

## Conforming and High-Balance ARMs - DU

Primary Residence					
Purchase & Limited Cash-Out Refinance			Cash-Out Refinance		
Property Type	Max LTV/CLTV <sup>1</sup>	Min Credit Score	Property Type	Max LTV/CLTV	Min Credit Score
1 Unit	95%	620	1 Unit	80%	620
2 Units	85%		2-4 Units	75%	
3-4 Units	75%				
Second Home					
Purchase & Limited Cash-Out Refinance			Cash-Out Refinance		
Property Type	Max LTV/CLTV <sup>1</sup>	Min Credit Score	Property Type	Max LTV/CLTV	Min Credit Score
1 Unit	90%	620	1 Unit	75%	620
Investment Property					
Purchase & Limited Cash-Out Refinance			Cash-Out Refinance		
Property Type	Max LTV/CLTV <sup>1</sup>	Min Credit Score	Property Type	Max LTV/CLTV	Min Credit Score
1 Unit	Purchase	620	1 Unit	75%	620
	LCO Refi				
	85%		75%		
2-4 Units	75%				

**Footnotes**  
<sup>1</sup> Loans with > 80% LTV will require Mortgage Insurance and are subject to MI guidelines

<p><b>COVID-19 Temporary Process Effective 03/23/20</b></p>	<p>Refer to <a href="#">Fannie Mae and Freddie Mac Temporary Guideline Relief Bulletin</a> for additional guidance.</p> <p><b>Employed Borrowers: 10-Day Pre-Closing Verbal Verification of Employment (VVOE)</b>                  Due to COVID-19, there may be difficulty in obtaining the VVOE due to disruption to operations of the borrower's employer. An attempt to obtain the VVOE in accordance with existing requirements must be made. The following alternatives are allowed if a VVOE cannot be obtained:</p> <ul style="list-style-type: none"> <li>Written VOE                     <ul style="list-style-type: none"> <li>Email must originate from the employer's email address/ domain (e.g. @loanDepot.com)</li> <li>Name and title of individual verifying the borrower's current employment status</li> </ul> </li> <li>YTD Paystub from the pay period that immediately precedes the note date</li> <li>Bank statements evidencing the payroll deposit from the pay period that immediately precedes the note date</li> </ul> <p><b>Note:</b> If employment has been validated by the Desktop Underwriter (DU) validation service, the validation will remain eligible for representation and warranty relief on employment provided the lender complies with the "close by" date in the DU message. Otherwise, the guidance provided above applies.</p> <p><b>Self-employed borrowers: Continuity of Income</b>                  Given the current economic climate associated with COVID-19 and its impact on employment and income, LDW must apply additional due diligence to ensure the most recent information is obtained. LDW must ensure that any disruption to borrowers' employment (or self-employment) and/or income due to COVID-19 is not expected to negatively impact their ability to repay the loan. The health of the business should be constantly checked throughout the full loan process. Recommendation is to validate the borrower's business is operational at each phase of the process from application to closing.</p> <p><b>Appraisal</b>                  Due to COVID-19, appraisal inspection and reporting requirements have been revised. The following table provides appraisal requirements based on mortgage purpose, loan-to-value (LTV) ratio, occupancy type and mortgage ownership:</p> <p><b>Note:</b> These flexibilities are not permitted for new construction properties or Fannie Mae HomeStyle Renovation.</p>				
	<b>Appraisal Requirements</b>				
	<b>Mortgage Purpose</b>	<b>LTV Ratio</b>	<b>Occupancy Type</b>	<b>Ownership of Mortgage being refinanced</b>	<b>Permissible appraisals</b>
	Purchase Transaction	Refer to Program Matrix	Primary Residence	N/A	Interior and exterior inspection appraisal, desktop appraisal or exterior-only appraisal
	≤85%	Second Homes and Investment Properties	N/A	Interior and exterior inspection appraisal, desktop appraisal or exterior-only appraisal	
	>85%	Second Homes	N/A	Interior and exterior inspection appraisal	



## Conforming and High-Balance ARMs - DU

	Limited Cash-out Refinance	Refer to Program Matrix	All	Fannie Mae Owned	Interior and exterior inspection appraisal or exterior-only inspection
				Not Fannie Mae Owned	Interior and exterior inspection appraisal
	Cash-out Refinance	Refer to Program Matrix	All	Fannie Mae Owned or Not Fannie Mae Owned	Interior and exterior inspection appraisal
<b>Conventional Lending Guide</b>	All loans must be underwritten to the standards contained within this matrix and the <a href="#">loanDepot Wholesale Underwriting Guidelines</a> <ul style="list-style-type: none"> <li>Any guidance published on this matrix supersedes any guidance referenced within the Wholesale Underwriting Guidelines</li> <li>If guidance is not provided on this matrix or within the Wholesale Underwriting Guidelines, refer to the Agency Selling Guides</li> </ul>				
<b>Ineligible Transactions</b>	<ul style="list-style-type: none"> <li>Down Payment Assistance Options</li> </ul>				
<b>Geographic Restrictions</b>	<p><b>Hawaii</b></p> <ul style="list-style-type: none"> <li>Hawaiian Home Land transactions are ineligible</li> <li>Properties in Lava Zones 1 and 2 not permitted (verify the appraisal to confirm if property may be in a lava zone)</li> </ul> <p><b>Texas</b></p> <ul style="list-style-type: none"> <li>Refer to <a href="#">Texas 50(a)(6)</a></li> <li>Second homes and investment properties allowed (subject property must not be the only property owned in TX)</li> </ul>				
<b>Minimum Loan Amount</b>	<b>Conforming</b>		<b>High-Balance</b>		
	\$60,000		\$1 > Conforming loan limit for the number of units for high cost areas		
<b>Debt-To-Income (DTI)</b>	<ul style="list-style-type: none"> <li>Per DU</li> </ul>				
<b>AUS Requirements</b>	<ul style="list-style-type: none"> <li>DU Approve/Eligible</li> <li>Manual Underwrites not permitted</li> </ul>				
<b>Documentation</b>	<ul style="list-style-type: none"> <li>Per DU</li> </ul>				
<b>Qualifying Ratios</b>	<b>5/1 ARM</b>		<b>7/1 ARM and 10/1 ARM</b>		
	Qualify at the greater of the Fully Indexed Rate or the Note Rate + 2.0%		Qualify at the greater of the Fully Indexed Rate or the Note Rate		
	<i>Per DU Approve/Eligible findings; loans with MI may have more restrictive requirements</i>				
<b>Income</b>	<b>Salaried Borrowers</b>				
	<ul style="list-style-type: none"> <li>A current paystub dated within 120 days from the Note date</li> <li>W-2's: Per DU</li> </ul>				
	<b>Rental Income</b>				
	<ul style="list-style-type: none"> <li>Rental income is an acceptable source of stable income if it can be established that the income is likely to continue.</li> <li>Rental income derived from the subject property must be one of the following: <ul style="list-style-type: none"> <li>2-4 unit principal residence in which the borrower occupies one of the units, or</li> <li>1-4 unit investment property</li> </ul> </li> <li>Rental income derived from non-subject property have no restrictions on the property type</li> </ul>				
	<b>Self-Employed Borrower</b>				
	<ul style="list-style-type: none"> <li>Business in existence for at least two years (as stated on application)</li> <li>Personal signed individual tax returns, including all pages and schedules per DU</li> <li>Corporate or partnership signed tax returns, including all pages and schedules per DU</li> <li>Profit and loss generally not required</li> </ul>				
<b>Asset Documentation</b>	<ul style="list-style-type: none"> <li>Refer to <a href="#">loanDepot Wholesale Underwriting Guidelines</a></li> </ul>				
<b>Reserves</b>	<ul style="list-style-type: none"> <li>Per DU</li> </ul>				
<b>Interested Party Contribution</b>	<b>Primary Residence and Second Homes</b>				
	>90% LTV/CLTV/TLTV	75.01 – 90% LTV/CLTV/TLTV	<75% LTV/CLTV/TLTV		
	3%	6%	9%		
	<ul style="list-style-type: none"> <li>Investment Properties: 2% Regardless of LTV/CLTV</li> </ul>				
<b>Borrower Eligibility</b>	<b>Eligible</b>		<b>Ineligible</b>		
	<ul style="list-style-type: none"> <li>U.S. Citizens</li> <li>Permanent Resident –Refer to Non-U.S. Citizens</li> <li>Non-Permanent Residents</li> <li>Inter Vivos Revocable Trusts</li> </ul>		<ul style="list-style-type: none"> <li>LLC</li> <li>Irrevocable Trusts</li> <li>Foreign National</li> </ul>		



## Conforming and High-Balance ARMs - DU

	<ul style="list-style-type: none"> <li>• Non-Occupant Borrowers</li> </ul>			
<b>Property Types</b>	<b>Eligible</b>	<b>Ineligible</b>		
	<ul style="list-style-type: none"> <li>• SFR/PUD (detached/attached)</li> <li>• Condo (low/high rise)</li> <li>• 2-4 Units</li> </ul>	<ul style="list-style-type: none"> <li>• Agricultural/Income producing properties</li> <li>• Manufactured housing</li> <li>• Non-Warrantable Condo/Condotel</li> <li>• Co-op</li> <li>• Earth homes and geodesic domes</li> </ul>		
<b>Properties Listed for Sale</b>	<ul style="list-style-type: none"> <li>• <b>Limited Cash-Out and Cash-Out Transactions:</b> Property must be taken off the market on or before the disbursement date <ul style="list-style-type: none"> <li>◦ <b>When Secured by a Primary Residence:</b> Borrower must confirm their intent to occupy the subject property</li> </ul> </li> </ul>			
<b>Cash-Out Restrictions / Delayed Financing</b>	<ul style="list-style-type: none"> <li>• If property was purchased in the past 6 months, borrower is ineligible for a cash-out refinance unless following delayed financing guidelines</li> <li>• Property majority-owned or controlled by a borrower(s) limited liability corporation (LLC), may be counted towards meeting the borrower's minimum 6-month ownership requirement. In order to close the new refinance transaction, title ownership must be transferred out of the LLC and into the borrower's name.</li> </ul> <p><b>Note:</b> Title ownership from LLC to borrower's name can be transferred at closing</p>			
<b>Multi-Financed Properties</b>	<ul style="list-style-type: none"> <li>• Primary Residence – no limit on financed properties</li> <li>• Second Home or Investment Property: <ul style="list-style-type: none"> <li>◦ Max 10 financed properties,</li> </ul> </li> <li>• Min 720 credit score for 7- 10 financed properties</li> <li>• Subject property is an investment property and borrower owns more than one financed investment property, 5/1 ARMS</li> </ul>			
<b>Mortgage Insurance</b>	<ul style="list-style-type: none"> <li>• BPMI (monthly and single premium) are eligible</li> <li>• LPMI (single premium) is eligible based on program LTV eligibility</li> <li>• Financed MI is not available</li> <li>• Custom or reduced MI not eligible</li> <li>• Acceptable renewal types are Level/Constant and Non-refundable</li> </ul>			
	<b>Standard – Required MI Coverage</b>			
	<b>Loan Term</b>	<b>LTV</b>		
		<b>80.01-85.00%</b>	<b>85.01-90.00%</b>	<b>90.01-95.00%</b>
<b>25 and 30 Year</b>	12%	25%	30%	35%
<b>10, 15, and 20 Year</b>	6%	12%	25%	35%
<b>Credit</b>	<b>Mortgage/Rental History</b>			
	<ul style="list-style-type: none"> <li>• Per DU <ul style="list-style-type: none"> <li>◦ Loans with one or more 60-day delinquency reported within the 12 months prior to the credit report date not acceptable</li> </ul> </li> </ul>			
	<b>Installment/ Revolving</b>			
	<ul style="list-style-type: none"> <li>• Per DU</li> </ul>			
	<b>Foreclosure, Bankruptcy, Deed-in-Lieu, Short Sale, Repossession, or Loan Modification</b>			
	<b>Derogatory Event</b>		<b>Discharge/Dismissal</b>	
	Bankruptcy — Chapter 7 or 11		4 years	
	Bankruptcy — Chapter 13		2 years from discharge date 4 years from dismissal date	
	Multiple Bankruptcy Filings		5 years from dismissal or discharge date	
	Foreclosure		7 years	
Loan Modification		No seasoning, DU will evaluate		
Deed-in-Lieu of Foreclosure		4 Years		
Pre-foreclosure Sale				
Charge-Off of Mortgage Account				
<b>Past-Due, Collection, and Charge-Off of Non-Mortgage Accounts</b>				
<b>1 Unit Primary Residence</b>		Pay off not required regardless of the amount		
<b>2-4 Units Owner Occupied &amp; Second Homes</b>		Accounts totaling > \$5,000 must be paid in full prior to or at closing		
<b>Investment Properties</b>		individual accounts ≥ \$250 and totaling > \$1,000 must be paid in full prior to or at closing		
<b>Note:</b> Collection accounts reported as medical collections are not used in DU risk assessment				
<b>Student Loans</b>	Student loans in repayment, deferment or forbearance:			
	<b>If</b>	<b>Then</b>		
<b>Payment Reflected on Credit Report</b>	May use that amount for qualifying purposes			



## Conforming and High-Balance ARMs - DU

	<p><b>Payment Not Reflected on credit report</b></p> <p><b>Credit report shows \$0</b></p>	<p>May use the monthly payment that is on the most recent student loan statement to qualify the borrower</p> <ul style="list-style-type: none"> <li>• Use 1% of the outstanding student loan balance (even if this amount is lower than the actual fully amortizing payment), or</li> <li>• a fully amortizing payment using the documented loan repayment terms</li> </ul> <p><b>If income-driven payment plan is \$0:</b></p> <ul style="list-style-type: none"> <li>• Obtain student loan documentation to verify the actual monthly payment is \$0, then may qualify the borrower with a \$0 payment</li> </ul>	
<p><b>Net Tangible Benefit</b></p>	<ul style="list-style-type: none"> <li>• Net Tangible Benefit Requirements – All refinance transactions must meet the more restrictive of <a href="#">loanDepot Net Tangible Benefit Policy</a> or agency/program Net Tangible Benefits Requirements.</li> </ul>		

Conforming					High-Balance			
ARM	Description	Index	Margin	Caps	Description	Index	Margin	Caps
	5/1 ARM	LIBOR	2.25%	2/2/5	5/1 ARM	LIBOR	2.25%	2/2/5
	7/1 ARM			5/2/5	7/1 ARM			5/2/5
	7/1 ARM LPMI			10/1 ARM	7/1 ARM LPMI			
	10/1 ARM							

