

Primary Residence			
Purchase and Limited Cash-Out Refinance			
Property Type	Max LTV/CLTV ²		Min Credit Score
1 Unit	Fixed	ARM	Per DU ³
	97% ¹	95%	
2 Units	85%		620
3-4 Units	75%		

¹ 95.01% - 97.00% LTV transactions

- Limited Cash-Out Refinance: existing loan must be owned (or securitized) by Fannie Mae ([Loan Lookup Tool](#)).
- Non-occupant borrower is ineligible
- High Balance and ARMs are not permitted

² 95% LTV/CLTV transactions

- Max 95% LTV/CLTV for High Balance Loan Limits and non-occupant borrower(s)

³ MI company guidelines require minimum credit score 620

COVID-19 Temporary Process Effective 03/23/20	Refer to Fannie Mae and Freddie Mac Temporary Guideline Relief Bulletin for additional guidance.																									
	Employed Borrowers: 10-Day Pre-Closing Verbal Verification of Employment (VVOE) 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: <ul style="list-style-type: none"> Written VOE <ul style="list-style-type: none"> Email must originate from the employer's email address/ domain (e.g. @loanDepot.com) Name and title of individual verifying the borrower's current employment status YTD Paystub from the pay period that immediately precedes the note date Bank statements evidencing the payroll deposit from the pay period that immediately precedes the note date 																									
	Note: 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.																									
	Self-employed borrowers: Continuity of Income 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.																									
Appraisal 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:																										
Note: These flexibilities are not permitted for new construction properties or Fannie Mae HomeStyle Renovation.																										
<table border="1"> <thead> <tr> <th colspan="5">Appraisal Requirements</th> </tr> <tr> <th>Mortgage Purpose</th> <th>LTV Ratio</th> <th>Occupancy Type</th> <th>Ownership of Mortgage being refinanced</th> <th>Permissible appraisals</th> </tr> </thead> <tbody> <tr> <td>Purchase Transaction</td> <td>Refer to Program Matrix</td> <td>Primary Residence</td> <td>N/A</td> <td>Interior and exterior inspection appraisal, desktop appraisal or exterior-only appraisal</td> </tr> <tr> <td rowspan="2">Limited Cash-out Refinance</td> <td rowspan="2">Refer to Program Matrix</td> <td rowspan="2">Primary Residence</td> <td>Fannie Mae Owned</td> <td>Interior and exterior inspection appraisal or exterior-only inspection</td> </tr> <tr> <td>Not Fannie Mae Owned</td> <td>Interior and exterior inspection appraisal</td> </tr> </tbody> </table>					Appraisal Requirements					Mortgage Purpose	LTV Ratio	Occupancy Type	Ownership of Mortgage being refinanced	Permissible appraisals	Purchase Transaction	Refer to Program Matrix	Primary Residence	N/A	Interior and exterior inspection appraisal, desktop appraisal or exterior-only appraisal	Limited Cash-out Refinance	Refer to Program Matrix	Primary Residence	Fannie Mae Owned	Interior and exterior inspection appraisal or exterior-only inspection	Not Fannie Mae Owned	Interior and exterior inspection appraisal
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Minimum Loan Amount	Conforming \$60,000		High Balance \$1 > Conforming loan limit for the number of units for high cost areas																							
	Eligible¹ <ul style="list-style-type: none"> Owner Occupied Principal Residence <ul style="list-style-type: none"> 1-4 Units Co-ops (Refer to Co-Op Approved Projects list) PUDs 		Ineligible <ul style="list-style-type: none"> Agricultural/Income producing properties Non-Warrantable Condo/Condotel Manufactured home Earth homes, and geodesic domes 																							
Property Types																										



	<ul style="list-style-type: none"> o Condo (low/high rise) 			
	¹ PIW for solar is allowed with evidence of a secondary source of electricity (current electric bill affirming connection to the grid)			
Borrower Types	Eligible		Ineligible	
	<ul style="list-style-type: none"> • U.S. Citizens • Permanent Resident • Non-Permanent Residents • Inter Vivos Revocable Trusts • Non-Occupant Borrower(s) <ul style="list-style-type: none"> o Maximum 95% LTV o Income considered as part of qualifying income and subject to income limits 		<ul style="list-style-type: none"> • Foreign National 	
Ineligible Transaction Types	<ul style="list-style-type: none"> • Down payment assistance options • Community Seconds/Grants/Affordable Seconds • Sweat Equity 	<ul style="list-style-type: none"> • Texas 50(a)(6) loans • HomeStyle Renovation loans • Properties located in Hawaii Lava Zones 1 & 2 		
Desktop Underwriter (DU)	<p>DU Approve/Eligible</p> <ul style="list-style-type: none"> • Manual underwriting not permitted • At least one borrower must have traditional credit • Based on income, DU will determine the income eligibility for HomeReady Mortgage • Note: DU findings message must include “This case is eligible for delivery as a “HomeReady” Mortgage Loan.” • Special Feature Code: SFC 900 required for HomeReady Mortgages • Standard Agency underwriting and property guidelines apply unless specifically referenced in this matrix 			
Mortgage Insurance	<ul style="list-style-type: none"> • BPMI (monthly premium) is eligible • LPMI (single premium) is eligible based on program LTV eligibility and 620 credit score <ul style="list-style-type: none"> o LPMI is not eligible for 5/1 ARM • Financed MI is not available • Custom or reduced MI not eligible • Acceptable renewal types are Level/Constant and Non-refundable 			
	Standard – Required MI Coverage			
	Loan Term	LTV		
		80.01-85.00%	85.01-90.00%	90.01-95.00%
	Fixed<=20 year	6%	12%	25%
	Fixed>20 year	12%	25%	25%
First-Time Homebuyer	<ul style="list-style-type: none"> • No requirement for the borrower(s) to be a First-Time Homebuyer 			
Homeownership Education and Housing Counseling	<ul style="list-style-type: none"> • Additional SFC 184 required when at least one borrower on the loan has received customized one-on-one assistance from a HUD-approved non-profit counseling agency, as evidenced by completion of a Certificate of Pre-purchase Housing Counseling (Form 1017) <ul style="list-style-type: none"> o Loan level price adjustment credit applies.(Refer to Rate Sheet) • Fannie Mae Homeownership Education and Housing Counseling 			
Income	<p>The following is general guidance and subject to DU approval. Subject to additional documentation at the underwriter’s discretion</p> <ul style="list-style-type: none"> • Two year employment history must be verified • Explanation for any gaps of employment of 30 days or more is required 			
	Qualifying Income Limits			
	<ul style="list-style-type: none"> • To determine whether a mortgage is eligible under the borrower income limits, count the income used to qualify the loan <ul style="list-style-type: none"> o Income (O.T., bonus, etc.) not used to qualify the borrower is not required to be included in the income limit eligibility • Total annual qualifying income must not exceed 80% of the Area Median Income (AMI) for the property’s location • DU will determine if the qualifying income meets the income limits, or <ul style="list-style-type: none"> o Use the HomeReady Eligibility Lookup Tool / Income Eligibility spreadsheet Census Tract Lookup o The Additional Data screen field will allow entering census tract information if DU is unable to geocode the property address 			
	Salaried Borrowers			
	<ul style="list-style-type: none"> • Current paystub dated within 120 days from the Note date • W2s per DU 			
Rental Income				
<p>Rental income is an acceptable source of stable income if it can be established that the income is likely to continue.</p> <ul style="list-style-type: none"> • Rental income derived from the subject property must be one of the following: <ul style="list-style-type: none"> o 1 unit principal residence with an accessory unit o 2-4 unit principal residence in which the borrower occupies one of the units • Rental income derived from non-subject property have no restrictions on the property type • Boarder income (relative or non-relative) from a 1 unit property up to 30% of the total gross income is eligible if <ul style="list-style-type: none"> o The individual(s) lives with pays rent to the borrower for the last 12 months o The boarder provides document history of shared residency (i.e. driver’s license, bill, or bank statement with boarder’s address as being the same as the borrower’s address) 				



	<ul style="list-style-type: none"> o The boarder can demonstrate (such as copies of canceled checks) the payment of rental payments to the borrower for <ul style="list-style-type: none"> ▪ the last 12 months, or ▪ at least 9 of the most recent 12 months provided the rental income is averaged over a 12-month period <p>Note: Payment of rent by the boarder directly to a third party is not acceptable</p>		
	Self-Employed Borrower		
	<ul style="list-style-type: none"> • Business in existence for at least two years (as stated on application) • Personal signed individual tax returns, including all pages and schedules per DU • Corporate or partnership signed tax returns, including all pages and schedules per DU • Profit and loss generally not required 		
Qualifying Ratios	Fixed Rate	5/1 ARM	7/1 ARM
	Qualify at the Note Rate	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>		
Subordinate Financing	<ul style="list-style-type: none"> • Subordinate financing must comply with B2-1.1-04 Subordinate Financing • Subordinate financing of a seller-held mortgage is ineligible with HomeReady Mortgage 		
Assets	• Minimum down payment requirement:		
	Number of Units	Minimum Borrower Contribution	Minimum Down Payment
	One	None	3%
	Two	3%	15%
	Three or Four	3%	25%
Reserves	• Per DU		
Interested Party Contribution	LTV/CLTV > 90%	LTV/CLTV 75.01-90%	LTV/CLTV ≤ 75%
	3%	6%	9%
Property Ownership	<ul style="list-style-type: none"> • Occupant borrowers may own one other financed residential property (in addition to the subject property) at the time of closing • Non-occupant borrower(s) has no limitation on ownership of other residential property 		
Properties Listed for Sale	• Limited Cash-Out : Property must be taken off the market on or before the disbursement date and the borrower must confirm their intent to occupy the subject property		
Credit	Mortgage/Rental History		
	• Per DU <ul style="list-style-type: none"> o Mortgage lates - OX60 in past 12 months 		
	Installment/Revolving		
	• Per DU		
	Foreclosure, Bankruptcy, Deed-in-Lieu, Short Sale, Repossession, or Loan Modification		
	Derogatory Event	Discharge/Dismissal	
	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			
Collections and Non-Mortgage Charge-Off			
Transaction Type	Requirement		
1 Unit, Principal Residence	Payoff not required regardless of amount		
2-4 Units, Owner Occupied and Second Home	Accounts totaling > \$5,000 must be paid in full prior to or at closing		
Investment Property	Individual accounts ≥ \$250 and totaling > \$1,000 must be paid in full prior to or at closing		
Note: Collection accounts reported as medical collections are not used in the DU risk assessment			
Student Loans	Student loans in repayment, deferment or forbearance:		
	If	Then	
	Payment Reflected on Credit Report	May use that amount for qualifying purposes	
Payment Not Reflected on credit report	May use the monthly payment that is on the most recent student loan statement to qualify the borrower		



	<p>Credit report shows \$0</p> <ul style="list-style-type: none"> Use 1% of the outstanding student loan balance (even if this amount is lower than the actual fully amortizing payment), or a fully amortizing payment using the documented loan repayment terms <p>If income-driven payment plan is \$0</p> <ul style="list-style-type: none"> Obtain student loan documentation to verify the actual monthly payment is \$0, then may qualify the borrower with a \$0 payment 																																				
HPML and HPCT Loans	<ul style="list-style-type: none"> Higher-priced mortgage loan (HPML) underwriting requirements are applicable to all occupancy types (not just primary residences) 5/1 ARM not eligible as HPML or higher-priced covered transactions (HPCT) 																																				
Additional Underwriting	<p>Please access loanDepot's Wholesale Underwriting Guidelines for additional guidelines. For ease of access, we have included links to popular topics by category:</p> <table border="1"> <thead> <tr> <th>Assets</th> <th>Credit</th> <th>Eligibility</th> <th>Income</th> <th>Property</th> <th>Misc. Topics</th> </tr> </thead> <tbody> <tr> <td>Business Assets</td> <td>Contingent Liabilities</td> <td>Continuity of Obligation</td> <td>Employment History</td> <td>Accessory Units</td> <td>Appraisal Policy</td> </tr> <tr> <td>Gift Funds</td> <td>Deferred Installment Debt</td> <td>Multiple Financed Properties</td> <td>Non Borrowing Spouse</td> <td>Hobby Farms</td> <td>Departure Primary Residence</td> </tr> <tr> <td>Gift of Equity</td> <td>Disputed Accounts</td> <td>Non Arms Length Transactions</td> <td>Retirement Income</td> <td>Leasehold</td> <td>Power of Attorney</td> </tr> <tr> <td>Large Deposits</td> <td>Payoff and Paydown of Debt</td> <td>Non Occupant Co-Borrower</td> <td>Temporary Leave</td> <td>Non Permitted Additions</td> <td></td> </tr> <tr> <td></td> <td></td> <td>Non U.S Citizens</td> <td>Tax Transcripts</td> <td>Property Flips</td> <td></td> </tr> </tbody> </table>	Assets	Credit	Eligibility	Income	Property	Misc. Topics	Business Assets	Contingent Liabilities	Continuity of Obligation	Employment History	Accessory Units	Appraisal Policy	Gift Funds	Deferred Installment Debt	Multiple Financed Properties	Non Borrowing Spouse	Hobby Farms	Departure Primary Residence	Gift of Equity	Disputed Accounts	Non Arms Length Transactions	Retirement Income	Leasehold	Power of Attorney	Large Deposits	Payoff and Paydown of Debt	Non Occupant Co-Borrower	Temporary Leave	Non Permitted Additions				Non U.S Citizens	Tax Transcripts	Property Flips	
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Net Tangible Benefit	<ul style="list-style-type: none"> Net Tangible Benefit Requirements – All refinance transactions must meet the more restrictive of loanDepot Net Tangible Benefit Policy or agency/program Net Tangible Benefits Requirements. 																																				

Eligible Terms								
	Conforming				High-Balance			
	Description/Term				Description/Term			
Fixed	30 Year Fixed				30 Year Fixed			
	30 Year Fixed LPMI				30 Year Fixed LPMI			
	25 Year Fixed				25 Year Fixed			
	25 Year Fixed LPMI				25 Year Fixed LPMI			
	20 Year Fixed				20 Year Fixed			
	20 Year Fixed LPMI				20 Year Fixed LPMI			
	15 Year Fixed				15 Year Fixed			
	15 Year Fixed LPMI				15 Year Fixed LPMI			
	10 Year Fixed				10 Year Fixed			
	ARM	Conforming				High-Balance		
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					7/1 ARM LPMI			

