

COLLATERAL AUDIT AND FUNDING

OVERVIEW

NewRez requires the closed loan file to be delivered on or before the lock expiration date by 3:30 pm CT to be shown as received on that day. Any loan received after 3:30 pm CT will be logged in as received the following day. There are two ways of delivery method for the closed loan file. While we encourage the use of Image Delivery, NewRez will accept a hard copy.

Refer to [File Delivery](#) for requirements for delivery of the closed loan file. Failure to deliver the loan within the prescribed time frames as shown may result in a repricing of the loan.

The original Note must also be delivered on or before the lock expiration date to:

NewRez, LLC
1000 Oliver Road
Monroe, LA 71201
Attn: Note Department

Documents shown in this section must be included when delivering the closed loan file to NewRez. Refer to [Loan Purchase Submission Checklist](#) for a complete list of documents. NewRez reviews the documents prior to funding the loan. Please review the closed loan file for accuracy prior to deliver to avoid delays in funding.

ORIGINAL NOTE

NewRez requires the delivery of the complete and correct original Note before purchase. The original Note must be received on or before the lock expiration date.

- The borrower(s) signature(s) and printed name(s) on the original Note must match the closing documents exactly. If over signed or under signed, a notarized Name Affidavit is required and must include all of the various signatures exactly.
 - Property address (including Unit # if applicable)
 - The Note must include all borrower(s) listed on the 1003.
 - Any strikethroughs to the original Note must be initialed by all borrowers prior to submitting the closed loan file to NewRez for purchase. White-outs and/or lift-offs are not acceptable.
 - Borrower(s) initials must be present if space is provided at bottom of page(s).
 - There cannot be more than 62 days between the date of closing (Note date) and the first payment date.
 - The Lender's name must read the same on the front of the Note and on the endorsement.
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The following data must be listed on the original Note for primary and second home loans when the loan is delivered to NewRez. All data must appear EXACTLY as it appears in NMLS. Failure to include will result in non-purchase.

- Loan Originator Organization (LOO) company name
- Loan Originator Organization (LOO) company's NMLS identifier
- Name and NMLS ID (if any) of the individual Loan Originator, who under the LOO's policy, is primarily responsible for the transaction
- The names of the LOO and LO must appear EXACTLY as they appear in NMLS
- The LOO and LOO ID must be on the original Note when the closed loan is delivered for purchase
- The LO name and LO ID (if any) must be on the original Note when the closed loan is delivered for purchase

Original Note (including any applicable addenda and riders) must be endorsed as follows:

***WITHOUT RECOURSE PAY TO THE ORDER OF
NewRez, LLC
(Name of Seller)
(Signature of Officer)
(Officer's Name and Title)***

The endorsement cannot be abbreviated. Please ensure that systems are updated with the correct legal entity and notify your warehouse banks accordingly. If the Note is endorsed by the warehouse bank, a copy of the POA from the Lender to the warehouse bank giving the warehouse bank authority to endorse the Note must be included with the closed loan file.

NewRez requires the use of original signatures for endorsements on original Notes and Allonge. Facsimile signatures are not acceptable.

An Allonge to the Note is preferable to endorsement on the original Note. The Allonge must be original and must be referenced on the original Note as an attachment. The information below is required when using an Allonge:

- Borrower name(s)
 - Property address
 - Loan amount
 - Note date
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- Must be properly endorsed (refer to requirements above)

MORTGAGE/DEED OF TRUST

A certified, true copy of the Mortgage/Deed of Trust including any applicable Riders must be included in the closed loan package delivered to NewRez. The certification must be stamped on the document and read "Certified to be a true and exact copy of the original which is being recorded." It must be a "MOM" (MERS as Mortgagee) Security Instrument, including the Min # with complete MERS information signed by the borrower(s).

- Any strikethroughs to the Mortgage/Deed of Trust must be initialed by all borrowers prior to submitting the closed loan file to NewRez for purchase. White-outs and/or lift-offs are not acceptable.
- Borrower(s) initials must be present if space is provided at bottom of page(s).

The following data must be listed on the security instrument for primary and second home loans when the loan is delivered to NewRez. All data must appear EXACTLY as it appears in NMLS. Failure to include will result in non-purchase.

- Loan Originator Organization (LOO) company name
- Loan Originator Organization (LOO) company's NMLS identifier
- Name and NMLS ID (if any) of the individual Loan Originator, who under the LOO's policy, is primarily responsible for the transaction
- The names of the LOO and LO must appear EXACTLY as they appear in NMLS
- The LOO and LOO ID must be on the security instrument when the closed loan is delivered for purchase
- The LO name and LO ID (if any) must be on the security instrument when the closed loan is delivered for purchase

The following information must match the closed loan documents exactly:

- Borrower(s) names
 - Complete property address including the unit number, if applicable
 - Legal description
 - Dates of documents (closing, first payment date, maturity date, notary acknowledgement, etc.)
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- Lender name and address
- Signatures must match typed names exactly
- MERS Identification Number (MIN#) must be included
- Notary acknowledgement information must be present and complete and correct

If applicable the following Riders must be executed and attached to the Mortgage or Deed of Trust:

- MERS Rider (Form 3158) if property in Montana, Oregon and Washington
- PUD Rider
- Condo Rider
- One- to Four-Family Rider
- ARM Rider
- Second Home Rider
- VA Rider
- Manufactured Home Rider

Texas Home Equity Affidavit and Agreement is required to be attached and recorded with the Texas Home Equity Security Instrument.

Refer to [Post Funding Documents](#) for delivery requirements for the recorded Mortgage/Deed of Trust.

NAME AFFIDAVIT

A notarized Name Affidavit is acceptable when applicable. The borrower(s) typed name on all documents in the closed loan package should match the signature. If applicable, the Name Affidavit must be included in the closed loan file.

- A certified true copy of the Name Affidavit is acceptable if the original is not available. The certification must read, "Certified to be a true and exact copy of the original."
 - It must be notarized.
 - The name of the borrower, as it appears typed on the face of the security instrument and under the signature line, must be consistent with the closing docs.
 - The signature of the borrower must match exactly the name typed below the signature line. It is acceptable for the borrower to over sign or undersign the document (example:
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- borrower's typed name under the signature line does not include a middle initial and the borrower's signature does include a middle initial OR borrower's typed name under the signature line does include a middle initial and the borrower's signature does not include a middle initial).
- Name Affidavits are not acceptable for errors. They must be corrected and the document re- recorded if necessary.

POWER OF ATTORNEY

If applicable, a certified true copy of the POA must be included in the closed loan file. The certification must be stamped on the document and read "Certified to be a true and exact copy of the original which is being recorded."

- Borrowers name(s) must match exactly to the names on the 1003, Note, Mortgage, and closed loan package. If a refinance, the names must also match name currently vested in title.
 - The document must be specific to our property by referencing either the property address or legal description.
 - General POAs are not acceptable. The POA must be specific to the loan.
 - The POA must be recently executed, that is executed no more than 30 days prior to the date of the initial disclosures or the sales contract.
 - A letter of explanation from the borrower must provide the reason for the necessity of the POA .
 - If the initial disclosures were completed by POA, then the closing package cannot be executed by POA.
 - The Attorney-in-Fact may not be the lender, any affiliate of the lender, any employee of the lender or affiliate of the lender, loan originator, employer of the loan originator, any employee of the employer of the loan originator, title company or affiliate, real estate agent, seller, appraiser, broker, etc. or anyone with direct or indirect financial interest in the transaction.
 - The Grantor's signature must be notarized. (If executed outside of the U.S., it must be notarized by an American notary.)
 - POA must be executed and notarized with all blanks completed and be effective through the date of closing.
 - A separate POA must be executed for each borrower not present at closing.
 - The Attorney-in-Fact must execute all closing documents and must be signed exactly as typed and the name on the POA must match the closing doc exactly.
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- The Final Title policy or commitment/binder must not contain any exceptions due to the use of the Power of Attorney.
- The POA must be executed prior to the closing documents and recorded prior to the recording of the Mortgage/Deed of Trust.
- A POA is not allowed on cash-out refinance transactions including Texas 50(a)(6), Jumbo and loans closed in the name of a Trust.

Note: At least one borrower must be present at closing unless Face-to-Face interview on 1003 for Jumbo loans.

TITLE COMMITMENT/BINDER/TITLE POLICY

At a minimum, the title commitment/binder is required with the closed loan file. It must be the most current version of an ALTA loan policy or Iowa Title Guaranty Certificate (for Iowa properties only). Mortgage Policy of Title Insurance (Form T-2) is required for Texas 50(a)(6) loans.

- A Closing Protection Letter is required on Jumbo and Manufactured Home loans.
 - Effective date of the title commitment/binder must be dated before the Note date and cannot be dated more than 90 days from the Note date.
 - The amount of insurance coverage must be at least the loan amount.
 - Name of insured should be the closing lender, "it's successors and or assigns, as their interest may appear" if the policy's definition does not cover successors and assignees.
 - Proposed borrower(s) names must match closing docs.
 - Vested names must be in the sellers' names for purchase loans.
 - Vested names must be the borrower(s) names as they appear on the Mortgage/Deed of Trust on refinance loans.
 - All parties to be vested in title must have executed the Mortgage/Deed of Trust.
 - Anyone with an ownership interest in the property either due to vesting or due to rights afforded under state law is required to sign the Mortgage/Deed of Trust.
 - Legal description must be included and match all legal docs (i.e., Mortgage/Deed of Trust, etc.)
 - Any assessment(s) for a Homeowner Association on the Title Policy must state "paid current."
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- All taxes referenced must state “not yet due and payable,” “Paid,” or “paid current.”
- Any liens and/or judgments that appear on Schedule B must be paid off at closing and deleted on the final policy. Proof these have been paid in full must be included in the closed loan file.
- Survey exceptions must be deleted.
- Title to the property has not been conveyed within the most recent 12 months. If title has been conveyed within most recent 12 months, NewRez may request additional documentation to be reviewed to ensure acceptability of transaction (not a flip sale).
- Loans closed during the right of redemption period are eligible for purchase by NewRez. If an exception is shown on the title commitment, the following will be required:
 - Notice to Borrower
 - Redemption Bond
- All loans require ALTA 8.1 (Form T-36) Environmental Protection Agency (EPA) Endorsement.
- The appropriate endorsements to the Title Policy must be included (Condo, PUD, ARM, Manufactured Home etc.).
- Any other appropriate endorsements to the Title Policy must be included to ensure NewRez is in a first lien position.
- Texas 50(a)(6) loans must include Equity Loan Endorsement (Form T-42) and Supplemental Coverage Equity Loan Mortgage Endorsement (Form T-42.1).
- It must be countersigned by an authorized agent.

In addition, for Condominium and PUD Unit Mortgages, the policy must include the following:

- Describe all components of the unit estate.
 - Reflect ownership of common areas if unit owners own the common areas of the project as tenants in common.
 - Ensure ownership of common elements, areas, or facilities of the project if they are owned by the homeowners’ association.
 - Show that title to common elements, areas, or facilities is free and clear of any objectionable encumbrances, including any mechanics’ liens for labor or materials.
 - Ensure that the Mortgage is superior to any lien for unpaid common expense assessments (HOA dues). There must be no uninsured exceptions to title lien position, including but not limited to, state specific HOA Super Lien exceptions that supersede the mortgage lien being delivered to NewRez.
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- Ensure that there will be no impairment or loss of title for past, present, or future violations of the covenants, conditions, or restrictions (CCRs).
- Ensure that the unit does not encroach on another or on any common areas.
- Ensure that the condo project was created in compliance with applicable laws and statutes.
- Ensure that taxes are levied only against the individual unit and its undivided interest in the common elements rather than the entire project.
- Ensure that the owner of a PUD unit is a member of the HOA and that membership is transferrable if the unit is sold.

Waived Title Exceptions

NewRez requires affirmative coverage over all defects unless the defect is subject to one of the following:

- Customary public utility subsurface easements in place and completely covered within the mortgaged property as long as they do not extend under any buildings or other improvements.
 - Above-surface public utility easements that extend along one or more of the property lines for distribution purposes or along the rear property line for drainage purposes, as long as they do not extend more than 12 feet from the property lines and do not interfere with any of the buildings or improvements or with the use of the property itself.
 - Mutual easement agreements that establish joint driveways or party walls constructed on the security property and on an adjoining property, as long as all future owners have unlimited and unrestricted use of them.
 - Restrictive covenants and conditions, and cost, minimum dwelling size, or set back restrictions, as long as the violation will not result in a forfeiture or reversion of title or a lien of any kind for damages, or have an adverse effect on the fair market value of the property.
 - Encroachments of one foot or less on adjoining property by eaves or other overhanging projections or by driveways, as long as there is at least a 10-foot clearance between the buildings of the security property and the property line affected by the encroachment.
 - Encroachments on adjoining properties, as long as those encroachments consist only of hedges or removable fences.
 - Outstanding oil, water, or mineral rights as long as they do not materially alter the contour of the property or impair its value or usefulness for its intended purpose.
 - Variations between the appraisal report and the records of possession regarding the length of the property lines, as long as the variations do not interfere with the current use of the
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improvements and are within an acceptable range. (For front property lines, a 2 percent variation is acceptable; for all others, 5 percent is acceptable).

- Rights of lawful parties in possession, as long as such rights do not include the right of first refusal to purchase the property. (No rights of parties in possession, including the term of a tenant's lease, may have duration of more than two years.)
- Minor discrepancies in the description of the area, as long as the Lender provides a survey and affirmative title insurance against all loss or damage resulting from the discrepancies.

Note: Properties with Agricultural Exemptions (Ag Exemptions) are not acceptable. This information may be found on either the tax certificate or title commitment.

Escrow holdback for Inheritance Taxes are not eligible for purchase.

Refer to [Post Funding Documents](#) for delivery requirements for the final Title Policy.

Short Form Title Policy

In addition to the Title Commitment or Binder, NewRez will also accept Short Form Title Policies issued by ALTA Title Companies wherever state law allows. The policy must contain all applicable ALTA endorsements.

The policy must insure against loss or damage caused by the following:

- Violations of restrictions
- Encroachments or anything that may be disclosed by an accurate survey and
- Surface damage due to mineral extractions

Refer to [Post Funding Documents](#) for delivery requirements for the Short Form Title Policy.

SURVEY

A current survey is required if the title policy contains any survey exceptions that will not be deleted from the final title policy. If the title company does delete any survey exception from the final title policy, a survey is not required. If required, the survey must be in the borrower(s) names.

FLOOD CERTIFICATION

A Life-of-Loan Flood Zone Determination Certification is required on all loans. The flood certificate must reflect the information required on FEMA's Special Flood Hazard Determination form to determine if the property lies in a Special Flood Hazard Area (SFHA). The Flood Certificate must include the following:

- Borrower(s) name (must match closing docs)
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- Property Address (must match closing docs)
- Flood Zone
- NFIP Map, Panel, Suffix Number
- NFIP Map Date
- NFIP Community Name
- Community Status
- Name of the Flood Certification Vendor
- Vendor's Certificate Number
- Date of certification

The Flood Certification cannot be more than 90 days old on the date of the Note.

A flood zone determination can be obtained from any FEMA approved vendor as long as it is a Life-of- Loan determination.

For FHA Manufactured Home loans located in a SFHA (zone A or V), in addition to flood insurance under the NFIP being required, a FEMA National Flood Insurance program (NFIP) Elevation Certificate, prepared by a licensed engineer or surveyor, stating that the finished grade beneath the Manufactured Home is at or above the 100-year return frequency flood elevation is also required.

Nonparticipating Communities (Including Coastal Barrier Resource Systems Areas)

NewRez does not purchase loans secured by properties located in Nonparticipating Communities or Coastal Barrier Resource Systems Areas (CBRS) if the property lies within a Special Flood Hazard Area (SFHA) OR if the property is not mapped and not participating in the NFIP.

Special Flood Hazard Notice

A Special Flood Hazard Notice is required for properties located in a special flood hazard area (all zones in "A or V") which require flood insurance. It must be signed and dated by all borrower(s) at least one day prior to closing (defined for these purposes to be the Note date).

In addition, the Lender must comply with all flood requirements including, but not limited to, the content of and the timing of when the Notice is provided to the borrower.

HAZARD INSURANCE

A current hazard insurance policy (Declarations Page, Certificate of Coverage, Evidence of Property

Insurance, or Insurance Binder) is required on all loans and must include the following information and meet the following requirements:

- Borrower(s) names (exactly as closing docs)
- Property address (exactly as closing docs)
- Effective date and expiration date of policy
- Policy must be for one year only
- Policy number (does not apply to binders)
- Dwelling coverage amount
- Premium amount
- Agent name, address and phone number
- Paid receipt for premium amount reflected on the hazard policy or binder or Final Closing Disclosure indicating payment of the premium amount shown on the policy
- For refinance transactions, a “POC” on the Final Closing Disclosure is not an acceptable form of proof paid
- Mailing address is the same as property address except on second homes and investment properties; then, it should agree with home address shown

If the policy does not include windstorm and hail coverage, an additional policy is required. Windstorm coverage is generally included under the standard extended coverage policy through an endorsement. If the policy excludes or limits the windstorm coverage, it is not acceptable. The borrower must obtain a separate policy or endorsement from another commercial insurer that, with the existing policy, provides adequate total coverage. The maximum deductible for windstorm coverage may not exceed 5 percent of the limit maintained for dwelling coverage, or the maximum allowed under state law. The dwelling coverage for the windstorm policy must follow the same coverage requirements as the hazard policy.

If binder coverage is provided, it must be at least a 30-day binder and include the dates for the full year of coverage. It must have at least 20 days left on the binder at the time NewRez purchases the loan.

Coverage

NewRez requires that properties be covered by a standard extended coverage endorsement, which includes wind, civil commotion (including riots), smoke, hail, and damages caused by aircraft, vehicle, or explosion in addition to common hazards such as fire. If these items are excluded, the borrower must obtain separate coverage from another acceptable commercial insurer.

The homeowner's insurance dwelling coverage must meet at least one of the following requirements:

- 100% of the insurable value of the improvements as established by the insurer.
- The Dwelling Coverage on the policy (or Binder if a purchase transaction) must be greater than or equal to the total loan amount.
- The Dwelling Coverage on the policy (or Binder if a purchase transaction) must indicate that the policy/binder has "Guaranteed Dwelling Replacement Cost Coverage".
 - Dwelling Coverage does not include values listed for other structures or personal property.
- The Estimated Cost/New shown in the Cost Approach section of the appraisal.

If the Estimated Cost New is not provided on the appraisal or an appraisal is not required for the transaction, then A Cost Estimator from the insurance company is acceptable.

If the hazard insurance is not equal to at least one of the above minimum coverage amounts, then additional hazard coverage that meets the minimum coverage amounts must be obtained before the loan can be purchased.

Deductible

The maximum allowable deductible is 5 percent of the face value of the policy for all hazards including fire, extended coverage, and windstorm insurance. When a policy provides for a separate wind loss deductible, or if a second policy for wind loss is obtained, the maximum deductible is also 5 percent.

Hazard insurance policies must be written with a 12 month term, except where mandated by state law.

Policies insuring personal property such as cars, boats, etc., are not acceptable. However, riders for coverage of personal items within the dwelling, e.g., furs, jewels, etc., will be accepted.

Insurance policies cannot be transferred from the seller to the borrower.

Elective insurance cannot be escrowed.

Sufficient impounds should be collected by the Lender to renew coverage at the due date.

Payment plans or installments are not acceptable.

Refinance Loans: Existing policy will be accepted provided correct number of month's escrow is collected on the Final Closing Disclosure.

Policy must provide for a 30-day written notice of cancellation, reduction in coverage, or other material change to the policy.

The policy for both hazard and windstorm must be underwritten by an insurer who is currently rated as

one of the following:

- B/III, A/II, or better in Best's Insurance Reports
- A or better by DEMOTECH, Inc
- BBB or better by Standard & Poor's

The insurer must also be authorized by law to conduct business in the jurisdiction where the mortgaged premise is located.

An insurance quote or completed application for hazard insurance is not acceptable. Only the actual documentation from the insurance provider is considered proof of insurance.

Note: NewRez does not allow hand-written information on any insurance policy.

If any insurance premiums are due in 30 days or less at the time of NewRez purchasing the loan, the Lender is responsible for the payment prior to the purchasing of the loan. The Lender is responsible for any penalties and/or interest due to late payment. The Lender is also responsible for any losses or damages that result from providing NewRez with incorrect premium and/or due date information.

A current pay history is required showing disbursement.

Evidence of change of mortgagee must be provided, if applicable and sent to the following address:

***Mortgagee Clause
Shellpoint Mortgage Servicing ISAOA/ATIMA
Box 7050
Troy, MI 48007-7050***

CONDOMINIUM INSURANCE

A multi-peril type of master/blanket policy covering the entire condominium project is required. The policy must provide fire and extended coverage and all other coverage that is normally included. The master/blanket policy covering the common elements of a condominium project must cover all of the general and limited common elements that are normally included in coverage such as fixtures, building service equipment, and common personal property and supplies belonging to the homeowners association.

Policies must provide coverage for either an individual project or multiple affiliated projects. The policy must require the insurer to notify in writing the homeowner's association and each first mortgage holder in the mortgagee clause at least 10 days before it cancels or substantially changes a condo project's coverage.

The policy must also insure fixtures, equipment, and other personal property inside individual units. The condominium owners association must maintain blanket "all risk" coverage for the following:

- General and limited common elements within the condominium project
- Fixtures, machinery, equipment, and supplies maintained for the service for the condominium project
- Fixtures, improvements, alterations, (betterment) and equipment within the individual condominium units

The master/blanket policy must show the HOA as the name of insured and reference our borrower(s) names and our specific property address including the unit number.

A current master/blanket policy must be in effect on or before the Note date and in effect for at least 30 days at the time that New Rez purchases the loan.

If the current policy expires within 30 days of NewRez purchasing the loan, a renewal policy will be required before purchase.

Coverage

Coverage must be on a replacement cost basis for at least 100 percent of the insurable value based on replacement cost for the complete project (interior and exterior units).

Deductible

The deductible may be no greater than 5 percent of the replacement cost of the unit; however, if the policy provides for a wind-loss deductible (either in the policy itself or in a separate endorsement), that deductible must be no greater than 5 percent of the face amount of the policy.

Name of Insured

The name of the insured stated under each required policy must be similar in form and substance to the following:

"Association of Owners of the {name of condominium} for use and benefit of the individual owners" {designated by name}.

Liability Insurance

The HOA must have a comprehensive policy of public liability insurance, covering all the common elements, commercial spaces, and public ways in the condominium project. The insurance policy must contain a "severability of interest" endorsement, precluding the insurer from denying the claim of a condominium unit owner because of negligent acts of the HOA or other unit owners. Coverage must also include all other coverage in the kinds and amounts required by private institutional mortgage investors for projects similar in construction, location, and use. Liability coverage must be for at least \$1 million per occurrence for personal injury and/or property damage. For small condominium projects with only two to four units, liability coverage must be at least \$1 million per occurrence for personal

injury and/or property damage.

HO-6/Walls-In/All-In

All attached projects, including two to four units, must also contain a “walls-in/all-in” hazard insurance coverage policy (commonly known as HO-6/Walls-In/All-In) unless there is proof that the master/blanket insurance policy of the HOA covers the interior of the unit including any additions, improvements and betterments to its original condition in the event of a loss. The HO-6/Walls-In/All-In policy must be sufficient to repair the interior of the unit, including any additions, improvements, and betterments to its original condition in the event of a loss.

Coverage

The policy must provide coverage to equal 100 percent of the insurable value between this policy and the master/blanket policy.

Deductible

The deductible can be no greater than 5 percent of the face amount of the policy.

If the borrower must obtain his/her own HO-6/Walls-In/All-In policy, the policy must be escrowed on any loan where impounds are required. If Master/Blanket condo policy includes “Walls-In/All In” coverage including betterment and improvements, additional H06 policy cannot be escrowed.

If any insurance premiums are due in 30 days or less at the time that NewRez purchases the loan, the Lender is responsible for the payment prior to the purchasing of the loan. The Lender is responsible for any penalties and/or interest due to late payment. The Lender is also responsible for any losses or damages that result from providing NewRez with incorrect premium and/or due date information.

ATTACHED PUD INSURANCE

In addition, the master (or blanket) insurance policy must cover all general and limited common areas and the project’s budget must confirm that the premiums are paid as a common expense. The policy must show the HOA to be the named insured. The master/blanket policy must reference our borrower(s) and our specific property address including unit number. It must cover all the general and limited common elements that are normally included in coverage such as fixtures, building service equipment, and common personal property and supplies belonging to the homeowners association. The policy must require the insurer to notify in writing the homeowner’s association and each first mortgage holder in the mortgagee clause at least 10 days before it cancels or substantially changes a condo project’s coverage. The policy must also insure fixtures, betterment coverage, equipment, and other personal property inside individual the unit.

The current master/blanket policy must be in effect on or before the Note date and in effect for at least 30 days at the time that NewRez purchases the loan.

If the current policy expires within 30 days of NewRez purchasing the loan, a renewal policy

will be required before purchase.

A current pay history is required showing disbursement.

A detached PUD is considered to be its own separate building requiring its own separate insurance policy unless covered by a blanket/master policy. If not covered by a blanket/master policy, refer to the Hazard Insurance requirement above.

Coverage

The policy must cover 100 percent of the replacement cost of the project improvements, including the individual units, by including either a Guaranteed Replacement Cost Endorsement or a Replacement Cost Endorsement.

Deductible

The deductible can be no greater than 5 percent of the replacement cost of the unit; however, if the policy provides for a wind-loss deductible (either in the policy itself or in a separate endorsement), that deductible must be no greater than 5 percent of the face amount of the policy.

HO-6/Walls-In/All-In

All attached projects, including two to four units, must also contain a “walls-in/all-in” hazard insurance coverage policy (commonly known as HO-6/Walls-In/All-In) unless there is proof that the master/blanket insurance policy of the HOA covers the interior of the unit including any additions, improvements, and betterments to its original condition in the event of a loss. The HO-6/Walls- In/All-In policy must be sufficient to repair the interior of the unit, including any additions, improvements, and betterments to its original condition in the event of a loss.

Coverage

The policy must provide coverage to equal 100 percent of the insurable value between this policy and the master/blanket policy.

Deductible

The deductible can be no greater than 5 percent of the face amount of the policy.

If the borrower must obtain their own HO-6/“Walls-In/All-In” policy, it must be escrowed on any loan where impounds are required. If Master/Blanket condo policy includes “Walls-In/All In” coverage including betterment and improvements, additional H06 policy cannot be escrowed.

If any insurance premiums are due in 30 days or less at the time that NewRez purchasing the loan, the Lender is responsible for the payment prior to the purchasing of the loan. The Lender is responsible for any penalties and/or interest due to late payment. The Lender is also responsible for any losses or damages that result from providing NewRez with incorrect premium and/or due date information.

An individual hazard insurance policy is required for detached PUD properties. Refer to Hazard Insurance requirements above.

FLOOD INSURANCE

Any property that has any part of a building, dwelling, structure, improvement, or land situated in a Special Flood Hazard Area (SFHA) requires flood insurance. These are all areas in "A" or "V" flood zones. Single family residences in a Special Flood Hazard Area that have additional buildings given more than \$5,000 value as determined by the flood insurance agent, must have adequate flood coverage for each additional building. An additional flood policy is not required if the file contains documentation clearly stating why the building is not insurable. (e.g., structure is not affixed to a permanent foundation, does not have two or more rigid walls, etc.)

Flood zone on the flood determination (a.k.a. "Flood Cert") in the loan file and the flood zone on the flood insurance policy must match. If there is a discrepancy, the borrower must obtain flood insurance for the flood zone listed on the flood determination.

For FHA Manufactured Home loans located in a SFHA (zone A or V), in addition to flood insurance under the NFIP being required, a FEMA National Flood Insurance Program (NFIP) Elevation Certificate, prepared by a licensed engineer or surveyor, stating that the finished grade beneath the Manufactured Home is at or above the 100-year return frequency flood elevation is also required.

Flood insurance may be waived only if FEMA has issued either a Letter of Map Amendment (LOMA) or Letter of Map Revision (LOMR). Complete documentation including revised Flood Certification with matching flood zone information must be included in the closed loan file.

Under the National Flood Insurance Reform Act of 1994, flood insurance escrows may not be waived when an escrow account is established for the payment of taxes, hazard insurance, mortgage insurance, assessments, or other similar items. There is no exception to this policy.

If flood insurance is required, a flood insurance policy or the application for such insurance, along with a paid receipt evidencing the first full year's premium has been paid in full must be included in the closed loan file. Insurance must be placed on a property located in an area where flood insurance is required by the National Flood Insurance Act of 1968, as amended. The policy/application must include the following information:

- Borrower(s) names (exactly as closing docs)
 - Property address (exactly as closing docs)
 - Effective date and expiration date of policy
 - Policy must be for one year only
 - Policy number (does not apply to binders)
-

- Dwelling coverage amount
- Premium amount
- Flood Zone (must match Flood Certification)
- Agent name, address and phone number
- Paid receipt for premium amount reflected on the hazard policy or binder or Final Closing Disclosure indicating payment of the premium amount shown on the policy
- For refinance transactions, a “POC” on the Final Closing Disclosure is not an acceptable form of proof paid
- Mailing address is the same as property address except on second homes and investment properties; then, it should agree with home address shown

Flood insurance escrows will be required on all loans purchased by NewRez regardless of the loan-to-value for the following:

- Properties located in a Special Flood Hazard Area (Zone A or V)
- Notes dated on or after January 1st, 2016
- Required for the Life of Loan

Note: NewRez does not allow hand-written information on any insurance policy.

Flood Insurance cannot be transferred from the seller to the borrower unless the policy is in our borrower’s name and states “Grandfathered”-Yes. If it states “Grandfathered” – No, we will also need letter from borrower stating they are aware of possible premium increase due to not “Grandfathered” policy.

Elective insurance cannot be escrowed.

NewRez does not accept a binder or declaration page from Acord.

If any insurance premiums are due in 30 days or less of NewRez purchasing the loan, the Lender is responsible for the payment prior to the purchasing of the loan. The Lender is responsible for any penalties and/or interest due to late payment. The Lender is also responsible for any losses or damages that result from providing NewRez with incorrect premium and/or due date information.

A current pay history is required showing disbursements.

Coverage

The minimum amount of coverage is required if the lower of any of the following:

- Loan amount
- 100% of the replacement cost of the dwelling based on the Hazard insurance policy (Dwelling Coverage A).
- The maximum insurance available from the NFIP (National Flood Insurance Program), which is set currently at \$250,000 per dwelling

A detached garage covered through the Flood Policy is always covered at 10% of the Flood Dwelling coverage. As such, the Flood Dwelling coverage is lowered by this amount. The reduced coverage must still meet one of the requirements listed above; otherwise a separate flood policy will need to be obtained for the detached garage.

Example:

Hazard Insurance Dwelling Coverage is	\$190,000
Flood Insurance Dwelling Coverage is	\$190,000
Detached Garage is included in the Flood	
Insurance Dwelling Coverage or 10%	\$ 19,000
Reduced Flood Insurance Dwelling Coverage	\$171,000

In this example, the borrower would need additional coverage for the detached garage. Amount of coverage required for the detached garage must be obtained from Hazard Insurance agent as 10% coverage allotted on the Flood Policy for Dwelling may not be sufficient. Once obtained, the Flood Policy must be increased by the coverage amount determined to cover the detached garage. If the Flood Insurance Policy is at maximum allowed by NFIP (\$250,000), then the borrower would need to obtain a separate Flood Policy to cover the detached garage.

Deductible

The deductible cannot exceed the maximum amount currently allowed under the NFIP for the type of improvements insured.

The policy must be underwritten by an insurer who is currently rated as one of the following:

- B or better financial strength rating in Best’s Insurance Reports
- A or better financial strength rating and a financial size category of VIII or better in Best’s Insurance Reports International Edition

- A or better by DEMOTECH, Inc.
- BBB or better by Standard & Poor's

The insurer must also be authorized by law to conduct business in the jurisdiction where the mortgaged premises are located.

Mortgagee Clause

*NewRez, LLC
ISAOA/ATIMA
Box 7050
Troy, MI 48007-7050*

Nonparticipating Communities (Including Coastal Barrier Resource Systems Areas)

NewRez does not purchase loans secured by properties located in Nonparticipating Communities or Coastal Barrier Resource Systems Areas (CBRS) if the property lies within a Special Flood Hazard Area (SFHA) OR if the property is not mapped and is not participating.

CONDOMINIUM FLOOD INSURANCE

Any project that has any part of a building, dwelling, structure, or improvement situated in a Special Flood Hazard Area (SFHA) requires flood insurance. These are all areas in "A" or "V" flood zones.

Note: NewRez does not allow hand-written information on any insurance policy.

Flood insurance may be waived only if FEMA has issued either a Letter of Map Amendment (LOMA) or Letter of Map Revision (LOMR). Complete documentation including a revised Flood Certification with matching flood zone information must be included in the closed loan package.

Coverage**OPTION 1:**

Flood coverage is included in the condo master policy. The required flood insurance coverage has the following three components:

- Building coverage that equals 100 percent or more of the insurable value of the common elements and property (including repair or replacement of the foundation and its supporting structures, and machinery and equipment that are not part of the building). If there are multiple buildings in the complex, coverage for each building must be reflected individually.
 - Content coverage that equals 100% or more of the insurable value of all contents (including repair or replacement of the foundation and its supporting structures, and machinery and equipment that are not part of the building) and are owned in common by association members.
-

Unit coverage, which should be the lesser of one of the following:

- \$250,000 per unit in the project.
- 100 percent of the insurable value (replacement cost) of each insured building in the project including amounts to repair or replace the foundation and its supporting structures (including all common elements and property).

Insurable Value is calculated as follows: Building Coverage listed on Hazard Insurance Declaration page divided by the number of units in the Condominium Complex. The lesser of this calculation or \$250,000 would be the required Flood Insurance coverage per unit.

OPTION 2:

Condo master policy does not include flood coverage. Borrower's individual flood coverage must be one of the following:

- Loan amount
- 100 percent of the replacement cost of the dwelling, based on the hazard insurance policy (Dwelling Coverage A)

Example:

Dwelling Coverage replacement cost per unit = \$190,000

Flood Coverage Requirement must = \$190,000

Note: A Master Association Flood Policy is required that provides 100 percent coverage for the common elements and amenities.

Deductible

The deductible cannot exceed the maximum amount currently allowed under the NFIP for the type of improvements insured.

FIDELITY INSURANCE

Fidelity insurance is required for any project consisting of more than 20 units. Blanket fidelity coverage must be maintained for anyone who either handles or is responsible for funds that the HOA holds and administers. The HOA must be the named insured and the project's budget must indicate that premiums are paid as a common expense. The policy must cover the amount of funds that in the custody of the HOA at any time, but in no event may be less than the sum of three months' assessments on the entire project. The policy must also provide for a minimum of 10-day notice to the HOA before it can be cancelled or substantially modified.

Fidelity coverage must be verified on all condominium projects, regardless of whether they are approved under the Limited Project Review or Expedited CPM Review process.

Carrier Requirements

The policy must be underwritten by an insurer who is currently rated as one of the following:

- B or better financial strength rating in Best's Insurance Reports
- A or better financial strength rating and a financial size category of VIII or better in Best's Insurance Reports International Edition
- A or better by DEMOTECH, Inc.
- BBB or better by Standard & Poor's

The insurer must also be authorized by law to conduct business in the jurisdiction where the mortgaged premises is located.

ATTACHED PUD FLOOD INSURANCE

A PUD unit is considered to be its own separate building requiring its own separate flood policy unless covered by a blanket/master policy.

An individual flood insurance policy is required for detached PUD properties. Refer to Flood Insurance requirements above.

Any project that has common areas situated in a Special Flood Hazard Area (SFHA) requires flood insurance. These are all areas in "A or "V" flood zones.

Single family residences in a Special Flood Hazard Area that have additional buildings given more than \$5,000 value as determined by the flood insurance agent, must have adequate flood coverage for each additional building. An additional flood policy is not required if the file contains documentation clearly stating why the building is not insurable (e.g., structure is not affixed to a permanent foundation, does not have two or more rigid walls, etc.)

Flood insurance may be waived only if FEMA has issued either a Letter of Map Amendment (LOMA) or Letter of Map Revision (LOMR). Complete documentation including a revised Flood Certification with matching flood zone information must be included in the closed loan package.

If any insurance premiums are due in 30 days or less at the time of NewRez purchasing the loan, the Lender is responsible for the payment prior to the purchasing of the loan. The Lender is responsible for any penalties and/or interest due to late payment. The Lender is also responsible for any losses or damages that result from providing NewRez with incorrect premium and/or due date information.

Coverage

The minimum amount of coverage required is the lower of any of the following:

- Loan amount
-

- 100 percent of the replacement cost of the dwelling based on the Hazard Insurance policy (Dwelling Coverage A).
- The deductible cannot exceed the maximum amount currently allowed under the NFIP for the type of improvements insured.

Coverage must be provided on a replacement cost basis.

Deductible

The deductible cannot exceed the maximum amount currently allowed under the NFIP for the type of improvements insured.

TAX INFORMATION SHEET

NewRez requires a complete and accurate Tax Information Sheet or Tax Certificate in each loan file purchased whether an escrow account is setup or not. The following information must be included in either document:

- Borrower(s) name and property address (must match closing docs)
- All Parcel ID number(s)
- All taxing authorities and complete addresses
- Last date paid
- Last amount paid
- Next installment due date (Economic Due Date) - If the taxing authority offers a due date with a discounted amount NewRez requires this date to be used as the due date and escrows collected accordingly
- Next amount due
- Frequency due
- Escrows for ground rents, water, sewer and assessments not allowed

Sufficient escrow to pay all taxes when due is required on all escrowed loans and must be reflected on the Closing Disclosure.

All taxes due and payable at the time of closing must be paid and have proof of payment included in the closed loan file whether the taxes are being escrowed or not. Acceptable forms for proof of payment include:

- Payment shown on Closing Disclosure (POC not acceptable)
- Paid receipt from Taxing Authority

If any taxes are due in 30 days or less at the time that NewRez is purchasing the loan, the Lender is responsible for the payment of the taxes and proof of the payment prior to the purchase of the loan. The Lender is responsible for any penalties and/or interest due to late payment. The Lender is also responsible for any losses or damages that result from providing NewRez with incorrect tax information and/or due date information. Acceptable forms for proof of payment include:

- Paid receipt from taxing authority
- Copy of check payable to the taxing authority
- Current pay history showing disbursement(s)

If the tax bills are not available, NewRez requires information from the taxing authority stating that the tax bills are not available before loan purchase.

A corrected Tax Information Sheet is also required.

Unimproved Taxes for New Construction

Initial taxes on new construction homes rarely reflect an accurate tax assessment. Typically, the initial taxes are based upon unimproved or partially improved land. The discrepancy between the initial tax year assessment and the following tax year assessment (based upon the fully improved land) is often substantial. This discrepancy causes “payment shock” to the borrower when he or she is required to pay the larger tax amount.

For new construction loans, the borrower can elect to use the unimproved tax amount. The estimated unimproved amount must comply with RESPA guidelines. Consult your legal counsel concerning this issue. If the unimproved amount is used, the borrower is required to sign a statement “Notice of Payment Increase” acknowledging they are aware the next tax bills will be based off “Improved” tax rate at a much higher amount.

TAX OPTION LETTER

NewRez requires a Tax Option Letter in the following state, when applicable:

- Wisconsin (only when a tax escrow account is established)

FINAL CLOSING DISCLOSURE

The Lender should ensure that the Final Closing Disclosure, including all Certifications, complies with RESPA requirements. A Closing Disclosure, including all Certifications, must be signed and dated by all parties. If seller is signed by Power of Attorney, a copy of the Power of Attorney is required.

Interest Credit is allowed when the disbursement date on the Final Closing Disclosure is equal to or less

than the fifth business day of the month. Note: Interest credit on Jumbo loans is not allowed.

A certified true copy of the Closing Instructions is required on all Jumbo and Manufactured Home loans. A copy of the Closing Protection Letter is required on Manufactured Homes.

NewRez does not purchase loans if the Final Closing Disclosure shows:

- Cumulative fees, including real estate commission plus any non-lien related disbursements for marketing expenses, finder's fees, referral fees, auction fees, consulting fees, or assignment of sale fees totaling more than 8 percent of the purchase price (Note: Broker/Finder fees are not allowed on Jumbo loans)

Effective with loan applications dated on or after January 10, 2014, NewRez will require a complete itemization of all points and fees paid on the loan. The fee detail should include who each fee was paid to and who it was paid by. Lenders may use their own generic fee detail form or provide alternative forms generated by an LOS or compliance vendor that details this information.

INITIAL ESCROW ACCOUNT DISCLOSURE (IEAD)

The Lender must use aggregate accounting in the calculation of the escrow/impound account. Escrow/impound accounts for the payment of taxes, special assessments (only if taxing authority requires to be paid with the taxes), ground rents, hazard insurance, flood insurance, private mortgage insurance, Guaranteed Rural Housing Annual fee, etc. must be established. Adequate funds must be calculated and collected at closing by the Lender to ensure that a sufficient amount will be available to pay the next installment of taxes and insurance. If the taxing authority offers a discounted annual amount for paying on a particular payment schedule or a particular payment date, the escrow reserve account must be established accordingly. The account balance cannot go into the negative. The IEAD must be included in the closed loan file.

Unless in violation of applicable state law, the maximum cushion that the Lender may maintain in the escrow/impound account is two months, except the cushion for ZOMP PMI which is zero months. A two-month cushion should be collected for all states except the following:

- Montana (1)
- Utah (1)
- Vermont (1)

A two-month cushion is required on Rural Housing loans, regardless of state. An Initial Escrow Account Disclosure is not required on non-escrow loans.

ESCROW WAIVER

Escrow waivers are allowed on Conventional Conforming Products if the LTV is equal to or less than 80 percent (California less than 90 percent). Escrow waivers are not allowed on Government Products.

Escrow waivers may or may not be available on other products so always refer to the specific product description to determine availability. Waivers are acceptable for hazard Insurance only, property taxes only, or both hazard insurance and property taxes. Escrows for flood insurance cannot be waived regardless of the loan-to-value or loan type. There will be a loan level price deduction if monthly escrows are not established for property taxes, regardless of the reason. Refer to our published rate sheet for the percentage that will be deducted from your price. Partial Escrow Waivers are not allowed on Jumbo loans.

CHANGE OF SERVICER/LOAN TRANSFER

NewRez requires a copy of the Change of Servicer / Loan Transfer disclosure (Goodbye Letter) given by the Lender to the borrower(s) giving notice of the loan transfer and change of servicer. The Lender is required to notify the borrower in writing at least 15 days prior to the first payment due NewRez. The Notice must include all applicable information including the effective date of the transfer, the present Lender/servicer name address, and toll-free phone number, the date the present Lender/servicer will stop accepting payments, and the date NewRez will begin accepting payments.

NewRez Servicing Department Information:
NewRez, LLC DBA Shellpoint Mortgage Servicing
PO Box 10826
Greenville, SC 29603-0826
Customer Service 1-866-317-2347

FIRST PAYMENT LETTER

A copy of the first payment letter from the Lender to the borrower must be provided with the closed loan file. Please include the borrower(s) mailing address if different than the property address (second home or investment property). All information below must be included:

- The breakdown of the monthly payment
- The date the first payment is due
- The address where to make the first payment

PAY HISTORY

NewRez requires a current pay history when applicable. The history must include the following if one or more payments are due at the time of loan purchase:

- Must be on Lender letterhead
 - Borrower(s) name
 - Date payment(s) made
-

- Any curtailments (not allowed on Texas 50(a)(6) loans)
- Amount of payment
- Breakdown of payment
- Current principal balance, escrow balance including any escrow disbursements

W-9 FORM

A W-9 is required for each borrower on all loans:

- Must include form for each borrower
- Must be signed and dated by borrower
- The form should reflect the borrower(s) SSN

NOTICE OF RIGHT TO CANCEL

NewRez requires a properly executed Notice of Right to Cancel on all primary resident refinance loans. Closed loan files should not be delivered to NewRez until the rescission period has expired.

- The notice must be given to all borrowers with an interest in the property even if the person does not sign the original Note
- All dates must be correct
- The notice must be signed and dated by all borrowers
- Notice of Right to Cancel is not required on the refinance of an investment property or second home
- Sundays and federal legal holidays cannot be included in the three-business day rescission period

The holidays include:

- New Year's Day
 - Martin Luther King, Jr. Day
 - Presidents' Day
-

- Memorial Day
- Independence Day
- Labor Day
- Columbus Day
- Veterans Day
- Thanksgiving
- Christmas

Note: Texas Home Equity Election Not to Rescind Form and Certificate of Non- Cancellation of Loan Form is required on Texas 50(a)(6) loans.

HIGH PRICE MORTGAGE LOAN

A HPML loan means a closed-end consumer credit transaction secured by the consumer's principal dwelling with an annual percentage rate that exceeds the average prime offer rate for a comparable transaction as of the date the interest rate is set:

- By 1.5 or more percentage points, for a loan secured by a first lien with a principal obligation at consummation that does not exceed the limit in effect as of the date the transaction's interest rate is set for the maximum principal obligation eligible for purchase by Freddie Mac
- By 2.5 or more percentage points, for a loan secured by a first lien with a principal obligation at consummation that exceeds the limit in effect as of the date the transaction's interest rate is set for the maximum principal obligation eligible for purchase by Freddie Mac (jumbo loans)

NewRez will not purchase HPML loans on the following products:

- DU Refi Plus
- ARMs
- Jumbo

Lenders represent and warrant that the mortgage complies in all respects with Regulation Z requirements for HPML loans, including the underwriting and consumer protection requirements.

Lenders must verify the borrower's ability to repay the mortgage in accordance with the requirements of Regulation Z. Borrower's income, assets and obligations must be verified.

Please refer to Section 16.15 for ATR-QM requirements.

Note: Higher priced mortgage loan appraisal requirements are not applicable as NewRez only purchases QM loans. Loans originated on second homes or for investment or business purposes are exempt from the HPML rule.

Lenders must include evidence documenting the borrower's Interest Rate Set Date on all loans delivered for purchase. Acceptable documents, in effect at time of closing, include:

- An unexpired lock agreement between the originating lender and the borrower
- A lender generated unexpired lock confirmation form

UPFRONT MIP

The upfront Mortgage Insurance Premium (MIP) must be collected on the HUD-1 Settlement Statement/Closing Disclosure. Also, when the MIP is paid on a monthly basis, an escrow account must be established at closing. NewRez requires the printout from FHA Connection showing the correct upfront payment has been made. All information on FHA Connection must be correct and match the closing documents including, but not limited to, the borrower(s) names and property address.

Proof of Submission

If there is 30 days or more from the Note date and the purchase date, NewRez requires the loan to state "Submitted" on the FHA Connection Case Query screen prior to the purchasing of the loan.

Proof of Insuring

NewRez requires the Mortgage Insurance Certificate (MIC) before purchase if there are 60 days or more from the Note date and the purchase date.

Refer to [Post Funding Documents](#) for additional requirements.

NOTE: NewRez does not purchase loans that have a status of "NOR," "Firm Commitment," or "Cancelled."

VA FUNDING FEE

The VA Funding Fee must be collected on the HUD-1 Settlement Statement/Closing Disclosure and must be paid by the Lender. A copy of the Funding Fee Receipt from the Funding Fee Payment System (FFPS) reflecting the correct amount paid is required.

NewRez requires the Loan Guaranty Certificate (LGC) before purchase if there are 30 days or more from the Note date and the purchase date.

Refer to [Post Funding Documents](#) for additional requirements.

USDA GUARANTY FEE

The annual Guarantee Fee must be collected on the HUD-1 Settlement Statement/Closing Disclosure. A copy of the check or print out reflecting the correct amount paid is required. NewRez requires the Lender to collect two months of annual fee on the HUD-1 Settlement Statement/Closing Disclosure to be placed in the escrow account.

NewRez requires the Loan Note Guarantee (LNG) before purchase if there are 30 days or more from the Note date and the purchase date.

Refer to [Post Funding Documents](#) for additional requirements.

RUAL HOUSING (USDA) Form 3555-21 and 3555-18

Request for Single Family Housing Loan Guarantee (RD 3555-21) and Conditional Commitment (RD 3555-18) are required for all Rural Housing Loans (USDA). The forms must be complete and correct.

PRIVATE MORTGAGE INSURANCE

Mortgage insurance is required for all loans with an LTV in excess of 80 percent, based on the lower of the appraised value or sales price (see exception below for loans in the state of New York). NewRez requires that monthly mortgage insurance be constant renewal (declining MI is not allowed). Please refer to the DU Refi Plus product description for MI requirements on DU Refi Plus transactions.

NewRez accepts policies from the following private mortgage insurers:

- UGIC
- Genworth
- Essent Guaranty, Inc.
- MGIC
- NMI
- Radian
- Arch

Coverage Requirements:

MORTGAGE TYPE	LTV RANGE			
	80.01 – 85.00%	85.01 – 90.00%	90.01 – 95.00%	95.01 – 97.00%

Fully amortizing, fixed rate, term < 20 years	6%	12%	25%	35%
Fully amortizing, fixed rate, term > 20 years and ARMs	12%	25%	30%	35%

State of New York

The mortgage insurance requirement for property located in New York is determined by calculating the LTV from the appraised value only.

Borrower Paid Mortgage Insurance

The borrower may pay for mortgage insurance in one lump sum at closing. The following applies:

- One unit primary residence or second home only
- Fixed rate only
- Purchase or limited cash-out only

Financed Mortgage Insurance

The borrower may finance the single premium mortgage insurance back into the loan amount up to the maximum LTV shown in the specific product description. The following applies:

- One-unit primary residence or second home only
- Fixed rate conforming loans amounts only
- Purchase or limited cash-out only

Note: For the purpose of pricing the loan, the LTV is based on the loan amount plus the financed MI.

Lender Paid Mortgage Insurance

Lender Paid Mortgage Insurance (LPMI) is paid up front by the Lender on the borrower's behalf so that the borrower has no mortgage insurance premium. The cost is recovered by increasing the interest rate and using the difference in the spread to pay for the premium. The following restrictions apply to loans with LPMI:

- One unit primary residence or second home only
- Fixed rate only
- Purchase or limited cash-out only

Split Premium Mortgage Insurance

Split Premium (Split MI) is for borrowers who elect to pay a lump sum amount up front in exchange for a lower amount of monthly mortgage insurance.

The following restrictions apply to loans with Split Premium MI:

- One-unit primary residence or second home only
- Fixed rate only
- Purchase or limited cash-out only

Mortgagee Clause

NewRez

Shellpoint Mortgage Servicing

ISAOA/ATIMA

P.O. Box 7050

Troy, MI 48007-7050

PMI Disclosure

A PMI Disclosure is required on all owner-occupied loans with PMI. Lender Paid MI, Investment and Second Home loans do not require.

ESCROW HOLDBACK / COMPLETION ESCROW

- Maximum LTV/CLTV/HCLTV for conventional loans is 95.00%
 - 15 and 30 year terms only
 - Owner-occupied only
 - Single-family detached properties only
 - New construction and existing construction allowed
 - Purchase and limited cash-out refinance transactions only (cash-out transactions are not allowed)
 - Not allowed on Jumbo, Texas Cash-Out 50(a)(6) Conforming Fixed Rate, or Manufactured Home loans
 - Allowed for minor repairs that cannot be completed due to inclement weather Examples: landscaping, driveways, walkways, flooring and painting
 - Repairs affecting livability, soundness or structural integrity are not allowed
 - Examples: foundation, roof, wells/septic systems, plumbing, electrical and mold
 - Swimming pool escrows are not allowed
 - A fully executed Escrow Holdback Agreement must be included in the closed loan file and the dollar
-



CORRESPONDENT

National Correspondent Division Lender Guide

amount must match the escrow amount reflected on the HUD-I/Closing Disclosure

- The escrow amount should equal 150% of the appraiser's cost to complete or the actual estimate, whichever is higher
 - The escrow amount cannot exceed 10% of the sales price or appraised value
 - HUD REO – HUD contract must state "eligible for escrow repair" and repair amount cannot exceed \$5,000
 - VA requires the escrow funds to come from the seller and not the borrower except in the instance of a foreclosed property (Refer to Circular 26-14-5)
-

- Escrow funds must be monitored and disbursed by the title or escrow company
- A post purchase “to follow” condition for a satisfactory 1004D or HUD Form 92051 Compliance Inspection Report confirming completion will be placed on any loan with an escrow holdback
- The satisfactory 1004D or HUD Form 92051 confirming completion must be delivered to NewRez within 60 days of the Note date
- The Final Title Policy must ensure the priority of the first lien

WIRE AND BAILEE LETTER

All closed loan files must include the correct wiring instructions unless the original Note and Bailee letter are received from a warehouse bank. The following information must be included:

- Lender name and address
- Warehouse bank name, address, and phone number
- ABA Routing number (9 digits)
- Account name
- Account number
- For further credit to account name (if applicable)

Wiring Instructions

Wiring instructions included in a loan file must match with the instructions approved for the Lender at time of Lender approval.

When there is an addition or change of wiring instructions or warehouse banks, the following information must be sent to the Lender Management Department for prior approval before remitting the closed loan files. Refer to [Wire Bank Setup Form](#).

MERS

NewRez requires the Lender to use MERS (Mortgage Electronic Registration Systems, Inc.). The Lender will close loan with MERS as the nominee for the Lender. The Lender will be responsible to generate a MIN, register the loan with MERS, and transfer the beneficiary and/or servicing rights to NewRez.

The following information must be included in the Mortgage/Deed of Trust (i.e., MERS as original Mortgage or MOM loans):

- Place the Mortgage Identification Number (MIN) in a visible location on the first page of the
-

security instrument, but not in any space reserved for the jurisdiction's recorder per jurisdictional requirements. The MIN number is a unique 18-digit number that can only be assigned to one loan.

- Additional verbiage must be included on the Mortgage/Deed of Trust. The appropriate verbiage has been approved by Fannie Mae and Freddie Mac. To obtain a copy of the applicable state's requirements, the Lender must contact the MERS corporate office.

Registering with MERS

NewRez requires all loans delivered for purchase to be registered by the Lender with MERS within seven calendar days of the Note date for non-escrow states or the funding date for escrow states.

Note: The failure to register within the seven-calendar day time frame mentioned above will result in a penalty fee of \$25.00. This fee will be billed on a monthly basis to the Lender.

Transfer of Servicing and Beneficial Rights

Lenders are reminded of their responsibility to initiate and complete a MERS transfer of the beneficial rights (TOB) and the servicing rights (TOS) within five days of purchase by NewRez. The NewRez **MERS ORG. ID number is 1007544**.

NewRez may charge a fee to the Lender for any loan not transferred correctly within the time frame mentioned above. This fee will be billed on a monthly basis to the Lender.

AGE OF LOANS

NewRez will perform a prefund QC Audit on all loans that have a Note date over 30 days old at the time the closed loan is received.

If the Note date is over 60 days old (30 days for Jumbo loans) at the time the closed loan is received, the loan is not eligible for purchase.

NewRez does not purchase loans if the note date is over 75 days (45 days for Jumbo loans) old at time of loan purchase.

LENDER SUSPENSE NOTICE

Once the loan has been audited and it is discovered there are missing and/or incorrect documents, a Lender Suspense Notice will be created and available on the website. The Notice will include the documents needed to clear the loan for funding and the due date all documents must be received to avoid repricing. Please upload all missing and/or incorrect documents through the LION Portal Delivery System. If the closed loan file was not delivered through LION delivery, please email all missing and/or incorrect documents to ClosedLoanReview@NewRez.com.

For additional information for LION delivery, please refer to [File Delivery](#). To avoid repricing of the loan, please make sure all missing, and/or incorrect documents are received timely. Please allow adequate

time for review once the documents are received. Turn times for Lender Suspense loan conditions are posted daily on the website. Once all documents are received, reviewed, and conditions cleared, the loan will be moved to the Funding Queue and approved for purchase. If all documents are not cleared or additional information is required, a revised Lender Notice will be created and available on the website.

Repricing of Suspended Loans

If all missing and/or incorrect documents are not received by the due date shown on the initial Lender Suspense Notice, the loan may incur extension fees or be subject to repricing.

Refer to [Registration and Pricing - "Cure Period for Suspended Loan"](#) for additional information for repricing of the Lender Suspense loans.

Non-purchase of Suspended Loans

Once a loan has been in Lender Suspense for 30 calendar days it may not be eligible for purchase by NewRez. Refer to [Registration and Pricing - "Cure Period for Suspended Loan"](#) for additional information.

FUNDING

Once the loan had been approved for funding, NewRez will net fund the loan, which includes collecting the escrow funds and any fees due NewRez. It will also include the payment of the Service Release Premium.

If a loan payment is due in 15 days or less, NewRez will purchase the loan at an amortized balance including the escrows,

OR

If a loan payment is already due (loans purchased on or before the 7th day of the month the payment is due), NewRez will purchase the loan at the amortized balance including the escrows without a payment history,

OR

If a payment is already due and we will be purchasing the loan after the 7th day of the month the payment is due, a current pay history is required. If FHA loan, we must have a copy of the print-out from FHA Connection showing that month or months of MIP have been remitted to HUD. The pay history should include the disbursement of the monthly MIP to HUD. The escrows collected by NewRez will not include the monthly MIP(s) or if monthly MIP has not been remitted to HUD, NewRez will deduct at time of funding to be placed in the escrow account for disbursement to HUD.

A Purchase Advice will be available on the website once the funding process is complete. Lenders are advised to review the Purchase Advice as soon as possible. If any discrepancies are found please contact Funding @ 1-855368-6925 or email to ClosedLoanReview@NewRez.com within 48 hours of

loan purchase.

TEXAS CASH-OUT 50(A)(6) CONFORMING FIXED RATE

This product is only eligible for Texas Lenders that have prior approval to deliver these products to NewRez.

Attorney's Opinion Letter will be required prior to loan purchase.

The closed loan package must be complete and include all Texas 50(a)(6) specific documents signed by all borrowers and spouses including documents signed prior to closing, at closing or after closing.

The three day Right of Rescission Notice of Non-Rescission and Election Not to Rescind forms are all required. These documents cannot be waived.

The Title Policy must be a Mortgage Policy of Title Insurance (Form T-2) and must include Equity Loan Endorsement (Form T-42) and Supplemental Coverage Loan Mortgage Endorsement (Form T-42.1). The following are not allowed:

- Power of Attorney
- Principal reductions
- Escrow holdback/completion escrows
- Closing in Trust

Please refer to product guidelines.

NEW YORK CEMA'S (CONSOLIDATION, EXTENSION, MODIFICATION, AGREEMENT)

CEMA loans are eligible for purchase by NewRez under the following requirements:

- Refinance loans only
- Eligible in the state of New York only (originating and closing)
- Eligible on conventional and government loans
- Eligible for primary, second home, and investment property types
- Loan amounts must be in whole dollar amounts
- Lost Note/Document Affidavits are not acceptable

In addition to the regular closed loan documents, the following documents are also required at the time

the closed loan package is delivered:

- Original Consolidated Note and (if applicable)- original Gap/Advanced Money Note - if any new money associated with the loan
- Certified true copy of the GAP mortgage (MOM doc) and riders (if applicable), if any new money associated with the loan
- Certified true copy of the (CEMA) Consolidated, Extension, Modification Agreement (Fannie Mae/Freddie Mac Form #3172) (MOM doc) complete with all exhibits (including certified true copy of the Consolidated note and mortgage)
- From ALL previous loans (as listed on exhibit A of the CEMA) ORIGINALS of all notes, all original recorded mortgages, all original recorded Consolidated, Extension, Modification, Agreements (complete with all exhibits), all original recorded assignments.

FANNIE MAE SINGLE-CLOSING TRANSACTIONS

Please refer to Agency guidelines for all underwriting

requirements. **Documentation Requirements**

- Loan Modification Agreement must be FNMA Form 3179
 - The original Construction Note including the original Construction Addendum/Allonge. Original Note must be endorsed to NewRez, LLC – (Must be FNMA/FHLMC Note)
 - A copy of the Original Mortgage, including a copy of the Construction Loan Rider/ Addendum –(Must be a regular FNMA/FHLMC Mortgage) – Also need original recorded Mortgage if Mortgage date more than 90 days old at time of modification
 - Original Title Policy if Note date more than 90 days old at time of modification
 - Updated Title information from Title Company showing all construction liens and judgements paid in full or “none”
 - Updated Flood Hazard Determination Form (if Note date more than 90 days old at time of modification)
 - Updated Tax and Hazard/Flood Insurance – Need copy of current Tax Information Sheet and all current insurance policy(s) and paid receipts/copy of check (if applicable)
 - Current Initial Escrow Account Disclosure (if applicable) or Escrow Waiver Form (if applicable)
 - Current Pay Letter – with current monthly escrow information (if applicable)
 - Current Pay History (if applicable)
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- A Final Inspection and photos of the subject once completed – the Final Inspection must provide the final value of the property

TRUST REQUIREMENTS

Illinois Land Trusts are acceptable if the following is met:

- All beneficiaries are individuals.
- The trust must be revocable.
- The mortgage applicant (s) must be one of the beneficiaries of the trust.
- The trustee must be a corporation or financial institution customarily engaged in the business of acting as trustee under Illinois land trust.
- The beneficiaries have sole power of direction over the land trust and trustee.
- All beneficiaries are obligated as individuals under the terms of the note.
- The mortgage applicants have been underwritten and are qualified borrowers under the requirements of the product.
- All such land trust mortgages are secured by owner occupied, 1-4 family properties.
- The term of the Trust Agreement is at least as long as the term of the Security Instrument.
- Legal title to the property must be held in the name of the trustee on behalf of the land trust and may not be other owners.
- The title commitment/binder may not contain any exceptions to coverage based on the mortgage being held by the trust.

Document Requirements:

- Complete copy of the executed trust agreement
 - Land Trust Rider to the Note
 - Land Trust Rider to the Mortgage/Deed of Trust
 - Security Assignment to Beneficial Interest in Land Trust
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- The beneficiary must execute the Note and Land Trust Rider to the Note.
- The trustee must execute the Note, Mortgage, and both Land Trust Riders.
- The Note and Mortgage must include the number of the trust and the date the trust was created. This information should follow the name of the trustee on these documents.
- The Riders must be executed and dated the same day as the Note and Mortgage.
- The beneficiary must assign his/her beneficial interest on the Note and Trust Agreement to the Seller.

A Power of Attorney is not acceptable on trust loans.

Living “Inter Vivos” Trusts are acceptable if the following is met:

- Complete copy of the trust agreement/documents certified by the borrower to be accurate.
- An Attorney’s Opinion letter from the closing attorney is required verifying the following:
 - The trust was validly created and is duly existing under applicable law
- The trust is revocable
- The borrower is the settlor of the trust and the beneficiary of the trust
- The trust assets may be used as collateral for a loan
- The trustee is duly qualified under applicable laws to serve as trustee, is the borrower, is the settlor, and is fully authorized under the trust documents and applicable law to pledge or otherwise encumber the trust assets

In lieu of the Attorney’s Opinion letter and copies of the trust documents, a Trust Certification is acceptable if provided for under state law where the property is located in accordance with state and Agency requirements specific to Trust.

The borrower must be the settlor or the person who created the trust, and the beneficiary, or the person who is designated to benefit from the trust, and the trustee or the person who will administer the trust for the benefit of the beneficiary, the borrower.

An eligible borrower is:

- One or more borrowers with one living trust OR
 - Two or more borrowers with separate living trust OR
 - Multiple borrowers with one or more holding title as an individual and one or more holding title as a living trust
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Document Requirements:

- The note must be executed individually by the settlor and by the trustee on behalf of the trust.
- The date of the trust must be reflected on the note as part of the description below the trustee's signature, e.g. John Doe, Trustee of the John Doe Trust dated June 10, 2005.
- The mortgage or deed of trust is executed by the trustee on behalf of the trust. The Revocable Trust rider must be used with the mortgage or deed of trust.
- The title must be vested in the trustee on behalf of the trust.
- The title commitment/binder may not contain any exceptions to coverage based on the mortgage being held by the living trust.

A Power of Attorney is not acceptable on trust

loans. MANUFACTURED HOME LOANS**Closed Loan Documentation Requirements:**

- "Manufactured Home Rider and Manufactured Home Affidavit of Affixation to Mortgage, Deed of Trust or Other Security Instrument" attached to and recorded with the Mortgage/Deed of Trust
 - Manufactured Home endorsement to Title Policy
 - Copy of Closing Instructions (Instructions should mention Manufactured Home endorsement to title policy)
 - Copy of Closing Protection Letter
 - UCC Financing Statement (must be filed with Secretary of State where debtor is located)
(New York only)
 - Escrow Holdbacks are not allowed
 - For FHA Manufactured Home loans located in a SFHA (zone A or V), in addition to flood insurance under the NFIP being required, a FEMA National Flood Insurance Program (NFIP) Elevation Certificate, prepared by a licensed engineer or surveyor, stating that the finished grade beneath the Manufactured Home is at or above the 100-year return frequency flood elevation is also required
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