BROKERS FIRST FUNDING

FHA MATRIX

FHA PRINCIPAL RESIDENCE STANDARD AND HIGH BALANCE LTV MATRIX – FIXED RATE

PROPERTY TYPE		PURCHASE		NO CASH OUT		STREAMLINE REFINANCE		CASH OUT REFINANCE	
		LTV/CLTV	MIN FICO	LTV/CLTV	MIN FICO	LTV/CLTV	MIN FICO	LTV/CLTV	MIN FICO
1-4 UNITS	AUS Approve / Eligible	96.50%/105%	580	97.75%	580	NA	N/A	80.00%	500
		90.00%	500	90.00%	500	NA	N/A		
	Manual UW	96.50%	580	97.75%	580	97.75%/Unlimited	580	80.00%	550
		90.00%	500	90.00%	500	90.00%/Unlimited	500		
SFR Only	Manual UW	95.00-96.50%*	No FICO	N/A	N/A	N/A	N/A	N/A	N/A

* 95.00% Max LTV for High Balance loan amounts; 96.50% Max LTV up to standard County loan amounts where the property is located

FHA PRIMARY RESIDENDENT STANDARD AND HIGH BALANCE LTV MATRIX – ARM [1]

PROPERTY TYPE		PURCHASE		NO CASH OUT REFINANCE		CASH OUT REFINANCE		MAX LOAN AMT	Max DTI
1-4 UNITS	AUS Approve / Eligible	LTV/CLTV	MIM FICO	LTV/CLTV	MIN FICO	LTV/CLTV	MIN FICO		
		96.5%	580	97.75%	580	80	580	<=$541,287	< 50%
		96.5%	620	97.75	620	80	620	>$541,287 < $1MM	<50
		96.5%	700	97.75	700	80	700	=>$1MM <$1.5MM	<=43%

(1) Refer to ARM restrictions below for more information

5/1 ARM PRODUCT OFFERINGS

ARM Caps	Term	Margin	Index	Floor	Lookback	Qualifying Rate
1/1/5	360	Refer to Rate Sheet	1 Year Weekly CMT	Margin	45 days	IL, MA and NM: Qualifying rate is the greater of the Note rate or the fully indexed rate (index rate + margin). The qualifying rate may need to be adjusted. All Other States: Note Rate

Rev: 10.26.26.V1

FHA 2026 MORTGAGE LIMITS (COUNTY LOOKUP: https://entp.hud.gov/idapp/html/hicostlook.cfm)**		
Units	Low-Cost Area "Floor"	High-Cost Area "Ceiling"
1	$541,287	$1,249,125
2	$693,050	$1,599,375
3	$837,700	$1,933,200
4	$1,041,125	$2,402,625

** The new forward mortgage loan limits in the table below are effective for FHA case numbers assigned on or after January 1, 2026.

TOPIC	OVERLAY
BASIC GUIDELINES	Overlays in this matrix apply to Federal Housing Administration (FHA) guidelines. Refer to the FHA Single Family Housing Policy Handbook 4000.1 for additional guidance. Information in this matrix is subject to change without notice.
Amended Tax Returns	Accepted for the following amendment reasons: • Amended for clerical items only (i.e., modifying a prior ITIN number to a newly issued SSN) • Amended for income-related items, under the following conditions: o Amended at least sixty (60) days before mortgage application taken o Amendment shows on transcripts (stamped returns not acceptable) o Documentation supplied to support the increase, including but not limited to: ▪ 1099 or W2 showing missed/updated income ▪ Canceled Checks or Bank Statements showing missed/updated rental income
Appraisal Requirement	• Certified appraiser must complete a full appraisal for all loan amounts over $1MM regardless of any temporary guidance.
Assets	• Bank Statements must show account activity for a full two (2) month period for all manually underwritten loans. o Follow the AUS for requirements for all loans approved by either DU or LPA • Internet Statements, obtained from financial institution's website, must contain same information found on a standard bank statement. • VOD as stand-alone document not permitted unless obtained from a Third-Party Vendor.
Credit – Borrower with No FICO	Non-traditional Credit Requirements • Non-traditional and Insufficient Credit (Manual) for borrowers without a Credit Score, the Mortgagee must either obtain a Non-traditional Mortgage Credit Report (NTMCR) from a credit reporting company or independently develop the borrower's credit history using the requirements outlined below:

TOPIC	OVERLAY
	○ Non-traditional Mortgage Credit Report (NTMCR) ▪ Definition: NTMCR refers to a type of credit report designed to access the credit history of a borrower who does not have the types of trade references that appear on a traditional credit report. ▪ Standard: An NTMCR is used either as a substitute for a TRMCR or RMCR, or as a supplement to a traditional credit report that has an insufficient number of trade items reported to generate a credit score. ○ Mortgagees may use an NTMCR developed by a credit reporting agency that verifies the following information for non-traditional credit references: ▪ The existence of credit providers. ▪ That credit was actually extended to the borrower; and *(Continued)*
Credit – Borrower with No FICO *(Continued)*	▪ The creditor has a published address or telephone number. ○ The NTMCR must not include subjective statements such as "satisfactory" or "acceptable" and it must be formatted in a similar fashion to traditional references providing the following: ▪ Creditor's name. ▪ Date of opening. ▪ High credit. ▪ Current account status and 12-month account history. ▪ Required monthly payment. ▪ Unpaid balance; and ▪ Payment history in the delinquency categories (i.e., 0x30, 0x60, etc.) Independent Verification • The mortgagee may independently verify the borrower's credit references by documenting the existence of the credit provider and that the credit provider extended credit to the borrower. • To verify the existence of each credit provide, the mortgagee must review public records from the state, county, or city, or other documents providing a similar level of objective information. • To verify credit information, the mortgagee must: ○ Use a published address or telephone number for the credit provider and not rely solely on information provided by the applicant; and ○ Obtain the most recent 12 months of canceled checks, or equivalent proof of payment, demonstrating the timing of payment to the credit provider.

TOPIC	OVERLAY
	• To verify the borrower's rental payment history, the mortgagee must obtain a rental reference from the appropriate renal management company, provided the borrower is not renting from a family member, demonstrating the timing of payment of the most recent 12 months in lieu of 12 months of canceled checks or equivalent proof of payment. Sufficiency of Credit References • To be sufficient to establish the borrower's credit, the credit history must include three credit references, including at least one of the following: o Rental housing payments (subject to independent verification if the borrower is a renter); o Telephone service; or o Utility company reference (if not included in the rental housing payment), including: ▪ Utilities (i.e. Gas, Electricity, Water); *(Continued)*
Credit – Borrower with No FICO *(Continued)*	▪ Television service; or ▪ Internet service. • If mortgagee cannot obtain all three credit references from the list above, the mortgagee may use the following sources of unreported recurring debt: o Insurance premiums not payroll deducted (i.e., medical, auto, life, renter's insurance); o Payment to childcare providers (must be made to business that provides such services); o School tuition. o Retail store card (for example, from department, furniture, appliance store or specialty store) o Rent-to-own (i.e., appliances, furniture) o Payment of the borrower's responsibility on medical bills (portion not covered by insurance) o Documented 12-month history of savings evidenced by regular deposits resulting in an increased balance to the account where the deposits are: ▪ Made at least quarterly. ▪ Not payroll deducted; and ▪ Not the cause of insufficient funds (NSF) checks. o Automobile lease o Personal loan from an individual with repayment terms in writing and supported by canceled checks to document payments; or

TOPIC	OVERLAY
	○ Documented 12-month history of payment by the borrower on an account for which they are an authorized user. Assets and Reserves • Two months bank statements are required • Reserves: Manual ○ Reserves refer to the sum of the borrower's verified and documented liquid assets minus the total funds the borrower is required to pay at closing (Reserves do not include the amount of cash taken at settlement in cash-out transactions); ○ Incidental cash received at settlement in other loan transactions. ○ Gift funds. ○ Equity in another property; or ○ Borrowed funds from any source. • Reserves: 1-2 Unit Properties – Mortgagee must verify and document reserves equivalent to one months' PITI after closing for 1-2 Unit properties. • Reserves: 3-4 Unit Properties – Mortgagee must verify and document reserves equivalent to three months' PITI after closing for 3-4 Unit properties. • All other manual underwriting asset requirements apply.
Credit Report - Tradelines	Borrowers whose only credit history is built from Authorized User Accounts are not eligible.
Custodial Account	An account in a minor's name where the borrower is named only as custodian of the funds is not eligible for use as closing costs, down payment, or reserves.
Debt-to-Income Ratio (DTI) - FHA	Maximum DTI • FICO ≥ 580: Follow AUS Approve-Eligible • FICO < 580: Max or 50% regardless of AUS findings • Manual Underwrite: Per FHA Guidelines, compensating factors required if ratios are > 31/43% ○ NO FICO loans are capped at 31/43%, regardless of compensating factors ○ FICO ≥ 580: 37/47% - ONE of the following is required: ▪ Verified and documented cash reserves. ▪ Minimal increase in housing payment; or ▪ Residual income

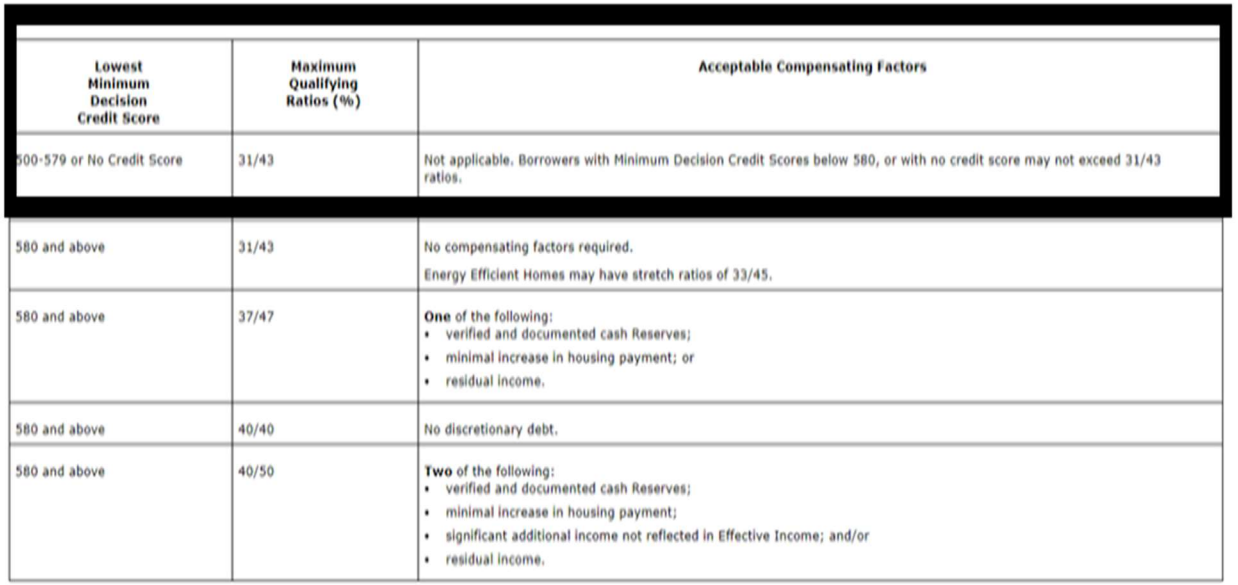
TOPIC	OVERLAY
	○ FICO ≥ 580: 40/40% ▪ No discretionary debt ○ FICO ≥ 580: 40/50% - TWO of the following are required ▪ Verified and documented cash reserves. ▪ Minimal increase in housing payment. ▪ Significant income not reflected in effective income; and/or ▪ Residual income
Electronic Signatures/eSigning	• eSigning is allowed for most documents. • eSigning is not allowed for items below: (or any Loans with POA) ○ Note ○ Note Rider(s) ○ Notice of Right to Cancel ○ Security Instrument ○ Security Instrument Rider(s) ○ COVID-19 Temporary Attestation
Family-Owned Business	Two years tax returns are required regardless of AUS recommendation.
FHA Streamline Refinance	In addition to other FHA overlays listed in this matrix, the following apply to FHA Streamline Refinances: • Asset section of loan application must be completed if funds needed to close (Sources of Funds guideline in the Handbook must be followed) • Bank statements required (most recent 2 months) • "Mortgage Only" Credit Report required with all credit scores listed • Income amount is not required on the application • Income source must be indicated on the loan application • Power of Attorney (POA) not allowed for properties held in trust • Verification of employment is required within 10 days of closing (Note date) and again at funding
FHA Credit Qualifying Streamline	• Required when any borrower is being removed from existing transaction • Maximum ratios are per FHA Manual Underwriting Guidelines

TOPIC	OVERLAY
	• Full Credit Report required
Ineligible Programs - FHA	• 203(h) • 203(k) • Energy Efficient Mortgages (EEM) • FHA Back to Work • FHA Negative Equity Refinance • Section 184 - Indian Home Loan Guarantee Program • Section 223(e) - Declining Neighborhoods • Section 247 - Hawaiian Homelands • Section 248 - Indian Reservations • Texas 50(a)6 transactions
Ineligible Properties	• Co-Ops • Indian Leased Land • Mortgage Credit Certificate / Section 8 Voucher • Solar Panels that affect first lien position
Minimum Loan Amount	$100,000
Mortgage Credit Certificate (MCC)	Not permitted
Escrow Account	Escrow waiver not allowed.
Multiple Loans to One Borrower	• BFF will close up to eight (3) properties for one borrower, including the subject property, or a total of $2M in financing, whichever is less. • Maximum of 20% ownership concentration in any one project or subdivision.
Non-Occupant Co-Borrower	Allowed per FHA guidelines.
Non-Permanent Resident Aliens	Case numbers assigned prior to **May 25, 2025**, are allowed under following conditions: • Acceptable Visa evidence provided • Borrower has valid Social Security Number (SSN) • Borrower satisfies the same requirements, terms, and conditions as those for U.S. citizen

TOPIC	OVERLAY

	• DACA: With Category C33 work status under deferred action, DACA borrowers allowed:
	  o EAD must be current (if expiring within one year, evidence history of renewals)
	  o Income source must be stable with a two-year work history
	• Diplomatic Immunity: Borrowers with Diplomatic Immunity ineligible
	Case numbers assigned on or after **May 25, 2025,** are ineligible. Refer to FHA Handbook 4000.1 for additional requirements.

Payment History	• 0x30 lates in the last 12 months for all manual underwrites • Follow FHA guidelines for all AUS approved loans
Power of Attorney (POA)	A POA may not be eSigned and must be specific to the transaction. (See also: Power of Attorney note under FHA Streamline Refinance)
Renegotiated Purchase Contract	• Not allowed; however, minor adjustments due to condition or other relevant factors are permitted. • Increase of sales price after appraisal completed is not permitted.
Recently Listed Properties	• Property must be off the market at least one day prior to mortgage application date.
Reserve Requirements	• AUS: 3 months PITIA is required for all 3–4-unit properties • Manually Underwritten Loans: 1-2 Units: 1 month PITI and 3 months for 3–4-unit properties, excluding streamlines o If DTI > 31/43% additional reserves may be required • Please reference FHA Comp Factors for additional guidelines

TOPIC	OVERLAY
	

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.
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.

Social Security Number (SSN)	All borrowers must have a valid SSN.
Tax Transcripts	Required when tax returns are used to qualify borrower income
Unpaid Federal Tax Debt	• BFF considers all unpaid tax debt from prior years as delinquent, even if lien has not been filed; three months' payments required. • Borrower with delinquent Federal Tax Debt is ineligible NOTE: Record of Account can be used in lieu of canceled check or proof of electronic payment.
Temporary Buydown	• 2-1 and 1-0 interest buydowns are eligible. • Minimum FICO 620 • Purchase Transaction only • Adjustable-Rate Mortgage (ARM) loans are ineligible

TOPIC	OVERLAY
	• Manufactured home properties, R/T, and cash-out refinance transactions, including Texas 50(a)(6), are not eligible for temporary buydowns. • Temporary interest rate buydowns are allowed on fixed-rate mortgages for primary residences, provided the rate reduction does not exceed 2% and the rate increase will not exceed 1% per year. • The mortgage instruments must reflect the permanent terms rather than the term of the buydown plan. In no event can the buydown plan change the terms of the mortgage note. • There is no contribution from the borrowers to the buydown funds. • When the source of the buydowns funds is an interest party to the property sale or purchase transaction, the Interest Party Contributions limits apply. • When the Seller funds the buydown, the buydown agreement must require that the funds in the buydown account be transferred to BFF trust account as part of servicing. • The buydown plan must be a written agreement between the providing the buydowns funds and the borrower. All of the terms of the buydown plan must be disclosed to Agencies, the mortgage insurer, and the property appraiser. The buydown agreement must provide that the borrower is not relieved of his or her obligation to make the mortgage payments required by the terms of the mortgage note if, for any reason, the buydown funds are not available. The buydown agreement may include an option for the buydown funds to be returned to the borrower or to BFF, if it funded the buydown, if the mortgage is paid off before all of the funds have been applied. A copy of the buydown agreement must be included in the documentation package for the mortgage. • When underwriting loans that have a temporary interest rate buydown, the Underwriter must qualify the borrower based on the note rate without consideration of the bought-down rate. • There is not a limit on the total dollar amount of an interest rate buydown. The total dollar amount of an interest rate buydown must be consistent with the terms of the buydown period. An interest rate buydown plan must provide for: o A buydown period not greater than 24 months, and o Increase of not more than 1% in the portion of the interest rate paid by the borrower in each 12-month interval. • The Underwriter must follow HUD requirements the treatment of buydown funds. • If the mortgage is liquidated or the property is sold during the buydown period, the buydown funds should be disposed in the following:

<table>
<tr><th>TOPIC</th><th>OVERLAY</th></tr>
<tr><td></td><td>
<table>
<tr><th>Status of Mortgage</th><th>Disposition of Funds</th></tr>
<tr><td>The mortgage is paid in full</td><td>The funds should be credited to the total amount required to pay off the mortgage, or they may be returned to either the borrower or the Seller as specified in the buydown agreement.</td></tr>
<tr><td>The mortgage is foreclosed</td><td>The funds are used to reduce the mortgage debt</td></tr>
<tr><td>The property is sold, and the mortgage is assumed by the purchaser.</td><td>The funds may continue to be used to reduce the mortgage payments under the original terms of the buydown plan.</td></tr>
</table>
</td></tr>
<tr><td>MANUFACTURED HOME GUIDELINES</td><td>Overlays in this matrix apply to Federal Housing Administration (FHA) guidelines. Refer to the FHA Single Family Housing Policy Handbook 4000.1 for additional guidance. Information in this matrix is subject to change without notice.</td></tr>
<tr><td>Standards (09/14/2015)</td><td>Appraiser must notify mortgagee and report any deficiency of MPR or MPS if a manufactured home does not comply with the following:
Floor area must be ≥ 400 sq ft
Constructed on or after June 15, 1976, in conformance with the federal MHCSS, as evidenced by an affixed HUD Certification Label in accordance with 24 CFR §3280.11 (Manufactured Homes produced prior to June 15, 1976 are ineligible for insured financing.)
Manufactured home and site exist together as a real estate entity in accordance with state law (but need to be treated as real estate for taxation purposes)
Manufactured home was moved from the factory or dealer directly to the site
The manufactured home was designed to be used as a dwelling with a permanent foundation built to comply with PFGMH.
Finished grade elevation beneath the manufactured home (or, if basement used, the grade beneath the basement floor) is at or above the 100-year return frequency flood elevation.
Structure is designed for occupancy as a principal residence by a single family</td></tr>
<tr><td>Estimate Cost (New Construction)</td><td>The appraiser must apply the cost approach for New Construction Manufactured Housing.</td></tr>
<tr><td>Flood Zone</td><td>BFF does not allow manufactured homes in a flood zone.</td></tr>
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TOPIC	OVERLAY
Foundation: Existing Construction	• **Definition:** Existing construction for manufactured housing refers to a manufactured home that has been permanently installed on a site for one year or more prior to the case number assignment date. • **Standard:** If the perimeter enclosure is non-load-bearing skirting comprised of lightweight material, the entire surface area of the skirting must be permanently attached to backing made of concrete, masonry, treated wood, or a product with similar strength and durability. o **Skirting:** Skirting refers to a non-structural enclosure of a foundation crawl space that is typically, but not always, a lightweight material such as vinyl or metal attached to the side of the structure and extending to the ground (generally not installed below frost depth). o **Perimeter Enclosure (MPR/MPS Item):** The space beneath the manufactured home must be properly enclosed; the perimeter enclosure must be a continuous wall that is adequately secured to the perimeter of the unit and allows for proper ventilation of the crawl space. • **Required Analysis and Reporting:** If the manufactured home foundation does not meet the requirements for Existing Construction, the appraiser must notify the mortgagee and report the deficiency in the MPR or MMPS.
Foundation: New Construction	• **Definition:** New construction for manufactured housing refers to a manufactured home that has been permanently erected on a site for less than one year prior to the case number assignment date. • **Standard:** The space beneath the house must be enclosed by a continuous foundation type construction designed to resist all forces to which it is subject without transmitting forces to the building superstructure; the enclosure must be adequately secured to the perimeter of the house and be constructed of materials that conform, accordingly, to HUD MPS (such as concrete, masonry or treated wood) and the PFGMH for foundations. • **Required Analysis and Reporting:** If the manufactured home foundation does not meet the requirements for New Construction, appraiser must notify the mortgagee and report the deficiency of the MPR or MPS.
HUD Data Plate	• **Standard HUD Data Plate Requirements:** Manufactured homes have a data plate affixed in a permanent manner, typically adjacent to the electric service panel, the utility room, or within a cabinet in the kitchen.) • **Required Analysis and Reporting:** The appraiser must report the information on the data plate within the appraisal, including the manufacturer name, serial number, model, and date of manufacture, as well as wind, roof load, and thermal zone maps. • **Missing Data Plate (of Appraiser Cannot Locate):** If the data plate is missing or the appraiser is unable to locate it, the appraiser must report this in the appraisal and is not required to secure the data plate information from another source. o **If the data plate is missing or appraiser cannot locate it, BFF requires an IBTS report.**

TOPIC	OVERLAY
IBTS Report/HUD Certification FHA	• HUD Certification Label Standard: The manufactured home must have an affixed HUD Certification Label located at one end of each section of the house, approximately one foot up from the floor and one foot in from the roadside, or as near that location on a permanent part of the exterior of the house, as practicable. Etched on the HUD Certification Label is the certification label number, as referred to as the HUD label number. Label numbers are not required to be sequential on a multi-section house. • Required Analysis and Reporting: The appraiser must report the HUD label number for all sections, or report that the HUD Certification Label is missing or that the appraiser was unable to locate it.
Ineligible Features	• The following are not allowed in relation to a manufactured home: o Located in a co-op, PUD, or condo project. o Located in a flood zone o Manufactured home with a leasehold o Manufactured home with an ADU or other structure o EEMs are not allowed for manufactured homes. o Single-Wide Homes
Manufactured Home Additions	• Any addition to the original structure (i.e., patio, deck, carport, rooms, etc.) requires a structural engineer report. o If the appraiser observes additions or structural changes to the original manufactured home, the appraiser must condition the appraisal upon inspection by the state or local jurisdiction administrative agency that inspects manufactured housing for compliance (or a licensed structural engineer may report on the structural integrity of the manufactured dwelling and the addition if the state does not employ inspectors).
Adjustable-Rate Mortgages (ARM) Additional Restrictions	• Manual Underwriting not allowed • Dual Agent Transactions are ineligible • Manufactured homes are ineligible • Leasehold ineligible • FICO Score required for eligibility. • Temporary Buydown programs are not eligible.