Definitions & Scope

- Decision Credit Score: Lowest mid-score among borrowers (or FHA defined representative score if fewer than three scores).
- DTI: Total/back-end ratio including PITIA and all recurring liabilities per FHA.
- AUS: DU/LPA results are required where applicable; overlays supersede AUS.

Product Matrix

FHA Standard and High Balance

PURCHASE

Maximum LTV	Max Loan Amount	Max Ratios	Mortgage/Rental History
MINIMUM FICO 500		AUS Accept: Per AUS;	Evaluated by AUS
90.00%	1-4 UNITS. PER FHA MAX COUNTY LIMITS FOR STANDARD PROGRAM.	Manual: 31%/43%	
MINIMUM FICO 580	1-4 UNITS. PER FHA		
96.50%	MAX COUNTY LIMITS FOR STANDARD PROGRAM.	AUS Accept: Per AUS; Manual: 31%/43%*	Evaluated by AUS

*DTI may exceed 31%/43% with compensating factors documented in the file and manual underwrite. Refer to the Manual UW Approvable Ratio Matrix.

Acceptable Compensating Factors

Lowest Minimum Decision Credit Score	Maximum Qualifying Ratios (%)	Acceptable Compensating Factors
500-579 or No Credit Score	31/43	Not applicable. Borrowers with Minimum Decision Credit Scores below 580, or with no credit score may not exceed 31/43 ratios. Energy Efficient Homes may have stretch ratios of 33/45.
580 and above	31/43	No compensating factors required. Energy Efficient Homes may have stretch ratios of 33/45.
580 and above	37/47	**One** of the following: • verified and documented cash Reserves; • minimal increase in housing payment; or • residual income.
580 and above	40/40	No discretionary debt.
580 and above	40/50	**Two** of the following: • verified and documented cash Reserves; • minimal increase in housing payment; • significant additional income not reflected in Effective Income; and/or • residual income.

NON ARMS LENGTH (Identity of Interest) TRANSACTION

Maximum LTV	Max Loan Amount	Max Ratios	Mortgage/Rental History
MINIMUM FICO 500			
85.00%*	1-4 UNITS. PER FHA MAX COUNTY LIMITS FOR STANDARD PROGRAM.	AUS Accept: Per AUS; Manual: 31%/43%	Evaluated by AUS*

*LTV may exceed 85% if the transaction meets one of HUD's exceptions for Family Member, Builder's Employee Purchase, Corporate Transfer, or Tenant/Landlord Purchase transaction.

DTI may exceed 31%/43% with minimum 580 FICO, compensating factors documented in the file, and manual underwrite. Refer to AUS Section for additional information.

***Refer to mortgage rating section below for additional information.**

RATE/TERM REFINANCE (NON-STREAMLINED)

Maximum LTV/CLTV	Max Loan Amount	Max Ratios	Mortgage/Rental History
MINIMUM FICO 500			
90.00%			Evaluated by AUS
	1-4 UNITS. Per FHA Max County Limits See Loan Amount Matrix Below	AUS Accept: Per AUS; Manual: 31%/43%	
MINIMUM FICO 580	1-4 UNITS. Per FHA		
97.75%*	Max County Limits. See Loan Amount Matrix Below	AUS Accept: Per AUS; Manual: 31%/43%*	Evaluated by AUS

*DTI may exceed 31%/43% with compensating factors documented in the file and manual underwrite. Refer to the Manual UW Approvable Ratio Matrix.

Refer to mortgage rating section below for additional information.

***Refer to guidelines for LTV restrictions when the subject property has not been occupied by the Borrower for the most recent 12 months.**

CASH OUT REFINANCE

Maximum LTV/CLTV	Max Loan Amount	Max Ratios	Mortgage/Rental History
MINIMUM FICO 500			
80.00%	1-4 UNITS. Per FHA Max County Limits. See Loan Amount Matrix Below	AUS Accept: Per AUS; Manual: 31%/43%*	0 x 30 past 12 months

*DTI may exceed 31%/43% with minimum 580 FICO, compensating factors documented in the file, and manual underwrite. Refer to the Manual UW Approvable Ratio Matrix.

Underwriting Guidelines Requirements

(All loan amounts must be submitted through Total Score Card. Refer to AUS Section for manual underwrite.)

MAXIMUM LOAN AMOUNTS

	# of Units	Lowest Maximum ("Floor") for All Loan Amounts	Highest Maximum ("Ceiling") for STANDARD Loan Amounts	Highest Maximum ("Ceiling") for High Balance Loan Amounts
Continental U.S.	1 Unit	$541,288	$832,750	$1,249,125
	2 Units	$693,063	$1,066,250	$1,599,375
	3 Units	$837,720	$1,288,800	$1,933,200
	4 Units	$1,041,138	$1,601,750	$2,402,625
Maximum Loan Amt (Base)	Max Base Loan Amount cannot exceed the FHA Statutory Mortgage Limits for each county and under no circumstances will a county's mortgage limit be less than the "floor" or greater than the "ceiling" as outlined in the 4000.1.			

COLLATERAL

Eligible Collateral	Owner Occupied Only. 1-4 Units. PUD's, Condos meeting all HUD requirements, land contracts, manufactured homes (Single-wide allowed with a minimum dwelling area of 400 square feet) that follow manufactured housing requirements below.
Ineligible Collateral	Mobile homes, co-ops, FHA secondary residences, houseboats, commercial or industrial zoned properties, mixed-use with residential building use less than 51%, properties encumbered with Property Assessed Clean Energy (PACE) or Home Energy Renovation Opportunity (HERO) obligations, State-approved medical marijuana producing properties, working farms, ranches, or orchards, construction to permanent, properties located in the area of Wrightwood, CA, properties containing more than one manufactured home unless specifically classified as an Accessory Dwelling Unit by the appraiser, properties located within designated Coastal Barrier Resource

***** MLB requires all obligated borrowers to be listed on all insurance policies. *****

	System (BRS) areas, properties located on Tribal Lands which include section 248, Hawaiian properties in Lava Zones 1 and 2, Native Hawaiian Housing Loan Guarantee Program (Section 184A), properties with sink holes, properties with a wastewater stabilization pond/lagoon (aka sewage lagoon), properties with individual water purification systems required to make the water safe for human consumption (does not include systems installed to improve the taste or softness of the water), properties with deed restrictions, shared lots (including condominiums) with undivided interests, time shares, unimproved land, unique properties such as barndominiums, log cabins, dwellings with less than 400 square feet of livable space, and/or any other ineligible properties as defined by HUD Handbook 4000.1.
Condos	Must meet all HUD requirements (51% occupancy, 15% delinquencies). All condos and attached PUD's require 100% 'walls-in' HO6 coverage. Stick-built site condos do not require FHA HRAP/DELRAP approval. Manufactured condos must have FHA HRAP approval.
Manufactured Housing	MLB Residential Lending, LLC accepts manufactured homes permanently affixed to the foundation, built on or after June 15, 1976, and meet all HUD requirements. Manufactured homes with acceptable alterations or additions must have marketability, "like" comparables, gross living area (GLA) of addition must be smaller than the original home and structural engineer's certificate required. A manufactured home with an additional manufactured home of the property is permitted when the second manufactured home is used as a storage building, the kitchen is rendered inoperable, and the utilities are disconnected. An engineer's certification is always required to verify the foundation complies with the Permanent Foundations Guide for Manufactured Housing (PFGMH). The engineer certificate must also address additions/modifications when additions/modifications are present. Follow HUD requirements. The manufactured home and site must be converted to real estate prior to closing. Proof of the conversion must be documented. Refer to the MLB Residential Lending, LLC FHA Underwriting Guidelines for additional details regarding manufactured housing.
Manufactured Homes <1YR	For Max Financing (i.e. >90% LTV), MLB Residential Lending, LLC must obtain a HUD approved 10-Year Warranty AND a Final Inspection by a HUD Roster Inspector (i.e. not a 1004D by the FHA Appraiser) in addition to the other required New Construction and Manufactured Housing exhibits. Note: HUD will only accept inspections by a local building authority (Building Permit & C.O.) in lieu of a 10-Year Warranty for manufactured housing < 1 Year when there are no FHA Roster Inspectors available in the subject's area to perform the inspections and the lender has documented efforts attempting to obtain an inspection by a HUD Roster Inspector.

***** MLB requires all obligated borrowers to be listed on all insurance policies. *****

CREDIT

Social Security Numbers	Required for ALL Borrowers and must be validated for non-borrowing spouse or registered domestic partner in Community Property States. See Guidelines.
Collections	AUS Approve/Eligible - The Underwriter must complete a capacity analysis off collection accounts with an aggregate balance >= $2,000.Non-purchasing spouse's or registered domestic partner's collections are included in the combined balances for community property states. Monthly payments must be included in the DTI when cumulative balances are >= $2,000. Manually Underwritten loans, in addition to the requirements above, the reason for approving a loan when the Borrower has collection accounts regardless of the amount must be documented. The Underwriter must determine if the collection was result of disregard for financial obligations, inability to manage debt, or extenuating circumstances. The Borrower must provide a letter of explanation with supporting documentation for each outstanding collection.
Capacity Analysis for Collections	Outstanding Collections with aggregate $2,000 or more: * Prior to closing, the collection account is paid in full. Verification of acceptable sources of funds is required. * Payment arrangements have been made with the creditor. The monthly payment must be included in the DTI and documentation is required. * 5% of the outstanding balance of each collection will be used as the monthly payment and will be included in the DTI. * Repossessions are treated as charge offs unless specifically notated that the account was sent to collections. Balances reported after repossession should be treated as collections with a 5% monthly payment considered.
Judgments/Liens	All outstanding judgments and liens must be paid prior to or at closing except when the Borrower has an agreement with the creditor to make regular and timely payments. Copy of the agreement and a minimum of three (3) monthly scheduled payments prior to closing. This includes non-purchasing spouses and registered domestic partners in community property states. Borrowers may not prepay scheduled payments in order to meet the three (3) month requirement. Payment is included in the DTI. Manually Underwritten loans, reason for approving a loan when the Borrower has judgment(s) or liens regardless of the amount must be documented. The Underwriter must determine if the judgment was result of disregard for financial obligations, inability to manage debt, or extenuating circumstances. The Borrower must provide a letter of explanation with supporting documentation for each outstanding judgment.
FICO	Minimum of one (1) reported credit score required for Borrowers with traditional and thin file credit. No scores for Borrowers with non-traditional credit history.

Non-Traditional Credit	Borrowers who have no established traditional credit references may be eligible using non-traditional credit references. A minimum of three (3) credit references each rated for 12 months is required. At least one (1) of the credit references must be housing related (which includes rent, or housing utility such as gas, electric, water, cable TV, internet, telephone). Tradelines should be open and current. There can be no housing lates and maximum 1x30 day late payment with the other credit references in the previous 12 months. There can be no major adverse or public records filed in the last 12 months. Non-traditional credit references may not be used to offset derogatory pay histories on traditional credit. Non- traditional credit may not be used to enhance the credit history of a Borrower with derogatory pay histories.
Mortgage/Rental History*	All Purchase, Rate/Term & Cash Out Refinance Transactions with **AUS Accept** - Follow AUS and Handbook 4000.1 All Purchase, Rate/Term & Cash Out Refinance Transactions with **Manual Underwriting** - Follow Handbook 4000.1 Manual Underwriting Guidelines as well as the Satisfactory Credit section regarding mortgage late payments within the last 24 months.
Non-Purchasing Spouse	Credit report required for non-purchasing spouse or registered domestic partner in community property states. Debts must be added to DTI Ratio and Credit History must not be considered. Non-purchasing spouse may be added to title on a purchase transaction or may remain on title when refinancing. No party other than the Borrower or their spouse may be permitted to have a vested interest to the property.
Other Requirements	Significant NSF activity, private mortgage lates, delinquent CAIVRS, LDP or GSA findings, mortgage lates not reporting on the credit bureau, significant delinquencies after bankruptcy, and any other credit delinquencies will supersede any "approve/eligible" finding.

INCOME/ASSETS

Non-Taxable Income	Nontaxable income such as Social Security, Pension, Workers Comp, Disability Retirement, and Child Support income may be grossed up.
Unacceptable Sources of Income	The following income sources are not acceptable for purposes of qualifying the Borrower: Any unverified source of income, Income determined to be temporary or one-time in nature, retained earnings in a company, Stock options, Trailing spouse income, Unverifiable Income, education benefits, Income derived from State approved marijuana dispensary, even if W-2 wages
WVOE	A Written Verification of Employment (WVOE) alone is allowed if WVOE is an electronic WVOE and is from a Third Party Provider

INCOME/ASSETS, continued

Loans with AUS Approve/Eligible - follow AUS decision. Manually underwritten loans with FICO score > 580 may exceed 31%/43% ratios with acceptable
compensating factors (Energy Efficient Homes, Verified and Documented Cash Reserves, Minimal Increase in Housing Payment, No Discretionary Debt, Significant Additional and Income Not Reflected in Effective Income and Residual Income) Refer to the MLB Residential Lending, LLC FHA Underwriting Guidelines for applicability. Manually underwritten loans with FICO score 500 - 579 or non-traditional credit may not exceed 31%/43% ratios regardless of compensating factors.
Manual UW Approval Ratio Matrix:
The qualifying ratios for Borrowers with no credit score are computed using income only from Borrowers occupying the Property and obligated on the Mortgage. Non-occupant co-Borrower income may not be included.

INCOME/ASSETS , continued

Assets	Minimum cash investment from Borrower's own funds and/or gift (no cash on hand allowed when Borrower uses traditional banking sources and has traditional credit history). Any deposit 1% and greater of the sales price must be sourced and seasoned. An aggregate of deposits 1% and greater of the sales price must be sourced and seasoned. Any atypical deposits and/or multiple deposits outside of regular payroll may require source and seasoning when the funds are required for closing and/or reserves as this may be excessive based on the Borrower's history. This is regardless of the aggregate of deposits > 1% of the sales price.
Unacceptable Sources of Assets	Retained earnings in a company, stock options, assets derived from State approved marijuana dispensary, VA education benefits (GI Bill), student loans and/or grant funds, employer tuition reimbursements, unsecured borrowed funds, cash on hand, welfare benefits and Section 8 Voucher Assistance.
Debt Payoff / Paydown to Qualify	Accounts are not required to be closed. Payoff of revolving debt is allowed if paid in full prior to or at closing. Payoff & zero balance must be documented directly from credit or be paid on the Closing Disclosure (CD).
Gifts	Allowed. Gifts or excess gift funds are not acceptable as reserves on manual underwrites.
Documentation - 4506-C	Full income documentation loans only. All Borrowers must sign IRS Form 4506-C at closing. Underwriting may require processed IRS transcripts at their discretion prior to closing under circumstances such as verifying recently filed tax returns used for qualifying, the filing of amended tax returns, or to resolve inconsistencies with income documentation. The 4506-C must be in the file with confirmation that states "no records found" when using Puerto Rico tax returns. The confirmation must be from the IRS website and contain the Borrowers name and SSN.

Items Paid Outside Closing (POC)	POC permitted for appraisal and credit report fees. Must be documented with a cancelled check or debit transaction with clearance shown on the bank statement and a copy of the invoice to source Borrower's own funds. Payment for appraisal and credit report may not be from a credit card. The Borrower is required to have a 3.5% Minimum Required Investment (MRI) which may not include POCs.
Minimum Reserves Non-	AUS: 1-2 Units: None. 3-4 Units: 3 Months PITI. Manually Underwritten Loans: 1-2 Units: 1 Month. 3-4 Units: 3 Months
Occupant Co-Borrower	1-Unit properties only. Max mortgage is limited to 75% LTV unless non-occupying co-Borrower's meet FHA definition of 'family member'. Seller cannot be non-occupant co-Borrower. Non-occupant co-Borrowers may be added to improve ratios. Non-occupant co-Borrowers cannot be used to overcome or offset Borrower's derogatory credit. The non-occupying Borrower arrangement may never be used to develop a portfolio of rental properties. The financial contribution by the non-occupying co-Borrower and the number of properties owned may indicate family members are acting as 'straw buyers.' MLB will not lend on transactions with non-occupying co-Borrowers that fit the above scenario. Income from non-occupant co-Borrowers are not eligible on cash out transactions and any transaction where the occupying Borrower has no credit score.
Recent Pay Increases & Future Income	Future income earnings that exceed 20% of the Borrower(s) current income cannot be used for qualifying. Any recent pay increases that exceed 20% of the Borrower(s) current income must be documented with a current paystub and proof of deposit into the Borrower(s) bank account.
Trust Income (FNMA & FHLMC)	A minimum of 3 months receipt (most recent) of trust income must have been received by the borrower to be considered towards income on the transaction. Trust income must be verified by the bank statements or a transaction history from the bank. In addition, the trust agreement must be supplied for review by underwriting. An accountant or attorney letter who reviewed the agreement in lieu will NOT be permitted. All other trust income requirements must be satisfied.

GENERAL

Ineligible	Temporary Buydowns In order to obtain FHA-insured financing, all
Borrower Eligibility	Borrowers must meet the eligibility criteria outlined in the FHA HUD Handbook 4000.1. Ineligible Borrowers: Individuals convicted of previous financial crimes, Borrowers with delinquent Federal non-tax debt, Life Tenants & Life Estates and all non- individual legal entities such as Corporations, General Partnerships, Limited Partnerships, Real Estate Syndications, Investment Trusts, Trusts (including Inter-vivos and Living Trusts) and Limited Liability Company (LLC).
Loan Terms Available	15 Year, 20 Year, 25 Year and 30 Year Fixed and ARM's.
State Specific	Texas = cash-out refinance not allowed. Refer to the Conventional Texas Home Equity Matrix for requirements.
Prepayment Penalty	Not permitted
Adjusted Value	The maximum Mortgage is the lesser of the Nationwide Mortgage Limit for the area, or a percentage of the Adjusted Value. For refinance transactions: * For Properties acquired by the Borrower within 12 months of the case number assignment date, the Adjusted Value is the lesser of: * the Borrower's purchase price, plus any documented improvements made subsequent to the purchase; or * the Property Value. * Properties acquired by the Borrower within 12 months of case number assignment by inheritance or through a gift from a Family Member may utilize the calculation of Adjusted Value for properties purchased 12 months or greater. * For properties acquired by the Borrower greater than or equal to 12 months prior to the case number assignment date, the Adjusted Value is the Property Value.
Maximum # of Properties	There is no maximum number of MLB Residential Lending, LLC financed properties.
Subordinate / Secondary Financing	Existing Secondary Financing: Notes and Deeds are not required. The subordination agreement is always required. This applies for all FHA Refinances. New Secondary Financing: Notes and Deeds are required. No exceptions.