

DOCTOR-MEDICAL PROGRAM

POLICY	GUIDELINE
GENERAL DESCRIPTION	The Doctor-Medical program is a program to assist Medical Doctors with high debt to income ratios due to student loans. Borrowers with one of the described medical designations are eligible for the exclusion of deferred student loan payments from the debt to income ratio calculation and/or employment that may beginning post-closing when requirements are met.
PRODUCT TYPE & TERMS	<ul style="list-style-type: none"> • Fixed Rate Products only • 10 to 30 year amortization
ENCOMPASS CODING	Please choose the following Product Code in Encompass: <ul style="list-style-type: none"> • Conventional Fixed Doctor/Medical Program
OCCUPANCY	<ul style="list-style-type: none"> • Primary Residence, one unit only
MAXIMUM LOAN AMOUNT	<ul style="list-style-type: none"> • Current conforming limits apply • Super Conforming limits are not available at this time
MAXIMUM LTV	<ul style="list-style-type: none"> • 95% • 90% for High Balance and Super Conforming
MINIMUM FICO	<ul style="list-style-type: none"> • A minimum 720 mid score is required.
TRANSACTION PURPOSE	<ul style="list-style-type: none"> • Purchase • No Cash-out Refinance <p style="background-color: yellow;"><i>Note: Refinance Transactions not permitted in Texas</i></p>
REFINANCES	When the existing loan will be satisfied as a result of refinancing, one of the following must be met: <ul style="list-style-type: none"> • At least one borrower on new loan was also a borrower on the loan being refinanced; or • At least one borrower on the new loan held title to and lived in the property as a primary residence for the most recent 12-month period, and the file contains documentation evidencing that the borrower either: <ul style="list-style-type: none"> ○ Has been making timely primary and secondary financing payments for the most recent 12-month period; ○ Is related to a borrower on the loan being refinanced; or • At least one borrower on the refinance inherited or was legally awarded the property by a court (for example, in the case of divorce, separation, or dissolution of a domestic partnership). <p><u>No Cash-out Refinance</u></p> <ul style="list-style-type: none"> • All related closing costs, financing costs, and pre-pays/escrows can be rolled into the transaction amount. • Borrowers can receive cash back in an amount up to \$2,000 or 2% of the loan amount, whichever is less. • Subordinate liens <ul style="list-style-type: none"> ○ Can be paid off from the proceeds of the new loan if used in its entirety to acquire the property; or <p>Can be paid off from borrower funds (source of funds will be required when paid off within 120 days of application or during the transaction process)</p> <p style="background-color: yellow;"><i>Note: Refinance Transactions not permitted in Texas</i></p>

SUBORDINATE FINANCING	Subordinate financing is allowed
ELIGIBLE PROPERTY TYPES	<ul style="list-style-type: none"> • 1 unit primary residence only • Units in established, warrantable condominium projects • Planned Unit Developments <p><u>Ineligible Property Types</u></p> <ul style="list-style-type: none"> • Manufactured Homes • Co-operatives • New or newly converted condominium projects • Non-warrantable condominium projects
ELIGIBLE BORROWERS	<ul style="list-style-type: none"> • Must have a valid US social security number • US citizen • Permanent resident alien with a valid green card • Non-permanent resident alien with an acceptable visa • Must have established credit in the US • Income must be converted into US dollars with acceptable documentation • Funds to close / reserves must be in US dollars in a US depository <p><i>Please refer to the Citizenship job aid located on the intranet under Mortgage Tools for a full list and details.</i></p>
ELIGIBLE PHYSICIAN DESIGNATION	<ul style="list-style-type: none"> • Medical Resident • Medical Doctor (MD) • Doctor of Dental Science (DDS) • Doctor of Dental Medicine (DMD) • Dental Surgeons specializing in oral and maxillofacial surgery • Doctor of Optometry (OD) • Doctor of Ophthalmology (MD) • Doctor of Podiatric Medicine (DPM) • Doctor of Osteopathy (DO)
AUTOMATED UNDERWRITING	<ul style="list-style-type: none"> • Must receive LP Accept • Manual underwriting is not allowed • Non-Traditional Credit is not allowed
MAXIMUM DEBT-TO-INCOME RATIO	As determined by LP

STUDENT LOAN REQUIREMENTS	<ul style="list-style-type: none"> • Student loan payments that are in a period of deferment or forbearance may be excluded from the calculation of the borrower’s monthly DTI ratio for a Borrower who is in or who has recently completed, a medical residency program and/or medical clinical fellowship program. • Documentation is required to support the length of the deferment or forbearance period with the requirement that the deferred debt will remain in a deferred status for a minimum of 12 months from the Note Date of the mortgage.
INCOME	Income must be converted into US dollars with acceptable documentation.
SELF EMPLOYMENT	<p>A Borrower who has an ownership interest of 25% or more in a business is considered self-employed. If using self-employment income for qualification, the following documents are required:</p> <ul style="list-style-type: none"> • Follow LPA conditions • Refer to Requirements for IRS Tax Transcripts • Quarterly year-to-date profit and loss (P & L) statement and balance sheet are required and this will only be used to determine that income is not declining. It cannot be used in the 24 month average of income to qualify. • Self-employed VOE within 30 days of closing (form is posted on the Processing Tools & Forms intranet webpage) • Self prepared tax returns filed by Schedule C, self-employed borrowers, must provide most current two years tax returns for qualification. • If tax transcripts report any Schedule C or Schedule E income/loss, full personal and business (if applicable) returns will be required regardless if income is used to qualify.

FUTURE EMPLOYMENT	<p>For borrowers starting new employment or receiving a future salary increase from their current employer, income commencing after the Note Date may be considered provided all the following requirements are met:</p> <ul style="list-style-type: none"> • Income must be from new primary employment or a future salary increase with the current primary employer. • Income must be non-fluctuating and salaried (hourly earnings are not permitted) and • The Borrower’s employer must not be a family member or an interested party of the transaction. • Start date of the new employment or future salary increase must be no later than 90 days after the note date. • Subject must be a 1 unit, primary occupancy <p>Additional Funds Required:</p> <p>In addition to the funds required to be paid by the Borrower and Borrower reserves, an amount equal to or exceeding the amount of the monthly housing expend and other monthly liabilities due between the note date and the start date of the new employment or future salary increase, plus an additional 6 months must be documented and verified. Note: a partial month is counted as one full month for the purpose of this calculation.</p> <p>Required Documentation:</p> <p>Copy of the employment offer letter, employment contract or other evidence of the future salary increase from the current employer that:</p> <ul style="list-style-type: none"> • Is fully executed and accepted by the Borrower • Is non-contingent • Includes the terms of employment including start date and annual income based non fluctuating earnings. • For a future salary increase, the documentation must also indicate that the increase is fully approved and is explicitly granted to the borrower. • A 10-day pre-closing verification verifying the terms of the employment offer letter, contract or future salary increase have not changed. • Documentation of additional funds as required above. 											
RENTAL INCOME	Refer to the attached “Agency Rental Income Matrix” for guidelines.											
NON-OCCUPYING CO-BORROWER	Not Allowed											
GIFTS	<ul style="list-style-type: none"> • Gift dates on all gift letters must match the date on the gift check or wire transfer received in the borrowers’ designated bank account. • Allowed on primary residence transactions only. • Gift must be provided by a related person. • For primary residence transactions, there is no minimum contribution required from the borrower’s own funds. 											
RESERVES	Verified reserves as determined by LPA											
INTERESTED PARTY CONTRIBUTION	<table border="1" data-bbox="467 1686 1401 1801"> <thead> <tr> <th rowspan="2">Occupancy</th> <th colspan="3">LTV/TLTV</th> </tr> <tr> <th>>90%</th> <th>75.01 – 90%</th> <th>≤ 75%</th> </tr> </thead> <tbody> <tr> <td>Primary Residence</td> <td>3%</td> <td>6%</td> <td>9%</td> </tr> </tbody> </table>	Occupancy	LTV/TLTV			>90%	75.01 – 90%	≤ 75%	Primary Residence	3%	6%	9%
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MULTIPLE FINANCED PROPERTIES	<ul style="list-style-type: none"> For primary residence, the borrower may own unlimited number of financed properties, as long as they qualify with full PITI on all properties owned. 											
LAND CONTRACT	<p>For the transaction to be considered a “purchase” transaction:</p> <ul style="list-style-type: none"> The land contract or contract for deed must have been executed less than 12 months prior to the application received date. All of the transaction proceeds must be used to pay the outstanding balance under the land contract or contract for deed and no transaction proceeds may be disbursed to the borrower. The LTV ratio must be calculated using the lesser of the following: 1) current appraised value; or 2) the total acquisition cost (purchase price indicated in the original land contract or contract for deed, plus any cost the borrower has expended for rehabilitation, renovation, refurbishment or energy conservation improvements). Note: the mortgage file must contain sufficient documentation on which to calculate the total acquisition cost. <p>For the loan to be considered a “no cash-out refinance” transaction:</p> <ul style="list-style-type: none"> The land contract or contract for deed must have been executed at least 12 months prior to the application received date. The LTV ratio must be calculated using the current appraised value of the financed premises. The file must include third-party documentation evidencing payments, in accordance with the land contract or contract for deed for the most recent 12-month period. The subject transaction must meet the requirements for no cash-out refinance. 											
MORTGAGE INSURANCE	<table border="1" data-bbox="505 989 1406 1163"> <thead> <tr> <th>Amortization > 20 years</th> <th>Amortization ≤ 20 years</th> </tr> </thead> <tbody> <tr> <td>90.01% - 95% = 30%</td> <td>90.01% - 95% = 25%</td> </tr> <tr> <td>85.01% - 90% = 25%</td> <td>85.01% - 90% = 12%</td> </tr> <tr> <td>80.01% - 85% = 12%</td> <td>80.01% – 85% = 6%</td> </tr> <tr> <td colspan="2" style="text-align: center;">No Reduced or Custom MI.</td> </tr> </tbody> </table> <ul style="list-style-type: none"> Mortgage insurance must be ordered by the MLS Processor through Essent or ARCH EZ Decision process only The Program Variation Number (PV) must be on all submissions (PV#20180807-3312) Borrower-paid or Lender-paid options are available. <p><i>Note: MI is full file, non-delegated underwriting</i></p>	Amortization > 20 years	Amortization ≤ 20 years	90.01% - 95% = 30%	90.01% - 95% = 25%	85.01% - 90% = 25%	85.01% - 90% = 12%	80.01% - 85% = 12%	80.01% – 85% = 6%	No Reduced or Custom MI.		
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ESCROW WAIVERS	<p>Allowed on transactions when the LTV is less than or equal to 80%.</p> <p>Requirements for all escrow waivers:</p> <ul style="list-style-type: none"> 2 months Principal and Interest reserves after closing 											
COLLATERAL ASSESSMENT	<p>The following table reflects the report forms and the inspection types applicable for each property and inspection type. Reports with an exterior-only inspection may be used only for LPA financing. Property Inspection Alternative (PIA) requires no inspection.</p> <table border="1" data-bbox="430 1667 1495 1906"> <thead> <tr> <th>Property Type</th> <th>Form Number</th> <th>Type of Inspection</th> </tr> </thead> <tbody> <tr> <td rowspan="2">1-unit property, unit in a PUD or detached condo project</td> <td>Form 70</td> <td>Interior and exterior inspection</td> </tr> <tr> <td>Form 2055 or 2070</td> <td>Exterior -Only</td> </tr> <tr> <td>Condominium Unit (attached or detached)</td> <td>Form 465</td> <td>Interior and exterior inspection</td> </tr> </tbody> </table>	Property Type	Form Number	Type of Inspection	1-unit property, unit in a PUD or detached condo project	Form 70	Interior and exterior inspection	Form 2055 or 2070	Exterior -Only	Condominium Unit (attached or detached)	Form 465	Interior and exterior inspection
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TAX TRANSCRIPTS	<p>Personal transcripts (1040/or W2 per AUS findings) must be included in each transaction.</p> <p>Business transcripts: A fully completed 4506t must be included in each transaction for each business tax return used to qualify (regardless of gain or loss). The 4506-t does not need to be processed, and business transcripts will not be required unless the underwriter determines additional confirmation of the business income documentation is needed.</p>			
DOCUMENT AGE	<ul style="list-style-type: none"> ● Credit Docs: 120 Days ● Appraisal: 120 Days ● Verbal VOE and Soft Pull Credit Report: 10 calendar days (the date the VVOE is performed is counted as day 1 for the purposes of determining 10 day expiration date) 			
ULDD DATA POINT	<p>ULDD Data Point Investor Feature Identifier “H18” indicates the student loan provision for physicians</p>			