

ditech BUSINESS LENDING VA REFINANCE PRODUCTS

	INTEREST RATE REDUCTION REFINANCE LOANS (IRRRL)	CASH-OUT REFINANCE
1. PRODUCT DESCRIPTION	<ul style="list-style-type: none"> • VA Fixed Rate and ARM Mortgages for Refinance Transactions • Qualified Mortgage (QM) Safe Harbor loans are permitted – refer to Qualified Mortgage Section for requirements • Qualified Mortgage (QM) Rebuttable Presumption loans are not permitted • Fixed Rate Mortgage <ul style="list-style-type: none"> • 10 to 30 years in annual increments • Fully amortizing • Servicing retained • ARM <ul style="list-style-type: none"> • 3/1 & 5/1 ARM • 30-year term • Fully amortizing • Non-Convertible • ARM Plan VAARM • Servicing retained 	<ul style="list-style-type: none"> • VA Fixed Rate and ARM Mortgages for Refinance Transactions • All transactions are considered Qualified Mortgage (QM) Safe Harbor loans • Fixed Rate Mortgage <ul style="list-style-type: none"> • 10 to 30 years in annual increments • Fully amortizing • Servicing retained • ARM <ul style="list-style-type: none"> • 3/1 & 5/1 ARM • 30-year term • Fully amortizing • Non-Convertible • ARM Plan VAARM • Servicing retained
2. CURRENT FIRST MORTGAGE ELIGIBILITY	<ul style="list-style-type: none"> • Existing VA Mortgage • The loan to be paid off with the refinance must be the loan indicated on the IRRRL Case Number. A copy of the Note may be required to verify the LIN number • Existing VA Native American Direct Loan (NADL) ineligible for refinance using VA guaranteed loan • The note date of the refinance loan must be on or after the later of: <ul style="list-style-type: none"> • the date that is 210 days after the date on which the first monthly payment was made on the mortgage being refinanced, and • the date on which 6 consecutive monthly payments have been made on the mortgage being refinanced 	<ul style="list-style-type: none"> • There must be an existing lien on the property from any source such as tax or judgment liens and/or FHA, VA or Conventional mortgage • Refinance of a loan with no payment history is ineligible. • Existing VA Native American Direct Loan (NADL) ineligible for refinance using VA guaranteed loan • The note date of the refinance loan must be on or after the later of: <ul style="list-style-type: none"> • the date that is 210 days after the date on which the first monthly payment was made on the mortgage being refinanced, and • the date on which 6 consecutive monthly payments have been made on the mortgage being refinanced
3. PRODUCT CODES	<ul style="list-style-type: none"> • VA Fixed Rate 10 Year (Y27) • VA Fixed Rate 15 Year (075) • VA Fixed Rate 20 Year (Y26) • VA Fixed Rate 30 Year (076) • VA Hybrid 3/1 ARM (B05) 1/1/5 Cap • VA Hybrid 5/1 ARM (H64) 2/2/6 Cap • VA Hybrid 5/1 ARM 1/1/5 Caps (W66) 1/1/5 Cap • VA High-Balance Fixed Rate 10 Year (Y29) • VA High-Balance Fixed Rate 15 Year (V54) • VA High-Balance Fixed Rate 20 Year (Y28) 	

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CASH-OUT REFINANCE

- VA High Balance Fixed Rate 30 Year (V53)
- High Balance VA Hybrid 3/1 ARM (V55) 1/1/5 Cap
- High Balance VA Hybrid 5/1 ARM (V56) 2/2/6 Cap
- High Balance VA Hybrid 5/1 ARM 1/1/5 Caps (W67) 1/1/5 Cap

4. ARM INFORMATION

	VA 3/1 HYBRID ARM	VA 5/1 HYBRID ARM
INDEX	Weekly average yield of US Treasury Securities adjusted to a Constant Maturity of one year, Constant Maturity Treasury (CMT)	
MARGIN	2% or 2.25%	
ANNUAL CAP	1%	<ul style="list-style-type: none"> • 2.00% (H64) and (V56) • 1.00% (W66) and (W67)
LIFE CAP	5%	<ul style="list-style-type: none"> • 6.00% (H64) and (V56) • 5.00% (W66) and (W67)
RATE AT ADJUSTMENT	<ul style="list-style-type: none"> • Initial note rate is in effect for 36 to 42 months • Thereafter, the annual adjustment cap begins with the first adjustment • Rate is equal to the note margin plus index rounded to the nearest .125%. Subject to annual/life caps 	<ul style="list-style-type: none"> • Initial note rate is in effect for 60 to 66 months • Thereafter, the annual adjustment cap begins with the first 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

6. QUALIFYING RATE

Qualify at the note rate

7. QUALIFYING RATIOS

- | | |
|--|---|
| <ul style="list-style-type: none"> • Non-credit qualifying: None • Credit qualifying:– 41% <ul style="list-style-type: none"> • DTI may exceed 41% up to a maximum 50% when residual income exceeds 120% and significant documented compensating factors exist such as: <ul style="list-style-type: none"> • Excellent credit history • Conservative use of consumer credit • Minimal consumer debt • Long-term employment • Significant liquid assets • Sizable down payment • The existence of equity in refinancing loans | <ul style="list-style-type: none"> • Approve – follow AUS • AUS Refer and Manual Underwrite – 41% <ul style="list-style-type: none"> • DTI may exceed 41% up to a maximum 50% when residual income exceeds 120% and significant documented compensating factors exist such as: <ul style="list-style-type: none"> • Excellent credit history • Conservative use of consumer credit • Minimal consumer debt • Long-term employment • Significant liquid assets • Sizable down payment • The existence of equity in refinancing loans |
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	<ul style="list-style-type: none"> Military benefits Satisfactory homeownership experience High residual income Low debt to income ratio Tax credits for child care Tax benefits of homeownership 	<ul style="list-style-type: none"> Little or no increase in shelter expense Military benefits Satisfactory homeownership experience High residual income Low debt to income ratio Tax credits for child care Tax benefits of homeownership 																																																																																					
8. RESIDUAL INCOME	<ul style="list-style-type: none"> Residual income requirements not required for non-credit qualifying IRRRL <table border="1" style="margin-left: 40px; border-collapse: collapse; text-align: center;"> <thead> <tr> <th colspan="5">Residual Income Requirements</th> </tr> <tr> <th colspan="5">Loan Amounts \$79,999 and Below</th> </tr> <tr> <th>Family Size</th> <th>Northeast</th> <th>Midwest</th> <th>South</th> <th>West</th> </tr> </thead> <tbody> <tr><td>1</td><td>\$390</td><td>\$382</td><td>\$382</td><td>\$425</td></tr> <tr><td>2</td><td>\$654</td><td>\$641</td><td>\$641</td><td>\$713</td></tr> <tr><td>3</td><td>\$788</td><td>\$772</td><td>\$772</td><td>\$859</td></tr> <tr><td>4</td><td>\$888</td><td>\$868</td><td>\$868</td><td>\$967</td></tr> <tr><td>5</td><td>\$921</td><td>\$902</td><td>\$902</td><td>\$1004</td></tr> <tr> <td>Above 5</td> <td colspan="4">Add \$75 for each additional member up to a family of seven</td> </tr> <tr> <th colspan="5">Loan Amounts \$80,000 and Above</th> </tr> <tr> <td>1</td><td>\$450</td><td>\$441</td><td>\$441</td><td>\$491</td></tr> <tr><td>2</td><td>\$755</td><td>\$738</td><td>\$738</td><td>\$823</td></tr> <tr><td>3</td><td>\$909</td><td>\$889</td><td>\$889</td><td>\$990</td></tr> <tr><td>4</td><td>\$1025</td><td>\$1003</td><td>\$1003</td><td>\$1117</td></tr> <tr><td>5</td><td>\$1062</td><td>\$1039</td><td>\$1039</td><td>\$1158</td></tr> <tr> <td>Above 5</td> <td colspan="4">Add \$80 for each additional member up to a family of seven</td> </tr> <tr> <td colspan="5">See the VA chapter of the Client Guide for breakdown of states by region</td> </tr> </tbody> </table>		Residual Income Requirements					Loan Amounts \$79,999 and Below					Family Size	Northeast	Midwest	South	West	1	\$390	\$382	\$382	\$425	2	\$654	\$641	\$641	\$713	3	\$788	\$772	\$772	\$859	4	\$888	\$868	\$868	\$967	5	\$921	\$902	\$902	\$1004	Above 5	Add \$75 for each additional member up to a family of seven				Loan Amounts \$80,000 and Above					1	\$450	\$441	\$441	\$491	2	\$755	\$738	\$738	\$823	3	\$909	\$889	\$889	\$990	4	\$1025	\$1003	\$1003	\$1117	5	\$1062	\$1039	\$1039	\$1158	Above 5	Add \$80 for each additional member up to a family of seven				See the VA chapter of the Client Guide for breakdown of states by region				
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9. TYPES OF FINANCING	<ul style="list-style-type: none"> Non-credit Qualifying IRRRL Credit Qualifying IRRRL 	<ul style="list-style-type: none"> Cash-out refinance Rate and term refinance 																																																																																					
10. GUARANTY/ENTITLEMENT	Guaranty automatic	<ul style="list-style-type: none"> Veteran must have sufficient entitlement and provide evidence of available entitlement. See the VA chapter of the Client Guide for details and guaranty requirements Maximum guaranty may be expanded through County Loan Limits 																																																																																					

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11. FUNDING FEE	VA Funding Fee of .50% applies unless veteran is exempt	<table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 30%;">Type of Veteran</th> <th style="width: 35%;">First Time Use Expires 9/30/2024</th> <th style="width: 35%;">Subsequent Use¹ Expires 9/30/2024</th> </tr> </thead> <tbody> <tr> <td>Veteran/Active Duty</td> <td style="text-align: center;">2.15%</td> <td style="text-align: center;">3.30%</td> </tr> <tr> <td>Reserves/National Guard</td> <td style="text-align: center;">2.40%</td> <td style="text-align: center;">3.30%</td> </tr> </tbody> </table> <p>Apply the appropriate VA funding fee percentage to the loan amount, unless the veteran is exempt. ¹The higher subsequent use fee does not apply if the veteran's only prior use of entitlement was for a manufactured home <u>NOT</u> classified as real estate Joint Loans: Apply the appropriate VA funding fee percentage to any portion of the loan allocable to a veteran using his/her entitlement who is not exempt from the VA funding fee.</p>	Type of Veteran	First Time Use Expires 9/30/2024	Subsequent Use ¹ Expires 9/30/2024	Veteran/Active Duty	2.15%	3.30%	Reserves/National Guard	2.40%	3.30%																																	
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13. LOAN AMOUNT REQUIREMENTS	<ul style="list-style-type: none"> The new loan may not increase the principal balance outstanding on the existing loan except to the extent of fees and charges allowed by VA Loan amount may include <ul style="list-style-type: none"> Unpaid principal balance (including accrued interest and late fees, if applicable) Allowable fees and charges – See the VA chapter of the Client Guide 																																											

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	<ul style="list-style-type: none"> • Maximum 2 discount points • Prepaid expenses • VA funding fee • No cash back to borrower (incidental cash back not to exceed \$500 permitted except for properties located in Texas) • Subordination fee for a second lien may not be included in the loan amount • No satisfaction of junior liens • Premium pricing permitted 	<ul style="list-style-type: none"> • Properties in Texas – Borrower cannot receive any cash back from the transaction. See #18 Geographic Locations/Restrictions • Satisfaction of junior liens • Premium pricing permitted • See VA chapter of the Client Guide for Installment Land Contracts • See VA chapter of the Client Guide for Permanent Financing for New Construction 								
14. LTV/CLTV LIMITATIONS	<ul style="list-style-type: none"> • LTV restrictions are based on the amount of discount points charged to the veteran <table border="1" style="margin-left: auto; margin-right: auto; border-collapse: collapse; text-align: center;"> <thead> <tr> <th style="padding: 5px;">Amount of discount points</th> <th style="padding: 5px;">Max LTV (excludes funding fee)</th> </tr> </thead> <tbody> <tr> <td style="padding: 5px;">No discount points</td> <td style="padding: 5px;">No restriction</td> </tr> <tr> <td style="padding: 5px;">.001 to 1 discount point</td> <td style="padding: 5px;">100%</td> </tr> <tr> <td style="padding: 5px;">Greater than 1 discount point</td> <td style="padding: 5px;">90%</td> </tr> </tbody> </table> <ul style="list-style-type: none"> • No CLTV restriction 	Amount of discount points	Max LTV (excludes funding fee)	No discount points	No restriction	.001 to 1 discount point	100%	Greater than 1 discount point	90%	<ul style="list-style-type: none"> • Maximum 100% LTV, excluding funding fee • No CLTV restriction
Amount of discount points	Max LTV (excludes funding fee)									
No discount points	No restriction									
.001 to 1 discount point	100%									
Greater than 1 discount point	90%									
15. SECONDARY FINANCING	<ul style="list-style-type: none"> • Existing secondary financing may be subordinated • New secondary financing is not permitted 	<ul style="list-style-type: none"> • Existing secondary financing may be subordinated • New secondary financing is not permitted • If a second lien mortgage or line of credit is being paid off in conjunction with the first lien mortgage the second lien is not subject to the 210-day or 6-monthly payment seasoning standards. 								
16. PROPERTY TYPES	<p>Eligible Property Types</p> <ul style="list-style-type: none"> • 1-4 Units • Condos <ul style="list-style-type: none"> • Cash Out Refi: must be VA approved <ul style="list-style-type: none"> • Michigan Site Condos – condo approval not required • IRRRL: condo approval not required • Leasehold Estate <ul style="list-style-type: none"> • Refer to the VA Chapter of the Client for requirements • Manufactured Homes <ul style="list-style-type: none"> • Existing construction only • Must be classified and titled as real property at time of application • Must be properly affixed to a permanent foundation • ALTA 7 or state specific equivalent Title Endorsement required 									

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	<ul style="list-style-type: none"> • Manufactured Housing condo units – detached only • Manufactured Housing PUD units – detached only • Properties located in Rhode Island are not eligible • Modular, Pre-cut, Panelized Housing • PUDs <p>Ineligible Property Types</p> <ul style="list-style-type: none"> • Condo Hotels • Co-ops • Properties located within designated Coastal Barrier Resource System (CBRS) areas <p>See the VA chapter of the Client Guide for eligibility guidelines and complete ineligible property types</p>	
17. OCCUPANCY	<ul style="list-style-type: none"> • Primary Residences • Second Homes • Investment Properties <ul style="list-style-type: none"> • For second homes and investment properties, the veteran must certify that the property was previously occupied as their home (VA Form 26-1820) 	Primary Residences
18. 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 <p>State Restrictions</p> <ul style="list-style-type: none"> • Colorado <ul style="list-style-type: none"> • Income must be stated on the application • Verification or analysis of income is not required • Texas <ul style="list-style-type: none"> • If the first mortgage is subject to Texas Section 50(a)(6), VA financing is not permitted • If an existing second lien is subject to Texas Section 50(a)(6), VA financing is not permitted • Eligible transactions not subject to 50(a)(6); the borrower may not receive cash back at closing • 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, 	<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 <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 Equity Deed of Trust, Home Equity Installment Contract or Residential Home Loan Deed of Trust). • An existing Texas Section 50(a)(6) loan (either first or second mortgage) may be refinanced as a Texas non-Home Equity Section 50(a)(4) loan secured by a lien against the homestead if the following conditions are met: <ul style="list-style-type: none"> • 12-month seasoning for any Texas Section 50(a)(6) loan (first or second). • No cash back is permitted • Maximum LTV/CLTV 80% • Borrower must receive the Exception Notice – Important Notice Concerning Refinancing a home Equity Loan”

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	Home Equity Installment Contract or Residential Home Loan Deed of Trust)	within three business days of the LE application and at least 12 days prior to closing. <ul style="list-style-type: none"> Refer to the Texas Home Equity Refinance VA Eligibility Matrix to determine product eligibility. 												
19. STATE SPECIFIC REQUIREMENTS	The State Requirements are located in the Compliance Section, Chapter 2 of the Client Guide													
20. ASSUMPTIONS	<ul style="list-style-type: none"> VA loans are assumable to credit worthy borrower only ditech does not perform creditworthiness reviews of assumption requests for servicing lenders 													
21. ESCROW WAIVERS	Not permitted													
22. PREPAYMENT PENALTY	Not permitted													
23. APPROVAL AUTHORITY	VA Automatic Lenders (with or without LAPP authority)													
24. UNDERWRITING/AUS DECISIONS	<ul style="list-style-type: none"> Underwritten by a VA Automatic underwriter Not eligible for submission to AUS <p>The following requirements must be met for the loan to be eligible for an IRRRL transaction</p> <ul style="list-style-type: none"> Term Increase <ul style="list-style-type: none"> The term of the new loan may not exceed the original term by more than 10 years, subject to the maximum term of 30 years and 32 days Interest Rate Decrease <ul style="list-style-type: none"> The interest rate of the new loan must be less than the interest rate of the existing VA loan unless refinancing an ARM to a fixed rate Payment Increase <ul style="list-style-type: none"> Increase in P&I not permitted unless one of the following applies: <ul style="list-style-type: none"> The new loan is refinancing an ARM to a fixed rate or The term of the new loan is shorter than the term of the existing loan If the monthly PITI increases by 20% or more, the borrowers must be credit qualified. Fee Recoupment <ul style="list-style-type: none"> The recoupment period for all allowable fees and costs must not exceed 36 months <ul style="list-style-type: none"> Note: Pre-paid expenses such as real estate taxes and homeowners insurance are not counted as transaction 	<table border="1" style="width: 100%; border-collapse: collapse; text-align: center;"> <thead> <tr> <th colspan="2">Automated Underwriting Requirements</th> </tr> <tr> <th colspan="2">All loans must be submitted to DU/LP</th> </tr> <tr> <th>Acceptable Recommendations</th> <th>Unacceptable Recommendations</th> </tr> </thead> <tbody> <tr> <td>Approve/Eligible</td> <td>Refer with Caution/Manual</td> </tr> <tr> <td>Refer/Eligible</td> <td>LP Caution/Manual</td> </tr> <tr> <td>LP Accept</td> <td>Approve/Ineligible</td> </tr> </tbody> </table> <ul style="list-style-type: none"> Underwritten by a VA Automatic underwriter May follow documentation requirements See Credit Section below <p>Manual Downgrade from Accept to Refer</p> <ul style="list-style-type: none"> A manual downgrade from an AUS Accept decision to a Refer/Manual Underwrite is required if additional information not considered by AUS affects the overall insurability or eligibility of the mortgage. See VA chapter of the Client Guide. 	Automated Underwriting Requirements		All loans must be submitted to DU/LP		Acceptable Recommendations	Unacceptable Recommendations	Approve/Eligible	Refer with Caution/Manual	Refer/Eligible	LP Caution/Manual	LP Accept	Approve/Ineligible
Automated Underwriting Requirements														
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Acceptable Recommendations	Unacceptable Recommendations													
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Refer/Eligible	LP Caution/Manual													
LP Accept	Approve/Ineligible													

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ditech BUSINESS LENDING VA REFINANCE PRODUCTS

	INTEREST RATE REDUCTION REFINANCE LOANS (IRRRL)	CASH-OUT REFINANCE												
	<p>costs when calculating recoupment period. Lender credits and premium pricing may be used to offset allowable fees.</p> <ul style="list-style-type: none"> Note: There must be a monthly P & I savings in order to complete the recoupment period calculation except in the following situations when minimum recoupment is not required: ARM to fixed-rate or fixed-rate to fixed-rate that results in an increased P & I payment due to a lower term. If P & I decreases in spite of lower term, recoupment calculation is required. <p>Once eligibility has been established, refer to the Qualified Mortgage (QM) Section for determination of Safe Harbor or Rebuttable Presumption status</p>													
25. NET TANGIBLE BENEFIT	<p>The borrower must receive a net tangible benefit resulting from the IRRRL transaction</p> <p>Interest Rate must be reduced at a minimum by the following:</p> <table border="1" style="width: 100%; border-collapse: collapse; margin-top: 10px;"> <thead> <tr> <th style="width: 15%;"></th> <th style="width: 15%;">To</th> <th style="width: 30%;">Fixed Rate</th> <th style="width: 40%;">Hybrid ARM</th> </tr> </thead> <tbody> <tr> <td>From</td> <td></td> <td></td> <td></td> </tr> <tr> <td>Current VA mortgage is Fixed Rate</td> <td></td> <td>New rate at least 0.5% (50 basis points) below prior rate</td> <td>New rate at least 2% (200 basis points) below prior rate</td> </tr> </tbody> </table>		To	Fixed Rate	Hybrid ARM	From				Current VA mortgage is Fixed Rate		New rate at least 0.5% (50 basis points) below prior rate	New rate at least 2% (200 basis points) below prior rate	N/A
	To	Fixed Rate	Hybrid ARM											
From														
Current VA mortgage is Fixed Rate		New rate at least 0.5% (50 basis points) below prior rate	New rate at least 2% (200 basis points) below prior rate											
26. PROCESSING STYLES	Streamline	Standard												
27. BORROWER ELIGIBILITY	<p>The borrowers obligated on the original VA loan must be the same borrowers on the new loan and the veteran must still own the property. A change of mortgagors is permitted in the following cases:</p> <table border="1" style="width: 100%; border-collapse: collapse; margin-top: 10px;"> <thead> <tr> <th style="width: 30%;">Existing VA Loan</th> <th style="width: 40%;">New Loan</th> <th style="width: 30%;">Yes/No</th> </tr> </thead> <tbody> <tr> <td>Unmarried Vet</td> <td>Veteran & new spouse</td> <td>Yes</td> </tr> <tr> <td>Unmarried Vet</td> <td>Spouse only (deceased veteran)</td> <td>No</td> </tr> </tbody> </table>	Existing VA Loan	New Loan	Yes/No	Unmarried Vet	Veteran & new spouse	Yes	Unmarried Vet	Spouse only (deceased veteran)	No	<ul style="list-style-type: none"> Must be a qualified veteran or spouse Certificate of Eligibility must have sufficient entitlement to meet minimum 25% guaranty <p>Trust Agreements</p> <ul style="list-style-type: none"> See the VA Lender's Handbook and VA chapter of the Client Guide for eligibility guidelines 			
Existing VA Loan	New Loan	Yes/No												
Unmarried Vet	Veteran & new spouse	Yes												
Unmarried Vet	Spouse only (deceased veteran)	No												

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	INTEREST RATE REDUCTION REFINANCE LOANS (IRRRL)	CASH-OUT REFINANCE																								
	<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 33%;">Vet</td> <td style="width: 33%;">Different veteran who has substituted his/her entitlement</td> <td style="width: 33%;">Yes</td> </tr> <tr> <td>Vet & Spouse</td> <td>Divorced veteran only</td> <td>Yes</td> </tr> <tr> <td>Vet & Spouse</td> <td>Veteran & different spouse</td> <td>Yes</td> </tr> <tr> <td>Vet & Spouse</td> <td>Spouse only (deceased veteran)</td> <td>Yes</td> </tr> <tr> <td>Vet & Spouse</td> <td>Divorced spouse only</td> <td>No</td> </tr> <tr> <td>Vet & Spouse</td> <td>Different spouse only (deceased veteran)</td> <td>No</td> </tr> <tr> <td>Vet & Non-Vet (joint obligors)</td> <td>Veteran only</td> <td>Yes</td> </tr> <tr> <td>Vet & Non-Vet (joint obligors)</td> <td>Non-Veteran only</td> <td>No</td> </tr> </table> <p>When there has been a change in obligor, the following is required:</p> <ul style="list-style-type: none"> • The new obligor must have made at least 6 consecutive payments on the existing mortgage <ul style="list-style-type: none"> • 0x30 in the last 6 months • For surviving spouse or divorce, provide: <ul style="list-style-type: none"> • Divorce decree or death certificate, as applicable and • A statement from the obligor(s) on the ability to make payments on the new loan • For the addition of a different spouse, obtain a statement on the change in number of dependents, as applicable <p>Trust Agreement</p> <ul style="list-style-type: none"> • See the VA Lender's Handbook and VA chapter of the Client Guide for eligibility guidelines 	Vet	Different veteran who has substituted his/her entitlement	Yes	Vet & Spouse	Divorced veteran only	Yes	Vet & Spouse	Veteran & different spouse	Yes	Vet & Spouse	Spouse only (deceased veteran)	Yes	Vet & Spouse	Divorced spouse only	No	Vet & Spouse	Different spouse only (deceased veteran)	No	Vet & Non-Vet (joint obligors)	Veteran only	Yes	Vet & Non-Vet (joint obligors)	Non-Veteran only	No	
Vet	Different veteran who has substituted his/her entitlement	Yes																								
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Vet & Non-Vet (joint obligors)	Veteran only	Yes																								
Vet & Non-Vet (joint obligors)	Non-Veteran only	No																								
28. CO-BORROWERS	Primary Residence: all borrowers must occupy the subject property per VA guidelines	All borrowers must occupy the subject property per VA guidelines																								
29. CREDIT	<p>Housing Payment History</p> <ul style="list-style-type: none"> • Applies only to the first lien on the subject property • Loan must be current at the time of application • The borrower must have made at least 6 consecutive payments on the existing mortgage, beginning with the payment made on the first payment due date 	<p>Housing Payment History</p> <ul style="list-style-type: none"> • Inclusive of all liens regardless of lien position • Applies to all mortgages on all financed properties • All loans must be current at time of application 																								

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	<ul style="list-style-type: none"> • 0x30 in the last 6 months <p>Credit Score Requirements</p> <ul style="list-style-type: none"> • Minimum 660 • Non-traditional credit is ineligible <p>Significant Derogatory Credit (Credit qualifying only)</p> <ul style="list-style-type: none"> • See the VA chapter of the Client Guide for <ul style="list-style-type: none"> • Bankruptcy • Foreclosure • Pre foreclosure • Deed-in-lieu • Restructured Loans • Short Payoff 	<ul style="list-style-type: none"> • The borrower must have made at least 6 consecutive payments on the existing mortgage(s) included in the refinance, beginning with the payment made on the first payment due date • For Delegated Clients who underwrite and close loans in their own name <ul style="list-style-type: none"> • A written explanation is required for all mortgage lates more than 1x30 in the past 12 months • For loans underwritten by ditech <ul style="list-style-type: none"> • 1 x 30 in last 12 months • 1 x 30 if fewer than 12 payments made on mortgage <p>Credit Score Requirements</p> <ul style="list-style-type: none"> • Minimum credit score 580 - regardless of TOTAL Scorecard decision and manual underwrite <p>Underwriting Borrowers without Traditional Credit</p> <ul style="list-style-type: none"> • Manual Underwrite only <ul style="list-style-type: none"> • No borrower has a score: minimum credit score does not apply to loans with non-traditional credit. • One borrower has a score but other borrowers do not: Minimum credit score requirements must be met • When relying on non-traditional credit (or if one borrower has credit score and other borrowers do not), the following must be met <ul style="list-style-type: none"> • Only one account, excluding rental housing payments, can have a 30-day delinquency in the past 12 months. • A minimum of three sources of nontraditional credit for each borrower without a credit score should be developed, unless the borrower with no credit score is the veteran's spouse • See the VA chapter of the Client Guide for complete non-traditional credit requirements <p>Significant Derogatory Credit</p> <ul style="list-style-type: none"> • See the VA chapter of the Client Guide for <ul style="list-style-type: none"> • Bankruptcy • Foreclosure • Preforeclosure

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		<ul style="list-style-type: none"> • Deed-in-lieu • Restructured Loans • Short Payoff
30. ASSET/RESERVES	<ul style="list-style-type: none"> • Non-credit Qualifying: No asset verification required • Credit Qualifying <ul style="list-style-type: none"> • Must have sufficient liquid assets to close • Non-liquid accounts may not be used for cash to close. Funds must be liquidated and deposited into a demand deposit account with proper documentation 	<ul style="list-style-type: none"> • AUS Approve/Eligible and Refer/Eligible may follow documentation requirements • Must have sufficient liquid assets to close and for reserves • Non-liquid accounts may not be used for cash to close or reserves. Funds must be liquidated and deposited into a demand deposit account with proper documentation <p>Cash Reserves</p> <ul style="list-style-type: none"> • 1 unit – none • 2 - 4 units <ul style="list-style-type: none"> • Rental income not used to qualify – none • Rental income is being used to qualify – 6 months • 3 months reserves required if the borrower owns other real estate. The reserves are based on the PITI of the REO property <ul style="list-style-type: none"> • Reserves not required if rental income not used to qualify
31. EMPLOYMENT/INCOME	<p>Non-credit Qualifying</p> <ul style="list-style-type: none"> • Income documentation is not required • Colorado: See the Geographic Restrictions Requirements section • Form 4506-T is not required <p>Credit Qualifying</p> <ul style="list-style-type: none"> • Paystubs covering at least the most recent 30 day-period • 2 years W2s • 2 years personal tax returns for self-employed borrowers • Verbal VOE <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"> • See the VA Lender's Handbook for employment and income documentation requirements • Verbal VOE required. See the VA chapter of the Client Guide <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 must be 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 VA chapter of the Underwriting Guide for complete guidelines.

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	INTEREST RATE REDUCTION REFINANCE LOANS (IRRRL)	CASH-OUT REFINANCE
	<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 VA chapter of the Underwriting Guide for complete guidelines. 	
32. LIMITATIONS ON OTHER R.E. OWNED	None	
33. APPRAISER REQUIREMENTS	VA Approved/VA Fee panel appraiser must not be used	VA Approved/VA Fee panel appraisers
34. APPRAISAL REQUIREMENTS	<ul style="list-style-type: none"> • If no discount points are charged - no appraisal required • If discount points are charged, one of the following is required: <ul style="list-style-type: none"> • Full appraisal • Exterior-Only Inspection Report • Appraisal must not be ordered through WebLGY or require completion by a VA Fee Panel appraiser. • Repair items do not have to be completed prior to closing • See the Geographic Location/Restrictions section for additional state specific restrictions or requirements • Natural disaster certifications are not required 	<ul style="list-style-type: none"> • See <u>VA Lender's Handbook</u> and VA chapter of the Client Guide for appraisal requirements • A new appraisal completed by a VA approved or VA fee panel Appraiser is required. • VA LAPP Underwriter will issue the Notice of Reasonable Value • Copy of the signed NOV must remain in the loan file <p>Natural Disasters – Loans secured by properties located in areas federally declared as major disaster areas must follow VA procedures outlined in the VA chapter of the Client Guide.</p>
35. COMMUNITY PROPERTY STATES	<p>The following states are known community property states:</p> <ul style="list-style-type: none"> • Arizona • California • Idaho • Louisiana • Nevada • New Mexico • Texas • Washington • Wisconsin <p>See the VA chapter of the Client Guide for complete information</p>	
36. QUALIFIED MORTGAGE (QM)	The VA IRRRL Qualified Mortgage Certification or similar form must be completed and included in the submission package to confirm whether the loan is a Safe Harbor or a Rebuttable Presumption transaction	<ul style="list-style-type: none"> • All transactions are considered Qualified Mortgage (QM) Safe Harbor loans

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	<p>Safe Harbor</p> <ul style="list-style-type: none"> • Loans are considered Qualified Mortgage (QM) Safe Harbor loans if they meet the following requirements: <ul style="list-style-type: none"> • The loan being refinanced was originated at least 6 months before the new loan's closing date (note date to note date) • At least 6 payments have been made on original loan • Veteran has 0x30 mortgage payment history during 6 months preceding the new loan's closing date • The recoupment period for all allowable fees and costs must not exceed 36 months <ul style="list-style-type: none"> • Note: Pre-paid expenses such as real estate taxes and homeowners insurance are not counted as transaction costs when calculating recoupment period. Lender credits and premium pricing may be used to offset allowable fees. • Note: There must be a monthly P & I savings in order to complete the recoupment period calculation except in following situations when minimum recoupment is not required: ARM to fixed-rate or fixed-rate to fixed-rate with a shorter amortization term. • The veteran is not 30 days or more past due on the loan being refinanced • The new loan does not increase the principal balance outstanding on the prior loan except to the extent of fees and charges allowed by VA • Total points and fees payable in connection with the new loan are in accordance with 12 CFR 1026.32, will not exceed 3 percent of the total new loan amount, and are in compliance with VA's allowable fees and charges found at 38 CFR 36.4313 • The interest rate on the new loan is lower than the interest rate on the existing loan, unless the borrower is refinancing an ARM to a fixed rate loan, under guidelines that VA has established 	

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	<ul style="list-style-type: none"> The new loan is subject to a payment schedule that will fully amortize the loan in accordance with VA regulations Both the existing loan and the new loan satisfy all other VA requirements <p>Rebuttable Presumption</p> <ul style="list-style-type: none"> If the loan does not meet any one of the above requirements, it is considered a Qualified Mortgage (QM) Rebuttable Presumption loan and is not eligible 	
<p>37. SPECIAL REQUIREMENTS/ RESTRICTIONS</p>	<ul style="list-style-type: none"> Two IRRRL Loan Comparison & Recoup Statements are required. Initial disclosure with application package to be based on Loan Estimate and Final disclosure to be based on Closing Disclosure. ARM disclosure required for ARM products Energy Efficient Mortgage Program (Delegated Clients only) Refer to the VA chapter of the Client Guide for complete information <p>CAIVRS</p> <ul style="list-style-type: none"> CAIVR clearance must be obtained for all borrowers on the transaction. See VA chapter of the Client Guide for details 	<ul style="list-style-type: none"> ARM disclosure required for ARM products Energy Efficient Mortgage Program (Delegated Clients only) <ul style="list-style-type: none"> Refer to the VA chapter of the Client Guide for complete information <p>CAIVRS</p> <ul style="list-style-type: none"> CAIVR clearance must be obtained for all borrowers on the transaction. See VA chapter of the Client Guide for details

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