COE. On High Balance loan amounts, the VA guaranty plus cash down payment/equity must be equal to at least 25% of the purchase price or Notification of Value (NOV), whichever less. Veterans with partial entitlement are allowed provided both of the following conditions are met: <ul style="list-style-type: none"> The VA Guaranty covers at least 25% of the total loan amount, and There is no evidence VA has suffered a loss from the Veteran (such as a compromised entitlement on the COE or prior VA Loan foreclosure, deed-in-lieu or short sale). The COE will never reflect any additional specific entitlement amount over \$36,000 for loans greater than \$144,000, but will reflect "Available" 								
<p>Entitlement <i>(continued)</i></p>	<table border="1"> <thead> <tr> <th data-bbox="570 709 1015 747">Loan Amount</th> <th data-bbox="1015 709 1459 747">Maximum Potential Guaranty</th> </tr> </thead> <tbody> <tr> <td data-bbox="570 747 1015 814">\$75k (minimum) to \$144k</td> <td data-bbox="1015 747 1459 814">40% of the loan amount with a maximum of \$36k</td> </tr> <tr> <td data-bbox="570 814 1015 877">> \$144k to \$548,250</td> <td data-bbox="1015 814 1459 877">25% of the loan amount with a maximum of \$104,250</td> </tr> <tr> <td data-bbox="570 877 1015 968">Any loan amount on an IRRRL</td> <td data-bbox="1015 877 1459 968">VA will automatically issue guaranty at 25% of the loan amount</td> </tr> </tbody> </table>	Loan Amount	Maximum Potential Guaranty	\$75k (minimum) to \$144k	40% of the loan amount with a maximum of \$36k	> \$144k to \$548,250	25% of the loan amount with a maximum of \$104,250	Any loan amount on an IRRRL	VA will automatically issue guaranty at 25% of the loan amount
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<p>Exclusionary List</p>	<p>All borrowers must be screened by CAIVRS to determine there have been no late payments on Federal debt obligations.</p>								
<p>Funding Fee</p>	<ul style="list-style-type: none"> If the Veteran is required to pay the Funding Fee, confirmation of Funding Fee payment must be included in the file. The Funding Fee may be financed in the loan. The following Veterans are exempt from paying the funding fee: <ul style="list-style-type: none"> Veterans receiving VA compensation for service-connected disabilities Veterans who would be entitled to receive compensation for service-connected disabilities if they did not receive retirement pay Veterans who are rated by VA as eligible to receive compensation as a result of pre-discharge disability exam and rating Veterans with a memorandum rating based on a pre-discharge review of existing medical evidence Veterans entitled to receive compensation, but who are not presently in receipt of the compensation because they are on active duty Surviving spouses of veterans who died in service or from service-connected disabilities, whether or not such surviving spouses are veterans with their own entitlement and whether or not they are using their own entitlement on the loan 								
<p>High Cost / High Priced loan</p>	<ul style="list-style-type: none"> Not allowed 								

IRRRL

- Borrower must have no late payments within the most recent 12-month mortgage history. 0x30x12.
- LTV based upon Total Loan Amount (Base loan amount plus financed VA Funding Fee).
- The borrower must be the same except:
 - for the removal of a non-veteran spouse due to death or divorce (provide supporting documentation indicating event occurred at least 12 months before the time of application). There will be no exceptions granted to this requirement.
 - only new spouses can be added.
- The veteran can receive up to \$500 due to changes in final payoff figures, minor computational errors, or reimbursement of out-of-pocket expense (i.e. credit report). It is not acceptable to calculate the loan amount with the intention of returning cash to the veteran. \$0 in Texas.
- DTI is not calculated.
- All VA IRRRL's are manually underwritten

Benefit to Borrower requirements:

- The interest rate on the new loan must be lower than the interest rate on the old loan by .50%
- The maximum loan term is the original term of the old loan plus 10 years, with the maximum maturity date being 30 years and 32 days from date of closing.
- The P & I payment on the new loan must be less than the P & I payment on the old loan unless one of these exceptions applies:
 - The old loan is an ARM and the new loan is a fixed rate, or
 - The term of the new loan is shorter than the term of the old loan, or
 - Allowable energy efficient improvements are included in the new loan



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<p>IRRRL (continued)</p>	<p>Ability to Repay Requirements for Interest Rate Reduction Refinance Loans/IRRRL:</p> <ul style="list-style-type: none"> • Safe harbor: Defined. A safe harbor qualified mortgage meets ATR requirements of sections 129B and 129C of the TILA. <ul style="list-style-type: none"> ○ In order for an IRRRL to be considered a safe harbor qualified mortgage, the loan must meet all of the following requirements per 38 CFR 36.4300(c)(1): <ul style="list-style-type: none"> ▪ The loan being refinanced was originated at least 6 months before the new loan's closing date ▪ The veteran has made 6 payments and has not been more than 30 days past due during the 6 months preceding the new loan's closing date; ▪ the recoupment period for all allowable fees and charges (see 38 CFR 36.4313) financed as part of the loan or paid at closing does not exceed thirty-six (36) months; and ▪ All other VA requirements for guaranteeing an IRRRL are met. ○ The following three types of IRRRLs are exempt from the recoupment requirement: <ul style="list-style-type: none"> ▪ Energy efficient improvement mortgages. ▪ Loans being refinanced from ARM to Fixed. ▪ Loans that are refinanced from fixed rate into a fixed rate of shorter duration. ▪ Full credit report, or Mortgage-only credit report is allowed
<p>Loan Limits</p>	<ul style="list-style-type: none"> • VA Loan Limits by geographic region can be located at: http://www.benefits.va.gov/homeloans/loan_limits.asp • Maximum loan amount cannot exceed the lesser of the VA County Loan Limit or Notice of Value (NOV).
<p>Max Loan Amount</p>	<p>Maximum loan amount \$2,000,000</p> <ul style="list-style-type: none"> • Note: Loan amount at or above \$1,000,000 will require a minimum credit score of 640 and maximum ratios of 50% • Note: Ratios may be increased to a maximum of 60% for borrowers with credit scores of 700 or above for loan amounts between \$1,000,000 - \$2,000,000 • Note: If the borrower has a previous entitlement charge reflected on the VA Certificate of Eligibility, the maximum loan amount will need to be calculated using the VA maximum loan amount worksheet.
<p>Minimum Loan Amount</p>	<ul style="list-style-type: none"> • Conforming - \$75,000 • High-Balance – above regular conforming limit
<p>Occupancy</p>	<ul style="list-style-type: none"> • Primary • Second Home (VA IRRRL Only) • Investment (VA IRRRL Only)
<p>Property: Eligible Types</p>	<ul style="list-style-type: none"> • Single Family (Detached, Attached) • PUD (Detached, Attached) • VA-approved Condominium (Detached, Attached) • 2-4 Units • Manufactured homes allowed; all requirements reflected below: <ul style="list-style-type: none"> - Foundation certification report from a licensed engineer required certifying compliance that the <ul style="list-style-type: none"> property meets manufacture housing foundation requirements. - Manufacture Home HUD label serial numbers must be verified



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- Manufacture Home HUD label serial number verification website www.ibts.org
- Double Wide manufacture home only
- Built and remain on permanent chassis
- Classified as real estate and must be taxed as real property
- Designed to be used as a dwelling with permanent foundation built to FHA requirements
- Must be existing property
- New construction property not allowed
- The home must not have been installed or previously occupied at any other site or location
- Affidavit of affixture document required
- Minimum 400 sq ft of living area
- Manufactured home must have been constructed on or after June 15, 1976
- 2- 4 unit not allowed
- Property classified as Condominium or PUD not allowed
- Running gear tow hitch must be removed
- FHA Case# and appraisal must reflect Manufactured Home
- Appraiser must include the (HUD Data Plate) information which is affixed to the

interior to the property and verify all of the following:

- (Manufacture Name)
- (Serial Number)
- (Model number)
- (Date of manufacture)
- (Wind, roof load, and thermal zone maps)

- Rural Properties (in accordance with agency Guidelines, loans must be residential in nature)



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<p>Ineligible Property types</p>	<p>The following property types are ineligible:</p> <ul style="list-style-type: none"> • Cooperatives • Condotels • Hotel Condominiums • Timeshares • Geodesic Domes • Working Farms and Ranches • Unimproved Land and property currently in litigation • Commercial Enterprises (e.g. Bed and Breakfast, Boarding House, Hotel) • Section 8 housing • Property Leasehold
<p>Debt</p>	<ul style="list-style-type: none"> • Any allotments reflected on the LES or paystubs must be investigated, to determine if the allotment has an affiliated debt. • In community property states, the spouse's debts and obligations must be considered even if the veteran wishes to obtain the loan in his or her name only.
<p>Recently Listed Properties</p>	<ul style="list-style-type: none"> • VA IRRRL - The subject property must not be currently listed for sale. It must be taken off the market on or before the application date. • Cash-Out Transaction - the listing must have been expired or been withdrawn 180 days prior to the application date.
<p>Reserves</p>	<ul style="list-style-type: none"> • Follow VA guidelines for all other reserve requirements.
<p>Residual Income</p>	<ul style="list-style-type: none"> • Residual Income is the borrower's net effective income minus monthly shelter expenses • Residual Income must be in accordance with regional table and is a required calculation in addition to DTI • Net Effective Income is taken from Line 41 of VA Form 26-6393 • Monthly Shelter Expense is taken from Line 21 of VA Form 26-6393
<p>Sales Concessions</p>	<ul style="list-style-type: none"> • Sales concessions cannot exceed 4% of the established reasonable value of the property (NOV). • Does not include normal discount points and payment of the buyer's closing costs.
<p>Escrow Holdback</p>	<ul style="list-style-type: none"> • Escrow Holdback is not allowed



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Tax Transcripts	<ul style="list-style-type: none"> • Most recent two year IRS transcripts required when using self-employment income or rental income to qualify • All income on borrowers tax returns must match all income figures on IRS transcripts • Signed 4506 form is required on all transactions • Most recent two year IRS transcripts required when using self-employment income or rental income to qualify • All income on borrowers tax returns must match all income figures on IRS transcripts • Signed 4506 form is required on all transactions • If the most recent tax year was recently filed and IRS tax transcripts reflects no record, then evidence of taxes filed and documentation verifying any debt owed to IRS will need to be verified. <ul style="list-style-type: none"> ○ Note: Most recent tax year will be (2022) tax returns only. (Example: If borrower recently filed 2022 tax returns and the IRS transcripts come back stating No Record, then documentation will need to be provided verifying 2022 taxes have been filed with the IRS and verification any debt owed to IRS has been paid in full, the 2021 IRS transcripts still needs to be fully processed by the IRS and the 2021 IRS transcripts needs match all income on the tax returns.
Temporary Buydown	<ul style="list-style-type: none"> • Not Allowed
Title Insurance	<ul style="list-style-type: none"> • Required
Transaction Types	<ul style="list-style-type: none"> • Purchase • VA IRRRL / Rate & Term of an existing non-VA loan • The veteran can receive up to \$500 due to changes in final payoff figures, minor computational errors, or reimbursement of out-of-pocket expense (i.e. credit report).It is not acceptable to calculate the loan amount with the intention of returning cash to the veteran. • Restructured loans or short payoff <ul style="list-style-type: none"> ○ This transaction may not result in a modified loan, restructured loan or short payoff. ○ The subsequent refinance of a modified/restructured loan is allowed as long as the loan meets standard • Cash-out allowed • Not allowed: <ul style="list-style-type: none"> ○ Energy Efficient Mortgage Loans ○ Graduated Payment Mortgages



<p>Seasoning</p>	<ul style="list-style-type: none">• All VA Transactions must be current with no late payments in most recent 12 months through close of escrow• All VA Transactions require mortgage rating to be updated all the way through close of escrow.• VA Cash-out<ul style="list-style-type: none">- No late Mortgage payments in last 12 months prior to date of credit report- 210 days must have elapsed from 1st payment due date in order to meet seasoning requirements for refinance.• VA Streamline<ul style="list-style-type: none">- No late Mortgage payments in last 12 months prior to date of credit report- 210 days must have elapsed from 1st payment due date in order to meet seasoning requirements for refinance.- New rate must be decreased by at least .50% compared to current rate.- Recoupment costs must not exceed 36 months.
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