Conventional Product Profile: Correspondent and Wholesale

Matrices

FANNIE MAE (DU) STANDARD AND HIGH BALANCE ELIGIBILITY MATRIX

FANNIE MAE FIXED RATE & ARM STANDARD AND HIGH BALANCE ELIGIBILITY REQUIREMENTS					
Occupancy	**Type**	**Property Type**	**Min. Credit Score**	**LTV**	**CLTV**
Primary	Purchase & R/T	1 Unit	620	**97%***	**97%***
		2 Units	620	85%	85%
		3-4 Units	620	75%	75%
	Cash Out	1 Unit	620	80%	80%
		2-4 Units	620	75%	75%
2nd Home	Purchase & R/T	1 Unit	620	90%	90%
	Cash Out	1 Unit	620	75%	75%
Investment	Purchase	1 Unit	620	85%	85%
		2-4 Units	620	75%	75%
	R/T (LCOR)	1-4 Units	620	75%	75%
	Cash Out	1 Unit	620	75%	75%
		2-4 Units	620	70%	70%

*95.01% - 97% LTV is only available for fixed rate mortgages for first-time homebuyers purchasing or refinancing a one-unit property. For a refinance, the current mortgage loan must be owned by FNMA and the new loan is not eligible for HARP. High Balance loans are not eligible.

FREDDIE MAC (LPA) STANDARD AND SUPER CONFORMING ELIGIBILITY MATRIX

FREDDIE MAC (LPA) FIXED & ARM STANDARD ELIGIBILITY REQUIREMENTS					
Occupancy	**Type**	**Property Type**	**Min. Credit Score**	**LTV**	**CLTV**
Primary	Purchase & R/T	1 Unit	620	97%(1)	97%(1)
		2 Unit	620	85%	85%
		3-4 Units	620	80%	80%
	Cash Out	1 Unit	620	80%	80%
		2-4 Units	620	75%	75%
2nd Home	Purchase & R/T	1 Unit	620	90%	90%
	Cash Out	1 Unit	620	75%	75%
Investment	Purchase & R/T	1 Unit	620	85%	85%
		2-4 Units	620	75%	75%
	Cash Out	1 Unit	620	75%	75%
		2-4 Units	620	70%	70%

(1) 95.01% - 97% LTV is only available for HomeOne℠ Mortgage fixed rate loans for the purchase or refinance of a one-unit property. At least one borrower must be a first-time homebuyer. For a refinance, the current mortgage loan must be owned by FHLMC and the new loan is not eligible for HARP. Super Conforming loans not permitted.

CO-OP ELIGIBILITY MATRIX – FANNIE MAE & FREDDIE MAC

Occupancy	Transaction Type	Property Type	Term	Min. Credit Score	LTV	CLTV[1]
Primary	Purchase & R/T	1 Unit	Fixed	620	95%	95%
			Arm	620	90%	90%
	Cash-Out		Fixed	620	80%	80%
			Arm	620	75%	75%
Second Home	Purchase & R/T	1 Unit	Fixed	620	90%[2]	90%[2]
			Arm	620	80%	80%

1. Subordinate Financing not permitted
2. Maximum LTV/CLTV for LPA scored loans is 85%

MANUFACTURED HOUSING ELIGIBILITY MATRIX – FANNIE MAE & FREDDIE MAC

Occupancy	Transaction Type	Property Type	AUS	Term	Min. Credit Score	LTV	CLTV
Primary	Purchase & R/T	1 Unit	DU	Fixed	660	95%	95%
				Arm	660	90%	90%
			LPA	Fixed/ARM	660	95%	95%
	Cash-Out*		DU/LPA	Fixed	660	65%	65%
Second Home	Purchase & R/T	1 Unit	DU	Fixed	660	90%	90%
				Arm	660	80%	80%
			LPA	Fixed/ARM	660	85%	85%

* To be eligible for a cash-out refinance, the borrower must have owned both the manufactured home and land for at least 12 months preceding the date of the loan application.

Maximum term for cash-out refinace is 20 Year term

Super Conforming loan balances are not eligible for manufactured housing

Matrix Notes:
* See condo section for additional information from FNMA on Condos in the state of Florida

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Quick Links

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Section 1: Program Summary

1.1 Program Summary

Program Summary	This Program Guide serves as a comprehensive summary of NewRez's Conventional Underwriting Overlays. Refer to applicable agency's Selling Guide (FNMA or FHLMC) for any information not specified in this Product Profile.

1.2 Underwriting

Underwriting	**Automated Underwriting:** Loans underwritten by Desktop Underwriter (DU) may follow the DU Underwriting Findings Report, except as outlined in this product profile. Loans underwritten by Loan Product Advisor (LPA) may follow LPA Feedback Certificate, except as outlined in this product profile. Regardless of underwriting method, additional information may be requested at the discretion of the underwriter. Loan with LTVs greater than 80% require approval through an MI company. Additional guidelines and restrictions outside of this manual and its matrix may apply. Refer to MI company specific guidelines. **DU Findings:** An Approve/Eligible finding is required; if DU issues a warning for excessive DU runs, a written explanation must be provided by the originator. **LPA Determination:** A Risk Classification of Accept is required. **Manual Underwriting:** Manual underwriting Is not permitted. All loans must be approved through DU/LPA. With the exception of the overlays listed in this manual, agency guidelines should be followed.

1.3 Ineligible Programs

Ineligible Programs	• 1031 Reverse Exchange • FHLMC CHOICEHome • FHLMC GreenCHOICE • FNMA Homestyle • FNMA MH Advantage • Land trusts are not eligible • Leaseholds secured by Indian/Tribal lands • Mortgage Credit Certificates (MCC) • Temporary Buydowns

Section 2: Transaction Details

2.1 Loan Limits

Loan Limits	https://www.fanniemae.com/singlefamily/loan-limits https://www.fhfa.gov/DataTools/Downloads/Pages/Conforming-Loan-Limits.aspx

2.2 Eligible Terms and Programs

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Eligible Terms & Programs

Loan Programs- DU	
Term	Product Name
10 Year Fixed	Conf Fixed 10 yr
15 Year Fixed	Conf Fixed 15 yr
20 Year Fixed	Conf Fixed 20 yr
25 Year Fixed	Conf Fixed 25 yr
30 Year Fixed	Conf Fixed 30 yr
5/1 ARM	Conf 5/1 ARM 2-2-5
7/1 ARM	Conf 7/1 ARM 5-2-5
10/1 ARM	Conf 10/1 ARM 5-2-5

LPMI Loan Programs- DU	
Term	Product Name
10 Year Fixed	Conf Fixed 10 Yr (LPMI)
15 Year Fixed	Conf Fixed 15 Yr (LPMI)
20 Year Fixed	Conf Fixed 20 Yr (LPMI)
25 Year Fixed	Conf Fixed 25 Yr (LPMI)
30 Year Fixed	Conf Fixed 30 Yr (LPMI)
5/1 ARM	Conforming 5/1 Libor ARM 2-2-5 (LPMI)
7/1 ARM	Conforming 7/1 ARM Libor 5-2-5 (LPMI)
10/1 ARM	Conforming 10/1 ARM Libor 5-2-5 (LPMI)

Loan Programs- LP	
Term	Product Name
10 Year Fixed	Conf LP Fixed 10 yr
15 Year Fixed	Conf LP Fixed 15 yr
20 Year Fixed	Conf LP Fixed 20 yr
25 Year Fixed	Conf LP Fixed 25 yr
30 Year Fixed	Conf LP Fixed 30 yr
5/1 ARM	Conf LP 5/1 ARM 2-2-5
7/1 ARM	Conf LP 7/1 ARM 5-2-5
10/1 ARM	Conf LP 10/1 ARM 5-2-5

LPMI Loan Programs- LP	
Term	Product Name
10 Year Fixed	CONF LP Fixed 10 Yr (LPMI)
15 Year Fixed	CONF LP Fixed 15 Yr (LPMI)
20 Year Fixed	CONF LP Fixed 20 Yr (LPMI)
25 Year Fixed	CONF LP Fixed 25 Yr (LPMI)
30 Year Fixed	CONF LP Fixed 30 Yr (LPMI)
5/1 ARM	Conforming LP 5/1 Libor ARM 2-2-5 (LPMI)
7/1 ARM	Conforming LP 7/1 ARM Libor 5-2-5 (LPMI)
10/1 ARM	Conforming LP 10/1 ARM Libor 5-2-5 (LPMI)

- Custom Loan Terms are available under standard Conforming Fixed and Conforming LP Fixed Loan programs. Refer to the Job Aide in the Forms and Job Aides section of the Credit Policy and Product Development Intranet site for details.
  - Custom loan terms are not permitted for manufactured housing
- Manufactured Housing is permitted for 15, 20 & 30 Year Fixed Term Loans and 7/1 & 10/1 ARM terms.
- Maximum term for cash-out manufactured home is 20 years

2.3 ARM Adjustments

RM Adjustments

Characteristic	LIBOR ARM			
Index	LIBOR – The average of interbank offered rates for 1-year U.S. dollar-denominated deposits in the London market (LIBOR) as published in *The Wall Street Journal*.			
Margin	2.25%			
Life Floor	The floor is the margin.			
Interest Rate Caps	**Product**	**First**	**Subsequent**	**Lifetime**
	5/1	2%	2%	5%
	7/1	5%	2%	5%
	10/1	5%	2%	5%
Change Date	5/1	The first Change Date is the 61th payment due date. Subsequent Change Dates are every twelve		
	7/1	The first Change Date is the 85th payment due date. Subsequent Change Dates are every twelve		
	10/1	The first Change Date is the 121st payment due date. Subsequent Change Dates are every twelve (12) months thereafter.		
Conversion	Not Available.			

2.4 Eligible Transactions

Eligible Transactions

- Purchase
  - FNMA REO / HomePath Properties are permitted. See Section 2.6 for details.
- Rate & Term (Limited Cash-out) Refinance
- Cash-out Refinance

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	○ Delayed financing is permitted subject to agency requirements ○ Student Loan Cash-Out Refinance (Refer to section 2.9)
2.5 Principal Curtailments/Reductions	
Principal Curtailments-Reductions	Permitted; follow agency guidance
2.6 Loans Securing HomePath Properties	
Loans Securing Home Path Properties	Effective with sales contracts signed on or after October 7, 2014, follow standard Selling Guide eligibility policies, except as described in B5-4-08, Loans Securing HomePath Properties; NewRez's standard Conforming DU Product Codes should be used.
2.7 Refinances (General)	
Refinances (General)	• See Agency Guidelines for general requirements for refinance transactions. • Net Tangible Benefit for Wholesale and non-delegated Correspondents ○ A NewRez Net Tangible Benefit Worksheet must be completed on refinance transactions in the following states ▪ AR, IL, MN, NC, NM, OH and WA ○ A state specific Net Tangible Benefit Worksheet must be completed on refinance transactions in the following states ▪ CO, MA, MD, ME, RI, SC, VA and WV • Limited cash-out refinance transactions involve the payoff of an existing mortgage secured by the manufactured home and land (or existing liens if the home and land were encumbered by separate liens). The maximum LTV ratio (and CLTV ratio, if applicable) for a limited cash-out refinance transaction for a loan secured by a manufactured home and land will be based on the lower of: ○ the current appraised value of the manufactured home and land; or ○ if the manufactured home was owned by the borrower for less than 12 months on the loan application date and: ○ if the home and land are secured by separate liens, the lowest price at which the home was previously sold during that 12-month period plus the lower of the current appraised value of the land, or the lowest sales price at which the land was sold during that 12-month period (if there was such a sale); ○ If the home and land are secured by a single lien, the lowest price at which the home and land were previously sold during that 12-month period. • Continuity of Obligation: ○ **LPA scored loans** ▪ When an existing Mortgage will be satisfied as a result of a refinance transaction, one of the following requirements must be met: • At least one Borrower on the refinance Mortgage was a Borrower on the Mortgage being refinanced; or • At least one Borrower on the refinance Mortgage held title to and resided in the Mortgaged Premises as a Primary Residence for the most recent 12-month period and the Mortgage file contains documentation evidencing that the Borrower, either: • Has been making timely Mortgage payments, including the payments for any secondary financing, for the most recent 12-month period; or • Is a Related Person to a Borrower on the Mortgage being refinanced; or • 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)

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2.8 Cash-out Refinances

Cash-out Refinances

Loan is defined as cash out if the cash out amount exceeds the lesser of $2,000 or 2% of the loan amount or includes the payoff of non-purchase money seconds.

- See Agency Guidelines for general requirements for cash out refinance transactions.
- Texas 50 (a)(6) Cash-out refinances are eligible for licensed and certified originators only. Refer to Texas A6 product profile for all other Texas 50(a)(6) requirements
- Continuity of Obligation
  - At least one Borrower must have been on the title to the subject property for at least six months prior to the Note Date, except as specified below.
  - If none of the Borrowers have been on the title to the subject property for at least six months prior to the Note Date of the cash-out refinance Mortgage, the following requirement(s) must be met:
    - At least one Borrower on the refinance Mortgage inherited or was legally awarded the subject property (for example, in the case of divorce, separation or dissolution of a domestic partnership)
    - DU Scored only:
      - If the property was owned prior to closing by either of the following entities, the time it was held by the entity may be counted towards meeting the borrower's six-month ownership requirement
        - A limited liability corporation (LLC) that is majority-owned or controlled by the borrower(s). Ownership must be transferred out of the LLC and into the name of the individual borrower(s) prior to closing.
        - If the property was owned prior to closing by an inter vivos revocable trust, the time held by the trust may be counted towards meeting the borrower's six-month ownership requirement if the borrower is the primary beneficiary of the trust.

    OR, all of the following (Delayed Financing Exception):
  - The Settlement/Closing Disclosure Statement from the purchase transaction must reflect that no financing secured by the subject property was used to purchase the subject property. If the Mortgage has an Application Received Date prior to October 3, 2015, the Settlement/Closing Disclosure Statement must be an executed version. A recorded trustee's deed or equivalent documentation may be used when a Settlement/Closing Disclosure Statement was not used for the purchase transaction.
  - The preliminary title report for the refinance transaction must reflect the Borrower as the owner of the subject property and must reflect that there are no liens on the property
  - The source of funds used to purchase the subject property must be fully documented
  - If funds were borrowed to purchase the subject property, those funds must be repaid and reflected on the Settlement/Closing Disclosure Statement for the refinance transaction
  - The amount of the cash-out refinance Mortgage must not exceed the sum of the original purchase price and related Closing Costs, Financing Costs and Pre-paids/Escrows as documented by the Settlement/Closing Disclosure Statement for the purchase transaction, less any gift funds used to purchase the subject property (gift funds may not be reimbursed). A recorded trustee's deed or equivalent documentation may be used when a Settlement/Closing Disclosure Statement was not used for the purchase transaction.

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	○ There must have been no affiliation or relationship between the buyer and seller of the purchase transaction **Manufactured Housing** • To be eligible for a cash-out refinance, the borrower must have owned both the manufactured home and land for at least 12 months preceding the date of the loan application.
2.9 Student Loan Cash Out Refinance	
Student Loan Cash Out Refinance	The student loan cash-out refinance feature allows for the payoff of student loan debt through the refinance transaction with Rate/Term pricing if all of the following requirements are met: • Refinance purpose type must be Student Loan Cash-Out Refinance in Destiny • DU Scored only. DU will issue a message when it appears that only subject property liens and student loans are marked paid by closing. The lender must confirm the loan meets all of the requirements outside of DU. • At least one student loan must be paid off with proceeds from the subject transaction with the following criteria: ○ proceeds must be paid directly to the student loan servicer at closing; ○ at least one borrower must be obligated on the student loan(s) being paid off, and ○ The student loan must be paid in full - partial payments are not permitted. • The transaction may also be used to pay off one of the following: ○ an existing first mortgage loan (including an existing HELOC in first-lien position); or ○ a single-closing construction-to-permanent loan to pay for construction costs to build the home, which may include paying off an existing lot lien. • Only subordinate liens used to purchase the property may be paid off and included in the new mortgage. ○ Exceptions are allowed for paying off a PACE loan or other debt (secured or unsecured) that was used solely for energy improvements. • The borrower may receive cash back not to exceed the lesser of $2,000 or 2% of the loan amount. • If any debt other than student loan(s) and acceptable liens noted in this section are paid off at closing the transaction cannot be a Student Loan Cash-Out (Ex: additional credit card debt paid at closing with cash-out proceeds) • Special Feature Codes 003 and 841 are required.
2.10 Payoff Demands	
Payoff Demands	Payoff demands are required to ensure the current lien is paid in full prior to closing. The expiration date of the payoff demand must be reviewed. A loan may not move to closing if the payoff will expire prior to funding. If the payoff demand contains an expiration date, the underwriter must verify the date is after the funding date. If the payoff demand does not contain an expiration date, the underwriter must verify a per diem amount is listed. The per diem should be applied to the payoff amount to cover proceeds through the funding date; it can be used for an unlimited number of days; unless otherwise specified in the payoff letter. A payoff is considered expired when: • The document instructs the associate to void after a specified date; or • The interest accrued amount on the statement signals the borrower will be past-due when the new loan funds; ○ The borrower must make a mortgage payment prior to closing to avoid a late payment on the credit; and • The borrower must provide evidence the payment has been made and the updated payoff demand must reflect that a payment has been made.

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2.11 CEMA

CEMA

A CEMA Approved Attorney must be used; please see the CEMA Process Flow for more details.

CEMA are not permitted for manufactured housing transactions

2.12 Texas 50(a)(6) loans

Texas 50(a)(6) loans

A new lien on a TX borrower's homestead becomes an (a)(6) loan if the current lien is an (a)(6) and/or the new loan amount pays off an existing lien and:

- Provides any proceeds to the borrower (even $1)
- Payoff/down an existing TX(a)(6) lien (with or without cash back to the borrower) that does not meet the requirements for (f)(2) eligibility

Refer to the Texas 50(a)(6) product profile for all other requirements.

2.13 Texas 50(f)(2) Loans

Texas 50(f)(2) Loans

Texas 50(f)(2) loans allow the refinance of a home equity loan into a non-home equity loan per the Texas Constitution. These loans are limited to an 80% LTV/CLTV and no additional funds may be rolled into the loan (except closing costs and pre-paids).

(f)(2) Determination:

New Loan Amount pays off existing lien and….	If existing lien is a non-50(a)(6); then the new lien is….	If existing lien is a 50(a)(6); then the new lien is….
Provides even $1 cash to the borrower	Texas (a)(6)	Texas (a)(6)
Pays off/down an existing TX (a)(6) lien with no cash to borrower	Texas (a)(6)	Texas (f)(2) – if seasoning requirements are met*
Pays off/down an existing TX (a)(6) lien with cash to borrower	Texas (a)(6)	Texas (a)(6)
The new lien is < existing UPB (no new funds)	Non-Texas (a)(6)	Texas (f)(2) – if seasoning requirements are met*
Funds, prepaids and/or closing costs	Non-Texas (a)(6)	Texas (f)(2) – if seasoning requirements are met*
Pays off/down a purchase money 2nd	Non-Texas (a)(6)	Texas (f)(2) – if seasoning requirements are met*
Pays off/down an existing Secured Home Improvement Loan (mechanic's lien)	Non-Texas (a)(6)	Texas (f)(2) – if seasoning requirements are met*
Provides funds to satisfy a court ordered Divorce Equity Buyout	Non-Texas (a)(6)	Texas (a)(6)

*Borrower may elect to have loan remain a Texas (a)(6). Refer to Texas A6 profile.

Special Considerations:

Loan may not close until:

- Twelve days after the borrower submits the loan application or all borrowers sign the 12-day notice, whichever is later.
- One day after the borrowers receive a copy of the Settlement Statement and Closing Disclosure.
  After the one-year anniversary of the closing of an existing Texas (a)(6) loan.

New subordinate financing is not permitted on a first lien Texas 50(f)(2).

Attorney Review:

All Texas 50 (f)(2) loans must be reviewed and certified by an NewRez approved TX Attorney prior to loan closing. NewRez's approved firms include:

- Black, Mann and Graham
- Peirson Patterson

2.14 Subordinate Financing

Subordinate Financing

New, Modified, and existing subordinate liens are permitted within the max CLTV tolerances noted in the Conventional matrix. A copy of the subordinating Note, Mortgage/Deed and Subordination Agreement is also required.

If there is an outstanding balance at the time of closing, the payment on the subordinate financing must be included in the calculation of the borrower's debt to income ratio. The

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	qualifying payment is the payment evidenced on the credit report or for new draws the periodic payment required under the terms of the plan and the amount of credit to be drawn at or before consummation of the covered transaction. **Fannie Mae DU:** Eligible Subordinate Financing is allowed per the LTV/CLTV tables **Freddie Mac LPA:** Loans with eligible secondary financing require a 5% LTV reduction from the maximum LTVs listed in the matrix. Subordinate Financing not permitted on Co-ops
2.15 Manufactured Homes	
Manufactured Homes	A Manufactured Home is a dwelling unit built on a permanent chassis and attached to a permanent foundation system. Refer to applicable agency's Selling Guide (FNMA or FHLMC) for any information not specified in this Product Profile. The manufactured home must be built in compliance with: • The Federal Manufactured Home Construction and Safety Standards that were established June 15, 1976, as amended and in force at the time the home is manufactured; and • Additional requirements that appear in HUD regulations at 24 C.F.R. Part 3280. Compliance with these standards will be evidenced by the presence of both a HUD Data Plate and the HUD Certification Label. If the original or alternative documentation cannot be obtained for both the Data Plate/Compliance Certificate and the HUD Certification Label, the loan is not eligible for delivery to Fannie Mae. The HUD Data Plate/Compliance Certificate is a paper document located on the interior of the subject property that contains, among other things, the manufacturer's name and trade/model number. In addition to the data required by Fannie Mae, the Data Plate includes pertinent information about the unit, including a list of factory-installed equipment. The HUD Certification Label, sometimes referred to as a HUD "seal" or "tag," is a metal plate located on the exterior of each section of the home. The Manufactured Home Appraisal Report (Form 1004C) must show evidence of both the HUD Data Plate/Compliance Certificate and the HUD Certification Label. As an alternative to the original HUD Certification Label, the lender may be able to obtain a verification letter with the same information contained on the HUD Certification Label from the Institute for Building Technology and Safety (IBTS). A duplicate HUD Data Plate/Compliance Certificate may be available from IBTS or by contacting the In-Plant Primary Inspection Agency (IPIA) or the manufacturer. (A list of IPIA offices is posted on HUD's website.) • The unit must not have been previously installed or occupied at any other site or location, except from the manufacturer or the dealer's lot as a new unit. • The manufactured home must be a one-unit dwelling unit that is legally classified as real property and taxed and titled as such. New construction and any homes that have not yet been taxed and titled as real property are not permitted. • The towing hitch, wheels, and axles must be removed. The dwelling must assume the characteristics of site-built housing. • The borrower must own the land on which the manufactured home is situated in fee simple • Unit must be double wide, at least 12 feet wide and have a minimum of 600 square feet of gross living area.

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	• The manufactured home must be attached to a permanent foundation system in accordance with the manufacturer's requirements for anchoring, support, stability, and maintenance. • The foundation system must be appropriate for the soil conditions for the site and meet local and state codes • The manufactured home must be permanently connected to a septic tank or sewage system, and to other utilities in accordance with local and state requirements • If the property is not situated on a publicly dedicated and maintained street, then it must be situated on a street that is community owned and maintained, or privately owned and maintained. • There must be adequate vehicular access and there must be an adequate and legally enforceable agreement for vehicular access and maintenance. • Manufactured homes that have been structurally modified or have an addition are ineligible
Section3: Borrower Eligibility	
3.1 Borrower Eligibility	
Borrower Eligibility	There can be no more than 4 borrowers per loan. **Eligible Applicants:** All borrowers must have valid and verifiable Social Security Numbers, as well as a valid driver's license, state-issued ID or passport. Other forms of taxpayer identification are not allowed.
3.2 Occupancy	
Occupancy	Eligible occupancy types include: • Primary residences for 1-4 unit properties • Second home residences for 1-unit properties • Non-Owner Occupied/Investment for 1-4 unit properties ○ See Conversion of Residence and Rental Income for additional details and requirements
3.3 First-Time Homebuyer	
First-Time Homebuyer	LPA scored loans with 95.01-97% LTV/CLTV: • Require at least one borrower to be a first-time homebuyer for purchase transactions. • When all borrowers are first-time homebuyers on a purchase transaction, homebuyer education is required. See FHLMC Guide Section 5103.6 for homeownership education requirements.
3.4 Non-Occupant Co-Borrowers	
Non-Occupant Co-Borrowers	• Non- Occupant Co-Borrower loans may be run through either DU or LPA. • NewRez applies the following overlays to Non-Occupant Co-Borrower loans: ○ The non-occupant co-borrower may not be an interested party to the sales transaction, such as the property seller, builder, or real estate broker. • Non-occupant co-borrowers are not required to be on title.
3.5 Power of Attorney	
Power of Attorney	Permitted on Purchase or Rate & Term Refinance transactions only. The use of a Power of Attorney must be approved by NewRez's Underwriting and Legal teams. Generally, a Power of Attorney may be used for closing in the following scenarios: • **Incapacitated Borrower** - the borrower is incapacitated and therefore unable to sign documents due to disability, legal incapability, or he/she lacks the physical ability; ○ Incapacitated borrowers must occupy the property as their primary residence; the underwriter must validate occupancy and review for red flags within the loan file;

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	○ Example: verify the signer of the POA is not acting as a straw buyer or purchasing an investment property utilizing the incapacitated borrower's credit. • **Military Personnel** - the borrower is currently deployed or stationed overseas and is unable to sign documents or attend closing; • **Hardship Circumstance** - the borrower is unable to attend closing because he/she is out of the state or country for an extended period of time, bedridden, in the hospital with a serious illness, or the borrower is incarcerated. ○ POA will not be permitted for borrowers that are on vacation • **Government Contractor** – the borrower is employed by the government and currently working overseas ○ A letter from the borrower's employer is required to verify overseas travel • **Business Reasons** – permitted on Purchase and Rate/Term Refinance transactions when the spouse has Power of Attorney for the unavailable borrower There are two (2) acceptable types of power of attorney. The following persons may sign security instruments on a borrower's behalf: • **Specific -** this type of POA is specific to the mortgage transaction; therefore, the POA must specify the legal description, property address, and transaction type within the body of the document. It must be recorded at closing; • **General Military** - this type of POA is generally used in situations where a borrower or his/her spouse may be deployed or is on active duty. All loan files wishing to utilize a power of attorney require the following: • A Letter of Explanation from the borrower advising why the loan is closing with a POA • Completed and Signed POA Form
3.6 Living Trust (Inter Vivos Revocable Trust)	
Living Trust (Inter Vivos Revocable Trust)	A living trust (Inter Vivos Revocable Trust) is an eligible mortgage borrower if it meets the following requirements as well as State requirements. All trusts must be approved by NewRez legal prior to Loan Approval. To determine whether or not the Trust meets all the criteria required by State and investor standards, one of the following will be required: • A copy of the trust document must be included in the file • Exception: California, where a current (less than 1 year old) trust certification completed by the borrower may be provided in lieu of the full trust document. If this certification is incomplete or contrary to title results, the full trust documentation may still be required.
3.7 Non-Arm's Length Transactions	
Non-Arm's Length Transactions (At-Interest Transactions)	Follow agency guidelines with the following exceptions: • Regardless of loan program, short sale transactions and flips are not permitted • Transactions where the loan originator is acting in another real estate related role with the following exceptions: ○ Loan officers who are appropriately licensed in the state of CA or FL who are acting as the buyer's agent. A copy of the FL Disclosure of Conflict of Interest or CA Dual Capacity Disclosure is required to be provided by the broker or correspondent.
3.8 Ineligible Borrowers	
Ineligible Borrowers	• Borrowers with Diplomatic Immunity • Borrowers with Deferred Action for Childhood (DACA) approval (EAD Category C33) • Borrowers without a valid SSN (ITINs are not accepted)

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	• 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 • Individuals on the LPD/GSA exclusionary lists • Life Estates
3.9 Maximum # of Financed Properties	
Maximum # of Financed Properties	• **DU scored loans** ○ If the mortgage being delivered to Fannie Mae is secured by the borrower's principal residence, there are no limitations on the number of properties that the borrower can currently have financed. ○ If the mortgage is secured by a second home or an investment property, the borrower may own or be obligated on up to ten (10) financed properties (including his or her principal residence). ▪ Two (2) months' PITIA reserves are required when the subject is a second home and six (6) months when the subject is an investment property ▪ The other financed properties reserve amounts must be determined by applying a specific percentage to the aggregate of the outstanding unpaid principal balance (UPB) for mortgages and HELOCs on these other financed properties. The percentages are based on the number of financed properties **(borrower's primary residence is excluded):** • 2% of the aggregate UPB if the borrower has one to four financed properties, • 4% of the aggregate UPB if the borrower has five to six financed properties, or • 6% of the aggregate UPB if the borrower has seven to ten financed properties (DU only). ▪ The aggregate UPB calculation does not include the mortgages and HELOCs that are on • the subject property, • the borrower's principal residence, • properties that are sold or pending sale, and • Accounts that will be paid by closing (or omitted in DU on the online loan application). • **LPA scored loans** ○ If the mortgage being delivered to Freddie Mac is secured by the borrower's principal residence, there are no limitations on the number of properties that the borrower can currently be financing. ○ If the mortgage is secured by a second home or an investment property, each Borrower individually and all Borrowers collectively must not own and/or be obligated on (e.g., Notes, land contracts and/or any other debt or obligation) more than 10 (ten) 1- to 4-unit financed properties, including the subject property and the Borrower's Primary Residence ▪ One (1) to six (6) financed properties require reserves of two (2) months of PITIA on each property ▪ Seven (7) to ten (10) financed properties require: • LPA scored with a Risk Classification of Accept • Minimum 720 FICO • Reserves of eight (8) months of PITIA on each property

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These limitations apply to the borrower's ownership in one-to four-unit properties or mortgage obligations on such properties and are cumulative for all borrowers. This limitation includes properties financed abroad. These limits may be exceeded, as permitted by the agencies, with a second sign from Underwriting.

Section 4: Collateral

4.1 Eligible Properties

Eligible Properties

- Attached/Detached SFRs
- Attached/Detached PUDs
- Low/Mid/High-Rise Condos and site Condos
- 2-4 Unit Properties
- Co-ops (eligible for Wholesale only)
  - Limited to the 5 boroughs of New York, Nassau, Rockland, Suffolk and Westchester counties in New York
  - Bergen, Essex and Hudson County New Jersey
  - 1-unit only
  - Co-op loans must be underwritten by NewRez's Project Review Department
- Modular Homes (these are not considered to be manufactured and are eligible under the guidelines for 1-unit properties)
- Hobby Farms as defined below

Mixed Use Properties:
For mixed use properties, originators may follow agency guidelines with the exception that the square footage of commercial part of the property cannot exceed 25% of the total square footage

Deed Restricted Properties:
All deed restricted properties must be reviewed and approved prior to loan approval; all agency requirements must be met.

Manufactured Homes: (Refer to Section 2.15 for additional requirements)

- 1-unit single family detached or PUD detached
- Doublewide only
- Minimum 600 square feet of living space
- Manufactured after June 15, 1976
- The following manufactured home types are not permitted
  - Condo
  - Coop
  - Mixed used
  - Leasehold of any kind
  - Deed restricted
  - Properties not taxed and titled as real property
  - Properties not permanently affixed to the foundation or have the towing hitch, wheels and axles
  - Properties less than 12 feet wide
  - Properties without HUD Data Please or HUD Certification label
  - Newly constructed manufactured homes not yet attached to the land, not yet constructed or not yet titled and taxed as real property
  - Hobby farms (where subject is manufactured home
  - Manufactured homes located in a mobile home park

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4.2 Condos

Condos

Condominiums must meet the following requirements.

1) Fannie Mae or Freddie Mac project eligibility standards
    - https://www.fanniemae.com/singlefamily/project-eligibility
    - http://www.freddiemac.com/singlefamily/factsheets/sell/condo_projects.html
2) Project review is not required for the following. Project Review Department will review master insurance and waive the applicable project review conditions. No HOA certification is required.
    - Fannie Mae PERS approved projects
    - Fannie Mae to Fannie Mae or Freddie Mac to Freddie Mac rate and term refinances less than or equal to 80% LTV/CLTV/HCLTV.
        - Project Type Code V is required for condos approved as Fannie Mae.
    - Detached condos. Project Review Department to verify subject unit is detached.
        - Special Feature Code 588 is required for condos approved as Fannie Mae.
    - Two- to four-unit condo projects
        - Project Review Department to verify subject unit is a two- to four-unit.
3) Projects requiring review: Findings must provide for the following review types:
    - DU/DO scored
        - Limited Review
        - CPM/Full Lender Review
            - Approval is valid for 90 days; after 90 days an updated Questionnaire and any other expired documentation must be provided
            - Required for new construction projects
    - LPA scored
        - Streamlined Review
        - Established Condominium Projects
        - New Condominium Projects
        - Reciprocal Project Reviews

New or Recently Converted Condos, Subdivisions or PUDs

- If there are no closed or settled sales inside the subject project, pending or under contract sales from the subject subdivision or project may be used as comparable sales as follows:
    - DU scored:
        - Subdivisions or projects with 5 or more units:
            - Two of the comparable sales used must be pending (under contract) sales from the subject subdivision **and** three additional closed/settled comparable sales from outside the subject subdivision or project must also be used by the appraiser.
        - Subdivisions or projects with 2-4 units:
            - One of the comparable sales used must be a pending (under contract) sale from the subject subdivision or project (two if available); **and** three additional closed/settled comparable sales from outside the subject subdivision or project must also be used by the appraiser.
    - LPA scored**:**
        - One of the comparable sales used must be a pending (under contract) sale from the subject subdivision or project; **and** three additional closed/settled comparable sales from outside the subject subdivision or project must also be used by the appraiser.
        - In the event the subject subdivision or project is so new that a closed sale or a contract sale is not available, comparable sales from outside the subject subdivision or project may be used. However, the appraiser must comment on

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the marketability of the new subdivision or project and justify and support the use of the comparable sales from outside the new subdivision or project.

Condos- Florida:

- New and newly converted condos require PERS approval (Section B4-2.2-04)
- PERS approval or a CPM/Lender Full Review may be used on established condo projects up to the matrix maximum LTVs (Section B4-2.2-04)
- Limited/streamlined review on Existing Condos- LTV max is 75% primary/70% Second Home or investment

Ineligible Condo Characteristics

- Non-Incidental Business income more than 10%, up to 15% under expanded guidelines eligible by Fannie/Freddie
- Live-work projects that do not meet Fannie/Freddie
- Litigation that does not meet Fannie/Freddie eligibility exception guidelines
- Priority lien exceeds Fannie/Freddie guidelines
- Single Entity greater than
  - projects with 2 to 4 units – 1 unit
  - projects with 5 to 20 units – 2 units
  - projects with 21 or more units
    - 25% for LPA scored loans
    - 20% for DU scored loans
- Commercial space exceeds 35%
  - Commercial parking facilities may be excluded from the calculation for DU scored loans only
- Manufactured housing condo projects
- Leasehold not permitted
- Newly converted non-gut rehabilitation projects that are not PERS approved
- New or Newly Converted projects in Florida that are not PERS approved
- Projects with mandatory upfront or periodic membership fees for use of recreational amenities
- A project may not be operated or managed as a hotel, motel, or similar commercial entity as evidenced by meeting one or more of the following criteria:
  - The HOA is licensed as a hotel, motel, resort, or hospitality entity.
  - The HOA or projects legal documents restrict owners' ability to occupy the unit during any part of the year.
  - The HOA or project’s legal documents require owners to make their unit available for rental pooling (daily or otherwise).
  - The HOA or the project’s legal documents require unit owners to share profits from the rental of units with the HOA, management company, or resort, or hotel rental company.
  - The following characteristics are red flags and may indicate the project is operating as a hotel or motel, which warrant further investigation.
    - Names that include the word “Resort”, “Club”, “hotel” or ‘motel”

Short-Term Rentals:

A Short-Term Rental (generally a rental period less than 30 days) doesn’t disqualify a project from approval as long as the home owner’s association has absolutely no involvement in the facilitation of renting of units on a short-term basis.

Typically, units that are being advertised for nightly or weekly rentals through any of the following sources are acceptable:

- Rental Agency

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	• Vacation Club • Third Party Management Company • VRBO • Individual Unit Owners **Established projects** where the budget shows less than 5% of the overall income from non-incidental business operations may be eligible for a loan level exception from FNMA. The condo review team will submit the project through CVAS for an exception review. The cost for each review is $200 regardless of the outcome and the process takes approx. 48-72 hours to complete.
4.3 Co-ops	

Co-ops	• Co-ops within the New York City/NJ Metro area (eligible for Wholesale only)
	  ○ New York: 5 Boroughs (Bronx, Brooklyn, Manhattan, Queens and Staten Island), Nassau, Suffolk, Westchester and Rockland counties
	  ○ New Jersey: Bergen, Essex and Hudson County
	• Loan must close with one of the two approves Co-op closing attorneys
	  ○ Abrams Garfinkel Margolis Bergson LLP or
	  ○ Ferro, Kuba, Mangano, Skylar PC.
	• 1-unit only
	• Primary purchase, rate-term and cash-out eligible
	• Second home purchase and rate-term refinance only
	• Full project review required (limited reviews not permitted)
	• Refer to eligibility matrix for maximum LTV and FICO requirements
	  ○ Note: Individual Co-op boards may impose more restrictive LTVs which will be determined in the review of the Co-op project
	• On approved Co-ops, NewRez will allow up to 25% lender exposure
	• A Co-op approval is valid for 90 days; after 90 days a Questionnaire and any other expired documentation must be provided.
	• Subordinate Financing not permitted
	
	Ineligible Co-op Characteristics
	• Investment property co-op transactions
	• New Projects where the seller is offering sale or financing structures in excess of Fannie Mae/Freddie Mac eligibility policies for individual mortgage loans
	• Projects with upfront or periodic membership fees for use of recreational amenities
	• Projects operating as a hotel/motel.
	• Live-work projects that do not meet Fannie/Freddie
	• Litigation that does not meet Fannie/Freddie eligibility exception guidelines
	• Single Entity greater than
	  ○ projects with 2 to 4 units – 1 unit
	  ○ projects with 5 to 20 units – 2 units
	  ○ projects with 21 or more units
	    ▪ 10% for LPA scored loans
	    ▪ 20% for DU scored loans
	• Multi-dwelling unit projects that permit an owner to hold title or stock ownership to more than one dwelling unit on a single deed
	• Commercial space exceeds
	  ○ 25% for LPA scored loans
	  ○ 35% for DU scored loans
	    ▪ Commercial parking facilities may be excluded from the calculation for DU scored loans only

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	• Manufactured housing projects • Newly converted non-gut rehabilitation projects that are not PERS approved • Limited Equity Co-ops • Developer retained ownership interest other than unsold units • Leasehold not permitted • Detached (Land Co-ops) • Subordinate Financing not permitted
4.4 Hobby Farms	
Hobby Farms	NewRez will accept properties that may have an additional use as a “hobby farm”. Examples of this would be a semi-rural or rural property, residential in nature, where some of the acreage is used to grow grapes, have a small orchard, or a small barn and riding rings, etc. The requirements for the property to be considered are: • Property must be residential in nature, and an owner occupied SFR only • Appraiser must state property’s highest and best use is as Residential and supply photos of the non-residential use • Property must be appraised as residential real estate, with commercial/agricultural value not included in the appraiser’s market value; appraiser must comment on any affect the commercial/agricultural use has on marketability and compatibility with the subject’s neighborhood; the market value of the property is primarily a function of its residential characteristics rather than of the business use • Agricultural use should generally not exceed 20% of the total acreage • Minimal outbuildings, such as small barns or stables, that are of relatively insignificant value in relation to the total appraised value, provided the outbuildings are typical of other residential properties in the subject area, and the appraiser can demonstrate (via comparable sales) that there is an active, viable market • Significant outbuildings, such as silos, large barns, storage areas, or facilities for farm-type animals may indicate that property is agricultural in nature, and regardless of whether the appraiser assigns a value, would be ineligible for financing • Income generated (gross, not net) should be minimal. (this is more telling than a loss, because any loss is probably a write-off of more than just the hobby itself). *Any loss must be considered in the DTI* • Commercial use should not result in any significant alterations • The commercial/agricultural use must be allowed by zoning and the subject must conform to zoning.
4.5 Ineligible Properties	
Ineligible Properties	• Condotels • Manufactured Homes that are condo, leasehold or coop • Geodesic Domes, Berms, Earth homes • Properties / land held in a life estate • Properties encumbered with private transfer fee covenants (title, sales contract or final CD should be evaluated to confirm) • Properties which are subject to a right of redemption • Properties appraised with a property condition of C5 or worse
4.6 Properties Previously Listed for Sale	
Properties Previously Listed for Sale	Refinances – listing must have been cancelled or expired prior to the application date, and the borrower must confirm their intent to occupy the subject for Owner Occupied. In all instances, careful consideration should be given to the listing price and appraised value to be sure the value is supported.

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	Note: The definition of properties listed for sale includes non-owner-occupied properties where the current tenants have a lease-to-own provision in their lease; these transactions are ineligible.
4.7 Appraisals	
Appraisals	All appraisals must be ordered and processed in compliance with Appraiser Independence Requirements (AIR). • All loan files require a full appraisal or Appraisal Waiver/ACE (as permitted by the AUS) • Appraisal must be completed by a Certified appraiser from a NewRez approved AMC or be approved as an appraisal transfer from another lender for Wholesale loans • Copy of the appraiser's licensee must be included in all funded loan files • Re-use of an appraisal is permitted with the following requirements o Eligible for Rate & Term refinances only ▪ May not payoff secondary financing o NewRez must ensure the property has not undergone any significant remodeling, renovation or deterioration to the extent that the improvement or deterioration of the property would materially affect the market value of the subject property o NFP must have been the original lender on the appraisal report and loan being refinanced o The effective date of the appraisal report cannot be more than 12 months prior to the note date of the current transaction o If the effective date of the appraisal report is greater than 4 months from the note date of the current transaction an appraisal update is required ▪ The same appraiser who completed the original report must inspect the exterior of the property and review current market data to determine whether the property has declined in value since the date of the original appraisal and be reported on Form 1004D ▪ If the appraiser indicates the value has declined then a new full, interior/exterior appraisal report ▪ If the appraiser indicates that the property value has not declined no further action is required o The appraisal update form must be within 4 months of the current transaction note date **New or Recently Converted Condos, Subdivisions or PUDs** • If there are no closed or settled sales inside the subject project, pending or under contract sales from the subject subdivision or project may be used as comparable sales as follows: o DU scored: ▪ Subdivisions or projects with 5 or more units: • Two of the comparable sales used must be pending (under contract) sales from the subject subdivision **and** three additional closed/settled comparable sales from outside the subject subdivision or project must also be used by the appraiser. ▪ Subdivisions or projects with 2-4 units: • One of the comparable sales used must be a pending (under contract) sale from the subject subdivision or project (two if available); **and** three additional closed/settled comparable sales from outside the subject subdivision or project must also be used by the appraiser. o LPA scored**:** ▪ One of the comparable sales used must be a pending (under contract) sale from the subject subdivision or project; **and** three additional closed/settled comparable sales from outside the subject subdivision or project must also be used by the appraiser.

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In the event the subject subdivision or project is so new that a closed sale or a contract sale is not available, comparable sales from outside the subject subdivision or project may be used. However, the appraiser must comment on the marketability of the new subdivision or project and justify and support the use of the comparable sales from outside the new subdivision or project.

Appraisal Waivers/ACE:

The following properties may receive a FNMA Appraisal Waiver offer.

- **Purchase and refinance loans receiving Approve/Eligible with** Appraisal Waiver
    - One-unit properties, including condominiums
    - Primary residence and second home maximum:
        - 90% LTV/CLTV limited cash out refinance
        - 80% LTV/CLTV purchase
        - 70% LTV/CLTV cash-out (Primary residence)
        - 60% LTV/CLTV cash-out (Second home)
    - Investment properties maximum:
        - 75% LTV/CLTV limited cash out refinance
        - 60% LTV/CLTV cash-out
    - A property inspection fee waiver is not required
    - Appraisal Waivers are ineligible for the following transactions:
        - Properties located in a disaster-impacted area
        - Construction and construction-to-permanent loans
        - Two- to four-unit properties
        - Loan casefiles in which the value of the subject property provided to DU is $1,000,000 or greater
        - Texas 50(a)(6) loans
        - Leasehold properties, community land trust homes, or other properties with resale restrictions
        - Cooperative units and manufactured homes
        - DU loan casefiles that receive an ineligible recommendation
        - Loans for which the mortgage insurance provider requires an appraisal
        - Loans for which rental income from the subject property is used to qualify
    - If the Appraisal Waiver is offered an appraisal should not be ordered unless there is reason to believe the property's current market value should be confirmed. For example, a property located in an area impacted by a recent disaster.
    - If an appraisal is obtained the appraised value must be used regardless of receiving an Appraisal Waiver eligible message.

- **Purchase and refinance loans receiving Accept with ACE Waiver**
    - One-unit properties, including condominiums
    - Primary residence or second home maximum
    - Maximum 80% LTV/CLTV
    - Purchase and limited cash out refinance only
    - The following are **ineligible:**
        - Loan Product Advisor Caution risk class
        - Cash-out Refinances
        - Investment properties
        - Mortgages secured by a condominium, manufactured home, leasehold estate or Coops
        - 2-4 unit properties

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    - Mortgages secured by properties with re-sale restrictions
    - Construction conversion mortgages
    - Texas 50(a)(6) loans
    - Non-arm's length transactions
    - Purchases of REO properties
    - Mortgages with an estimated value or purchase price > $1,000,000
  - If the ACE is offered an appraisal should not be ordered unless there is reason to believe the property's current market value should be confirmed. For example, a property located in an area impacted by a recent disaster.
  - The age of the appraisal waiver is good for 120 days. If the offer is more than 120 days old as of the note date, a resubmission to LPA is required to determine the ongoing appraisal waiver eligibility
  - If an appraisal is obtained the appraised value must be used regardless of receiving an ACE eligible message.

Co-ops

- The report must be completed on Form 2090
- Appraisers must consider and report, among other things, the following information:
  - the number of shares attributable to the unit;
  - the number of shares issued and outstanding for the co-op corporation;
  - the name of the lienholder, the lien position, and the amount and repayment terms of all project blanket financing;
  - the pro rata share of the blanket mortgage payments that are attributable to the unit, as determined by dividing the number of shares attributable to the unit by the total number of project shares;
  - the pro rata share of each lien that is attributable to the unit;
  - any tax abatements or exemptions that are attributable to the unit;
  - the remaining term for any tax abatements or exemptions and provisions for escalation of real estate taxes, which is the dollar amount by which the taxes will increase and the year in which the increase will occur; and
  - any monthly maintenance fees, including:
    - utility charges, if they are part of these fees;
    - monthly special assessments;
    - ground rent;
    - other fees for the use of the facilities that are attributable to the unit; and
    - the fee type, amount, and term (if applicable) of those other fees.
- Comparable Selection Requirements for Co-op Share Loans in Existing Projects
  - two closed or settled sales from within the subject project, if available; and
  - one closed or settled sale from a competing project.
  - Note: Use of comparable sales located outside of the established subject neighborhood must be explained in the appraisal analysis.
- Comparable Selection Requirements for Co-op Share Loans in New (or Recently Converted) Projects
  - one closed or settled sale from the subject project, if one is available; and
  - two closed or settled sales from outside of the project.
  - If closed or settled sales are not available in the subject project, appraisers must use sales from competing projects.

Manufactured Homes

- All loan files require a full appraisal on form 1004C and include:

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	○ manufacturer's name, ○ trade or model number, ○ year of manufacture, ○ serial number, ○ Certification Label number(s) from either the HUD Data Plate or Certification Label(s), ○ type of foundation and utility connections, ○ detailed and supported cost approach, ○ Opinion of the market value of the site, and property's conformity to the neighborhood. • Appraisal must be completed by a Certified appraiser from a NewRez approved AMC for Wholesale loans • Transferred appraisals are not permitted • Copy of the appraiser's licensee must be included in all funded loan files • Appraisal must contain a detailed and supported cost approach • The appraiser must indicate a value conclusion based solely on the real property as completed consisting of the ○ manufactured home, ○ site improvements, and ○ Land on which the home is situated. • The appraisal report must indicate whether or not the site is compatible with the neighborhood and must comment on the conformity of the manufactured home to other manufactured homes in the neighborhood. • The value conclusion cannot include any non-realty items including, but not limited to, insurance, warranties, and furniture.
4.8 Disaster Areas	
Disaster Areas	Refer to the list of affected counties published by FEMA at the following link: https://www.fema.gov/disasters NewRez will require recertification from the appraiser on all loans located in the affected Counties prior to closing. If the county is indicated as being in a declared disaster area, the policy must be adhered to • The Disasters are referenced with both an incident start date and an incident ending date. The property is considered potentially impacted for 120 days from the incident END date; • If a full appraisal was obtained on the property prior to the declared disaster, the inspection must verify the property is sound and habitable and in the same condition as when it was appraised. Any of the following options are acceptable to satisfy this requirement: ○ A 1004D Final Inspection or Appraisal Update signed by the original appraiser ○ FNMA 2075 – Desktop Underwriter Property Inspection Report ○ DAIR – Disaster Area Inspection Report • Full appraisals obtained after the declaration need to indicate the property has not been impacted by the disaster; • The NewRez branches will request the appropriate appraisal or inspection through the normal channels
4.9 Geographic Restrictions	
Geographic Restrictions	The following restrictions apply to transactions secured by properties in Alaska and Hawaii • Brokered transactions not permitted in Alaska or Hawaii • Correspondent transactions permitted in Alaska only (Hawaii not permitted)

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	Co-op loans are eligible for Wholesale only and are restricted to the following geographic locations: • New York: 5 Boroughs (Bronx, Brooklyn, Manhattan, Queens and Staten Island), Nassau, Suffolk, Westchester and Rockland counties • New Jersey: Bergen, Essex and Hudson County

Section 5: Income

5.1 Income

Income	**Income Documentation: Income documentation requirements are outlined below. Refer to Fannie Mae or Freddie Mac Selling Guides for any areas not addressed**
	Wage Earners:
	• Most recent paystub including all year-to-date earnings dated no earlier than 30 days prior to the initial loan application date and most recent one or two years' W-2 as required by DU/LPA (W-2 transcripts are permissible in lieu of W-2s); or
	• income validation obtained through DU Validation Service; or
	• Written Verification of Employment obtained through a 3rd party vendor such as, but not limited to TALX (The Work Number) except when:
	    o The borrower works for an interested party to the transaction (Paystub and W-2s required)
	• Note: For 3rd party verifications, information must be current as of 35 days from the date of the verification
	
	Self-Employed:
	• Follow AUS tax return requirements.
	    o 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.
	    o Documentation or evaluation is not required when a borrower or co-borrower is qualified using only income that is **not** derived from self-employment and self-employment is a secondary and separate source of income (or loss).
	
	Amended Tax Returns- When tax returns are utilized for documenting income: (All Employment/Income Types):
	• Tax returns amended within 90 days prior to the application date or at any time during the loan process with NewRez are not permitted.
	• Tax returns amended greater than 90 days prior to the application date are permitted however, both the original and amended return must be examined for consistency with the previous filings to determine whether the use of the amended return is warranted. The following documentation will be required:
	    o A letter of explanation from the borrower detailing the reason for re-filing;
	    o Evidence of re-filing via tax transcript of amended return;
	    o Payment of and evidence of the ability to pay any applicable tax
	
	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 according to Agency requirements.
	
	Refer to FNMA's Employment Offers or Contracts, Option 1 and Option 2, with the following requirements:
	• For Option 1, the employment start date as shown on the employment offer or contract must be within 90 days of the Note date.
	• For Option 2, Special Feature Code 707 is required.

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Refer to FHLMC's Income commencing after the Note Date, Option 1 and Option 2, with the following requirement:

- For Option 2, start date of the new employment or future salary increase must be no later than 90 days after the Note date.

Corporate Relocation-– See section 9.1 for additional documentation allowances or requirements

4506T & Tax Transcript Requirements

- 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
- The 4506T form must be **processed** and transcripts obtained in the following circumstances.
- **Wage Earners:**
    - Handwritten paystubs are used as verification of income (W-2 transcripts acceptable unless other sources of income utilized)
    - There is a relationship between the parties (W-2 transcripts acceptable unless other sources of income utilized):
        - Borrower and Seller are related
        - Borrower/Seller/Loan Originator are related
        - Borrower is employed by the Third-Party Originator Company
    - Any of the following are present (1040 transcripts required):
        - Additional income for qualifying is derived from sources such as rental properties, dividend/interest or other income where tax returns is required; or
        - Tax returns are used to document income; or
        - At the underwriter's discretion

- **Self-Employed:**
    - 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

Borrower Provided Transcripts

In certain cases, such as identification theft, transcripts will not be available directly from the IRS, and the borrower will need to obtain. Additional documentation will be required along with the transcripts:

- Follow the guidelines below when the IRS rejects an IRS Form 4506-T request as unable to process:
    - Evidence the IRS rejected the IRS Form 4506-T request,
    - A borrower-obtained Record of Account Transcript, in pdf format, for all applicable years missing from the www.irs.gov website, and
    - A signed IRS Form 4506-T for the year(s) impacted by the IRS rejection.

- Follow the guidelines below when the IRS rejects an IRS Form 4506-T request for identity theft:
    - Proof identification theft was reported to and received by the IRS (IRS Form 14039) or
    - A copy of the notification from the IRS alerting the taxpayer to possible identification theft, and
    - Borrower obtained transcript, in pdf format, for all applicable years missing

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- In addition to the above, borrower provided transcripts may also be permitted with approval from an underwriting team lead or higher. Comments must be noted in Destiny for the reason borrower provided transcripts required.

5.2 Verification of Employment

Verification of Employment

Wage Earner:

A verbal verification of employment dated within 10 business days of the note date is required for all non-self-employed borrowers. The verification of employment must include the phone number contacted to complete the verbal, which must be documented as associated with the business. In addition, the verification should be completed through the Human Resource Department of the employer, the owner of the company or direct supervisor for small businesses.

Self-Employed Borrower:

For Self Employed borrowers, the existence of the borrower's business must be validated within 120 calendar days of the note. This can be accomplished through a third party, such as a CPA, regulatory agency, or the applicable licensing bureau, AND by verifying a phone listing and address for the borrower's business using a telephone book, the internet, or directory assistance.

5.3 Assets Used for Qualifying Income

Assets Used for Qualifying Income

- Loan must be DU scored with a recommendation of Approve/Eligible
- Eligible Occupancy/Number Units:
  - 1-2 unit primary residence
  - 1 unit second home
- Ineligible property types
  - Manufactured homes
- Assets must be liquid and owned individually by the borrower.
  - Stocks, bonds and mutual funds must be reduced by 30%.
  - Funds for closing, down payment and reserves must be netted from the assets resulting in a net documented asset amount.
  - The initial minimum account value of the assets used to determine the income stream is $500,000.
  - Acceptable assets:
    - checking or savings accounts;
    - investments in stocks, bonds, mutual funds, certificates of deposit, money market funds, and trust accounts;
    - the amount vested in a retirement savings account (must be of retirement age)
    - the cash value of a vested life insurance policy
- Monthly Income Stream calculation: To determine the monthly income stream, convert the borrower's net documented assets by the amortization terms of the mortgage (in months). This amount is entered as 'other income' in Destiny.

Example:

Mutual Funds	$500,000.00
Funds For Closing (down payment, closing costs & reserves)	$100,000.00
Remaining Funds	$400,000.00
30% Required Reduction	$120,000.00
Net Documented Assets	$280,000.00
Income Stream: $280,000/360 = Eligible Monthly Income	$ 777.78

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	• Borrower(s) must have a history of ownership of the assets being utilized for the calculation. The following requirements must be met: ○ Purchase/Rate-Term: ▪ Owned and seasoned for 12 months with FICO 720+ ▪ Owned and seasoned for 24 months with FICO below 720 ○ Cash-out: Owned and seasoned for 24 months regardless of FICO • LTV Limits: ○ Purchase/Rate-Term: 80% LTV/CLTV ○ Cash-out: 60% LTV/CLTV • FICO minimum: ○ 680 when LTV/CLTV < 70% ○ 720 when LTV/CLTV ≥ 70% The assets used for the income stream calculation may be utilized for reserves. The reserves must be subtracted from the assets used to determine the Net Documented Assets for the income stream calculation. **Special feature code 579 is required** **Note: Interest, dividends, and capital gains from the same or other financial assets (reported on the borrower's tax return) cannot be used as additional income**
5.4 Rental Income – Short-Term Rental - Airbnb	
Rental Income – Short-Term Rental - Airbnb	**Loan Purpose** – Rate/Term and Cash-out only. **Property Types** – Single-family homes, including units in PUD and condo projects; units in the PUD or condo project cannot restrict short-term rentals. **Occupancy/Number of Units** - 1-4 unit, owner-occupied, principal residence. **DU scored only - Must score Approve/Eligible** **Source of Income -** Short-term rental income received through Airbnb and derived from the borrower's principal residence is an acceptable source of qualifying income if the borrower can demonstrate rental history or receiving such income as follows: • The borrower's most recent year's signed personal federal income tax returns, including Schedule E, and • A report from Airbnb that documents that the borrower has either: ○ A minimum two-year history of receiving short-term rental income from the borrower's principal residence, or ○ Twelve (12) months or more but less than twenty-four (24) months' stable history of short-term rental income from the borrower's principal residence. **Calculation** - Average income from the prior two years (according to the Section B3-3.1-01, General Income Information, of the Selling Guide) provided that if Airbnb's report reflects twelve (12) or more but less than twenty-four (24) months' stable history of short-term rental income, the average monthly rental income must be adjusted by multiplying the average by 75%. Note: Special Feature Code 863 is required.
Section 6: Credit	
6.1 Credit	
Credit	• A Tri-merge Credit Report is required for every Borrower who executes the Note. The Credit Report should generally include verification of all credit references provided on the loan application and must certify the results of public record searches for each city where the Borrower has resided in the past two years.

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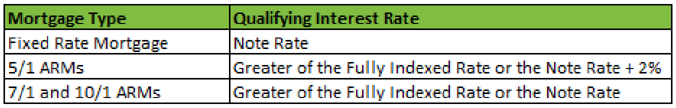
- Each Borrower must have a valid and usable score from at least two of the following three agencies: Experian (FICO), Trans Union (Empirica), and Equifax (Beacon). Only scores from these three agencies are acceptable.
- Revolving debt may be paid off to qualify. The debt must be paid off at or prior to closing and the account does not have to be closed. Debts paid at closing must be reflected on the Closing Disclosure.
- All credit inquiries within 90 days of the credit report are required to be addressed by the customer – see Credit Attestation Policy
- Derogatory Credit
    - Follow AUS findings as to any debt that should be paid, and for housing payment history
    - All judgments and liens must be paid at or before closing
    - For forgiveness of debt, modifications, bankruptcies, foreclosures, and short sales, follow agency guidelines, along with the following:
        - Extenuating circumstances are not permitted for LPA scored loans
        - Extenuating circumstances are permitted for DU scored loans. “Confirmed CR BK EC” must be entered in DU so DU will disregard the bankruptcy information on the credit report
- Disputed Accounts
    - When DU issues an Approve recommendation using the disputed trade-lines, no further documentation of the disputed trade-line(s) will be required, and the following message will be issued:

        > *The following trade-line(s) were identified by DU as disputed by the borrower. Because DU issued an Approve recommendation when including the disputed information in the credit risk assessment, no further action is necessary.*

    - For all LPA scored loans and DU scored loans that do not receive an Approve recommendation (with the above DU message) using the disputed trade-line in the risk assessment, the risk will then be assessed with the disputed trade-line excluded. The borrower must contact the creditor to have the status updated accordingly. An updated credit report is required and must reflect that the account is no longer being disputed. A new AUS submission is required and the findings must be reviewed accordingly. Manual underwriting is not permitted.
    - For DU scored loans trade-lines reported as medical debt will continue to be excluded from the disputed trade-line identification. Investigation of disputed medical trade-lines is not required.

6.2 Qualifying Ratios

Qualifying Ratios (Qualifying Interest Rate)



Mortgage Type	Qualifying Interest Rate
Fixed Rate Mortgage	Note Rate
5/1 ARMs	Greater of the Fully Indexed Rate or the Note Rate + 2%
7/1 and 10/1 ARMs	Greater of the Fully Indexed Rate or the Note Rate

- Transactions resulting in significant payment shock should always be considered by the underwriter. The borrower’s income must clearly support the borrower’s ability to make the higher monthly payment. It is always at the underwriter’s discretion to require additional verification of assets or a larger down payment as a compensating factor for a loan with high payment shock.
- If a revolving account balance is to be paid off at or prior to closing, a monthly payment on the current outstanding balance does not need to be included in the borrower’s long-term debt, i.e., not included in the debt-to-income (DTI) ratio. Such accounts do not need to be closed as a condition of excluding the payment from the DTI ratio.

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	Housing Payment Ratio: The monthly housing expense is the sum of the following charges as they apply to any properties owned and financed by the borrower: • Monthly principal and interest payment as per the qualifying rate • 1/12th of the annual hazard insurance premium and any other insurance required by loan program. • 1/12th of the annual real estate taxes. • 1/12th of the annual flood insurance premium, when applicable. • Monthly leasehold payments, when applicable. • Monthly homeowner association dues, condominium maintenance fees and monthly assessments (when applicable). • Monthly payment for other secured financing (when applicable). **Total Debt Ratio** • Monthly housing expense as per qualifying rate. • Outstanding monthly obligations such as: ○ Installment debt ○ Revolving debt payments ○ Alimony, child support or maintenance payments ○ Losses associated with other real-estate owned ○ Other obligations where a monthly payment is legally required
6.3 Borrowers Retaining their Current Primary Residence	
Borrowers Retaining their Current Primary Residence	When a borrower is purchasing a new home and retaining his/her current residence, it is often a source of concern for occupancy fraud and potential risk to the company. The underwriter must review the application and supporting documentation to determine if any red flags are present and that the reserve/equity requirements are met. The borrower(s) must sign the Occupancy Affidavit Form prior to closing
6.4 Conversion of Primary Residence to a 2nd Home or Investment Property	
Conversion of Primary Residence to a 2nd Home or Investment Property	See agency guidelines for specific requirements on qualifying ratios, use of rental income from converted property and reserve requirements.
6.5 Current Principal Residence Pending Sale	
Current Principal Residence Pending Sale	• In instances where the borrower's current primary residence is pending sale, but the sale will not be finalized prior to the new loan's closing, the PITIA of the current principal residence must be included in the borrower's debt ratios, except when the following documentation is provided: ○ the executed sales contract for the current residence, and ○ confirmation that any financing contingencies have been cleared.
6.6 Student Loans	
Student Loans	For all student loans, whether deferred, in forbearance, or in repayment (not deferred), the lender must use the following to determine the monthly payment to be used as the borrower's recurring monthly debt obligation (see Medical Doctors and Dentists below for exception): LPA Scored: • For student loans in repayment, deferment or forbearance: ○ If the monthly payment amount is greater than zero, use the monthly payment amount reported on the credit report or other file documentation, or ○ If the monthly payment amount reported on the credit report is zero, use 0.5% of the outstanding loan balance, as reported on the credit report • Payment may be excluded if:

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	○ Borrower currently meets student loan forgiveness, cancellation or discharge requirements, and there is no indication circumstances would make the borrower ineligible in the future, and ▪ Student loan has 10 or less monthly payments remaining OR ▪ Full balance of the student loan will be forgiven, canceled or discharged at the end of the deferment or forbearance period ○ Borrower currently meets employment-contingent repayment requirements, and there is no indication circumstances would make the borrower ineligible in the future, and ▪ Student loan has 10 or less monthly payments remaining OR ▪ Full balance of the student loan will be paid at the end of the deferment or forbearance period DU Scored: • If a monthly payment is provided on the credit report, the amount appearing on the credit report may be used • If the credit report does not provide a monthly payment for the student loan, or if the credit report shows $0 as the monthly payment (which may be the case for deferred loans or loans in forbearance), one of the following must be used: ○ 1% of the outstanding balance even if this amount is lower than the actual fully amortizing payment or ○ A fully amortizing payment using the documented loan repayment terms ○ $0 payment for student loans when documentation is obtained to evidence the actual monthly payment is $0 provided the payment is associated with an income-driven repayment plan. Medical Doctors and Dentists: LPA Scored: Student loan payments that are in a period of deferment or forbearance may be excluded from the DTI for a borrower in, or who has recently completed, a medical residency program and/or a medical clinical fellowship program, provided the following requirements are met: • One-unit purchase or rate & term refinance (not a manufactured home) • LPA scored with a Risk Classification of Accept • Minimum 720 FICO • Evidence the loan is in deferment or forbearance and will remain in that status for a minimum of 12 months from the Note Date • Investor Feature Identifier of H18 is required

Section 7: Assets

7.1 Assets

Assets	Assets must be verified as noted by the AUS. Written Verifications of Deposit (VOD) are not acceptable. Only system generated Verifications of Deposit from the financial institution are acceptable.

7.2 Cash Reserves

Cash Reserves	Transactions should follow the agency guidelines in terms of cash reserves. Note: The agencies have specific cash reserve requirements for 2-4 unit properties, 2nd Homes and Investment properties; including a requirement of specific reserves for each property where the borrower has multiple financed properties.

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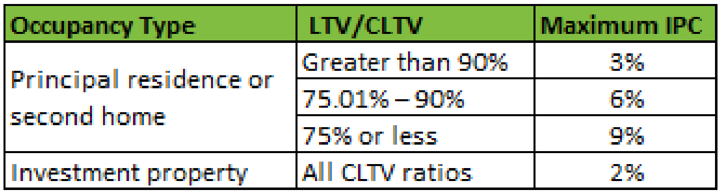
7.3 Gifts

Gifts	Follow Agency guidance • Noted exception: borrowers must contribute a minimum of 5% of their own funds when the loan is secured by a manufactured home

7.4 Seller/Interested Party Contributions

Seller/Interested Party Contributions	

Occupancy Type	LTV/CLTV	Maximum IPC
Principal residence or second home	Greater than 90%	3%
	75.01% – 90%	6%
	75% or less	9%
Investment property	All CLTV ratios	2%

7.5 Down payment Assistance Programs

Down payment Assistance Programs	Down Payment Assistance programs are considered an Interested Party Contribution (IPC) and are permitted; DAPs must be approved by the NewRez Special UW Team prior to CTC.

7.6 Ineligible Assets

Ineligible Assets	• Cryptocurrency, i.e. Bitcoin, cannot be used for down payment, closing costs or reserves • UTMA/Custodial Accounts for minors (cannot be used by account custodian)

Section 8: Procedures

8.1 Age of Documentation

Age of Documentation	Follow Agency Guides

8.2 Electronic Signatures

Electronic Signatures	NewRez will accept electronic signatures on third party documents in accordance with Electronic Signatures in Global and National Commerce Act (ESIGN) and the Uniform Electronic Transactions Act (UETA), as applicable. The electronic signature and date must be clearly visible when viewed electronically and in a paper copy of the electronically signed document. Electronic signatures are not permitted for any final documents including but not limited to the note, mortgage, final 1003, etc.

8.3 Escrows (Taxes and Insurance)

Escrows	Escrows may be waived when the borrower's LTV is less than 80% and • the borrower is not a first-time homebuyer ○ FTHBs will be considered on a case-by-case basis with a demonstrated ability to save (reserves) and strong residual income. • the borrower does not exhibit recent signs of delinquency For Rate & Term Refinance Transactions the following restrictions also apply: • the borrower may not finance the payment of real estate taxes for the subject property in the loan amount and waive escrows • the borrower may not finance the payment of real estate taxes that are more than 60 days delinquent for the subject property in the loan amount, regardless of whether or not they waive escrows For Cash-out Refinance Transactions the following restrictions also apply: • The new loan amount may not include the financing of real estate taxes that are more than 60 days delinquent, unless requiring an escrow account is not permitted by applicable law or regulation. For example, if a particular state law does not allow a

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	lender to require an escrow account under certain circumstances, the loan would be eligible for sale to Fannie Mae without an escrow account. In all states, except CA, no exceptions are permitted if the LTV is > 80% (see waiver eligibility grid below).

8.4 Escrow Waiver Grid

Escrow Waiver Grid

Escrow Waiver Eligibility		
Primary Residence	Second Home	Investment
All states excluding CA and NM: ≤ 80% LTV	All states excluding CA: ≤ 80% LTV	All states excluding CA: ≤ 80% LTV
California: < 90% LTV	California: < 90% LTV	California: < 90% LTV
New Mexico: < 80% LTV		

8.5 Escrow Holdbacks

Escrow Holdbacks	Follow Agency guidance Review the Escrow Holdback Policies and Procedures on the NewRez Intranet for details.

8.6 Excluded Parties- LDP/GSA Searches

Excluded Parties- LDP/GSA Searches	Agency, FHA and VA loans require confirmation that companies or individuals involved in the origination or underwriting of a mortgage transaction are not on the Freddie Mac Exclusionary List, General Services Administration (GSA) excluded party list or the HUD Limited Denial Participation (LDP). Regardless of the reason for the party being excluded, any party to the transaction included on either list will result in the loan being ineligible for delivery. All name variations found throughout the loan file must be run when performing the searches. The search must be run on the following parties in the transaction: • Borrowers • Seller • Builder • Listing Agent & Listing Company • Selling Agent & Selling Company • Title Agent • Title Company • Closing Attorney • Appraiser and Appraisal Company

8.7 Interest Credit

Interest Credit	Permitted on Conventional loans, both purchases and refinances; must fund by the 5th calendar day

8.8 Mortgage Insurance

Mortgage Insurance	Mortgage Insurance companies may have additional overlays other than those established by the agencies and NewRez. A valid MI certification must be obtained prior to CTC. Approved MI Companies: Essent, Genworth, MGIC, NMI, Radian, and Arch/United Guaranty • Policies may be refundable or non-refundable and require zero initial premium (ZIP/ZOMP) • Split-Premium, Annual (lender or borrower paid) and lender-paid monthly policies are not permitted. • NewRez accepts only standard coverage amounts. Reduced, lower cost, and minimum MI as approved by DU/LPA are not eligible. • Financed premiums are not permitted with the following: ○ DU scored 2-to 4-units and investment properties ○ LPA scored with gross LTVs greater than 95%, except for HomeOne^{sm} mortgages

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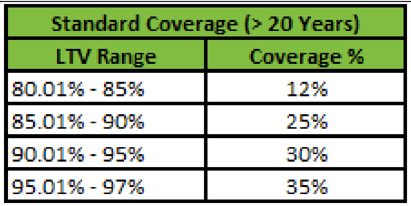
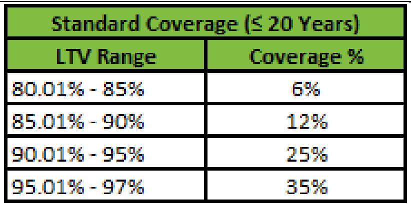


Standard Coverage (> 20 Years)	
LTV Range	Coverage %
80.01% - 85%	12%
85.01% - 90%	25%
90.01% - 95%	30%
95.01% - 97%	35%



Standard Coverage (≤ 20 Years)	
LTV Range	Coverage %
80.01% - 85%	6%
85.01% - 90%	12%
90.01% - 95%	25%
95.01% - 97%	35%

8.9 Process to Add or Remove Borrowers

Process to Add or Remove Borrowers

Adding Borrowers

- Adding a borrower to a loan at any time during the loan process, unless the loan has received an adverse credit decision, is acceptable. When this occurs a new RESPA package will be sent out and cool off period will be 7 days. File should be submitted back to UW for review of additional borrower's information.

Removing Borrowers

- Removing a borrower from a loan is allowed only in the following scenarios
  - No credit decision has been made on the loan and borrower expresses desire to withdraw their name from the application
  - Loan has been approved with both borrowers as submitted and one borrower expresses desire to withdraw their name from the application.
    - In both of the above scenarios - Request in writing from borrower should be placed in the loan file supporting their desire to withdraw their name from the application.
    - Detailed notes should also be placed in the loan file to eliminate any possible confusion with the file.
- Removing a borrower from a loan is NOT allowed in the following scenarios
  - Loan is declined by underwriting
    - In this scenario the loan would need to be adversed and a new application would need to be taken with only the 1 borrower.

Exceptions

- Any exceptions to the above rules or scenarios not explained above should be submitted to compliance for review (Compliance@NewRez.com).

8.10 Rent Loss Insurance

Rent Loss Insurance	Not required

8.11 Title Insurance

Title Insurance

The title policy must be in the lender's name and/or its assigns. Title must be vested in the borrower's name, in the name of an eligible inter vivos trust (if permitted per program guides), or, in the case of a purchase, be currently vested in the seller's name with a requirement for a deed to be recorded transferring title to our borrower's name at closing.

The insured amount of the policy must be at least for the gross loan amount and the policy must be dated within 45 days of closing. A minimum of a twelve-month title chain must be provided on each policy. The chain of title will be reviewed for flips, unacceptable exceptions to clear title, unacceptable private transfer fees or any other adverse title impediment as part of the underwriting process.

Manufactured Housing:
ALTA Endorsement 7, 7.1, or 7.2 or any other endorsement required in the applicable jurisdiction for manufactured homes to be treated as real property must be included in the file.

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	A summary reference to existing state conversion can be located in the NewRez MH State Conversion Statutes Reference Document.

8.12 Mortgagee Clause

Mortgagee Clause	Shellpoint Mortgage Servicing ISAOA ATIMA ISAOA/ATIMA PO Box 7050 Troy, MI 48007-7050 Note: NewRez does not have to be named in the mortgagee clause on a project's master insurance policy for Condos, PUDs and Coops.

Section 9: Corporate Relocation

9.1 Income

Income	• For borrowers who are relocating, and employment will begin prior to the Note date, the borrower's Offer Letter or Contract may be used to document employment and income used to qualify. • DU Scored Only • For borrowers who are relocating and will not begin employment until after the Note date: ○ The borrower's Offer Letter or Contract may be used to document employment and income used to qualify. ○ The Verbal Verification of Employment may be obtained after the employment start date up until the time of loan delivery • All other requirements relating to evaluating base pay, bonus, overtime, employment history and employment stability apply. • All borrowers must begin employment prior to delivery of loan • Manufactured homes not eligible • Loan must be delivered with Special Feature Code 576

9.2 Guaranteed Sale (Departing Residence)

Guaranteed Sale (Departing Residence)	• When the relocation package includes a Guaranteed Sale Feature, the mortgage payment on the previous home or the bridge loan payment (if applicable) may be excluded from the DTI when the borrower has an acceptable offer from the employer or a 3rd party relocation company to purchase the previous residence within a specified time period **AND;** ○ Borrower has signed a Letter of Intent to accept the buy-out offer if the property has not been sold prior to such offer's expiration, and either; ▪ Borrower has sufficient reserves to cover the housing payment on the existing home until the buyout agreement is completed, or ▪ The employer is covering the borrower's existing housing payment until the buyout agreement is completed. ▪ With the inclusion of the Guaranteed Sale Feature, the minimum reserve requirement for a principal residence that is pending sale is not applicable. • Loan must be delivered with Special Feature Code 576 • DU Scored Only • Manufactured Homes ineligible

Section 10: References

10.1 References

References	• Fannie Mae Guidelines • Freddie Mac Guidelines • Limited Denial of Participation (LDP) List • General Services Administration (GSA) Exclusionary List

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Section 11: Version Control

1.3 Ineligible Programs	Also added FHLMC CHOICEHome and GreenCHOICE programs as ineligible.	March 28, 2019
3.7 Non-Arm's Length Transactions	Updated to allow transactions where loan officers who are appropriately licensed in the state of CA or FL who are acting as the buyer's agent.	March 28, 2019
4.1 Eligible Properties	Removed seasonal second home requirements for LPA scored loans as this is now a standard offering.	May 2, 2019
5.4 Rental Income – Short-Term Rental	Added new section for the use of short-term rental income from Airbnb on DU scored loans only.	May 2, 2019
8.8 Mortgage Insurance	Added allowable MI companies for cash out >80% LTV	May 2, 2019
6.5 Current Principal Residence Pending Sale	Updated documentation requirements to exclude the PITIA from qualifying ratios	June 12, 2019
2.7 Refinances (General)	Updated net tangible benefit requirements	July 8, 2019
Eligibility Matrices	Removed cash out >80% allowance	September 9, 2019
1.2 Underwriting	Removed references to cash out >80%	September 9, 2019
4.2 Condos	Removed references to cash out >80%	September 9, 2019
4.7 Appraisals	Updated AMC to only be required for Wholesale	September 9, 2019
8.8 Mortgage Insurance	Removed references to cash out >80%	September 9, 2019

Section 12: Appendix

Underwriting Topic	FNMA Selling Guide Locations	Freddie Mac All-Regs Location Use the Single Family Seller/Servicer Guide
Appraisal- Age	Click Here	Chapter 5600: Property Eligibility Chapter 5601: Property and Appraisal Requirements Chapter 5601.8 - Age of Appraisal Reports and Appraisal Updates
Assets- Retirement Accounts	Click Here	Ch. 5501.3: Asset Eligibility and Documentation Requirements
Authorized Users	Click Here	Chapter 5201.1 - Credit Assessment with Loan Product Advisor Chapter 5203.2 - Credit Scores
Condo – Project Eligibility	Click Here	Chapter 5701: Condominiums
Condos - Florida	Click Here	Chapter 5701: Condominiums Chapter 5701.3: Ineligible projects Chapter 5701.4: Streamlined reviews
Credit and Tradeline Requirements	Click Here	Chapter 5200: Credit Assessment Chapter 5201.1: Credit Assessment with LPA Chapter 5203- Credit Reports and Credit Scores
Delayed Financing	Click Here	Chapter 4000: Mortgage Eligibility Chapter 4301: Refinance Mortgages Chapter 4301.2 – General Requirements for all refinance mortgages Chapter 4301.4 – No cash-out refinance Mortgages Chapter 4301.5- Cash-out refinance mortgages
Departure Residence	Click Here	Chapter 5401.2: Monthly debt to income ratio
Derogatory Credit – Waiting Periods	Click Here	Chapter 5200: Credit Assessment Chapter 5201.1: Credit Assessment with LPA

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		Chapter 5203- Credit Reports and Credit Scores
Disputed Credit	Click Here	Chapter 5200: Credit Assessment Chapter 5201.1: Credit Assessment with LPA Chapter 5203- Credit Reports and Credit Scores
Flip Policy	Click Here	No Flip Policy but use this for guidance: Archive of Single-Family Seller/Servicer Guide - Bulletins and Industry Letters Bulletins and Industry Letters for 2013 and Prior Years Bulletins and Industry Letters for 2012 and Prior Years 2009 Bulletins and Industry Letters Bulletin 2009-24: Credit and Property Eligibility Attachment A: Best Practices for Loans involving Possible Property Flips
Gifts *Also see Minimum Borrower Contribution*	Click Here	Ch. 5501.3: Asset Eligibility and Documentation Requirements
Gifts of Equity	Click Here	Ch. 5501.3: Asset Eligibility and Documentation Requirements
Glossary	Click Here	See: Glossary under Exhibits, Forms, Glossary and Directory
Income Sources (including non-taxable)	Click Here	Chapter 5300: Stable Monthly Income and Asset Qualification Sources
Judgments, Garnishments, Collection Accounts	Click Here	Chapter 5200: Credit Assessment Chapter 5201.1: Credit Assessment with LPA Chapter 5203- Credit Reports and Credit Scores
Maximum Number of Financed Properties	Click Here	Chapter 4201.15: Second Home Mortgages Chapter 4201.16: Investment Property mortgages Chapter 5501.2: Reserves
Minimum Borrower Contribution	Click Here	Chapter 5501.1: Funds required for the Mortgage transaction
Non-Arm's Length Transactions	Click Here	Chapter 5600: Property Eligibility Chapter 5601.1: Property and Appraisal Requirements Chapter 5601.12 - Property Description and Analysis
Non-Occupant Co-Borrowers	Click Here	Chapter 5103.1: Mortgages including a non-occupying Borrower Chapter 5401.1 & 5401.2: Monthly Housing and Monthly Debt to income ratio Chapter 5501.3 – Asset eligibility and documentation requirements
Non-Permanent Resident Aliens / Permanent Resident Aliens	Click Here	Chapter 5103.2: Permanent and non-permanent resident alien
Paying-off Debt to Qualify	Click Here	Chapter 5401.2 - Monthly debt payment-to-income ratio
Rental Income	Click Here	Chapter 5306.1 - Rental Income
Reserve Requirements	Click Here	Chapter 5501.2 - Reserves
Self-Employed (less than 2 years)	Click Here	Chapter 5304.1 - Stable Monthly Income

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