



## VA Refinance Product Profile: Correspondent

NewRez overlays are identified with yellow highlighting

VA TYPE 1 AND TYPE 2 CASH-OUT REFINANCE ELIGIBILITY MATRIX					
AUS Approve/Accept					
Units	Occupancy	Loan Amount <sup>1</sup>	Credit Score	LTV/CLTV <sup>2, 3,4</sup>	DTI
1-4	Primary Residence	\$2,500,000	720	95%	45%
		\$2,000,000	720	100%	55%
		\$2,000,000	700	100%	45%
		\$1,500,000	720	100%	AUS
		\$1,500,000	680	100%	55%
		\$1,000,000	680	100%	AUS
		\$1,000,000	580	100%	55%
		\$650,000	580	100%	AUS
1	Primary Residence	\$1,000,000	580	90%	55%
	Manufactured Home	\$650,000	580	90%	AUS
Refer/Eligible and Manual Underwriting					
Units	Occupancy	Loan Amount <sup>1</sup>	Credit Score	LTV/CLTV <sup>2, 3,4</sup>	DTI <sup>5</sup>
1-4	Primary Residence	\$1,500,000	700	100% <sup>2</sup>	55%
		\$1,000,000	580	90%	55%
1	Primary Residence Manufactured Home	\$1,000,000	580	90%	55%

<sup>1</sup> Base loan amount  
<sup>2</sup> Fixed Rate: LTV > 90% is available for only a 360-month term  
<sup>3</sup> ARMS: Maximum LTV<=90%  
<sup>4</sup>LTV/CLTV based on total loan amount including financed VA Funding Fee  
<sup>5</sup> DTI >41% when residual income exceeds 120% or significant documented compensating factors exist

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VA INTEREST RATE REDUCTION REFINANCE LOANS (IRRRL)					
Non-Credit Qualifying					
Units	Occupancy	Base Loan Amount	Credit Score	LTV/CLTV <sup>1</sup>	DTI <sup>2</sup>
1-4	Primary Residence Non-owner Occupied	\$2,500,000	720	105/125	NA
		\$2,000,000	700	105/125	NA
		\$1,500,000	680	105/125	NA
		\$1,000,000	580	105/125	NA
1	Primary Residence Manufactured Home	\$1,000,000	580	105/125	NA
Credit Qualifying					
Units	Occupancy	Base Loan Amount	Credit Score	LTV/CLTV <sup>1</sup>	DTI <sup>2</sup>
1-4	Primary Residence Non-owner Occupied	\$2,500,000	720	105/125	45%
		\$2,000,000	720	105/125	55%
		\$2,000,000	700	105/125	45%
		\$1,500,000	680	105/125	45%
		\$1,000,000	580	105/125	55%
1	Primary Residence Manufactured Home	\$1,000,000	580	105/125	55%
<sup>1</sup> LTV/CLTV will be based off of one of the following: <ul style="list-style-type: none"> <li>• The original loan amount of prior VA mortgage</li> <li>• Exterior only appraisal (Form 2055)</li> <li>• Newrez approved AVM               <ul style="list-style-type: none"> <li>○ Corelogic (FSD&lt;=15)</li> <li>○ Collateral Analytics-Black Knight (FSD&lt;=15)</li> <li>○ Freddie HVE (confidence level of High)</li> <li>○ MBS Highway (≥ 3 stars)</li> <li>○ Clear Capital (≥ 80)</li> </ul> </li> <li>• VA Approved/Vee Fee Panel appraiser must not be used if an appraisal is obtained</li> </ul>					
<sup>2</sup> DTI >41% when residual income exceeds 120% or significant documented compensating factors exist					

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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		
	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	The Floor is the Margin			
	Interest Rate Caps	<b>Product</b> 5/1 (1/1/5)	<b>First</b> 1%	<b>Subsequent</b> 1%	<b>Lifetime</b> 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> <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> </li> <li>For refinance of modified mortgages, the Note date of new loan must be on or after the later of: <ul style="list-style-type: none"> <li>The date that is 210 days after the date on which the first modified monthly payment was due on the mortgage being refinanced, and</li> <li>The date on which six modified payments have been made on the mortgage being refinanced</li> </ul> </li> <li>Cash-out Refinances</li> </ul>				

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	<ul style="list-style-type: none"> <li>○ The following types of loans with no payments being refinanced are exempt from the above six-month payment seasoning requirements               <ul style="list-style-type: none"> <li>▪ Balloon Mortgages</li> <li>▪ Reverse Mortgages</li> <li>▪ Non-mortgage Debt (e.g., tax liens, mechanics liens)</li> <li>▪ Construction Loans</li> </ul> </li> <li>• Construction to Permanent loans is exempt from 210-day seasoning requirement</li> </ul>	
7. Net Tangible Benefit	<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>	

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	Acceptable Appraisals 1. Exterior-Only Inspection Residential Appraisal Report (Form 2055) 2. Uniform Residential Appraisal Report (Form 1004) 3. Exterior-Only Inspection Individual Condominium Unit Appraisal Report (Form 1075) 4. Individual Condominium Unit Appraisal Report (Form 1073)  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	i. The new loan eliminates monthly mortgage insurance, whether public or private, or monthly guaranty insurance; ii. The term of the new loan is shorter than the term of the loan being refinanced; iii. The interest rate on the new loan is lower than the interest rate on the loan being refinanced; iv. The payment on the new loan is lower than the payment on the loan being refinanced; v. The new loan results in an increase in the borrower's monthly residual income; vi. The new loan refinances an interim loan to construct, alter, or repair the home; vii. The new loan amount is equal to or less than 90 percent of the reasonable value of the home; or viii. The new loan refinances an adjustable rate loan to a fixed rate loan.  Refer to the <a href="#">Net Tangible Benefit Worksheet</a> for additional requirements on the above benefits
	Fixed Rate to Fixed Rate	Type 1 VA to VA: <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> </ul>

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		<ul style="list-style-type: none"> <li>Recoupment of fees and incurred costs (excludes escrows and prepaids) must occur within 36 months of the Note date</li> </ul>
	Fixed Rate to ARM	Type 1 VA to VA: <ul style="list-style-type: none"> <li>The new loan must have an interest rate that is at least 200 basis points (2%) 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> </ul> Recoupment of fees and incurred costs (excludes escrows and prepaids) must occur within 36 months of the Note date
<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> Note: Sponsored originations with NewRez should be reflected in AUS findings.
<b>10. Manual Underwrite</b>	All loans must be manually underwritten	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>
<b>11. Qualifying Rate</b>	Note rate	
<b>12. Compensating Factors</b>	Compensating factors, when exceeding 41% DTI when credit qualifying 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> <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> </ul>	

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	<ul style="list-style-type: none"> <li>tax benefits of home ownership</li> </ul>				
13. Residual Income	Loan Amounts \$79,999 and Below				
	Family Size	Northeast	Midwest	South	West
	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			
	Loan Amounts \$80,000 and Above				
	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				
14.Types of Financing	<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: The loan amount of the new loan is less than or equal to 100% of the payoff amount of the loan being refinanced</li> <li>Type 2 Cash-out Refi: The loan amount of the new loan is greater than 100% of the payoff amount of the loan being refinanced</li> </ul> </li> </ul>		
15.Incidental Cash Back	<ul style="list-style-type: none"> <li>Incidental cash back to the borrower permitted for minor closing adjustments not to exceed \$500</li> <li>No cash back permitted for owner occupied properties located in Texas)</li> </ul>		NA		
16. Eligible Subordinate Financing	<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>		
17. Ineligible Subordinate Financing	New subordinate financing				
18. Texas Owner-Occupied Properties	<ul style="list-style-type: none"> <li>If the first mortgage or second lien is subject to Texas Section 50(a)(6), VA financing not permitted</li> </ul>		<ul style="list-style-type: none"> <li>If the first mortgage or second lien is subject to Texas Section 50(a)(6), VA financing not permitted</li> </ul>		

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	<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) (Non-Delegated Clients only)</li> <li>Eligible transactions not subject to 50(a)(6); the borrower may not receive cash back at closing</li> </ul>	<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) (Non-Delegated Clients only)</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> </ul> </li> <li>12-month seasoning for any Texas Section 50(a)(6) loan (first or second)               <ul style="list-style-type: none"> <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>Lender must provide the <i>Notice of Refinance of a Texas Home Equity Loan Pursuant to Subsection (f)(2)</i> no later than the third business day after the loan application date and at least 12 days prior to closing</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)
	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)

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	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>19. Guaranty/Entitlement</b>	Guaranty automatic	<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>20. 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%
		Reserves National Guard	3.60%
<b>21. Occupancy</b>	<ul style="list-style-type: none"> <li>• Primary residence</li> <li>• Second homes</li> <li>• Non-owner occupied</li> </ul>	Primary residence	

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	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)		
<b>22. 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>23. Ineligible Property Types</b>	<ul style="list-style-type: none"> <li>• Condo hotels</li> <li>• Co-ops</li> <li>• Non-warrantable condos</li> </ul>		
<b>24. Ineligible States</b>	Ineligible for Newrez Underwriting <ul style="list-style-type: none"> <li>• Alaska</li> <li>• New York</li> </ul>		
<b>25. 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>		
	<b>Existing Loan</b>	<b>New Loan</b>	<b>Yes/No</b>
	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
	<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>		

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## VA Refinance Product Profile: Correspondent

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	IRRRL			CASH-OUT REFINANCE
	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>26. Non-Occupant Co-Borrower</b>	All borrowers must occupy the subject property for primary residence			The Veteran-borrower must occupy the subject property. Non-occupant borrowers may be eligible per VA Joint Loan policy
<b>27. 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>28. Housing Payment History</b>	<ul style="list-style-type: none"> <li>• Applies only to the first lien on the subject property</li> <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>• Housing Payment History               <ul style="list-style-type: none"> <li>○ 0x30x6</li> </ul> </li> <li>• Forbearance (Non-Delegated Clients)               <ul style="list-style-type: none"> <li>○ Non-Credit Qualify: Must have exited forbearance and made six payments within the month due</li> </ul> </li> </ul>			<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 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> </ul> <p>Delegated Clients who underwrite and close loans in their own name</p>

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	IRRRL	CASH-OUT REFINANCE
	<ul style="list-style-type: none"> <li>○ Credit Qualify: Must have exited forbearance and made one payment within the month due</li> <li>• Forbearance (Delegated Clients): Follow VA</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> <li>• If the PITI increases by 20% or more, Veteran must credit qualify for the new monthly payment. Include a signed Lender certification that the Veteran qualifies for the new monthly payment which exceeds the previous PITI by 20% or more.</li> </ul>	<ul style="list-style-type: none"> <li>• Follow AUS</li> </ul> <p>For loans underwritten by NewRez</p> <ul style="list-style-type: none"> <li>• Type 1 Cash-out Refi: 1x30x12</li> <li>• Type 2 Cash-out Refi: 0x30x12</li> </ul> <p>Manual Downgrade is required for any loans if</p> <ul style="list-style-type: none"> <li>• Any mortgage with &gt;1x30x12; or</li> <li>• Any mortgage or other significant debt was currently ≥ 90 days past due.</li> <li>• A written explanation is required</li> <li>• Forbearance               <ul style="list-style-type: none"> <li>• (Delegated Clients): Follow VA</li> <li>• (Non-Delegated Clients)                   <ul style="list-style-type: none"> <li>○ Must have exited forbearance and made one payment within the month due prior to application</li> </ul> </li> </ul> </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>
29. Rental Payment History	NA	<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>
30. Assets	<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>○ Must have sufficient liquid assets to close</li> <li>○ Non-liquid funds must be liquidated and deposited into a bank account if</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>

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	IRRRL	CASH-OUT REFINANCE
	used for closing costs and reserves with supporting documentation	
<b>31. 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>○ 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>32. Employment/Income</b>	<ul style="list-style-type: none"> <li>• Income and Employment documentation not required</li> <li>• If the PITI increases by 20% or more, Veteran must qualify for the new monthly payment; standard income documentation required</li> <li>• Non-Credit Qualifying               <ul style="list-style-type: none"> <li>○ Illinois (Cook, Kane, Peoria, and Will Counties) Requirements                   <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> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>• Standard income documentation required</li> <li>• Verbal VOE required</li> </ul>
<b>33. 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>○ 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>

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	IRRRL	CASH-OUT REFINANCE
34. Tax Transcripts	<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>At the underwriter's discretion</li> </ul>	
35. Maximum Financed Properties	No restrictions	
36. Appraisals	<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>See Net Tangible Benefit for appraisal requirements when discount points are charged</li> <li>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>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), MBS Highway, Clear Capital</li> </ul> </li> <li>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> <li>Properties located in a FEMA disaster area do not require a damage inspection report</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>
37. Energy Efficient Mortgage (EEM) Program	Delegated Clients: IRRRL with EEM must result in a reduction of P&I and meet 36-month fee recoupment	Delegated Clients only
38. Principal Curtailment	The amount of the curtailment cannot exceed \$500 unless due to an excess Premium Pricing Credit	NA

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	IRRRL	CASH-OUT REFINANCE
<b>39. Escrow Waivers</b>	Not permitted	
<b>40. 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>41. Resources</b>	Access <a href="#">VA Circulars</a>	
<b>42. Ineligible Program</b>	<ul style="list-style-type: none"> <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> <p>In addition to the above, the following are not eligible for Non-Delegated Clients</p> <ul style="list-style-type: none"> <li>Energy Efficient Mortgages (EEM) (Non-Delegated Clients)</li> <li>Single-Close transactions</li> </ul>	

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43. Version History		
Section	Update	Date
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		
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
Ineligible Property Types	Add Non-Warrantable Condos as ineligible	August 13, 2021
Seasoning	Updated modified mortgage seasoning requirements	September 1, 2021
Ineligible States	Added: New York is ineligible for Newrez underwriting	November 12, 2021
Eligibility Matrix	Updated Loan Amt, Credit Score, LTV/CLTV, DTI	December 17, 2021
Seasoning	Exempt from Seasoning <ul style="list-style-type: none"> <li>The following types of loans with no payments being refinanced are exempt from the six-month payment seasoning requirements               <ul style="list-style-type: none"> <li>Balloon Mortgages</li> <li>Reverse Mortgages</li> <li>Non-mortgage Debt (e.g., Tax Liens, Mechanics Liens)</li> <li>Construction Loans</li> </ul> </li> <li>Construction to Permanent loans is exempt from 210-day seasoning requirement</li> </ul>	December 17, 2021
Housing Payment History	IRRRL <ul style="list-style-type: none"> <li>Non-Credit Qualify: Must have exited forbearance and made six payments within the month due</li> <li>Credit Qualify: Must have exited forbearance and made one payment within the month due</li> <li>Delegated Clients – Follow VA</li> </ul> Cash-Out Refinance For loans underwritten by Newrez <ul style="list-style-type: none"> <li>Follow AUS except               <ul style="list-style-type: none"> <li>Type 1 Cash-out Refi: 1x30x12</li> </ul> </li> </ul>	December 17, 2021

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	<ul style="list-style-type: none"> <li>o Type 2 Cash-out Refi: 0x30x12</li> </ul>	
Texas Owner Occupied Properties	<p>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) (Non-Delegated Clients only)</p> <p>Cash-Out Refinance Added the following: Lender must provide the <i>Notice of Refinance of a Texas Home Equity Loan Pursuant to Subsection (f)(2)</i> no later than the third business day after the loan application date and at least 12 days prior to closing</p>	December 17, 2021
Non-Occupant Co-borrower	<p>Cash-Out Refinance</p> <ul style="list-style-type: none"> <li>• The Veteran-borrower must occupy the subject property. Non-occupant borrowers may be eligible per VA Joint Loan policy</li> </ul>	December 17, 2021
Tax Transcripts	Removed transcripts for self-employment income, rental income, dividend/ interest	December 17, 2021
Employment Income	<p>Removed below</p> <ul style="list-style-type: none"> <li>• Colorado <ul style="list-style-type: none"> <li>o Income must be stated on the application</li> <li>o Verification or analysis of income not required</li> </ul> </li> </ul>	December 17, 2021
Employment Income	Added Non-Credit Qualifying Illinois information to IRRRL	February 28, 2022
Incidental Cash Back	<ul style="list-style-type: none"> <li>• IRRRL <ul style="list-style-type: none"> <li>• Incidental cash back to the borrower permitted for minor closing adjustments not to exceed \$500</li> <li>• No cash back permitted for owner occupied properties located in Texas)</li> </ul> </li> </ul>	February 28, 2022
Eligibility Matrix	Update to grids, Remove Residual Income requirements for higher DTIs, add additional loan amounts, credit scores, DTI, align Manufactured Homes	February 28, 2022
Eligibility Matrix	<p>VA Type 1 and 2 Cash -Out Refi</p> <p>Restricted below superscript to Fixed Rate</p> <ul style="list-style-type: none"> <li>• Fixed Rate: LTV &gt; 90% is available for only a 360-month term</li> </ul> <p>ARMS: Maximum LTV &lt;=90%</p>	May 10, 2022
Ineligible Properties	<p>Removed the below Ineligible Manufactured Home Property Types. These are now eligible</p> <ul style="list-style-type: none"> <li>• Condo</li> </ul>	June 06, 2022

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	<ul style="list-style-type: none"> <li>• Leasehold</li> <li>• Hawaii</li> <li>• New Construction</li> <li>• Hobby Farm</li> <li>• Mixed Use</li> </ul> <p>Units located in a Mobile Home Park are still ineligible for Manufactured Housing. This is moved to the Guide.</p>	
Mortgage Payment History	Remove Manufactured Home 0x30x12	June 06, 2022
ARM Adjustments	Updated Life Floor-The Floor is the Margin	June 10, 2022

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