



## FHA Purchase Product Profile: Correspondent

NewRez overlays are identified with yellow highlighting

FHA ELIGIBILITY MATRIX					
Units	Transaction Type	Credit Score	LTV	CLTV <sup>1</sup>	DTI
<b>TOTAL Approve/Accept</b>					
1-4	Purchase	580	96.5%	105%	Per AUS <sup>2</sup>
<b>Manual Underwrite</b>					
1-4	Purchase	580	96.5%	105%	50% <sup>3</sup>
<sup>1</sup> Includes Acquisition Cost <sup>2</sup> West Virginia: Maximum 50% DTI <sup>3</sup> DTI >43% requires compensating factors in accordance with FHA guidelines					

FHA MANUFACTURED HOME ELIGIBILITY MATRIX					
Units	Transaction Type	Credit Score	LTV <sup>1</sup>	CLTV <sup>1</sup>	DTI
<b>TOTAL Approve/Accept</b>					
1	Purchase	640	96.5%	96.5%	Per AUS <sup>2</sup>
<b>Manual Underwrite</b>					
1	Purchase	640	96.5%	96.5%	50% <sup>3</sup>
<sup>1</sup> Includes Acquisition Cost <sup>2</sup> West Virginia: Maximum 50% DTI <sup>3</sup> DTI >43% requires compensating factors in accordance with FHA guidelines					

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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 terms <ul style="list-style-type: none"> <li>Not permitted for manufactured housing</li> </ul> </li> </ul>				
<b>2. Product Codes</b>	Y11	FHA Fixed Rate 10 Year	Y13	High-Balance FHA Fixed Rate 10 Year	
	050	FHA Fixed Rate 15 Year	V50	High-Balance FHA Fixed Rate 15 Year	
	Y10	FHA Fixed Rate 20 Year	Y12	High-Balance FHA Fixed Rate 20 Year	
	051	FHA Fixed Rate 30 Year	V44	High-Balance FHA Fixed Rate 30 Year	
	GG3	FHA 5/1 Hybrid ARM (45 day look-back) 1/1/5 Cap	GG5	High-Balance FHA 5/1 Hybrid ARM (45 day look-back) 1/1/5 Cap	
<b>3. Eligible Programs</b>	203(b) 1-4 Family Home Mortgage Insurance program				
<b>4. ARM Information</b>	Index	One Year Treasury Bill per the Wall Street Journal			
	Margin	2.00%			
	Life Floor	5%			
	Interest Rate Caps	<b>Product</b>	<b>First</b>	<b>Subsequent</b>	<b>Lifetime</b>
		5/1	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>5. Temporary Buydown</b>	<b>Not permitted</b>				
<b>6. Net Tangible Benefit (NTB)</b>	<ul style="list-style-type: none"> <li>Non-Delegated Clients: CO requires NTB state specific forms for purchase transactions <ul style="list-style-type: none"> <li>Refer to Refinances: Net Tangible Benefit Policy &amp; Procedure</li> </ul> </li> </ul>				
<b>7. Loan Amount</b>	<ul style="list-style-type: none"> <li>Base Loan Amount cannot exceed the <a href="#">FHA Statutory Mortgage Limits</a> for each county</li> <li>Total Loan Amount with financed UFMIP may exceed the maximum statutory loan amounts</li> <li>Min loan amounts for the FHA High Balance products will be based on the Base Loan Amount and not the Total Loan Amount that includes financed UFMIP</li> <li>Total Loan Amount must be rounded down to the nearest \$1.00</li> <li>Max Base Loan Amount is calculated as the Adjusted Value multiplied by the appropriate LTV factor</li> </ul>				
<b>8. Eligible AUS Decision</b>	<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>9. Ineligible AUS Decisions</b>	<ul style="list-style-type: none"> <li>Approve/Ineligible</li> <li>Refer with Caution</li> <li>Caution</li> </ul>				
<b>10. Manual Underwrite</b>	Underwrite in accordance with FHA guidelines				
<b>11. Qualifying Rate</b>	Note rate				
<b>12. Qualifying Ratios</b>	<b>Decision</b>	<b>Ratios</b>	<b>Compensating Factors</b>		
	AUS Accept	Follow AUS	None West Virginia: Max 50% DTI		
	Refer Manual Underwrite	31	Energy Efficient Homes that exceed IECC standards may qualify for stretch ratios 33/45		
37/47		One of the following: <ul style="list-style-type: none"> <li>3 months PITI for 1-2 units or 6 months PITI for 3-4 units (includes standard reserve requirements)</li> </ul>			

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			<ul style="list-style-type: none"> <li>• New total mortgage payment not more than \$100 or 5% higher than previous total housing payment, whichever is less, AND 1x30x12 month housing history (cash-out 0x30x12). Must have housing payment history to use as a comp factor</li> <li>• Residual income per <a href="#">VA Table of Residual Incomes by Region</a></li> </ul>
		40/40	<p>The borrower has no discretionary debt based on the following:</p> <ul style="list-style-type: none"> <li>• The housing payment is the only open account with an outstanding balance that is not paid off monthly</li> <li>• The credit report shows established credit lines in the borrower’s name open for at least six months</li> <li>• The borrow can document that these accounts have been paid off in full monthly for at least the past six months</li> </ul>
		40/50	<p>Two of the following:</p> <ul style="list-style-type: none"> <li>• 3 months PITI for 1-2 units or 6 months PITI for 3-4 units (includes standard reserve requirements)</li> <li>• New total mortgage payment not more than \$100 or 5% higher than previous total housing payment, whichever is less, and 1x30x12 month housing history (cash-out 0x30x12)</li> <li>• Significant additional income not considered effective income (must verify and document that the income has been received for at least one year and likely to continue AND if included as income, would reduce the qualifying ratios to not more than 37/470)</li> <li>• Residual income per <a href="#">VA Table of Residual Incomes by Region</a></li> </ul>
<b>13. Types of Financing</b>	Purchase mortgage		
<b>14. Subordinate Financing</b>	Permitted		
<b>15. Occupancy</b>	Primary residence		
<b>16. 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 reviewed by PRD for Non-Delegated Clients</li> <li>○ Must be unexpired on FHA’s approved list</li> <li>○ Site condos do not require project approval</li> <li>○ Newrez will not issue a DELRAP approval</li> </ul> </li> <li>• Leasehold estates</li> <li>• Manufactured housing</li> <li>• Modular homes</li> <li>• PUDs</li> </ul>		
<b>17. Ineligible Property Types</b>	<ul style="list-style-type: none"> <li>• Condo hotels</li> <li>• Co-ops</li> <li>• Leasehold estate condo projects</li> <li>• Non-warrantable condos</li> <li>• <b>The following manufactured housing:</b> <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> </ul> </li> </ul>		

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	<ul style="list-style-type: none"> <li>○ Units located in Hawaii</li> <li>○ Units in a mobile home park</li> <li>○ Units on a property with a hobby farm</li> <li>○ Units with mixed-use</li> </ul>		
<b>18. Ineligible States</b>	Ineligible for Newrez Underwriting <ul style="list-style-type: none"> <li>• Alaska</li> <li>• New York</li> </ul>		
<b>19. Eligible Borrowers</b>	<ul style="list-style-type: none"> <li>• U.S. citizens</li> <li>• Permanent resident alien</li> <li>• Non-permanent resident alien</li> <li>• Inter vivos revocable trust: Trust must be reviewed by Newrez legal</li> </ul>		
<b>20. Co-Borrower</b>	<ul style="list-style-type: none"> <li>• Cannot be the seller, builder, real estate agent, etc., unless the co-borrower is a family member</li> <li>• Income, assets, and debts from all borrowers are used in qualifying</li> </ul>		
<b>21. Non-Occupant Co-Borrower</b>	<ul style="list-style-type: none"> <li>• Must be either a U.S. citizen or have a primary residence in the U.S.</li> <li>• Max 75% LTV if               <ul style="list-style-type: none"> <li>○ Not a family member</li> <li>○ Parent is seller and non-occupant co-borrower</li> </ul> </li> <li>• If a family member with an LTV greater than 75% the property must be single family</li> </ul>		
<b>22. Housing Payment History</b>	<ul style="list-style-type: none"> <li>• Inclusive of all liens regardless of position</li> <li>• Applies to all mortgages on all financed properties</li> </ul>		
	<b>TOTAL Accept</b>		<b>Refer and Manual Underwrite</b>
	<b>Housing Payment</b>	<b>Housing and Installment Payment</b>	<b>Revolving Payment</b>
	Follow AUS Manual downgrade if: <ul style="list-style-type: none"> <li>• Any mortgage trade line on the credit report in the 12 months prior to case number assignment date reflects any of the following:               <ul style="list-style-type: none"> <li>○ 3x30 or</li> <li>○ 1x60 plus 1x30 or</li> <li>○ 1x90</li> <li>○ Fewer than three consecutive payments since completion of a forbearance plan</li> </ul> </li> <li>• Undisclosed mortgage debt not on credit report and not considered by AUS, if as of case number assignment date reflect any of the following:               <ul style="list-style-type: none"> <li>○ A current delinquency</li> <li>○ 1x30 in months 1-12</li> <li>○ More than 2x30 in months 13-24</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>• 0x30 in most recent 12 months</li> <li>• 2x30 in most recent months 13-24</li> </ul>	<ul style="list-style-type: none"> <li>• 2x60 or 0x90 in most recent 12 months</li> </ul>
Rental payment history is not required	For borrowers living rent-free, the property owner must verify borrower has been living rent free and length of residency		

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<b>23. Borrower Contribution</b>	<ul style="list-style-type: none"> <li>• Minimum down payment is 3.5% of the sale price or appraised value, whichever is less</li> <li>• The down payment requirement cannot be met by borrower paid closing costs, prepaid expense, commitment fees or discount points or premium pricing</li> </ul>		
<b>24. 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 for Non-Delegated Clients</li> </ul>		
<b>25. Seller Contributions</b>	6% of the purchase price		
<b>26. Reserves</b>	<b>TOTAL Accept</b>	<b>Refer and Manual Underwrite</b>	
	1-2 units	None	1 month PITI
	3-4 units	3 months PITI	3 months PITI
	Gifts	Permitted	Not permitted
<b>27. IRS Form 4506-C</b>	<ul style="list-style-type: none"> <li>• <b>Prior to Underwriting (NewRez underwritten loans)</b> <ul style="list-style-type: none"> <li>◦ <b>Signed 4506-C for each borrower whose income must be documented with tax returns and used for qualification (self-employment, rental income, etc.)</b></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>28. Tax Transcripts</b>	<p><b>For loans underwritten by NewRez, 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>• At the underwriter's discretion</li> </ul>		
<b>29. Number of Financed Properties</b>	Borrower may own no more than one FHA-insured primary residence		
<b>30. Appraisals</b>	A new appraisal completed by an appraiser on the FHA Appraiser Roster		
<b>31. Power of Attorney</b>	Permitted. See Client Guide		
<b>32. Principal Curtailment</b>	Principal curtailment eligible due to an excess Premium Pricing Credit		
<b>33. Escrow Waivers</b>	Not permitted		
<b>34. Mortgage Insurance Premium</b>	Required for all loans		
<b>35. Resources</b>	<p>Access Mortgagee Letters, National HOC Reference Guide, HOC Letters, Handbooks</p> <ul style="list-style-type: none"> <li>• <a href="#">HOC National Reference Guide</a></li> <li>• <a href="#">FHA Maximum County Limits</a></li> <li>• <a href="#">FHA Connection</a></li> <li>• <a href="#">HUD Forms, Handbook &amp; Mortgagee Letters</a></li> </ul>		
<b>36. Ineligible Programs</b>	<ul style="list-style-type: none"> <li>• 203(k) Rehabilitation Mortgage</li> <li>• Energy Efficient Mortgages (EEM) (Non-Delegated Clients)</li> <li>• Good Neighbor Next Door</li> <li>• Graduated Payment Mortgage (GPM)</li> <li>• Growing Equity Mortgage (GEM)</li> <li>• Hope for Homeowners</li> <li>• HFA Programs</li> <li>• HUD REO Program</li> </ul>		

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- Indian Reservations (Section 184)

### 37. Mortgage Insurance Premiums

#### Case Numbers Assigned on or After January 26, 2015

LTV Loan Term	Base Loan Amount <=\$625,500		Base Loan Amount >\$625,500	
	UFMIP	Monthly	UFMIP	Monthly
>95% LTV >15 years	1.75%	85 bps	1.75%	105 bps
<=95% LTV >15 years	1.75%	80 bps	1.75%	100 bps
> 90% LTV <=15 years	1.75%	70 bps	1.75%	95 bps
> 78% & <=90% LTV <=15 years	1.75%	45 bps	1.75%	70 bps
<=78% LTV <=15 years	1.75%	45 bps	1.75%	45 bps

Duration of Annual MIP based upon amortization term and LTV ratio at origination

- LTV <= 90% 11 years
- LTV > 90% loan term

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Section	Update	Date
Ineligible States Ineligible Property Types	Permit HI for all Clients Manufactured housing not eligible in HI	January 15, 2021
Eligibility Matrices	Maximum eligible DTI is revised to AUS determination	January 25, 2021
Eligibility Matrices Manual Underwrite Qualifying Ratios Reserves	Added Manual Underwrite	March 30, 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
Eligibility Matrix	Updated CLTV 100%	August 13, 2021
Subordinate Financing	Permitted	August 13, 2021
Ineligible Property Types	Add non-warrantable condos as ineligible	August 13, 2021
Ineligible States	New York is ineligible for Newrez Underwriting	November 12, 2021
Eligibility Matrices	Updated CLTV	December 17, 2021
Tax Transcripts	Removed transcripts for self-employment income, rental income, dividend/ interest	December 17, 2021

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