



FHA Purchase Product Profile: Correspondent

Newrez overlays are identified with yellow highlighting

FHA ELIGIBILITY MATRIX					
Units	Transaction Type	Credit Score	LTV	CLTV	DTI
TOTAL Approve/Accept					
1-4 ¹	Purchase	580	96.5%	105%	Per AUS ²
Refer and Manual Underwrite					
1-4 ¹	Purchase	580	96.5%	105%	50% ³
¹ 1-unit manufactured homes ² West Virginia: Maximum 50% DTI ³ DTI >31/43 requires compensating factors in accordance with FHA guidelines					

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1. Loan Terms	<ul style="list-style-type: none"> Fixed Rate: 10- to 30-year terms in annual increments ARMs: 30-year term 				
2. Product Codes	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			
3. Eligible Programs	203(b) 1-4 Family Home Mortgage Insurance program				
4. ARM Information	Index	One Year Treasury Bill per the Wall Street Journal			
	Margin	2.00%			
	Life Cap	5%			
	Life Floor	The Floor is the Margin			
	Interest Rate Caps	Product	First	Subsequent	Lifetime
		5/1	1%	1%	5%
	Change Date	5/1	The first Change Date is the 61 st payment due date. Subsequent Change Dates are every twelve months thereafter		
Conversion Option	Not available				
5. Temporary Buydown	<p>Permitted for the following:</p> <ul style="list-style-type: none"> Fixed Rate <p>Not permitted with the following:</p> <ul style="list-style-type: none"> ARMs Manufactured housing <p>Eligible Buydown Plans</p> <ul style="list-style-type: none"> 1-0: payment will be calculated at 1.00% below the Note rate for payments 1-12 1-1: payment will be calculated at 1.00% below the Note rate for the first two years 2-1: payment will be calculated at 2.00% below the Note rate for payments 1-12 and 1.00% below the Note rate for months 13-24 				
6. Net Tangible Benefit (NTB)	<ul style="list-style-type: none"> Non-Delegated Clients: CO requires NTB state specific forms for purchase transactions Refer to Refinances: Net Tangible Benefit Policy & Procedure 				

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7. Loan Amount	<ul style="list-style-type: none"> • Base Loan Amount cannot exceed the FHA Statutory Mortgage Limits for each county • Total Loan Amount with financed UFMIP may exceed the maximum statutory loan amounts • 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 • Total Loan Amount must be rounded down to the nearest \$1.00 • Max Base Loan Amount is calculated as the Adjusted Value multiplied by the appropriate LTV factor 		
8. Eligible AUS Decision	<ul style="list-style-type: none"> • Accept/Eligible • Approve/Eligible <p>Note: Sponsored originations with Newrez should be reflected in AUS findings</p>		
9. Ineligible AUS Decisions	<ul style="list-style-type: none"> • Approve/Ineligible • Refer with Caution • Caution 		
10. Manual Underwrite	<ul style="list-style-type: none"> • All loans must be submitted to AUS • If a Refer decision or loan is manually downgraded, manually underwrite in accordance with FHA guidelines 		
11. Qualifying Rate	Note rate, including temporary buydowns		
12. Qualifying Ratios	Decision	Ratios	Compensating Factors
	AUS Accept	Follow AUS	None West Virginia: Max 50% DTI
	Refer Manual Underwrite	31/43	<ul style="list-style-type: none"> • No compensating factors required • 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"> • 3 months PITI for 1-2 units or 6 months PITI for 3-4 units (includes standard reserve requirements) • 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 • Residual income per VA Table of Residual Incomes by Region

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	40/40	The borrower has no discretionary debt based on the following: <ul style="list-style-type: none"> • The housing payment is the only open account with an outstanding balance that is not paid off monthly • The credit report shows established credit lines in the borrower’s name open for at least six months • The borrow can document that these accounts have been paid off in full monthly for at least the past six months
	40/50	Two of the following: <ul style="list-style-type: none"> • 3 months PITI for 1-2 units or 6 months PITI for 3-4 units (includes standard reserve requirements) • 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) • 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) • Residual income per VA Table of Residual Incomes by Region
13. Types of Financing	<ul style="list-style-type: none"> • Purchase mortgage • Single Close Construction to Permanent Financing (Delegated Clients only) • Building on Own Land (Two-Close) 	
14. Subordinate Financing	Permitted	
15. Occupancy	Primary residence	
16. Eligible Property Types	<ul style="list-style-type: none"> • 1-4 units • Condos <ul style="list-style-type: none"> ○ Must be reviewed by PRD for Non-Delegated Clients ○ Must be unexpired on FHA’s approved list ○ Site condos do not require project approval ○ Newrez will not issue a DELRAP approval • Leasehold estates 	

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	<ul style="list-style-type: none"> • Manufactured housing • Modular homes • PUDs 		
17. Ineligible Property Types	<ul style="list-style-type: none"> • Condo hotels • Co-ops • Non-warrantable condos 		
18. Ineligible States	Ineligible for Newrez Underwriting <ul style="list-style-type: none"> • Alaska 		
19. Eligible Borrowers	<ul style="list-style-type: none"> • U.S. citizens • Permanent resident alien • Non-permanent resident alien • Inter vivos revocable trust: Trust must be reviewed by Newrez legal 		
20. Co-Borrower	<ul style="list-style-type: none"> • Cannot be the seller, builder, real estate agent, etc., unless the co-borrower is a family member • Income, assets, and debts from all borrowers are used in qualifying 		
21. Non-Occupant Co-Borrower	<ul style="list-style-type: none"> • Must be either a U.S. citizen or have a primary residence in the U.S. • Max 75% LTV if <ul style="list-style-type: none"> ○ Not a family member ○ Parent is seller and non-occupant co-borrower • If a family member with an LTV greater than 75% the property must be single family 		
22. Credit	All borrowers must have a credit score; non-traditional credit not permitted		
23. Housing Payment History	<ul style="list-style-type: none"> • Inclusive of all liens regardless of position • Applies to all mortgages on all financed properties 		
	TOTAL Accept		Refer and Manual Underwrite
	Housing Payment	Housing and Installment Payment	Revolving Payment
	Follow AUS; manual downgrade if: <ul style="list-style-type: none"> • 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"> ○ 3x30 or ○ 1x60 plus 1x30 or 	<ul style="list-style-type: none"> • 0x30 in most recent 12 months • 2x30 in most recent months 13-24 	<ul style="list-style-type: none"> • 2x60 or 0x90 in most recent 12 months

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	<ul style="list-style-type: none"> ○ 1x90 ○ Fewer than three consecutive payments since completion of a forbearance plan ● 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"> ○ A current delinquency ○ 1x30 in months 1–12 ○ More than 2x30 in months 13–24 		
	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	
24. Borrower Contribution	<ul style="list-style-type: none"> ● Minimum down payment is 3.5% of the sale price or appraised value, whichever is less ● The down payment requirement cannot be met by borrower paid closing costs, prepaid expense, commitment fees or discount points or premium pricing 		
25. Down Payment Assistance	<ul style="list-style-type: none"> ● 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 ● Must be approved by Newrez for Non-Delegated Clients 		
26. Seller Contributions	6% of the purchase price		
27. Reserves		TOTAL Accept	Refer and Manual Underwrite
	1-2 units	None	1 month PITI
	3-4 units	3 months PITI	3 months PITI
	Gifts	Permitted	Not permitted
28. IRS Form 4506-C	<ul style="list-style-type: none"> ● Prior to Underwriting (Newrez underwritten loans) <ul style="list-style-type: none"> ○ Signed 4506-C for each borrower whose income must be documented with tax returns and used for qualification (self-employment, rental income, etc.) ● At Closing (all loans) <ul style="list-style-type: none"> ○ 4506-C for each borrower whose income is used to qualify (regardless of income type) must be signed at closing 		

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	<ul style="list-style-type: none"> ○ 4506-C for the business tax return transcript(s) must be signed at closing when the business returns are used for qualification
29. 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"> ● Handwritten paystubs are used as verification of income ● There is a non-arm's length transaction ● At the underwriter's discretion
30. Number of Financed Properties	Borrower may own no more than one FHA-insured primary residence
31. Appraisals	A new appraisal completed by an appraiser on the FHA Appraiser Roster
32. Power of Attorney	Permitted. See Operations Guide
33. Principal Curtailment	Principal curtailment eligible due to an excess Premium Pricing Credit
34. Escrow Waivers	Not permitted
35. Mortgage Insurance Premium	Required for all loans
36. Resources	<p>Access Mortgagee Letters, National HOC Reference Guide, HOC Letters, Handbooks</p> <ul style="list-style-type: none"> ● HOC National Reference Guide ● FHA Maximum County Limits ● FHA Connection ● HUD Forms, Handbook & Mortgagee Letters
37. Ineligible Programs	<ul style="list-style-type: none"> ● 203(k) Rehabilitation Mortgage ● Energy Efficient Mortgages (EEM) ● Good Neighbor Next Door ● Graduated Payment Mortgage (GPM) ● Growing Equity Mortgage (GEM) ● Hope for Homeowners ● HFA Programs ● HUD REO Program ● Indian Reservations (Section 184) <p>In addition to the above, the following are ineligible for Non-Delegated Clients</p> <ul style="list-style-type: none"> ● Energy Efficient Mortgages (EEM)

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	<ul style="list-style-type: none">• Single-Close transactions• Solar and Wind Technologies• Weatherization
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38. 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				
<ul style="list-style-type: none"> • LTV <= 90% 11 years • LTV > 90% loan term 				

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Section	Update	Date
Ineligible States	Permit HI for all Clients	January 15, 2021
Ineligible Property Types	Manufactured housing not eligible in HI	
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"> Fixed Rate: 10 -to 30-year terms in annual increments Removed Custom Loan Term information 	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
Eligibility Matrix	Manufactured Home Credit Score 580, CLTV 105%, Merged Grid	June 06, 2022
Loan Terms	Arms permitted for Manufactured Homes	
Ineligible Property Types	<p>Removed the below Ineligible Manufactured Home Property Types. These are now eligible</p> <ul style="list-style-type: none"> Condo Leasehold Hawaii New Construction Hobby Farm Mixed Use <p>Units located in a Mobile Home Park are still ineligible for Manufactured Housing. This is moved to the Guide.</p>	
Credit Score	Added this section	
Types of Financing	<ul style="list-style-type: none"> Purchase mortgage 	

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	<ul style="list-style-type: none"> ○ Single Close Construction to Permanent Financing (Delegated Clients only) ○ Building on Own Land (Two Close) 	
ARM Adjustments	Updated Life Floor-The Floor is the Margin	June 10, 2022
Temporary Buydown	Now eligible-added information	October 17, 2022
Ineligible States	Removed New York as an ineligible State	October 27, 2022
Temporary Buydown	Remove minimum credit score overlay	November 17, 2022

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