

Magnolia Bank Inc FHA Streamline Overlays and Guidelines

FICO Requirements

Occupancy	Min FICO
Owner-Occupied	600
Second Home	600
Investments	600
Ability To Repay and Qualified Mortgage Rule	<ul style="list-style-type: none"> • For loans subject to the ATR/QM rule, Magnolia Bank will only purchase loans that comply with the ATR/QM requirements. • Correspondents are responsible for providing evidence of compliance with the ATR/QM rules. • Clear itemization of fees and application of all credits that indicate paid by/to will be required on all loans. • See Seller Guide section "Ability to Repay and Qualified Mortgage Rule" under "Delivery Procedures" for more details.
Appraisal	Appraisal/Avm not required
Assignment of Mortgages	All loans must be registered with MERS at time of delivery to Magnolia Bank and a MERS transfer of beneficial rights and transfer of servicing rights must be initiated by the Seller, to Magnolia Bank Corp, LLC (#1009313), within 24-hours of purchase.
Borrower	<ul style="list-style-type: none"> • U.S. citizens • Permanent resident aliens, with proof of lawful permanent residence • Nonpermanent resident alien immigrants • All borrowers must have a valid social security number • A Borrower on the subject mortgage may be removed from title and new mortgage in cases of divorce, legal separation or death when: <ul style="list-style-type: none"> *the divorce decree or legal separation agreement awarded the Property and responsibility for payment to the remaining Borrower, if applicable; and - the remaining Borrower can demonstrate that they have made the mortgage Payments for a minimum of six months prior to case number assignment. In cases of divorce, the payment must be from the remaining borrower's sole account. • Borrower(s) can be added as long as the existing borrowers remain on the note and deed. Credit qualifying is not required to add a borrower. • Housing Choice Voucher Homeownership Program income (commonly known as Section 8 for homeowners) paid via Housing Assistance Payments (HAPs) are an acceptable source of income. However due to operational constraints, transactions involving HAPs paid directly to the Servicer are ineligible for purchase by Magnolia Bank. Transactions

Borrower Cont.	with HAPs paid directly to the borrower continue to remain eligible for purchase.
Condominiums	Condominiums allowed in accordance with FHA Streamline Refinance guidelines
Credit	<ul style="list-style-type: none"> • At least one borrower must have a minimum of one credit score to be eligible. • To be refinanced FHA loan mortgage history: *The borrower must have made all mortgage payments within the month due for the 6 months prior to case number assignment *The borrower may not have more than 1x30 for months 7-12 prior to case number assignment *The Borrower must have made the payments for all mortgages secured by the subject property within the month due for the month prior to mortgage disbursement.
Disaster Policy	Magnolia Bank may require a post-disaster inspection when the appraisal occurred before the incident end date of the disaster.
Documentation Type	<ul style="list-style-type: none"> • Tri-merge credit report or mortgage account(s) rating is required. • Tax Transcripts and the 4506-T are not required under the FHA Streamline Refinance no credit qualifying option.
Employment Verification	<ul style="list-style-type: none"> • The following Income and Employment documentation are required at a minimum: *Salaried borrowers require a Verbal VOE *Self employed borrowers require verification of the business through a 3rd party source *Retirement and/or social security income requires the most recent bank statement or award letter
Eligible Mortgage Products- Existing	FHA to FHA
Eligible Mortgage Products- New	<ul style="list-style-type: none"> • Fixed Rate: 10, 15, 20, 25 & 30 year terms (FHA High Balance allowed on all terms) • CMT ARM: 5/1 (1/1/5 caps) and 7/1 (2/2/6 caps) (FHA High Balance ARMs are allowed) Investment properties and Second Homes are ineligible for ARMs • The maximum term is the lesser of <ul style="list-style-type: none"> *30 years, or *12 years beyond the remaining term of the existing loan. • Temporary buydowns are ineligible.
Escrow Accounts	Escrow Impounds Accounts must be established for taxes and insurance premiums in accordance with FHA Guidelines
High Cost/High Priced	<ul style="list-style-type: none"> • Magnolia Bank will not purchase High Cost Loans • Higher Priced Mortgage Loans (HPML) transactions are eligible for purchase. HPML guidelines require: *Establishment of an escrow account for taxes and insurance premiums on any transaction secured by a principal residence. *Must meet all applicable state and/or federal compliance requirements. *A prohibition on ARM loans with an initial fixed rate period of less than seven years (7/1 ARMs are eligible).
Loan Limits	<ul style="list-style-type: none"> • FHA mortgage limits for all areas are available at: https://entp.hud.gov/idapp/html/hicostlook.cfm. • FHA Streamline Refinances are exempt from FHA loan limits.
Loan Purpose	<ul style="list-style-type: none"> • Credit Qualifying is allowed at the discretion of the DE. All existing FHA overlays are still in effect, including but not limited to credit history and tax transcripts for income validation.

Loan Purpose Cont.	<ul style="list-style-type: none"> • Disbursed cash out to the Borrower cannot exceed \$500
Maximum Loan Amount	<ul style="list-style-type: none"> • For owner-occupied Principal Residences and HUD-approved Secondary Residences (see definition in Occupancy Section below), the maximum Base Loan Amount for Streamline Refinances is: <ul style="list-style-type: none"> *the lesser of: <ul style="list-style-type: none"> o the outstanding principal balance of the existing mortgage as of the month prior to mortgage disbursement; plus: <ul style="list-style-type: none"> *interest due on the existing mortgage and MIP due on existing Mortgage; or o the original principal balance of the existing mortgage (including financed UFMIP); <ul style="list-style-type: none"> *less any refund of UFMIP (if financed in original mortgage). • For Investment Properties, the maximum Base Loan Amount for Streamline Refinances is: <ul style="list-style-type: none"> *the lesser of: <ul style="list-style-type: none"> o the outstanding principal balance of the existing mortgage as of the month prior to mortgage Disbursement; or o the original principal balance of the existing mortgage (including financed UFMIP); <ul style="list-style-type: none"> *less any refund of UFMIP (if financed in original mortgage).
Occupancy	<ul style="list-style-type: none"> • Occupancy is determined by the current use of the subject property, not the use at origination of the existing loan. • Owner-occupied • Secondary Residences <ul style="list-style-type: none"> *Secondary Residence refers to a dwelling that a Borrower occupies in addition to their Principal Residence, but less than a majority of the calendar year. A Secondary Residence does not include a Vacation Home. *Secondary Residences are only permitted with written approval from the Jurisdictional HOC. See 4000.1 II.A.1.b.iii (B) for additional information on Secondary Residences • Non-Owner Occupied
Property, Eligible Types	<ul style="list-style-type: none"> • Single Family Residence • 2-4 unit • PUDs • Low-rise and High-rise Condominiums
Property, Ineligible Types	<ul style="list-style-type: none"> • Manufactured homes (built on a permanent chassis and attached to permanent foundations) • Modular Homes • Cooperatives • Condotels • Hotel Condominiums • Timeshares • Geodesic Domes • Working Farms and Ranches • Unimproved Land and property currently in litigation

Property, Ineligible Types Cont.	<ul style="list-style-type: none"> • Commercial Enterprises (e.g. Bed and Breakfast, Boarding House, Hotel) • 2-4 Unit properties in New Jersey, effective with commitments issued on or after 7/1/13.
Qualifying	<ul style="list-style-type: none"> • For Credit Qualifying: *Fixed rate qualify at the Note rate. *5/1 and 7/1 ARMs qualify at the Note rate.
Ratios	DTI ratios are not calculated, unless the transaction is credit qualified.
Reserves/Funds to Close	<ul style="list-style-type: none"> • Reserves are not required. • Funds to close in excess of the total mortgage payment of the new mortgage must be documented in accordance with FHA Guidelines, Source of Funds (Manual) 4000.1 II.A.5.c.iii.
State Restriction	<ul style="list-style-type: none"> • Texas 50 (a) (6) Refinance Mortgages are prohibited • 2-4 Unit properties in New Jersey, effective with commitments issued on or after 7/1/13.
FHA Seasoning Requirements	<p>On the date of the FHA case number assignment:</p> <ul style="list-style-type: none"> • the Borrower must have made at least six payments on the FHA insured Mortgage that is being refinanced; • at least six full months must have passed since the first payment due date of the Mortgage that is being refinanced; • at least 210 Days must have passed from the closing date of the Mortgage that is being refinanced; and • if the Borrower assumed the Mortgage that is being refinanced, they must have made six payments since the time of assumption.
Underwriting Method	<ul style="list-style-type: none"> • There must be a net tangible benefit to the borrower that meets the requirements of the Net Tangible Benefit section found in 4000.1 II.A.8.d.vi (C)(4)© • Manual UW only
Important Note	Any loan with a credit score below 620 must meet Magnolia Bank Inc. Sub 620 Over Lay.