

HomeReady Product Profile: Correspondent

Matrices

Eligibility Matrix						
Occupancy	Transaction Type	Units	Credit Score	LTV	CLTV	DTI
Primary Residence	Purchase Rate & Term Refi	1	620	97% ¹	97%	50%
		2	620	85%	85%	
		3-4	620	75%	75%	
¹ LTV/CLTV >95% <=97% <ul style="list-style-type: none"> • Max 105% CLTV with Community Second • Not permitted <ul style="list-style-type: none"> • High-Balance • Rate & Term Refinance; in addition to the above: <ul style="list-style-type: none"> • Existing loan being refinanced is owned by Fannie Mae. Documentation may come from one of the following: <ul style="list-style-type: none"> • Fannie Mae's Loan Lookup tool • Servicing System <ul style="list-style-type: none"> • The current servicer (if the lender is not the servicer) • Non-Occupant Borrowers: Max 95% LTV/CLTV; Max 105% CLTV with Community Second 						

Manufactured Housing Eligibility Matrix						
Occupancy	Transaction Type	Units	Credit Score	LTV	CLTV	DTI
Primary Residence	Purchase Rate & Term Refi	1	640	95%	95%	50%
Maximum loan amount on High-Balance \$765,600 <ul style="list-style-type: none"> • Not permitted <ul style="list-style-type: none"> • Properties on a leasehold 						

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Quick Links

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Section 10: Version Control

Section 1: Program Summary	
1.1 Program Summary	
Program Summary	HomeReady Mortgage is a conventional community lending mortgage that offers underwriting flexibilities to qualified borrowers who meet specific income criteria. Section B5-6-01 of the FNMA Seller's Guide.
1.2 Underwriting	
Underwriting	<ul style="list-style-type: none"> Loans must be underwritten through Fannie Mae (DU) and receive an Approve/Eligible decision. Fannie Mae HomeReady guidelines are available in B5-6-01. Manually Underwritten loans are not permitted. Enter loans into DU using the "Additional Data" screen; select "HomeReady Mortgage" to obtain DU decision indicating eligibility for HomeReady Mortgage program DU findings must state that the loan casefile is eligible for delivery as a HomeReady mortgage loan
1.3 Ineligible Programs	
Ineligible Programs	<ul style="list-style-type: none"> Adjustable Rate Mortgages (ARM) MH Advantage 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. A copy of the FL Disclosure of Conflict of Interest or CA Dual Capacity Disclosure is required to be provided by the correspondent.
Section 2: Transaction Details	
2.1 Loan Limits	
Loan Limits	https://www.fanniemae.com/singlefamily/loan-limits
2.2 Eligible Terms and Programs	
Eligible Terms and Programs	FIXED RATE PRODUCT CODES
	II1 Home Ready 30 Year Fixed Rate
	II2 Home Ready 30 Year Fixed with Community Second
	KK3 Home Ready 30 Year High Balance Fixed
	II3 Home Ready 30 Year Fixed Rate LPMI
Loan Term	<ul style="list-style-type: none"> Fixed Rate: 10, 15, 20, 25 or 30 year terms
2.3 Eligible Transactions	
Eligible Transactions	<ul style="list-style-type: none"> Purchase Rate & Term (Limited Cash-out) Refinance
2.4 Net Tangible Benefit	
Net Tangible Benefit	<p>The following Net Tangible Benefit applies</p> <ul style="list-style-type: none"> AR, CT, IL MN, NC, NM, OH, and WA: All channels must complete the Generic NTB Test Delegated correspondents must ensure the state requirements have been met, but are not required to use the NewRez form In CO*, MA, MD, ME, RI, SC, VA, and WV: All channels must complete the state specific forms as required by the state For all other states, no NTB test is required <u>See NewRez Net Tangible Benefit Policy</u> Primary residence nonprime (HPML) refinances in CT with loan amounts <= \$417,000: If the loan being refinanced is a Special Mortgage, defined as a FHA, VA, USDA loan, or a bond loan provided by a Housing Finance Agency, homeownership counseling is required
2.5 Cash-Out	
Cash-out	Cash-out is not permitted.

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Information is accurate as of the date of publishing and is subject to change without notice. The overlays outlined in this matrix apply to agency loans submitted to DU. In addition to applying these NewRez specific overlays. All loans submitted to DU must comply with the DU Findings and Fannie Mae requirements. This document should not be relied upon or treated as legal advice. Guidelines subject to change

without notice; Printed copies may not be the most current version.
For the most current version, always refer to the online version.

2.6 Texas 50(a)(6) loans																												
Texas 50(a)(6) loans	Texas 50(a)(6) refinances are ineligible under this product type																											
2.7 Texas 50(f)(2) Loans																												
Texas 50(f)(2) Loans	<p>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-pays).</p> <p>(f)(2) Determination</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr style="background-color: #92d050;"> <th style="text-align: left;">New Loan Amount pays off existing lien and....</th> <th style="text-align: left;">If existing lien is a non-50(a)(6); then the new lien is....</th> <th style="text-align: left;">If existing lien is a 50(a)(6); then the new lien is....</th> </tr> </thead> <tbody> <tr> <td>Provides even \$1 cash to the borrower</td> <td>Texas (a)(6)</td> <td>Texas (a)(6)</td> </tr> <tr> <td>Pays off/down an existing TX (a)(6) lien with no cash to borrower</td> <td>Texas (a)(6)</td> <td>Texas (f)(2) – if seasoning requirements are met*</td> </tr> <tr> <td>Pays off/down an existing TX (a)(6) lien with cash to borrower</td> <td>Texas (a)(6)</td> <td>Texas (a)(6)</td> </tr> <tr> <td>The new lien is < existing UPB (no new funds)</td> <td>Non-Texas (a)(6)</td> <td>Texas (f)(2) – if seasoning requirements are met*</td> </tr> <tr> <td>Funds, prepaids and/or closing costs</td> <td>Non-Texas (a)(6)</td> <td>Texas (f)(2) – if seasoning requirements are met*</td> </tr> <tr> <td>Pays off/down a purchase money 2nd</td> <td>Non-Texas (a)(6)</td> <td>Texas (f)(2) – if seasoning requirements are met*</td> </tr> <tr> <td>Pays off/down an existing Secured Home Improvement Loan (mechanic’s lien)</td> <td>Non-Texas (a)(6)</td> <td>Texas (f)(2) – if seasoning requirements are met*</td> </tr> <tr> <td>Provides funds to satisfy a court ordered Divorce Equity Buyout</td> <td>Non-Texas (a)(6)</td> <td>Texas (a)(6)</td> </tr> </tbody> </table> <p style="font-size: small;">*Borrower may elect to have loan remain a Texas (a)(6). Refer to Texas A6 profile.</p> <p>Special Considerations Loan may not close until:</p> <ul style="list-style-type: none"> 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. <p>New subordinate financing is not permitted on a first lien Texas 50(f)(2).</p>	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 2 nd	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)
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2.8 Subordinate Financing																												
Subordinate Financing	<ul style="list-style-type: none"> Permitted within the LTV/CLTV requirements shown in eligibility matrix. Approved Community Seconds eligible up to max 105% CLTV. Seller held seconds not eligible. 																											
2.9 Manufactured Housing																												
Manufactured Housing	<p>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.</p> <p>The manufactured home must be built in compliance with:</p> <ul style="list-style-type: none"> 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. <p>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.</p>																											

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	<p>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.</p> <p>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.)</p> <ul style="list-style-type: none"> • 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 at least 12 feet wide and have a minimum of 600 square feet of gross living area. Singlewide units must be located in a PERS approved project. • 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 eligible with an engineer's report.
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Section 3: Borrower Eligibility

3.1 Borrower Eligibility

Borrower Eligibility	<p>Eligible Borrowers</p> <ul style="list-style-type: none"> • U.S. Citizens • Permanent resident alien • Non-permanent resident alien <ul style="list-style-type: none"> ○ Eligible Visa Types: E-1, E-2, E-3, E-3D, G-1*, G-2*, G-3*, G-4*, G-5*, H-1B, H-1B1, H-1B2, H-1B3, H-1C, H-4, L-1A, L-1B, L-2, O-1A, O-1B, TN <p>*Note: Visas reflecting diplomatic immunity are not eligible, unless waived in writing by the country of origin.</p> <ul style="list-style-type: none"> • Inter vivos revocable trust • 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. ITINs are not acceptable.
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	<ul style="list-style-type: none"> • There can be no more than 4 borrowers per loan <p>Ineligible Borrowers</p> <ul style="list-style-type: none"> • Borrowers with Deferred Action for Childhood (DACA) approval (EAD Category C33) • Borrowers with Diplomatic Immunity • Borrowers without a valid SSN (ITINs are not accepted) • Foreign Nationals • Principal/Owners of NewRez Third Party Originators • Individuals on the LPD/GSA exclusionary lists • Limited Partnerships, Corporations and LLCs • Non-Revocable Trusts or Guardianships
3.2 Occupancy	
Occupancy	Eligible occupancy types include: <ul style="list-style-type: none"> • Owner Occupied (Primary residences) <ul style="list-style-type: none"> ○ Borrowers may have ownership interest in other residential properties
3.3 Homebuyer Education	
Homebuyer Education	At least one borrower must complete homeownership education when all occupying borrowers are first time homebuyers on purchase transactions. <p>There are three options to meet the pre-purchase education requirements.</p> <ul style="list-style-type: none"> • Framework Homeownership LLC – borrower must provide the certificate of completion. Framework Homeownership Course • HUD-approved nonprofit housing counseling agency. A fully executed certificate of completion (form 1017) is required • Homeownership education course required by a Community Seconds or Down Payment Assistance Program by a HUD-approved agency. If the mortgage loan involves a Community Seconds or Down Payment Assistance Program and that program requires its own homeownership education course provided by a HUD-approved counseling agency, the borrower is not required to enroll in the Framework program.
3.4 Power of Attorney	
Power of Attorney	The use of a Power of Attorney must be approved by NewRez’s Underwriting and Legal teams for non-delegated correspondents. Generally, a Power of Attorney may be used for closing in the following scenarios: <p>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; 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.</p> <p>Military Personnel — the borrower is currently deployed or stationed overseas and is unable to sign documents or attend closing;</p> <p>Hardship Circumstance — the borrower is unable to attend closing because he/she is out of the state or country for an extended period, bedridden, in the hospital with a serious illness, or the borrower is incarcerated.</p> <p>POA will not be permitted for borrowers that are on vacation</p> <p>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</p> <p>Business Travel – permitted on Purchase and Rate/Term Refinance transactions when the spouse has Power of Attorney for the traveling borrower.</p>

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	<p>There are four (4) acceptable types of power of attorney. The following persons may sign security instruments on a borrower's behalf:</p> <p>Attorney-in-fact — he/she may sign the security instruments as long as NewRez obtains a copy of the POA. In some jurisdictions the POA must be recorded with the security instrument; in this case, NewRez must confirm the document has been recorded. The person acting as the attorney-in-fact must have a familial, personal or fiduciary relationship with the borrower and can't have any type of financial interest in the transaction or be involved in the transaction in any capacity such as the closing agent / attorney, broker or realtor;</p> <p>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;</p> <p>Durable — traditionally a POA becomes ineffective upon the disability of the principal but the POA must remain valid even if the borrower becomes incapacitated or disabled prior to closing. For the POA to be acceptable it must contain the following language 'This POA shall not terminate on the disability of the principal' or 'This POA is not affected by the subsequent disability of incapacity of the borrower';</p> <p>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.</p> <p>All loan files wishing to utilize a power of attorney require the following:</p> <ul style="list-style-type: none"> • A Letter of Explanation from the borrower advising why the loan is closing with a POA • Completed and Signed POA Form
3.5 Living Trust (Inter Vivos Revocable Trust)	
Living Trust (Inter Vivos Revocable Trust)	<p>A living 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 for Non-Delegated Correspondents</p> <p>To determine whether the Trust meets all the criteria required by State and investor standards, one of the following will be required:</p> <ul style="list-style-type: none"> • 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 provide din lieu of the full trust document. If this certification is incomplete or contrary to title results, the full trust documentation may still be required.
3.6 Non-Arm's Length Transactions	
Non-Arm's Length Transactions	<p>Follow agency guidelines with the following exceptions:</p> <ul style="list-style-type: none"> • 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 are prohibited.
3.7 At-Interest Transactions	
At-Interest Transactions	<p>Transactions where:</p> <ul style="list-style-type: none"> • Builder is acting as Realtor/Broker – permitted on primary residence only • Realtor/Broker is selling their own property – permitted on primary residence only • NewRez originator is acting in another real estate related role (NewRez Originator cannot have another real estate related position on any loan, regardless of the loan program)
3.8 Maximum # of Financed Properties	
Maximum # of Financed Properties	Follow Fannie Mae Guidelines
Section 4: Collateral	
4.1 Eligible Properties	

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Eligible Properties	<ul style="list-style-type: none"> • Attached/Detached SFRs • Attached/Detached PUDs • Low/Mid/High-Rise Condos and site Condos • 2-4 Unit SFRs • Manufactured Homes — additional details below • Nevada Condos <ul style="list-style-type: none"> ○ HOA dues for the subject unit must be current prior to closing ○ HOA may not be seller of the subject unit <p>Mixed Use Properties For mixed use properties, originators may follow FNMA guidelines with the exception that the square footage of commercial part of the property cannot exceed 25% of the total square footage</p> <p>Deed Restricted Properties All deed restricted properties must be reviewed and approved prior to loan approval for Non-Delegated Clients and must adhere to FNMA requirements (B5-5.2)</p> <p>Manufactured Housing: (Refer to Section 2.9 for additional requirements)</p> <ul style="list-style-type: none"> • 1-unit single family detached, or PUD detached • Condos permitted for Delegated Correspondents • Doublewide only • Minimum 600 square feet of living space • Manufactured after June 15, 1976 • The following manufactured home types are not permitted <ul style="list-style-type: none"> ○ Condos for Non-Delegated Correspondents ○ 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 ○ Manufactured homes located in a mobile home park ○ Non-Delegated Clients: Accessory Dwelling Units
4.2 Ineligible Properties	
Ineligible Properties	<ul style="list-style-type: none"> • Co-ops • Condotels • Manufactured Homes that are leasehold • Manufactured Homes: Non-Delegated Clients: Accessory Dwelling Units • Hobby Farms • Mixed Use properties • 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 • Unique properties (geodesic domes, berms, earth homes, barndominiums, shouses)

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4.3 Properties Previously Listed for Sale	
Properties Previously Listed for Sale	<p>For owner occupied refinance transactions , the listing must have been cancelled or expired prior to the disbursement date, and the borrower must confirm their intent to occupy the subject property.</p> <p>Careful consideration should be given to the listing price and appraised value to be sure the value is supported.</p>
4.4 Appraisals	
Appraisals	<p>All appraisals must be ordered and processed in compliance with Appraiser Independence Requirements (AIR).</p> <ul style="list-style-type: none"> • The use of an exterior only appraisal or property inspection option is not allowed, regardless of DU Findings, full appraisal on all transactions • Appraisal must be completed by a Certified appraiser from a NewRez approved AMC • Copy of the appraiser’s license must be included in all funded loan files • The re-use of an appraisal is permitted with the following requirements: <ul style="list-style-type: none"> ○ The new transaction may only be a Limited Cash-Out Refinance. ○ The appraisal report must not be more than 12 months old on the note date of the new transaction. If the appraisal report is greater than 4 months old on the date of the note and mortgage, then an appraisal update is required. ○ Ensure that 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. ○ The Correspondent must have been the original lender on the appraisal report and loan being refinanced ○ The borrower(s) must be the same on the original and new transaction. <p>Appraisal Waiver</p> <ul style="list-style-type: none"> • Loans receiving DU Approve/Eligible with Appraisal Waiver are permitted <ul style="list-style-type: none"> ○ The following are ineligible Appraisal Waivers for the following transactions: <ul style="list-style-type: none"> ▪ 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 ▪ 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. <p>Manufactured Housing</p> <ul style="list-style-type: none"> • All loan files require a full appraisal on form 1004C and include: <ul style="list-style-type: none"> ○ manufacturer’s name, ○ trade or model number, ○ year of manufacture, ○ serial number,

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	<ul style="list-style-type: none"> ○ 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. <ul style="list-style-type: none"> ● Appraisal must be completed by a Certified appraiser from a NewRez approved AMC ● 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 <ul style="list-style-type: none"> ▪ manufactured home, ▪ site improvements, and ▪ Land on which the home is situated. ● The appraisal report must indicate whether 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.
4.5 Disaster Areas	
Disaster Areas	<p>Refer to the list of affected counties published by FEMA at the following link: https://www.fema.gov/disasters</p> <p>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</p> <ul style="list-style-type: none"> ● The Disasters are referenced with both an incident start date and an incident ending date. The property is considered potentially impacted for 90 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: <ul style="list-style-type: none"> ○ Final Inspection or Appraisal Update signed by the original appraiser (Form 1004D) ○ Desktop Underwriter Property Inspection Report (Form 2075) ○ Disaster Area Inspection Report (DAIR) ● Full appraisals obtained after the declaration need to indicate the property has not been impacted by the disaster. ● See NewRez Disaster Policy
4.6 Geographic Restrictions	
Geographic Restrictions	<ul style="list-style-type: none"> ● Ineligible for NewRez Underwriting <ul style="list-style-type: none"> ○ Alaska ○ Hawaii ● Refinance of primary residence for nonprime (HPML) loans in CT with loan amounts <= \$417,000: Refer to 2.4 Net Tangible Benefit
Section 5: Income	
5.1 Income	
Income	<p>Borrower Income Limits:</p> <ul style="list-style-type: none"> ● Qualifying income from all borrowers who will be on the note must be included ● Only the income used to qualify the borrowers must be included in the income limits ● DU will determine income eligibility ● Income must not exceed 80% AMI for the subject property location

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- Income eligibility and AMI locator resources can be found on Fannie Mae's HomeReady web page — [HomeReady Income Eligibility](#)

Program Specific Income Documentation

- **Boarder income** (relatives and non-relatives) is permitted on refinance transactions only up to 30% of qualifying income. Acceptable documentation is required for at least 9 of the most recent 12 months and is to be annualized over a 12-month period. Documentation of shared residency for the most recent 12-month period is required – see [FNMA Boarder Income Requirements](#) for additional details.
- **Accessory unit rental income** from a one-unit primary residence is permitted. Standard rental income documentation guidelines apply.

Income Documentation: Income documentation requirements are outlined below. Refer to Fannie Mae Selling Guides for any areas not addressed

Borrowers starting New Employment After Note Date are not permitted

Wage Earner

- 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:
 - The borrower works for an interested party to the transaction (tax return required)
 - The borrower works for a family member (tax returns 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.
- 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.
- 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:
 - A letter of explanation from the borrower detailing the reason for re-filing;
 - Evidence of re-filing via tax transcript of amended return;
 - Payment of and evidence of the ability to pay any applicable tax

4506-T & Tax Transcript Requirements

- Prior to Underwriting (NewRez underwritten loans)

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	<ul style="list-style-type: none"> ○ 4506-T must be signed for each borrower whose income is documented with tax returns and used for qualification. ● At Closing (all loans) <ul style="list-style-type: none"> ○ 4506-T for each borrower whose income is used to qualify must be signed at closing. Borrower(s) whose income has been validated through DU validation service or LPA AIM must sign IRS Form 4506-T at closing even if DU or LPA waives the requirement ○ 4506-T for the business tax return transcript(s) must be signed at closing when the business returns are used for qualification.
5.2 Verification of Employment	
Verification of Employment	<p>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.</p> <p>Self-Employed Borrower For Self Employed borrowers, the existence of the borrower’s business must be validated no more than 120 calendar days prior to 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.</p>
5.3 Alimony and Child Support Income	
Alimony and Child Support	<p>Document that alimony or child support will continue to be paid for at least three years after the date of the mortgage application, as verified by one of the following:</p> <ul style="list-style-type: none"> ● A copy of a divorce decree or separation agreement (if the divorce is not final) that indicates payment of alimony or child support and states the amount of the award and the period of time over which it will be received. ● Any other type of written legal agreement or court decree describing the payment terms for the alimony or child support. ● Document receipt of six months
5.4 Ineligible Income Sources	
Ineligible Income Sources	<ul style="list-style-type: none"> ● Boarder income on purchase transactions ● Sweat equity
Section 6: Credit	
6.1 Credit	
Credit	<ul style="list-style-type: none"> ● All borrowers must have a credit score ● A tri-merge credit report is required. 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. ● Non-Traditional credit is not permitted. ● All credit inquiries within 90 days of the credit report are required to be addressed by the customer – see Credit Attestation Policy ● Follow DU findings as to any debt that should be paid
6.2 Qualifying Ratios	
Qualifying Ratios	<p>Qualifying Rate</p> <ul style="list-style-type: none"> ● Fixed Rate: Note Rate <p>Maximum DTI: See Eligibility Matrix</p>

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	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.		
Section 7: Assets			
7.1 Assets			
Assets	Assets must be verified as required by DU.		
7.2 Cash on Hand			
Cash on Hand	<ul style="list-style-type: none"> • Cash on hand may be used for the down payment and closing costs if the following is met: <ul style="list-style-type: none"> ○ 1-unit primary residence ○ Borrower customarily uses cash for expenses and the amount of funds saved is consistent with the borrower's previous payment practices. An example for determining the reasonableness of the amount of funds saved would be through the use of an income and expense budget ○ Credit report and other verifications indicate limited use of credit, or no depository relationship exists between the borrower and a financial institution ○ Borrower must provide a written and signed statement that discloses the source of funds and states that the funds have not been borrowed ○ Sufficient funds for down payment and closing costs must be deposited into a financial institution or an acceptable escrow account at time of application or no less than 30 days prior to closing ○ The amount of cash on hand must be entered as "Cash on Hand" in the Assets section (Section VI) on the online loan application ○ DU will use the "Cash on Hand" amount to calculate the available funds to close • Cash on hand funds will not be used to calculate reserves 		
7.3 Minimum Borrower Contribution			
Minimum Borrower Contribution	Units	Minimum Borrower Contribution	
	1	None	
	2-4	3%	
7.4 Cash Reserves			
Cash Reserves	Follow DU findings.		
7.5 Gifts			
Gifts	Follow FNMA Guidance; minimum borrower contribution must be met before other acceptable sources of funds are permitted <ul style="list-style-type: none"> • Noted exception: borrowers must contribute a minimum of 5% of their own funds when the loan is secured by a manufactured home 		
7.6 Seller/Interested Party Contributions			
Seller/Interested Party Contributions	Occupancy	LTV/CLTV	Maximum IPC
	Primary Residence	> 90%	3%
		75.01 – 90%	6%
≤ 75%	9%		
7.7 Community Seconds			
Community Seconds	Community Seconds must meet FNMA's requirements as defined in Section B5 of the FNMA Seller's Guide and be approved by NewRez prior to close; maximum LTV and other requirements shown above		
7.8 Ineligible Assets			
Ineligible Assets	<ul style="list-style-type: none"> • Cryptocurrency, i.e. Bitcoin, cannot be used for down payment, closing costs or reserves • Sweat Equity • UTMA/Custodial Accounts for minors (cannot be used by account custodian) 		

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Section 8: Procedures		
8.1 Age of Documentation		
Age of Documents	Income and asset documentation must be 60 days old as of the Note date	
8.2 Electronic Signatures		
Electronic Signatures	<p>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.</p> <p>The electronic signature and date must be clearly visible when viewed electronically and in a paper copy of the electronically signed document.</p> <p>Electronic signatures are not permitted for any final documents including but not limited to the Note, Mortgage, final 1003, etc.</p>	
8.3 Escrows		
Escrows	<p>Escrows may be waived when the borrower's LTV is less than 80% and</p> <ul style="list-style-type: none"> • the borrower is not a first-time homebuyer <ul style="list-style-type: none"> ○ 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 <p>For Rate & Term Refinance Transactions the following restrictions also apply:</p> <ul style="list-style-type: none"> • 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 they waive escrows <p>In all states, except CA, no exceptions are permitted if the LTV is > 80% (see waiver eligibility grid below).</p> <p>If flood insurance is required based on the properties flood zone, escrows for flood insurance are required and cannot be waived.</p>	
8.4 Escrow Waiver Grid		
Escrow Waiver Grid	Eligibility	
	All States Except CA and NM	LTV ≤ 80%
	California	LTV < 90%
	New Mexico	LTV < 80%
8.5 Excluded Parties- LDP/GSA Searches		
Excluded Parties- LDP/GSA Searches	<p>All 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.</p> <p>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:</p> <ul style="list-style-type: none"> • Borrowers • Seller • Builder • Listing Agent & Listing Company • Selling Agent & Selling Company • Title Agent 	

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	<ul style="list-style-type: none"> Title Company Closing Attorney Appraiser and Appraisal Company 		
8.6 Mortgage Insurance			
Mortgage Insurance	<ul style="list-style-type: none"> 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. 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, Radian, Arch and United Guaranty Borrower Paid Mortgage Insurance <ul style="list-style-type: none"> Monthly plans Single-premium plan Financed MI <ul style="list-style-type: none"> 1-unit Primary residence Purchase and Rate & Term Refinance MI coverage is based on LTV excluding financed premium LTV including financed premium may not exceed LTV limitations for product Lender Paid Mortgage Insurance (LPMI) <ul style="list-style-type: none"> Client ordered (Lender Paid Single Premium (LPSP)) <ul style="list-style-type: none"> MI coverage must be activated and the premium must be remitted to the MI company prior to purchase by NewRez Do not use LPMI product codes NewRez ordered LPMI <ul style="list-style-type: none"> NewRez will order Mortgage Insurance Use product code: I13 30 Year Fixed Rate LPMI Lender Paid Disclosure must be provided to the borrower by the Correspondent Not permitted <ul style="list-style-type: none"> Annual plans Lender Annual paid Lender-paid monthly policies Split Premium 		
Coverage			
Transaction Type/Term			
	80.01 – 85.00%	85.01 – 90.00%	90.01 – 97%
Fixed Rate, ≤ 20 years	6%	12%	25%
Fixed Rate, > 20 years	12%	25%	25%
8.7 Title Insurance			
Title Insurance	<p>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.</p> <p>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.</p> <p>Manufactured Housing:</p>		

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	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.	
	A summary reference to existing state conversion is in the NewRez MH State Conversion Statutes Reference Document.	
9.1 References		
References	<ul style="list-style-type: none"> Fannie Mae Guidelines (PDF version) Fannie Mae Guidelines (AllRegs version) FNMA HomeReady Guidelines FNMA Eligibility Matrix Limited Denial of Participation (LDP) List General Services Administration (GSA) Exclusionary List 	
Section 10: Version Control		
2.8 Manufactured Homes	Manufactured homes that have been structurally modified or have an addition are eligible with an engineer's report.	January 24,2020
2.3 Eligible Transactions	Added requirements for primary residence nonprime HPML refinances in CT with loan amounts < = \$417,000	January 24,2020
4.6 Geographic Restrictions	Added CT HPML refinance verbiage	January 24,2020
2.8 Manufactured Homes	Permit singlewide manufactured homes in a Fannie Mae PERS approved project in compliance with Fannie Mae and Freddie Mac requirements	February 24, 2020
4.2 Ineligible Properties	Added Co-ops, barndominiums and shouses as ineligible unique properties	February 24, 2020
5.1 Income	Added 4506 T requirements for NewRez underwritten loans	February 24, 2020
4.3 Properties Previously Listed for Sale	Properties listed for sale must be taken off the market prior to the disbursement date for refinance transactions.	February 24, 2020
8.1 Age of Documentation	Added Income and asset documentation must be 60 days old as of the Note date.	April 14, 2020
Eligibility Matrix	Removed ARM grid	May 28,2020
1.3 Ineligible Programs	Added ARMS as ineligible	May 28,2020
2.2 Eligible Terms and Programs	Removed ARMS	May 28,2020
6.2 Qualifying Ratios	Removed ARMS	May 28,2020
Manufactured Home Eligibility Matrix	Updated Credit Score to 640 Removed 10 or 25 year fixed not permitted as we permit 10-30 years in annual increments	July 13, 2020
1.1 Program Summary	Removed Special Feature Codes	July 13, 2020
1.2 Underwriting	Added Additional Data Screen information Remove excessive DU runs information	July 13, 2020
2.2 Eligible Terms and Programs	Added product codes	July 13, 2020
2.3 Eligible Transactions	Updated NTB information	July 13, 2020

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2.4 Net Tangible Benefit	Moved this out of Eligible Transaction section and create its own section	July 13, 2020
4.1 Eligible Properties	Manufactured homes- Condos permitted for Delegated Clients	July 13, 2020
4.4 Appraisal	Appraisal Waiver <ul style="list-style-type: none"> Removed Properties located in a disaster impacted area ineligible. Removed LTV/CLTV information for Appraisal Waiver as this is Standard Guidance 	July 13, 2020
4.5 Disaster Areas	Added see NewRez Disaster policy	July 13, 2020
4.6 Geographic Restrictions	Ineligible for NewRez Underwriting <ul style="list-style-type: none"> Alaska Hawaii 	July 13, 2020
5.1 Income	Fannie Mae Employment Offers and Contracts not permitted Updated Borrower Income Limits	July 13, 2020
7.2 Cash on Hand	Eligible	July 13, 2020
8.3 Escrows	Rate & Term Refinance remove below restriction: The borrower may not finance the payment of real estate taxes for the subject property in the loan amount and waive escrows	July 13, 2020
8.6 Mortgage Insurance	Added information	July 13, 2020
Matrices	Added DTI section to Manufactured Housing Matrix	August 11, 2020
2.2 Eligible Term and Programs	Added LPMI product codes	September 21, 2020
8.6 Mortgage Insurance	Added LPMI product code and information Split Premium is not permitted as Servicing cannot support	September 21, 2020
3.1 Borrower Eligibility	Added Eligible Visa Types for Non-Permanent Resident Aliens	September 28, 2020
4.1 Eligible Properties	Manufactured Homes: Non-Delegated Clients: Accessory Dwelling Units not permitted	September 28, 2020
4.2 Ineligible Properties	Manufactured Homes: Non-Delegated Clients: Accessory Dwelling Units not permitted	September 28, 2020
2.2 Eligible Terms	Added Fixed rate terms 10,15,20,25 or 30 year terms	September 28,2020

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