

BUSINESS LENDING FANNIE MAE HOMEReadY FIXED RATE, ARM & HIGH-BALANCE PRODUCT

PRODUCT MATRICES CONTAIN A SUMMARY OF ELIGIBILITY GUIDELINES. CONSULT CLIENT GUIDE FOR COMPLETE GUIDELINES.

1. Loan Term	Fixed Rate: 10 to 30-year terms in annual increments ARM: 30-year term			
2. Fixed Rate Product Codes	II1	Home Ready 30 Year Fixed Rate		
	II2	Home Ready 30 Year Fixed with Community Second		
	KK3	Home Ready 30 Year High Balance Fixed		
3. ARM Product Codes	JJ9	Home Ready 30 Year 5/1 Libor ARM 2/2/5 Cap		
	KK1	Home Ready 30 Year 7/1 Libor ARM 5/2/5 Cap		
	KK2	Home Ready 30 Year 10/1 Libor ARM 5/2/5 Cap		
4. ARM Margin	2.250%, 2.375%, 2.500%			
5. 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 • 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 			
6. Temporary Buydown	Not permitted			
7. QM Rebuttable Presumption	<ul style="list-style-type: none"> • QM Rebuttable Presumption exists when the APR is greater than the Average Prime Offer Rate (APOR) + 1.5%, which can be categorized as Higher Priced Covered Transaction (HPCT) • Residual income and reserves must be documented based on the table below • HPML: Primary residence transactions must maintain an escrow account for a minimum of 5 years • 5/1 ARMs not permitted 			
8. Rebuttable Presumption Residual Income Requirements	Residual income is the qualified gross monthly incomes less the gross monthly debt. The income and debt used to calculate the DTI ratio should be used for the residual income evaluation per product guidelines.			
	Occupancy	If the monthly residual income is...	Then the minimum reserves are...	
	Primary Residence	\$2500 or greater	Minimum reserves per product	
		>= \$800 < \$2500	The greater of: <ul style="list-style-type: none"> • Three months liquid reserves OR • Minimum reserves per product 	
<\$800		Not eligible		
9. AUS LTV/CLTV		Units	DU APPROVE	
			FIXED RATE	
			ARM	
			LTV/CLTV	
	Purchase and Rate & Term	1	95%	95%
	Refinance	2	85%	85%
		3-4	75%	75%
<ul style="list-style-type: none"> • Fixed Rate <ul style="list-style-type: none"> • >95% <=97% LTV/CLTV <ul style="list-style-type: none"> • Max 105% CLTV with Community Second • Not permitted <ul style="list-style-type: none"> • High-Balance • ARMs • At least one borrower must have a credit score • Rate & Term Refinance; in addition to the above: <ul style="list-style-type: none"> • Existing loan being refinanced is owned by Fannie Mae. Documentation may come from one of the following: <ul style="list-style-type: none"> • Fannie Mae's Loan Lookup tool • Servicing System • The current servicer (if the lender is not the servicer) • Non-Occupant Borrowers: Max 95% LTV/CLTV; Max 105% CLTV with Community Second 				

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10. AUS Manufactured Homes LTV/CLTV			Units	DU APPROVE			
				LTV/CLTV			
	Purchase and Rate & Term Refinance		1	95%			
<ul style="list-style-type: none"> Maximum loan amount on High-Balance \$726,525 Not permitted <ul style="list-style-type: none"> 5/1 ARMs Properties in Rhode Island Properties on a leasehold Manual underwrite 							
11. Manual Underwrite LTV/CLTV	MANUAL UNDERWRITE						
		Units	LTV	DTI <=36%		DTI >36% & <=45%	
				Credit Score	Reserves	Credit Score	Reserves
	Primary Residence						
	Purchase and Rate & Term Refinance	1	95%	680	0	700	0
			95%	660	6	680	2
			75%	620: Fixed 640: ARM	0	640	0
			75%	620: Fixed	0	620: Fixed	2
		2	85%	680	6	700	6
			85%	680	6	680	12
75%			640	6	660	6	
75%			640	6	640	12	
3-4	75%	660	6	680	6		
<ul style="list-style-type: none"> LTV includes LTV/CLTV Fixed Rate: Maximum 105% CLTV with Community Second Manually underwritten loans must be underwritten in accordance with Fannie Mae guidelines as outlined in the Client Guide Manual underwrite for High-Balance and Manufactured Home not permitted 							
12. Loan Amount	Units	Continental US	AK & HI	Continental US		AK & HI	
				Min Loan Amount	Permanent High Cost	There are no properties in AK and HI with loan limits higher than the applicable base conforming limits.	
	1	\$484,350	\$726,525	\$484,351	\$726,525		
	2	\$620,200	\$930,300	\$620,201	\$930,300		
	3	\$749,650	\$1,124,475	\$749,651	\$1,124,475		
4	\$931,600	\$1,397,400	\$931,601	\$1,397,400			
Fannie Mae High-Balance <ul style="list-style-type: none"> See FHFA website for High-Balance Loan Amounts 							
13. Doc Type	Standard						
14. Eligible AUS Decisions	DU Approve/Eligible per Fannie Mae guidelines <ul style="list-style-type: none"> Enter loans into DU using the "Additional Data" screen; select "HomeReady Mortgage" to obtain DU decision indicating eligibility for HomeReady Mortgage program DU findings must state that the loan casefile is eligible for delivery as a HomeReady mortgage loan 						
15. Ineligible AUS Decisions	<ul style="list-style-type: none"> DU Approve/Ineligible DU Refer with Caution 						
16. Manual Underwrite	All manually underwritten loans will be underwritten in accordance with Fannie Mae guidelines						

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17. Qualifying Rate	<p>Fixed Rate: Note rate ARM</p> <ul style="list-style-type: none"> • 5/1 ARM: Greater of fully indexed rate or note rate+2% • 7/1 and 10/1 ARM: Greater of the fully indexed rate or note rate
18. Ratios	<ul style="list-style-type: none"> • Follow DU Approve/Eligible • Manual Underwrite: See Manual Underwrite LTV/CLTV section
19. Types of Financing	<ul style="list-style-type: none"> • Purchase Mortgage • Rate & Term Refinance (Limited Cash-Out Refinance)
20. Texas Owner Occupied Properties	<ul style="list-style-type: none"> • Owner occupied properties with a first mortgage or second lien subject to Texas Section 50(a)(6) not permitted • A copy of the current mortgage or note is required to determine if 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 may be refinanced as a Texas non-Home Equity Section 50(a)(4) loan secured by a lien against the homestead • Refer to the Texas Home Equity Refinance Eligibility Matrix to determine product eligibility
21. Properties Listed for Sale	<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 primary residence
22. Eligible Subordinate Financing	<ul style="list-style-type: none"> • Closed end loans • Community Seconds <ul style="list-style-type: none"> • Loans underwritten by ditech must be approved by ditech prior to application • Product I 2 30 Yr Fannie Fixed with Community Second only • Purchase and Rate & Term Refinance • ARM or High-Balance not permitted • Manufactured homes not permitted • Maximum 105% CLTV • Apply the more restrictive down payment requirement between the product and second mortgage • Income limits imposed by the Community Seconds provider apply • No reporting requirements permitted • Ditech does not participate in the Fannie Mae HFA Preferred program
23. Ineligible Subordinate Financing	<ul style="list-style-type: none"> • HELOCs • Seller seconds
24. Occupancy	Primary Residence
25. Eligible Property Types	<ul style="list-style-type: none"> • 1-4 units • Condo • Leasehold estates • Manufactured homes • Modular homes • PUD • Condos and PUDs in 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
26. Ineligible Property Types	<ul style="list-style-type: none"> • Condo hotel • Co-op
27. Ineligible States	<ul style="list-style-type: none"> • New York when loan is underwritten or closed in ditech's name • West Virginia
28. Eligible Borrowers	<ul style="list-style-type: none"> • US citizens • Permanent resident alien • Non-permanent resident alien • Inter vivos revocable trust

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29. Non-Occupant Co-Borrower	When non-occupant co-borrower, co-signer or guarantor income will be used to qualify: <ul style="list-style-type: none"> • DU Approve/Eligible <ul style="list-style-type: none"> • Fixed Rate: Max 95% LTV • ARM: Max 90% LTV • Manual Underwrite <ul style="list-style-type: none"> • Max 90% LTV • Occupant borrower must qualify with 43% DTI 				
30. AUS Credit Score	Follow DU Approve/Eligible				
31. Manual Underwrite Credit Score	See Manual Underwrite LTV/CLTV section				
32. Nontraditional Credit (DU)	<ul style="list-style-type: none"> • DU will underwrite the following: <ul style="list-style-type: none"> • No borrower has a credit score <ul style="list-style-type: none"> • ARMs and High-Balance not permitted • At least one borrower has no credit score one borrower has a credit score <ul style="list-style-type: none"> • High-Balance not permitted • Follow DU Approve/Eligible 				
33. Nontraditional Credit Manual Underwrite	<ul style="list-style-type: none"> • Manual Underwrite <ul style="list-style-type: none"> • Comply with the following when using non-traditional credit (or if one borrower has credit scores and other borrowers do not): <ul style="list-style-type: none"> • 1-unit primary residence • Max 36% DTI • If at least one borrower can document a rental payment history there is no reserve requirement. If not, 12 months reserves required • Minimum three nontraditional credit sources for each borrower without a credit score • Qualifying income not to exceed 30% for borrower with no traditional or nontraditional credit • Home ownership education required when no borrower has a score for a purchase transaction 				
34. Housing Payment History	<ul style="list-style-type: none"> • Inclusive of all liens regardless of position • Applies to all mortgages on all financed properties • Follow DU Approve/Eligible • Manual Underwrite 0x60 in the last 12 months • Nontraditional Credit 0x30 in the last 24 months 				
35. Borrower Contribution		1-unit		2-4 unit	
		<=80% LTV	>80% LTV	<=80% LTV	>80% LTV
	Borrower Investment	None	None	None	3%
	Gifts	Yes	Yes	Yes	Yes
	LTV includes LTV/CLTV				
36. Cash on Hand	<ul style="list-style-type: none"> • Cash on hand may be used for the down payment and closing costs if the following is met: <ul style="list-style-type: none"> • One-unit primary residence • Borrower customarily uses cash for expenses and the amount of funds saved is consistent with the borrower's previous payment practices. An example for determining the reasonableness of the amount of funds saved would be through the use of an income and expense budget. • Credit report and other verifications indicate limited use of credit, or no depository relationship exists between the borrower and a financial institution • Borrower must provide a written and signed statement that discloses the source of funds and states that the funds have not been borrowed • Sufficient funds for down payment and closing costs must be deposited into a financial institution or an acceptable escrow account at time of application or no less than 30 days prior to closing. • The amount of cash on hand must be entered as "Cash on Hand" in the Assets section (Section VI) on the online loan application 				

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	<ul style="list-style-type: none"> • DU will use the “Cash on Hand” amount to calculate the available funds to close • Cash on hand funds will not be used to calculate reserves.
37. Seller Contributions	<ul style="list-style-type: none"> • 3% for LTV/CLTV > 90% • 6% for LTV/CLTV > 75% & <= 90% • 9% for LTV/CLTV <= 75%
38. Reserves	<ul style="list-style-type: none"> • Follow DU • See Manual Underwrite LTV/CLTV section for reserve requirements • Gift funds may be used to meet reserve requirements
39. Sweat Equity	Not permitted
40. Income Requirements and Limits	<ul style="list-style-type: none"> • Qualifying income from all borrowers who will be on the note must be included • Only the income used to qualify the borrowers must be included in the income limits • DU will determine income eligibility <ul style="list-style-type: none"> • 100% of area median income (AMI) • No income limits apply if the subject property is located in a census tract where the median tract income <=80% of the AMI (low-income census tract) • See Income Eligibility by Census Tract Lookup tool
41. Rental Income from Boarder	<ul style="list-style-type: none"> • Income from a boarder (related or non-related) can be included in the monthly income if the following are met: <ul style="list-style-type: none"> • 1-unit • The boarder must have resided with (and paid rent to) the borrower for the last 12 months • Provide documentation to evidence residency with the borrower (e.g., copy of driver's license, monthly bills, bank statement that shows the boarder's address as being the same as the borrower's address) • Provide evidence of payment of rental payments (such as cancelled checks) to borrower for: <ul style="list-style-type: none"> • last 12 months or • at least 9 of the most recent 12 months provided the rental income is averaged over a 12 month period • Payment of rent by the boarder directly to a third party is not acceptable • The boarder will continue to reside with the borrower in the new residence • The amount of rental income may not exceed 30% of the total qualifying income for the mortgage—(if rental income exceeds 30%, reduce the amount of income to not more than 30% and use that figure for qualifying income and AMI limitations)
42. Rental Income from Accessory Unit	<ul style="list-style-type: none"> • 1-unit • Primary residence • Purchase: Single Family Rent Schedule (Fannie Mae Form 1007) required • Refinance <ul style="list-style-type: none"> • Single Family Rent Schedule (Fannie Mae Form 1007) required, or • Lease agreement with an explanation for why the lease agreement is being used in lieu of Schedule E
43. IRS Form 4506-T	<ul style="list-style-type: none"> • Prior to Underwriting (Ditech underwritten loans) <ul style="list-style-type: none"> • Signed 4506-T 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) signed at closing even if DU Validation Service waives the requirement • 4506-T for the business tax return transcript(s) signed at closing when the business returns are used for qualification even if DU Validation Service waives the requirement
44. Maximum Financed Properties	<ul style="list-style-type: none"> • DU Approve/Eligible and Manual Underwrite <ul style="list-style-type: none"> • New multiple loans must be underwritten simultaneously • No limitation on number of financed properties
45. Appraisal	<ul style="list-style-type: none"> • Follow DU Approve/Eligible <ul style="list-style-type: none"> • Appraisal Waiver <ul style="list-style-type: none"> • Must be dated within four months from the DU offer date to the note date • Not permitted if appraisal has already been obtained • Manual Underwrite: Interior and Exterior Appraisal Report required

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46. Home-Ownership Education	Definitions	Home Ownership Education Education with an established curriculum and instructional goals, provided in a group or classroom formats, that cover homeownership topics as: <ul style="list-style-type: none"> • the home-buying process • how to maintain a home • budgeting the importance of good credit 	Housing Counseling One-on-one assistance provided in person, telephone or video conferencing per HUD standards, that addresses unique financial circumstances and housing issues, and focuses on overcoming specific obstacles to achieve housing goals such as: <ul style="list-style-type: none"> • repairing credit • locating cash for a down payment • recognizing predatory lending practices • understanding fair lending and fair housing requirements • avoiding foreclosure • resolving a financial crisis
	Requirements	<ul style="list-style-type: none"> • Required for purchase transactions • At least one borrower must complete homeownership education using Framework Homeownership, LLC (Framework®) online education program unless an alternative provided below better meets the needs of the borrower and homeownership education requirements. <p>Alternatives</p> <ul style="list-style-type: none"> • Framework online education not appropriate or accessible to borrower (e.g., lack of Internet access, disability) <ul style="list-style-type: none"> • Direct borrowers to Framework's toll-free customer service line, where they can be directed to a HUD-approved counseling agency. The counseling agency must provide a certificate of completion to the borrower and a copy must be in the loan file. • Community Seconds program or other down payment assistance (DPA) requirement for completion of homeownership education or counseling provided by a HUD-approved counseling agency • Housing counseling was completed prior to execution of the sales contract. 	
	Completion Date	Prior to note date	Prior to execution of the sales contract
	Documentation	<ul style="list-style-type: none"> • Certificate of Course Completion from Framework (or alternate provider based on Framework referral, if applicable); or • Certificate of completion from provider. 	<ul style="list-style-type: none"> • Certificate of Completion of Housing Counseling (Fannie Mae Form 1017), signed by both the counseling recipient and the HUD counselor
	47. MI Eligible Providers		
MI company must be acceptable to Fannie Mae			
48. MI Eligible Programs			
Borrower Paid Mortgage Insurance <ul style="list-style-type: none"> • Monthly plans • Annual plans • Single-premium plan • Split-premium • Financed MI <ul style="list-style-type: none"> • 1-unit • MI coverage is based on LTV excluding financed premium • LTV including financed premium may not exceed LTV limitations for product <p>Lender-Paid Mortgage Insurance</p> <ul style="list-style-type: none"> • Correspondent Client only • Must be paid to MI company prior to purchase by ditech 			
49. MI Ineligible Programs			
Reduced or custom mortgage insurance			
50. MI Coverage			
<ul style="list-style-type: none"> • Private Mortgage Insurance is required for all loans >80% LTV 			

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	<ul style="list-style-type: none"> Consult individual MI company guidelines 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 	
	LTV	Standard MI
	Fixed Rate >20 to 30 Year Term, 30-Year ARM & All Manufactured Homes	
	95.01% to 97%	25%
	90.01% to 95%	25%
	85.01% to 90%	25%
	80.01% to 85%	12%
	Fixed Rate <=20 Year Term	
	95.01% to 97%	25%
	90.01% to 95%	25%
	85.01% to 90%	12%
	80.01% to 85%	6%