

ditech RURAL DEVELOPMENT FIXED RATE PRODUCT

1. PRODUCT DESCRIPTION	<ul style="list-style-type: none"> • USDA Rural Development Fixed Rate Mortgage • 30-year term • Fully amortizing • Servicing retained • Qualified Mortgage (QM) Safe Harbor loans are permitted • Qualified Mortgage (QM) Rebuttable Presumption loans are not permitted
2. PRODUCT CODES	USDA Fixed Rate 30 Year (W92)
3. INDEX	N/A
4. MARGIN	N/A
5. ANNUAL CAP	N/A
6. LIFE CAP	N/A
7. RATE AT ADJUSTMENT	N/A
8. TEMPORARY BUYDOWNS	Not permitted
9. QUALIFYING RATE AND RATIOS	<p>Qualifying Rate</p> <ul style="list-style-type: none"> • Qualify using the note rate <p>Ratios</p> <ul style="list-style-type: none"> • GUS Accept/Eligible – Follow GUS • GUS Refer and Manual Underwrite - 29%/41% <p>Compensating Factors for Debt Ratio Waivers on GUS Refer or Manually Underwritten Loans</p> <ul style="list-style-type: none"> • Purchase Transactions <ul style="list-style-type: none"> • Maximum 32% / 44% and 680 credit score and at least one compensating factor listed below. Waiver request to exceed ratio must be approved by RD <ul style="list-style-type: none"> • The proposed PITI is equal to or less than the borrower's current verified housing expense for the 12 months prior to the loan application. • Accumulated savings or cash reserves available post loan closing are equal to or greater than 3 months of PITI payments. Cash on hand is not a compensating factor. • The borrower(s) (all employed borrowers) has been continuously employed with their current primary employer for a minimum of 2 years. This compensating factor is not applicable for self-employed borrowers. A written VOE is required. • Non-Streamline Refinance Transactions <ul style="list-style-type: none"> • Maximum 32% / 44% and any of the following compensating factors: <ul style="list-style-type: none"> • Credit score of 680 if no additional risk layers are present (e.g., adverse credit, or payment shock, etc.). • The borrower(s) has successfully demonstrated the ability to pay housing expenses equal to or greater than the proposed monthly housing expense for the new mortgage over the past 12 months. • The borrower(s) has demonstrated a conservative attitude toward the use of credit. • The borrower(s) has demonstrated an ability to accumulate savings comparable to the difference between current housing costs and projected costs. • Cash reserves • Continuous employment with the current primary employer <p>Housing Payment Shock 100% or Greater</p> <ul style="list-style-type: none"> • GUS Accept

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	<ul style="list-style-type: none"> • Follow GUS • GUS Refer or Manual Underwrite • Payment Shock must be considered: <ul style="list-style-type: none"> • For all borrowers, including First Time Homebuyers and • The PITI ratio exceeds 29% and the proposed PITI is the same or greater than existing PITI or borrower has no history of housing expense • No additional risk layers or exceptions (adverse credit waivers, debt ratio waiver) may be present • Must demonstrate strong compensating factors, such as: <ul style="list-style-type: none"> • An ability to accumulate savings or cash reserves • A demonstrated conservative attitude toward using credit • The potential for increased earnings, as indicated by job training or education in the borrower's profession • Credit score of 680 or higher.
<p>10. TYPES OF FINANCING</p>	<p>Purchase Mortgage</p> <p>Non-Streamline Refinance (No Cash-Out Refinance)</p> <ul style="list-style-type: none"> • Permitted on properties where the existing mortgage is a Section 502 Guaranteed or Direct Rural Development loan • Interest rate on the new loan must be less than or equal to the interest rate of the loan being refinanced • At least one original borrower must be retained on the new loan • Existing loan must have closed at least 12 months prior to RD's receipt of a conditional commitment request for refinance • Loan amount may include <ul style="list-style-type: none"> • Balance of the loan being refinanced plus the Guarantee Fee • Reasonable and customary closing costs and prepaids • Discount points to buy down the interest rate • Subsidy recapture <ul style="list-style-type: none"> • Subsidy recapture may be financed or deferred. See https://rdhomeloans.usda.gov/payoff.html for additional information • Properties that have been listed for sale within the last six months are eligible, subject to the following <ul style="list-style-type: none"> • Property must be taken off the market on or before the application date • Borrower provides written confirmation of intent to occupy, if a primary residence • Cash out limited to the reimbursement of personal funds used for eligible loan purposes as part of the refinance transaction, such as appraisal fees or credit report fee (does not include fees paid by credit card or short-term loan). Evidence showing use of personal funds is required • Cash out as result of overestimate of escrow holdback and per diem interest calculations must be applied to principal reduction of the new loan • Underwriting conditions and closing instructions must indicate "No cash back to borrower is permitted" (not even one dollar is permitted) • Owner occupied properties located in Texas <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) • If the first mortgage is subject to Texas Section 50(a)(6), USDA financing is not permitted. (Once a cash-out, always a cash-out) • If an existing second lien is subject to Texas Section 50(a)(6), USDA financing is not permitted. (Once a cash-out, always a cash-out) <p>Construction to Permanent (End-Loan only – Interim construction financing not eligible)</p> <ul style="list-style-type: none"> • When land and improvement are owned and purchased separately • Structure as Non-Streamline Refinance to pay off interim construction financing and loan if applicable for new construction properties less than 12 months old.
<p>11. GUARANTEE FEE</p>	<ul style="list-style-type: none"> • Guarantee Fee is required on all transactions • Up-front Guarantee Fee: 1% • Annual Fee: .35% • Guarantee Fees must be paid to USDA

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- Guarantee Fee and Annual Fee Calculators are available on the USDA LINC Training and Resource Library at <https://usdalinc.sc.egov.usda.gov/USDALincTrainingResourceLib.do>. The calculators are located in the Loan Origination section under Documentation and Resources

Upfront Guarantee Fee

- The upfront guarantee fee is calculated by multiplying the following percentage by the Total Loan Amount
 - 1% of Base Loan Amount (when G-Fee is paid in cash)
 - Total Loan Amount = Base Loan Amount / 0.99 (when G-Fee is financed)

Annual Guarantee Fee

- 0.35% of the outstanding principal balance
 - The Annual Guarantee Fee is calculated on the Total Loan Amount and is based on the average annual scheduled unpaid principal balance for the life of the loan

12. LOAN AMOUNT

MAXIMUM LOAN AMOUNT		
UNITS	CONTINENTAL US	ALASKA & HAWAII
1	\$453,100	\$679,650

- No minimum loan amount
- Maximum loan amount includes Guarantee Fee, if financed

13. LTV/CLTV LIMITATIONS

PRIMARY RESIDENCE			
Purchase			
Units	LTV	Total LTV Plus Guarantee Fee	CLTV
1	100%	101.01%	100% of total acquisition costs
New Construction			
1	100%	101.01%	N/A
The loan amount plus closing costs cannot exceed 100% of the appraised value, excluding the Guarantee Fee			
Non-Streamline Refinance			
Units	LTV	Total LTV Plus Guarantee Fee	CLTV
1	100%	101.01%	Unlimited
The loan amount plus closing costs cannot exceed 100% of the appraised value, excluding the Guarantee Fee			

14. SECONDARY FINANCING

- Subordinate financing must meet RD guidelines
- Existing subordinate financing may not be paid off and must be re-subordinated.

15. PROPERTY TYPES

Program Eligibility

- Due to the agricultural land and property characteristics of rural areas, only properties that are predominantly residential in use, character and appearance are eligible. The subject property cannot have any land or buildings (e.g. barns, silos, greenhouses or livestock facilities) that have income-producing uses for agricultural, farming, or commercial purposes.

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	<ul style="list-style-type: none"> • Must be located in rural areas. Rural areas generally include following characteristics <ul style="list-style-type: none"> • Open country • Populations of 10,000 or less • Under certain conditions, towns and cities with populations between 10,000 and 25,000 • See USDA chapter of the Client Guide for additional details. • Property location eligibility must be verified at the following link: http://eligibility.sc.egov.usda.gov/eligibility/welcomeAction.do. Verification of property location eligibility must be printed and retained in the loan file <p>Eligible Property Types</p> <ul style="list-style-type: none"> • 1-unit • Condo (must be FHA, VA, Fannie Mae, or Freddie Mac warrantable) <ul style="list-style-type: none"> • Delegated lender to issue the condo warranty • Leasehold Estates • Manufactured Housing (existing and currently financed by RD loan - refinance transactions only) <ul style="list-style-type: none"> • Properties located in Rhode Island are not eligible • Modular, Precut, Panelized Housing • PUD <p>Properties must conform to HUD guidelines and standards as described in HUD Handbooks 4000.1.</p> <p>Ineligible Property Types</p> <ul style="list-style-type: none"> • 2-4 units • Condo Hotel • Co-ops • Manufactured homes (all new construction and existing not currently financed by RD loan) <p>See the USDA Chapter of the Client Guide for more details</p>
16. OCCUPANCY	Primary Residence
17. GEOGRAPHIC LOCATIONS/ RESTRICTIONS	<p>Ineligible States</p> <ul style="list-style-type: none"> • New York: Permitted only for Delegated and Non-Delegated Clients who underwrite and close loans in their own name. • West Virginia
18. STATE SPECIFIC REQUIREMENTS	The State Requirements are located in the Compliance Section, Chapter 2 of the Client Guide
19. ASSUMPTIONS	<ul style="list-style-type: none"> • Permitted • Ditech does not perform creditworthiness reviews of assumption requests for servicing lenders
20. ESCROW WAIVERS	Not permitted
21. PREPAYMENT PENALTY	None

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22. UNDERWRITING/AUS DECISIONS	<p>Purchase and Non-Streamline Refinance</p> <table border="1" style="margin-left: 20px;"> <tr> <td style="text-align: center;">Acceptable GUS Finding</td> </tr> <tr> <td style="text-align: center;">Accept/Eligible</td> </tr> <tr> <td style="text-align: center;">Accept/Ineligible</td> </tr> <tr> <td style="text-align: center;">Refer</td> </tr> <tr> <td style="text-align: center;">Refer with Caution</td> </tr> </table> <ul style="list-style-type: none"> • All loans must be submitted to GUS • GUS can be accessed at https://usdalinc.sc.egov.usda.gov • Loans manually underwritten without GUS submission are not eligible • GUS is a tool to assist underwriters to evaluate credit risk. GUS does not replace underwriter judgment and should not be the exclusive basis of loan approval or denial. 	Acceptable GUS Finding	Accept/Eligible	Accept/Ineligible	Refer	Refer with Caution
Acceptable GUS Finding						
Accept/Eligible						
Accept/Ineligible						
Refer						
Refer with Caution						
23. PROCESSING STYLES	Standard					
24. BORROWER ELIGIBILITY	<p>Eligible</p> <ul style="list-style-type: none"> • Qualified Alien (Permanent Resident): See the USDA chapter of the Client Guide for eligibility <p>Ineligible</p> <ul style="list-style-type: none"> • Borrowers eligible for uninsured conventional financing • Borrowers whose adjusted household income exceeds the income limit for the applicable area • Non-Permanent Resident • Trusts • Foreign Nationals 					
25. CO-BORROWERS	<ul style="list-style-type: none"> • Co-borrower must take title to the property and sign the Note and Mortgage • Co-borrower cannot be an interested party to the transaction (such as seller, builder, real estate agent, etc.) • Non-occupant co-borrowers and co-signors are not permitted 					
26. PROGRAM ELIGIBILITY	<p>Borrowers Unable to Secure Conventional Credit</p> <ul style="list-style-type: none"> • If the borrower meets the cumulative criteria for securing conventional credit, they are ineligible for Section 502 Guaranteed Loan. • See the USDA chapter of the Client Guide for definition of a borrower unable to secure conventional credit <ul style="list-style-type: none"> • Annual Income <ul style="list-style-type: none"> • The income used to determine program eligibility • Used as basis for computed adjusted annual income • Based on anticipated income for the coming year • Includes the annual income of all members of the household (including adult household members not on loan) • Annual Adjusted Household Income <ul style="list-style-type: none"> • Annual income of all members of the household minus the total allowed deductions by Rural Development. • The borrower's annual adjusted household income must meet the adjusted income limits in accordance with size of household, county and State in which the borrower(s) will reside. • The Adjusted Household income must not exceed the county limit that has been set for the Section 502 Guaranteed Loan Program. • See the USDA chapter of the Client Guide for guidelines to calculate household income and annual adjusted household income 					
27. REPAYMENT INCOME – ABILITY TO REPAY INCOME	<p>Repayment Income</p> <ul style="list-style-type: none"> • The stable and dependable income used to calculate debt ratios • Only the income from the borrower(s) on the loan application may be used in calculating the ratios 					

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	<ul style="list-style-type: none"> • Employment Income and Repayment Income (non-employment income) may be used in the qualifying income • See the USDA chapter of the Client Guide for documentation requirements <p>Form 4506-T</p> <ul style="list-style-type: none"> • At Closing (borrowers only) <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 at closing when the business returns are used for qualification. • See the USDA chapter of the Client Guide for complete guidelines.
28. CREDIT	<p>Credit Score Requirements</p> <ul style="list-style-type: none"> • GUS Accept: Minimum credit score 581 • GUS Refer: Minimum credit score 581 <ul style="list-style-type: none"> • Credit score less than 640 must meet the criteria for Extenuating Circumstances (Credit Exception). See the USDA chapter of the Client Guide for Extenuating Circumstances criteria. <p>Housing (Mortgage/Rental) Payment History (PITI)</p> <ul style="list-style-type: none"> • Purchase <ul style="list-style-type: none"> • Mortgage Payment History <ul style="list-style-type: none"> • GUS Accept: Evaluated by GUS • GUS Refer: 0x30 in last 12 months • Rental Payment History <ul style="list-style-type: none"> • GUS Accept: - Not required • GUS Refer: 0x30 in last 12 months with credit score <680. Rental reference not required with credit score >=680 • Non-Streamline Refinance <ul style="list-style-type: none"> • 0x30 in 6 months prior to RD's receipt of a conditional commitment request for refinance <p>Minimum Trade line Requirements</p> <ul style="list-style-type: none"> • At least one borrower whose income or assets are used for qualification must have a valid credit score • Credit score must be supported by 2 trade lines in the borrower's name (authorized user accounts not eligible) with at least 12 months payment history • Trade lines may be open, closed, or paid in full • Non-traditional credit can be used to supplement the credit history to meet minimum trade line requirements • GUS Accept findings that cannot meet minimum trade line guideline must be downgraded to Refer • Refer to the USDA chapter of the Client Guide for complete guidelines <p>Significant Adverse Credit</p> <ul style="list-style-type: none"> • See the USDA chapter of the Client Guide for: <ul style="list-style-type: none"> • Bankruptcy • Foreclosure • Pre foreclosure • Deed-in-lieu • Restructured Loans • Short Payoff
29. ASSET/RESERVES	<p>Borrower Investment</p> <ul style="list-style-type: none"> • No borrower investment required • Cash on hand is not permitted

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	<p>Gifts</p> <ul style="list-style-type: none"> • Acceptable to use toward all down payment, closing costs and prepaids • May not be used for cash reserves <p>Seller Contributions</p> <ul style="list-style-type: none"> • 6% (based upon the lesser of the sale price or appraised value) <p>Cash Reserves</p> <ul style="list-style-type: none"> • None required
30. LIMITATIONS ON OTHER R.E. OWNED	<p>Multiple loans to the Same Borrower</p> <ul style="list-style-type: none"> • Up to one financed property (which is not the subject property); however, may not be financed by Rural Development
31. APPRAISER REQUIREMENTS	<ul style="list-style-type: none"> • Appraisers must be on the FHA Approved list with State Certification designation of Certified General or Certified Residential • Only appraisers who are properly licensed or certified, as appropriate, to make residential real estate appraisals in accordance with the criteria set forth by the Appraiser Qualification Board of the Appraisal Foundation regardless of the amount of the loan.
32. APPRAISAL REQUIREMENTS	<ul style="list-style-type: none"> • An Interior and Exterior Appraisal Report is required (Fannie Mae/Freddie Appraisal Report Forms) • Non-Streamline (No-cash Out) Refinance - Repairs noted by appraiser do not need to be made
33. SPECIAL REQUIREMENTS/ RESTRICTIONS	<p>Ineligible</p> <ul style="list-style-type: none"> • Rural Energy Plus and EEM • Repair and Rehabilitation Loan • Pilot Refinances • Housing Choice Vouchers (Section 8) <p>Repair Escrow Holdbacks</p> <ul style="list-style-type: none"> • See the USDA chapter of the Client Guide for details. <p>CAIVRS and SAM Search</p> <ul style="list-style-type: none"> • If the name of any party to the transaction appears on any of the lists below, the application is not eligible <ul style="list-style-type: none"> • CAIVRS <ul style="list-style-type: none"> • Clear CAIVRS for all borrower on the transaction required: Borrowers, co-borrowers and so-signers, if applicable • System for Award Management (SAM) Excluded Parties List <ul style="list-style-type: none"> • Examine/Search the list for all parties to the transaction: all borrowers, sellers, listing and selling real estate agents, loan processors, underwriters and loan officers. The appraiser, termite company, and all licensed professionals contracted to provide mechanical certifications such as heating, plumbing, air conditioning, roofing and electrical companies should also be searched

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Community Property States

- The following states are known community property states:
 - Arizona
 - California
 - Idaho
 - Louisiana
 - Nevada
 - New Mexico
 - Texas
 - Washington
 - Wisconsin
- Non-Borrowing Spouse
 - Credit report required if non-purchasing spouse resides in a community property state or if subject property is located in a community property state
 - See the USDA chapter of the Client Guide for complete information

Required Documents

The loan package must contain the following documents to evidence that the loan has been properly underwritten and reviewed by the appropriate state USDA office.

- Conditional Commitment for Single Family Housing Loan Guarantee (Form RD 3555-18) including signed page 2 by lender certifying to Rural Development that all conditional conditions have been met.
- Promissory Note
- Closing Disclosure (TRID)
- Completed Request for Single Family Housing Loan Guarantee (Form RD 3555-21) that was initially submitted to Rural Development (must be fully executed by the lender and borrower)
- GUS Underwriting Findings and Analysis Report
- Appraisal
- Credit Documents
- Loan Note Guarantee (Form RD 3555-17) to be provided within 30 days after the note date

The following Lender and Servicer information should be indicated on RD 3555-18 and LLC submission for LNG

- ditech Financial LLC Lender Tax ID: 41-1795868 (Originator, servicer, and holder)
- USDA Assigned Branch: 001

34. INTERNET LINKS

- Property Location Eligibility Website: <http://eligibility.sc.egov.usda.gov/eligibility/welcomeAction.do?pageAction=sfp&NavKey=property@11>
- Income Eligibility Website: <http://eligibility.sc.egov.usda.gov/eligibility/incomeEligibilityAction.do?pageAction=state&NavKey=income@11>
- General Eligibility Website: <http://eligibility.sc.egov.usda.gov/eligibility/welcomeAction.do>
- Access Rural Development Training and Resource Library: <https://usdalinc.sc.egov.usda.gov/USDALincTrainingResourceLib.do>

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