

Product Guidelines Matrix

This document is a summary of most of Mortgage Financial Services (MFS) guideline overlays to FHA and VA requirements. This document should be used as a reference tool in conjunction with the MFS Sellers Guide and the appropriate Government guidelines.

GOVERNMENT LOANS June 25, 2021 - X Indicates Overlay		FHA 203(B) and 203(K)	VA	FHA Streamline	VA IRRRL
Topic	Overlay/Modification				
Borrower Eligibility	<ul style="list-style-type: none"> Occupant borrower and non-occupant co-borrower must share a relationship that meets the requirements for an eligible gift donor under FHA guidelines (FHA) Borrower or properties with previous Mortgage Credit Rejects (MCR) are ineligible. 	X	X	X	
	MFS employees are ineligible				
	Joint Loans are not allowed		X		
Credit	All mortgages must have a mortgage history of 0 x 30 in the last 3 payments.				X
	<ul style="list-style-type: none"> To meet Ginnie Mae seasoning requirements: the borrower must have made at least six consecutive payments on the loan being paid off and the first payment due date of the new loan must be at least 210 days after the first payment due date of the refinanced loan. To meet Ginnie Mae seasoning requirements for modified loans: the borrower must have made at least six consecutive modified payments on the loan being paid off and the first payment due date of the new loan must be at least 210 days after the first modified payment due date of the refinanced loan. 	X		X	
	To meet Ginnie Mae seasoning requirements: the new note date must be on or after the later of: <ul style="list-style-type: none"> The date that is 210 days after the date on which the first monthly payment was due on the mortgage being refinanced, and The date on which 6 full monthly payments have been made on the mortgage being refinanced. To meet Ginnie Mae seasoning requirements for modified loans, the new note date must be on or after the later of: <ul style="list-style-type: none"> The date that is 210 days after the date on which the first modified monthly payment was due on the mortgage being refinanced, and The date on which 6 modified payments have been made on the mortgage being refinanced. 		X		X
	All borrowers must return at least 1 credit score. - Minimum 600		X	X	X
	Installment debt must be paid in full to be excluded. Borrowers may not pay down installment debts to less than 10 months to exclude the debt for qualifying		X		

Eligible Properties	No Manufactured Housing. This includes on-frame modular homes built on a permanent chassis.	X	X	X	X
	No Cooperatives.	X	X	X	X
	MFS does not allow working farms which are allowed by VA.		X	X	X
Employment Verification	For self-employed borrowers the verbal verification of employment must be completed within 120 days prior to the note date.	X	X	X	
	<ul style="list-style-type: none"> Retirement and/or social security income requires the most recent bank statement or award letter Interest/Dividend income requires the first page of the most recent tax returns and a copy of the statements reflecting the current balance Rental income requires the 1st page and Schedule E of the most recent tax return or a current lease agreement 			X	
	All Borrowers require a Verbal VOE or income source documentation				X
Entitlement	VA loans must conform to GNMA secondary market guidelines which include the minimum 25% coverage requirement. Coverage is a combination of VA provided entitlement plus cash down payment/equity.		X	X	X
Escrow/Impound Account	Escrow or impound accounts are required for collection of taxes, insurance, or any other required items.		X	X	X
Escrow Holdback	Escrow holdbacks are not allowed	X			
Fee Recoupment	Remaining unpaid term must be reduced by a minimum of five years				X
FICO - Minimum	Minimum FICO score of 600.	X	X	X	X
Ineligible Mortgages	Energy Efficient Mortgages, Weatherization, Solar and Wind Technologies.	X	X	X	X
	203(k)	X			
	No Graduated Payment Mortgages.		X	X	X
	VA Repair and Renovation or Construction to Perm loans are ineligible		X	X	

Loan Limits	Maximum base loan amount cannot exceed \$1,500,000. Base loan amounts exceeding \$1,000,000 require minimum FICO of 700.		X	X	X
LTV Limits	VA Full Doc refinances limited to 90% Total LTV/CLTV			X	
Properties listed for sale	Properties that were listed for sale. On cash-out transaction, the listing must have expired or been withdrawn prior to the application date. Note: if the property was listed in the prior 30 days to the application date, the Early EPO provision will be extended to one year.	X			
	<ul style="list-style-type: none"> VA IRRRL / Rate & Term - the listing must have been expired or been withdrawn 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. Note for all transactions: If the property was listed in the prior 30 days to the application date, the Early EPO provision will be extended to one year.		X	X	X
Occupancy	Owner occupied only	X			
Payment Decrease/Increase Requirements	Payment may not increase by 20% or more				X
Ratios - Maximum	<ul style="list-style-type: none"> DTI ≤ 50%: follow program credit score and LTV maximum DTI > 50%: <ul style="list-style-type: none"> Credit score ≥ 640, or LTV is 5% below the maximum 	X			
Reserves/Funds to Close	When funds must be sourced, then deposits that are greater than 2 times the new PITIA + MIP, plus any secondary financing, must be sourced if needed for funds to close				X
Seasoning	All closed loans must be delivered on or before 45 days past the Note date (i.e., Note date to file delivered date). Loans aged greater than 45 days are eligible for purchase subject to MFS review, approval, and additional fees. Please note loans aged greater than 105 days, up to 9 months, if approved, are subject to additional loan price adjustments determined by MFS at review.	X	X	X	X



State Restrictions	Texas A (6) Refinances are ineligible.		X	X	X
	FHA Streamlines are not allowed in West Virginia			X	
	2-4 unit properties in New Jersey are ineligible.	X	X	X	X
	Only Purchase Loans in AL, AR, FL, IL, KS, LA, MS, OK, TN, TX	X	X	X	X
Tax Transcripts	Tax transcripts for the most recent one year are required for all self-employed borrowers whose income is used to qualify. If only non-self-employed income is used to qualify, transcripts are not required.	X	X		
Temporary Buydowns	Temporary buydowns are not allowed	X			X
Title Insurance	Title insurance is required for all properties		X	X	X
UW Method	MFS requires a DU or LPA approval or approve/ineligible due to LTV acceptable for HUD REO (FHA) only and manual underwrites are allowed.	X	X		



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AGENCY CONFORMING LOANS June 25,2021 X Indicates Overlay		Desktop Underwriter	Loan Product Advisor
Topic	Overlay/Modification		
Affordable LTV	Loans with LTV/CLTV/HCLTV calculated using the "Affordable LTV" calculation are ineligible for purchase. Affordable LTV calculation is used when the resale restriction terminates at foreclosure, and LTV/CLTV is calculated based on the appraised value.	X	X
Credit	Installment debt must be paid in full to be excluded. Borrowers may not pay down installment debts to less than 10 months to exclude the debt for qualifying.	X	X
Condo Specific Requirements	New construction and gut rehabilitation condos are not allowed.	X	X
Disaster Policy	<ul style="list-style-type: none"> MFS may require a post-disaster inspection when the appraisal occurred before the incident end date of the disaster. Disaster inspections may not be completed by the Lender. Acceptable inspection providers include, but are not limited to, the original appraiser or a post-disaster inspection company. 	X	X
Documentation	<ul style="list-style-type: none"> Buy Out an Owner's Interest: A legible, written agreement that states the terms of the property transfer and the proposed disposition of the proceeds from the refinance transaction must be signed by all parties and be dated prior to or at application. When required, handwritten VOM and VOR are not eligible 	X	X
Down Payment Assistance	Down Payment Assistance is permitted as long as the assistance is provided by a government entity. Other sources are not allowed. Employer assistance is allowed.	X	X
Employment and Income	Borrowers qualifying with income commencing after the note date must meet option 1 requirements, per Freddie Mac 5303.2.		X

FICO: Minimum	AUS approval with 620 FICO minimum.		X
Ineligible Mortgages and Attributes	<ul style="list-style-type: none"> Energy Efficient Mortgages are not allowed, including HomeStyle Energy Single-Close Construction are not eligible 	X	X
	<ul style="list-style-type: none"> HomeStyle Renovation is not allowed 	X	
	<ul style="list-style-type: none"> CHOICERenovation Mortgages are not allowed 		X
	Escrow holdbacks: <ul style="list-style-type: none"> New Construction only Weather related repairs only Settlement Agent must administer escrow account and disbursement of funds 150% of repair estimate to be escrowed 	X	X
Home Possible	<ul style="list-style-type: none"> Fixed Rate only. Gifts or grants from the Lender as originating lender are not an eligible source of funds. See Lender Letter 9/2016 for additional information. Sweat Equity is not an eligible source of funds. 		X
HomeReady	<ul style="list-style-type: none"> Fixed Rate only. Sweat Equity is not an eligible source of funds. 	X	
Mortgage Insurance	Lender paid monthly/annual, borrower paid annual are not allowed. Standard MI, or reduced MI is required.	X	X
Power of Attorney (POA)	An individual employed by or affiliated with any party to the loan transaction e.g. title insurer, settlement agent etc. is not eligible as a POA.	X	X
Property Condition and Quality Ratings	<ul style="list-style-type: none"> MFS will not purchase a loan on a property with a Quality Rating of Q6. 	X	X
Property Eligibility	No Manufactured Housing. This includes on-frame modular homes built on a permanent chassis.	X	X
	Cooperatives not allowed.	X	X
	Land Trusts, including Illinois and Community Land Trust Mortgages are not allowed.	X	X
Property Flips	Property Flips--Non-arm's length transactions for properties that involve a re-sale that occurred within the last 180 days are prohibited.	X	X
Property: Turn-key Investments	Purchase or refinance transactions involving turn-key investment, or other similar arrangements, are not eligible for purchase by MFS. Characteristics of a Turn-key property include but are not limited to: <ul style="list-style-type: none"> The property seller is an LLC (or other entity) that purchases distressed properties and re-sells to borrowers at a non-distressed valuation. Property seller or a related entity enters into an agreement to manage the property on behalf of the buyer including 	X	X



	marketing, tenant screening, rent collection, maintenance, etc. <ul style="list-style-type: none"> Buyer frequently lives out-of-the-area from the subject property. 		
Ratios	Maximum DTI is 50%.		X
Seasoning	All closed loans must be delivered on or before 45 days past the Note date (i.e., Note date to file delivered date). Loans aged greater than 45 days are eligible for purchase subject to MFS review, approval, and additional fees. Please note loans aged greater than 105 days, up to 9 months, if approved, are subject to additional loan price adjustments determined by MFS at review.	X	X
State Restrictions	Only Purchase Loans in AL, AR, FL, IL, KS, LA, MS, OK, TN, TX	X	X
Tax Repayment Plans	No more than 2 years of taxes may be on tax repayment plan.	X	X
Tax Transcripts	Tax transcripts for the most recent one year are required for all self-employed borrowers whose income is used to qualify. If only non-self-employed income is used to qualify, transcripts are not required.	X	X
Temporary Buydowns	No temporary buydowns allowed.	X	X
Title Insurance	Attorney Opinions of Title are not acceptable. All loans require title insurance		X
Underwriting Method	<ul style="list-style-type: none"> AUS required. Desktop Underwriter with "Approve/Eligible" findings only and LPA with "Accept" findings only. LPA A Minus is not allowed. 	X	X
These requirements apply to programs currently offered by MFS. If there are conflicts between the Overlay Matrix and the Product Profile, follow the Product Profile. Other programs offered by Fannie Mae or Freddie Mac are not eligible. Programs which require specific Fannie Mae or Freddie Mac approval are not eligible for purchase.			

