



## VA Purchase Product Profile: Correspondent

NewRez overlays are identified with yellow highlighting

VA ELIGIBILITY MATRIX					
Excludes Manufactured Housing					
Units	Transaction Type	Loan Amount <sup>1</sup>	Credit Score	LTV	CLTV
<b>AUS Approve/Accept</b>					
1-4	Purchase	\$1,500,000	700	100%	100%
		\$1,000,000	580	100%	100%
<b>Refer/Eligible and Manual Underwrite</b>					
1-4	Purchase	1,500,000	700	100%	100%
		\$1,000,000	580	100%	100%
<sup>1</sup> Base loan amount					

VA MANUFACTURED HOME ELIGIBILITY MATRIX					
Units	Transaction Type	Loan Amount <sup>1</sup>	Credit Score	LTV <sup>1</sup>	CLTV <sup>2</sup>
<b>AUS Approve/Accept</b>					
1	Purchase	\$1,000,000	580	100%	100%
<sup>1</sup> Base loan amount					

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<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 (1) 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 months thereafter			
Conversion Option	Not available				
<b>4. Temporary Buydown</b>	Not permitted				
<b>5. QM</b>	All transactions are considered QM Safe Harbor				
<b>6. Power of Attorney</b>	Permitted. See Client Guide				
<b>7. Eligible AUS Decision</b>	<ul style="list-style-type: none"> <li>Accept/Eligible</li> <li>Approve/Eligible</li> </ul>				
	Note: Sponsored originations with NewRez should be reflected in AUS findings.				
<b>8. Manual Underwrite</b>	<ul style="list-style-type: none"> <li>The following must be manually underwritten <ul style="list-style-type: none"> <li>A manual downgrade from an AUS Accept if additional information is not considered by the AUS that affects the overall insurability or eligibility of the mortgage</li> <li>AUS Refer</li> </ul> </li> <li><b>Not permitted for manufactured housing</b></li> </ul>				
<b>9. Qualifying Rate</b>	Note rate				
<b>10. Qualifying Ratios</b>	<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>11. Compensating Factors</b>	Compensating factors include, but are not limited to the following:				
	<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> </ul>				

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	<ul style="list-style-type: none"> <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>12. 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>13. Types of Financing</b>	Purchase mortgage				
<b>14. Subordinate Financing</b>	New subordinate financing is not permitted				
<b>15. Down Payment Assistance</b>	<ul style="list-style-type: none"> <li>Federal, state, local government agencies and VA approved non-profit agencies considered by VA to be an instrumentality of the government may provide grants for closing costs and prepaid expenses</li> <li>Homebuyer Assistance Programs (HAP) in the form of "soft second or silent mortgages" administered by non-profit entities (requires VA approval)</li> <li>HAPs administered by state, county, or municipal government entities (have VA blanket approval)</li> <li>HAPs must be approved by NewRez</li> <li>These state and local programs are not the same as the Department of Defense homebuyer assistance program</li> </ul>				
<b>16. Guaranty/Entitlement</b>	<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 six 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>17. Funding Fee</b>	<b>Veteran/Military Status</b>	<b>Down Payment<sup>1</sup></b>	<b>First Time Use Expires 12-31-2021</b>	<b>Subsequent Use<sup>2</sup> Expires 12-31-21</b>	
	Veteran/Active Duty	Less than 5%	2.30%	3.60%	
	Veteran/Active Duty	5% and up to 10%	1.65%	1.65%	
	Veteran/Active Duty	10% or more	1.40%	1.40%	
	Reserves/National Guard	Less than 5%	2.30%	3.60%	
	Reserves/National Guard	5% and up to 10%	1.65%	1.65%	

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	Reserves/National Guard	10% or more	1.40%	1.40%
	Disabled Veteran (Service-connected disability or Active-Duty Purple Heart)	n/a	0.00%	0.00%
	<sup>1</sup> Does not include down payment from gift of equity or equity earned from lease-to-purchase transaction <sup>2</sup> The higher subsequent use fee does not apply if the veteran's only prior use of entitlement was for a manufactured home not classified as real estate			
<b>18. Occupancy</b>	Primary residence			
<b>19. Eligible Property Types</b>	<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>20. Ineligible Property Types</b>	<ul style="list-style-type: none"> <li>• Condo hotels</li> <li>• Co-ops</li> <li>• Non-warrantable condos</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 HI</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>21. Ineligible States</b>	Ineligible for NewRez Underwriting <ul style="list-style-type: none"> <li>• Alaska</li> </ul>			
<b>22. Eligible Borrowers</b>	<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> <li>• Inter vivos revocable trusts (living trust)</li> </ul>			
<b>23. Non-Occupant Co-Borrower</b>	Not permitted. All borrowers must occupy the subject property			
<b>24. Credit</b>	All borrowers must have a credit score; non-traditional credit not permitted			

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<b>25. Mortgage Payment History</b>	<ul style="list-style-type: none"> <li>• Inclusive of all liens regardless of lien position</li> <li>• Applies to all mortgages on all financed properties</li> <li>• All loans must be current at application</li> <li>• Follow Approve/Accept               <ul style="list-style-type: none"> <li>○ <b>Manufactured Home: 0x30x12</b></li> <li>○ A manual downgrade is required due to any of the following:                   <ul style="list-style-type: none"> <li>• Any mortgage debt with more than 1x30x12</li> <li>• Any mortgage is past due and was last updated <math>\geq</math> 90 days</li> <li>• A written explanation is required</li> </ul> </li> </ul> </li> </ul>
<b>26. Rental Payment History</b>	<ul style="list-style-type: none"> <li>• Follow Approve/Accept</li> <li>• AUS Refer and Manual Underwrite/Downgrade               <ul style="list-style-type: none"> <li>○ 24-month rental history</li> </ul> </li> </ul>
<b>27. Borrower Contribution</b>	<ul style="list-style-type: none"> <li>• No minimum borrower investment is required for loan amounts; however, all VA Purchase loans require at a minimum, a VA Guaranty, or a combination of a VA Guaranty plus down payment and/or equity that covers 25% of the Sales Price or Appraised Value, whichever is less. If Veteran does not have sufficient entitlement to provide 25% guarantee of the total loan, a down payment will be required.</li> <li>• For 2-4-unit properties, if the total loan amount is greater than the limit for a 1-unit dwelling, a down payment may be required</li> </ul>
<b>28. Down Payment Assistance</b>	<ul style="list-style-type: none"> <li>• Federal, state, local government agencies, charitable organizations and FHA Approved non-profit agencies considered by FHA to be an instrumentality of the government may provide funds for down payment, closing costs and prepaid expenses</li> <li>• Must be approved by NewRez</li> </ul>
<b>29. Seller Contributions</b>	<ul style="list-style-type: none"> <li>• Seller may pay 100% of the discount points and borrower's non-recurring closing costs</li> <li>• Seller may provide an additional amount not to exceed 4% of the estimated reasonable value to assist the borrower's payment of prepaid expenses and funding fee</li> </ul>
<b>30. Reserves</b>	<ul style="list-style-type: none"> <li>• 1-unit: none</li> <li>• 2-4 units               <ul style="list-style-type: none"> <li>○ Rental income not used to qualify: none</li> <li>○ 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>31. IRS Form 4506-C</b>	<ul style="list-style-type: none"> <li>• Prior to Underwriting (NewRez underwritten loans)               <ul style="list-style-type: none"> <li>○ 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>○ 4506-C for each borrower whose income is used to qualify (regardless of income type) must be signed at closing</li> <li>○ 4506-C for the business tax return transcript(s) must be signed at closing when the business returns are used for qualification</li> </ul> </li> </ul>
<b>32. Tax Transcripts</b>	<p><b>For NewRez underwritten loans W-2 or tax transcripts, as applicable, must be obtained when:</b></p> <ul style="list-style-type: none"> <li>• <b>Handwritten paystubs are used as verification of income</b></li> <li>• <b>There is a non-arm's length transaction</b></li> <li>• <b>Income is documented with tax returns (self-employment, rental income, dividend/interest, etc.)</b></li> <li>• At the underwriter's discretion</li> </ul>

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<b>33. Maximum Financed Properties</b>	No restrictions
<b>34. Appraisals</b>	<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> </ul>
<b>35. Principal Curtailment</b>	The amount of the curtailment cannot exceed \$500 unless due to an excess Premium Pricing Credit
<b>36. Escrow Waivers</b>	Not permitted
<b>37. VA REO</b>	Lenders who are selling their own REO properties while underwriting the VA Home Loan for the purchase of these properties may not process as LAPP, but order and process VA appraisals as "IND" (reviewed by VA)
<b>38. Resources</b>	Access VA Circulars
<b>39. Ineligible Programs</b>	<ul style="list-style-type: none"> <li>• Energy Efficient Mortgages (EEM) (Non-Delegated Clients)</li> <li>• Farm Residence Loans</li> <li>• Graduated Payment Mortgage (GPM)</li> <li>• Growing Equity Mortgage (GEM)</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>

<b>40. Version History</b>		
<b>Section</b>	<b>Update</b>	<b>Date</b>
Ineligible States	Permit HI for all Clients	January 15, 2021
Ineligible Property Types	Manufactured housing not eligible in HI	
Eligibility Matrices	Loan amount and credit score updates	March 30, 2021
Manual Underwrite	Added manual underwrite guidelines	
Qualifying Ratios		
Compensating Factors		
Mortgage Payment History		
Rental Payment History		
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
Ineligible Property Types	Add Non-Warrantable Condos as ineligible	August 13, 2021

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