

ditech BUSINESS LENDING FREDDIE MAC ELIGIBLE ARM PRODUCT

	5/1 ARM	7/1 ARM	10/1 ARM
1. PRODUCT DESCRIPTION	<ul style="list-style-type: none"> Conventional Conforming five year/one year adjustable rate mortgage Servicing retained 30-year term Fully amortizing Non-convertible ARM Plan ID 2725 Manufactured homes not eligible Qualified Mortgage (QM) Safe Harbor loans are permitted Qualified Mortgage (QM) Rebuttable Presumption loans are not permitted 	<ul style="list-style-type: none"> Conventional Conforming seven year/one year adjustable rate mortgage Servicing retained 30-year term Fully amortizing Non-convertible ARM Plan ID 2727 Qualified Mortgage (QM) Safe Harbor loans are permitted Qualified Mortgage (QM) Rebuttable Presumption loans are permitted – see the Qualified Mortgage (QM) Rebuttable Presumption section for requirements. 	<ul style="list-style-type: none"> Conventional Conforming ten year/one year adjustable rate mortgage Servicing retained 30-year term Fully amortizing Non-convertible ARM Plan ID 2729 Qualified Mortgage (QM) Safe Harbor loans are permitted Qualified Mortgage (QM) Rebuttable Presumption loans are permitted –see the Qualified Mortgage (QM) Rebuttable Presumption section for requirements
2. PRODUCT CODES	BB5 30 Yr 5/1 Freddie Mac Eligible LIBOR ARM 2/2/5 Cap	BB6 30 Yr 7/1 Freddie Mac Eligible LIBOR ARM 5/2/5 Cap	BB7 30 Yr 10/1 Freddie Mac Eligible LIBOR ARM 5/2/5 Cap
3. INDEX	London interbank offered rate for 12 -month United States dollar-denominated deposits, as published in the Wall Street Journal (LIBOR)		
4. MARGIN	2.250%, 2.375%, or 2.500%		
5. ANNUAL ADJUSTMENT CAP	2%		
6. LIFE CAP	5%		
7. RATE AT ADJUSTMENT	<ul style="list-style-type: none"> 2/2/5 Cap-Initial note rate is in effect for the fixed term, the first interest adjustment is up to 2%, thereafter, a 2% annual adjustment cap begins with the second adjustment Rate is equal to the note margin plus index rounded to the nearest .125%. Subject to annual/life caps 	<ul style="list-style-type: none"> 5/2/5 Cap-Initial note rate is in effect for the fixed term, the first interest adjustment is up to 5%, thereafter, a 2% annual adjustment cap begins with the second adjustment Rate is equal to the note margin plus index rounded to the nearest .125%. Subject to annual/life caps 	
8. TEMPORARY BUYDOWNS	Not permitted		
9. QUALIFYING RATE AND RATIOS	<p>Qualifying Rate</p> <ul style="list-style-type: none"> Qualify using the greater of the fully indexed, fully amortizing rate or note rate + 2.0% <p>Ratios</p> <ul style="list-style-type: none"> LPA Accept – Follow LPA DU Approve/Eligible - 50% DTI 	<p>Qualifying Rate</p> <ul style="list-style-type: none"> Qualify using the greater of the fully indexed, fully amortizing rate or note rate <p>Ratios</p> <ul style="list-style-type: none"> LPA Accept – Follow LPA DU Approve/Eligible - 50% DTI 	
10. TYPES OF	Purchase Mortgage		

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FINANCING	<p>Rate & Term Refinance</p> <ul style="list-style-type: none"> • Loan amount may include: <ul style="list-style-type: none"> • Pay off the outstanding principal balance of existing first loan (including existing HELOC in first lien position) plus any required per diem interest • Pay off of the outstanding principal balance of any existing subordinate liens that were used in whole to acquire the subject property. See Conforming chapter of the Client Guide for acceptable documentation to verify the use of the subordinate lien • Closing costs and prepaids • Prepayment penalties associated with the existing mortgage • Cash-out limited to the lesser of 2% of the principal amount of the new loan or \$2000 • The subject loan is considered a cash-out refinance if the existing first mortgage transaction combined a first and non-purchase money subordinate lien into a new first within the last six months (note date to note date). A subsequent refinance of that lien within six months (note date to note date) is also considered a cash-out refinance. Provide Closing Disclosure from prior transaction. • Delinquent real estate taxes may not be included in the loan amount. See the Conforming chapter of the Client Guide for complete requirements. • See the Conforming chapter of the Client Guide for Continuity of Obligation definition and guideline requirements (LPA only) • Properties currently listed for sale (DU only) <ul style="list-style-type: none"> • Property must be taken off the market before the Note date • Borrower provides written confirmation of intent to occupy if a primary residence <p>Cash-Out Refinance</p> <ul style="list-style-type: none"> • Power of Attorney <ul style="list-style-type: none"> • DU: not permitted, unless required by state law • LPA: permitted • Ownership <ul style="list-style-type: none"> • One borrower must have held title to the subject property for at least 6 months, measured from previous note date to subject note date, with the following exceptions <ul style="list-style-type: none"> • Delayed Financing • Borrower legally awarded the property (divorce, separation, dissolution of a domestic partnership) • Inherited Property • See the Conforming chapter of the Client Guide for details • For a manufactured home, one borrower must have held title to both the manufactured home and land for at least 12 months, preceding the date of the loan application. No exceptions. • See the Conforming chapter of the Client Guide for Continuity of Obligation definition and guideline requirements (LPA only) • Properties currently listed for sale are eligible if the property has been taken off the market prior to the Note date (DU only) <p>Owner Occupied Properties Located In Texas</p> <ul style="list-style-type: none"> • A copy of the current mortgage or note is required to determine whether the terms are subject to Texas Section 50(a)(6) (also known as Home Equity Deed of Trust, Home Equity Installment Contract or Residential Home Loan Deed of Trust). • An existing Texas Section 50(a)(6) loan (either first or second mortgage) may be refinanced as a Texas non-Home Equity Section 50(a)(4) loan secured by a lien against the homestead if the following conditions are met: 		

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	<ul style="list-style-type: none"> 12-month seasoning for any Texas Section 50(a)(6) loan (first or second). No cash back is permitted Maximum LTV/CLTV 80% Borrower must receive the Exception Notice – Important Notice Concerning Refinancing a home Equity Loan” within three business days of the LE application and at least 12 days prior to closing. <ul style="list-style-type: none"> Refer to the Texas Home Equity Refinance Eligibility Matrix to determine product eligibility. <p>Single-Close Modification of Note</p> <ul style="list-style-type: none"> Not permitted 																							
11. LOAN AMOUNT	<table border="1" style="margin: auto; border-collapse: collapse;"> <thead> <tr> <th colspan="3" style="text-align: center;">MAXIMUM LOAN AMOUNT</th> </tr> <tr> <th style="text-align: center;">UNITS</th> <th style="text-align: center;">CONTINENTAL US</th> <th style="text-align: center;">ALASKA & HAWAII</th> </tr> </thead> <tbody> <tr> <td style="text-align: center;">1</td> <td style="text-align: center; color: red;">\$484,350</td> <td style="text-align: center; color: red;">\$726,525</td> </tr> <tr> <td style="text-align: center;">2</td> <td style="text-align: center; color: red;">\$620,200</td> <td style="text-align: center; color: red;">\$930,300</td> </tr> <tr> <td style="text-align: center;">3</td> <td style="text-align: center; color: red;">\$749,650</td> <td style="text-align: center; color: red;">\$1,124,475</td> </tr> <tr> <td style="text-align: center;">4</td> <td style="text-align: center; color: red;">\$931,600</td> <td style="text-align: center; color: red;">\$1,397,400</td> </tr> <tr> <td colspan="3" style="text-align: center;">No minimum loan amount</td> </tr> </tbody> </table>			MAXIMUM LOAN AMOUNT			UNITS	CONTINENTAL US	ALASKA & HAWAII	1	\$484,350	\$726,525	2	\$620,200	\$930,300	3	\$749,650	\$1,124,475	4	\$931,600	\$1,397,400	No minimum loan amount		
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12. LTV/CLTV LIMITATIONS	LPA ACCEPT		DU APPROVE ELIGIBLE			
	Units	LTV/CLTV/HCLTV	Credit Score	Units	LTV/CLTV/HCLTV	Credit Score
	PRIMARY RESIDENCE					
	Purchase and Rate & Term Refinance					
	1	95%	LPA determines	1	95%	620
	2	85%	LPA determines	2	85%	620
	3-4	80%	LPA determines	3-4	75%	620
	Cash-Out Refinance					
	1	80%	LPA determines	1	80%	620
	2-4	75%	LPA determines	2-4	75%	620
	SECOND HOMES					
	Purchase and Rate & Term Refinance					
	1	90%	LPA determines	1	90%	620
	Cash-Out Refinance					
	1	75%	LPA determines	1	75%	620
	INVESTMENT PROPERTIES					
	Purchase					
	1	85%	LPA determines	1	85%	620
	2-4	75%	LPA determines	2-4	75%	620
	Rate and Term Refinance					
	1	85%	LPA determines	1	75%	620
	2-4	75%	LPA determines	2-4	75%	620
	Cash-Out Refinance					
	1	75%	LPA determines	1	75%	620
	2-4	70%	LPA determines	2-4	70%	620

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14. SECONDARY FINANCING	<ul style="list-style-type: none"> • Down Payment Assistance Programs (DPA) that create a lien are not eligible. • Community Seconds and Affordable Seconds are not permitted. 																																
15. PROPERTY TYPES	<p>Eligible Property Types</p> <ul style="list-style-type: none"> • 1-4 units • Condo (LPA only) <ul style="list-style-type: none"> • See the Conforming chapter of the Client Guide and Freddie Mac Condo-PUD Matrices for <ul style="list-style-type: none"> • Appraisal and warranty requirements • LTV/CLTV for Streamlined Review established attached condos • Nevada <ul style="list-style-type: none"> • HOA dues for the subject unit must be current prior to closing • HOA may not be seller of the subject unit • Leasehold Estates • Manufactured Homes (LPA only) <ul style="list-style-type: none"> • Primary residence and second homes • Properties located in Rhode Island are not eligible • Properties on a leasehold are not eligible • Singlewide manufactured homes must be located in a Fannie Mae PERS approved condo or PUD project • Proceeds may not be used to pay off a balance under a land contract or contract for deed • The manufactured home must be classified and titled as real property. • ALTA 7 or state specific equivalent Title Endorsement is required. • Properties permanently installed on a site for less than 12 months are eligible only if borrower is the second purchaser of the property and the 																																

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	<p>seller is not the builder-contractor or manufactured housing dealer who installed MH unit on site.</p> <ul style="list-style-type: none"> See the Conforming chapter of the Client Guide for complete LTV/CLTV calculations and other manufactured housing requirements. Off-frame Modular Housing On-frame Modular Housing (LPA only) Precut, Panelized Housing PUD <ul style="list-style-type: none"> Nevada <ul style="list-style-type: none"> HOA dues for the subject unit must be current prior to closing HOA may not be seller of the subject unit <p>Ineligible Property Types</p> <ul style="list-style-type: none"> Condo Hotel Co-op On-frame Modular Housing (DU only) <p>See the Conforming chapter of the Client Guide for eligibility guidelines</p>											
16. OCCUPANCY	<ul style="list-style-type: none"> Primary Residence Second Homes Investment Properties 											
17. GEOGRAPHIC LOCATIONS/ RESTRICTIONS	<p>Ineligible States</p> <ul style="list-style-type: none"> New York <ul style="list-style-type: none"> Permitted only for Delegated Clients and Conditional Delegated Clients who underwrite and close loans in their own name. See Approval Authority section for limited eligibility West Virginia 											
18. ASSUMPTIONS	Permitted after the first interest rate adjustment period											
19. ESCROW WAIVERS	<ul style="list-style-type: none"> See the Client Guide for escrow waiver eligibility Higher Priced Mortgage Loans (HPML): Primary residence loans must maintain an escrow account for a minimum of 5 years. 											
20. PREPAYMENT PENALTY	None											
21. APPROVAL AUTHORITY	<table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th colspan="3" style="text-align: center;">Approval Authority</th> </tr> <tr> <th style="width: 33%;">Delegated</th> <th style="width: 33%;">Conditional Delegated</th> <th style="width: 34%;">Non-Delegated and Broker</th> </tr> </thead> <tbody> <tr> <td> Client has the following limited underwriting authority <ul style="list-style-type: none"> Individual loan amount <= \$1 million eligible ditech first and second liens: combined </td> <td> Client has the following limited underwriting authority <ul style="list-style-type: none"> LPA Accept or DU Approve required Individual loan amount <=\$650,000 eligible with the following exceptions </td> <td> <ul style="list-style-type: none"> All loans must be submitted to ditech New York-Ineligible </td> </tr> </tbody> </table>			Approval Authority			Delegated	Conditional Delegated	Non-Delegated and Broker	Client has the following limited underwriting authority <ul style="list-style-type: none"> Individual loan amount <= \$1 million eligible ditech first and second liens: combined 	Client has the following limited underwriting authority <ul style="list-style-type: none"> LPA Accept or DU Approve required Individual loan amount <=\$650,000 eligible with the following exceptions 	<ul style="list-style-type: none"> All loans must be submitted to ditech New York-Ineligible
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	<p>loan amount <= \$1 million eligible</p> <ul style="list-style-type: none"> • ditech first and other lender second liens: combined loan amount <= \$1.25 million eligible • ditech total overall exposure with a borrower <= \$1.5 million. Total overall exposure includes all ditech liens on all properties owned by the borrower • When a borrower has more than one pending transaction, all files must be underwritten together in order to consider the overall risk(s) and qualifying of the transactions • New York <ul style="list-style-type: none"> • Individual loan amount <= \$1 million eligible if Client is underwriting the loan. • Individual loan amount > \$1 million and all loans submitted to ditech for underwriting are ineligible 	<ul style="list-style-type: none"> • High-Balance/Super Conforming loan products not eligible • ditech first and second liens: combined loan amount <=\$650,000 eligible • ditech first and other lender second liens: combined loan amount <= \$1 million eligible • ditech total overall exposure with a borrower <= \$1 million. Total overall exposure includes all ditech liens on all properties owned by the borrower • When a borrower has more than one pending transaction, all files must be underwritten together in order to consider the overall risk(s) and qualifying of the transactions. • New York <ul style="list-style-type: none"> • Individual loan amount <= \$650,000 eligible if Client is underwriting the loan. • Individual loan amount > \$650,000 and all loans submitted to ditech for underwriting are ineligible 	

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23. DOCUMENTATION TYPE	Standard										
24. BORROWER ELIGIBILITY	<p>Eligible Borrowers</p> <ul style="list-style-type: none"> Permanent Resident Non-Permanent Resident Trusts <p>Ineligible Borrowers</p> <ul style="list-style-type: none"> Foreign Nationals 										
25. CO-BORROWERS	<ul style="list-style-type: none"> LPA Accept: Co-borrower does not have to occupy the subject property DU Approve/Eligible: Co-borrower does not have to occupy the subject property 										

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26. CREDIT	<p>Credit Score Requirements</p> <ul style="list-style-type: none"> LPA Accept and DU Approve/Eligible – See the LTV/CLTV Limitations section for minimum credit score requirements <p>Underwriting Borrowers without Traditional Credit (Freddie Mac only)</p> <ul style="list-style-type: none"> LPA Accept <ul style="list-style-type: none"> LPA will underwrite loans when at least one borrower has no credit score and another borrower has a credit score Follow LPA Feedback Certificate for LPA Accept <p>Housing (Mortgage/Rental) Payment History (PITIA)</p> <ul style="list-style-type: none"> Inclusive of all liens regardless of position Applies to all mortgages on all financed properties LPA Accept and DU Approve Eligible – Evaluated by LPA/DU <p>Significant Derogatory Credit</p> <ul style="list-style-type: none"> See the Conforming chapter of the Client Guide for <ul style="list-style-type: none"> Bankruptcy Foreclosure Preforeclosure Deed-in-lieu Short Payoff 																																										
27. ASSETS	<table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th rowspan="3"></th> <th colspan="6" style="text-align: center;">Borrower Investment</th> </tr> <tr> <th colspan="2" style="text-align: center;">Primary Residence</th> <th colspan="2" style="text-align: center;">Second Home</th> <th colspan="2" style="text-align: center;">Investment Properties</th> </tr> <tr> <th style="text-align: center;"><=80% LTV CLTV/HC LTV</th> <th style="text-align: center;">>80% LTV CLTV/HCLTV</th> <th style="text-align: center;"><=80% LTV CLTV/HCLTV</th> <th style="text-align: center;">>80% LTV CLTV/HCLTV</th> <th style="text-align: center;"><=80% LTV CLTV/HCLTV</th> <th style="text-align: center;">>80% LTV CLTV/HCLTV</th> </tr> </thead> <tbody> <tr> <td style="text-align: center;">Minimum Investment from Borrower's Own Funds</td> <td style="text-align: center;">None</td> <td>LPA: None DU 1-unit: None DU 2-4 unit: 5%</td> <td style="text-align: center;">None</td> <td style="text-align: center;">5%</td> <td colspan="2" style="text-align: center;">Entire down payment</td> </tr> <tr> <td style="text-align: center;">Gifts Permitted</td> <td style="text-align: center;">Yes</td> <td style="text-align: center;">Yes</td> <td style="text-align: center;">Yes</td> <td style="text-align: center;">Yes</td> <td colspan="2" style="text-align: center;">No</td> </tr> <tr> <td colspan="7" style="text-align: center;">Down payment assistance in the form of a gift or grant is permitted. See the Client Guide.</td> </tr> </tbody> </table>				Borrower Investment						Primary Residence		Second Home		Investment Properties		<=80% LTV CLTV/HC LTV	>80% LTV CLTV/HCLTV	<=80% LTV CLTV/HCLTV	>80% LTV CLTV/HCLTV	<=80% LTV CLTV/HCLTV	>80% LTV CLTV/HCLTV	Minimum Investment from Borrower's Own Funds	None	LPA: None DU 1-unit: None DU 2-4 unit: 5%	None	5%	Entire down payment		Gifts Permitted	Yes	Yes	Yes	Yes	No		Down payment assistance in the form of a gift or grant is permitted. See the Client Guide.						
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Gifts Permitted	Yes	Yes	Yes	Yes	No																																						
Down payment assistance in the form of a gift or grant is permitted. See the Client Guide.																																											
	<p>Seller Contributions</p> <ul style="list-style-type: none"> Primary Residence and Second Homes <ul style="list-style-type: none"> 3% for LTV/CLTV > 90% 6% for LTV/CLTV > 75% <= 90% 9% for LTV/CLTV <= 75% Investment Properties <ul style="list-style-type: none"> 2% 																																										

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ditech BUSINESS LENDING FREDDIE MAC ELIGIBLE ARM PRODUCT

	5/1 ARM	7/1 ARM	10/1 ARM		
28. RESERVE REQUIREMENTS	Subject Property Reserves				
	Loan Product Advisor		Desktop Underwriter		
	<ul style="list-style-type: none"> • Follow LPA • Rate & Term Refinance and Cash-Out Refinance – The cash out may not be used to meet the reserve requirements 		<ul style="list-style-type: none"> • Follow DU • Cash-Out Refinance – The cash out may not be used to meet the reserve requirements 		
	Subject Property PLUS Multiple Financed Properties Reserves				
<p>If the subject property is a second home or investment property and the borrower owns other financed properties, additional reserves must be calculated and documented in plus those required for the subject property. The required reserves for a financed property are based on the qualifying payment amount of each individual financed property.</p> <table style="width: 100%; border: none;"> <tr> <td style="width: 50%; border: none; vertical-align: top;"> <p>Maximum 10 financed properties, including the subject property and primary residence.</p> <ul style="list-style-type: none"> • The following reserve requirements will be calculated by LPA <ul style="list-style-type: none"> • Second Home or Investment Property <ul style="list-style-type: none"> • Subject Property Reserve Requirements PLUS • 2 months PITIA if borrower has 1-6 financed properties • Second Home or Investment Property <ul style="list-style-type: none"> • Subject Property Reserve Requirements PLUS • 8 months PITIA if the borrower has 7-10 financed properties. • Minimum credit score 720 </td> <td style="width: 50%; border: none; vertical-align: top;"> <p>Maximum 6 financed properties, including the subject property and primary residence.</p> <ul style="list-style-type: none"> • The following reserve requirements will be calculated by DU <ul style="list-style-type: none"> • Second Home or Investment Property <ul style="list-style-type: none"> • Subject Property Reserve Requirements PLUS • 2% of the aggregate UPB if borrower has 1-4 financed properties • 4% of the aggregate UPB if the borrower has 5-6 financed properties • The aggregate of the UPB does not include the mortgages and HELOCs that are on: <ul style="list-style-type: none"> • The subject property • Primary residence • Properties that are sold or pending sale • Accounts that will be paid by closing </td> </tr> </table>				<p>Maximum 10 financed properties, including the subject property and primary residence.</p> <ul style="list-style-type: none"> • The following reserve requirements will be calculated by LPA <ul style="list-style-type: none"> • Second Home or Investment Property <ul style="list-style-type: none"> • Subject Property Reserve Requirements PLUS • 2 months PITIA if borrower has 1-6 financed properties • Second Home or Investment Property <ul style="list-style-type: none"> • Subject Property Reserve Requirements PLUS • 8 months PITIA if the borrower has 7-10 financed properties. • Minimum credit score 720 	<p>Maximum 6 financed properties, including the subject property and primary residence.</p> <ul style="list-style-type: none"> • The following reserve requirements will be calculated by DU <ul style="list-style-type: none"> • Second Home or Investment Property <ul style="list-style-type: none"> • Subject Property Reserve Requirements PLUS • 2% of the aggregate UPB if borrower has 1-4 financed properties • 4% of the aggregate UPB if the borrower has 5-6 financed properties • The aggregate of the UPB does not include the mortgages and HELOCs that are on: <ul style="list-style-type: none"> • The subject property • Primary residence • Properties that are sold or pending sale • Accounts that will be paid by closing
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29. EMPLOYMENT/ INCOME	<ul style="list-style-type: none"> • Follow LPA/DU for income documentation • See the Conforming chapter of the Client Guide 				
	<p>Form 4506-T</p> <ul style="list-style-type: none"> • Prior to Underwriting (loans underwritten by ditech only) <ul style="list-style-type: none"> • 4506-T must be signed for each borrower whose income must be documented with tax returns and used for qualification (self-employment, rental income, income earned from commission, etc.). • At Closing (all loans) <ul style="list-style-type: none"> • 4506-T for each borrower whose income is used to qualify (regardless of income type) must be signed at closing even if DU Validation Service waives the requirement. • 4506 –T for the business tax return transcript(s) must be signed at closing when the business returns are used for qualification even if DU 				

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ditech BUSINESS LENDING FREDDIE MAC ELIGIBLE ARM PRODUCT

	5/1 ARM	7/1 ARM	10/1 ARM
	Validation Service waives the requirement. • See the Conforming chapter of the Client Guide for complete guidelines.		
30. LIMITATIONS ON OTHER R.E. OWNED	Multiple Loans to the Same Borrower <ul style="list-style-type: none"> • LPA Accept <ul style="list-style-type: none"> • New multiple loans must be underwritten simultaneously. See the Approval Authority section. • See the Conforming chapter of the Client Guide for eligibility guidelines • Primary Residence – No limitation on number of financed properties • Second Home & Investment Properties -See Reserve Requirements section • Investment Properties – Borrower may not own any other financed properties in the 5/1 ARM product. 	Multiple Loans to the Same Borrower <ul style="list-style-type: none"> • DU Approve <ul style="list-style-type: none"> • New multiple loans must be underwritten simultaneously. See the Approval Authority section. • See the Conforming chapter of the Client Guide for eligibility guidelines • Primary Residence – No limitation on number of financed properties • Second Home & Investment Properties -See Reserve Requirements section • Investment Properties – Borrower may not own any other financed properties in the 5/1 ARM product. 	
31. FREDDIE MAC REO	Resale Restrictions <ul style="list-style-type: none"> • Freddie Mac REO resale restriction (property resold within 3 months of purchase) is eligible. An exception must be submitted with the loan file for delivery purposes. 		
32. APPRAISAL REQUIREMENTS	<ul style="list-style-type: none"> • LPA Accept – Follow LPA <ul style="list-style-type: none"> • Automated Collateral Evaluation (ACE) <ul style="list-style-type: none"> • Must be dated within 120 days from the LPA offer date to the note date • Not permitted if an appraisal has already been obtained. • DU Approve/Eligible <ul style="list-style-type: none"> • An Interior and Exterior Appraisal Report (Form 1004) is required • Condition rating C5 not permitted • See the Conforming chapter of the Client Guide for complete eligibility requirements 		
33. MORTGAGE INSURANCE	Mortgage insurance is required for all loans over 80% LTV <ul style="list-style-type: none"> • Refer to the MI company requirements for additional eligibility guidelines • Eligible MI companies must be acceptable to Freddie Mac and Fannie Mae • Discounted coverage requiring additional premium per AUS is not eligible • Include the calculation and rate factor used to determine mortgage insurance premium disclosed to the borrower on the initial application. Including the MI rate card with the factor will allow ditech to direct the loan to the appropriate MI partner • Financed MI is permitted for 1-unit primary residence and second home purchase and rate & term refinance transactions <ul style="list-style-type: none"> • The mortgage amount and LTV including the financed premium may not exceed the limitation set forth in the program guidelines • Mortgage insurance coverage is based on LTV excluding the financed premium. Rate lock pricing is based on mortgage amount including financed premium • NY State –Use the appraised value to determine if mortgage insurance is required. If Mortgage Insurance is required, use the lesser of the sales price or appraised value to determine the appropriate coverage. • See Chapter 12 Prefund Diligence Mortgage Insurance Section of the Client Guide for acceptable MI providers. 		

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ditech BUSINESS LENDING FREDDIE MAC ELIGIBLE ARM PRODUCT

	5/1 ARM	7/1 ARM	10/1 ARM																										
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ditech BUSINESS LENDING FREDDIE MAC ELIGIBLE ARM PRODUCT

	5/1 ARM	7/1 ARM	10/1 ARM
34. OVERLAYS	<p>The following LPA Accept loans are NOT eligible in the Freddie Mac Eligible product</p> <ul style="list-style-type: none"> • Manual underwriting • Affordable Housing mortgage <p>The following DU Approve/Eligible loans are NOT eligible in the Freddie Mac Eligible product</p> <ul style="list-style-type: none"> • DU decision other than Approve/Eligible • Manual underwriting • DTI >50% • Community Second mortgages • Fannie Mae is the property seller and one or more of the following exists <ul style="list-style-type: none"> • Primary residence >90% LTV with seller concessions >3%, or • Resale restriction in the first three months where the property cannot be resold for >120% of the original sales price • Property inspection that is not an Interior and Exterior Appraisal Report • Condition rating C5 • Manufactured homes • Condominium projects • Borrower with more than 6 financed properties if subject is a second home or investment property • Cash-out refinance with a power of attorney • Investment Properties-Borrower that owns any other financed properties in the 5/1 ARM product • Student Loan Cash-Out Refinance 		
35. QUALIFIED MORTGAGE (QM) REBUTTABLE PRESUMPTION	<ul style="list-style-type: none"> • A transaction is classified as Qualified Mortgage (QM) Rebuttable Presumption when the APR is greater than Average Prime Offer Rate (APOR) + 1.5%, which can be categorized as Higher Priced Covered Transaction (HPCT) • Ditech employees refer to the Compliance Manual for a full description of QM Rebuttable Presumption • 5/1 ARM not eligible • See the Escrow Waiver section above for Escrow Waiver Restrictions • Residual income and corresponding reserve requirement must be documented based on the table below. 		

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	5/1 ARM	7/1 ARM	10/1 ARM
	RESIDUAL INCOME		
	Residual income is the qualified gross monthly income less the gross monthly debt. The debt and income used to calculate the DTI ratio should be used for the residual income evaluation per the base product guidelines.		
	Primary Residence		
	If monthly residual income is	Then, the minimum reserves required are ...	
	\$2500 or greater	No minimum reserves, comply with minimum reserves requirement for the base loan program.	
	>= \$800 < \$2500	The greater of: <ul style="list-style-type: none"> • Three months liquid reserves OR • Minimum reserve for base loan program 	
	<\$800	Not Eligible	
	Second Home and Investment Property		
	\$2500 or greater	No minimum reserves, comply with minimum reserves requirement for the base loan program.	
< \$2500	Not eligible		
36. SPECIAL REQUIREMENTS/ RESTRICTIONS	None		

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