



MFM Bulletin: 013-2021

Date: June 30, 2021

Subject: Member First Mortgage Overlays

Member First Mortgage has amended our loan overlays to align with recent changes we have announced regarding VA investor deliveries. We have also added additional overlays to some loan programs, and additional clarification on some of our current policies.

Please review these overlays carefully. The first section details the overlays applied to all products, then loan specific overlays, and finally government credit scoring/LTV overlays. Some of the more significant changes are:

- Maximum 55% DTI on FHA and VA loans
- Maximum 105 % LTV/CLTV on VA Interest Rate Reduction Loans (IRRRLs) and new requirement for documentation to support value.
- Maximum loan to one borrower serviced by MFM (4)
- Reduction of maximum LTV on VA manufactured home refinances (non-IRRRL) to 85%
- Increase in minimum credit scores for VA loans
- Maximum \$1,000,000 loan amount limit on VA loans (excluding VA funding fee)

Policies contained in these overlays are effective for loan applications dated on or after July 1, 2021.

We will consider credit scoring and LTV/CLTV exceptions on refinances of VA loans currently serviced by Member First Mortgage.

Please contact your assigned MFM Account Executive for exception requests for these loans.

Thank you

MFM Underwriting Overlays



ALL LOAN PROGRAMS

Ineligible Properties	<ul style="list-style-type: none"> • Lease holds • Co-ops • Single wide manufactured homes • Earth/berm homes, geodesic domes • Native American Land: Properties on Indian (Native American) tribal or Indian Trust Land or Restricted Land. • Land Trusts • Property condition: Properties with ratings of C5, C6 or Q6, unless these ratings are cured prior to closing as confirmed by appraiser.
Ineligible Borrowers	<ul style="list-style-type: none"> • Borrowers with no Social Security Number including ITIN borrowers • Non-US Citizen who does not meet all Non-US Citizen requirements set forth by applicable Agency - see below.
Unacceptable Title Vesting	<ul style="list-style-type: none"> • Irrevocable trusts • Title held in Life Estate
Maximum Loans To One Borrower	<ul style="list-style-type: none"> • No individual may be a Borrower or Co-Borrower on more than four (4) loans serviced by MFM.
Ineligible Non-ARMs Length Transactions	<ul style="list-style-type: none"> • Investment properties • Properties acquired less than 12 months ago • Properties where seller's mortgage is in default • MFM may require a written explanation of his/her relationship to the property seller and a rationale for the property purchase that convinces MFM that borrower will occupy the property as a primary residence and is acceptable.
Tax Transcripts	<ul style="list-style-type: none"> • Required for all loans being sold to private investors and tax returns are required* • Both personal and business transcripts are required (if applicable - see above) • Transcripts may not be provided by borrowers <p>*Tax returns are always required in the following instances:</p> <ul style="list-style-type: none"> • Self-employed borrower (both personal and business returns) • Borrowers employed by family members • Rental income being used to qualify • Interest and dividend income used to qualify • Capital gain income used to qualify • Handwritten W2's or 1099's

ALL LOAN PROGRAMS

<p>Non-US Citizen Documentation Requirements</p>	<p>Permanent Resident Alien</p> <ul style="list-style-type: none"> • A valid and current Permanent Resident card (form I-551) • A passport stamped “processed for I-551, Temporary evidence of lawful admission for permanent residence. Valid until _____. Employment authorized”. This evidences that the holder has been approved for, but not issued a Permanent Resident card. <p>Non-Permanent Resident Alien</p> <ul style="list-style-type: none"> • Unexpired Employment Authorization Document (EAD) issued by the United States Citizenship and Immigration Services (USCIS). • One of the following Visas: H series, L, E-1, G series and TN Visa • Expiring Visas: If the authorization for temporary residency status will expire within one year and a prior history of residency status renewals exist, continuation may be assumed. If there are no prior renewals, the likelihood of renewal must be determined based on information from USCIS.
<p>Texas 50(a)(6) and 50(f)(2) Loans</p>	<ul style="list-style-type: none"> • Conventional conforming and port loans only (not allowed on government loans) • 50(f)(2) loans ALWAYS require appraisals

MFM Underwriting Overlays



CONVENTIONAL / CONFORMING LOANS

Conventional / Conforming	<ul style="list-style-type: none">• All Freddie Mac and Fannie Mae Mortgage Loans must have an automated approval with Accept/Eligible findings from LPA or DU• No manual underwriting
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FHA LOANS

FHA	<ul style="list-style-type: none">• Manual underwriting not permitted• Income and asset documentation no older than 60 days at closing• Prior mortgage credit rejects are not permitted• MAX DTI 55%
FHA Condominiums	<ul style="list-style-type: none">• FHA approved projects only (HRAP)
FHA Manufactured Housing	<ul style="list-style-type: none">• Manufactured housing not allowed on streamline refinances

VA LOANS

VA	<ul style="list-style-type: none">• Manual underwriting not permitted• Income and asset documentation no older than 60 days at closing• MAX DTI 55%• Valuation required on all VA IRRRLs (max LTV CLTV 105%)• Maximum VA loan amount \$1,000,000 (for veterans with full entitlement) excluding VAFF
VA Manufactured Housing	<ul style="list-style-type: none">• Manufactured housing not allowed on VA IRRRLs• 85% maximum LTV on manufactured home cash out refinance (which are all refinances other than IRRRLS)

FHA, USDA and VA Program Overlays



Please see below for a list of MFM Underwriting overlays for FHA, USDA and VA government programs.

FHA OVERLAYS

PURCHASE			
Purpose	Credit Score	LTV	CLTV
Purchase	640 (620 if servicing retained)	96.5%	96.5%

RATE / TERM AND CASH-OUT REFINANCE			
Purpose	Credit Score	LTV	CLTV
Rate and Term Refi	640 (620 if servicing retained)	97.75%	97.75%
Simple Refi	640 (620 if servicing retained)	97.75%	97.75%
Cash-Out Refi	640 (620 if servicing retained)	80%	80%

STREAMLINE REFINANCE			
Purpose	Credit Score	LTV	CLTV
Credit Qualifying	640	Unlimited	Unlimited
Non-Credit Qualify Refi	640	Unlimited	Unlimited

FHA MANUFACTURED HOUSING			
Purpose	Credit Score	LTV	CLTV
Purchase	640	96.5%	96.5%
Rate and Term / Simple Refi	640	97.5%	97.5%

USDA OVERLAYS

PURCHASES AND STANDARD RATE & TERM (NON-STREAMLINED) REFINANCES	
Credit Score	LTV/CLTV
640	100%

STREAMLINED REFINANCE	
Credit Score	LTV/CLTV
640	100%

STREAMLINED ASSIST REFINANCE	
Credit Score	LTV/CLTV
640	100%

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Subject to change at any time.
Updated 6.30.2021

VA OVERLAYS

PURCHASE			
Purpose	Credit Score	LTV	CLTV
Purchase	640	100%	100%

PURCHASE (MANUFACTURED HOUSING)			
Purpose	Credit Score	LTV	CLTV
Purchase	640	100%	100%

CASH-OUT REFINANCE			
Purpose	Credit Score	LTV	CLTV
Cash-Out Refi	640	90% (includes VAFF)	90% (includes VAFF)

CASH-OUT REFINANCE (MANUFACTURED HOUSING)			
Purpose	Credit Score	LTV	CLTV
Cash-Out Refi	640	85%	85%

VA IRRRL		
Credit Score	LTV	CLTV
Primary Residence		
640	105%	105%

Valuation required on all VA Streamline refinances by one of the following:

- AVM
- "Drive-by" appraisal
- Full appraisal (cannot be ordered through WEBLGY)

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