



## **MFM Bulletin: 018-2022**

**Date:** May 26, 2022

**Subject:** Updates to MFM Underwriting Overlays

Member First Mortgage has amended our FHA Underwriting Overlays to include FHA Cash Out refinances of manufactured homes; this information was mistakenly omitted from previous versions. We have also removed the following FHA overlay: "Gift of equity (In-laws not allowed. Both spouses must be on loan)".

Please see below for updated MFM Underwriting Overlays with the newest changes shown in **bold/red text** (page 7).

Contact our Underwriting department ([underwriting@memberfirstmortgage.com](mailto:underwriting@memberfirstmortgage.com)) if you have any questions or concerns.

Thank you

# MFM Underwriting Overlays



## ALL LOAN PROGRAMS

<b>Ineligible Properties</b>	<ul style="list-style-type: none"> <li>• Lease holds</li> <li>• Co-ops</li> <li>• Single wide manufactured homes</li> <li>• Earth/berm homes, geodesic domes</li> <li>• Native American Land: Properties on Native American tribal or Indian Trust Land or Restricted Land (EXCEPT HUD Section 184 loans)</li> <li>• Land Trusts</li> <li>• Property condition: Properties with ratings of C5, C6 or Q6, unless these ratings are cured prior to closing as confirmed by appraiser. Appraisal revision upgrading to at least C-4 is required.</li> <li>• Any property where marijuana is grown or processed inside the home or on the property is not allowed, regardless of state law.</li> </ul>
<b>Ineligible Borrowers</b>	<ul style="list-style-type: none"> <li>• Borrowers with no Social Security Number including ITIN borrowers</li> <li>• Non-US Citizen who does not meet all Non-US Citizen requirements set forth by applicable Agency - see below.</li> </ul>
<b>Unacceptable Title Vesting</b>	<ul style="list-style-type: none"> <li>• Irrevocable trusts</li> <li>• Title held in Life Estate</li> <li>• Title held in Land Trusts</li> </ul>
<b>Maximum Loans To One Borrower</b>	<ul style="list-style-type: none"> <li>• No individual may be a Borrower or Co-Borrower on more than four (4) loans serviced by MFM.</li> </ul>
<b>Ineligible Non-ARMs Length Transactions</b>	<ul style="list-style-type: none"> <li>• Investment properties</li> <li>• Properties acquired less than 12 months ago</li> <li>• Properties where seller's mortgage is in default</li> <li>• 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.</li> </ul>
<b>Tax Transcripts</b>	<ul style="list-style-type: none"> <li>• Required for all loans being sold to private investors and tax returns are required*</li> <li>• Both personal and business transcripts are required (if applicable - see above)</li> <li>• Transcripts may not be provided by borrowers</li> </ul> <p>*Tax returns are always required in the following instances:</p> <ul style="list-style-type: none"> <li>• Self-employed borrower (both personal and business returns)</li> <li>• Borrowers employed by family members</li> <li>• Rental income being used to qualify</li> <li>• Interest and dividend income used to qualify</li> <li>• Capital gain income used to qualify</li> <li>• Handwritten W2's or 1099's</li> </ul>
<b>Power of Attorney</b>	<ul style="list-style-type: none"> <li>• Please see Power of Attorney requirements (attached)</li> </ul>

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## ALL LOAN PROGRAMS CONTINUED

<p><b>Non-US Citizen Documentation Requirements</b></p>	<ul style="list-style-type: none"> <li>• Permanent Resident Alien</li> <li>• A valid and current Permanent Resident card (form I-551)</li> <li>• 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.</li> </ul> <p><b>Non-Permanent Resident Alien</b></p> <ul style="list-style-type: none"> <li>• See attached VISA and EAD Eligibility Matrix for list of acceptable Visa and EAD categories. Visa and EADs, which are not specifically detailed on the list below, are generally not acceptable.</li> <li>• DACA C33 EAD allowed on servicing retained only.</li> <li>• <b>Expiring Visas:</b> 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.</li> <li>• FHA only allows             <ul style="list-style-type: none"> <li>• An Employment Authorization Document (USCIS Form I-766) showing that work authorization status is current;</li> <li>• A USCIS Form I-94 evidencing H-1B status, and evidence of employment by the authorized H-1B employer for a minimum of one year;</li> <li>• Evidence of being granted refugee or asylee status by the USCIS; or</li> <li>• Evidence of citizenship of the Federated States of Micronesia, the Republic of the Marshall Islands, or the Republic of Palau</li> </ul> </li> </ul>
<p><b>Texas 50(a)(6) and 50(f)(2) Loans</b></p>	<ul style="list-style-type: none"> <li>• Conventional conforming and port loans only (not allowed on government loans)</li> <li>• 50(f)(2) loans ALWAYS require appraisals</li> </ul>

## CONVENTIONAL / CONFORMING LOANS

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



## FHA LOANS

<b>FHA</b>	<ul style="list-style-type: none"><li>• AUS approved only (manual underwriting not permitted)</li><li>• Prior mortgage credit rejects are not permitted</li><li>• MAX DTI 55% (regardless of AUS findings)</li></ul>
<b>FHA Condominiums</b>	<ul style="list-style-type: none"><li>• FHA approved projects only (HRAP)</li></ul>
<b>Additional overlays for FHA loans with credit scores less than 620 (servicing released to AmeriHome, Newrez and Sun West)</b>	<ul style="list-style-type: none"><li>• AUS approved eligible only (no manual downgrades allowed)</li><li>• All borrowers must have at least one credit score</li><li>• Maximum 4 properties (including subject)</li><li>• Private VOR required 12-months cancelled checks (for any loan downgraded to manual underwriting)</li><li>• 2 years self-employment required</li><li>• Max 1x30 mortgage late if not within the past 3 months (allowed on AUS approved only)</li><li>• Property restrictions:<ul style="list-style-type: none"><li>• 3-4 unit properties not permitted</li><li>• Mixed-use properties not permitted</li><li>• Utilities must be on at time of appraisal</li></ul></li></ul>

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# MFM Underwriting Overlays



## VA LOANS

<b>VA</b>	<ul style="list-style-type: none"> <li>• AUS approved eligible only (manual underwriting not permitted)</li> <li>• MAX DTI 55% (regardless of AUS findings)</li> <li>• Valuation required on all VA IRRRLs (max LTV CLTV 105%)</li> <li>• Maximum VA loan amount \$1,000,000 (for veterans with full entitlement) excluding VAFF</li> <li>• VA IRRRL required at least 2 credit scores</li> </ul>
<b>VA Manufactured Housing</b>	<ul style="list-style-type: none"> <li>• 85% maximum LTV on manufactured home cash out refinance (servicing retained only) which are all refinances other than IRRRLs.</li> </ul>
<b>Additional overlays for VA loans with credit scores under 620 (servicing released to AmeriHome, Newrez and Sun West)</b>	<ul style="list-style-type: none"> <li>• Minimum 2 credit scores required</li> <li>• Max 50% with residual meeting 120% of requirement (AUS approved eligible only)</li> <li>• VA jumbo max loan amount \$1,000,000 (includes funding fee)*</li> <li>• 2 years self-employment required</li> <li>• 2 years overtime or bonuses required</li> <li>• Private VOR required 24-months cancelled checks (for any loan downgraded to manual underwriting)</li> <li>• Property restrictions:             <ul style="list-style-type: none"> <li>• 3-4 unit properties not permitted</li> <li>• Mixed use properties not permitted</li> <li>• Utilities must be on at time of appraisal</li> </ul> </li> </ul> <p><b>*Jumbo loans are loan amounts over Fannie/Freddie county limits per CONV loan limits table. These require a down payment from Veteran in the amount of 25% of the amount above the applicable county limit.</b></p>

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# 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	580 (servicing released - AmeriHome, Newrez, Sun West)	96.5%	96.5%
	620 (servicing retained)		
	640 (servicing released - all other investors)		

Rate / Term and Cash-Out Refinance			
Purpose	Credit Score	LTV	CLTV
Rate and Term Refi	580 (servicing released - AmeriHome, Newrez, Sun West)	97.75%	97.75%
	620 (servicing retained)		
	640 (servicing released - all other investors)		
Simple Refi	580 (servicing released - AmeriHome, Newrez, Sun West)	97.75%	97.75%
	620 (servicing retained)		
	640 (servicing released - all other investors)		
Cash-Out Refi	580 (servicing released - AmeriHome, Newrez, Sun West)	80%	80%
	620 (servicing retained)		
	640 (servicing released - all other investors)		

Streamline Refinance			
Purpose	Credit Score	LTV	CLTV
Credit Qualifying	580 (servicing released - Newrez, Sun West)	N/A	N/A
	620 (servicing retained)		
	640 (servicing released - all other investors)		
Non-Credit Qualify Refi	580 (servicing released - Newrez, Sun West)	N/A	N/A
	620 (servicing retained)		
	640 (servicing released - all other investors)		

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# FHA, USDA and VA Program Overlays



## FHA OVERLAYS CONTINUED

FHA Manufactured Housing			
Purpose	Credit Score	LTV	CLTV
Purchase	580 (servicing released - Sun West only)	96.5%	96.5%
	620 (servicing retained)		
	640 (NewRez only*)		
Rate and Term / Simple Refi	580 (servicing released - Sun West only)	97.5%	97.5%
	620 (servicing retained)		
	640 (NewRez only*)		
Streamline Refi	580 (servicing released - Sun West only)	N/A	N/A
	640 (servicing retained)		
	640 (NewRez only*)		
Cash-Out Refi	<b>580 (servicing released - Sun West only)</b>	<b>80%</b>	<b>80%</b>
	<b>620 (servicing retained)</b>		
	<b>640 (NewRez only*)</b>		

\*NewRez **does not** allow newly constructed manufactured homes.

## 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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## VA OVERLAYS

Purchase			
Purpose	Credit Score	LTV	CLTV
Purchase	580 (servicing released - NewRez, Sun West)	100% (plus VAFF)	100%
	620 (servicing retained)		
	640 (servicing released - all other investors)		

Purchase (Manufactured Housing)			
Purpose	Credit Score	LTV	CLTV
Purchase	580 (servicing released - NewRez*, Sun West)	100% (plus VAFF)	100%
	620 (servicing retained)		
	640 (servicing released - all other investors)		

Cash-Out Refinance			
Purpose	Credit Score	LTV	CLTV
Cash-Out Refi	580 (servicing released - NewRez*, Sun West)	90% (includes VAFF)	90% (includes VAFF)
	620 (servicing retained)		
	640 (servicing released - all other investors)		

Cash-Out Refinance (Manufactured Housing)			
Purpose	Credit Score	LTV	CLTV
Cash-Out Refi	580 (servicing released - NewRez*, Sun West)	90% (includes VAFF)	90% (includes VAFF)
	640 (servicing retained)	85% (includes VAFF)	85% (includes VAFF)

VA IRRRL			
Purpose	Credit Score	LTV	CLTV
Refinance	580 (servicing released - AmeriHome, NewRez, Sun West)	N/A	N/A
	620 (servicing retained)	N/A	N/A

VA IRRRL (Manufactured Housing)			
Purpose	Credit Score	LTV	CLTV
Refinance	580 (servicing released - Sun West only)	N/A	N/A
	640 (servicing retained)		

\*NewRez **does not** allow newly constructed manufactured homes.

### Valuation required on all AmeriHome VA IRRRLs by one of the following:

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

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# VISA & EAD Eligibility Matrix



## VISA & EAD ELIGIBILITY

### Guide Summary:

- Visa categories, types, descriptions, or EADs which are not specifically detailed on the list below are generally not acceptable.
- All loans must meet the continuity, stability, and dependable income requirements of the applicable Agency and program guide.

## VISA ELIGIBILITY MATRIX

Visa Category	Visa Type	Brief Description	Documentation Required	EAD Code
Trade Treaty Work Visa	E-1	Treaty trader - employee, spouse, and/or child	Visa and EAD	C02
	E-2	Treaty investor - employee, spouse, and/or child	Visa	
	E-3	Specialty occupation		
	E-1, E-2, or E-3D	Spouse of E-1, E-2 or E-3	Visa and EAD	A17/C12
Temporary Employment Visa	H-1B	Specialty Occupation	Visa	
	H-1B1	Specialty Occupation		
	H-1B2	Specialty Occupation - U.S. Department of Defense		
	H-1B3	Fashion model of distinguished merit and ability		
	H-1C	Registered nurse - U.S. Department of Labor		
	H-4	Spouse or child of H-1B	Visa and EAD	C26
Media Work Visa	I	Foreign media outlet (press, radio, film or other)	Visa	
Non-immigrant Visa for Fiancé(e)	K-1	Fiancé(e) - purpose of marriage	Visa and EAD	A06
Non-immigrant Visa for Spouse	K-3	Spouse of a U.S. citizen	Visa and EAD	A09
Temporary Employment Visa	L-1A	Intracompany transfer - managerial or executive	Visa	
	L-1B	Intracompany transfer - specialized knowledge		
	L-2	Spouse or child of L-1A or L-1B	Visa and EAD	A18
	O-1A/B	Extraordinary ability in analysis, business, education, entertainment	Visa	
	O-2	Assistant to O-1		
	P-1A	Internationally recognized athlete		
NAFTA Professional Workers Visa	TN	Professional under NAFTA	Visa	

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# VISA & EAD Eligibility Matrix



## VISA ELIGIBILITY MATRIX CONTINUED

Visa Category	Visa Type	Brief Description	Documentation Required	EAD Code
Spouse/Child of Permanent Resident Alien	V-1	Spouse of a Legal Permanent Resident (LPR) who is the principal beneficiary of a family-based petition (Form I-130) which was filed prior to December 21, 2000, and has been pending for at least three years.	Visa and EAD	A15
	V-2	Child of a Lawful Permanent Resident (LPR) who is the principal beneficiary of a family-based visa petition (Form I-130) that was filed prior to December 21, 2000, and has been pending for at least three years.		
	V-3	The derivative child of a V-1 or V-2.		

## EAD ELIGIBILITY MATRIX

Certain borrowers may hold an EAD which does not require a corresponding Visa type. Borrower's holding the **EADs noted below are eligible without a Visa.**

EAD Code	EAD Code Definition
C09	Adjustment of status applicant
C10	Nicaraguan Adjustment and Central American Relief Act (NACARA) section 203 applicants Applicant for suspension of deportation. Applicant for cancellation of removal
C24	LIFE legalization applicant
C31	Principal beneficiary of an approved VAWA self-petition Qualified child of a beneficiary of an approved VAWA self-petition

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# VISA & EAD Eligibility Guide Matrix



## TEMPORARY EMPLOYMENT VISAS - ADDITIONAL INFORMATION

Visa Category	Visa Type	Brief Classification Description	USCIS Period of Stay/Extension Requirements – Income Continuity, Stability, and Dependability Considerations
Temporary Employment Visa	H-1B	Specialty Occupations, DOD Cooperative Research and Development Project Workers, and Fashion Models	<ul style="list-style-type: none"> <li>An H-1B specialty occupation worker or fashion model,</li> <li>May be admitted for a period of up to three years.</li> <li>The time period may be extended, but generally cannot go beyond a total of six years, though some exceptions do apply.</li> </ul>
	L-1A	Intracompany Transferee Executive or Manager	<ul style="list-style-type: none"> <li>Qualified employees entering the U.S. to establish a new office will be allowed a maximum initial stay of one year.</li> <li>All other qualified employees will be allowed a maximum initial stay of three years.</li> <li>All L-1A employees, requests for extension of stay may be granted in increments of up to an additional two years, until the employee has reached the maximum limit of seven years.</li> </ul>
	L-1B	Intracompany Transferee Specialized Knowledge	<ul style="list-style-type: none"> <li>Qualified employees entering the U.S. to establish a new office will be allowed a maximum initial stay of one year.</li> <li>All other qualified employees will be allowed a maximum initial stay of three years.</li> <li>All L-1B employees, requests for extension of stay may be granted in increments of up to an additional two years, until the employee has reached the maximum limit of five years.</li> </ul>
	O-1A/B, O-2	Individuals with Extraordinary Ability or Achievement	<ul style="list-style-type: none"> <li>An initial period of stay for up to 3 years.</li> <li>USCIS will determine time necessary to accomplish the initial event or activity in increments of up to 1 year.</li> <li>New petitions involving new events or an event that, on case-by-case basis is determined to be materially different from the event in the initial petition may be approved for up to 3 years.</li> </ul>
	P-1A	Athlete	<ul style="list-style-type: none"> <li>Individual athlete - The time needed to complete the event, competition, or performance.</li> <li>This period of time cannot exceed five years.</li> <li>Extensions of Stay in increments of up to five years in order to continue or complete the event, competition, or performance.</li> <li>Total stay is limited to 10 years.</li> </ul>
	P-1B	Member of an Internationally Recognized Entertainment Group	<ul style="list-style-type: none"> <li>Time needed to complete the event, competition or performance, not to exceed one year.</li> <li>Extensions of Stay in increments of up to one year in order to continue or complete the same event, competition or performance for which you were admitted.</li> </ul>

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# FHA, USDA and VA Program Overlays



## USDA OVERLAYS

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