



## USDA Purchase and Rate & Term Refinance (Non-Streamlined) Product Summary: Correspondent

Newrez overlays are identified with yellow highlighting

PURCHASE AND STANDARD RATE & TERM (NON-STREAMLINED) REFINANCE ELIGIBILITY MATRIX					
Occupancy	Units	Credit Score	LTV	CLTV	DTI
<b>GUS ACCEPT</b>					
Primary Residence	1	580	100%	100%	Per GUS <sup>1</sup>
<b>MANUAL UNDERWRITE</b>					
Primary Residence	1	600	100%	100%	29/41
LTV may exceed 100% only by the amount of the Guarantee Fee financed					
<sup>1</sup> West Virginia: Maximum 50% DTI					

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<b>1. Loan Terms</b>	Fixed Rate: 30-year term
<b>2. Product Codes</b>	W92    USDA Fixed Rate 30 Year
<b>3. Net Tangible Benefit</b>	NA
<b>4. Guarantee Fee</b>	<ul style="list-style-type: none"> <li>• Guarantee Fee is required on all transactions</li> <li>• Guarantee Fee and Annual Fee Calculators are available on the <a href="#">USDA LINC Training and Resource Library</a> in the Loan Origination section under Documentation and Resource</li> </ul>
<b>5. Upfront Guarantee Fee</b>	<ul style="list-style-type: none"> <li>• Up-front Guarantee Fee: 1.0%</li> <li>• The upfront guarantee fee is calculated by multiplying the following percentage by the Total Loan Amount <ul style="list-style-type: none"> <li>○ 1% of Base Loan Amount (when G-Fee is paid in cash)</li> <li>○ Total Loan Amount = Base Loan Amount/0.99 (when G-Fee is financed)</li> </ul> </li> </ul>
<b>6. Annual Guarantee Fee</b>	<ul style="list-style-type: none"> <li>• Annual Fee: .35% (of the outstanding principal balance)</li> <li>• The Annual Guarantee Fee is calculated on the Total Loan Amount and is based on the average annual scheduled unpaid principal balance for the life of the loan</li> </ul>
<b>7. Loan Limits</b>	<ul style="list-style-type: none"> <li>• Maximum loan amount <ul style="list-style-type: none"> <li>○ Continental US \$647,200</li> <li>○ Hawaii \$970,800</li> </ul> </li> <li>• <b>Minimum loan amount \$25,000</b></li> <li>• Base loan amount cannot exceed <ul style="list-style-type: none"> <li>○ The conforming loan limit, and</li> <li>○ The appraised value</li> </ul> </li> <li>• Maximum financing is the appraised value plus Guarantee Fee</li> </ul>
<b>8. Temporary Buydown</b>	<p>Permitted for the following</p> <ul style="list-style-type: none"> <li>• <b>Purchase transactions</b></li> </ul> <p>Not permitted with the following</p> <ul style="list-style-type: none"> <li>• <b>Manufactured housing</b></li> </ul> <p>Eligible Buydown Plans</p> <ul style="list-style-type: none"> <li>• <b>1-0:</b> payment will be calculated at 1.00% below the Note Rate for payments 1-12</li> <li>• <b>1-1:</b> payment will be calculated at 1.00% below the Note Rate for the first two years</li> <li>• <b>2-1:</b> payment will be calculated at a rate that is 2.00% below the Note rate for payments 1-12 and 1.00% below the Note rate for months 13-24</li> </ul>

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9. Automated Underwriting	<ul style="list-style-type: none"> <li>• Accept/Eligible</li> <li>• Accept/Ineligible if reason for ineligibility can be resolved</li> </ul>
10. Manual Underwrite	<ul style="list-style-type: none"> <li>• All loans must be submitted to GUS</li> <li>• If a Refer or Refer with Caution decision or loan is manually downgraded, manually underwrite in accordance with USDA guidelines</li> </ul>
11. Manual Underwrite Debt Ratio Waivers	<ul style="list-style-type: none"> <li>• Debt ratio waiver may be requested when:             <ul style="list-style-type: none"> <li>○ The P&amp;I &gt; 29% and ≤ 32%; and</li> <li>○ The PITIA &gt; 41% and ≤ 44%</li> </ul> </li> <li>• A debt ratio waiver may be granted with a ≥ 680 credit score for each borrower and one of the following compensating factors             <ul style="list-style-type: none"> <li>○ Proposed PITIA is less than or equal to the new housing expense (for the 12-month period preceding loan application)</li> <li>○ Three months PITIA reserves</li> <li>○ Borrower(s) have been continuously employed with their current employer for a minimum of two-years</li> </ul> </li> <li>• The issuance of Form RD 3555-21 <i>Request for Single Family Housing Loan Guarantee</i> represents Agency approval of the ratio waiver</li> </ul> <p>Non-Streamlined Refinance</p> <ul style="list-style-type: none"> <li>• Compensating factors for debt ratio waiver requests             <ul style="list-style-type: none"> <li>○ Minimum 680 credit score for each borrower</li> <li>○ Proposed PITIA is less than or equal to the new housing expense (for the 12-month period preceding loan application)</li> <li>○ Three months PITIA reserves</li> <li>○ Continuous employment with the current primary employer</li> </ul> </li> <li>• The issuance of the Conditional Commitment for a Loan Note Guarantee represents Agency approval of the ratio waiver</li> </ul>
12. Qualifying Rate	Note rate, including temporary buydowns
13. Types of Financing	<ul style="list-style-type: none"> <li>• Purchase</li> <li>• Rate &amp; Term Refi (Non-Streamlined Refi)</li> </ul>
14. Properties Listed for Sale	<ul style="list-style-type: none"> <li>• Property must be taken off the market before application date</li> <li>• Borrower provides written confirmation of intent to occupy if primary residence</li> </ul>
15. Subordinate Financing	<ul style="list-style-type: none"> <li>• New subordinate financing not permitted</li> <li>• Existing subordinate financing may be resubordinated</li> </ul>
16. Occupancy	Primary residence
17. Property Location Eligibility	<ul style="list-style-type: none"> <li>• Property must be located in a rural area as defined by the local USDA office (<a href="http://eligibility.sc.egov.usda.gov">http://eligibility.sc.egov.usda.gov</a>)</li> <li>• Verification of property location eligibility must be printed and retained in the loan file</li> </ul>

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<b>18. Eligible Property Types</b>	<ul style="list-style-type: none"> <li>• 1-unit</li> <li>• Condos: Must be reviewed by PRD (Non-Delegated Clients)</li> <li>• Leasehold estate</li> <li>• Manufactured homes               <ul style="list-style-type: none"> <li>• Purchase: New construction, eligible in all states (Delegated Clients only)</li> <li>○ Refinance of an existing USDA loans eligible in all states</li> <li>○ Purchase and Refinance of existing manufactured homes in the following states under the Pilot program: CO, IA, LA, MI, MS, MT, NV, NH, NY, ND, OH, OR, PA, SD, TN, TX, UT, VA, VT, WA, WV, WI, WY                   <ul style="list-style-type: none"> <li>• Pilot program loans must be manually underwritten</li> </ul> </li> </ul> </li> <li>• Modular home</li> <li>• PUD</li> </ul>
<b>19. Geographic Restrictions</b>	<ul style="list-style-type: none"> <li>• Ineligible for Newrez Underwriting               <ul style="list-style-type: none"> <li>○ Alaska</li> <li>○ Hawaii</li> </ul> </li> <li>• Nonprime (HPML) loan refinances in CT with loan amounts ≤ \$417,000: if the loan being refinanced is a Special Mortgage, or a bond loan provided by a Housing Finance Agency, homeownership counseling is required</li> </ul>
<b>20. Eligible Borrowers</b>	<ul style="list-style-type: none"> <li>• US citizen</li> <li>• Permanent resident alien (Qualified alien)</li> <li>• Non-permanent resident alien</li> <li>• Inter vivos revocable trust: Trust must be approved by Newrez legal prior to loan approval (Non-Delegated Clients)</li> </ul>
<b>21. Non-Occupant Co-Borrower</b>	<p>Not permitted</p>
<b>22. Program Income Eligibility</b>	<p>Annual Income</p> <ul style="list-style-type: none"> <li>• The income used to determine program eligibility</li> <li>• Used as basis for computed adjusted annual income</li> <li>• Based on anticipated income for the coming year</li> <li>• Includes the annual income of all adult household members, including adult household members not on loan</li> </ul> <p>Annual Adjusted Income</p> <ul style="list-style-type: none"> <li>• Annual income of all adult household members less the allowed deductions</li> <li>• The borrower’s annual adjusted household income must meet the adjusted income limits in accordance with size of household, county, and State in which the borrower(s) will reside</li> </ul>

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<b>23. Mortgage Payment History</b>	<ul style="list-style-type: none"> <li>• GUS Accept: Follow GUS</li> <li>• Manual Underwrite: 0x30x12 based on the number of payments made at the time of loan application</li> </ul>
<b>24. Forbearance</b>	<ul style="list-style-type: none"> <li>• Refinance of mortgages that are in a current forbearance status, including mortgages under a CARES Act forbearance plan are not eligible</li> <li>• A borrower who was granted a mortgage payment forbearance and continues to make payments as agreed under the terms of original Note is not considered delinquent or late and will be treated as if not in forbearance status, provided that the forbearance plan is terminated prior to closing</li> <li>• A borrower who has deferred mortgage payments as result of a recent forbearance plan <ul style="list-style-type: none"> <li>○ Must have resumed making payments for at least three months; and</li> <li>○ 0x30x6, excluding the time the loan was in forbearance</li> </ul> </li> </ul>
<b>25. Rental Payment History</b>	<ul style="list-style-type: none"> <li>• GUS Accept: Not required</li> <li>• Manual underwrite: minimum 12 months or available history with 0x30x12</li> </ul>
<b>26. Seller Contributions</b>	Maximum 6%
<b>27. Reserves</b>	None required
<b>28. Appraisal</b>	<ul style="list-style-type: none"> <li>• An interior and exterior appraisal report is required</li> <li>• Re-use of an appraisal from a previously closed transaction is not permitted</li> </ul>

Revision History		
Eligibility Matrix	<ul style="list-style-type: none"> <li>• Purchase credit score to 580</li> <li>• Added manual underwrite</li> </ul>	10/17/2022 v22.2
Temporary Buydown	Added temporary buydowns	
Manual Underwrite and Manual	Added <ul style="list-style-type: none"> <li>• Manual underwrite debt ratio waiver</li> <li>• Manual underwrite payment history</li> </ul>	

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Underwrite Debt Ratio Waivers		
Eligible Property Types	Added manufactured housing pilot program	
Program Income Eligibility	Updated Annual Adjusted Income	
Rental Housing Payment History	Manual underwrite: <ul style="list-style-type: none"> <li>• Minimum 12 months or available history with 0x30x12</li> <li>• One or more late payments require an explanation</li> </ul>	
Moved the following to the Guide	<ul style="list-style-type: none"> <li>• Borrower contribution</li> <li>• Prepayment penalty</li> <li>• Multiple Financed Properties</li> <li>• Power of attorney</li> <li>• IRS Form 4506-C</li> <li>• Tax Transcripts</li> <li>• Ineligible Programs</li> </ul>	
Geographic Restrictions	Removed New York as an ineligible State	October 27, 2022
Manual Underwrite	Added GUS verbiage	November 09, 2022 V22.4
Temporary Buydown	Remove minimum credit score overlay	November 17, 2022

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