

Primary Residence				
Purchase and Rate/Term Refinance				
Property Type	Max Loan Amount	Min Credit Score	Max LTV/CLTV	Min Reserves (PITIA)
1-Unit	\$1,500,000	700	95% <sup>1</sup>	≤ \$1MM - 6 months >\$1MM - 9 months
			<i>Fixed Only</i>	
	\$2,500,000	720	90% <sup>1</sup>	12 months
			80%	9 months
	\$3,000,000	720	80%	15 months
			75%	9 months
2 Units	\$1,000,000	720	85%	≤ \$1MM - 6 months >\$1MM - 9 months
	\$1,500,000	700	80%	
	\$2,500,000	720		12 months
3-4 Units	\$1,000,000	700	80%	≤ \$1MM - 6 months >\$1MM - 9 months
	\$1,500,000			
	\$2,000,000	720	75%	
Cash-Out Refinance				
Property Type	Max Loan Amount	Min Credit Score	Max LTV/CLTV	Min Reserves (PITIA)
1-2 Units	\$1,000,000	720	80%	≤ \$1MM - 6 months >\$1MM - 9 months
	\$1,500,000		75%	
	\$2,000,000		70%	
Second Home				
Purchase and Rate/Term Refinance				
Property Type	Max Loan Amount	Min Credit Score	Max LTV/CLTV	Min Reserves (PITIA)
1-Unit	\$1,000,000	700	80%	9 months
	\$1,500,000		75%	
	\$2,000,000	720	70%	≤ \$1MM - 6 months >\$1MM - 9 months
Cash-Out Refinance				
Property Type	Max Loan Amount	Min Credit Score	Max LTV/CLTV	Min Reserves (PITIA)
1-Unit	\$1,000,000	720	70%	≤ \$1MM - 6 months >\$1MM - 9 months
	\$1,500,000		65%	
	\$2,000,000		60%	
Investment Property				
Purchase and Rate/Term Refinance				
Property Type	Max Loan Amount	Min Credit Score	Max LTV/CLTV	Min Reserves (PITIA)
1-4 Unit	\$1,000,000	740	75%	6 months
	\$2,000,000			9 months
Cash-Out Refinance				
Property Type	Max Loan Amount	Min Credit Score	Max LTV/CLTV	Min Reserves (PITIA)
1-4-Unit	\$1,000,000	740	70%	6 months
	\$2,000,000			9 months
Footnotes				
<sup>1</sup> LTV Restrictions	<ul style="list-style-type: none"> <li>• <b>Interest Only:</b> Max LTV 85%</li> <li>• <b>Non-Warrantable Condo:</b> 85% Max LTV with one non-warrantable feature (See Non-Warrantable Condo section for additional restrictions)</li> <li>• <b>Co-op:</b> Max LTV 80%, NY and NJ only</li> <li>• <b>Subordinate Financing:</b> Max LTV 80% when subordinate financing is present</li> <li>• <b>Florida Condo:</b> Max LTV 80%</li> </ul>			



<b>loanDepot Lending Guide</b>	All loans, <b>regardless of loan amount or AUS findings</b> , must be underwritten to the standards contained within this matrix <ul style="list-style-type: none"> <li>If guidance is not provided on this matrix or within the Lending Guide, please refer to the Fannie Mae Seller Guide</li> </ul>			
<b>Minimum Loan Amount</b>	<b>Conforming Loan Amounts</b>		<b>High Balance Loan Amounts</b>	<b>Jumbo Loan Amounts</b>
	\$150,000-up to <i>Standard</i> Conforming loan limit for the area and number of units based on the DU findings		\$1 above the <i>Standard</i> Conforming loan limit for the area and number of units based on the DU findings	
<b>AUS Requirements</b>	<b>Conforming Loan Amounts</b>		<b>High Balance Loan Amounts</b>	<b>Jumbo Loan Amounts</b>
	<b>DU Approve/Eligible</b> <ul style="list-style-type: none"> <li>Regardless of eligibility, underwriting to the DU Cert is not allowed under this loan program (See Lending Guide section above)</li> </ul>			<b>DU Approve/Ineligible</b> <ul style="list-style-type: none"> <li>Ineligible due to loan amount</li> </ul>
<b>Debt-to-Income (DTI)</b> <i>Most restrictive applies</i>	<b>All Loan Amounts</b>			
	<b>90.01%-95% LTV</b>	<b>All ARM Transactions</b>	<b>80.01%-90% LTV</b>	<b>≤ 80% LTV</b>
	35%	43%	47%	50%
<b>Documentation Type</b>	<ul style="list-style-type: none"> <li>Full Doc</li> </ul>			
<b>Maximum Cash Out</b>	<b>Primary Residence</b>		<b>Second Home</b>	<b>Investment Property</b>
	≤80% LTV		≤70% LTV	<70% LTV
	\$500,000		\$400,000	\$400,000
<b>Qualifying Payment</b>	<b>5/1 ARM</b>	<b>7/1 and 10/1 ARM</b>	<b>30 Year Fixed Rate</b>	<b>Interest Only</b>
	Qualify at higher of Start Rate + 2% or Fully Indexed Rate amortized over 30-year term	Qualify at higher of Start Rate or Fully Indexed Rate amortized over 30-year term	Qualify at Note Rate	<b>Qualifying Ratios are based on PITIA</b> payment amortized over the remaining loan term <b>after 10 year</b> interest only period <b>expires</b> (240 or 360 months)
<b>Appraisal Requirements</b>	<ul style="list-style-type: none"> <li>One appraisal required as long as Fannie Mae's Collateral Underwriter (CU) score is 2.5 or less and there are no over-valuation or comparable selection flags. Otherwise, a desk review through an LDW approved AMC is required which may result in additional appraisal requirements, including a field review and/or second appraisal</li> <li>One full appraisal AND an LDW approved AMC desk review required for loan amounts &gt; \$1,000,000</li> <li>Properties owned &lt; 12 months must use lesser of original purchase price or new appraised value for LTV purposes</li> <li>Transferred appraisals are ineligible</li> <li>Properties located on islands must be suited for residential use and occupancy year-round. Properties that do not have public or private utilities available year-round and no central heat source are ineligible for financing except for properties located in the state of Hawaii where the appraiser demonstrates market acceptance: <ul style="list-style-type: none"> <li>Island must be accessible via public transportation even if a boat or ferry is the only means of access, it should be public not private transportation</li> <li>Due to location, access, and availability of utilities, property may suffer limited marketability. Marketability must be demonstrated by sales comparables</li> </ul> </li> <li>Mixed-Use properties that have a business use in addition to the residential use such as day care facility, beauty/barber shop or a doctor's office are eligible for financing and the following must be met: <ul style="list-style-type: none"> <li>Property must be 1 unit that the borrower occupies as a principal residence and must be primarily residential in nature,</li> <li>Borrower must be both the owner and operator of the business,</li> <li>Dwelling may not be modified adversely impact on its marketability as a residential property, and</li> <li>Appraiser must provide a detailed description of mix-use characteristics: <ul style="list-style-type: none"> <li>Property is a legal, permissible use of property under the local zoning requirements</li> <li>Report any adverse impact on marketability and market resistance to the commercial use of the property and</li> <li>Report market value of property based on the residential characteristics, rather than the business use or any special business-use modifications that were made</li> </ul> </li> </ul> </li> <li>Any adverse environmental factors affecting the subject property must be addressed by the appraiser. Any factors affecting safety, habitability or marketability of the unit will render the property ineligible</li> </ul>			



	<ul style="list-style-type: none"> <li>Agriculture property that is a working farm or ranch is ineligible. Agricultural zoning acceptable only if highest and best use is residential in nature, and as long as there are sales comparables with similar zoning. See <a href="#">FNMA Subject Property Zoning</a> for additional requirements</li> </ul>	
<b>Geographic Restrictions</b>	<ul style="list-style-type: none"> <li>Hawaiian Home Land Transactions</li> <li>Hawaii properties located in Lava Zones 1 or 2 not allowed</li> </ul>	
<b>Eligible Borrower</b>	<b>Eligible</b>	<b>Ineligible</b>
	<ul style="list-style-type: none"> <li>U.S. Citizen</li> <li>Permanent Resident Alien</li> <li>Non-Permanent Resident Aliens who have a minimum of 2 years credit history and employed in the U.S. or borrowing with a U.S. Citizen or a Permanent Resident Alien on the application                             <ul style="list-style-type: none"> <li>G1-G5, H-1, L-1, E-1, or E-2 visa</li> <li>Additional Visa types may be reviewed for acceptability on a case by case basis</li> </ul> </li> <li>Non- occupying co-borrowers- qualifying ratios are calculated based on the occupying borrower's income only (blended ratios are not permitted)</li> <li>Living "Inter Vivos" Trusts</li> </ul>	<ul style="list-style-type: none"> <li>Borrower(s) without a social security number</li> <li>Individual Taxpayer Identification Numbers (ITINs)</li> <li>Foreign Nationals</li> <li>Diplomats – diplomatic immunity</li> <li>Loans with &gt; 4 borrowers</li> </ul>
<b>First Time Homebuyer (FTHB)</b>	<p>A FTHB is acceptable as long as the following requirements are met:</p> <ul style="list-style-type: none"> <li>Borrower meets Fannie Mae's definition of first time home buyer</li> <li>Borrower is not a co-signer or co-borrower on any other mortgage loan</li> <li>Borrower currently lives with relatives (as defined by Fannie Mae) and the relatives provide a sign and dated letter verifying the borrower's current housing payment</li> <li>If the loan file contains documentation evidencing the borrower is currently or has made rent payments in the past 12 months, the housing payment history (rental) covering the most recent 12 months must reflect a 0x30 history</li> <li>No foreclosures, short-sale, or mortgage charge-offs in the past 7 years</li> <li>Refer to FTHB Housing Payment History for additional guidelines</li> </ul>	
<b>Property Types</b>	<b>Eligible Property Types</b>	<b>Ineligible Property Types</b>
	<ul style="list-style-type: none"> <li>Single family/PUD (detached or attached)</li> <li>Warrantable Condominium</li> <li>Non-Warrantable Condo / Condotel</li> <li>Modular Factory Built</li> <li>≤ 20 acres</li> <li>Primary residence 2-4 Units</li> <li>Co-op –Refer to Co-op Eligibility</li> </ul>	<ul style="list-style-type: none"> <li>Time-share projects</li> <li>Mobile home</li> <li>Manufactured Home</li> <li>Log, earth or dome homes</li> <li>Working farms</li> <li>Leasehold land</li> <li>Co-op Investment Properties</li> <li>Texas 50(a) (6) transactions</li> </ul>
<b>Interest Only</b>	<ul style="list-style-type: none"> <li>Max LTV 85%</li> <li>Primary Residence and Second Home Only</li> <li>Interest Only period 10 years/Loan Term 360 or 480 months</li> <li>Reserve requirement based on fully amortized PITIA, not interest only PITIA</li> </ul>	
<b>Co-op Eligibility</b>	<p>Co-op projects are allowed with the following restrictions:</p> <ul style="list-style-type: none"> <li>Requires review and approval from the loanDepot Condo Desk</li> <li>Geographic Restrictions: New York &amp; New Jersey only</li> <li>Restricted to the lesser of the Max LTV/CLTV or 80%</li> <li>Fixed Rate only</li> <li>1-Unit Primary Residence and Second Homes only</li> </ul>	
<b>Non-Warrantable Condos</b>	<ul style="list-style-type: none"> <li>Purchase &amp; Rate/Term Only</li> <li>Primary Residence and Second Home Only</li> <li>Non material litigation allowed</li> <li>Investor concentration- 60% maximum</li> </ul>	<ul style="list-style-type: none"> <li>Commercial space allowed- 35% maximum</li> <li>Maximum ownership allowed by a single entity- 20%</li> <li>Condotel projects eligible. Must be approved by Enterprise Credit Policy</li> <li>All other Fannie Mae condominium requirements must be met</li> </ul>



<b>Age of Documentation</b>	<ul style="list-style-type: none"> <li>• <b>Credit Documents:</b> 120 days max at time of closing</li> <li>• <b>Appraisal:</b> 120 days from date Note is signed. If appraisal is older than 120 days but less than one year:                     <ul style="list-style-type: none"> <li>○ Obtain an update from the appraiser indicating the property value has not declined since the original appraisal date</li> <li>○ If the effective date of the appraisal exceeds one year or the value has declined, a new appraisal is required</li> </ul> </li> </ul>
<b>Interested Party Contributions</b>	<ul style="list-style-type: none"> <li>• <b>Primary Residence</b> – 6% when LTV is 90% or less. 3% for LTV's over 90%</li> <li>• <b>Second Homes</b> - 3%</li> <li>• <b>Investment Properties</b>- 2%</li> </ul>
<b>Assets</b>	<b>Checking and Savings Accounts</b>
	<ul style="list-style-type: none"> <li>• Two most recent consecutive months' statements for each account required</li> <li>• Large deposits inconsistent with monthly income or other deposits must be verified</li> </ul>
	<b>Securities/Stock Account</b>
	<ul style="list-style-type: none"> <li>• Two most recent consecutive months stock/securities account statements are required. Must verify borrower's ownership of asset, value at time of sale/liquidation, and receipt of funds realized from sale/liquidation</li> <li>• If the value of the asset is at least 20% more than the amount of funds needed for the down payment and closing costs, documentation of liquidation is not required. Otherwise, evidence of the borrower's receipt of funds from sale or liquidation must be documented.</li> <li>• 100% of the value of stocks/bonds/mutual funds/U.S. Gov't Securities can be considered in the calculation of assets available reserves</li> <li>• Non-vested or restricted stock accounts are not eligible for use as down payment or reserves</li> </ul>
	<b>Retirement Accounts</b>
	<ul style="list-style-type: none"> <li>• Most current retirement account statement covering a two-month period required</li> <li>• Evidence of liquidation required when funds are used for down payment or closing costs</li> <li>• 60% of the vested value, after reduction of any outstanding loans, may be considered for reserves</li> <li>• Retirement accounts that do not allow any type of withdrawal are ineligible for use as reserves</li> </ul>
	<b>Other Asset Types</b>
	<ul style="list-style-type: none"> <li>• <b>Business assets</b> may be used for down payment, closing costs, and reserves when the borrower is self-employed.                     <ul style="list-style-type: none"> <li>○ Cash flow analysis is required using 3-months business bank statements to verify no negative impact to business based on withdrawal of funds, or a letter from the business CPA must be obtained to confirm that the withdrawal will not negatively affect the business.</li> <li>○ Borrower must have access to the funds</li> <li>○ Borrower must be the sole proprietor or 100% owner of the business (or all borrowers combined own 100%)</li> </ul> </li> <li>• <b>Gift Funds</b> allowed for primary residence only after contributing 5% of his/her own funds</li> <li>• <b>Purchase:</b> Borrower must contribute 5% of own funds</li> <li>• <b>Foreign Assets</b> – Assets held in a foreign bank must be transferred to a U.S. bank. Document funds belong to borrower before the date of transfer. Provide 2 months bank statements of the transferred assets from the foreign account. Statements must be translated into English by a certified translator and accompanied by a translator's certificate of accuracy</li> <li>• <b>Large Deposits:</b> Single deposits &gt; 50% of borrower's monthly qualifying income must be explained and documented</li> <li>• <b>1031 Exchange</b> is eligible if properly documented and in compliance with IRS Code 1031</li> <li>• Use of credit card on fees associated with loan transaction (appraisal, credit report, origination/commitment/lock-in/extended lock fees): 1) Must have sufficient liquid assets to pay the amount charged (in addition to all other closing costs), 2) May not be used for down payment, 3) Amount charged/advanced must be included in total debt balance and repayment amount must be included in DTI (greater of \$10 or 5% of outstanding balance), 4) Copy of charged receipt must be included in loan file, and 5) Closing Disclosure must reflect a paid outside/before closing (POC) credit to the borrower for the amount charged</li> <li>• <b>Ineligible Assets:</b> 1) Non-vested funds, 2) Accounts that do not allow any type of withdrawal, 3) Privately held stock, 4) Non-vested stock options/restricted stock, 5) Use of IPCs other than for closing costs, 6) Cash-out proceeds from refinance transaction of subject property, 7) Sweat Equity, 8) Group savings, 9) Pooled Funds, 10) Cash funds, and 11) Assets held in UGMA or UTMA</li> </ul>



<b>Reserves</b>	<ul style="list-style-type: none"> <li>Reserves are based off loan amount, LTV and FICO. Refer to Eligibility Matrix for reserve requirements.</li> <li>2 months PITIA required for each additional financed property owned. The reserves must be calculated based off PITIA from subject property</li> <li>Ineligible assets for reserves: 1) Gift funds, 2) Borrowed funds, 3) Stock in a closely held corporation, 4) Proceeds from sale of assets other than sale of a residence, and 5) Proceeds from a cash-out refinance transaction (any cash-out proceeds received within 3 months from application date)</li> </ul>														
<b>Credit</b>	<ul style="list-style-type: none"> <li>All borrowers must have a credit score and minimum two credit scores are required (tri-merge must be ordered)</li> <li>Borrower with the lower of the middle scores is used as the credit score for the transaction</li> <li>Minimum of 24 months history in file and 3 trade lines are required for the qualifying borrower(s). One must be open and active for 24 months and the remaining two trade lines must be rated for minimum 12 months. Trade lines with patterns of reoccurring delinquency are not considered acceptable when determining minimum requirements             <ul style="list-style-type: none"> <li>Insufficient credit history is defined as: 1) Fewer than 3 trade lines, 2) No trade line with activity in the most recent 12 months, 3) No trade line with at least a 24-month history, 4) Non-traditional credit, and 5) Authorized-user account</li> </ul> </li> <li>Authorized user accounts can be excluded from DTI ratio if borrower is not the credit account owner on an authorized acct</li> <li><b>Mortgage/Rental History:</b> <ul style="list-style-type: none"> <li>0 x 30 mortgage history in the last 12 months verified by the credit report with the exception of a recently acquired property that requires at least 6 months housing payment (VOM/VOR) verification (0 x 30 in the past 6 months)</li> <li>Private lender/landlord requires most recent and consecutive 12 months bank statements showing regular withdrawals, money order or cash receipts are acceptable. Note: Cash receipts are not acceptable when landlord is a relative or has an established relationship with the borrower prior to loan application</li> <li>First-time Home Buyer: Housing payment history (rental) covering the most recent minimum 12 months with no late payments must be verified by the credit bureau or by direct verification (12 months must be most recent and consecutive months)                 <ul style="list-style-type: none"> <li>A professional management company or a private landlord may verify rental housing payments. Private landlord requires canceled checks, bank statements, money order or cash receipts                     <ul style="list-style-type: none"> <li>Cash receipts are not allowed if landlord is a relative or has an established relationship beyond renter and landlord</li> <li>If using cash receipts, must provide the name, address, and telephone number of the individual receiving the payments</li> </ul> </li> <li>Living with family or no mortgage or rental payment history can be obtained:                     <ul style="list-style-type: none"> <li>A letter of explanation is required and</li> <li>Credit report verifying an acceptable traditional credit history and minimum credit score requirements are met</li> </ul> </li> </ul> </li> </ul> </li> <li><b>Calculating HELOC payments on any property:</b> If there is an outstanding balance, the payment must be included in DTI calculation:             <ul style="list-style-type: none"> <li>If HELOC &lt; 12 months, use 0.75% of the maximum line amount</li> <li>If HELOC is currently at zero balance, then no monthly payment is required</li> <li>IF HELOC ≥ 12 months, use one of the following:                 <ul style="list-style-type: none"> <li>Use credit report payment to qualify</li> <li>Payment is not reported on credit report – use payment from most recent billing statement</li> <li>If credit bureau or billing statement is not available/obtained, then use 0.75% of the maximum line amount</li> </ul> </li> </ul> </li> </ul> <p><b>Derogatory Credit Waiting Periods</b></p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: center;">Derogatory Event</th> <th style="text-align: center;">Waiting Period Requirement</th> </tr> </thead> <tbody> <tr> <td><b>Bankruptcy — Chapter 7 or 11</b></td> <td style="text-align: center;">4 years</td> </tr> <tr> <td><b>Bankruptcy — Chapter 13</b></td> <td style="text-align: center;">4 years from discharge date</td> </tr> <tr> <td><b>Multiple Bankruptcy Filings</b></td> <td style="text-align: center;">7 years</td> </tr> <tr> <td><b>Foreclosure</b></td> <td rowspan="5" style="text-align: center; vertical-align: middle;">4 years</td> </tr> <tr> <td><b>Loan Modification</b></td> </tr> <tr> <td><b>Deed-in-Lieu of Foreclosure</b></td> </tr> <tr> <td><b>Pre-foreclosure Sale</b></td> </tr> <tr> <td><b>Charge-Off of Mortgage Account</b></td> </tr> </tbody> </table>	Derogatory Event	Waiting Period Requirement	<b>Bankruptcy — Chapter 7 or 11</b>	4 years	<b>Bankruptcy — Chapter 13</b>	4 years from discharge date	<b>Multiple Bankruptcy Filings</b>	7 years	<b>Foreclosure</b>	4 years	<b>Loan Modification</b>	<b>Deed-in-Lieu of Foreclosure</b>	<b>Pre-foreclosure Sale</b>	<b>Charge-Off of Mortgage Account</b>
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**Collections, judgments, and judgment liens** that have not already been satisfied are subject to payoff and requirements as outlined below:

Collections, Judgments, and Judgment Liens			
Account Types (Not Attached to Title)	Dollar Amount per Tradeline	Required Payoff	Included in DTI
Judgment / Judgment Lien	Any	Yes	N/A
Collection	≤ \$500	No	No
Collection	> \$500	Yes <sup>1,2</sup>	N/A
Charge Off	> \$500	Yes	No
Charge Off	≤ \$500	No	No

Account(s) may not be paid down to \$500 to avoid payoff.  
 Collection accounts > \$500 must be paid off unless the borrower can document a formal dispute. The rationale for not paying the collection must be documented and reasonable. The file should reflect that the borrower has funds to be able to pay off the collection in the future, if necessary  
**Note:** Medical collections may be ignored. Accounts that may impact title to the property must be paid at or before loan closing.

Credit (cont'd)

- Non-Real Estate settled for less accounts that settled < 2 years prior to application date are not eligible
- Credit re-scoring/rapid re-score/credit repair is not acceptable during the loan application
- **Disputed trade line** message on the AUS with a reported derogatory payment within the last 2 years must confirm the accuracy and completeness of the information reported on the credit report:
  - If it is determined the disputed trade line is accurate, must consider the credit risk assessment by including the balance and payment in the ratio analysis
  - Tradelines with zero balance may be ignored**Note:** Tradelines reported as medical debt are not shown in the disputed trade line message and are not required to be investigated.
- Debts < 10 months remaining may be excluded except for auto lease
- **Revolving/open-ended accounts**, regardless of balance are included in DTI ratio even if account appears likely to be paid off within 10 months or less. If credit report does not specify minimum monthly payment, calculate the highest of 5% of balance or \$10. The actual monthly payment can be documented from lender or copy of most recent statement reflecting monthly payment:
  - Open-ended accounts such as American Express may use one the following for qualifying:
    - Document sufficient assets to pay off the full balance (beyond the cash required to close and reserves)
    - If assets are not available, use full balance and calculate payment higher of 5% of balance or \$10; if a lower payment can be documented from creditor, that amount may be used for qualifying purposes
- **Alimony payment** may be treated as a reduction from the borrower's gross income when calculating DTI ratio rather than as a monthly obligation since there are tax consequences
- Court order obligation that has been assigned to another person by a court order such as a divorce decree, the payment may be excluded from DTI ratio and the following documents are required: 1) Copy of the court order or divorce decree, and 2) For a mortgage debt, a copy of the documents transferring ownership of the property (e.g. quit claim)
- **Contingent Liability/Cosigned Obligations:** In order to not include debt into DTI ratio, provide 12 months cancelled checks to show that the debt is paid by another party and not by the borrower. A contingent liability must be considered when borrower remains obligated on an outstanding FHA, VA or Conventional mortgage that has been sold/traded within last 12 months without release of liability or is to be sold on assumption without a release of liability being obtained
- **Student loans** in deferment, forbearance, or not reporting a payment on the credit report: Calculate a payment using 1.15% of the current balance
- **Student loans on credit report:** compare credit report payment and the calculated 1.15% of current balance and use higher of the two payments. Actual payment may be used via direct verification from creditor or copy of installment loan agreement in lieu of the 1.15% calculation:
  - Documentation must be reviewed to validate the reported payment is fully amortizing
  - If student loan is an income based repayment plan, documentation must be reviewed to validate that the qualifying income on the loan application matches the qualifying income used to assess the student loan payment:





	<ul style="list-style-type: none"> <li>▪ If student loan payment will be re-assessed &lt; 12 months after the borrower started the most recent job, additional investigation is needed to determine that the borrower will not experience payment shock upon re-assessment. The 1.15% calculation should be used for qualifying unless file contains documentation to support the use of a lower payment</li> <li>▪ If student loan payment will be re-assessed &gt; 12 months after the borrower started the most recent job, the documented payment may be used for qualifying</li> <li>• <b>Projected obligations (Deferred Payments):</b> <ul style="list-style-type: none"> <li>○ Debt payments, such as a student loan or balloon-payment note scheduled to begin or come due within 12 months of loan closing, must be included in DTI ratio</li> <li>○ Deferred payments documented outside the 12-month timeframe may be excluded</li> </ul> </li> <li>• <b>Business debts</b> may be excluded if the account has a satisfactory payment history and all of the following documents the business is paying the debt:           <ul style="list-style-type: none"> <li>○ Account does not have a history of delinquency,</li> <li>○ Minimum 12 months of consecutive canceled checks from the business, and</li> <li>○ The cash flow analysis (as supported by tax returns) of the business takes payment obligation into consideration</li> </ul> </li> <li>• Debts paid off to qualify must be documented per Fannie Mae guidance=</li> <li>• IRS tax payment plan acceptable as long as not a lien and must include payment into qualification</li> </ul>
<p><b>Employment/Income</b></p>	<ul style="list-style-type: none"> <li>• Document most recent 2 full years of employment:           <ul style="list-style-type: none"> <li>○ LOE explaining any gaps ≥ 30 days and</li> <li>○ If borrower was in school/military for recent 2 years, provide evidence such as college transcripts or discharge papers</li> <li>○ Extended absence from workforce ≥ 6 months, borrower must be employed in current job for a minimum of 6 months or longer and can document a 2 year work history prior to the extended absence using:</li> </ul> </li> <li>• Traditional employment verifications, and/or</li> <li>• Copies of IRS Form W-2s or paystubs or 4506T/Tax Transcripts:           <ul style="list-style-type: none"> <li>○ A complete signed 4506-T form is required for each borrower regardless of income source at or before closing. A separate complete signed business 4506-T are required for each additional business income used to qualify</li> <li>○ When federal income tax returns are used to document the borrower(s) income, tax transcripts of the applicable federal income tax returns directly from the IRS are required</li> </ul> <p style="margin-left: 40px;"><b>Note:</b> A tax transcript obtained directly from the IRS may be used in lieu of signed tax returns</p> </li> <li>• <b>Salaried:</b> Current paystubs and 2 years W-2s</li> <li>• <b>Overtime/Bonus:</b> 2 year history of receipt and continuance</li> <li>• <b>Commission:</b> Recent 2 years tax returns required in addition to paystubs/W-2s</li> <li>• <b>VVOE</b> is required to be completed prior to and within 10 business days of the Note date and closing/funding date; 30 calendar days prior to Note date for self-employed income</li> <li>• <b>Self-Employment:</b> 2 year history and recent 2 years (personal and business) signed/dated tax returns including all applicable schedules and K-1s are required ≥ 25% ownership:           <ul style="list-style-type: none"> <li>○ YTD P&amp;L statement and balance sheet are required               <ul style="list-style-type: none"> <li>▪ If filing quarterly tax returns, may include income through the period covered by tax filings</li> <li>▪ If not subject to quarterly tax returns, or does not file them, then the income showing on P&amp;L statement may be included in the analysis provided the income stream on P&amp;L is consistent with previous years' earnings</li> <li>▪ If P&amp;L for current year show an income stream considerably greater than what is supported by previous year's tax returns, the income analysis should be based solely on the income verified through the tax returns</li> <li>▪ If earnings trend for previous 2 years is declining and the most recent tax return or P&amp;L is &lt; prior year's tax return, the borrower's most recent year's tax return or P&amp;L should be used to calculate income</li> <li>▪ A YTD P&amp;L statement is required when borrower has self-employed income or loss that is considered in the qualification of the borrower. If self-employed income is not considered in qualification, a P&amp;L is not required. If the borrower shows a loss, then a P&amp;L is always required.</li> </ul> </li> </ul> </li> <li>• <b>Retirement/Social Security:</b> <ul style="list-style-type: none"> <li>○ Retirement income must be verified from the former employer, or tax returns along with proof of current receipt and must continue for 3 years</li> <li>○ Social Security should be verified by SSA award letter, proof of current receipt and the benefits must not expire within first 3 years of the loan. If SSA verification letter does not have a defined expiration date within 3 years of loan origination, the income is considered likely to continue. SS income may be grossed up if deemed non-taxable by the IRS</li> </ul> </li> </ul>



Employment/Income  
(cont'd)

- **Temporary Leave Income:** Must be reviewed and confirm employment as follows:
  - Borrower's employment/income history must meet standard eligibility requirements
  - Written confirmation from borrower of intent to return to work
  - Documentation from borrower's employer verifying agreed-upon date of return to work
    - File must not contain evidence from employer indicating that the borrower does not have the right to return to work after the leave period
    - File must contain a verbal verification of employment. If employer confirms borrower is currently on temporary leave, borrower is considered to be employed
    - Verify borrower's income in accordance with program guidelines by obtaining:
      - The amount and duration of the borrower's "temporary leave income", which may require multiple documents or sources depending on type and duration of leave period, and
      - The amount of "regular employment income" the borrower received prior to the temporary leave. Regular employment income includes, but not limited to: the income the borrower receives from employment on a regular basis that is eligible for qualifying purposes (i.e. base pay, commissions, and bonus)
      - Requirements for calculating income used for qualifying:
        - If borrower will return to work as of 1<sup>st</sup> mortgage payment date, UW can consider the borrower's regular employment income in qualifying
        - If borrower will not return to work as of 1<sup>st</sup> mortgage payment date, UW must use the lesser of borrower's temporary leave income (if any) or regular employment income
        - If the borrower's temporary leave income is < than regular employment income, the temporary leave income may be supplemented with available liquid financial reserves. Supplemental Income Amount = Available Liquid Reserves divided by Number of Months of Supplemental Income
- Available Liquid Reserves: subtract any funds needed to complete transaction (down payment, closing costs, debt payoff, escrows, and minimum required reserves) from the total verified liquid asset amount
- Number of Months of Supplemental Income: The number of months from 1<sup>st</sup> mortgage payment date to date the borrower will begin receiving his or her regular employment income, rounded up to next whole dollar
- Total Qualifying Income = Supplemental Income + Temporary Leave Income. **Note:** total qualifying income results may not exceed borrower's regular employment income. UW's written justification must be thoroughly documented in the loan file when including supplement income as qualifying income
- **Tip income** requires VVOE, recent paystubs, 2 years W-2s and 2 years tax returns. History of receipt for at least 2 years is required
- **Family Owned Business:** Standard 2 years of employment/income verification, in addition, must evidence borrower is not an owner of the business with copies of signed personal tax returns or a signed copy of the corporate tax return showing ownership percentage
- **Alimony/Child Support/Maintenance** income requires final divorce decree, legal separation or court order, and:
  - Evidence payments received during most recent 12 months (cancelled checks, deposit slips, tax returns, or court records) and will likely be received consistently for the first 3 years of the mortgage
  - Note:** Child support may be grossed up by 25% under the same provisions as non-taxable income sources.
- **Military pay** in addition to housing/clothing allowances, flight or hazard pay, and rations/proficiency pay are acceptable income sources as long as the probability of such pay to continue is verified in writing
- **VA benefits** for service-related disabilities are acceptable. Provide supporting documentation verified directly from VA. VA education benefits used to offset education expenses are not an acceptable source of income
- **Rental Income:** Documentation to support rental history for previous 24 months that is free of unexplained gaps > 3 months
  - Both 1040s Schedule E AND current lease/rental agreement(s) are required to verify rental income. Borrower may use a current signed lease or other rental agreement along with receipt of the rental payments for a property that was acquired since the last income tax filing and not shown on Schedule E:
    - Reduce 25% factor for vacancy/maintenance,
    - Subtract PITIA mortgage payment, and
    - Apply amount to income if positive or as debt if negative
  - Rents for tenant occupied units of a multi-unit primary residence may be used for qualifying after deducting 25% factor for vacancy/maintenance and not be used as a direct offset to the mortgage payment
  - Boarder income in borrower's single family residence is acceptable as long as the rental income is reported on borrower's recent 2 years filed tax returns
  - The business tax returns, including IRS Form 8825 may be used to offset monthly obligations for rental property reported through a Partnership or an S Corporation
    - If the resulting net cash flow is positive, the PTIA from the property may be excluded from DTI ratio
    - If resulting net cash flow is negative, the negative rents is to be included in borrower's DTI ratio





<p><b>Departure Residence</b></p>	<ul style="list-style-type: none"> <li>• <b>Relocations:</b> New employer is relocating borrower or current employer is transferring borrower to an area not within reasonable distance and locally-recognized commuting distance. An executed lease agreement is required at least one year's duration effective no more than 60 calendar days from the Note date. Receipt of security deposit and/or first month's rent (no cash receipts)</li> <li>• <b>Sufficient Equity in Vacated Property:</b> Documented LTV <math>\leq</math> 75% as determined either by:             <ul style="list-style-type: none"> <li>○ A current residential appraisal <math>\leq</math> 6 months old. <b>Note:</b> Full appraisal Form 1004/70 or an exterior only appraisal 2055 or Condo Form 1075/466. Validation of 25% equity is only required when using rents to qualify. OR</li> <li>○ Comparing unpaid principal balance to the original sales price of the property, AND</li> <li>○ An executed lease agreement is required at least one year's duration effective no more than 60 calendar days from the Note date. Receipt of security deposit and/or first month's rent (no cash receipts)</li> </ul> </li> <li>• <b>Departure Residence Pending Sale:</b> Current principal residence pending sale will not close prior to the subject transaction requires:             <ul style="list-style-type: none"> <li>○ Current PITIA must be used in qualifying the borrower, and</li> </ul> <b>Note:</b> Can only be excluded with the following documentation: 1) An executed sales contract for current departure residence and 2) Verification that any financing contingencies have been met.             <ul style="list-style-type: none"> <li>○ Proposed PITIA must be used in qualifying the borrower</li> </ul> </li> </ul>									
<p><b>2106 Expenses</b></p>	<ul style="list-style-type: none"> <li>• 2106 expenses should only be subtracted from income when the borrower's commission income <math>\geq</math> 25%. If tax returns or tax transcripts obtained for reasons other than documenting employment income and the borrower reported 2106 expenses on Schedule A/IRS Form 2106, the 2106 expenses do not have to be subtracted from borrower's income provided borrower does not earn commission income <math>\geq</math> 25%  <b>Note:</b> Effective with reporting of 2018 income for federal tax filing purposes, the Tax Cuts and Job Acts suspends all miscellaneous itemized deductions that are subject to the 2% of adjusted gross income floor, i.e., unreimbursed employee expenses. Therefore, unreimbursed employee expenses will no longer be reported on the borrower's individual federal income tax returns (visible on standard documentation).</li> </ul>									
<p><b>Income Trends</b></p>	<ul style="list-style-type: none"> <li>• Income Trends:             <ul style="list-style-type: none"> <li>○ Self-Employment: If P&amp;L statements show income stream considerably greater than previous years filed tax returns, income analysis should be based solely on verified tax returns. If income stream is declining, the most recent year tax return or P&amp;L should be used to calculate income  <b>Note:</b> If self-employment income has declined in current tax year <math>&gt;</math> 20%, loan may be ineligible</li> <li>○ Wage earning trends stable or increasing, should be averaged. If earnings decline, additional analysis must be conducted and the lower income is to be used</li> </ul> </li> </ul>									
<p><b>Mortgage Credit Certificates (Hawaii only)</b></p>	<ul style="list-style-type: none"> <li>• Hawaii Mortgage Credit Certificates (MCCs) may be considered as qualifying income</li> <li>• Loan file must contain copy of the MCC and the calculation of the amount used as qualifying income</li> <li>• The amount used as qualifying income must be calculated as follows:              (mortgage amount) x (note rate) x (MCC rate %) divided by 12</li> <li>• The amount used as qualifying income cannot exceed the maximum mortgage interest credit permitted by the IRS</li> <li>• A history of receipt of MCC tax credit is not required</li> <li>• The amount of the subsidy should be added to gross income, before calculating the qualifying ratios, even when it is being paid directly to the lender</li> </ul>									
<p><b>CEMA</b></p>	<ul style="list-style-type: none"> <li>• CEMA loan allowed as long as the consolidation mortgage is documented in accordance with Fannie Mae Selling Guide and using Fannie Mae's Consolidation, Extension and Modification Agreement (Form 3172)</li> </ul>									
<p><b>Listing History</b></p>	<ul style="list-style-type: none"> <li>• Property listed for sale must be off the market 6 months prior to the loan application for all refinance transactions</li> <li>• LOE is required from borrower on why property was listed for sale and he/she is retaining the property</li> </ul>									
<p><b>Multiple Loans To One Borrower</b></p>	<ul style="list-style-type: none"> <li>• The following guidelines apply to the number of 1-4 unit financed properties (including the subject property) owned by all borrowers, not just the primary borrower:</li> <li>• 2 months PITIA required for each additional financed property owned. The reserves must be calculated based off PITIA from subject property</li> </ul> <table border="1" data-bbox="418 1682 1503 1793"> <thead> <tr> <th>Property Type</th> <th>Max number of 1-4 units that may be financed with loanDepot:</th> <th>Total max number of 1-4 units financed with all lenders including loanDepot:</th> </tr> </thead> <tbody> <tr> <td>Primary</td> <td>6</td> <td>Unlimited</td> </tr> <tr> <td>2<sup>nd</sup> Home and Investment</td> <td>6</td> <td>10</td> </tr> </tbody> </table>	Property Type	Max number of 1-4 units that may be financed with loanDepot:	Total max number of 1-4 units financed with all lenders including loanDepot:	Primary	6	Unlimited	2 <sup>nd</sup> Home and Investment	6	10
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Primary	6	Unlimited								
2 <sup>nd</sup> Home and Investment	6	10								



<b>Rate and Term Refinance</b>	<ul style="list-style-type: none"> <li>• The new first lien amount may not exceed the sum of:</li> <li>• Payoff of the current mortgage (principal balance plus accrued interest, and any required prepayment penalty, only)</li> <li>• If first mortgage is a HELOC, provide a copy of settlement statement/closing disclosure evidencing proceeds used to purchase subject property or documentation to support proceeds used for home improvement(s) made to subject property</li> <li>• Payoff of any subordinate mortgage lien used in its entirety to acquire or improve the subject property</li> <li>• Payoff any other mortgage lien against the subject property opened for at least 12 months and total draws in the past 12 months do not exceed 2% of the new first mortgage amount</li> <li>• Standard Loan fees (e.g., closing costs on the new mortgage; prepaids, such as interest, taxes and insurance, etc. and points)</li> <li>• Incidental cash to the borrower not to exceed 1% of the principal balance of the new loan. <b>Note:</b> DU Approve/Ineligible recommendation for limited cash-out of 2% or \$2k acceptable.</li> <li>• Inherited properties refer to Fannie Mae Selling Guide requirements</li> </ul>
<b>Cash-Out Refinance</b>	<ul style="list-style-type: none"> <li>• Any refinance transaction not meeting the requirements of a rate/terms will be considered a cash-out refinance</li> <li>• All consumer debt balances being paid through closing are to be included in the maximum cash-out limits</li> <li>• Property must have been purchased (or acquired) by the borrower at least 12 months prior to the disbursement date of the new mortgage loan except for the following:             <ul style="list-style-type: none"> <li>○ There is no waiting period if the borrower documents that the property was acquired through an inheritance or was legally awarded the property (divorce, separation, or dissolution of a domestic partnership)</li> <li>○ Delayed financing permitted for borrower(s) who purchased subject property within the past <b>12</b> months (measured from the date on which the property was purchased to the disbursement date of the new mortgage loan) and all other Fannie Mae Delayed Financing Exception requirements apply</li> <li>○ all other Fannie Mae Delayed Financing Exception requirements apply</li> </ul> </li> <li>• Loan file must contain a 12 months chain of title documenting the required acquisition waiting period above</li> </ul>
<b>Non-Arm's Length/ Interested-Party Transaction</b>	<ul style="list-style-type: none"> <li>• There must not be any potential risk of bailout situations for the selling party. The following may be considered on a case by case basis only:             <ul style="list-style-type: none"> <li>○ When the borrower is purchasing the property as a primary residence</li> <li>○ Family sales</li> </ul> </li> </ul>
<b>Subordinate Financing</b>	<ul style="list-style-type: none"> <li>• Subordinate financing must be recorded and clearly subordinate to loanDepot's 1st lien</li> <li>• New and existing subordinate financing such as Closed End or HELOC, is allowed. The maximum LTV/CLTV may not exceed guideline limits above for product and occupancy type.</li> <li>• Negative amortization is not permitted – scheduled payments must be sufficient to cover at least the interest due</li> <li>• For existing Closed End Loans: subordination of a balloon note due and payable within 5 years from Note date of new mortgage is not permitted</li> <li>• Refer to credit section for HELOC payment calculation used for qualifying</li> </ul>
<b>Condo/PUD</b>	<ul style="list-style-type: none"> <li>• Fannie Mae guidelines must be followed when reviewing condominium and PUD projects</li> <li>• Site Condos consists of single family detached homes requires no project review/analysis but is still required to be coded as a condo property type</li> <li>• Florida Condominiums             <ul style="list-style-type: none"> <li>• Maximum LTV 80%</li> </ul> </li> <li>• Full project review is required</li> <li>• All new construction and new conversion projects require PERS approval by Fannie Mae</li> <li>• Additional eligibility project review is required for the following characteristics:             <ul style="list-style-type: none"> <li>• Project is in an area zoned primarily for transient accommodations,</li> <li>• Projects with leased back recreational facilities,</li> <li>• The unit does not have a full kitchen</li> </ul> </li> </ul>
<b>Property Flips</b>	<ul style="list-style-type: none"> <li>• Prior owner(s) must have owned the property &gt; 6 months upon execution of the sales contract. (Bank Owned REO are eligible, does not apply to an arm's length purchase of a rehabbed home and not considered a flip)</li> </ul>
<b>HPML/HPCT</b>	<p>HPML and Higher-Priced Covered Loans</p> <ul style="list-style-type: none"> <li>• Loans that fall under HPML/HPCT are not allowed. This is defined as any loan where the APR exceeds the average prime offer rate (APOR) by 2.50% or more and applies to ALL occupancy types</li> </ul>
<b>Principal Curtailment</b>	<ul style="list-style-type: none"> <li>• If a curtailment is allowed to refund overpayment of fees or charges paid by the borrower, in any amount, in accordance with applicable regulatory requirements</li> <li>• If borrower receives cash back more than permitted on a limited cash-out refinances, the max curtailment amount not to exceed the lesser of \$2,500 or 2% of the original loan amount for the subject loan</li> <li>• The curtailment amount must be clearly documented on the settlement statement</li> </ul>



LDW Credit Advantage Eligible Terms & Plan Numbers						
Fixed Rate	Product Code	Product Description	Terms			
	735130	30 Year Fixed	Fully Amortizing 30 Years			
Interest Only	Product Code	Product Description	Terms			
	7351301	30 Year I.O.	10 year I.O./Fully Amortizing 20 Years			
	7351401	40 Year I.O.	10 year I.O./Fully Amortizing 30 Years			
ARM	Product Code	Product Description	Index	Margin	Cap	Terms
	735251	5/1 ARM	LIBOR	2.25%	2/2/5 Caps	Fully Amortizing 30 Years
	735271	7/1 ARM			5/2/5 Caps	
	735210	10/1 ARM				

Revisions:			
Date	Version	Approver	Description
2/26/19	V2	CAnderson	Matrix Creation

