

ditech BUSINESS LENDING FREDDIE MAC HOME POSSIBLE LPMI FIXED RATE MORTGAGE PRODUCT

1. PRODUCT DESCRIPTION	<ul style="list-style-type: none"> • Conventional Conforming fixed rate mortgage • Servicing retained • 10-30 year term in annual increments • 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	<p>Home Possible Advantage</p> <ul style="list-style-type: none"> • JJ8 Home Possible Advantage 30 Yr Fixed LPMI <p>Home Possible</p> <ul style="list-style-type: none"> • JJ7 Home Possible 30 Yr Fixed LPMI
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	<p>Qualifying Rate</p> <ul style="list-style-type: none"> • Qualify using the note rate
10. QUALIFYING RATIOS-	<p>Ratios</p> <ul style="list-style-type: none"> • LPA Accept – Follow LPA
11. TYPES OF FINANCING	<p>Purchase Mortgage 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 • Closing costs and prepaids • Prepayment penalties associated with the existing mortgage • Cash out limited to 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

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requirements.

- See the Conforming chapter of the Client Guide for Continuity of Obligation definition and guideline requirements

Owner Occupied Properties Located In Texas

- 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).
- 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		

13. HOME POSSIBLE ADVANTAGE LTV/CLTV LIMITATIONS AUTOMATED UNDERWRITING

HOME POSSIBLE ADVANTAGE ¹			
PRIMARY RESIDENCE			
Purchase and Rate & Term Refinance			
Units	LTV	CLTV ²	HCLTV
1	97%	N/A	N/A

¹ Manufactured homes not eligible

² Secondary Financing not permitted

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**14. HOME POSSIBLE
LTV/CLTV LIMITATIONS
AUTOMATED
UNDERWRITING**

HOME POSSIBLE			
PRIMARY RESIDENCE			
Purchase and Rate & Term Refinance			
Units	LTV	CLTV	HCLTV
1-2	95%	95%	95%

MANUFACTURED HOMES ¹			
PRIMARY RESIDENCE			
Purchase and Rate & Term Refinance			
Units	LTV	CLTV	HCLTV
1	95%	95%	95%
¹ 30 year term only			

**15. SECONDARY
FINANCING**

- Seller seconds are not permitted
- Down Payment Assistance Programs (DPA) that create a lien are not eligible
- Affordable Seconds are not permitted.

16. PROPERTY TYPES

Eligible Property Types

- 1-2 units
- Condo
 - See the Conforming chapter of the Client Guide and Freddie Mac Condo-PUD Matrices for
 - Appraisal and warranty requirements
 - LTV/CLTV for Streamlined 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/HCLTV
 - Properties located in Rhode Island are not eligible
 - Properties on a leasehold are not eligible
 - Single wide manufactured homes must be in a Fannie Mae PERS approved condo or 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

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	<ul style="list-style-type: none"> Off-frame Modular Housing On-frame Modular housing 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 <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> 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 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 </td> <td> Client has the following limited underwriting authority <ul style="list-style-type: none"> LP Accept or 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 </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 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 	Client has the following limited underwriting authority <ul style="list-style-type: none"> LP Accept or 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 	<ul style="list-style-type: none"> All loans must be submitted to ditech New York-Ineligible
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	<p>all properties owned by the borrower</p> <ul style="list-style-type: none"> 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"> ditech total overall exposure with a borrower <= \$1 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 <= \$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. UNDERWRITING / AUS DECISIONS	<table border="1" style="width: 100%; border-collapse: collapse; margin-bottom: 10px;"> <tr> <th colspan="2" style="text-align: center;">All loans must be submitted to LPA</th> </tr> <tr> <th style="width: 50%; text-align: center;">Acceptable</th> <th style="width: 50%; text-align: center;">Unacceptable</th> </tr> <tr> <td style="text-align: center;">LPA Accept</td> <td style="text-align: center;">LPA Caution Manual Underwrite</td> </tr> <tr> <td style="text-align: center;">Maximum 5 borrowers for LPA transactions.</td> <td></td> </tr> </table> <ul style="list-style-type: none"> Enter loans into LPA, the Offering Identifier field (found in the Mortgage Type and Loan Terms section) must reflect Home Possible or Home Possible Advantage, as applicable to obtain an LPA decision indicating eligibility for Home Possible Mortgage Program LPA certificate must state the loan casefile is eligible for delivery as a Home Possible/Home Possible Advantage mortgage loan 	All loans must be submitted to LPA		Acceptable	Unacceptable	LPA Accept	LPA Caution Manual Underwrite	Maximum 5 borrowers for LPA transactions.	
All loans must be submitted to LPA									
Acceptable	Unacceptable								
LPA Accept	LPA Caution Manual Underwrite								
Maximum 5 borrowers for LPA transactions.									

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"> LPA 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) <ul style="list-style-type: none"> See Affordable Income & Property Eligibility tool <p>Eligible Borrowers</p> <ul style="list-style-type: none"> Permanent Resident Non-Permanent Resident Trusts
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	<p>Ineligible Borrowers</p> <ul style="list-style-type: none"> • Non-occupant co-borrowers not permitted. All borrowers must occupy the subject property as their primary residence • Foreign Nationals
26. NON-OCCUPANT BORROWER	<ul style="list-style-type: none"> • Permitted with below requirements: <ul style="list-style-type: none"> • 1 unit • LTV/CLTV/HCLTV ≤ 95%
27. CREDIT	<p>Credit Score Requirements</p> <ul style="list-style-type: none"> • Minimum 620 <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 for the following: <ul style="list-style-type: none"> • No borrower has a credit score • At least one borrower has no credit score and another borrower has a credit score • Follow LPA Feedback Certificate for LPA Accept loans <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 – Evaluated by LPA <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 • Pre foreclosure • Deed-in-lieu • Short Payoff

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28. ASSET/RESERVES

- Sweat Equity-not permitted

Minimum Borrower Investment				
	1-unit		2 units	
	<=80% LTV/CLTV/HCLTV	>80% LTV/CLTV/HCLTV	<=80% LTV/CLTV/HCLTV	>80% LTV/CLTV/HCLTV
Minimum Investment from Borrower's Own Funds	None	None	None	3%
Gifts Permitted	Yes	Yes	Yes	Yes
Minimum borrower investment from own funds must be met before other sources are permitted				

Minimum Reserves			Seller Contributions
Units	Home Possible	Home Possible Advantage	
1	Follow LPA	Follow LPA	<ul style="list-style-type: none"> • 3% for LTV/CLTV > 90% • 6% for LTV/CLTV > 75% <= 90% • 9% for LTV/CLTV <= 75%
2	Follow LPA	N/A	

Rate & Term Refinance- The cash out may not be used to meet the reserve requirements

Cash on Hand
<ul style="list-style-type: none"> • The following requirements must be met: <ul style="list-style-type: none"> • The borrower is a cash basis individual and that the cash on hand is not borrowed and could be saved by the borrower • The below documents are needed <ul style="list-style-type: none"> • A completed Freddie Mac Exhibit 23 Monthly Budget and Residual Analysis Form or another document containing the same information, confirming that the total monthly residual income available for savings is a positive number • Copies of six months cash receipts or acceptable alternative documentation to verify the recurring obligations, including the payment of revolving and installment debt, are customarily paid in cash. • The credit report must not show more than three trade lines. • Copies of three months statements for any open revolving account that reveal cash advances are not the source of borrower funds. Any cash advances must be explained and documented. • An updated credit report must be obtained one week prior to closing that does not show any new accounts or a substantial increase to an existing account that exceeds the amount of cash on hand provided by the borrower. • There must be no indication that the borrower typically uses checking, savings or similar accounts <ul style="list-style-type: none"> • Evidence that funds for the down payment, closing costs, prepaids and reserves are deposited in a financial institution or are held in an escrow account prior to closing.

29. EMPLOYMENT/INCOME

- Follow LPA for income documentation

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	<ul style="list-style-type: none"> • See the Conforming chapter of the Client Guide <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 appropriate 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 last 12 months • 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 • The borrower must provide a written statement affirming <ul style="list-style-type: none"> • The source of rental income • The fact that the person providing the rental income has resided with the borrower for the past year and intends to continue residing with the borrower in the new residence for the foreseeable future <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. • 4506 -T for the business tax return transcript(s) must be signed when the business returns are used for qualification. • See the Conforming chapter of the Client Guide for complete guidelines.
<p>30. LIMITATIONS ON OTHER R.E OWNED</p>	<ul style="list-style-type: none"> • Borrower may have ownership in other residential property provided the Borrower does not occupy the other property and: <ul style="list-style-type: none"> • The borrower inherited their ownership interest in the property and shares ownership with another party, or • The borrower owns the property with another party and the debt associated with the property was assigned to the other party by a court order (e.g., a divorce decree), or • The borrower is a cosigner/guarantor on the related mortgage and someone other than the borrower has made payments for the most recent 12 months, as documented with copies of canceled checks or a statement from the lender.
<p>31. APPRAISAL REQUIREMENTS</p>	<ul style="list-style-type: none"> • LPA Accept – Follow LPA <ul style="list-style-type: none"> • Automated Collateral Evaluation (ACE) not permitted • See the Conforming chapter of the Client Guide for complete eligibility requirements
<p>32. 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.

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33. 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

34. SPECIAL REQUIREMENTS/ RESTRICTIONS

Homebuyer Education

- Must be completed prior to the Note date
- Must be completed by at least one borrower, when all occupying borrowers are first time homebuyers, for purchase transactions.
- Must not be provided by an interested party to the transaction, the Client or Ditech.
- Homeownership Education Certification/documentation or Credit Smart-Steps to Homeownership certificate of completion must be in the loan file.
- The following types of homeownership education are acceptable:
 - Programs developed by HUD approved counseling agencies, Housing Finance Agencies (HFAs) or Community Development Financial Institutions (CDFIs)
 - Homeownership education programs developed by mortgage insurance companies or other providers programs that meet the standards of the [National Industry Standards for Homeownership Education and Counseling](#)
 - Freddie Mac's free financial literacy curriculum, CreditSmart, meets the homeownership education requirements, provided:
 - The borrower completes the on-line [Credit Smart Steps to Homeownership Tutorial](#) which includes modules 1, 2, 7, 11, and 12.
 - CreditSmart is not provided by an interested party to the transaction, the Client or Ditech.

Landlord Education (2 units)

- Must be completed prior to the Note date
- At least one borrower must participate in a landlord education program for a purchase transaction.
- Must not be provided by an interested party to the transaction, the Client or ditech.
- Landlord Education is not required for refinance transactions but it is recommended for borrowers who have not previously attended a

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- program.
Evidence of completion of the landlord education requirement must be retained in the mortgage file (certificate or letter from the provider).

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