MFM Bulletin: 019-2026

Date: September 24, 2026

Subject: Updates to MFM Overlays

We have updated our MFM overlays to provide additional clarification and to reflect some changes. These updates are effective immediately, with applications currently in process:

- Clarified that Ineligible Non-Arms-Length transactions overlay does not include estate transactions
- Added overlay that Non-Arms-Length leases will not be accepted for properties being vacated by the borrower
- Added flexibility for Federal Tax liability owed on tax years. All Federal income tax liability with an aggregate balance of $10,000 or more (across all tax years required) must be documented as paid in full.
- Removed A-12 Temporary Protected Status and C-08 Asylum Applicant Status under allowable Visa categories

Please contact the MFM Underwriting department (underwriting@memberfirstmortgage.com) if you have any questions or concerns.

Thank you

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MemberFirst MORTGAGE

MFM UNDERWRITING OVERLAYS

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Updated 09.23.2026

MFM Underwriting Overlays

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MFM Underwriting Overlays

All Loan Programs

Ineligible Properties	• Lease-holds • Co-ops • Single wide manufactured homes. • Earth/berm homes, geodesic domes. • Native American Land: Properties on Native American tribal or Indian Trust Land or Restricted Land (EXCEPT HUD Section 184 loans). • Land Trusts. • 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. • Any property where marijuana is grown or processed inside the home or on the property is not allowed, regardless of state law.
Ineligible Borrowers	• 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 Non US Citizen documentation requirements and VISA and EAD Eligibility Matrix.
Unacceptable Title Vesting	• Irrevocable trusts. • Title held in Life Estate. • Title held in Land Trusts.
Land Contract Payment History or Private Mortgage Payment History (not reported to credit bureau)	• Payment history must be verified by either 12 months cancelled checks or 12 months bank statements showing payment deducted from account. VOLC completed by land contract holder IS NOT acceptable. • 12 months payment history with no late payments is required for all Land Contract or Private Mortgage refinances. • If the land contract or Private Mortgage is with a commercial loan servicer, then a payment history from the servicer would be acceptable.
Maximum Loans To One Borrower	• No individual may be a Borrower or Co-Borrower on more than four (4) loans serviced by MFM.
Ineligible Non-ARMs Length Transactions	• 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. • This overlay does not apply to estate transactions.
Non Arms-length Leases	• Non arms-length leases for properties being vacated by borrowers are not acceptable for either rental income OR for offsetting PITI – applies to all loan programs.

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MFM Underwriting Overlays

Tax Transcripts	• Required for all loans where tax returns are required. *
	• Both personal and business transcripts are required (if applicable - see above).
	• Transcripts may not be provided by borrowers.
	*Tax returns are always required in the following instances:
	  • 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.

Power of Attorney	• Please see Power of Attorney requirements section.
Texas 50(a)(6) and 50(f)(2) Loans	• Conventional conforming and port loans only (not allowed on government loans). • Both 50(a)(6) and 50(f)(2) loans ALWAYS require full appraisals.

Non-US Citizen Documentation Requirements	Permanent Resident Alien
	• 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.
	Non-Permanent Resident Alien
	• 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.
	• NOT ALLOWED on FHA loans. FHA only allows Permanent Resident alien as of May 25, 2025. Permanent Resident Alien card required.
	• DACA (Deferred Action for Childhood Arrival) as indicated by code C33 on EAD;
	  • Allowed on Fannie Mae (servicing retained only).
	  • Not allowed on FHA loans (see above - Permanent resident ailien only).
	  • Not allowed on FHA loans (see below).
	  • Not allowed on Freddie Mac Loans.
	  • VA loans - VA prior approval required for a veteran's spouse who is a DACA recipient.
	• 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.
	• Fannie Mae and VA requirements for DACA:
	  • An Employment Authorization Document (EAD) (USCIS Form I-766) showing that work authorization status is current; OR
	  • 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; OR
	  • Evidence of being granted refugee or asylee status by the USCIS; OR
	  • Evidence of citizenship of the Federated States of Micronesia, the Republic of the Marshall Islands, or the Republic of Palau.

Assets	• VOD forms are not eligible for asset documentation – Bank statements or VOAs are required.

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MFM Underwriting Overlays

Disaster Policy	• Post-disaster inspection is required when the appraisal occurred before the incident end date of a disaster. See MFM disaster policy for information on program requirements and list of declared disasters.

Federal Income tax liability/Federal Income Tax Installment Agreements	• All Federal income tax liability with an aggregate balance of $10,000 or more, across all tax years required by the investor, must be fully documented as paid in full.
	• If borrower has entered into installment agreement with IRS to repay current (last filed returns as required by investor) or delinquent federal income taxes, the monthly payment may be included in monthly obligation subject to the following requirements:
	  • There is no indication that a Notice of Federal Tax Lien has been filed against the borrower in the county where the subject property is located or any other county.
	  • An approved written IRS installment agreement with terms of repayment, including monthly payment amount and total amount due; and
	  • Evidence the borrower is current on the payment agreement. Acceptable evidence includes the most recent payment reminder from the IRS, reflecting the last payment amount and date and the next payment amount owed and due date.
	  • At least one payment must have been made prior to closing.
	• Sufficient assets to cover outstanding income tax liability WILL NOT be accepted in lieu of the above.
	• All outstanding tax liens must be paid in full prior to or at closing closing (includes Federal, state and local tax liens)

Conventional / Conforming Loans

Conventional / Conforming Underwriting	• All Freddie Mac and Fannie Mae Mortgage Loans must have an automated approval with Accept/Eligible findings from LPA or DU • No manual underwriting
Conventional Credit Scoring Requirements	• Minimum 580 credit score required • Fannie Mae and Freddie Mae require at least one credit score for high balance loans • All borrowers may have no credit score. Findings must be Approved/Eligible all AUS requirements relating to "No borrower with credit scores" must be met. • If only one borrower has a score – then AUS must be Approved/Eligible or Accept AND all AUS requirements relating to "one borrower without credit score" must be met. • Borrowers without score must have current housing expense. Copy of lease and 12 months cancelled checks or 12 months bank statements required – no private VOR • allowed. No exceptions.
Mortgage Insurance	• Loans with Reduced MI levels are not eligible • Lender paid monthly or annual are not eligible • Borrower paid annual is not eligible

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MFM Underwriting Overlays

FHA Loans

FHA	• Manual Underwriting permitted. Must meet all MFM and FHA underwriting guidelines for manually underwritten loans. • Max DTI 55% (regardless of AUS findings) • Minimum credit score of 600 for manually underwritten loans
FHA Condominiums	• FHA approved projects only (HRAP)
FHA Refinances: Properties listed for sale (all transactions)	• Properties that were listed for sale - on cash-out transaction, the listing must have expired or been withdrawn at least 30 days prior to application date.

VA Loans

VA	• VA Manual underwriting allowed — must meet all MFM VA Manual Guidelines • AUS approved eligible only (manual underwriting not permitted) • Max DTI 55% (regardless of AUS findings) • 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 IRRRL required at least 2 credit scores
VA Manufactured Housing	• 85% maximum LTV on manufactured home cash out refinance (servicing retained only) which are all refinances other than IRRLS.
VA Refinances - Properties previously listed for sale.	• Cash-Out Transaction - the listing must have been expired or been withdrawn 180 days prior to the application date.

FHA & VA Loans

Ginnie Mae Seasoning Requirements for all FHA and VA Refinances	• To meet Ginnie Mae seasoning requirements, the new note date must be on or after the later of: • 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. Loans that have been modified • To meet Ginnie Mae seasoning requirements when paying off a modified loan: the borrower must have made at least six consecutive payments on the modified 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 modified loan.

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FHA, USDA, and VA Programs 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 retained)	96.5%	96.5%

RATE / TERM AND CASH-OUT REFINANCE			
Purpose	**Credit Score**	**LTV**	**CLTV**
Rate and Term Refi	580 (servicing retained)	97.75%	97.75%
Simple Refi	580 (servicing retained)	97.75%	97.75%
Cash-Out Refi	580 (servicing retained)	80%	80%

STREAMLINE REFINANCE			
Purpose	**Credit Score**	**LTV**	**CLTV**
Credit Qualifying	580 (servicing retained)	N/A	N/A
Non-Credit Qualify Refi	580 (servicing retained)	N/A	N/A

FHA MANUFACTURED HOUSING			
Purpose	**Credit Score**	**LTV**	**CLTV**
Purchase	580 (servicing retained)	96.5%	96.5%
Rate and Term / Simple Refi	580 (servicing retained)	96.5%	96.5%
Streamline Refi	580 (servicing retained)	N/A	N/A
Cash-Out Refi	580 (servicing retained)	80%	80%

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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FHA, USDA, and VA Programs Overlays

VA Overlays

PURCHASE			
Purpose	**Credit Score**	**LTV**	**CLTV**
Purchase	580 (servicing retained)	100% (plus VAFF)	100%

PURCHASE (MANUFACTURED HOUSING)			
Purpose	**Credit Score**	**LTV**	**CLTV**
Purchase	580 (servicing retained)	100% (plus VAFF)	100%

CASH-OUT REFINANCE			
Purpose	**Credit Score**	**LTV**	**CLTV**
Cash-Out Refi	580 (servicing retained)	90% (includes VAFF)	90% (includes VAFF)

CASH-OUT REFINANCE (MANUFACTURED HOUSING)			
Purpose	**Credit Score**	**LTV**	**CLTV**
Cash-Out Refi	580 (servicing retained)	85% (includes VAFF)	85% (includes VAFF)

VA IRRRL			
Purpose	**Credit Score**	**LTV**	**CLTV**
Refinance	580 (servicing retained)	N/A	N/A

VA IRRRL (MANUFACTURED HOUSING)			
Purpose	**Credit Score**	**LTV**	**CLTV**
Refinance	580 (servicing retained)	N/A	N/A

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VISA and EAD Eligibility Matrix

Visa and 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 continuity, stability, and dependable income requirements of the applicable Agency and program guide.
- FHA Loans DO not allow Non-Permanent Resident Aliens.

VISA Eligibility Matrix

VISA CATEGORY	VISA TYPE	BRIEF DESCRIPTION	DOCUMENTATION REQUIRED	EAD CODE
Trade Treaty Work Visa	E-1	Treaty trader - employee, and/or child	Visa	
	E-2			
	E-3	Specialty occupation		
	E-1, E-2, or E-3D	Spouse of E-1, E-2 or E-3	Visa	
International Organization and NATO Employment Visa*	G-1	Permanent mission members of a recognized government to a designated international organization and their immediate family members.	Visa	
	G-2	Representatives of a recognized government traveling temporarily to the United States to attend meetings of a designated international organization and their immediate family members.	Visa	
	G-3	Representatives of non-recognized or non-member governments and their immediate family members	Visa	
	G-4	Individuals coming to the United States to take up an appointment at a designated international organization, including the United Nations, and their immediate family members.	Visa	
	G-5	May be issued to personal employees or domestic workers of a G-1-4 visa holders.	Visa	
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

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VISA and EAD Eligibility Matrix

VISA CATEGORY	VISA TYPE	BRIEF DESCRIPTION	DOCUMENTATION REQUIRED	EAD CODE
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	
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
A03	Refuge
A05	Asylee (granted asylum)
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 and EAD Eligibility 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	• An H-1B specialty occupation worker or fashion model, • May be admitted for a period of up to three years. • The time period may be extended, but generally cannot go beyond a total of six years, though some exceptions do apply.
	L-1A	Intracompany Transferee Executive or Manager	• Qualified employees entering the U.S. to establish a new office will be allowed a maximum initial stay of one year. • All other qualified employees will be allowed a maximum initial stay of three years. • 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.
	L-1B	Intracompany Transferee Specialized Knowledge	• Qualified employees entering the U.S. to establish a new office will be allowed a maximum initial stay of one year. • All other qualified employees will be allowed a maximum initial stay of three years. • 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.
	O-1A/B, O-2	Individuals with Extraordinary Ability or Achievement	• An initial period of stay for up to 3 years. • USCIS will determine time necessary to accomplish the initial event or activity in increments of up to 1 year. • 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.
	P-1A	Athlete	• Individual athlete - The time needed to complete the event, competition, or performance. • This period of time cannot exceed five years. • Extensions of Stay in increments of up to five years in order to continue or complete the event, competition, or performance. • Total stay is limited to 10 years.
	P-1B	Member of an Internationally Recognized Entertainment Group	• Time needed to complete the event, competition or performance, not to exceed one year. • 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.

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Power of Attorney

Power of Attorney

A Power of Attorney (POA) is a legal document giving one person (Attorney in Fact) the power to legally bind another person. Loans with documentation executed by an Attorney in Fact on behalf of the borrower under a POA are eligible if all requirements referenced in these guidelines are met.

AGENCY	FANNIE MAE, FHA, VA AND USDA	FREDDIE MAC

General restrictions on use of POA	• **ALLOWED FOR CLOSING DOCUMENTS ONLY**
	• POA not allowed when title will be held in trust.
		• **ALLOWED FOR CLOSING DOCUMENTS ONLY**
		• POA not allowed when title will be held in trust.
		• POA will only be allowed in a hardship or emergency situation in the following instances:
		  • Medical emergencies
		  • Military deployment
		  • Disaster
		  • Other hardship preventing borrower from signing in person
		• **A letter explaining reason why a POA will be used is required.**
		OR
		• State law requires lender to accept use of POA
		• **Documentation is required.**

Eligible Transactions:

- Purchase
- Limited Cash Out
- Cash Out Refinance (VA only)

Eligible Power of Attorney:

- Family Members
- Fiancé

Ineligible Power of Attorney:

- Lender or employee of lender
- Title Agent or affiliate
- Property Seller
- Real Estate Agent or affiliate

Document Requirements:

- Must be a specific Power of Attorney and must include the address of the property being financed.
- The name(s) on the POA match the name(s) of the person(s) on the loan document.
- The POA must be dated such that it was valid at the time the loan documents are executed.
- POA must be notarized.
- POA must be recorded with the mortgage if required by state law.
- Must be reviewed and approved by MFM and Title closing agent and must meet all State requirements.

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