

ditech BUSINESS LENDING HOME READY LP MI FIXED RATE MORTGAGE PRODUCT

1. PRODUCT DESCRIPTION	<ul style="list-style-type: none"> • Conventional Conforming fixed rate mortgage • Servicing retained • 10, 15, 20, or 30 year terms • Manufactured Homes-30 year term only • Fully amortizing • 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	<ul style="list-style-type: none"> • I3 30 Year Fixed Rate LP MI
3. INDEX	N/A
4. MARGIN	N/A
5. ANNUAL ADJUSTMENT CAP	N/A
6. LIFE CAP	N/A
7. RATE AT ADJUSTMENT	N/A
8. TEMPORARY BUYDOWNS	Not permitted
9. QUALIFYING RATE	Qualify using the note rate
10. QUALIFYING RATIOS	<p>Ratios</p> <ul style="list-style-type: none"> • DU Approve/Eligible – Follow DU
11. TYPES OF FINANCING	<p>Purchase Mortgage</p> <p>Rate & Term Refinance (Limited Cash-Out 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 <ul style="list-style-type: none"> • 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 • Properties currently 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 a primary residence <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

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Equity Deed of Trust, Home Equity Installment Contract or Residential Home Loan Deed of Trust).

- If the first or second Texas Section 50(6) loan is being paid off, see the [Texas Home Equity Refinance Eligibility Matrix](#) to determine product eligibility.

Single-Close Modification of Note

- Not permitted

12. LOAN AMOUNT

MAXIMUM LOAN AMOUNT		
Units	CONTINENTAL US	ALASKA & HAWAII
1	\$484,350	\$726,525
2	\$620,200	\$930,300
No minimum loan amount		

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**13. LTV/CLTV
LIMITATIONS
AUTOMATED
UNDERWRITING**

DU APPROVE/ELIGIBLE		
PRIMARY RESIDENCE		
Units	LTV ¹ /CLTV ¹	Credit Score
Purchase		
1	97% ²	620
2	85%	620

¹ Maximum 95% LTV/CLTV for Non-occupant borrowers
² Loans with LTV/CLTV Ratios 95.01 -97%-At least one borrower must have a credit score
 See MI company eligibility guideline requirements

DU APPROVE/ELIGIBLE		
PRIMARY RESIDENCE		
Units	LTV ¹ /CLTV ¹	Credit Score
Rate & Term Refinance		
1	95% ²	620
2	85%	620

¹ Maximum 95% LTV/CLTV for Non-occupant borrowers
² 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

See MI company eligibility guideline requirements

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**14. LTV/CLTV LIMITATIONS
MANUFACTURED HOUSING**

MANUFACTURED HOMES ¹		
DU APPROVE/ELIGIBLE		
PRIMARY RESIDENCE		
Units	LTV/CLTV	Credit Score
Purchase and Rate & Term Refinance		
1	95%	620
¹ 30 year term only See MI company eligibility guideline requirements		

15. SECONDARY FINANCING

- Down Payment Assistance Programs (DPA) that create a lien are not eligible
- Community Seconds are not permitted.
- Seller seconds are not permitted
- Closed end second mortgage loans only. HELOCs are not permitted

16. PROPERTY TYPES

Eligible Property Types

- 1-2 units
- Condo
 - See the Conforming chapter of the Client Guide and Condo-PUD Matrices for
 - Appraisal and warranty requirements
 - LTV/CLTV for Limited Review established attached condos
 - Nevada
 - 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
 - Max 95% LTV/CLTV
 - Properties located in Rhode Island are not eligible
 - Properties on a leasehold are not eligible
 - Multi-wide manufactured homes may be located in a condo or PUD project, subdivision or on an individual lot
 - Manufactured homes condo units must be in a Fannie Mae PERS approved condo project
 - Single-wide manufactured homes must be in a Fannie Mae PERS approved condo project or Fannie Mae PERS approved PUD project
 - 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 seller is not the builder-contractor or manufactured housing dealer who installed MH unit on site.
 - See the Conforming chapter of the Client Guide for complete LTV/CLTV calculations and other manufactured housing requirements.
- Off-frame Modular Housing
- Precut, Panelized Housing
- PUD

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	<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"> • 3-4 units • Condo Hotel • Co-op • On-frame Modular Housing <p>See the Conforming chapter of the Client Guide for eligibility guidelines</p>									
17. OCCUPANCY	Primary Residence									
18. 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 									
19. ASSUMPTIONS	Not permitted									
20. 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 									
21. PREPAYMENT PENALTY	None									
22. 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: 33%;">Non-Delegated and Broker</th> </tr> </thead> <tbody> <tr> <td style="vertical-align: top;"> <p>Client has the following limited underwriting authority</p> <ul style="list-style-type: none"> • Individual loan amount <= \$1 million eligible • ditech first and second liens: combined loan amount <= \$1 million eligible • 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 • New York <ul style="list-style-type: none"> • Individual loan amount <= \$1 </td> <td style="vertical-align: top;"> <p>Client has the following limited underwriting authority</p> <ul style="list-style-type: none"> • DU Approve required • Individual loan amount <=\$650,000 eligible with the following exceptions <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 </td> <td style="vertical-align: top;"> <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	<p>Client has the following limited underwriting authority</p> <ul style="list-style-type: none"> • Individual loan amount <= \$1 million eligible • ditech first and second liens: combined loan amount <= \$1 million eligible • 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 • New York <ul style="list-style-type: none"> • Individual loan amount <= \$1 	<p>Client has the following limited underwriting authority</p> <ul style="list-style-type: none"> • DU Approve required • Individual loan amount <=\$650,000 eligible with the following exceptions <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 	<ul style="list-style-type: none"> • All loans must be submitted to ditech • New York-Ineligible
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24. DOCUMENTATION TYPE	Standard
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25. BORROWER ELIGIBILITY	<p>Income Requirements</p> <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 <p>Income Limits</p> <ul style="list-style-type: none"> No income limits for properties located in low-income census tracts, or 100% of area median income (AMI) See Income Eligibility by Census Tract Lookup to determine eligibility <p>Permanent Resident</p> <ul style="list-style-type: none"> See the Conforming chapter of the Client Guide for eligibility <p>Non-Permanent Resident</p> <ul style="list-style-type: none"> See the Conforming chapter of the Client Guide for eligibility
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	<p>Foreign Nationals</p> <ul style="list-style-type: none"> • Not permitted <p>Trusts</p> <ul style="list-style-type: none"> • See the Conforming chapter of the Client Guide for eligibility 																
<p>26. HOMEOWNERSHIP EDUCATION AND HOUSING COUNSELING</p>	<table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 30%;"></th> <th style="width: 35%;">Homeownership Education</th> <th style="width: 35%;">Housing Counseling</th> </tr> </thead> <tbody> <tr> <td style="text-align: center;">Definitions</td> <td> 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"> • the home-buying process • how to maintain a home • budgeting • the importance of good credit </td> <td> 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 </td> </tr> <tr> <td style="text-align: center;">Requirements</td> <td colspan="2"> <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 <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. • Housing counseling was completed prior to execution of the sales contract. </td> </tr> <tr> <td style="text-align: center;">Completion Date</td> <td>Prior to note date</td> <td>Prior to execution of the sales contract</td> </tr> <tr> <td style="text-align: center;">Documentation</td> <td> <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. </td> <td> <ul style="list-style-type: none"> • Certificate of Completion of Housing Counseling (Fannie Mae <u>Form 1017</u>), signed by both the counseling recipient and the HUD counselor </td> </tr> </tbody> </table>			Homeownership Education	Housing Counseling	Definitions	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"> • the home-buying process • how to maintain a home • budgeting • the importance of good credit 	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 <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. • 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 <u>Form 1017</u>), signed by both the counseling recipient and the HUD counselor
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<p>27. CO-BORROWERS</p>	<p>Non-Occupant Co-Borrower</p> <ul style="list-style-type: none"> • DU Approve/Eligible – Maximum 95% LTV • The income and liabilities of all borrowers must be used when determining the DTI ratio used for qualifying 																

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28. CREDIT

Credit Score Requirements

- See the LTV/CLTV Limitations section for minimum credit score requirements
- Non-traditional credit is not permitted unless the loan receives a DU Approve/Eligible

Underwriting Borrowers without Traditional Credit

- DU Approve/Eligible
 - DU will underwrite loans for the following:
 - No borrower has a credit score
 - At least one borrower has no credit score and another borrower has a credit score
 - Follow DU findings for Approve/Eligible loans

Housing (Mortgage/Rental) Payment History (PITIA)

- Inclusive of all liens regardless of position
- DU Approve/Eligible – Evaluated by DU

Significant Derogatory Credit

- See the Conforming chapter of the Client Guide for
 - Bankruptcy
 - Foreclosure
 - Pre foreclosure
 - Deed-in-lieu
 - Short Payoff

29. ASSET/RESERVES

- Sweat Equity-not permitted

Minimum Borrower Investment		
	1 unit	2 unit
Minimum Investment from Borrower's Own Funds	None	3%
Gifts Permitted	Yes	Yes
Minimum borrower investment from own funds must be met before other sources are permitted		

Cash on Hand

- Cash on hand may be used for the down payment and closing costs if the following is met:
 - One-unit primary residence
 - 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.
 - 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.

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	<ul style="list-style-type: none"> • The 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. • 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. <p>Seller Contributions</p> <ul style="list-style-type: none"> • 3% for LTV/CLTV > 90% <ul style="list-style-type: none"> • See the Fannie Mae REO section for LTV/CLTV >90% • 6% for LTV/CLTV <= 90% <p>Reserves</p> <ul style="list-style-type: none"> • DU Approve/Eligible: Follow DU • Gift funds may be used to meet reserve requirements
30. EMPLOYMENT/ INCOME	<ul style="list-style-type: none"> • DU Approve/Eligible: Follow DU <p>Rental Income from Boarder</p> <ul style="list-style-type: none"> • 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"> • One 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 (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) • 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 AML limitations) <p>Rental Income from Accessory Unit</p> <ul style="list-style-type: none"> • One- unit primary residence only • 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 • Lease agreement • Explanation for why the lease agreement is being used in lieu of Schedule E • See the Conforming chapter of the Client Guide for rental income guidelines

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	<p>Form 4506-T</p> <ul style="list-style-type: none"> • Prior to Underwriting (for 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 (for 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 Validation Service waives the requirement. • See the Conforming chapter of the Client Guide for complete guidelines.
<p>31. LIMITATIONS ON OTHER R.E OWNED</p>	<p>Multiple Loans to the Same Borrower</p> <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. • No limitation on number of financed properties
<p>32. FANNIE MAE REO</p>	<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"> • LTV/CLTV >90% may have Seller Contributions up to 6% (rather than the 3%), and • Resale Restrictions <ul style="list-style-type: none"> • Fannie Mae REO resale restriction (property resold within 3 months of purchase) are eligible
<p>33. APPRAISAL REQUIREMENTS</p>	<ul style="list-style-type: none"> • DU Approve/Eligible-Follow DU <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 • An Appraisal Waiver offer may not be exercised if an appraisal has already been obtained. • See the Conforming chapter of the Client Guide for complete eligibility requirements
<p>34. MORTGAGE INSURANCE</p>	<ul style="list-style-type: none"> • MI ordered by ditech • Lender Paid Disclosure Form must be provided to the borrower • 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.

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.

ditech BUSINESS LENDING HOMEReady LPMI FIXED RATE MORTGAGE PRODUCT

35. QUALIFIED MORTGAGE (QM) REBUTTABLE PRESUMPTION

- 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 Qualified Mortgage (QM) Rebuttable Presumption
- Residual income and corresponding reserve requirement must be documented based on the table below.

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

36. SPECIAL REQUIREMENTS/ RESTRICTIONS

None

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.