

## NEWREZ CONVENTIONAL OVERLAY MATRIX

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| <b>Asset Documentation - VOD</b>  | Written Verification of Deposit (VOD) are not acceptable. Only system generated system generated Verification of Deposits from the financial institution are acceptable.   |
| <b>Condos</b>                     | NewRez will only permit a maximum of 25% exposure in any one project.  |
| <b>Continuity of Obligation</b>   | <p>For LPA scored loans and DU scored investment properties:</p> <ul style="list-style-type: none"> <li>• At least one borrower on the refinance must have been a borrower on the original loan; or</li> <li>• At least one borrower on the refinance held title to and resided in the mortgaged property as a primary residence for the most recent 12-month period.</li> </ul> <p>Documentation providing evidence the borrower either:</p> <ul style="list-style-type: none"> <li>○ Has been making timely Mortgage payments, including the payments for any secondary financing, for the most recent 12-month period; or</li> <li>○ Is a Related Person to a Borrower on the Mortgage being refinanced; or</li> <li>○ At least one Borrower on the refinance Mortgage inherited or was legally awarded the Mortgaged Premises (for example), in the case of divorce, separation or dissolution of a domestic partnership)</li> </ul>   |
| <b>Credit Score</b>               | A minimum credit score of 620 is required. Loans with no FICO scores are not permitted regardless of AUS score.  |
| <b>Employment After Note Date</b> | <p>Borrowers starting New Employment After Note Date: Borrowers who are changing or starting new jobs are permitted to close prior to the start of employment when the following are met:</p> <ul style="list-style-type: none"> <li>• Copy of the fully executed offer letter by both employer and borrower <ul style="list-style-type: none"> <li>○ Must be non-contingent or provide documentation from employer all contingencies have been cleared</li> <li>○ Must include terms of employment, including but not limited to, start date and salary</li> <li>○ Must be primary source of employment <ul style="list-style-type: none"> <li>▪ Only Base salary/non-fluctuating earnings are permitted for qualifying</li> <li>▪ Borrower employed by a family member or interested party is not permitted</li> </ul> </li> </ul> </li> <li>• Primary residence</li> <li>• 1-unit property</li> <li>• Purchase transaction</li> <li>• Must begin employment within 90 days of the note date</li> <li>• Assets sufficient to cover the monthly housing expense and other liabilities between the note date and employment start date</li> <li>• <b>6 months of additional reserves (subject property)</b></li> <li>• Verbal VOE within 10 business days: <ul style="list-style-type: none"> <li>○ The terms reflected on the non-contingent offer letter or employment contract accepted by the Borrower have not changed since the acceptance date, including employment start date, base non-fluctuating salary and any other relevant income or employment information</li> </ul> </li> </ul> |

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| <b>Derogatory Credit</b>                             | The use of extenuating circumstances to reduce derogatory credit waiting periods is not permitted.  |
| <b>Escrow Holdback</b>                               | Permitted on primary residences up to the lesser of agency requirements or \$10,000.  |
| <b>Escrow Waivers</b>                                | <p>Escrows are permitted as follows:</p> <ul style="list-style-type: none"> <li>• Request for waiving escrows for flood insurance is not allowed</li> <li>• Primary Residence <ul style="list-style-type: none"> <li>○ CA when LTV &lt; 90%</li> <li>○ NM when LTV &lt; 80%</li> <li>○ All other states when LTV ≤ 80%</li> </ul> </li> <li>• Second Home/Investment property <ul style="list-style-type: none"> <li>○ CA when LTV &lt; 90%</li> <li>○ All other states when LTV ≤ 80%</li> </ul> </li> </ul> <p>Escrows may be waived when the borrower's LTV is less than 80% and</p> <ul style="list-style-type: none"> <li>• the borrower is not a first-time homebuyer <ul style="list-style-type: none"> <li>○ FTHBs will be considered on a case-by-case basis with a demonstrated ability to save (reserves) and strong residual income.</li> </ul> </li> <li>• the borrower does not exhibit recent signs of delinquency</li> </ul>  |
| <b>Income Documentation- Self-Employed Borrowers</b> | In instances where DU/LPA allows for only 1-year tax returns on a self-employed borrower(s), the tax returns must be for the most recent tax year. A current year extension and the previous year's tax returns will not be accepted.   |
| <b>Income Documentation- Written VOE</b>             | <p>VOE as standalone documentation is not permitted except as follows:</p> <ul style="list-style-type: none"> <li>• Written Verification of Employment obtained through a 3rd party vendor such as, but not limited to TALX (The Work Number) except when: <ul style="list-style-type: none"> <li>○ The borrower works for an interested party to the transaction (Paystub and W2s required)</li> <li>○ The borrower works for a family member</li> </ul> </li> </ul>   |
| <b>Income Documentation: 4506-T Tax Transcripts</b>  | <p>A fully complete 4506T form must be signed and dated by each borrower for all loans and must include the number of years of income required.</p> <ul style="list-style-type: none"> <li>• The 4506T form must be processed and transcripts obtained in the following circumstances.</li> <li>• Wage Earners: <ul style="list-style-type: none"> <li>○ Handwritten paystubs are used as verification of income (W2 transcripts acceptable unless other sources of income utilized)</li> <li>○ There is a relationship between the parties (W2 transcripts acceptable unless other sources of income utilized): <ul style="list-style-type: none"> <li>▪ Borrower and Seller are related</li> <li>▪ Borrower/Seller/Loan Originator are related</li> <li>▪ Borrower is employed by the Third-Party Originator Company</li> </ul> </li> <li>○ Any of the following are present (1040 transcripts required): <ul style="list-style-type: none"> <li>▪ Additional income for qualifying is derived from sources such as rental properties, dividend/interest or other income where tax returns is required; or</li> </ul> </li> </ul> </li> </ul> |

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| <b>(Cont) Income Documentation: 4506-T Tax Transcripts</b> | <ul style="list-style-type: none"> <li>▪ Tax returns are used to document income; or</li> <li>▪ Commission (&gt; 25% of income); or</li> <li>▪ At the underwriter’s discretion</li> <li>• Self-Employed:             <ul style="list-style-type: none"> <li>○ For self-employed borrowers personal tax transcripts are required. Business tax transcripts must be obtained if income from the business does not flow through to the borrower’s personal tax returns or business income appearing on personal transcripts is not consistent with the income on the business tax returns</li> </ul> </li> </ul>   |
| <b>Ineligible Borrowers</b>                                | <ul style="list-style-type: none"> <li>• Borrowers without a valid SSN (ITINs are not accepted)</li> <li>• Life Estates</li> <li>• Borrowers with Diplomatic Immunity</li> <li>• Employees/Principals/Owners NewRez Third Party Originators; related parties (family members) are eligible so long as they are not employed, in any capacity, by the submitting broker/correspondent</li> <li>• Individuals on the LPD/GSA exclusionary lists</li> </ul>  |
| <b>Ineligible Programs</b>                                 | <ul style="list-style-type: none"> <li>• Homestyle Renovation</li> <li>• Mortgage Credit Certificates (MCC)</li> <li>• Temporary Buydowns</li> <li>• Leaseholds secured by Indian/Tribal lands</li> <li>• 1031 Reverse Exchanges</li> <li>• Land trusts</li> </ul>  |
| <b>Ineligible Properties</b>                               | <ul style="list-style-type: none"> <li>• Manufactured homes that are condo, leasehold or coop</li> <li>• Geodesic Domes, Berms, Earth homes</li> <li>• Properties which are subject to a right of redemption</li> <li>• Properties encumbered with private transfer fee covenants (title, sales contract or final CD should be evaluated to confirm)</li> <li>• Properties appraised with a property condition of C5 or worse</li> </ul>  |
| <b>Manual Underwriting</b>                                 | Manual Underwriting is not permitted  |
| <b>Manufactured Housing</b>                                | <p>Follow agency guidelines, except for the following:</p> <ul style="list-style-type: none"> <li>• Minimum FICO 660</li> <li>• Borrower must contribute a minimum of 5% own funds into transaction</li> <li>• Manufactured homes that have been structural modified or have an addition are ineligible</li> <li>• The following types of manufactured homes are ineligible:             <ul style="list-style-type: none"> <li>○ Condo</li> <li>○ Coop</li> <li>○ Mixed used</li> <li>○ Leasehold of any kind</li> <li>○ Deed restricted</li> <li>○ Properties without HUD Data Plate or HUD Certification label</li> <li>○ Hobby farms</li> </ul> </li> <li>• Manufactured homes located in a mobile home park</li> </ul> |

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| <b>Maximum Number of NewRez Loans per Borrower</b>              | <ul style="list-style-type: none"> <li>• NewRez will finance no more than 4 properties for any one borrower</li> <li>• NewRez limits its maximum exposure to one borrower at \$1.5M</li> </ul>                                |
| <b>Mortgage Insurance</b>                                       | Split Premium, Annual (borrower or lender paid), and Lender Paid Monthly MI are not allowed. Standard coverage amounts only.  |
| <b>Non-Arm's Length Transactions / At-Interest Transactions</b> | <ul style="list-style-type: none"> <li>• Short sale/payoff transactions and flips are not permitted</li> <li>• Transactions where the loan originator is acting in another real-estate related role are prohibited</li> </ul> |
| <b>Non-Occupant Co-Borrowers</b>                                | The non-occupant co-borrower must be an immediate family member and may not be an interested party to the sales transaction, such as the property seller, builder, or real estate broker.                                     |
| <b>Number of Borrowers Permitted on a Loan</b>                  | There can be no more than four (4) borrowers per loan.  |

Information is accurate as of the date of publishing and is subject to change without notice. The overlays outlined in this matrix apply to agency loans submitted to DU/LPA. In addition to applying these NewRez specific overlays, all loans submitted to DU must comply with the DU Findings and Fannie Mae requirements and that all loans submitted to LPA comply with the LPA Findings and Freddie Mac requirements. This document should not be relied upon or treated as legal advice. **Document subject to change without notice**; Printed copies may not be the most current version. For the most current version, always refer to the online version.