

	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
Credit report shows \$0	<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 If income-driven payment plan is \$0 <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) 	
Net Tangible Benefit	<ul style="list-style-type: none"> Every refinance transaction must offer a documented, demonstrable, Net Tangible Benefit (NTB) to the borrower. Team members with delegated underwriting authority or melloAuthority are responsible for identifying Net Tangible Benefit throughout the loan process. State-required NTB forms must be completed as applicable. Refer to the Net Tangible Benefit policy in the YODA Conventional Lending Guide for complete guidance, including transactions in which the Net Tangible Benefit is not easily identifiable. 	

Product Description		Terms	Doc Plan Code
Fixed	HomeReady Conventional 30 Year Fixed	Fully Amortizing 30 Years	C.GenericHomeready30yearfixedrate
	HomeReady High Balance 30 Year Fixed	Fully Amortizing 30 Years	C.HomereadyHB30yrfix

SOFR ARM Plans	Description	Doc Plan Code	Index	Margin	Caps
	5/6 ARM		SOFR	2.75%	2/1/5
	7/6 ARM				5/1/5