

## ditech BUSINESS LENDING HOMEReady MORTGAGE PRODUCT

	FIXED RATE	5/1 LIBOR ARM	7/1 LIBOR ARM	10/1 LIBOR ARM
<b>1. PRODUCT DESCRIPTION</b>	<ul style="list-style-type: none"> <li>Conventional Conforming fixed rate mortgage</li> <li>Servicing retained</li> <li>10-30 year term in annual increments</li> <li>Fully amortizing</li> <li>Qualified Mortgage (QM) Safe Harbor loans are permitted</li> <li>Qualified Mortgage (QM) Rebuttable Presumption loans are permitted –See the Qualified Mortgage (QM) Rebuttable Presumption section for requirements.</li> </ul>	<ul style="list-style-type: none"> <li>Conventional Conforming five year/one year adjustable rate mortgage</li> <li>Servicing retained</li> <li>30 year term</li> <li>Fully amortizing</li> <li>Non-convertible</li> <li>ARM Plan ID 50FD</li> <li>Manufactured homes not eligible</li> <li>Qualified Mortgage (QM) Safe Harbor loans are permitted</li> <li>Qualified Mortgage (QM) Rebuttable Presumption loans are <b>not</b> permitted.</li> </ul>	<ul style="list-style-type: none"> <li>Conventional Conforming seven year/one year adjustable rate mortgage</li> <li>Servicing retained</li> <li>30 year term</li> <li>Fully amortizing</li> <li>Non-convertible</li> <li>ARM Plan ID 70FD</li> <li>Qualified Mortgage (QM) Safe Harbor loans are permitted</li> <li>Qualified Mortgage (QM) Rebuttable Presumption loans are permitted –see the Qualified Mortgage (QM) Rebuttable Presumption section for requirements.</li> </ul>	<ul style="list-style-type: none"> <li>Conventional Conforming ten year/one year adjustable rate mortgage</li> <li>Servicing retained</li> <li>30 year term</li> <li>Fully amortizing</li> <li>Non-convertible</li> <li>ARM Plan ID X0FD</li> <li>Qualified Mortgage (QM) Safe Harbor loans are permitted</li> <li>Qualified Mortgage (QM) Rebuttable Presumption loans are permitted – see the Qualified Mortgage (QM) Rebuttable Presumption section for requirements</li> </ul>
<b>2. PRODUCT CODES</b>	<ul style="list-style-type: none"> <li>ll1 Home Ready 30 Year Fixed Rate</li> <li>ll2 Home Ready 30 Year Fixed with Community Second</li> </ul>	<ul style="list-style-type: none"> <li>JJ9 Home Ready 30 Year 5/1 Libor ARM 2/2/5 Cap</li> </ul>	<ul style="list-style-type: none"> <li>KK1 Home Ready 30 Year 7/1 Libor ARM 5/2/5 Cap</li> </ul>	<ul style="list-style-type: none"> <li>KK2 Home Ready 30 Year 10/1 Libor ARM 5/2/5 Cap</li> </ul>
<b>3. INDEX</b>	N/A	London interbank offered rate for 12-month United States dollar-denominated deposits, as published in the Wall Street Journal (LIBOR)		
<b>4. MARGIN</b>	N/A	2.250%, 2.375% or 2.500%		
<b>5. ANNUAL ADJUSTMENT CAP</b>	N/A	2%		
<b>6. LIFE CAP</b>	N/A	5%		
<b>7. RATE AT ADJUSTMENT</b>	N/A	<ul style="list-style-type: none"> <li>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</li> <li>Rate is equal to the note margin plus index rounded to the nearest .125%. Subject to annual/life caps</li> </ul>	<ul style="list-style-type: none"> <li>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</li> <li>Rate is equal to the note margin plus index rounded to the nearest .125%. Subject to annual/life caps</li> </ul>	
<b>8. TEMPORARY</b>	Not permitted			

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<b>BUYDOWNS</b>				
<b>9. QUALIFYING RATE</b>	<b>Qualifying Rate</b> <ul style="list-style-type: none"> <li>Qualify using the note rate</li> </ul>	<b>Qualifying Rate</b> <ul style="list-style-type: none"> <li>Qualify using the greater of the fully indexed, fully amortizing rate or note rate + 2.0%</li> </ul>	<b>Qualifying Rate</b> <ul style="list-style-type: none"> <li>Qualify using the greater of the fully indexed, fully amortizing rate or note rate</li> </ul>	
<b>10. QUALIFYING RATIOS</b>	<b>Ratios</b> <ul style="list-style-type: none"> <li>DU Approve/Eligible –Follow DU</li> <li>Out of Scope and Manually Underwritten loans – See LTV/CLTV Limitations section</li> </ul>			
<b>11. TYPES OF FINANCING</b>	<b>Purchase Mortgage Rate &amp; Term Refinance (Limited Cash-Out Refinance)</b> <ul style="list-style-type: none"> <li>Loan amount may include:                             <ul style="list-style-type: none"> <li>Pay off the outstanding principal balance of existing first loan (including existing HELOC in first lien position), plus any required per diem interest</li> <li>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</li> <li>Closing costs and prepaids</li> <li>Prepayment penalties associated with the existing mortgage</li> <li>Cash-out limited to the lesser of 2% of the principal amount of the new loan or \$2000</li> </ul> </li> <li>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.</li> <li>Delinquent real estate taxes may not be included in the loan amount. See the Conforming chapter of the Client Guide for complete requirements</li> <li>See the Conforming chapter of the Client Guide for Continuity of Obligation definition and guideline requirements</li> <li>Properties currently listed for sale                             <ul style="list-style-type: none"> <li>Property must be taken off the market before the Note date</li> <li>Borrower provides written confirmation of intent to occupy if a primary residence</li> </ul> </li> </ul> <b>Owner Occupied Properties Located In Texas</b> <ul style="list-style-type: none"> <li>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).</li> <li>If the first or second Texas Section 50(6) loan is being paid off, see the <a href="#">Texas Home Equity Refinance Eligibility Matrix</a> to determine product eligibility.</li> </ul> <b>Single-Close Modification of Note</b> <ul style="list-style-type: none"> <li>Not permitted</li> </ul>			

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<b>12. LOAN AMOUNT</b>	<table border="1" style="margin: auto; border-collapse: collapse;"> <thead> <tr> <th colspan="3">MAXIMUM LOAN AMOUNT</th> </tr> <tr> <th>UNITS</th> <th>CONTINENTAL US</th> <th>ALASKA &amp; HAWAII</th> </tr> </thead> <tbody> <tr> <td style="text-align: center;">1</td> <td style="text-align: center;">\$484,350</td> <td style="text-align: center;">\$726,525</td> </tr> <tr> <td style="text-align: center;">2</td> <td style="text-align: center;">\$620,200</td> <td style="text-align: center;">\$930,300</td> </tr> <tr> <td style="text-align: center;">3</td> <td style="text-align: center;">\$749,650</td> <td style="text-align: center;">\$1,124,475</td> </tr> <tr> <td style="text-align: center;">4</td> <td style="text-align: center;">\$931,600</td> <td style="text-align: center;">\$1,397,400</td> </tr> <tr> <td colspan="3">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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DU APPROVE/ELIGIBLE			
PRIMARY RESIDENCE			
FIXED RATE			
Units	LTV <sup>2</sup>	CLTV <sup>1,2</sup>	Credit Score
Rate & Term Refinance			
1	95% <sup>3</sup>	95% <sup>3</sup>	620
2	85%	85%	620
3-4	75%	75%	620

<sup>1</sup>Maximum 105% CLTV with Community Second  
<sup>2</sup>Maximum 95% LTV/CLTV for Non-occupant borrowers. Maximum 105% CLTV for Non-occupant borrowers with Community Second.  
<sup>3</sup>Rate & Term Refinance

- LTV/CLTV > 95% <=97% permitted when:
  - At least one borrower has a credit score
  - Existing loan being refinanced is owned by Fannie Mae. Documentation may come from one of the following and must be retained in the loan file:
    - [Fannie Mae's Loan Lookup tool](#)
    - Servicing System
    - The current servicer (if the lender is not the servicer)
  - Does not apply when CLTV >95% due to community second

DU APPROVE/ELIGIBLE			
ARM			
PRIMARY RESIDENCE			
Units	LTV	CLTV	Credit Score
Purchase and Rate & Term Refinance			
1	95%	95%	620
2	85%	85%	620
3-4	75%	75%	620

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**14. LTV/CLTV LIMITATIONS  
MANUAL UNDERWRITING**

MANUALLY UNDERWRITTEN LOANS <sup>2</sup>					
FIXED RATE					
PRIMARY RESIDENCE					
Units	LTV/CLTV <sup>1</sup>	DTI <=36%		DTI >36% <=45%	
		Credit Score	Reserves	Credit Score	Reserves
Purchase and Rate & Term Refinance					
1	95%	680	0	700	0
		660	6	680	2
2	75%	620	0	640	0
		620	6	620	2
3-4	85%	680	6	700	6
		680	12	680	12
2	75%	640	6	660	6
		640	12	640	12
3-4	75%	660	6	680	6
		660	12	660	12

- See MI company eligibility guideline requirements for LTV >80%
- See the Credit section when relying on non-traditional credit to qualify or if one borrower has a credit score and the other borrower(s) do not have credit scores

<sup>1</sup>Maximum 105% CLTV with Community Second  
<sup>2</sup>Manufactured Homes not permitted

Manually Underwritten Loans <sup>1</sup>					
ARM					
PRIMARY RESIDENCE					
Units	LTV/CLTV	DTI <=36%		DTI >36% <=45%	
		Credit Score	Reserves	Credit Score	Reserves
Purchase and Rate & Term Refinance					
1	95%	680	0	700	0
		660	6	680	2
2	75%	640	0	640	0
		640	6	700	6
3-4	85%	680	6	680	12
		680	12	680	12

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			75%	640	6	660	6		
						640	12		
		3-4	75%	660	6	680	6		
						660	12		
	<ul style="list-style-type: none"> <li>See MI company eligibility guideline requirements for LTV &gt;80%</li> <li>See the Credit section when relying on non-traditional credit to qualify or if one borrower has a credit score and the other borrower(s) do not have credit scores</li> </ul> <sup>1</sup> Manufactured Homes not permitted								
15. LTV/CLTV LIMITATIONS MANUFACTURED HOUSING	<b>MANUFACTURED HOMES<sup>2</sup></b>								
	<b>DU Approve/Eligible</b>								
	<b>FIXED RATE</b>								
	<b>PRIMARY RESIDENCE</b>								
	<b>Units</b>	<b>LTV</b>	<b>CLTV<sup>1</sup></b>	<b>Credit Score</b>					
	<b>Purchase and Rate &amp; Term Refinance</b>								
	1	95%	95%	620					
<sup>1</sup> Maximum 95% CLTV with Community Second <sup>2</sup> Manual Underwrite not permitted									

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<b>16. SECONDARY FINANCING</b>	<ul style="list-style-type: none"> <li>• Seller seconds are not permitted</li> <li>• Closed end second mortgage loans only. HELOCs are not permitted</li> <li>• Down Payment Assistance Programs (DPA) are not eligible unless the following are met for the Community Seconds Program                             <ul style="list-style-type: none"> <li>• For loans underwritten by ditech, down payment assistance programs must be evaluated and approved by ditech prior to loan application. Follow standard DPA submission process.                                     <ul style="list-style-type: none"> <li>• <b>Community Seconds (Fixed Rate only)</b> <ul style="list-style-type: none"> <li>• Product code ll2 30 Year Fixed with Community Second only</li> <li>• May be funded by a federal agency, municipality, state, county or local housing finance agency, non-profit organization, a regional Federal Home Loan Bank or an employer</li> <li>• Maximum 105% CLTV</li> <li>• May be used to fund all or part of the down payment or closing costs</li> <li>• The more restrictive down payment requirement between the product and the second mortgage will apply.</li> <li>• Income limits imposed by the Community Seconds provider apply</li> <li>• No reporting requirements permitted</li> <li>• See the Conforming chapter of the Client Guide for additional information.</li> </ul> </li> </ul> </li> </ul> </li> <li>• Ditech does not participate in the Fannie Mae HFA Preferred program.</li> </ul>																																							
<b>17. PROPERTY TYPES</b>	<p><b>Eligible Property Types</b></p> <ul style="list-style-type: none"> <li>• 1-4 units</li> <li>• Condo                             <ul style="list-style-type: none"> <li>• See the Conforming chapter of the Client Guide and Condo-PUD Matrices for                                     <ul style="list-style-type: none"> <li>• Appraisal and warranty requirements</li> <li>• LTV/CLTV for Limited Review established attached condos</li> </ul> </li> </ul> </li> <li>• Nevada                             <ul style="list-style-type: none"> <li>• HOA dues for the subject unit must be current prior to closing</li> <li>• HOA may not be seller of the subject unit</li> </ul> </li> </ul>																																							

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<b>18. OCCUPANCY</b>	Primary Residence			
<b>19. GEOGRAPHIC LOCATIONS/ RESTRICTIONS</b>	<p><b>Ineligible States</b></p> <ul style="list-style-type: none"> <li>• New York                             <ul style="list-style-type: none"> <li>• 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</li> </ul> </li> <li>• West Virginia</li> </ul>			
<b>20. ASSUMPTIONS</b>	Not permitted	Permitted after the first interest rate adjustment period		
<b>21. ESCROW WAIVERS</b>	<ul style="list-style-type: none"> <li>• See the Client Guide for escrow waiver eligibility</li> <li>• Higher Priced Mortgage Loans (HPML): Primary residence loans must maintain an escrow account for a minimum of 5 years</li> </ul>			
<b>22. PREPAYMENT</b>	None			

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## ditech BUSINESS LENDING HOMEReady MORTGAGE PRODUCT

	FIXED RATE	5/1 LIBOR ARM	7/1 LIBOR ARM	10/1 LIBOR ARM
	<ul style="list-style-type: none"> <li>If manual underwrite is required due to substantial inaccurate credit data or documented extenuating circumstances, the initial DU report must be included in the file. See the Conforming chapter of the Client Guide when a borrower does not have a usable credit score</li> <li>Maximum 4 borrowers for DU transactions. Any loan with more than 4 borrowers must be manually underwritten.</li> <li>DU Validation Services: Transactions are eligible with Approve/Eligible See the Conforming Chapter of the Client Guide for details</li> </ul>			
	<ul style="list-style-type: none"> <li>Enter loans into DU using the “Additional Data” screen; select “HomeReady Mortgage” to obtain DU decision indicating eligibility for HomeReady Mortgage program</li> <li>DU findings must state that the loan casefile is eligible for delivery as a HomeReady mortgage loan.</li> </ul>			
<b>25. DOCUMENTATION TYPE</b>	Standard			
<b>26. BORROWER ELIGIBILITY</b>	<p><b>Income Requirements</b></p> <ul style="list-style-type: none"> <li>Qualifying income from all borrowers who will be on the note must be included</li> <li>Only the income used to qualify the borrowers must be included in the income limits</li> </ul> <p><b>Income Limits</b></p> <ul style="list-style-type: none"> <li>No income limits for properties located in low-income census tracts, or</li> <li>100% of area median income (AMI)</li> <li>See <a href="#">Income Eligibility by Census Tract Lookup</a> to determine eligibility</li> </ul> <p><b>Eligible Borrowers</b></p> <ul style="list-style-type: none"> <li>Permanent Resident</li> <li>Non-Permanent Resident</li> <li>Trusts</li> </ul>			

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	FIXED RATE	5/1 LIBOR ARM	7/1 LIBOR ARM	10/1 LIBOR ARM	
	<b>Ineligible Borrowers</b> <ul style="list-style-type: none"> <li>Foreign Nationals</li> </ul>				
<b>27. HOMEOWNERSHIP EDUCATION AND HOUSING COUNSELING</b>	<b>Homeownership Education</b>		<b>Housing Counseling</b>		
	<b>Definitions</b>	Education with an established curriculum and instructional goals, provided in a group or classroom setting, online, or other formats, that cover homeownership topics as: <ul style="list-style-type: none"> <li>the home-buying process</li> <li>how to maintain a home</li> <li>budgeting</li> <li>the importance of good credit</li> </ul>	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"> <li>repairing credit</li> <li>locating cash for a down payment</li> <li>recognizing predatory lending practices</li> <li>understanding fair lending and fair housing requirements</li> <li>avoiding foreclosure</li> <li>resolving a financial crisis</li> </ul>		
	<b>Requirements</b>	<ul style="list-style-type: none"> <li>Required for purchase transactions</li> <li>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.</li> </ul> <p><b>Alternatives</b></p> <ul style="list-style-type: none"> <li>Framework online education not appropriate or accessible to borrower (e.g., lack of Internet access, disability)                             <ul style="list-style-type: none"> <li>Direct borrowers to Framework's toll-free customer service line, where they can be directed to a <u>HUD-approved counseling agency</u>. The counseling agency must provide a certificate of completion to the borrower and a copy must be in the loan file.</li> </ul> </li> <li>Community Seconds program or other down payment assistance (DPA) requirement for completion of homeownership education or counseling provided by a <u>HUD-approved counseling agency</u></li> <li>Housing counseling was completed prior to execution of the sales contract.</li> </ul>			
	<b>Completion Date</b>	Prior to note date		Prior to execution of the sales contract	
	<b>Documentation</b>	<ul style="list-style-type: none"> <li>Certificate of Course Completion from Framework (or alternate provider based on Framework referral, if applicable); or</li> <li>Certificate of completion from provider.</li> </ul>		<ul style="list-style-type: none"> <li>Certificate of Completion of Housing Counseling (Fannie Mae <u>Form 1017</u>), signed by both the counseling recipient and the HUD counselor</li> </ul>	
<b>28. CO-BORROWERS</b>	<b>Non-Occupant Co-Borrower</b> <ul style="list-style-type: none"> <li>DU Approve/Eligible                             <ul style="list-style-type: none"> <li>Fixed Rate - Maximum 95% LTV</li> </ul> </li> </ul>				

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## ditech BUSINESS LENDING HOMEReady MORTGAGE PRODUCT

	FIXED RATE	5/1 LIBOR ARM	7/1 LIBOR ARM	10/1 LIBOR ARM
	<ul style="list-style-type: none"> <li>ARM - Maximum 90%LTV</li> <li>Manual Underw rite and Out of Scope</li> <li>Maximum 90% LTV</li> <li>Maximum 43% DTI for occupant borrow er</li> <li>The income and liabilities of all borrow ers must be used w hen determining the DTI ratio used for qualifying</li> </ul>			
29. CREDIT	<p><b>Credit Score Requirements</b></p> <ul style="list-style-type: none"> <li>See the LTV/CLTV Limitations section for minimum credit score requirements</li> </ul> <p><b>Underwriting Borrowers without Traditional Credit</b></p> <ul style="list-style-type: none"> <li>DU Approve/Eligible                             <ul style="list-style-type: none"> <li>DU will underw rite loans for the follow ing:                                     <ul style="list-style-type: none"> <li>No borrow er has a credit score</li> <li>At least one borrow er has no credit score and another borrow er has a credit score</li> <li>Follow DU findings for Approve/Eligible loans</li> </ul> </li> </ul> </li> <li>Manual Underw rite                             <ul style="list-style-type: none"> <li>Minimum credit score does not apply to loans w ith non-traditional credit. When relying on non-traditional credit (or if one borrow er has credit scores and other borrow ers do not), the follow ing must be met                                     <ul style="list-style-type: none"> <li>1-unit primary residence</li> <li>Purchase or rate &amp; term refinance</li> <li>Maximum 36% DTI</li> <li>There is no minimum reserve requirement if at least one borrow er can document a rental payment history as one source of nontraditional credit. Otherwise, a minimum of 12 months reserves is required.</li> <li>A minimum of three sources of nontraditional credit for each borrow er w ithout a credit score is required</li> <li>The amount of qualifying income from a borrow er for w hom no traditional or non-traditional credit profile is established may not exceed 30%.</li> </ul> </li> <li>See the Conforming chapter of the Client Guide for complete non-traditional credit requirements w hich also includes Homebuyer Education</li> </ul> </li> </ul> <p><b>Housing (Mortgage/Rental) Payment History (PITIA)</b></p> <ul style="list-style-type: none"> <li>Inclusive of all liens regardless of position</li> <li>DU Approve/Eligible – Evaluated by DU</li> <li>Out of Scope and Manual Underw rite                             <ul style="list-style-type: none"> <li>0x60 in the last 12 months</li> <li>Non-Traditional Credit: 0x30 in last 24 months</li> </ul> </li> </ul> <p><b>Significant Derogatory Credit</b></p> <ul style="list-style-type: none"> <li>See the Conforming chapter of the Client Guide for                             <ul style="list-style-type: none"> <li>Bankruptcy</li> <li>Foreclosure</li> </ul> </li> </ul>			

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	<ul style="list-style-type: none"> <li>• Pre foreclosure</li> <li>• Deed-in-lieu</li> <li>• Short Payoff</li> </ul>																											
<b>30. ASSET/RESERVES</b>	<ul style="list-style-type: none"> <li>• Sweat Equity- not permitted</li> </ul> <table border="1" style="width: 100%; border-collapse: collapse; margin: 10px 0;"> <thead> <tr> <th colspan="5" style="text-align: center;">Minimum Borrower Investment</th> </tr> <tr> <th rowspan="2"></th> <th colspan="2" style="text-align: center;">1-unit</th> <th colspan="2" style="text-align: center;">2-4 unit</th> </tr> <tr> <th style="text-align: center;">≤80% LTV/CLTV</th> <th style="text-align: center;">&gt;80% LTV/CLTV</th> <th style="text-align: center;">≤80% LTV/CLTV</th> <th style="text-align: center;">&gt;80% LTV/CLTV</th> </tr> </thead> <tbody> <tr> <td style="text-align: center;"><b>Minimum Investment from Borrower's Own Funds</b></td> <td style="text-align: center;">None</td> <td style="text-align: center;">None</td> <td style="text-align: center;">None</td> <td style="text-align: center;">3%</td> </tr> <tr> <td style="text-align: center;"><b>Gifts Permitted</b></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> </tr> </tbody> </table> <p style="font-size: small; margin: 5px 0;">Minimum borrower investment from own funds must be met before other sources are permitted</p> <ul style="list-style-type: none"> <li>• <b>Cash on Hand</b> <ul style="list-style-type: none"> <li>• Cash on hand may be used for the down payment and closing costs if the following is met:                             <ul style="list-style-type: none"> <li>• One-unit primary residence</li> <li>• The 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.</li> <li>• The borrower's credit report and other verifications indicate limited use of credit, or no depository relationship exists between the borrower and a financial institution.</li> <li>• The borrower must provide a written and signed statement that discloses the source of funds and states that the funds have not been borrowed.</li> <li>• 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.</li> <li>• The amount of cash on hand must be entered as "Cash on Hand" in the Assets section (Section VI) on the online loan application.</li> <li>• DU will use the "Cash on Hand" amount to calculate the available funds to close.</li> <li>• Cash on hand funds will not be used to calculate reserves.</li> </ul> </li> </ul> </li> <li>• <b>Seller Contributions</b> <ul style="list-style-type: none"> <li>• 3% for LTV/CLTV &gt; 90%                             <ul style="list-style-type: none"> <li>• See the Fannie Mae REO section for LTV/CLTV &gt;90%</li> </ul> </li> <li>• 6% for LTV/CLTV &gt; 75% ≤ 90%</li> <li>• 9% for LTV/CLTV ≤ 75%</li> </ul> </li> </ul>				Minimum Borrower Investment						1-unit		2-4 unit		≤80% LTV/CLTV	>80% LTV/CLTV	≤80% LTV/CLTV	>80% LTV/CLTV	<b>Minimum Investment from Borrower's Own Funds</b>	None	None	None	3%	<b>Gifts Permitted</b>	Yes	Yes	Yes	Yes
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## ditech BUSINESS LENDING HOMEReady MORTGAGE PRODUCT

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	<p><b>Reserves</b></p> <ul style="list-style-type: none"> <li>• DU Approve/Eligible: Follow DU</li> <li>• Out of Scope and Manual Underwrite: See LTV/CLTV Limitations section for the subject property reserve requirements.</li> <li>• Gift funds may be used to meet reserve requirements</li> </ul>			
<b>31. EMPLOYMENT/ INCOME</b>	<ul style="list-style-type: none"> <li>• DU Approve/Eligible: Follow DU</li> <li>• Out of Scope and Manual Underwrite: See the Conforming chapter of the Client Guide</li> </ul> <p><b>Rental Income from Boarder</b></p> <ul style="list-style-type: none"> <li>• Income from a boarder (related or non-related) can be included in the calculation of the borrower's stable monthly income if the following are met: <ul style="list-style-type: none"> <li>• One unit</li> <li>• The boarder must have resided with (and paid rent to) the borrower for the last 12 months.</li> <li>• Provide documentation to evidence residency with the borrower (i.e. copy of driver's license, monthly bills, bank statement that shows the boarder's address as being the same as the borrower's address)</li> <li>• Provide evidence of payment of rental payments (such as cancelled checks) to borrower for: <ul style="list-style-type: none"> <li>• last 12 months or</li> <li>• at least 9 of the most recent 12 months provided the rental income is averaged over a 12 month period</li> </ul> </li> <li>• Payment of rent by the boarder directly to a third party is not acceptable</li> <li>• The boarder will continue to reside with the borrower in the new residence</li> <li>• 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)</li> </ul> </li> </ul> <p><b>Rental Income from Accessory Unit</b></p> <ul style="list-style-type: none"> <li>• One- unit primary residence only</li> <li>• Purchase: Single Family Rent Schedule (Fannie Mae Form 1007) required</li> <li>• Refinance: <ul style="list-style-type: none"> <li>• Single Family Rent Schedule (Fannie Mae Form 1007) required</li> <li>• Lease agreement</li> <li>• Explanation for why the lease agreement is being used in lieu of Schedule E</li> </ul> </li> <li>• See the Conforming chapter of the Client Guide for rental income guidelines.</li> </ul> <p><b>Form 4506-T</b></p> <ul style="list-style-type: none"> <li>• Prior to Underwriting (loans underwritten by ditech only) <ul style="list-style-type: none"> <li>• 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.).</li> </ul> </li> <li>• At Closing (all loans)</li> </ul>			

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	<ul style="list-style-type: none"> <li>• 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.</li> <li>• 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 Validation Service waives the requirement.</li> <li>• See the Conforming chapter of the Client Guide for complete guidelines.</li> </ul>			
<b>32. LIMITATIONS ON OTHER R.E OWNED</b>	<p><b>Multiple Loans to the Same Borrower</b></p> <ul style="list-style-type: none"> <li>• DU Approve and Manually Underwritten Loans                             <ul style="list-style-type: none"> <li>• New multiple loans must be underwritten simultaneously. See Approval Authority section.</li> <li>• No limitation on number of financed properties</li> </ul> </li> </ul>			
<b>33. FANNIE MAE REO</b>	<p>When the transaction is Fannie Mae REO using one of the following enhancements, the file must be clearly marked as Fannie Mae REO and an approved exception must be in the loan file for delivery purposes.</p> <ul style="list-style-type: none"> <li>• LTV/CLTV &gt;90% may have Seller Contributions up to 6% (rather than the 3%), and</li> <li>• Resale Restrictions                             <ul style="list-style-type: none"> <li>• Fannie Mae REO resale restriction (property resold within 3 months of purchase) are eligible</li> </ul> </li> </ul>			
<b>34. APPRAISAL REQUIREMENTS</b>	<ul style="list-style-type: none"> <li>• DU Approve/Eligible: Follow DU                             <ul style="list-style-type: none"> <li>• Appraisal Waiver                                     <ul style="list-style-type: none"> <li>• Must be dated within four months from the DU offer date to the note date</li> <li>• An Appraisal Waiver offer may not be exercised if an appraisal has already been obtained.</li> </ul> </li> </ul> </li> <li>• See the Conforming chapter of the Client Guide for complete eligibility requirements</li> </ul>			

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## ditech BUSINESS LENDING HOMEReady MORTGAGE PRODUCT

	FIXED RATE	5/1 LIBOR ARM	7/1 LIBOR ARM	10/1 LIBOR ARM	
<b>35. MORTGAGE INSURANCE</b>	<p>Mortgage insurance is required for all loans over 80% LTV</p> <ul style="list-style-type: none"> <li>Refer to the MI company requirements for additional eligibility guidelines</li> <li>Eligible MI companies must be acceptable to Fannie Mae</li> <li>Discounted coverage requiring additional premium per AUS is not eligible</li> <li>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</li> <li>Financed MI is permitted for 1-unit primary residence purchase and rate &amp; term refinance transactions                             <ul style="list-style-type: none"> <li>The mortgage amount and LTV including the financed premium may not exceed the limitation set forth in the program guidelines</li> <li>Mortgage insurance coverage is based on LTV excluding the financed premium. Rate lock pricing is based on mortgage amount including financed premium</li> </ul> </li> <li><b>NY State</b> –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.</li> <li>See Chapter 12 Prefund Diligence Mortgage Insurance Section of the Client Guide for acceptable MI providers.</li> </ul>				
	<b>Mortgage Insurance Options</b>				
	<b>Borrower Paid Mortgage Insurance (BPMI)</b>		<b>Lender Paid Single Premium</b>		
	<ul style="list-style-type: none"> <li>Monthly and Zero Monthly</li> <li>Level Annual</li> <li>Standard Annual</li> <li>Split Premium (with or without options)</li> <li>Single Premium</li> <li>Financed MI - see above details</li> </ul>		<ul style="list-style-type: none"> <li>Correspondent only</li> <li>Must be paid to MI company prior to purchase by ditech</li> </ul>		
	<b>Coverage</b>				
	<b>Transaction Type</b>	<b>80.01-85.00%</b>	<b>85.01-90.00%</b>	<b>90.01-95.00%</b>	<b>95.01-97.00%</b>
	Fixed Rate term<= 20 years (excluding manufactures homes)	6%	12%	25%	25%
	Fixed Rate term>20 years, ARMs and manufactured homes	12%	25%	25%	25%

Please note that this is not a client offer or solicitation for all loan products listed. All loans submitted for purchase by ditech must be eligible for purchase by ditech and be in full compliance with the ditech Loan Product Matrix and ditech Client Contract for each approved client.

Product Summaries contain eligibility guidelines only. Consult the Client Guide for full details.



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<b>36. QUALIFIED MORTGAGE (QM) REBUTTABLE PRESUMPTION</b>	<ul style="list-style-type: none"> <li>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)</li> <li>Ditech employees refer to the Compliance Manual for a full description of Qualified Mortgage (QM) Rebuttable Presumption</li> <li>5/1 ARM not eligible</li> <li>Residual income and corresponding reserve requirement must be documented based on the table below.</li> </ul> <table border="1" style="width: 100%; border-collapse: collapse; margin-top: 10px;"> <thead> <tr> <th colspan="2" style="text-align: center;">RESIDUAL INCOME</th> </tr> </thead> <tbody> <tr> <td colspan="2" style="text-align: center;">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.</td> </tr> <tr> <th colspan="2" style="text-align: center;">Primary Residence</th> </tr> <tr> <th style="text-align: left;">If monthly residual income is</th> <th style="text-align: left;">Then, the minimum reserves required are ...</th> </tr> <tr> <td>\$2500 or greater</td> <td>No minimum reserves, comply with minimum reserves requirement for the base loan program.</td> </tr> <tr> <td>&gt;= \$800 &lt; \$2500</td> <td>The greater of:                             <ul style="list-style-type: none"> <li>Three months liquid reserves OR</li> <li>Minimum reserve for base loan program</li> </ul> </td> </tr> <tr> <td>&lt;\$800</td> <td>Not Eligible</td> </tr> </tbody> </table>				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"> <li>Three months liquid reserves OR</li> <li>Minimum reserve for base loan program</li> </ul>	<\$800	Not Eligible
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<b>37. SPECIAL REQUIREMENTS/ RESTRICTIONS</b>	None																	

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