



VA Purchase Product Profile: Correspondent

Newrez overlays are identified with yellow highlighting

VA PURCHASE ELIGIBILITY MATRIX					
Units	Transaction Type	Loan Amount ¹	Credit Score	LTV/CLTV ²	DTI ³
AUS Approve/Accept					
1-4	Purchase	\$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%
1	Primary Residence Manufactured Home	\$650,000	580	100%	AUS
		\$1,000,000	580	100%	55%
Refer/Eligible and Manual Underwrite					
Units	Transaction Type	Loan Amount ¹	Credit Score	LTV/CLTV ²	DTI ³
1-4	Purchase	\$1,500,000	700	100%	55%
		\$1,000,000	580	100%	55%
1	Primary Residence Manufactured Home	\$1,000,000	580	100%	55%
¹ Base loan amount ² LTV and CLTV excludes VA funding fee ³ DTI >41% when residual income exceeds 120% or significant documented compensating factors exist					

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16. Funding Fee
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20. Ineligible States
21. Eligible Borrowers
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23. Credit
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25. Rental Payment History
26. Borrower Contribution
27. Down Payment Assistance
28. Seller Contributions
29. Reserves
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31. Tax Transcripts
32. Maximum Financed Properties
33. Appraisals
34. Principal Curtailment
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38. Ineligible Programs
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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	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			
3. ARM Adjustments	Index	One (1) Year Treasury Bill per the Wall Street Journal			
	Margin	2.00%			
		2.25%			
	Life Floor	The Floor is the Margin			
	Interest Rate	Product	First	Subsequent	Lifetime
	Caps	5/1 (1/1/5)	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				
4. Temporary Buydown	<p>Permitted for the following:</p> <ul style="list-style-type: none"> Purchase transactions 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 3-2-1: payment will be calculated at 3.00% below the Note rate for payments 1-12 and 2.00% below the Note rate for months 13-24 and 1.00% below the note rate for months 25-36 				
5. QM	All transactions are considered QM Safe Harbor				

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6. Power of Attorney	Permitted. See Client Guide																																			
7. 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>																																			
8. Manual Underwrite	<ul style="list-style-type: none"> • The following must be manually underwritten <ul style="list-style-type: none"> ○ 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 ○ AUS Refer 																																			
9. Qualifying Rate	Note rate																																			
10. Compensating Factors	<p>Compensating factors include, but are not limited to the following:</p> <ul style="list-style-type: none"> • excellent credit history • conservative use of consumer credit • minimal consumer debt • long-term employment • significant liquid assets • sizable down payment • the existence of equity in refinancing loans • little or no increase in shelter expense • military benefits • satisfactory homeownership experience • high residual income • low DTI ratio • tax credits for childcare • tax benefits of home ownership 																																			
11. Residual Income	Loan Amounts \$79,999 and Below																																			
	<table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 15%;">Family Size</th> <th style="width: 20%;">Northeast</th> <th style="width: 20%;">Midwest</th> <th style="width: 20%;">South</th> <th style="width: 25%;">West</th> </tr> </thead> <tbody> <tr> <td style="text-align: center;">1</td> <td style="text-align: center;">\$390</td> <td style="text-align: center;">\$382</td> <td style="text-align: center;">\$382</td> <td style="text-align: center;">\$425</td> </tr> <tr> <td style="text-align: center;">2</td> <td style="text-align: center;">\$654</td> <td style="text-align: center;">\$641</td> <td style="text-align: center;">\$641</td> <td style="text-align: center;">\$713</td> </tr> <tr> <td style="text-align: center;">3</td> <td style="text-align: center;">\$788</td> <td style="text-align: center;">\$772</td> <td style="text-align: center;">\$772</td> <td style="text-align: center;">\$859</td> </tr> <tr> <td style="text-align: center;">4</td> <td style="text-align: center;">\$888</td> <td style="text-align: center;">\$868</td> <td style="text-align: center;">\$868</td> <td style="text-align: center;">\$967</td> </tr> <tr> <td style="text-align: center;">5</td> <td style="text-align: center;">\$921</td> <td style="text-align: center;">\$902</td> <td style="text-align: center;">\$902</td> <td style="text-align: center;">\$1004</td> </tr> <tr> <td style="text-align: center;">Above 5</td> <td colspan="4" style="text-align: center;">Add \$75 for each additional member up to a family of seven</td> </tr> </tbody> </table>	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			
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	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			
12. Types of Financing	<ul style="list-style-type: none"> • Purchase mortgage • Single Close Construction to Permanent financing (Delegated Clients only) • Two-Close financing 				
13. Subordinate Financing	New subordinate financing				
14. Down Payment Assistance	<ul style="list-style-type: none"> • 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 • Homebuyer Assistance Programs (HAP) in the form of “soft second or silent mortgages” administered by non-profit entities (requires VA approval) • HAPs administered by state, county, or municipal government entities (have VA blanket approval) • HAPs must be approved by Newrez • These state and local programs are not the same as the Department of Defense homebuyer assistance program 				
15. Guaranty/ Entitlement	<ul style="list-style-type: none"> • 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. • Veteran must provide evidence of available entitlement. Certificate of Eligibility must be dated within six months of the application • 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 				
16. Funding Fee	Veteran/Military Status	Down Payment¹	First Time Use Expires 12-31-2021	Subsequent Use² Expires 12-31-21	
	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%
	¹ Does not include down payment from gift of equity or equity earned from lease-to-purchase transaction ² 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			
17. Occupancy	Primary residence			
18. Eligible Property Types	<ul style="list-style-type: none"> • 1-4 units • Condos <ul style="list-style-type: none"> ○ Must be VA approved ○ Michigan Site condos do not require project approval • Leasehold estates • Manufactured housing • Modular homes • PUDs 			
19. Ineligible Property Types	<ul style="list-style-type: none"> • Condo hotels • Co-ops • Non-warrantable condos 			
20. Ineligible States	Ineligible for Newrez Underwriting <ul style="list-style-type: none"> • Alaska 			
21. Eligible Borrowers	<ul style="list-style-type: none"> • Must be a qualified Veteran or spouse • 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. • Inter vivos revocable trusts (living trust) 			
22. Non-Occupant Co-Borrower	The Veteran-borrower must occupy the subject property. Non-occupant borrowers may be eligible per VA Joint Loan policy			
23. Credit	All borrowers must have a credit score; non-traditional credit not permitted			

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24. Mortgage Payment History	<ul style="list-style-type: none"> • Inclusive of all liens regardless of lien position • Applies to all mortgages on all financed properties • All loans must be current at application • Follow Approve/Accept <ul style="list-style-type: none"> ○ A manual downgrade is required due to any of the following: <ul style="list-style-type: none"> ▪ Any mortgage with more than 1x30x12 ▪ Any mortgage past due and was last updated \geq 90 days ▪ A written explanation is required
25. Rental Payment History	<ul style="list-style-type: none"> • Follow Approve/Accept • AUS Refer and Manual Underwrite/Downgrade <ul style="list-style-type: none"> ○ 24-month rental history
26. Borrower Contribution	<ul style="list-style-type: none"> • 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. • 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
27. 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
28. Seller Contributions	<ul style="list-style-type: none"> • Seller may pay 100% of the discount points and borrower's non-recurring closing costs • Maximum 4% Seller Contribution
29. Reserves	<ul style="list-style-type: none"> • 1-unit: none • 2-4 units <ul style="list-style-type: none"> ○ Rental income not used to qualify: none ○ Rental income used to qualify: Six months • Three months reserves if borrower owns other real estate. Reserves are based on PITI of REO property • Reserves not required if rental income not used to qualify
30. 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)

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	<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 ○ 4506-C for the business tax return transcript(s) must be signed at closing when the business returns are used for qualification
31. Tax Transcripts	<p>For Newrez underwritten loans 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
32. Maximum Financed Properties	No restrictions
33. Appraisals	<ul style="list-style-type: none"> ● A new appraisal completed by a VA approved or VA fee panel appraiser required ● VA LAPP Underwriter will issue the NOV
34. Principal Curtailment	The amount of the curtailment cannot exceed \$500 unless due to an excess Premium Pricing Credit
35. Escrow Waivers	Not permitted
36. VA REO	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)
37. Resources	Access VA Circulars
38. Ineligible Programs	<ul style="list-style-type: none"> ● Farm Residence Loans ● Graduated Payment Mortgage (GPM) ● Growing Equity Mortgage (GEM) ● HFA Programs ● HPML Loans ● High-Cost Loans ● Rehabilitations loans ● Specially Adapted Housing ● Supplemental Loans ● Texas 50(a)(6) <p>In addition to the above, the following are not permitted for Non-Delegated Clients</p> <ul style="list-style-type: none"> ● Energy Efficient Mortgages (EEM) ● Single-Close transactions

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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	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"> Fixed Rate: 10- to 30-year terms in annual increments Removed Custom Loan Term information 	April 15, 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 Matrix	Updated Loan Amt, Credit Score, LTV/CLTV, DTI	December 17, 2021
Non-Occupant Co-borrower	The Veteran-borrower must occupy the subject property. Non-occupant borrowers may be eligible per VA Joint Loan policy	December 17, 2021
Tax Transcripts	Removed transcripts for self-employment income, rental income, dividend/interest	December 17, 2021
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 v22.1
Ineligible Properties	<p>Removed the below Ineligible Manufactured Home Property Types</p> <p>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>	June 06, 2022 v22.2

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Subordinate Financing	Permitted	
Mortgage Payment History	Remove Manufactured Home 0x30x12	
Types of Financing	Single Close Construction to Permanent Financing (Delegated Clients only)	
ARM Adjustments	Updated Life Floor-The Floor is the Margin	June 10, 2022 v22.3
Temporary Buydown	Now eligible-added information	October 17, 2022 v22.4
Ineligible States	Removed New York as an ineligible State	October 27, 2022
Eligibility Matrix	Added for AUS loans: DTI >41% when residual income exceeds 120% or significant documented compensating factors exist	v22.5
Temporary Buydown	Remove minimum credit score overlay	November 17, 2022

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