

ditech BUSINESS LENDING EXPANDED CRITERIA ALT DOC NO INCOME VERIFIED ASSET (NIVA)

1. PRODUCT DESCRIPTION	<ul style="list-style-type: none"> The Alt Doc NIVA program offers the opportunity to utilize a qualifying calculation based on the verification of assets and accumulated wealth as an alternative method to income verification to document the borrower's ability to repay This is a non-QM mortgage Must comply with Ability to Repay underwriting standards 																																																																
2. LOAN TERM	30-year term																																																																
3. PRODUCT CODES	LL3 Exp Criteria A+ Alt Doc 30 Yr Fixed																																																																
4. TEMPORARY BUYDOWNS	Not permitted																																																																
5. LTV/CLTV	ALT DOC NO INCOME VERIFIED ASSETS (NIVA)																																																																
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8. DOCUMENTATION TYPE	Alt Doc No Income Verified Assets (NIVA)																																																																
9. POWER OF ATTORNEY	Not permitted																																																																
10. UNDERWRITING	<ul style="list-style-type: none"> All loan must be submitted to ditech for underwriting 																																																																

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	<ul style="list-style-type: none"> • Loan must be manually underwritten and fully documented according to the product and policy guidelines on this product matrix and the Expanded Criteria chapter of the Client Guide • Transmittal Summary (Form 1008) is required and must be signed and dated • Submit to DU for appropriate fraud alerts and contributory messages 												
11. QUALIFYING RATE	N/A												
12. RESIDUAL INCOME	Not required												
13. PAYMENT SHOCK	<ul style="list-style-type: none"> • Payment shock is calculated by dividing the difference between the new and existing housing payments by the existing housing payment • Payment shock cannot exceed 250% for borrower with 24 month mortgage history • Payment shock cannot exceed 100% for borrower currently renting • May be waived if <ul style="list-style-type: none"> • LTV <65%, or • Borrower has owned the property free and clear for two or more years (must be documented) <table border="1" style="margin-left: 40px; margin-top: 10px;"> <thead> <tr> <th colspan="2" style="text-align: center;">Example</th> </tr> </thead> <tbody> <tr> <td>New Payment (PTIA)</td> <td style="text-align: right;">\$1,500</td> </tr> <tr> <td>Subtract Existing Payment (Rent or PTIA)</td> <td style="text-align: right;">\$1,000</td> </tr> <tr> <td>Difference</td> <td style="text-align: right;">\$500</td> </tr> <tr> <td>Divided by the Existing Payment</td> <td style="text-align: right;">\$1,000</td> </tr> <tr> <td>Payment Shock %</td> <td style="text-align: right;">50%</td> </tr> </tbody> </table>	Example		New Payment (PTIA)	\$1,500	Subtract Existing Payment (Rent or PTIA)	\$1,000	Difference	\$500	Divided by the Existing Payment	\$1,000	Payment Shock %	50%
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14. TYPES OF FINANCING	<p>Purchase Mortgage</p> <ul style="list-style-type: none"> • Non-arm's length transactions not permitted except for inherited properties • Not eligible if seller acquired the property within 180 days (note date to contract date) <p>Rate & Term Refinance</p> <ul style="list-style-type: none"> • Loan amount may include <ul style="list-style-type: none"> • Pay off of outstanding principal balance of existing first loan, plus any required per diem interest • Pay off closed end loan that is seasoned for 12 months (from date of application), was used to purchase the subject property or was used for documented home improvements • Pay off HELOC where a cash draw greater than \$2,000 has not been taken in the last 12 months (from application date) or proceeds were used for documented home improvements • Prepayment penalty associated with the existing mortgage • Cash out limited to the lower of 1% of the loan amount or \$2,000 												

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	<ul style="list-style-type: none"> • Borrowers who have refinanced twice in the past 12 months are ineligible for another refinance • Properties owned less than 12 months: use the lesser of the purchase price plus documented improvements or the appraised value to calculate LTV. Purchase price can be documented using the Closing Disclosure • Continuity of Obligation required <p>Cash-Out Refinance</p> <ul style="list-style-type: none"> • At least one borrower must have held title to subject property for at least 6 months, measured from date vested on title to note date • Borrowers who have refinanced twice in the past 12 months are ineligible for another refinance • Properties owned less than 12 months: use the lesser of the purchase price plus documented improvements or the appraised value to calculate LTV. Purchase price can be documented using the Closing Disclosure from original financing • Continuity of Obligation required
<p>15. TEXAS OWNER OCCUPIED PROPERTIES</p>	<ul style="list-style-type: none"> • Owner occupied properties located in Texas subject to Texas Section 50(a)(6) not permitted <ul style="list-style-type: none"> • A copy of the current mortgage or note is required to determine the previous terms are not 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) • Conversion of a 50(a)(6) loan to a 50(a)(4) loan not permitted
<p>16. PROPERTIES LISTED FOR SALE</p>	<p>Rate & Term Refinance</p> <ul style="list-style-type: none"> • Properties currently listed for sale are not eligible. Properties that have been listed for sale within six months of the application date are eligible with the following: <ul style="list-style-type: none"> • Primary residence and second home • Documentation to show cancellation of listing on or before application date • Letter of explanation from the borrower detailing the reason for cancelling the listing <p>Cash-Out Refinance</p> <ul style="list-style-type: none"> • Properties currently listed for sale are not eligible. Properties that have been listed for sale within six months of the application date are eligible with the following: <ul style="list-style-type: none"> • Primary residence and second home • Max LTV/CLTV 80% or program max, whichever is less • Documentation to show cancellation of listing on or before application date • Letter of explanation from the borrower detailing the reason for cancelling the listing
<p>17. PRINCIPAL CURTAILMENT</p>	<ul style="list-style-type: none"> • Permitted for Rate and Term Refinance • Max 2% of new loan amount or \$2,000, whichever is less
<p>18. OCCUPANCY</p>	<ul style="list-style-type: none"> • Primary Residence

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	<ul style="list-style-type: none"> • Second Homes
19. ELIGIBLE PROPERTY TYPES	<ul style="list-style-type: none"> • 1-4 units • Condo <ul style="list-style-type: none"> • Fannie Mae warrantable • Non-warrantable condo • See Expanded Criteria Condo-PUD Matrix • Leasehold Estates • Nevada Condo and PUDs <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
20. INELIGIBLE PROPERTY TYPES	<ul style="list-style-type: none"> • 2-4 unit PUD • Co-op • Manufactured homes
21. INELIGIBLE STATES	<ul style="list-style-type: none"> • Illinois • Maryland • Massachusetts • Minnesota • New Mexico • New York • Pennsylvania • West Virginia <p>State specific regulatory requirements supersede all underwriting guidelines</p>
22. PREPAYMENT PENALTY	None

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<p>23. BORROWER ELIGIBILITY</p>	<p>Eligible Borrowers</p> <ul style="list-style-type: none"> • U.S. Citizens • Permanent Resident • Inter Vivos Revocable Trust • First-time Homebuyer <ul style="list-style-type: none"> • Single-family • Primary residence • Warrantable condos • Max 60% LTV/CLTV • 9 months PITIA reserves
<p>24. INELIGIBLE BORROWERS</p>	<ul style="list-style-type: none"> • Non-Permanent Resident • Foreign Nationals
<p>25. CO-BORROWERS</p>	<ul style="list-style-type: none"> • No more than 4 borrowers permitted on a transaction • Non-occupant co-borrower not permitted
<p>26. CREDIT</p>	<ul style="list-style-type: none"> • All borrowers must meet credit score and trade line requirements • See the Expanded Criteria chapter of the Client Guide for trade line requirements <p>Credit Grade Determination for Significant Derogatory Credit</p> <p>The borrower's least favorable factor will determine the credit grade. For example, a negative rating on a mortgage will determine the credit grade if it is worse than the age of the bankruptcy. The initial application date will be used to determine the seasoning for the events listed above.</p> <ul style="list-style-type: none"> • If a foreclosure is included in a bankruptcy, each event is treated separately for grade determination. • Chapter 7 bankruptcy is measured from the discharge date • Chapter 11 bankruptcy will not impact the credit grade unless the borrower is personally liable for the reorganized debt • Chapter 13 bankruptcy is measured from the discharge date. If the Chapter 13 bankruptcy is canceled, grading is measured from cancellation date • Borrowers with multiple bankruptcies are ineligible • Loss mitigation includes forbearance, any modification of the original terms, deed-in-lieu, notice of default, pre-foreclosure, short sale, short refinance, charge-off, modification or non-foreclosure action. Multiple loss mitigation events are allowed
<p>27. HOUSING PAYMENT HISTORY</p>	<ul style="list-style-type: none"> • Inclusive of all liens regardless of position • Applies to all mortgages on all financed properties • Subject mortgage must be current • One of the following is required: <ul style="list-style-type: none"> • At least one borrower must have a recent, consecutive 24-month housing payment history

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	<ul style="list-style-type: none"> Borrowers who own their primary residence free and clear. Evidence property is owned free and clear must be documented First-time homebuyers must have a 24 month rental housing payment history
28. BORROWER CONTRIBUTION	Gift Funds <ul style="list-style-type: none"> Gifts and gifts of equity not permitted
29. SELLER CONCESSIONS	Primary Residence and Second Homes: 6%
30. RESERVES	<ul style="list-style-type: none"> 9 months PITIA reserves for loan amount <=\$1,000,000 18 months PITIA reserves for loan amount >\$1,000,000 6 months PITIA reserves required for each additional financed property using the highest PITIA payments up to 6 properties. If borrower owns more than 6 financed properties, additional reserves are not required Reserves are calculated based on the PITIA of each individual property Proceeds from cash-out refinance may not be used to meet the reserve requirements
31. INCOME/ EMPLOYMENT	<ul style="list-style-type: none"> Employment and income not required to be disclosed on the 1003 Business phone number and contact information, if applicable, must be on the 1003 (used for servicing contact) Borrower Affirmation – No Income Verified Asset (NIVA) form required NIVA Qualifying Loan Calculation Asset Determination Tool (NIVA Calculator) may be used to assist in determining required funds See Sections 34 to 37 for asset documentation and calculation requirements.
32. IRS FORM 4506-T	Not required
34. ASSET DOCUMENTATION	<p>Full asset documentation is required for both funds to close and reserves. Assets may be cash, stocks, bonds, IRAs, 401ks, mutual funds, or retirement accounts. Trust funds may be considered if they are in the borrower(s) name only. Asset levels in the verified accounts are expected to be consistent and sustained over the 12-month period.</p> <p>Assets must be verified sufficient to cover the loan amount requested with sufficient additional reserves to cover all revolving, installment, alimony, child support, and other monthly debt for a period of five years, plus the program reserve requirement based on the loan amount.</p> <p>The following is required:</p> <ul style="list-style-type: none"> Twelve months of consecutive account statements for each asset account. Asset statements reflecting other individuals who are not on the loan are not eligible. However, if the borrower's spouse is on the account and not on the loan, the funds may be considered if a 100% access letter is provided. Any large increases or decreases must be sourced. Increases or decreases greater than 15% of the ending balance month over month must be documented and explained by the borrower. Additional supporting documentation may be required. Asset statements reflecting the occurrence (one-time or isolated incident) of NSF checks, wire transfers, overdraft protection transfers, negative ending balances and transfers from other accounts must be satisfactorily explained and documented.

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	<ul style="list-style-type: none"> Asset statements reflecting multiple NSF checks, overdraft protection transfers, negative ending balances, or lack a satisfactory explanation indicate cash flow problems and are not eligible.
35. ELIGIBLE ASSETS	<p>Eligible assets must be comprised of the following asset types, be available to the borrower, and are limited as follows:</p> <ul style="list-style-type: none"> Checking, savings, money market at 100% Publicly traded stocks and bonds at 70% Mutual funds at 70% Retirement accounts <ul style="list-style-type: none"> ≥ 59.5 years old at 65% < 59.5 years old at 55% Amounts shown for retirement accounts can only be used if a distribution plan has not already been set up. If a distribution plan has begun, the asset is not eligible. Any debt tied to that asset must be netted out. For example, if stocks were purchased on margin or a 401k loan was taken against the 401k account. For trusts, the qualifying amount will be applied based on how they are held within the trust. For example, any stocks and bonds within the trust would have a 70% qualifying amount applied. Borrowers with an open 30-day account that is due in full at the end of every month, such as American Express, must subtract the full balance reflected on the credit report from the allowable assets.
36. OTHER REO	<ul style="list-style-type: none"> Ownership of investment properties by the borrower may require additional reserves if the aggregate net cash flow is negative. Current, fully executed long-term (min 12-months) lease agreements are required to document rental income. Short-term, vacation room and market rents are not allowed. <p>Calculating Net Cash Flow</p> <ul style="list-style-type: none"> Document the monthly PITIA for the rental property <ul style="list-style-type: none"> 75% of actual rents, based on leases minus (-) PITIA equals net cash flow For multiple rentals, net cash flow is cumulative If net cash flow is positive, no further action is required. If net cash flow is negative, borrower must have additional reserves (60 months x negative cash flow) <p>Example Negative Cash Flow = \$525 per month Required Additional Reserves = \$31,500 (\$525x60 months)</p>
37. INELIGIBLE ASSETS	<ul style="list-style-type: none"> 529 accounts Accounts pledged as collateral on another loan Assets titled in an irrevocable trust

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	<ul style="list-style-type: none"> • Below investment grade corporate and municipal bonds • Business funds • Cash out refinance proceeds • Custodial accounts • Gifts and gifts of equity • Deferred compensation • Escrow accounts • Foreign funds • Health savings accounts • Inheritance • Lottery winnings • Non-financial assets (collectibles, stamps, coins, artwork, etc.) unless liquidated • Non-liquid assets (automobiles, artwork, business net worth, etc.) • Non-regulated financial companies • Non-vested restricted stock units • Privately held stock • Restricted stock units • Stock options • Windfall deposits
33. MAXIMUM FINANCED PROPERTIES	<ul style="list-style-type: none"> • Primary Residence <ul style="list-style-type: none"> • No restriction on number of financed properties • Second Homes and Investment Properties <ul style="list-style-type: none"> • Up to 10 financed properties (including primary residence), or • Own or have financed an unlimited number of properties if the subject transaction has a max 70% LTV/CLTV, or program max, whichever is less • New multiple loans must be underwritten simultaneously • See additional requirements in the Assets/Reserves section • Max two loans to the same borrower in a single market area (within several block radius, defined neighborhood or lending area) • The aggregate dollar amount of the unpaid principal balance of mortgage loans on all financed properties may not exceed \$4M for one borrower – exceptions may be considered
34. APPRAISAL REQUIREMENTS –	<p>Wholesale Clients</p> <ul style="list-style-type: none"> • Appraisal(s) must be ordered through the Mercury platform. See Client Guide for ordering details. • The following is required:

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<p>WHOLESALE CLIENTS</p>	<ul style="list-style-type: none"> • One full appraisal if combined loan amount <=\$1.5 million and CDA • Two full appraisals and CDA (CDA completed on lower of the two appraisals) if the combined loan amount >\$1.5 million • CDA will be ordered by ditech once appraisal(s) are received. If the transaction requires two full appraisals: <ul style="list-style-type: none"> • One appraisal and the CDA is required for the initial review • 2nd appraisal is required prior to pre-close review • If 2nd appraisal value is less than the 1st appraisal, a new CDA is required • Condition ratings C1 through C4 permitted • Quality ratings Q1 through Q5 permitted • Properties in declining markets <ul style="list-style-type: none"> • Primary residence • Single family, PUD and warrantable condos • 10% reduction to LTV/CLTV up to 80% or program max, whichever is less <p>Review of CDA-Basis for Determining LTV/CLTV</p> <ul style="list-style-type: none"> • If CDA returns a value <=10% of appraised value or the purchase price, use lower of the purchase price or appraised value to determine LTV/CLTV • If CDA returns a value that is “Indeterminate” or >10% of the appraised value, the appraisal is not acceptable. • If CDA returns a value greater than the appraised value, use the appraised value to determine LTV/CLTV
<p>35. APPRAISAL REQUIREMENTS – CORRESPONDENT CLIENTS</p>	<p>Correspondent Clients</p> <ul style="list-style-type: none"> • Appraisal(s) must be ordered through Clients standard ordering process/AMC • CDA and field review must be ordered through Clear Capital • The following is required: <ul style="list-style-type: none"> • One full appraisal if combined loan amount <=\$1.5 million and CDA • Two full appraisals and CDA (CDA completed on lower of the two appraisals) if combined loan amount >\$1.5 million • Condition ratings C1 through C4 permitted • Quality ratings Q1 through Q5 permitted • Properties in declining markets <ul style="list-style-type: none"> • Primary residence • Single family, PUD and warrantable condos • 10% reduction to LTV/CLTV up to 80% or program max, whichever is less <p>Review of CDA—Basis for Determine LTV/CLTV</p>

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36. 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
38. MORTGAGE INSURANCE	N/A

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EXAMPLES OUTLINING ASSETS NEEDED FOR CLOSING

Example 1 - Borrower Has Sufficient Assets, No Additional Reserves Required

Loan amount	\$300,000
Subject PTIA	\$2,500
Down payment and closing costs	\$65,000
Verified assets	
\$200,000 checking and savings (100% usable) =	\$200,000
\$300,000 stocks and bonds (70% usable) =	\$210,000
\$400,000 401k (65% usable) =	\$260,000
\$300,000 mutual funds (70% usable) =	\$210,000
Total Allowable Assets =	\$880,000
Allowable Assets	\$880,000
minus (-) loan amount	\$300,000
minus (-) down payment and closing costs	\$65,000
Total Residual Assets	\$515,000
Total monthly debt (including revolving, installment, alimony/child support, etc.) excluding subject P&I	\$2,000
Times (x) 60 months =	\$120,000
Required number of months of reserves for \$300,000 loan amount	9
PTIA	\$2,500
Required months of reserves times (x) PTIA	\$22,500
Total Required Funds (\$120,000 + \$22,500)	\$142,500
Since the residual assets are more than the required funds to cover all other debt for 60 months plus required reserves the loan does qualify for the program.	

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Example 2 - Borrower Has Insufficient Assets, Additional Reserves Required

Loan amount	\$300,000
Subject PITIA	\$2,500
Down payment and closing costs	\$55,000
Verified assets	
\$10,000 checking and savings (100% usable) =	\$10,000
\$200,000 stocks and bonds (70% usable) =	\$140,000
\$300,000 mutual funds (70% usable) =	\$210,000
Total Allowable Assets =	\$360,000
Allowable Assets	\$360,000
minus (-) loan amount	\$300,000
minus (-) down payment and closing costs	\$55,000
Total Residual Assets	\$5,000
Total monthly debt (including revolving, installment, alimony/child support, etc.) excluding subject P&I	\$8,000
Times (x) 60 months =	\$480,000
Required number of months of reserves for \$300,000 loan amount	9
PITIA	\$2,500
Required months of reserves times (x) PITIA	\$22,500
Total Required Funds (\$120,000 + \$22,500)	\$70,500

Since the residual assets are less than the required funds to cover all other debt for 60 months plus required reserves, the loan does not qualify for the program. Additional assets of \$65,500 must be verified for the loan to qualify.

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 Client Contract for each approved client.

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

EXAMPLES FOR ADDITIONAL REQUIRED ASSETS FOR OTHER REAL ESTATE OWNED

Example 1 – Positive Cash Flow, No Additional Reserves Required

Gross rent	\$3,500
Vacancy/expense factor 25% of gross rent	\$875
Net rent	\$2,625
PTIA	\$2,000
Negative cash flow	\$625
Additional reserves required 60 x additional monthly liability ($\$125 \times 60 = \$70,500$)	\$0

The cash flow has not been met; the borrower would need to have an additional \$7,500 in assets to qualify.

Example 2 – Negative Cash Flow, Additional Reserves Required

Gross rent	\$2,500
Vacancy/expense factor 25% of gross rent	\$625
Net rent	\$1,875
PTIA	\$2,000
Negative cash flow	(\$125)
Additional reserves required 60 x additional monthly liability ($\$125 \times 60 = \$70,500$)	\$7,500

Example 3 – No Rental Income

Gross rent	\$0
Vacancy/expense factor 25% of gross rent	NA
Net rent	\$0
PTIA	\$2,000
Negative cash flow	(\$2,000)
Additional reserves required 60 x additional monthly liability ($\$125 \times 60 = \$70,500$)	\$120,000

The cash flow has not been met; the borrower would need to have an additional \$120,000 in assets to qualify.

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