



## VA Refinance Product Profile: Correspondent

NewRez overlays are identified with yellow highlighting

VA TYPE 1 AND TYPE 2 CASH-OUT REFINANCE ELIGIBILITY MATRIX					
Excludes Manufactured Housing					
Units	Occupancy	Loan Amount <sup>1</sup>	Credit Score	LTV	CLTV
AUS Approve/Accept					
1-4	Primary residence	1,500,000	700	90%	90%
		\$1,000,000	580	90%	90%
Refer/Eligible and Manual Underwriting					
1-4	Primary residence	\$1,500,000	700	90%	90%
		\$1,000,000	580	90%	90%

<sup>1</sup> Base loan amount  
LTV/CLTV based on total loan amount including financed VA Funding Fee

VA INTEREST RATE REDUCTION REFINANCE LOANS (IRRRL)					
Excludes Manufactured Housing					
Units	Occupancy	Loan Amount	Credit Score	LTV <sup>1</sup>	CLTV <sup>1</sup>
1-4	Primary Residence	Unlimited	580	Unlimited	Unlimited
	Non-owner Occupied	Unlimited	620	100%	100%

<sup>1</sup> LTV/CLTV can be based off one of the following valuation methods

- the original loan amount of prior VA mortgage, or
- current 2055 appraisal report, or
- NewRez approved AVM (Corelogic GEO (FSD<=15), Collateral Analytics-Black Knight (FSD<=15), Freddie HVE (confidence level of High))

Properties in West Virginia must be credit qualified

MANUFACTURED HOUSING					
VA TYPE 1 AND TYPE 2 CASH-OUT REFINANCE ELIGIBILITY MATRIX					
Units	Occupancy	Loan Amount <sup>1</sup>	Credit Score	LTV <sup>2</sup>	CLTV <sup>2</sup>
AUS Approve/Accept					
1	Primary residence	\$1,000,000	580	90%	90%

<sup>1</sup> Base loan amount  
LTV/CLTV based on total loan amount including financed VA Funding Fee

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VA INTEREST RATE REDUCTION REFINANCE LOANS (IRRRL)					
Units	Occupancy	Loan Amount	Credit Score	LTV <sup>1</sup>	CLTV <sup>1</sup>
1	Primary Residence	\$1,000,000	620	100%	Unlimited
	Non-owner Occupied	Not permitted			
<sup>1</sup> LTV/CLTV can be based off one of the following valuation methods: <ul style="list-style-type: none"> <li>• the original loan amount of prior VA mortgage, or</li> <li>• current 2055 appraisal report, or</li> <li>• NewRez approved AVM (Corelogic GEO (FSD&lt;=15), Collateral Analytics-Black Knight (FSD&lt;=15), Freddie HVE (confidence level of High))</li> </ul> Properties in West Virginia must be credit qualified					

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	IRRRL		CASH-OUT REFINANCE		
<b>1. Loan Terms</b>	<ul style="list-style-type: none"> <li>Fixed Rate: 10- to 30-year terms in annual increments</li> <li>ARMs: 30-year term</li> </ul>				
<b>2. Product Codes</b>	Y27	VA Fixed Rate 10 Year	Y29	High-Balance VA Fixed Rate 10 Year	
	075	VA Fixed Rate 15 Year	V54	High-Balance VA Fixed Rate 15 Year	
	Y26	VA Fixed Rate 20 Year	Y28	High-Balance VA Fixed Rate 20 Year	
	076	VA Fixed Rate 30 Year	V53	High-Balance VA Fixed Rate 30 Year	
	H64	VA Hybrid 5/1 ARM 2/2/6	V56	High-Balance VA Hybrid 5/1 ARM 2/2/6	
	W66	VA Hybrid 5/1 ARM 1/1/5	W67	High-Balance VA Hybrid 5/1 ARM 1/1/5	
<b>3. ARM Adjustments</b>	Index	One Year Treasury Bill per the Wall Street Journal			
	Margin	2.00% 2.25%			
	Life Floor	5%			
	Interest Rate Caps	<b>Product</b>	<b>First</b>	<b>Subsequent</b>	<b>Lifetime</b>
		5/1 (1/1/5)	1%	1%	5%
	Change Date	5/1	The first Change Date is the 61 <sup>st</sup> payment due date. Subsequent Change Dates are every twelve (12) months thereafter		
	Conversion Option	Not available			
<b>4. Temporary Buydown</b>	Not permitted				
<b>5. Qualified Mortgage</b>	All VA loans are considered Safe Harbor loans				
<b>6. Seasoning</b>	<ul style="list-style-type: none"> <li>Borrower must have made at least six consecutive monthly payments on the loan being refinanced (the borrower may not pre-pay the current loan to meet the requirement) <ul style="list-style-type: none"> <li>Any interruption in the monthly payments before the initial six months of seasoning will require the Veteran to reset the minimum loan seasoning time frame. Six consecutive monthly mortgage payments paid within the month due is required after the last missed payment to meet the statutory seasoning requirement; and</li> </ul> </li> <li>The Note date of the refinance loan occurs no earlier than 210 days after the date on which the first monthly payment was due on the mortgage being refinanced</li> </ul>				

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<b>7. Net Tangible Benefit</b>	<ul style="list-style-type: none"> <li>Delegated Clients are responsible for compliance with NTB requirements</li> <li>For loans underwritten by NewRez               <ul style="list-style-type: none"> <li>A Net Tangible Benefit Worksheet must be completed on ALL refinance transactions regardless of AUS score. Refer to the <a href="#">NewRez Net Tangible Benefit (NTB) Worksheet</a></li> <li>Recoupment of fees and incurred costs must occur within 36 months of the note date for all IRRRL and Type 1 Cash-out VA to VA refinances.</li> <li>If the payment is increasing and does not meet the 36 month recoupment, closing costs and discount points cannot be charged</li> </ul> </li> </ul>	
	IRRRL	NTB
	Fixed Rate to Fixed Rate	<ul style="list-style-type: none"> <li>The new loan must have an interest rate that is at least 50 basis points less in interest rate compared to the interest rate on the loan being refinanced</li> <li>Recoupment of fees and incurred costs (excludes funding fee, escrows and prepaids) must occur within 36 months of the note date</li> </ul> <p>Example: Interest rate for loan being refinanced is 4.5%. New loan must be no more than 4%</p>
Fixed Rate to ARM	<ul style="list-style-type: none"> <li>The new loan must have an interest rate that is at least 200 basis points less in interest rate than the interest rate on the loan being refinanced</li> <li>Recoupment of fees and incurred costs (excludes funding fee, escrows and prepaids) must occur within 36 months of the Note date</li> </ul> <p>Example: Interest rate for loan being refinanced is 6.5%. New loan must be no more than 4.5%</p> <p>The payment of <b>any</b> discount points requires an appraisal and a maximum LTV of 90% or 100%, depending on the amount of discount points paid:</p> <ul style="list-style-type: none"> <li>Less than or equal to 1% in discount points paid permits LTV maximum of 100% of the appraised value</li> <li>Greater than 1% in discount points paid permits LTV maximum of 90% of the appraised value</li> </ul> <p>Acceptable Appraisals</p> <ol style="list-style-type: none"> <li>Exterior-Only Inspection Residential Appraisal Report (Form 2055)</li> <li>Uniform Residential Appraisal Report (Form 1004)</li> <li>Exterior-Only Inspection Individual Condominium Unit Appraisal Report (Form 1075)</li> <li>Individual Condominium Unit Appraisal Report (Form 1073)</li> </ol>	

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		NewRez will require the Veteran to pay for the appraisal. The cost must be included as part of the recoupment cost. The Veteran may only be charged a reasonable and customary amount, and only charged for one appraisal
	ARM to ARM	<ul style="list-style-type: none"> <li>Reduction in interest rate is not required</li> <li>Recoupment of fees and incurred costs (excludes funding fee, escrows and prepaids) must occur within 36 months of the Note date</li> </ul>
	ARM to Fixed Rate	<ul style="list-style-type: none"> <li>Reduction in interest rate is not required</li> <li>Recoupment of fees and incurred costs (excludes funding fee, escrows and prepaids) must occur within 36 months of the note date</li> </ul>
	<b>Cash-out Refi</b>	<b>NTB</b>
	Must meet at least one of the eight net tangible benefits	<ul style="list-style-type: none"> <li>i. The new loan eliminates monthly mortgage insurance, whether public or private, or monthly guaranty insurance;</li> <li>ii. The term of the new loan is shorter than the term of the loan being refinanced;</li> <li>iii. The interest rate on the new loan is lower than the interest rate on the loan being refinanced;</li> <li>iv. The payment on the new loan is lower than the payment on the loan being refinanced;</li> <li>v. The new loan results in an increase in the borrower's monthly residual income;</li> <li>vi. The new loan refinances an interim loan to construct, alter, or repair the home;</li> <li>vii. The new loan amount is equal to or less than 90 percent of the reasonable value of the home; or</li> <li>viii. The new loan refinances an adjustable rate loan to a fixed rate loan.</li> </ul> <p>Refer to the <a href="#">Net Tangible Benefit Worksheet</a> for additional requirements on the above benefits</p>
	Fixed Rate to Fixed Rate	<p>Type 1 VA to VA:</p> <ul style="list-style-type: none"> <li>The new loan must have an interest rate that is at least 50 basis points less in interest rate compared to the interest rate on the loan being refinanced</li> <li>Recoupment of fees and incurred costs (excludes escrows and prepaids) must occur within 36 months of the Note date</li> </ul> <p>Type 1 non-VA to VA and all Type 2:</p> <ul style="list-style-type: none"> <li>The new loan must have an interest rate that is at least 25 basis points less in interest rate compared to the interest rate on the loan being refinanced</li> </ul> <p>Example: (.50) Interest rate for loan being refinanced is 4.5%. New loan must be no more than 4%</p>

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	IRRRL	CASH-OUT REFINANCE
	Fixed Rate to ARM	<p>Type 1 VA to VA:</p> <ul style="list-style-type: none"> <li>The new loan must have an interest rate that is at least 200 basis points (2.00) less in interest rate than the interest rate on the loan being refinanced.</li> <li>A maximum LTV of 90% is required if the borrower pays greater than 1% in discount points</li> <li>Recoupment of fees and incurred costs (excludes escrows and prepaids) must occur within 36 months of the Note date</li> </ul> <p>Type 1 non-VA to VA and all Type 2:</p> <ul style="list-style-type: none"> <li>The new loan must have an interest rate that is at least 100 basis points less in interest rate than the interest rate on the loan being refinanced</li> </ul> <p>Example: (2.00) Interest rate for loan being refinanced is 6.5%. New loan must be no more than 4.5%</p>
<b>8. Power of Attorney</b>	Permitted	
<b>9. Eligible AUS Decision</b>	Not applicable	<ul style="list-style-type: none"> <li>Accept/Eligible</li> <li>Approve/Eligible</li> </ul> <p>Note: Sponsored originations with NewRez should be reflected in AUS findings.</p>
<b>10. Ineligible AUS Decisions</b>	Not applicable	Refer
<b>11. Manual Underwrite</b>	All loans must be manually underwritten	<ul style="list-style-type: none"> <li>A manual downgrade from an AUS Accept to a Manual Underwrite is required if additional information is not considered by AUS affects the overall insurability or eligibility of the mortgage</li> <li>Not permitted for manufactured housing</li> </ul>
<b>12. Qualifying Rate</b>	Note rate	
<b>13. Qualifying Ratios</b>	<ul style="list-style-type: none"> <li>Non-credit Qualifying: None</li> <li>Credit Qualifying               <ul style="list-style-type: none"> <li>41% DTI</li> <li>50% when residual income exceeds 120% or significant documented compensating factors exist</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>Follow AUS</li> <li>Refer and Manual Underwrite               <ul style="list-style-type: none"> <li>41% DTI</li> <li>50% when residual income exceeds 120% or significant documented compensating factors exist</li> </ul> </li> </ul>
<b>14. Compensating Factors</b>	Compensating factors, when exceeding 41% DTI when credit qualifying include, but are not limited to the following:	

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	<ul style="list-style-type: none"> <li>• excellent credit history</li> <li>• conservative use of consumer credit</li> <li>• minimal consumer debt</li> <li>• long-term employment</li> <li>• significant liquid assets</li> <li>• sizable down payment</li> <li>• the existence of equity in refinancing loans</li> <li>• little or no increase in shelter expense</li> <li>• military benefits</li> <li>• satisfactory homeownership experience</li> <li>• high residual income</li> <li>• low DTI ratio</li> <li>• tax credits for childcare</li> <li>• tax benefits of home ownership</li> </ul>				
<b>15. Residual Income</b>	<b>Loan Amounts \$79,999 and Below</b>				
	<b>Family Size</b>	<b>Northeast</b>	<b>Midwest</b>	<b>South</b>	<b>West</b>
	1	\$390	\$382	\$382	\$425
	2	\$654	\$641	\$641	\$713
	3	\$788	\$772	\$772	\$859
	4	\$888	\$868	\$868	\$967
	5	\$921	\$902	\$902	\$1004
	Above 5	Add \$75 for each additional member up to a family of seven			
	<b>Loan Amounts \$80,000 and Above</b>				
	1	\$450	\$441	\$441	\$491
	2	\$755	\$738	\$738	\$823
	3	\$909	\$889	\$889	\$990
4	\$1025	\$1003	\$1003	\$1117	
5	\$1062	\$1039	\$1039	\$1158	
Above 5	Add \$80 for each additional member up to a family of seven				
<b>16. Types of Financing</b>	<ul style="list-style-type: none"> <li>• Non-credit Qualifying IRRRL</li> <li>• Credit Qualifying IRRRL (PITI increases by 20%)</li> </ul>		<ul style="list-style-type: none"> <li>• Cash-out Refi               <ul style="list-style-type: none"> <li>◦ Type 1 Cash-out Refi</li> <li>◦ Type 2 Cash-out Refi</li> </ul> </li> </ul>		
<b>17. Eligible Subordinate Financing</b>	<ul style="list-style-type: none"> <li>• Existing subordinate financing</li> <li>• No satisfaction of subordinate liens</li> </ul>		<ul style="list-style-type: none"> <li>• Type 1 Cash-out Refinance: existing secondary financing must be subordinated</li> <li>• Type 2 Cash-out Refinance: existing secondary financing may be subordinated</li> </ul>		
<b>18. Ineligible Subordinate Financing</b>	New subordinate financing				
	<ul style="list-style-type: none"> <li>• If the first mortgage or second lien is subject to Texas Section</li> </ul>		<ul style="list-style-type: none"> <li>• If the first mortgage or second lien is subject to Texas Section</li> </ul>		

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<b>19. Texas Owner-Occupied Properties</b>	50(a)(6), VA financing not permitted <ul style="list-style-type: none"> <li>A copy of the current mortgage or note is required to determine the previous terms are not subject to Texas Section 50(a)(6) (also known as Home Equity Deed of Trust, Home Equity Installment Contract or Residential Home Loan Deed of Trust)</li> <li>Eligible transactions not subject to 50(a)(6); the borrower may not receive cash back at closing</li> </ul>	50(a)(6), VA financing not permitted <ul style="list-style-type: none"> <li>A copy of the current mortgage or note is required to determine whether the terms are subject to Texas Section 50(a)(6) (also known as Home Equity Deed of Trust, Home Equity Installment Contract or Residential Home Loan Deed of Trust)</li> <li>An existing Texas Section 50(a)(6) loan (either first or second mortgage) may be refinanced as a Texas non-Home Equity Section 50(f)(2) loan secured by a lien against the homestead subject to the following:               <ul style="list-style-type: none"> <li>Max 80% LTV/CLTV</li> <li>12-month seasoning for any Texas Section 50(a)(6) loan (first or second)</li> <li>Cash back not permitted</li> <li>No additional funds may be included in the loan amount (except closing costs and prepaids)</li> <li>No new subordinate financing</li> <li>NOTICE OF REFINANCE OF A TEXAS HOME EQUITY LOAN PURSUANT TO SUBSECTION (f)(2) of ARTICLE XVI, SECTION 50 OF THE TEXAS CONSTITUTION must be provided within 3 days of application.</li> </ul> </li> </ul>		
	<b>Texas 50 (f) (2) Determination (Cash-out Refinance Program only; not eligible for IRRRL)</b>			
	<b>New loan amount pays off existing lien and...</b>	<b>Existing lien is non-50(a)(6), the new lien is...</b>	<b>Existing lien is 50(a)(6), the new lien is...</b>	
	Provides even \$1 cash to borrower	Texas 50 (a) (6)	Texas 50 (a) (6)	
	Pays off/down existing 50(a)(6) lien with no cash to borrower	Texas 50 (a) (6)	Texas 50(f)(2)	
	Pays off/down existing 50(a)(6) lien with cash to borrower	Texas 50 (a) (6)	Texas 50 (a) (6)	
	New lien is < existing UPB (no new funds)	Non-Texas 50 (a) (6)	Texas 50(f)(2)	

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	Funds, prepaids and/or closing costs	Non-Texas 50 (a) (6)	Texas 50 (f) (2)
	Pays off/down purchase money second	Non-Texas 50 (a) (6)	Texas 50 (f) (2)
	Pays off/down existing Secured Home Improvement loan (mechanic's lien)	Non-Texas 50 (a) (6)	Texas 50 (f) (2)
	Provides funds to satisfy a court-ordered divorce equity buyout (owelty lien)	Non-Texas 50 (a) (6)	Texas 50 (a) (6)
	Borrower may elect to have loan remain a Texas 50(a) (6). Refer to Texas 50(a) (6) product profile		
<b>20. Guaranty/Entitlement</b>	<ul style="list-style-type: none"> <li>• Guaranty automatic</li> <li>• Certificate of Eligibility is required</li> </ul>	<ul style="list-style-type: none"> <li>• Veteran must have enough entitlement to provide 25% VA Guaranty of total loan amount or contribute to a combination of VA Guaranty plus down payment and/or equity that covers 25% of the Sales Price or Appraised Value, whichever is less.</li> <li>• Veteran must provide evidence of available entitlement. Certificate of Eligibility must be dated within 6 months of the application</li> <li>• VA mortgages must have at least 25% VA Loan Guaranty and/or down payment or equity, based on the Sales Price or Appraised Value, whichever is less to meet Ginnie Mae requirements</li> </ul>	
<b>21. VA Funding Fee</b>	VA funding fee .50% applies unless Veteran is exempt	<ul style="list-style-type: none"> <li>• VA funding fee may be partially financed and partially paid in cash when restricted by the LTV</li> <li>• Apply the appropriate funding fee unless the Veteran is exempt</li> <li>• The higher subsequent use fee does not apply if the Veteran's only prior use of entitlement was for a manufactured home <u>NOT classified</u> as real estate</li> </ul>	
		<b>Veteran</b>	<b>First Time Use Expires 12/31/21</b>
			<b>Subsequent Use Expires 12/31/21</b>
		Active Duty	2.30%
			3.60%

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		Reserves National Guard	2.30%	3.60%
<b>22. Occupancy</b>	<ul style="list-style-type: none"> <li>• Primary residence</li> <li>• Second homes</li> <li>• Non-owner occupied</li> </ul> <p>For second homes and non-owner occupied properties, the Veteran must certify that the property was previously occupied as the primary residence (VA Form 26-1820)</p>	Primary residence		
<b>23. Eligible Property Types</b>	<ul style="list-style-type: none"> <li>• 1-4 units</li> <li>• Condos: project approval not required</li> <li>• Leasehold estates</li> <li>• Manufactured housing</li> <li>• Modular homes</li> <li>• PUDs</li> </ul>	<ul style="list-style-type: none"> <li>• 1-4 units</li> <li>• Condos               <ul style="list-style-type: none"> <li>◦ Must be VA approved</li> <li>◦ Michigan Site condos do not require project approval</li> </ul> </li> <li>• Leasehold estates</li> <li>• Manufactured housing</li> <li>• Modular homes</li> <li>• PUDs</li> </ul>		
<b>24. Ineligible Property Types</b>	<ul style="list-style-type: none"> <li>• Condo hotels</li> <li>• Co-ops</li> <li>• The following manufactured housing               <ul style="list-style-type: none"> <li>◦ Leasehold estate</li> <li>◦ Newly constructed units</li> <li>◦ Units in a condo project (Non-Delegated Clients)</li> <li>◦ Units located in Hawaii</li> <li>◦ Units located in a mobile home park</li> <li>◦ Units on a property with a hobby farm</li> <li>◦ Units with mixed-use</li> </ul> </li> </ul>			
<b>25. Ineligible States</b>	Ineligible for NewRez Underwriting <ul style="list-style-type: none"> <li>• Alaska</li> </ul>			
<b>26. Eligible Borrowers</b>	<ul style="list-style-type: none"> <li>• Inter vivos revocable trust (living trust)</li> <li>• The borrowers obligated on the original VA loan must be the same borrowers on the new loan and the Veteran must still own the property. A change of obligors is permitted in the following cases:</li> </ul>		<ul style="list-style-type: none"> <li>• Must be a qualified Veteran or spouse</li> <li>• Certificate of Eligibility must have sufficient entitlement to meet minimum 25% guaranty of total loan amount or Ginnie Mae requirement of VA Guaranty plus down payment and/or equity that covers 25% of the Sales Price or Appraised Value, whichever is less</li> </ul>	
	<b>Existing Loan</b>	<b>New Loan</b>		

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## VA Refinance Product Profile: Correspondent

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	IRRRL			CASH-OUT REFINANCE
	Unmarried Vet	Veteran & new spouse	Yes	
	Vet	Different Veteran who has substituted his/her entitlement	Yes	
	Vet & Spouse	Divorced Veteran only	Yes	
	Vet & Spouse	Veteran & different spouse	Yes	
	Vet & Spouse	Spouse only (deceased Veteran)	Yes	
	Unmarried Vet	Spouse only (deceased Veteran)	No	
	Vet & Spouse	Divorced spouse only	No	
	When there has been a change in obligor, the following is required: <ul style="list-style-type: none"> <li>• Review mortgage payment history</li> <li>• Surviving spouse or divorce, provide:               <ul style="list-style-type: none"> <li>◦ Divorce decree or death certificate; and</li> <li>◦ Statement from the obligor(s) on the ability to make payments on the new loan</li> </ul> </li> <li>• For the addition of a different spouse, obtain a statement on the change in number of dependents, as applicable</li> </ul>			
<b>27. Non-Occupant Co-Borrower</b>	All borrowers must occupy the subject property for primary residence			All borrowers must occupy the subject property
<b>28. Credit</b>	<ul style="list-style-type: none"> <li>• All borrowers must have a credit score; non-traditional credit not permitted</li> <li>• A Mortgage-Only credit report may be used to verify mortgage payment history</li> </ul>			All borrowers must have a credit score; non-traditional credit not permitted
<b>29. Mortgage Payment History</b>	<ul style="list-style-type: none"> <li>• Applies only to the first lien on the subject property</li> </ul>			<ul style="list-style-type: none"> <li>• Inclusive of all liens regardless of lien position</li> </ul>

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	<ul style="list-style-type: none"> <li>• Loan must be current at the time of application and closing</li> <li>• Borrower must have made at least six consecutive payments on the existing mortgage, beginning with the payment made on the first payment due date</li> <li>• 0x30x6</li> <li>• <b>Manufactured home: 0x30x12</b></li> <li>• Forbearance               <ul style="list-style-type: none"> <li>◦ <b>Must have exited forbearance and made one payment within the month due prior to application</b></li> <li>◦ Missed mortgage payments per the forbearance plan are not considered delinquent</li> <li>◦ Any interruption in the monthly payments before the initial six months seasoning requires the timeframe to be reset</li> <li>◦ Any deferred mortgage payments or late payment under CARES Act may be included in the loan amount</li> </ul> </li> <li>• If the PITI increases by 20% or more, Veteran must qualify for the new monthly payment</li> </ul>	<ul style="list-style-type: none"> <li>• Applies to all mortgages on all financed properties</li> <li>• All loans must be current at time of application and closing</li> <li>• Borrower must have made at least six consecutive payments on the mortgage being refinanced, beginning with the payment made on the first payment due date</li> <li>• Forbearance               <ul style="list-style-type: none"> <li>◦ <b>Must have exited forbearance and made one payment within the month due prior to application</b></li> <li>◦ Missed mortgage payments per the forbearance plan are not considered delinquent</li> <li>◦ Any interruption in the monthly payments before the initial six months seasoning requires the timeframe to be reset</li> <li>◦ Any deferred mortgage payments or late payment under CARES Act may be included in the loan amount</li> </ul> </li> </ul> <p>Delegated Clients who underwrite and close loans in their own name</p> <ul style="list-style-type: none"> <li>◦ Follow AUS</li> <li>◦ A written explanation is required for all mortgage late payments more than 1x30 in the past 12 months</li> </ul> <p>For loans underwritten by NewRez</p> <ul style="list-style-type: none"> <li>• Follow AUS               <ul style="list-style-type: none"> <li>◦ <b>0x30 in last 12 months</b></li> <li>◦ <b>0x30 if fewer than 12 payments made on mortgage</b></li> </ul> </li> </ul> <p>Manual Downgrade if:</p> <ul style="list-style-type: none"> <li>• Any mortgage with &gt;1x30x12</li> <li>• Any mortgage or other significant debt is currently ≥ 90 days past due</li> <li>• Direct verification with &gt;1x30x12</li> </ul>
<b>30. Rental Payment History</b>	NA	<ul style="list-style-type: none"> <li>• Follow Approve/Accept</li> <li>• AUS Refer and Manual Underwrite/Downgrade</li> </ul>

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	IRRRL	CASH-OUT REFINANCE
		<ul style="list-style-type: none"> <li>o 24-month rental history</li> </ul>
<b>31. Assets</b>	<ul style="list-style-type: none"> <li>• Asset verification not required</li> <li>• If the PITI increases by 20% or more, Veteran must qualify for the new monthly payment; standard income documentation required:               <ul style="list-style-type: none"> <li>o Must have sufficient liquid assets to close</li> <li>o Non-liquid funds must be liquidated and deposited into a bank account if used for closing costs and reserves with supporting documentation</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>• Must have sufficient liquid assets to close and for reserves</li> <li>• Non-liquid funds must be liquidated and deposited into a bank account if used for closing costs and reserves with supporting documentation</li> </ul>
<b>32. Reserves</b>	Not required	<ul style="list-style-type: none"> <li>• 1-unit: none</li> <li>• 2-4 units               <ul style="list-style-type: none"> <li>o Rental income not used to qualify: none</li> <li>o Rental income used to qualify: Six months</li> </ul> </li> <li>• Three months reserves if borrower owns other real estate. Reserves are based on PITI of REO property</li> <li>• Reserves not required if rental income not used to qualify</li> </ul>
<b>33. Employment/Income</b>	<ul style="list-style-type: none"> <li>• Income and Employment documentation not required</li> <li>• Colorado               <ul style="list-style-type: none"> <li>• Income must be stated on the application</li> <li>• Verification or analysis of income not required</li> </ul> </li> <li>• If the PITI increases by 20% or more, Veteran must qualify for the new monthly payment; standard income documentation required</li> </ul>	<ul style="list-style-type: none"> <li>• Standard income documentation required</li> <li>• Verbal VOE required</li> </ul>
<b>34. IRS Form 4506-C</b>	<ul style="list-style-type: none"> <li>• 4506-C not required</li> <li>• If the PITI increases by 20% or more, Veteran must qualify for the new monthly payment; standard income documentation required; follow Cash-out Refi requirements</li> </ul>	<ul style="list-style-type: none"> <li>• Prior to Underwriting (NewRez underwritten loans)               <ul style="list-style-type: none"> <li>o Signed 4506-C for each borrower whose income must be documented with tax returns and used for qualification (self-employment, rental income, etc.)</li> </ul> </li> <li>• At Closing (all loans)               <ul style="list-style-type: none"> <li>o 4506-C for each borrower whose income is used to qualify</li> </ul> </li> </ul>

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	IRRRL	CASH-OUT REFINANCE
		(regardless of income type) must be signed at closing <ul style="list-style-type: none"> <li>o 4506-C for the business tax return transcript(s) must be signed at closing when the business returns are used for qualification</li> </ul>
<b>35. Tax Transcripts</b>	<p>For loans underwritten by NewRez, W-2, or tax transcripts, as applicable, must be obtained when:</p> <ul style="list-style-type: none"> <li>• Handwritten paystubs are used as verification of income</li> <li>• There is a non-arm's length transaction</li> <li>• Income is documented with tax returns (self-employment, rental income, dividend/interest)</li> <li>• At the underwriter's discretion</li> </ul>	
<b>36. Maximum Financed Properties</b>	No restrictions	
<b>37. Appraisals</b>	<ul style="list-style-type: none"> <li>• Appraisal report is not required when discount points are not charged               <ul style="list-style-type: none"> <li>o See Net Tangible Benefit for appraisal requirements when discount points are charged</li> <li>o VA Approved/Vee Fee Panel appraiser must not be used if an appraisal is obtained</li> </ul> </li> <li>• Kansas Primary Residence               <ul style="list-style-type: none"> <li>o A valuation is required for primary residences. One of the following may be used to determine value:                   <ul style="list-style-type: none"> <li>• Most recent tax assessment value by county</li> <li>• 2055 Drive-by Appraisal Report</li> <li>• NewRez approved AVM (CoreLogic, Freddie Mac HVE, Black Knight Collateral Analytics)</li> </ul> </li> <li>o If the LTV exceeds 100%, a Kansas High Loan-to-Value Notice must be provided to the borrower not less than three days prior to closing and a copy of the valuation provided to the borrower</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>• A new appraisal completed by a VA approved or VA fee panel appraiser required</li> <li>• VA LAPP Underwriter will issue the NOV</li> <li>• Copy of the NOV must remain in the loan file</li> </ul>

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	<ul style="list-style-type: none"> <li>Properties located in a FEMA disaster area do not require a damage inspection report</li> </ul>	
<b>38. Energy Efficient Mortgage (EEM) Program</b>	Delegated Clients: IRRRL with EEM must result in a reduction of P&I and meet 36-month fee recoupment	Delegated Clients only
<b>39. Principal Curtailment</b>	The amount of the curtailment cannot exceed \$500 unless due to an excess Premium Pricing Credit	NA
<b>40. Escrow Waivers</b>	Not permitted	
<b>41. Disclosures</b>	<ul style="list-style-type: none"> <li>Two IRRRL Loan Comparison &amp; Recoup Statements are required.</li> <li>Initial disclosure with application package to be based on Loan Estimate and Final disclosure to be based on Closing Disclosure</li> </ul>	<ul style="list-style-type: none"> <li>Two VA Cash-out Refinance disclosures are required</li> <li>Initial disclosure with application and one at closing that compare terms of the refinance loan with loan being refinanced and amount of home equity being removed. See <a href="#">VA Circular 26-19-05</a> for details</li> <li>Veteran must sign (wet sign or e-sign) to certify receipt of disclosures</li> </ul>
<b>42. Resources</b>	Access <a href="#">VA Circulars</a>	
<b>43. Ineligible Programs</b>	<ul style="list-style-type: none"> <li>Energy Efficient Mortgages (EEM) (Non-Delegated Clients)</li> <li>Farm Residence Loans</li> <li>HFA Programs</li> <li>HPML Loans</li> <li>High Cost Loans</li> <li>Rehabilitations loans</li> <li>Specially Adapted Housing</li> <li>Supplemental Loans</li> </ul>	

44. Version History		
Section	Update	Date
Ineligible States Ineligible Property Types	Permit HI for all Clients Manufactured housing not eligible in HI	January 15, 2021
Eligibility Matrices Manual Underwrite Qualifying Ratios Compensating Factors Mortgage Payment History	Loan amount and credit score updates Added manual underwrite guidelines	March 30, 2021

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Rental Payment History		
Appraisals	Added Kansas valuation determination requirements	April 15, 2021
Loan Terms	<ul style="list-style-type: none"><li>Fixed Rate: 10- to 30-year terms in annual increments</li><li>Removed Custom Loan Term information</li></ul>	April 15, 2021

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