BROKERS FIRST FUNDING

VA MATRIX

VA AUS UNDERWRITING MATRIX – FIXED RATE						
TRANSACTION	PROPERTY TYPE	OCCUPANCY	LTV/CLTV	MAX LOAN AMOUNT	FICO	DTI
PURCHASE	1-4 UNITS	PRINCIPAL RESIDENCE	100%	≤ $1.00 MM	580	AUS
				> $1.00 MM ≤ $1.50 MM	680	55
	Manufactured			$650,000	580	AUS
CASH-OUT REFINANCE	1-4 UNITS	PRINCIPAL RESIDENCE	100%	≤ $1.00 MM	580	AUS
			100%	>$1.00 MM - $2.00 MM	720	45
	Manufactured		90%	$650,000	580	AUS

VA REFER/ELIGIBLE AND MANUAL UNDERWRITING MATRIX – FIXED RATE						
TRANSACTION	PROPERTY TYPE	OCCUPANCY	LTV/CLTV	MAX LOAN AMOUNT	FICO	DTI
PURCHASE	1-4 UNITS	PRINCIPAL RESIDENCE	100%	$650,000	No FICO	45
			100%	≤ $1.00 MM	580	45
			100%	> $1.00 MM ≤ $1.50 MM	700	55
	Manufactured		100%	$650,000	580	55
CASH-OUT REFINANCE	1-4 UNITS	PRINCIPAL RESIDENCE	100%	≤ $1.00 MM	580	50
	Manufactured		90%	$650,000	580	55
VA IRRRL	1-4 UNITS	PRINCIPAL RESIDENCE	105%	≤ $1.00 MM	580	NA
	Manufactured			$650,000	580	NA
	1-4 UNITS	INVESTMENT [1]	105%	≤ $1.00 MM	580	NA

[1] Investment VA IRRRL must have previously been occupied as primary residence (supporting documentation required).

VA AUS UNDERWRITING MATRIX – ARM [2]						
TRANSACTION	PROPERTY TYPE	OCCUPANCY	LTV/CLTV	MAX LOAN AMOUNT	FICO	DTI
PURCHASE	1-4 UNITS	PRINCIPAL RESIDENCE	100%	≤ $832,750	580	<=50%
				> $832,750 <$1.0 MM	620	<50%
				=>$1 MM <$1.5 MM	700	<=43%
CASH-OUT REFINANCE	1-4 UNITS	PRINCIPAL RESIDENCE	90%	≤ $832,750	580	<=50%
				>$832,750 - $1.00 MM	620	<50%

[2] 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

2026 Loan Limits – Please reference FHFA Conforming loan limit https://www.fhfa.gov/data/conforming-loan-limit
For guidance not covered in this document, please reference VA lender handbook https://www.benefits.va.gov/warms/pam26_7.asp

TOPIC	OVERLAY
BASIC GUIDELINES	Overlays in this matrix apply to US Department of Veterans Affairs (VA) conforming guidelines. Refer to the VA lender handbook 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. • Internet Statements, obtained from financial institution's website, must contain the 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

TOPIC	OVERLAY
	• Absence of Credit History For borrower(s) with no established credit history, base the determination on the borrower's payment record on alternative or nontraditional credit directly from the borrower or creditor in which a payment history can be verified. Absence of a credit history is not generally considered an adverse factor. It may result when: o Borrower has not yet developed a credit history. o Borrower has routinely used cash rather than credit; and/or o Borrower has not used since some disruptive credit event, such as bankruptcy or debt pro-ration through consumer credit counseling • BFF Requires Manual Underwriting with no FICO or FICO less than 580 when all of the following apply: o 12–24-month housing payment history, no late payments; borrowers without housing payment history will not be considered for manual underwriting o A minimum of three non-traditional credit sources o Maximum payment shock of 100% o Limited credit history cannot be used to overcome poor credit history; RMCR must be ordered to confirm limited/no credit. o 120% residual income required for DTI > 41%
Debt-to-Income Ratio (DTI) Requirements	Maximum DTI • AUS Approved: 60% (> 60% requires Credit Policy 2nd-level review)
Electronic Signatures/eSigning	• eSigning is allowed for most documents. • eSigning is not allowed for items below: (or any Loans with POA) o Note o Note Rider(s) o Notice of Right to Cancel o Security Instrument o Security Instrument Rider(s) • COVID-19 Temporary Attestation
Escrow Account	Escrow waiver not allowed.
Family-Owned Business	Two years tax returns are required regardless of AUS recommendation.

TOPIC	OVERLAY
Ineligible Programs	• Energy Efficient Mortgages (EEM) • Native American Direct Loan • Property with PACE Lien (unless paying off through the transaction) • Property with resale restrictions (age restrictions are acceptable) • Texas 50(a)6 transactions
Ineligible Properties	• Co-Ops • Indian Leased Land • Resale type Deed Restrictions • Solar Panels that affect first lien position
Minimum Loan Amount	• $100,000
Mortgage Credit Certificate (MCC)	Not permitted
Non-Occupant Co-Borrower	Not eligible. BFF does not offer Joint Loans.
Non-Permanent Resident Aliens	These borrowers accepted under the following conditions: • Acceptable Visa evidence provided • Borrower eligible to work in the U.S., as evidenced by EAD issued by the USCIS • Borrower has valid Social Security Number (SSN) • Borrower satisfies the same requirements, terms, and conditions as those for U.S. citizen • DACA: Category C33 work status under deferred action, DACA borrowers allowed with proper documentation. o EAD must be current; if expiring within 1 year, evidence of history of renewals o Income source must e stable with two-year work history Diplomatic Immunity: Borrowers with Diplomatic Immunity are ineligible
Payment History	• 0x30 lates in the last 12 months for all manual underwrites. • Follow VA guidelines for all AUS approved loans
Power of Attorney (POA)	• A POA may not be eSigned and must be specific to the transaction. • BFF requires all of the following:

TOPIC	OVERLAY
	○ Alive and Well Statement from commanding officer (if active duty) ○ Underwriter must be able to validate the Veteran applied for the mortgage (lender certification is required) • Specific POA is required; a Military POA may be used in cases where borrower is actively deployed
Recently Listed Properties	○ Property must be off the market at least one day prior to mortgage application date.
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.
Rental Income	• Departing Residence: Obtain the Lease Agreement AND the loan can qualify using gross rents (non-family member) to offset the payment (cannot use as effective income); justification of the market and reasonableness is required • Rental Income as Effective Income: 3 months reserves and 2 years tax returns (or transcripts) to support income on each property owned • 2-4 Units: borrower must have a history as a landlord or use of property management company AND 6 months reserves AND 75% of the amount indicated on the appraisal opinion of the property's fair monthly rental AND evidence of which unit number the borrower will occupy is required
Reserve Requirements	• 6 months PITIA is required if the subject is 2-4 Units and rental income is being used for qualifying purposes. • 3 months PITIA is required if rental income is being used from other properties
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. • 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.
VA IRRRL	In addition to other VA overlays listed in this matrix, the following apply specifically to VA IRRRLs. • AVM Requirements ○ AVM with confidence score of 75 or greater is required ○ If the following are not met, a 2055 appraisal is required ▪ Option 1: CoreLogic Geo AVM with standard deviation of 14 or less or LPS Cascading; or ▪ Option 2: Proteck AVM with confidence score of 80 or greater

TOPIC	OVERLAY

	• Credit Report (mortgage acceptable only)
	  o Required with all credit scores listed
	• Credit Qualifying
	  o Full Credit Report with minimum of one credit score is required
	  o DTI 41% maximum; or
	  o DTI > 41% to 50% maximum if residual income is > 120% of VA residual income requirements
	• Maximum Loan Amount
	  o See MATRIX on page 1 (calculated as Total Loan Amount, including VA Funding Fee)
	• Program Reminders
	  o Income Documentation: Standard documentation required when P&I payment increases 20% or more (standard VA guideline) also requires lender certification
	  o Maximum loan term is the original term of the VA loan being refinanced plus 10 years, but not to exceed 30 years and 32 days. (For example, if the old loan was made with a 15-year term, the term of the new loan cannot exceed 25 years)
	  o Interest Rate: IRRRL (can be a fixed rate, hybrid ARM, or traditional ARM) must bear a lower interest rate than the loan it is refinancing unless the loan it is refinancing is an ARM
	  o Recoupment is calculated b dividing all fees, expenses, and closing costs—whether included in the loan or paid outside the loan or paid outside of closing (i.e. an appraisal fee)—by the reduction of the monthly PI payment
	  • The VA funding fee, escrow, and prepaid expenses, such as insurance, taxes, special assessments, and homeowners' association (HOA) fees, are excluded from the fee recoupment calculation.
	  o Must meet Ginnie Mae Seasoning and VA net tangible benefit (NTB) guidelines.

Seasoning Requirements (All Refinance Transactions)	• Borrower must have made at least six consecutive monthly payments on the loan being refinanced (the borrower may not pre-pay the current loan to meet the requirement)
	  o Any interruption in the monthly payments before the initial six months of seasoning will require the Veteran to reset the minimum loan seasoning time frame. Six consecutive monthly mortgage payments paid within the month due is required after the last missed payment to meet the statutory reasoning requirements; and
	  o The Note date of the refinance loan occurs no earlier than 210 days after the date on which the first monthly payment was due on the mortgage being refinanced.
	• For refinance of modified mortgages, the Note date of new loan must be on or after the later of:

TOPIC	OVERLAY
	○ 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 six modified payments have been made on the mortgage being refinanced.
Net Tangible Benefit (NTB)	A Net Tangible Benefit Worksheet must be completed on all refinance transactions regardless of AUS score.
Qualified Mortgage	All VA Refinances are considered Safe Harbor Loans.
MANUFACTURED HOME GUIDELINES	Overlays in this matrix apply to US Department of Veterans Affairs (VA) conforming guidelines. Refer to the VA lender handbook for additional guidance. Information in this matrix is subject to change without notice.
Standards (09/14/2015)	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 o be treated as real estate for taxation purposes) • Manufactured home was moved from the factory or dealer directly to the site • 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 • Double-Wide Homes Only.
Flood Zone	• BFF does not allow manufactured homes in a flood zone.
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.

TOPIC	OVERLAY
	(Continued)
Foundation: Existing Construction *(Continued)*	○ 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). ○ 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.
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. ○ If the data plate is missing or appraiser cannot locate it, BFF requires an IBTS report.
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: ○ Located in a co-op, condo, or PUD project ○ Located in a flood zone ○ Manufactured home with a leasehold

TOPIC	OVERLAY
	○ Manufactured home with an ADU or other structure ○ Single-Wide Homes ○ EEMs are not allowed for manufactured homes. ○ Graduated Payment Mortgage (GPM)
Manufactured Home Additions	• Any addition to the original structure (i.e. patio, deck, carport, rooms, etc.) requires a structural engineer report. ○ 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).
Temporary Buydown	• 2-1 and 1-0 interest buydowns are eligible. • Adjustable-Rate Mortgage (ARM) loans are ineligible • Minimum FICO 620 • Purchase Transaction only • 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

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<tr><th>TOPIC</th><th>OVERLAY</th></tr>
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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>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>
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<tr><td>Adjustable-Rate Mortgages (ARM) Additional Restrictions</td><td>
• 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.
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