

Temporary Underwriting Guidance Job Aid  
by Bulletin

This Job Aid does not replace NewRez bulletins with complete detail

Conventional Conforming	
Re-Verification of Employment 2020-018 2020-049	A verbal Re-verification of Employment (VVOE) within ten (10) business days of the Note date is required. When a VVOE cannot be obtained, NewRez will permit an email from the borrower's employment as an alternative. <ul style="list-style-type: none"> <li>• An email directly from the employer must:                             <ul style="list-style-type: none"> <li>○ Be from the employer's email address, such as <u>name@company.com</u> (<i>no Gmail, yahoo, etc.</i>)</li> <li>○ Be from the borrower's direct supervisor/manager or the employer's Human Resources department,</li> <li>○ Contain all the standard information required on a VVOE, including the name, title, and phone number of the person providing the verification, and</li> <li>○ Identify the borrower's name and current employment status.</li> </ul> </li> <li>• Self-Employed Borrowers                             <ul style="list-style-type: none"> <li>○ Non-Delegated Correspondent Clients: Verification that the borrower's business remains operational must be done within ten (10) calendar days of the Note date.</li> <li>○ Delegated Correspondent Clients: Verification that the borrower's business remains operational must be done within twenty (20) calendar days of the Note date.</li> </ul> </li> </ul>
Self-Employed Borrowers 2020-043 2020-120	<ul style="list-style-type: none"> <li>• Extra diligence must be performed to determine stability</li> <li>• Profit and Loss Statement and balance sheet must cover the most recent month preceding the application date and report business revenue, expenses, and net income                             <ul style="list-style-type: none"> <li>○ Must be dated no more than 60 calendar days prior to the Note date</li> </ul> </li> </ul> <p>Option One</p> <ul style="list-style-type: none"> <li>• Unaudited 2020 YTD P&amp;L, signed by the borrower. Month to month, quarterly or additional documentation may be necessary to show income trending</li> <li>• <b>Three</b> months of business bank statements no older than the latest <b>three</b> months shown on the YTD P&amp;L</li> </ul> <p>Option Two</p> <ul style="list-style-type: none"> <li>• Audited 2020 YTD P&amp;L</li> </ul> <p>The following must be done:</p> <ul style="list-style-type: none"> <li>• Assess impact to business</li> <li>• Establish monthly income and stability</li> <li>• Business assets clarification. Proceeds from SBA PPP or other similar COVID-19 related programs are not considered business assets and are not eligible funds for the transaction</li> </ul>
Suspension of Tax Transcripts 2020-015	Temporarily not required as outlined in the Product Profiles
Age of Documentation 2020-024	Income and asset documentation must be no more than 60 days old as of the Note date, including third-party employment verification (existing and new construction). No change to military income documented using a LES, Social Security, retirement income, long-term disability, MCCs, public assistance, foster care, or royalty payments.
Stock, Bonds, Mutual Funds 2020-024	Stocks, Bonds, Mutual Funds <ul style="list-style-type: none"> <li>• Do not follow DU/LPA messages</li> <li>• When used for down payment or closing costs, evidence of the borrower's actual receipt of funds realized from the sale or liquidation must be documented in all cases.</li> <li>• When used for reserves, only 70% of the value of the asset must be considered, and liquidation is not required</li> </ul>
Forbearance 2020-038 2020-040 - FAQ	All of the following must be done: <ul style="list-style-type: none"> <li>• Review credit report to determine the status of all mortgage loans borrower(s) are obligated on, including co-signed mortgage loans and mortgage loan not related to the subject transaction</li> <li>• To confirm the mortgage payments are current as of the Note date of the subject transaction:</li> </ul>

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	<ul style="list-style-type: none"> <li>○ Loan payment history from servicer of third-party verification service</li> <li>○ Payoff statement (loan being paid off)</li> <li>○ Latest mortgage account statement from borrower</li> </ul>		
	<b>If any existing mortgage...</b>	<b>Eligibility requirements</b>	<b>Use of proceeds if the subject loan is a no cash-out or cash out refinance</b>
	Is current as of the Note date (i.e., the borrower made all mortgage payments due in the month prior to the Note date no later than the last Business Day of that month) and not in a Repayment Plan, Loan Modification Trial Period Plan, Payment Deferral, or subject to another loss mitigation program	No additional eligibility requirements	Follow standard guideline requirements
	Is not current as of the Note date (as defined above) OR is in a Repayment Plan, Loan Modification Trial Period Plan or Payment Deferral	The new mortgage is ineligible unless the amounts outstanding on any existing mortgage are resolved by meeting the applicable <b>additional eligibility requirements</b> below	NA
	Was fully reinstated on or after the Application Received Date but prior to the Note date	The source of funds used for reinstatement must be from an eligible source in accordance with standard guideline requirements and documented.	Proceeds from the transaction may not be used to reinstate the mortgage being refinanced or any other mortgage
<b>Additional Eligibility Requirements</b>			
	Is subject to a Repayment Plan	The borrower must either: <ul style="list-style-type: none"> <li>i. Have successfully completed the repayment plan, OR</li> <li>Be performing under the plan (i.e., has not missed any payments due under the plan) and must have made at least three consecutive payments</li> </ul>	In connection with the mortgage being refinanced, proceeds may be used to pay off the remaining payments under the repayment plan
	Is subject to a Payment Deferral	The borrower must have made at least three consecutive timely payments following the approval of the payment deferral agreement	In connection with the mortgage being refinanced, proceeds may be used to pay off the deferred amount under the Payment Deferral
	Is subject to a Modification Trial Period Plan	The borrower must have successfully completed the Trial Period Plan	In connection with the mortgage being refinanced, proceeds may be used to pay off the modified mortgage
	Is subject to a Loss Mitigation Program not mentioned above	The borrower must either: <ul style="list-style-type: none"> <li>i. Have successfully completed the loss mitigation program, OR</li> <li>ii. Be performing under the program (i.e. has not missed</li> </ul>	In connection with the Mortgage being refinanced, proceeds may be used to pay off the remaining payments under the program

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			any payments due under the program) and must have made at least three consecutive full monthly payments			
Condo Project Reviews 2020-027	<ul style="list-style-type: none"> <li>• Waiver of project review for LTV up to 90% (applies to Fannie Mae owned or Freddie Mac owned, Rate &amp; Term Refi transactions for owner occupied properties)</li> <li>• Budget review may use 2019 fiscal year if 2020 budget not ratified</li> <li>• Other data sources to complete project reviews: <ul style="list-style-type: none"> <li>○ Appraisals</li> <li>○ MLS records</li> <li>○ Plat map/site surveys</li> <li>○ Public records</li> <li>○ State laws or local ordinances</li> <li>○ Tax searches</li> <li>○ Vendors</li> </ul> </li> </ul>					
Property Valuations 2020-018 2020-027	<b>Loan Purpose</b>	<b>LTV</b>	<b>Occupancy</b>	<b>Ownership of Loan being Refinanced</b>	<b>Permitted Appraisals</b>	
	Purchase and New Construction Properties	Up to 97%	Primary residence	NA	Interior/Exterior appraisal, Desktop appraisal, Exterior-only appraisal	
		≤ 85%	Second home Investment property	NA	Interior/Exterior appraisal, Desktop appraisal, or Exterior-only appraisal	
		> 85%	Second home	NA	Interior/Exterior appraisal	
	Rate & Term Refinance (LCOR and NCO)	Standard guidelines	All	<b>Fannie Mae-owned</b> <b>Freddie Mac-owned</b>	Interior/Exterior appraisal, or Exterior-only appraisal	
				<b>Not Fannie Mae-owned</b> <b>Not Freddie Mac-owned</b>	Interior/Exterior appraisal	
	Cash-out Refinance			Fannie Mae or not Fannie Mae-owned  Freddie Mac or not Freddie Mac-owned	Interior/Exterior appraisal	
	Flexibilities not permitted for Texas 50(a)(6) transactions					
	<b>Rate and Term refinance loans should be run through DU or LPA in accordance with the current owner of the loan and should be closed based upon the respective DU Findings Report or LPA Feedback Certificate. DU and LPA will indicate if they own the loan.</b>					
	Example: A rate and term refinance of a loan owned by Fannie Mae should be originated using DU.					
<b>FHA</b>						

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Re-verification of Employment 2020-021 2020-049 2020-058	<ul style="list-style-type: none"> <li>• Re-verification of employment within ten (10) calendar days of the Note date is required. Re-verification of employment within ten (10) calendar days can be waived provided:                         <ul style="list-style-type: none"> <li>○ that Correspondent Client is not aware of any loss of employment by the borrower, and</li> <li>○ for purchase transactions, evidence that the borrower has a minimum of two months PITI reserves; and</li> <li>○ a year-to-date paystub or direct verification of income (e.g., The Work Number) for the pay period that immediately precedes the Note date. (Bank statements showing direct deposit from the borrower’s employment is not eligible)</li> </ul> </li> <li>• Self-Employed Borrowers                         <ul style="list-style-type: none"> <li>○ Verification that the borrower’s business remains operational must be done within ten (10) calendar days of the Note date (Changed to <i>calendar days</i> with Announcement 2020-058)</li> <li>○ Verification may be completed in any of the following ways:                                 <ul style="list-style-type: none"> <li>▪ evidence of current work (executed contracts or signed invoices that indicate the business is operating on the day the lender verifies self-employment);</li> <li>▪ lender certification that the business is open and operating (lender confirmed through a phone call or other means);</li> <li>▪ business website demonstrating activity supporting current business operations (timely appointments for estimates or service can be scheduled).</li> </ul> </li> </ul> </li> </ul>			
Age of Documentation 2020-049	<ul style="list-style-type: none"> <li>• Delegated Correspondent Clients: Follow standard FHA age of documentation requirements</li> <li>• Non-Delegated Correspondent Clients: Income and asset documentation must be no more than 60 days old on the Note date</li> </ul>			
Suspension of Tax Transcripts 2020-015	Temporarily not required as outlined in the Product Profiles.			
Property Valuations 2020-021	<b>Transaction Type</b>	<b>Exterior-Only</b>	<b>Desktop Appraisal</b>	<b>Interior/Exterior Appraisal</b>
	Purchase	Yes	Yes	Yes
	<ul style="list-style-type: none"> <li>• Rate &amp; Term Refi</li> <li>• Simple Refi</li> </ul>	Yes	No	Yes
	Streamline Refi	NA	NA	NA
	Cash-out Refi	No	No	Yes
	New Construction <ul style="list-style-type: none"> <li>• Purchase</li> <li>• Build on Own Land</li> </ul>	No	No	Yes
Use of Rental Income 2020-057	<ul style="list-style-type: none"> <li>• Use of rental income to qualify                         <ul style="list-style-type: none"> <li>○ The use of rental income from other real estate owned requires one of the following:                                 <ul style="list-style-type: none"> <li>▪ Evidence of the most recent two (2) months’ receipt of rental income for each rental property owned (only applies to properties that utilize rental income for qualification)</li> <li>▪ Verify six (6) months PITI reserves or</li> <li>▪ Reduce the effective income associated with the calculation of rental income by 25% (in addition to any reduction already required by HUD)</li> </ul> </li> </ul> </li> </ul>			
<b>VA</b>				
Re-verification of Employment 2020-023 2020-049	A verbal Re-verification of Employment (VVOE) within ten (10) calendar days of the Note date is required. When a VVOE cannot be obtained, NewRez will permit an email from the borrower’s employment as an alternative. <ul style="list-style-type: none"> <li>• An email directly from the employer must:                         <ul style="list-style-type: none"> <li>○ Be from the employer’s email address, such as <u>name@company.com</u> (<i>no Gmail, yahoo, etc.</i>)</li> <li>○ Be from the borrower’s direct supervisor/manager or the employer’s Human Resources department</li> <li>○ Contain all the standard information required on a VVOE, including the name, title, and phone number of the person providing the verification, and</li> </ul> </li> </ul>			

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	<ul style="list-style-type: none"> <li>○ Identify the borrower's name and current employment status.</li> <li>• Self-Employed Borrowers <ul style="list-style-type: none"> <li>○ Verification that the borrower's business remains operational must be done within ten (10) calendar days of the Note date.</li> </ul> </li> </ul>
Property Valuation 2020-023 2020-026	<ul style="list-style-type: none"> <li>• If the appraiser cannot complete an interior/exterior appraisal, the appraiser will complete an Exterior-Only or Desktop appraisal as determined by VA instructions</li> <li>• Reconsideration of Value (ROV) <ul style="list-style-type: none"> <li>○ Purchase: ROV requests will be restricted to no greater than 7% from the appraiser's opinion of value or \$10,000, whichever is greater</li> <li>○ Cash-Out Refi: VA will suspend ROV requests for cash-out refinance loans until further notice</li> </ul> </li> <li>• Termite inspection <ul style="list-style-type: none"> <li>○ Termite inspection report is required if the property is located in an area on the Termite Infestation Probability Map where the probability of termite infestation is "very heavy" or "moderate to heavy". If a termite report is unattainable, use one of the following options: <ul style="list-style-type: none"> <li>• Purchase: If there is no known or visible evidence of termite infestation present, the seller and realtor must provide a certification to that fact and the Veteran must acknowledge that no inspection was completed. If there is known or visible evidence of termite infestation, a clear termite report may be required prior to closing or a certain period of time after closing at the discretion of the SAR</li> <li>• Cash-Out Refi: The Veteran can provide a certification of fact if there is no known or visible evidence of termite infestation present. If there is known or visible evidence of termite infestation, a clear termite report may be required prior to closing or a certain period of time after closing at the discretion of the SAR.</li> </ul> </li> </ul> </li> </ul>
Suspension of Tax Transcripts 2020-015	Temporarily not required as outlined in the Product Profiles
Water Quality Test 2020-047	All properties with individual water supply systems must be tested for potable water that meets local health authority standards per <a href="#">Chapter 12</a> Minimum Property Requirements in the VA Lenders Handbook
<b>USDA</b>	
Re-verification of Employment 2020-022	<p>A verbal Re-verification of Employment (VVOE) within ten (10) calendar days of the Note date is required. When a VVOE cannot be obtained, NewRez will permit one of the following as an alternative.</p> <ul style="list-style-type: none"> <li>• a direct electronic verification of employment from a Third-Party Verification Vendor that provides immediate work status reporting, or</li> <li>• email from the borrower's employer that must: <ul style="list-style-type: none"> <li>○ Be from the employer's email address, such as <u>name@company.com</u> (<i>no Gmail, yahoo, etc.</i>)</li> <li>○ Be from the borrower's direct supervisor/manager or the employer's Human Resources department,</li> <li>○ Contain all the standard information required on a VVOE, including the name, title, and phone number of the person providing the verification, and</li> <li>○ Identify the borrower's name and current employment status.</li> </ul> </li> <li>• Self-Employed Borrowers <ul style="list-style-type: none"> <li>○ Verification that the borrower's business remains operational must be done within ten (10) business days of the Note date</li> </ul> </li> </ul>
Suspension of Tax Transcripts 2020-015	Tax transcripts are required for USDA products. If unable to obtain, compliance with USDA requirements supporting the omission.

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Property Valuation 2020-022	<ul style="list-style-type: none"><li>• Purchase and Non-Streamlined Refi<ul style="list-style-type: none"><li>○ Exterior-Only Appraisal</li></ul></li><li>• New construction not eligible</li></ul>
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