



NewRez Correspondent Overlay Matrix

This document is a summary of most of NewRez guideline overlays to Conventional, FHA and VA requirements. This document should be used as a reference tool in conjunction with the NewRez Sellers Guide and the appropriate underwriting guidelines.

Topic	Overlay		
General Overlays - All Products (Conventional, FHA and VA)			
4506-T Tax Transcripts	<p>The 4506T form must be processed and transcripts obtained in the following circumstances. (Refer to the Income section of the applicable product profile for full details.)</p> <p>For FHA and VA, Non-Credit Qualifying Refinances and IRRRLs are excluded.</p> <table border="0" style="width: 100%;"> <tr> <td style="width: 50%; vertical-align: top;"> Wage Earners: <ul style="list-style-type: none"> • 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) </td> <td style="width: 50%; vertical-align: top;"> Self-Employed: <ul style="list-style-type: none"> • 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 </td> </tr> </table>	Wage Earners: <ul style="list-style-type: none"> • 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) 	Self-Employed: <ul style="list-style-type: none"> • 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
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Ineligible Borrowers	<ul style="list-style-type: none"> • Borrowers living in the U.S. under Deferred Action for Childhood Arrivals (DACA) • Borrowers with Diplomatic Immunity • Borrowers without a valid SSN (ITINs are not accepted) • 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 • Life Estates 		
Net Tangible Benefit (NTB) – Non-Delegated Correspondents	<ul style="list-style-type: none"> • All products: A state specific NTB Worksheet must be completed on all refinances in CO, MA, MD, ME, RI, SC, VA and WV • Conventional: A NewRez NTB Worksheet must be completed on refinances in AR, IL, MN, NC, NM, OH and WA • FHA, VA and USDA: A NewRez NTB Worksheet must be completed on all refinances 		
Non-Arm's Length Transactions / At-Interest Transactions	<p>Not permitted:</p> <ul style="list-style-type: none"> • Regardless of loan program, short sale transactions and flips • Transactions where the loan originator is acting in another real estate related role with the following exceptions: <ul style="list-style-type: none"> ▪ Loan officers who are appropriately licensed in the state of CA or FL who are acting as the buyer's agent. 		
Power of Attorney (POA)	<p>The use of a POA is not permitted with cash out refinances.</p>		
Verification of Deposit (VOD)	<p>Written Verifications of Deposit (VOD) are not acceptable.</p>		
Conventional Overlays			
Credit Scores	<p>Loans with no FICO scores are not permitted regardless of AUS score.</p> <p>All except manufactured homes: Minimum FICO 620 Manufactured homes: Minimum FICO 660</p>		
Employment After Note Date	<p>The employment start date must be within 90 days of the Note date.</p>		
Escrow Waivers	<p>Permitted on LTVs ≤ 80% unless otherwise permitted by state law</p>		
Extenuating Circumstances	<p>Extenuating Circumstances for derogatory credit are permitted for DU scored loans</p>		
Gift Funds	<p>Borrowers must contribute a minimum of 5% own funds when the loan is secured by a manufactured home.</p>		
Ineligible Assets	<table border="0" style="width: 100%;"> <tr> <td style="width: 50%; vertical-align: top;"> <ul style="list-style-type: none"> • Cryptocurrency, such as Bitcoin, may not be used for down payment, closing costs or reserves. • UTMA accounts </td> <td style="width: 50%; vertical-align: top;"> <ul style="list-style-type: none"> • Cash on Hand (HomeReady/Home Possible) • Sweat Equity (HomeReady/Home Possible) </td> </tr> </table>	<ul style="list-style-type: none"> • Cryptocurrency, such as Bitcoin, may not be used for down payment, closing costs or reserves. • UTMA accounts 	<ul style="list-style-type: none"> • Cash on Hand (HomeReady/Home Possible) • Sweat Equity (HomeReady/Home Possible)
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Manual Underwriting	<p>Not permitted</p>		
Manufactured Homes	<table border="0" style="width: 100%;"> <tr> <td style="width: 50%; vertical-align: top;"> <p>Eligibility</p> <ul style="list-style-type: none"> • Minimum FICO 660 • Borrower must have 5.0% own funds into transaction <p>Property Features</p> <ul style="list-style-type: none"> • Cannot be in mobile home park • MH condo, leasehold, coop or hobby farms not permitted </td> <td style="width: 50%; vertical-align: top;"> <p>Mixed-use not permitted</p> <ul style="list-style-type: none"> • Must be doublewide • Manufactured homes that have been structurally modified or have an addition are ineligible </td> </tr> </table>	<p>Eligibility</p> <ul style="list-style-type: none"> • Minimum FICO 660 • Borrower must have 5.0% own funds into transaction <p>Property Features</p> <ul style="list-style-type: none"> • Cannot be in mobile home park • MH condo, leasehold, coop or hobby farms not permitted 	<p>Mixed-use not permitted</p> <ul style="list-style-type: none"> • Must be doublewide • Manufactured homes that have been structurally modified or have an addition are ineligible
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	<ul style="list-style-type: none"> • Minimum 600 square feet • Newly constructed not permitted
No cash-out Refinance	Cash out amount not to exceed \$2,000 or 2% of the loan amount
Self-Employed - Income	In instances where DU/LPA allows for only one (1)-year tax returns on a self-employed borrower(s), the tax returns must be for the most recent tax year.
Verification of Employment (VOE)	Written Verification of Employment (VOE) as standalone documentation is not permitted except as follows: Written Verification of Employment obtained through a 3rd party vendor such as, but not limited to TALX (The Work Number) except when: <ul style="list-style-type: none"> • The borrower works for an interested party to the transaction (Paystub and W2s required) • The borrower works for a family member
FHA Overlays	
Assets - Ineligible	<ul style="list-style-type: none"> • 1031 Exchanges • Cash on Hand/Mattress Money • Cryptocurrency, i.e. Bitcoin, cannot be used • Pooled Funds • Sweat Equity • UTMA/Custodial Accounts for minors (cannot be used by account custodian)
Bankruptcy - Chapter 13	Manually underwritten Chapter 13 Bankruptcies must have been discharged as of case number assignment.
Business Assets	Business assets are allowed for down payment and closing costs if the borrower is the majority owner of the business. Business assets may not be used for reserves. The use of these funds must be documented as having no negative impact on the business's livelihood.
CLTV: Purchase	<ul style="list-style-type: none"> • 500-619 Max CLTV 100% • 620 Max CLTV 105% See FHA Handbook requirements for CLTV > 96.5%
Compensating Factors for TOTAL Loans	FICO Score <600: AUS decision must be A/E, AND should meet one of the following: <ul style="list-style-type: none"> • Three (3) months' (PITI) reserves from own funds (no gift funds; retirement accounts may be used with proper discounting as defined by FNMA), or • Additional down payment from own funds (min. 5% over matrix minimum), or • 12-month Housing verification. New monthly mortgage payment cannot be more than \$100 or 5% greater than prior housing payment
Condominiums	Must have an unexpired FHA Approval. DELRAP are ineligible.
Credit Scores	Refinances: 620 for Non-Credit Qualifying Refinances (non-SMS/NewRez); 580 for all other refinances (SMS/NewRez and non-SMS/NewRez) Manufactured Housing: Minimum 660 FICO Manually Underwritten Mortgages (Downgraded): Minimum 640 FICO 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).
Eligible Borrowers	All borrowers must have social security numbers.
Extenuating Circumstances	Extenuating circumstances for reduced seasoning on bankruptcies, foreclosures, deed-in-lieu of foreclosure or short sales is not permitted for manually underwritten loans.
Ineligible Programs	<ul style="list-style-type: none"> • 203K Rehab loans • Building on Own Land • Construction to Permanent (CTP) Financing where the original note is modified is not eligible • Transactions where the loan originator is acting in another real estate related role with the following exceptions: <ul style="list-style-type: none"> ▪ Loan officers who are appropriately licensed in the state of CA or FL who are acting as the buyer's agent. • Energy Efficient Mortgages (EEM) • FHA Back to Work Program • Graduated Payment Mortgages (GPM) and Growing Equity Mortgages (GEM) • HFA Programs • HUD approved secondary residences • Indian Reservations (Section 184 loans) • Mortgage Credit Certificates (MCCs) • Temporary Buydowns
Ineligible Properties	<ul style="list-style-type: none"> • Co-Ops • Live / Work Units • Non-Warrantable Condos • Properties with a condition of C5 or worse • Properties encumbered with private transfer fee • Properties which are subject to right of redemption • Properties with manufactured on site being used as storage
Manufactured Homes	Eligibility <ul style="list-style-type: none"> • Minimum FICO 660 • Fixed rate only • 0x30x12 housing history • Must score Approve/Accept • Borrower must have 3.5% own funds into transaction • Leasehold not permitted Property Features <ul style="list-style-type: none"> • Cannot be in mobile home park • MH condo, leasehold or coop not permitted • Minimum 600 square feet • Must be doublewide • Newly constructed not permitted - must be existing and permanently affixed to site for minimum of 12 months prior to case # assignment

<p>Qualifying Ratios</p>	<p>Purchase, Cash Out and No Cash Out Refinances (Rate/Term, Simple Refinance):</p> <ul style="list-style-type: none"> FICO \geq 620 DTI per AUS FICO 600-619 DTI 50% with Approve/Eligible or Accept required FICO $<$ 600 DTI \leq 43% Manually Underwritten DTI \leq 43% (See 1.3 Manual Underwriting for expanded ratios)
<p>Streamline Refinances</p>	<p>Max LTV 97.75% / Max CLTV 125%</p> <p>Minimum required FICO: 620 for Non-Credit Qualifying Refinances (non-SMS/NewRez); 580 for all other refinances (SMS/NewRez and non-SMS/NewRez)</p> <p>Netting Escrows: Only when the payoff reflects the netting of escrows or existing NewRez Portfolio loan</p> <p>Non-Credit Qualifying Streamline Refinances: Require a Tri-Merge Credit Report (SMS/NewRez - mortgage only credit report is acceptable)</p> <p>Non-Credit Qualifying Streamline Refinances (non-SMS/NewRez):</p> <ul style="list-style-type: none"> Verbal VOE for wage earners: Must be with current employer or in same line of work for at least six (6) months. Less than six (6) months, must follow Credit Qualifying Streamline Refinance requirements Self Employed: Most recent quarterly tax statement, CPA letter or current unexpired license to show two (2) years' self-employment. Borrowers with less than two (2) years must follow Credit Qualifying Streamline Refinances. <p>Non-Mortgage Debt: Non-Credit Qualifying Streamline Refinances (non-SMS/NewRez) - loan must be originated as a Credit Qualifying Streamline Refinance if non-mortgage debt shows multiple 60+ day derogatory payments in the most recent six (6) months.</p>
<p>VA Overlays</p>	
<p>Assets</p>	<p>Business Assets: Allowed for down payment and closing costs only if the borrower is the majority owner of the business</p> <p>Down payment Assistance: We do not offer VA approvals for non-profits.</p> <p>Ineligible Assets:</p> <ul style="list-style-type: none"> 1031 Exchanges Cash on Hand/Mattress Money Cryptocurrency, such as Bitcoin, may not be used for down payment, closing costs or reserves. Custodial Accounts for minors Pooled Funds
<p>Credit</p>	<p>Credit: Non-Traditional Credit: Not permitted Depth of Credit</p> <ul style="list-style-type: none"> For manually underwritten loans, at least one occupying borrower must meet one of the following: <ul style="list-style-type: none"> Verified housing (rental or mortgage) history showing 0x30x12. Private rentals must be verified with 12 cancelled checks or bank statements, each dated prior to the next due date. The borrower has (3) trade lines that have been evaluated for at least 12 months. These trade lines do not need to be currently active but require some activity in the last 24 months. The borrower has (2) trade lines that have been evaluated for at least 24 months and have had some activity in the last 24 months. <p>IRRRRL: Tri-merged Credit Report required Refer/Eligible Decisions may be manually underwritten without a second signature when the loan meets all NewRez overlays and has a minimum 640 FICO coupled with a DTI \leq 45%</p> <p>Derogatory Credit: Bankruptcies:</p> <ul style="list-style-type: none"> Chapter 7 must be discharged 24 months preceding application date Chapter 13 must have been entered at least 12 months preceding application date and paid as agreed. Plan must be paid out and discharged prior to closing. Proceeds may not be used to pay off BK balance. <p>Extenuating Circumstances for Bankruptcy or Foreclosure:</p> <ul style="list-style-type: none"> Is not permitted for reduced seasoning <p>Short Sales:</p> <ul style="list-style-type: none"> Short Sales with or without mortgage late payments that were completed over one year but $<$ 2 years will require a letter of explanation and supporting documentation to establish an extenuating circumstance and to confirm short sale was not due to credit negligence or taking advantage of a declining market.
<p>Credit Score</p>	<p>Purchase: Minimum 560 Cash Out:</p> <ul style="list-style-type: none"> Minimum 620 FICO <p>IRRRRL: Non-SMS/NewRez</p> <ul style="list-style-type: none"> Primary: minimum $>$ 580 Investment: minimum \geq 620

Debt to Income	Purchase: <ul style="list-style-type: none"> Maximum 60% for \geq 660 FICO Maximum 55% for 600-659 FICO Maximum 50% for 560-599 FICO Cash Out: <ul style="list-style-type: none"> Maximum 60% 	Transactions with DTI > 41% (Per VA: Regardless of AUS score): Include a statement justifying the reasons for approval, unless residual income exceeds the guideline by at least 20%.
Employed by Family	<ul style="list-style-type: none"> Borrower's signed and completed personal federal income tax returns for the most recent two-year period, and YTD paystub documenting at least 30 days of income W-2s for the most recent two years. 	
Employment After Note Date	The employment start date must be within 90 days of the Note date.	
Employment Verification	IRRRL <ul style="list-style-type: none"> Wage Earner: Verbal verification of employment required to verify employment. Self-Employed Borrowers: Verify existence of the business. Examples of documentation that may be used to verify include, but are not limited to, the following: <ul style="list-style-type: none"> Most recent quarterly tax payment CPA letter Current unexpired business license 	
Ineligible Programs	<ul style="list-style-type: none"> Construction to Permanent (CTP) Financing where the original note is modified Dual roles on a transaction (A NewRez originator cannot have another real estate related position on any loan, regardless of program.) Transactions where the loan originator is acting in another real estate related role with the following exceptions: <ul style="list-style-type: none"> Loan officers who are appropriately licensed in the state of CA or FL who are acting as the buyer's agent. Energy Efficient Mortgages (EEMs) Farm Residence Loans 	<ul style="list-style-type: none"> Graduated Payment Mortgages (GPM) and Growing Equity Mortgages (GEM) HFA Programs Leaseholds secured by Indian/Tribal lands Loans for Alterations and Repair Loans with HPML or Section 32 are not eligible Military Impacted Areas Mortgage Credit Certificates (MCCs) are not permitted Section 8 Loans Specially Adapted Housing Supplemental Loans Temporary Buydowns
Ineligible Properties	<ul style="list-style-type: none"> Manufactured / Mobile Homes not permanently affixed Co-Ops Live / Work Units Indian Tribal land Properties which are subject to right of redemption 	<ul style="list-style-type: none"> Properties with manufactured on site being used as storage Land Trusts Properties encumbered with private transfer fee covenants Properties with a property condition of C5
Liabilities	Revolving debt cannot be paid down to qualify. Revolving debt may be paid off to qualify without the requirement of the account(s) to be closed if the following circumstances are met: <ul style="list-style-type: none"> FICO 680 or greater FICO 620-679 and DTI less than or equal to 50% <ul style="list-style-type: none"> If either of the above scenarios are not met, the account(s) are to be closed upon payoff. Proof of the debt being paid and closed prior to CTC must be provided except in the case of a cash-out refinance where the debt must be closed prior to loan closing, but may be paid-off at closing with loan proceeds as detailed on the Closing Disclosure Regardless of AUS score revolving debt paid off requires documentation for source of funds used to pay account(s) off 	
LTV/CLTV	Purchase: Maximum 95% with 560-599 FICO Cash Out: Maximum 90% with 620-639 FICO	
Manufactured Housing	Eligibility: <ul style="list-style-type: none"> Minimum FICO 660 100% LTV Appraisal required for all transactions 	Property Features: <ul style="list-style-type: none"> Cannot be in mobile home park MH condo, leasehold, coop or hobby farms not permitted Minimum 600 square feet Mixed-use not permitted Must be doublewide Manufactured homes that have been structurally modified or have an addition are ineligible
Mortgage History	IRRRL: Non-SMS/NewRez: 0x30x12 Manually underwritten: 1x30x24	
Principal Curtailments / Reductions	Permitted; curtailments due to excess Lender Credit must be reviewed in order to ensure the borrower's best interest	