

ditech BUSINESS LENDING EXPANDED CRITERIA FULL DOC

1. PRODUCT DESCRIPTION	<ul style="list-style-type: none"> This is a non-QM mortgage with full income documentation Must comply with Ability to Repay underwriting standards 	
2. LOAN TERM	<ul style="list-style-type: none"> Fixed Rate: 30-year term ARM: 30-year term 	
3. PRODUCT CODES	LL2	Exp Criteria A+ 30 Yr Fixed
	LL4	Exp Criteria A+ 5/1 LIBOR ARM
	MM5	Exp Criteria A 30 Yr Fixed
	MM7	Exp Criteria A 5/1 LIBOR ARM
4. 5/1 ARM INFORMATION	Index	1-year LIBOR ARM
	Margin	3%
	Annual Cap	2%
	Life Cap	5%
	Rate at Adjustment	<ul style="list-style-type: none"> 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 Rate is equal to the note margin plus index rounded to the nearest .125%. Subject to annual/life caps
5. TEMPORARY BUYDOWNS	Not permitted	

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6. LTV/CLTV		FULL DOC									
		Units	Loan Amount	LTV/CLTV	Credit Score		Max DTI	Housing History		Significant Derogatory Credit Seasoning	
					Grade A+	Grade A		Grade A+	Grade A	Grade A+	Grade A
PRIMARY RESIDENCE											
Purchase Rate & Term Refi	1	\$1,500,000	95%	680	720	35%	0x30x24	0x30x12	4 years	3 years	
	1-4		90%	680	680	43%					
			85%	640	680	43%					
			80%	720	680	50%					
			80%	620	640	43%					
			75%	620	620	43%					
Cash-Out Refi	1	\$1,500,000	95%	720	760	35%	0x30x24	0x30x12	4 years	3 years	
	1-4		90%	720	720	35%					
			85%	720	720	43%					
			80%	680	680	43%					
			80%	720	680	50%					
			80%	680	680	43%					
			75%	640	680	43%					
			70%	620	620	43%					
SECOND HOME											
Purchase Rate & Term Ref	1	\$1,500,000	80%	720	N/A	50%	0x30x24	0x30x12	4 years	3 years	
			75%	720	680	50%					
			85%	640	N/A	43%					
			80%	620	N/A	43%					
			75%	620	620	43%					
Cash-Out Refi	1	\$1,500,000	75%	720	N/A	50%	0x30x24	0x30x12	4 years	3 years	
			70%	720	680	50%					
			75%	640	N/A	43%					
			70%	620	620	43%					

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INVESTMENT PROPERTY										
Purchase Rate & Term Ref	1-4	\$1,500,000	80%	720	N/A	50%	0x30x24	0x30x12	4 years	3 years
			75%	720	680	50%				
			80%	620	N/A	43%				
			75%	620	620	43%				
<ul style="list-style-type: none"> Max combined loan amount \$1,500,000 <ul style="list-style-type: none"> Purchase and rate & term refinance >90% LTV/CLTV Cash-out refinance >85% LTV/CLTV Non-warrantable condos <ul style="list-style-type: none"> Max 90% LTV/CLTV for purchase and rate & term refinance: Max 85% LTV/CLTV for cash-out refinance Borrowers who are on temporary leave are limited to a max 80% LTV/CLTV or program max, whichever is less 										
7. MINIMUM LOAN AMOUNT	Minimum loan amount \$100,000									
8. MAXIMUM CASH OUT	<ul style="list-style-type: none"> LTV/CLTV >=65% \$300,000 LTV/CLTV <65% \$500,000 									
9. DOCUMENTATION TYPE	Full Documentation: 24 month income verification									
10. POWER OF ATTORNEY	Permitted									
11. UNDERWRITING	<ul style="list-style-type: none"> All loan must be submitted to ditech for underwriting 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 									
12. QUALIFYING RATE	<ul style="list-style-type: none"> Fixed Rate: Note rate 5/1 ARM: Higher of the fully indexed rate or the initial note rate plus 2% 									
13. RESIDUAL INCOME	<ul style="list-style-type: none"> Total monthly income less total monthly expenses Grade A+ <ul style="list-style-type: none"> DTI >43%: Household residual income >= \$3,500 DTI <=43%: Household residual income >= \$1,500 Grade A <ul style="list-style-type: none"> DTI >43%: Household residual income >= \$2,500 DTI <=43%: Household residual income >= \$1,500 									

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14. 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 150% <table border="1" data-bbox="489 191 1119 391"> <thead> <tr> <th colspan="2">Example</th> </tr> </thead> <tbody> <tr> <td>New Payment (PITIA)</td> <td>\$1,500</td> </tr> <tr> <td>Subtract Existing Payment (Rent or PITIA)</td> <td>\$1,000</td> </tr> <tr> <td>Difference</td> <td>\$500</td> </tr> <tr> <td>Divided by the Existing Payment</td> <td>\$1,000</td> </tr> <tr> <td>Payment Shock %</td> <td>50%</td> </tr> </tbody> </table>	Example		New Payment (PITIA)	\$1,500	Subtract Existing Payment (Rent or PITIA)	\$1,000	Difference	\$500	Divided by the Existing Payment	\$1,000	Payment Shock %	50%
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15. TYPES OF FINANCING	<p>Purchase Mortgage</p> <ul style="list-style-type: none"> • Non-arm's length transactions are not permitted except for gifts of equity or inherited properties • Not eligible if the 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 of 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 of 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 • 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 												
16. TEXAS OWNER OCCUPIED PROPERTIES	<ul style="list-style-type: none"> • Owner occupied properties located in Texas subject to Texas Section 50(a)(6) are 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 												

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17. PROPERTIES LISTED FOR SALE	<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 80% LTV/CLTV or program maximum, 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
18. PRINCIPAL CURTAILMENT	<ul style="list-style-type: none"> • Permitted for Rate & Term Refinance • Maximum 2% of new loan amount or \$2,000, whichever is less
19. OCCUPANCY	<ul style="list-style-type: none"> • Primary Residence • Second Homes • Investment Properties
20. 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 • PUD • Leasehold Estates • Nevada Condos 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
21. INELIGIBLE PROPERTY TYPES	<ul style="list-style-type: none"> • 2-4 unit PUD • Co-op • Manufactured homes
22. INELIGIBLE STATES	<ul style="list-style-type: none"> • New York • West Virginia
23. ELIGIBLE BORROWERS	<ul style="list-style-type: none"> • U.S. Citizens • Permanent Resident • Non-Permanent Resident • Inter Vivos Revocable Trust

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	<ul style="list-style-type: none"> • First-time Homebuyer <ul style="list-style-type: none"> • Single-family • Primary residence • Warrantable condos • Reserves <ul style="list-style-type: none"> • 9 months reserves for Grade A+ • 6 months reserves for Grade A
24. INELIGIBLE BORROWERS	Foreign Nationals
25. CO-BORROWERS	<ul style="list-style-type: none"> • No more than 4 borrowers permitted on a transaction • Credit profile of occupant borrower is used for grade determination • Non-occupant co-borrower <ul style="list-style-type: none"> • Owner occupied • Single family • Must meet minimum credit standards • Must be vested on the subject property for a minimum of six months for a Rate and Term Refinance • Cash-out refinance transactions are not permitted • Subordinate financing not permitted • Up to two non-occupant co-borrowers allowed • May not be the primary borrower • Occupant borrower <ul style="list-style-type: none"> • Max 60% DTI • At least one borrower must have a recent, consecutive 24-month primary housing payment history • Must have qualifying income to cover PITIA (if PITIA is \$1,000 a month, must have qualifying income of at least \$1,000 per month) • A minimum of 5% of the down payment must come from the borrower's own funds • A down payment of 100% from gift funds is allowed for LTVs less than or equal to 80% or the program maximum when no secondary financing exists. Closing costs may be in the form of a gift. • Reserve requirements must be met by the borrower's own funds.
26. CREDIT	<ul style="list-style-type: none"> • All borrowers must meet credit score requirements, regardless of whether income is used to qualify • Borrowers whose income is not used to qualify do not have to meet minimum 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

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	<ul style="list-style-type: none"> • 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
27. HOUSING PAYMENT HISTORY	<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 • 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 • Borrowers who lack a primary mortgage/housing history or do not have a complete history as required is eligible subject to the following: <ul style="list-style-type: none"> • Borrower has fully documented, recent, consecutive 24 month mortgage history on an additional owned property <ul style="list-style-type: none"> • Primary residence • Max 80% LTV/CLTV or program maximum, whichever is less • Mortgage history must be from an institutional lender • Borrower lives rent-free or without 24 month history <ul style="list-style-type: none"> • Primary residence • Minimum credit score 720 for Grade A+ and 700 for Grade A • Max 80% LTV/CLTV or program maximum, whichever is less
28. BORROWER CONTRIBUTION	<p>Borrower Investment</p> <ul style="list-style-type: none"> • A minimum 5% down payment must be paid from the borrower's own funds. <p>Gift Funds</p> <ul style="list-style-type: none"> • Primary residence • Down payment of 100% from gift permitted for LTV less than or equal to 80% or program maximum, when no secondary financing exists
29. SELLER CONTRIBUTIONS	<ul style="list-style-type: none"> • Primary Residence and Second Homes <ul style="list-style-type: none"> • 6% for LTV/CLTV <=90% • 3% for LTV/CLTV >90% • Investment Properties <ul style="list-style-type: none"> • 3%
30. RESERVES GRADE A+	<p>Grade A+</p> <ul style="list-style-type: none"> • 6 months PITIA reserves <ul style="list-style-type: none"> • LTV/CLTV <=80% • 9 months PITIA reserves for any of the following: <ul style="list-style-type: none"> • LTV/CLTV >80% • Second home • Investment properties

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	<ul style="list-style-type: none"> • 2-4 unit • First-time homebuyer • 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. RESERVES GRADE A	<p>Grade A</p> <ul style="list-style-type: none"> • 3 months PITIA reserves <ul style="list-style-type: none"> • LTV/CLTV <=80% • 6 months PITIA reserves for any of the following: <ul style="list-style-type: none"> • LTV/CLTV >80% • Second home • Investment properties • 2-4 unit • First-time homebuyer • 2 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
32. IRS FORM 4506-T	<ul style="list-style-type: none"> • Prior to Closing <ul style="list-style-type: none"> • 4506-T must be processed and individual income tax transcripts obtained for each borrower whose income is used to qualify • 4506-T for business returns must be processed and business returns obtained when borrower's ownership in the business is >=25% • 4506-T forms must be retained in the loan file • At Closing <ul style="list-style-type: none"> • 4506-T for personal and business returns must be signed at closing
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 maximum 70% LTV/CLTV (or program maximum, 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.

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WHOLESALE CLIENTS	<ul style="list-style-type: none"> • 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 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 maximum, 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
35. APPRAISAL REQUIREMENTS – CORRESPONDENT CLIENTS	<ul style="list-style-type: none"> • Correspondent Clients • 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 maximum, whichever is less • Review of CDA—Basis for Determine LTV/CLTV • If CDA returns a value <=10% of the 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, a Clear Capital Broker Price Opinion (BPO) and Clear Capital Value Reconciliation of Three Reports must be ordered. The reconciled value determined by Clear Capital will be used to determine LTV/CLTV. • If CDA returns a value greater than the appraised value, use appraised value to determine LTV/CLTV
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
34. MORTGAGE INSURANCE	N/A

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