MKLENDING CORP.
MORTGAGE BANKERS

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Simple Non-QM (SNQ) EZ

Program Code: SNQ EZ-5/6, 7/6

Purchase and Rate and Term for the following CA Counties Only:

Los Angeles County, Orange County, Santa Barbara County, Sant Clara County, San Diego County, San Francisco County, San Mateo County, and Ventura County

Primary & Second Home	Loan Amount Limit	Max LTV/CLTV
1 Unit SFR/PUD /2-4 Units	≤ $2,000,000	75%
	$2,000,001 to $3,000,000	70%
	$3,000,001 to $4,000,000	65%
	$4,000,001 to $5,000,000	60%
CONDO	Up to $2,000,000	70%
	$2,000,001 to $2,500,000	65%
Investment	**Loan Amount Limit**	**Max LTV/CLTV**
1 Unit SFR/PUD /2-4 Units	Up to $2,000,000	70%
	$2,000,001 to $2,500,000	65%
CONDO	Up to $2,000,000	65%
	$2,000,001 to $2,500,000	60%
Foreign National (Second Home Only)	**Loan Amount Limit**	**Max LTV/CLTV**
1 Unit SFR/PUD /2-4 Units	≤ $2,000,000	65%
	$2,000,001 to $3,000,000	60%
	$3,000,001 to $4,000,000	55%
	$4,000,001 to $5,000,000	50%
CONDO	Up to $2,000,000	65%
	$2,000,001 to $2,500,000	60%

Cash-Out for the following CA Counties Only: Los Angeles County, Orange County, Santa Barbara County, Sant Clara County, San Diego County, San Francisco County, San Mateo County, and Ventura County		
Primary & Second Home	**Loan Amount Limit**	**Max LTV/CLTV**
1 Unit SFR/PUD /2-4 Units	≤ $2,000,000	75%
	$2,000,001 to $3,000,000	70%
	$3,000,001 to $4,000,000	65%
CONDO	Up to $2,000,000	70%
	$2,000,001 to $2,500,000	65%
Purchase and Rate and Term CA, NV, TX (Excluding CA Counties Listed Above)		
Primary & Second Home	**Loan Amount Limit**	**Max LTV/CLTV**
1 Unit SFR/PUD /2-4 Units	Up to $1,500,000	70%
	$1,500,001 to $2,000,000	65%
CONDO	Up to $1,500,000	65%
	$1,500,001 to $2,000,000	60%
Investment	**Loan Amount Limit**	**Max LTV/CLTV**
1 Unit SFR/PUD /2-4 Units	Up to $1,500,000	65%
	$1,500,001 to $2,000,000	60%
CONDO	Up to $1,500,000	60%
	$1,500,001 to $2,000,000	55%
Foreign National (Second Home Only)	**Loan Amount Limit**	**Max LTV/CLTV**
1 Unit SFR/PUD /2-4 Units	Up to $1,500,000	60%
	$1,500,001 to $2,000,000	55%
CONDO	Up to $1,500,000	60%
	$1,500,001 to $2,000,000	55%

Cash-Out – CA, NV, TX (Excluding CA Counties Listed Above)		
Primary & Second Home	**Loan Amount Limit**	**Max LTV/CLTV**
1 Unit SFR/PUD /2-4 Units	Up to $1,500,000	65%
	$1,500,001 to $2,000,000	60%
CONDO	Up to $1,500,000	60%
	$1,500,001 to $2,000,000	55%
Investment	**Loan Amount Limit**	**Max LTV/CLTV**
1 Unit SFR/PUD /2-4 Units	Up to $1,500,000	60%
	$1,500,001 to $2,000,000	55%
CONDO	Up to $1,500,000	60%
	$1,500,001 to $2,000,000	55%

All Product Fico < 700 Deduct 5% from MAX LTV

General Requirements	
Product Type	▪ 5/6 ARM ▪ 7/6 ARM
Loan Amount	▪ Max: $5,000,000 ▪ Min: $100,000
Loan Purpose	▪ Purchase ▪ Rate/Term ▪ Cash Out
DTI	▪ 43% ▪ Foreign National: 38%
Min FICO	▪ 680
Occupancy	▪ Primary ▪ Second Home ▪ Investment
Property Type	**Eligible** ▪ Single Family ▪ 2-4 Units ▪ PUD ▪ Condo **Ineligible** ▪ Condo Hotel ▪ Non warrantable Condo

Property Type (Cont.)	▪ Leasehold Estate ▪ Boarding Houses ▪ Manufactured homes ▪ Timeshare or segmented ownership projects ▪ Mixed Use ▪ 4 Units + ADU
Escrow Impound	▪ Optional ▪ Flood Insurance mandatory
Appraisal	▪ Loan amount ≤ $2,000,000: One appraisal with AVM/CDA ▪ AVM/CDA must support the value and can be no more than 10% below the appraised value. ▪ Loan amount > $2,000,000: Two full appraisals ▪ Transferred appraisal not acceptable ▪ Rural - Less than 10 Acreage ▪ Rural with agricultural zoning - Cannot have commercial activities such as farming or ranching. Appraisal should comment on rebuilding as residential and no working farm. ▪ Borrower's acknowledgement is required when appraisal value is less than the purchase price.
Qualifying Rate	▪ The Higher of the Note Rate OR Fully Indexed Interest Rate (margin + 30-Day Average SOFR index as of the lock date)
Listing History	▪ Subject property cannot be listed for sale at the application date for R&T and C/O.
Condo & Attached PUD	▪ Must be warrantable by Fannie Mae ▪ HOA Cert required ▪ Master Insurance Policy/ HO-6 required ▪ HOA Current Budget required
Max Financed Properties	▪ 10
Ineligible Transaction	▪ For sale by owner transactions not allowed (only allowed on Gift of Equity) ▪ Employed by a family member or related individuals are not eligible for qualification
Flip Property	▪ When the property is being resold within 90 days of its acquisition by the seller and the seller's acquisition price has increased more than 10% ▪ If the property is a 'Flip', the following additional requirements apply: ○ A Second appraisal must be obtained, and the second appraisal must be dated prior to the loan note date ○ All transactions must be arm's length, with no identity of interest between the borrower and the property seller or other parties participating in the sales transaction ○ The property was marketed openly and fairly, through a multiple listing service, or auction ○ Increase in value should be documented with commentary on the appraisal and recent comparable sales ○ The property seller on the contract must be the owner on record

Gift of Equity	▪ Primary residence only ▪ Gift letter must be received ▪ Foreclosure bailout is not allowed
Fraud Report	▪ Required on all files
Age of Documentation	▪ Credit Report: Within 90 days of the Note Date ▪ Income/ Assets Docs: Within 60 days of the Note Date ▪ Title Report: Within 90 days of the Note Date ▪ Appraisal Report: Within 120 days of the Note Date
General Underwriting Guidelines	
Income	**Salary or Wage-Earning Employees (Ownership < 25%)** All borrower must have two years of verified employment. If the borrower has not been in their present job for two years, WVOE of previous employment must be obtained to cover a two-year period. Document Requirements: ▪ WVOE (FNMA Form 1005) must contain (Dates of employment, Position, Prospect of continued employment, based pay amount and frequency) ▪ Public listing required for the borrower's employment using a third-party listing, directory assistance or business profile website, etc. Must indicate business name, address, and phone number. ▪ LOE describing the nature of the business and the borrower's job duties required. **Self-Employed Borrowers (Sole Proprietor, Partnership, S Corp., Corp., & Ownership > 25%)** ▪ Self Prepared P&L with Two years Business License (unexpired license required). If the license expires within 30 days at the time of funding, renewal license is required. • If the borrower cannot provide two years business licenses, proof of business registration with the Secretary of State and 12 months of PITIA by Note Rate in reserves may be submitted in lieu of licenses. • If the nature of the borrower's business requires a professional, occupational, or regulatory license to legally operate, such license must be obtained and verified and cannot be waived. Examples include, but are not limited to, industries such as trucking (DOT Licensing), real estate, insurance, and other regulated professions ▪ Verify the listing and address for the borrower's business using a third-party listing, directory assistance or business profile website, etc. ▪ YTD And Previous Year Profit & Loss Statements required if application received on or before 6/30 ▪ Current YTD Profit and Loss Statement required if application received on or after 7/1

Income (Con.)	▪ CPA Letter Required for All Self-Employed Borrowers - Verifying business ownership in the same line of business over the last two years - Prepared by CPA or licensed independent third-party tax preparer (Enrolled Agent, CTEC and PTIN) license must be verified - Business name and address - If business assets are used for qualification, CPA letter must indicate that the use of funds will not have a negative impact on the business ➢ Business funds can be used up to borrower's ownership % ➢ Schedule C and 1099 SE - employment must be verified using third party licensing source (e.g. realtor, insurance agent, broker license) and verbal verification of employment must be completed ➢ Employed by family is not eligible.
Rental Income	▪ Purchase - Form 1007 or Form 1025, as applicable, and copy of current lease agreement. ▪ If the property is not currently rented or if the existing lease is not being transferred to the borrower, then lease agreements are not required and Form 1007 or Form 1025 may be used. ▪ Net rental income shall be calculated by subtracting the PITIA from 75% of the gross rental income figure. ▪ If rental income is used from additional properties borrower owns, it must be verified with fully executed lease agreement (must be current or verbiage stating month to month). ▪ If rent is used to qualify on a departing property , provide a copy of the fully executed lease agreement, with proof of the security deposit and first month's rent into borrower's account.
Multiple Financed Properties	All properties owned by applicants must be listed on 1003. The following criteria will apply for borrowers owning multiple properties: ▪ A mortgage history will be required for all financed properties. ▪ VOM and three months cancelled check needed if the mortgage is not shown on the credit report.
Credit	▪ Two FICO scores required. Lower of 2 or middle of 3 scores for each borrower ▪ Frozen reports must be unfrozen, and credit reran
Tradelines	▪ The borrower must have at least two individual tradelines in good standing seasoned for at least 12 months (Open) ▪ Authorized User accounts cannot be counted as an eligible tradeline ▪ Non-Traditional tradelines are acceptable (ie: utility, phone, cable, rent, etc)
Housing History	Housing: 0x30 in last 12 mo / 2x30 & 1x60 in last 24 mo Housing History ▪ Traditional credit report showing the existing balance on the mortgage and a mortgage rating for at least 12 months or ▪ Most recent 12 months mortgage statement or

Housing History (Cont.)	▪ Written VOM from the current lien holder/owner with three months cancelled checks ▪ Written VOR from the owner ▪ If borrower does not have housing history, a Rent Free letter from relative is required.
Housing Event Seasoning	▪ BK/FC: 4 years ▪ DIL/SS/Charge off of Mtg: 2 years ▪ Collection, Judgements & Charge offs (Non-Mtg) – No seasoning required, but Must be paid prior to Or at closing. ▪ Medical Collections do not need to be paid ▪ Multiple housing events are not allowed. **Loan Modification/Forbearance** ▪ 12-month seasoning required. ▪ 3-month payment history required. ▪ No missed payments since exiting plan.
Eligible Borrowers	▪ US Citizens ▪ Permanent Resident Aliens (Registration Card must be valid at least 90 days of the note date). ▪ Non-Permanent Resident ▪ Inter vivos Revocable Trust (Trust Certification is acceptable) ▪ Foreign Nationals (Second Home / Investment only) - See Foreign National section for details.
Non-Occupant Co-Borrowers	▪ Not Permitted
Foreign Nationals	▪ DTI Ratio:38% ▪ 2nd Home and Investment ONLY ▪ Valid VISA (B-1, B-2, E-1, E-2, G1-G5, H-2A, H-2B, H3, I, J-1, J-2, K-1) or proof of ESTA waiver required. ▪ F1 AND F2 types are not allowed. ▪ Copy of passport and valid Visa required. ▪ Borrower must have U.S. address when applying for loan (must be entered as the mailing address on 1003 ▪ Foreign assets (down payment, closing costs, and reserves) must be transferred to a U.S. account prior to Doc ▪ Credit Report to be pulled to check and verify no negative history. FICO score not required. ▪ 12 Months PITIA reserve required (P&I is calculated at 1% above note rate for 5/6 ARM) ▪ Self-employed business or Foreign CPA license are to be independently verified Via business search, Google, government or State issued document. ▪ All documents must be translated by a certified translator. ▪ Asset verification (must be in U.S. banking institutions) ▪ 100% own contribution for down payment and reserves required.

Foreign Nationals (Cont.)	▪ Gifts are not allowed. ▪ POA not allowed ▪ Borrower prepared Profit and Loss not allowed ▪ Automatic payment set up with Open Bank or any U.S. Institution ▪ Maximum number of loans allowed to one borrower is three for an aggregate of 5 million.
Asset & Reserves	Borrower must have sufficient liquid assets available for down payment, closing cost and reserves. Funds may be documented as follows: -Acceptable Asset Statements: ▪ 1 month Bank Statement ▪ VOD acceptable in lieu of 1 month bank statement. Average balance must be used. ▪ Large deposit - Need to be sourced if more than 50% of monthly income. ▪ Large deposit from business account - Transactions that are not normal to daily business activity must be documented and verified. ▪ When business assets are used for closing costs, Self-employed borrowers can only use amount corresponding to ownership % ▪ IRA/ 401K: Able to use 70% (deduct 20% penalties and 10% tax) ▪ Stocks/ Bonds/ Mutual Funds: Able to use 70% ▪ Life insurance: Cash value can be used as down payment and reserves. **Reserves required months:** ▪ Primary w/ Loan amounts < $2mm: 3 months PITIA reserves by Note rate ▪ Primary w/ Loan amounts ≥ $2mm: 6 months PITIA reserves by note rate ▪ 2nd Home/Investment: 6 months (PITIA reserve by note rate).
Gift	▪ Gift is allowed for all or part of down payment, closing cost and reserves **for Primary Residence & 2nd Home** ▪ Gift is Not allowed for Investment & Foreign National borrowers ▪ If borrower receives gift funds prior to closing, proof of wire transfer (copy of check) from donor's account required ▪ Gift from trust account is not acceptable. ▪ An acceptable donor is a relative, defined as a spouse, child, parent, sibling, grandparent, aunt, uncle, cousin, domestic partner, fiancée, fiancé. Gift from trust account is not acceptable. ▪ The gift letter must contain the amount of the gift, donor's name, address, phone number and relationship.

Other Debt	Following is a list of items that may be considered debt: ▪ Projected monthly total housing expense. ▪ Installment debts with more than 10 months' balance including student loans in repayment status, auto loans, and home equity loans. ▪ Lines of credit / revolving credit (use 5% of the outstanding balance or a verified minimum monthly payment). ▪ Child support or alimony if more than 10 months remaining. Copy of divorce decree required. ▪ Ongoing contributions by the borrower to a pooled savings arrangement. ▪ Any other debts with 10 or more payments that have a material effect on the borrower's ability to pay. ▪ Any contingent liabilities (e.g. co-signed auto loan) the borrower is obligated to pay unless the borrower shows 6 months of cancelled checks showing that another party has been making timely payments or the debt has been assigned to another through a court order, and if applicable, title has been transferred. ▪ Open 30-day charge accounts require the balance to be paid in full every month. Borrower must demonstrate funds to cover the account balance. The verified funds must be an addition to any funds required for down payment, closing costs and financial reserves. If the borrower paid off the account balance prior to closing, evidence of payoff may be provided in lieu of verifying funds to cover the account balance. ▪ Payments on installment debts secured by a financial asset including 401(K)s, certificates of deposit, and margins do not have to be included in the total debt ratio. ▪ Student Loans - Use 1% of the outstanding Balance. ▪ Subordinate financing - For HELOCS, count monthly payment or if there is none, use current balance with current rate amortizing over 5 years. The formula used to calculate total monthly debt ratio is shown below: Total monthly debt ÷ total income = total debt ratio $$Total\ Monthly\ Debt\ \div Total\ Income = Total\ Debt\ Ratio$$
Refinance	**Cash-Out** ▪ Subject property cannot be listed for sale and listing must be withdrawn prior to the application date. ▪ 6-month seasoning required. Delayed Financing is Acceptable ▪ Cash-out purpose letter required. ▪ Existing first mortgage is being paid off through the transaction, it must be at least 12-month-old of the note date. ▪ One borrower must have been on the title for at least for 6 months prior to the disbursement of the new loan. ▪ Ownership must be transferred out of the LLC and into the name of the individual borrower(s) prior to initial. ▪ If the property was owned prior to closing by a limited liability corporation (LLC) that is majority-owned or controlled by the borrower(s),

Refinance (Cont.)	the time it was held by the LLC may be counted towards meeting the borrower's six-month ownership requirement. ▪ Power of attorney is not allowed **Texas Cash-Out** ▪ A loan may not be closed sooner than 12 months after the closing of a previous. ▪ Only one outstanding loan on a property at one time. ▪ Each owner of the home and spouse must acknowledge the loan. ▪ 12 days waiting period for closing must be met ▪ Apply to primary residences only ▪ Power of Attorney is not allowed. ▪ Borrower may not be charged in excess of 2% of the loan amount in total fees. (Excludes fees related to appraisal, property, survey, title insurance premium, homeowner's insurance, property taxes, Per-diem and endorsement) ▪ A title insurance policy written on Texas Land Title Association forms including T42 and T42.1 endorsements are required. ▪ All documents must be reviewed by the attorney and provide all signed attorney documents if available. ▪ Surveys are required. **Rate & Term** ▪ Subject property cannot be listed for sale and listing must be withdrawn prior to the application date. ▪ The borrower may only receive cash back in the amount that is the lesser of $2,000 or 2% of the new loan amount. ▪ Seasoning not required for value. ▪ At least one borrower on the new loan must be an owner (on title) of the subject property at the time of the initial application. **Delayed Financing Exception** Borrowers who purchased the subject property within the past six months are eligible for a cash out refinance if all the following requirements are met: ▪ The original purchase transaction was an arm-length transaction. ▪ The original purchase transaction is documented by a HUD-1 Settlement Statement, which confirms that no mortgage financing was used to obtain the subject property. ▪ The preliminary title search or report must confirm that there are no existing liens on the subject property. ▪ The source of funds used for the purchase transaction must be documented and must be the borrower's own funds. ▪ The amount of cash-out cannot be greater than the borrower's original investment to purchase the property plus closing costs. If gift funds were used, it cannot be reimbursed and source of EMD needs to be verified if the amount is to be included in the cash back.

Occupancy Types	When underwriting a loan, the status of occupancy for the property must be considered. The property may be a primary residence, second/vacation home. Or investment property. For primary residence, the feasibility of a borrower occupying the subject property must be considered.
	▪ Primary Residence
	  ○ A property is considered a primary residence if it is occupied by the borrower majority of the year.
	  ○ We will consider a 1-4 unit property to be the borrower's primary residence if one of the units is physically occupied by the borrower within 90 days of closing and the property is within reasonable commuting distance from the borrower's place of employment.
	▪ Second/Vacation Home
	  ○ Open Bank considers a 1-unit property a second/vacation home provided that the property is not the borrower's primary residence, and the property is available for the borrower's exclusive use and enjoyment. The property must be a reasonable distance from primary residence, cannot be a time-share and must be suitable for year-round occupancy.
	  ○ A second home cannot be subject to any agreements that give a management firm control over the occupancy of the property.
	▪ Investment Property
	  ○ Property that the borrower owns but does not occupy

Insurance Coverage Amount	▪ 100% of the replacement cost value of the improvement or ▪ The loan amount provided equals no less than 80% of the replacement cost value of the improvements. The verification source may be the property insurer, an independent insurance risk specialist or other professional with appropriate resources to make such a determination. ▪ HOA Cert is required for all attached property (e.g. attached PUD)
Non-Arm's Length Transaction	Non-arm's length transactions are purchase transactions in which there is a relationship or business affiliation between the seller and buyer of the property. ▪ Primary residence only ▪ LOE - Relationship to the seller and reason for purchase ▪ Borrowers cannot be the owner of a business entity selling the subject property. ▪ Borrowers cannot provide services on transaction (closing agent, title agent, appraiser, etc.) ▪ Gift of equity from an immediate family member is permitted (Gift letters must be received) ▪ Foreclosure bailout is not allowed
POA	▪ Not Allowed on Cash-Out And Foreign National Borrowers ▪ Letter of explanation stating the relationship between the borrower and attorney in-fact and the reason for using POA must be obtained from the borrower. ▪ POA must be specific to the transaction.
Other	▪ Copy of seller's trust certification is required when seller is a trust.