

Bulletin CD 2019-02 Product Guide Updates/WHL 2019-03

| SECTION | Current Guide | New Guide |
|------------------------------|--|---|
| UCC Liens | Obtain copy of UCC lien | Only statement to ensure DTI is accurate will be required. No longer required to obtain a copy of the UCC filing |
| Student Loans | If the student loan payment on the credit report does not fully amortize 1% will be used | Payment regardless of amortization the payment on the credit report should be used to calculate the DTI |
| Non-U.S. Citizen | N/A | Added bullet to indicate foreign nationals that do not meet the requirement of non-permanent resident guides are not eligible |
| Ineligible Transaction Types | Balloon terms not eligible | Added bullet to ensure prior loan mods with balloon terms are acceptable subject to meeting the loan mod requirements. Added reverse mortgages as ineligible |
| Non-Arm's Length Transaction | N/A | Non-Arm's length transactions are not permitted |
| Credit Report Requirements | Two repository score requires lower of two and 2 repository requires middle of 3 | Removed dual and tri-merge language – caused confusion and suggested dual and tri-merge are acceptable |
| Housing Payment History | For purchase transactions cancelled checks and copy of lease for most recent 12 months | Added bullet that a Verification of rent is acceptable in lieu of cancelled checks |



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| Significant Derogatory Debt | No mention of mod for disasters and Ch 13 BK | <ul style="list-style-type: none"> Added modifications due to natural disasters are eligible so long as the borrower is not currently in the forbearance plan. Added CH 13 bk waiting periods to align with matrix Added Derogs after a BK to align with matrix Added bullet to indicate when multiple events BOTH events must be outside of 7 years |
| Minimum Down Payment and Cash to close | Reserves | Removed reserve requirement language as it is not required |
| Bank Accounts | Reserves | Removed reserve language as it's not required |
| Bank Statements | Doc Requirements | <ul style="list-style-type: none"> Added language that at least 4 digits of the account number must be present to verify account Removed restriction that bank accts could not be printed directly from the website |
| Verification of Deposit | In addition to VOD, 1-month bank statement is required | <ul style="list-style-type: none"> Removed restriction for bank statements and VOD is acceptable as a stand-alone document |
| Retirement Accounts | Verification of terms and confirm vesting is required | <ul style="list-style-type: none"> Removed this requirement in favor of proof of liquidation would not be relevant |
| Unacceptable Source of assets | Gift Funds | To align with matrices, added gift funds to ineligible asset sources |
| Business Debt in Borrower Name | Evidence the cash flow analysis of the business captures the obligation | Removed this requirement and only rely on the 12 months evidence and no history of delinquency |
| Co-Signed Loans | N/A | Added clarification that the account must be open for a min of 12 months |
| Lease Payments | N/A | Added language to add that payment must be included regardless of paying with proceeds |
| Loans Secured by Financial Assets | N/A | Removed section that speaks to calculation for reserves |



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| Open 30-day Charge Accounts (AMEX mostly) | Assets sufficient to cover balance is required | Added bullets to cover 2 nd approach where there is a portion of the balance that is paid over time |
| Monthly Debt Obligations | N/A | Added section for UCC Solar panels to guide to align with matrix |
| Debt Payoff/Pay down | n/a | Added note to remind if a lease it must be included in DTI regardless of paying with proceeds |
| VVOE | n/a | Added link civilian government workers VVOE site |
| Self-Employed confirmation | N/A | Expanded language for clarity |
| Second Job/Multiple Jobs | If borrower does not have a 2-year uninterrupted history, it can only be used as a compensating factor | Removed compensating factor as it was confusing based on feedback and simply stating it is not eligible to be used and no mention of compensating factor |
| Bonus/Overtime income | n/a | Added language when income is declining >20% that income is not eligible to be used |
| Self Employed Requirements | P&L and Balance sheet required | <ul style="list-style-type: none"> Added language to include requirement when schedule C Borrower Added 20% decline requirement to the P&L section in addition to the cash flow section more decline Added guidance for Balance sheet to confirm no negative equity position |
| Tax Transcripts | N/A | Cleaned up the table to correct dates for the new ear post 4/15/219 |
| Rental income | N/A | Removed reference for 2-4-unit properties as they are not eligible |
| Conversion of a primary | N/A | Added conversion of a primary requirements to the rental income table: Fully executed |

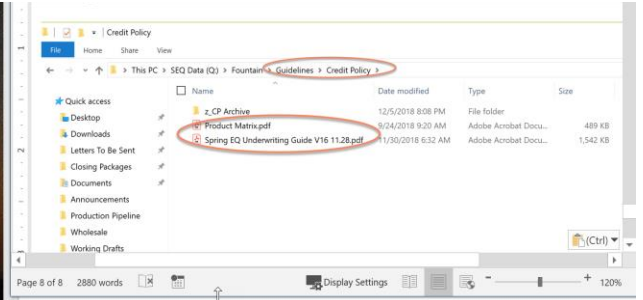


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| | | lease agreement, Proof of receipt for security deposit, Evidence of min 30% equity position |
| Interest/Dividend income | Requires tax returns, 2-month bank statements, AND 1099's | Updated to accept tax returns OR 1099's, both are not required |
| Reservist Pay | Requirements vary between loan purpose | Simplified section to state if active reserves, the reserve pay must be used to qualify. Cannot use the current employer they are on leave from to qualify for repayment |
| Retirement, Pension, Annuity, and IRA income | Award letter, Letter on organization letter head and tax returns are required | <ul style="list-style-type: none"> • Updates section to indicate that only ONE of the items listed are required and not all three items • Added CalPERS/VA/OPM/DOD pension does not require evidence of continuance |
| Seasonal Income | | Added clarification to be clearer that borrower must be with the same employer for 2 years to consider income |
| SSI | Copy of award letter | Added language to require award letter for the most recent calendar year |
| Returning to work after 1 st mortgage payment | n/A | Added requirement that borrower must be back to work prior to closing |
| Trust Income | n/a | Removed additional requirement for 1041 trust returns |

Don't forget anytime you need access to the guidelines don't hesitate to take a drink from the fountain!

If you do not have access, please reach out to support@diamondtechnologies.com





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