



Correspondent Overlay Matrix

This document is a summary of most of Newrez guideline overlays to Conventional, FHA, VA, and USDA requirements. This document should be used as a reference tool in conjunction with the Product Summaries, Seller Guide, and the appropriate underwriting guidelines.

Topic	Overlay	CONFORMING	FHA	VA	USDA
Amended Income Tax Returns Filed Prior to the Application Date	Amended tax returns filed prior to application are acceptable for underwriting purposes. Both the original filed return and the amended return are required. If the tax return was amended 60 days or less prior to the application, evidence of payment must also be provided.	X	X	X	X
Amended Income Tax Returns Filed After the Application Date	<p>When amended tax returns are filed after the application date, due diligence must be exercised to determine the validity of the amended tax return. Examine the original tax return and the amended tax return for consistency with the previous filings to determine whether the use of the amended return is warranted.</p> <p>The following documentation should be reviewed when income from the amended return is required:</p> <ul style="list-style-type: none"> • A letter of explanation regarding the reason for the re-file; • Evidence of filing; and • Payment and the ability to pay the tax if the check has not cancelled. <p>The underwriter must provide justification and commentary regarding its use.</p>	X	X	X	X
Appraisal Transfers	Transferred Hybrid or PDR (Property Data Report) appraisals are not permitted	X			
Assets Used for Qualifying Income	Freddie Mac Assets Used for Qualifying Income not permitted	X			
Assignment of Sales Contract	Not permitted	X	X	X	X
Attorney Opinion Letters	Attorney Opinion Letters in lieu of title insurance are not permitted	X			

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Topic	Overlay	CONFORMING	FHA	VA	USDA	
Borrower's Social Security Number	Redaction or deletion of the borrower's SSN from all documents is not permitted	X				
Buydown Account and Funds	A split buydown is not permitted when the borrower pays for any portion of the funds	X	X	X	X	
Community Seconds & Affordable Seconds	Provider's Share in Appreciation in Value (Equity Sharing) is not permitted	X				
	Reporting requirements for the servicing of the loan are not permitted	X				
Dual Capacity	The Loan Officer may not act as the Realtor in a single transaction	X	X	X	X	
Credit Inquiries	Any material inquiry within the last 90 days requires a letter of explanation unless AUS identifies as not required			X		
Credit Scores	Borrowers with no credit score are not permitted unless DU Approve/Eligible and LPA Accept Eligible	X				
	Minimum Credit Score 580 with DU approve eligible or LPA accept eligible	X				
Credit Scores, LTV/CLTV & DTI	<p>AUS</p> <ul style="list-style-type: none"> • Purchase <ul style="list-style-type: none"> ○ Credit score: 580 ○ CLTV: 105% • Rate & Term and Simple Refi <ul style="list-style-type: none"> ○ Credit score: 580 • Cash-out Refi <ul style="list-style-type: none"> ○ Credit score: 580 	<p>Manual Underwrite</p> <ul style="list-style-type: none"> • Purchase <ul style="list-style-type: none"> ○ Credit score: 580 ○ CLTV: 105% • Rate & Term and Simple Refi <ul style="list-style-type: none"> ○ Credit score: 600 • Cash-out Refi <ul style="list-style-type: none"> ○ Credit score: 600 Streamline Refinance <ul style="list-style-type: none"> • Credit Qualifying <ul style="list-style-type: none"> ○ Credit Score: 580 • Non-Credit Qualifying <ul style="list-style-type: none"> ○ Credit Score: 580 ○ Max 105/125 LTV/CLTV 		X		
	<ul style="list-style-type: none"> • Purchase AUS <ul style="list-style-type: none"> ○ 720 to \$2,500,000 to 95% LTV/CLTV to 45% DTI ○ 720 to \$2,000,000 to 100% LTV/CLTV to 55% DTI 				X	

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Topic	Overlay	CONFORMING	FHA	VA	USDA
	<ul style="list-style-type: none"> ○ 700 to \$2,000,000 to 100% LTV/CLTV to 45%DTI ○ 720 to \$1,500,000 to 100% LTV/CLTV ○ 680 to \$1,500,000 to 100% LTV/CLTV to 55%DTI ○ 680 to \$1,000,000 to 100% LTV/CLTV ○ 580 to \$1,000,000 to 100% LTV/CLTV to 55% DTI ○ 580 to \$650,000 to 100% LTV/CLTV ○ Manufactured Homes <ul style="list-style-type: none"> ▪ 580 to \$1,000,000 to 100% LTV/CLTV to 55% DTI ▪ 580 to \$650,000 to 100% LTV/CLTV ● Purchase Manual Underwrite <ul style="list-style-type: none"> ○ 700 to \$1,500,000 to 100% LTV/CLTV to 55% DTI ○ 580 to \$1,000,000 to 100% LTV/CLTV to 55% DTI ○ Manufactured Homes <ul style="list-style-type: none"> ▪ 580 to \$1,000,000 to 100% LTV/CLTV to 55% DTI ● Cash-out Refi AUS <ul style="list-style-type: none"> ○ 720 to \$2,500,000 to 95% LTV/CLTV to 45% DTI ○ 720 to \$2,000,000 to 100% LTV/CLTV to 55% DTI ○ 700 to \$2,000,000 to 100% LTV/CLTV to 45%DTI ○ 720 to \$1,500,000 to 100% LTV/CLTV ○ 680 to \$1,500,000 to 100% LTV/CLTV to 55%DTI ○ 680 to \$1,000,000 to 100% LTV/CLTV ○ 580 to \$1,000,000 to 100%LTV/CLTV to 55% DTI ○ 580 to \$650,000 to 100% LTV/CLTV <ul style="list-style-type: none"> ▪ Fixed Rate: LTV > 90% available for only 360-month term ▪ ARM: Maximum LTV ≤ 90% ○ Manufactured Homes <ul style="list-style-type: none"> ▪ Primary Residence <ul style="list-style-type: none"> ● 580 to \$1,000,000 to 90% LTV/CLTV to 55% DTI ● 580 to \$650,000 to 90% LTV/CLTV ● Cash-out Refi Manual Underwrite 				

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	<ul style="list-style-type: none"> ○ 700 to \$1,500,000 to 100% LTV/CLTV to 55% DTI ○ 580 to \$1,000,000 to 90% LTV/CLTV to 55% DTI <ul style="list-style-type: none"> ▪ Fixed Rate: LTV > 90% available for 360-month term ▪ ARM: LTV ≤ 90% ○ Manufactured Homes <ul style="list-style-type: none"> ▪ Primary Residence ▪ 580 to \$1,000,000 to 90% LTV/CLTV to 55% DTI <p>IRRRL</p> <ul style="list-style-type: none"> ● Non-Credit Qualify <ul style="list-style-type: none"> ○ 720 to \$2,500,000 to 105/125 LTV/CLTV ○ 700 to \$2,000,000 to 105/125 LTV/CLTV ○ 680 to \$1,500,000 to 105/125 LTV/CLTV ○ 580 to \$1,000,000 to 105/125 LTV/CLTV ○ Manufactured Home <ul style="list-style-type: none"> ▪ Primary Residence ▪ 580 to \$1,000,000 to 105/125 LTV/CLTV ● Credit Qualify <ul style="list-style-type: none"> ○ 720 to \$2,500,000 to 105/125 LTV/CLTV to 45% DTI ○ 720 to \$2,000,000 to 105/125 LTV/CLTV to 55% DTI ○ 700 to \$2,000,000 to 105/125 LTV/CLTV to 45% DTI ○ 680 to \$1,500,000 to 105/125 LTV/CLTV to 45% DTI ○ 580 to \$1,000,000 to 105/125 LTV/CLTV to 55% DTI ○ Manufactured Homes <ul style="list-style-type: none"> ▪ Primary Residence ▪ 580 to \$1,000,000 to 105/125 LTV/CLTV to 55% 				
	<p>USDA Manual Underwrite</p> <ul style="list-style-type: none"> ● Purchase and Standard Rate & Term (Non-Streamlined) Refinance: 600 ● Streamlined Refinance: 600 				X

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Topic	Overlay	CONFORMING	FHA	VA	USDA
DU Validation Service Report	DU only: 12-month asset verification report required in file	X			
Employment After the Note Date	The employment start date must be within 90 days of the Note date.			X	
	Fannie Mae Option 2- paystub not obtained before loan delivery not permitted	X			
Escrow Repairs	Borrower not permitted to complete interior or exterior structural repairs for an existing dwelling.				X
First Time Homebuyer Escrow Waivers	Escrow Waiver Eligibility for First Time Homebuyer <ul style="list-style-type: none"> • ≤ 70% LTV; and • ≥ 700 FICO; and • ≤ 36% DTI 	X			
Geographic Restrictions	United States Possessions and Territories ineligible	X	X	X	X
Housing Choice Voucher Program (Section 8)	<ul style="list-style-type: none"> • Housing Choice Vouchers payments are only allowed if funds are sent directly to the borrower • The Housing Authority may not pay the mortgage lender directly 	X	X	X	X
Ineligible Assets	Sweat equity	X		X	X
	HomeReady & Home Possible <ul style="list-style-type: none"> • Sweat equity 	X			
Ineligible Borrowers	Borrowers living in the U.S. under Deferred Action for Childhood Arrivals (DACA) Refer to the Underwriting Guide for Non-Permanent Resident Alien overlays	X			
	Borrowers without a valid Social Security Number. ITINs are not permitted.	X	X	X	X
	Principals/Owners of Correspondents are not eligible	X	X	X	X
Ineligible Programs	<ul style="list-style-type: none"> • Fannie Mae HomeReady First • Fannie Mae HFA Program • Fannie Mae High LTV Refinance • Fannie Mae HomePath loans which exercise flexibilities for IPCs and/or LLPAs are not eligible 	X			

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Topic	Overlay	CONFORMING	FHA	VA	USDA
	<ul style="list-style-type: none"> • Fannie Mae HomeStyle Renovation • Fannie Mae Rural High-Needs Waiver • Freddie Mac Enhanced Relief Refinance • Freddie Mac GreenCHOICE • Freddie Mac Home Possible Super Conforming • Freddie Mac HomeSteps • Heritage One Mortgages • HFA Preferred Advantage Program • HPML not permitted for 7/6 and 10/6 ARMs due to the requirement to be manually underwritten 				
	<ul style="list-style-type: none"> • 203(h) Mortgage Insurance for Disaster Victims • 203(k) Rehabilitation Mortgage • Good Neighbor Next Door • Graduated Payment Mortgage (GPM) • Growing Equity Mortgages (GEM) • Hope for Homeowners • HFA Programs • HUD REO \$100 Down Program • Indian Reservations (Section 184 for Streamline Refinances and 248) • Section 247 Hawaiian Homelands 		X		
	<ul style="list-style-type: none"> • Farm Residence Loans • Graduated Payment Mortgage GPM) • Growing Equity Mortgages (GEM) • High-Cost Loans • Higher-Priced Mortgage Loans (HPML) • Specially Adapted Housing • Supplemental Loans 			X	

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	<ul style="list-style-type: none"> • Graduated Payment Mortgage (GPM) • Growing Equity Mortgages (GEM) • Repair and Rehabilitation Loan • Rural Energy Plus 				X
Ineligible Properties	<ul style="list-style-type: none"> • Co-ops 		X	X	X
	<ul style="list-style-type: none"> • 3D printed homes • Barndominiums • Community Land Trust • Container homes • Native American/Tribal Lands • Shouses • Tiny homes 	X	X	X	X
	<ul style="list-style-type: none"> • Properties appraised with C5 condition rating 	X			
	<ul style="list-style-type: none"> • Properties with Individual Purification Water Systems 		X		
Ineligible Resale Restrictions	<p>Newrez will not purchase loans with any of the following resale restrictions</p> <ul style="list-style-type: none"> • Resale restrictions that survive foreclosure or deed-in-lieu of foreclosure, including down payment assistance programs if they contain a resale restriction that survives foreclosure; • Resale restrictions with shared equity 	X			
IRS Form 4506 C	Borrowers whose income has been validated through the DU validation service or LPA AIM must sign IRS Form 4506-C at closing even if DU or LPA waives the requirement.	X			
Lender Funded Grant	Newrez will not provide a lender-funded grant	X			
Loan Amount	<ul style="list-style-type: none"> • Maximum \$766,550 loan amount for Continental U.S. • Maximum \$1,149,825 loan amount for Hawaii 				X
	Maximum \$2,500,000 loan amount			X	
Manufactured Housing	Manufactured home condominiums require Fannie Mae PERS approval	X			
	<ul style="list-style-type: none"> • A manufactured home is ineligible with deed restrictions or leasehold unless PERS approved CONDO or PUD Project (DU) • A manufactured home is ineligible with Leasehold (LPA) 	X			

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	Not permitted <ul style="list-style-type: none"> Leasehold estate 				X
Military Owner Occupancy	A borrower currently on active duty must occupy the subject primary residence within 60 days of Note. A borrower currently on active duty and absent from their primary residence is not permitted	X			
Mortgage Credit Certificates	Payment must be made to the borrower and not the servicer	X	X	X	X
Mortgage Insurance	<ul style="list-style-type: none"> Standard coverage is required Minimum or custom mortgage insurance coverage (with LLPAs) is not permitted 	X			
Mortgage Interest Differential (MID)	Payment must be made to the borrower and not the servicer	X	X	X	X
Mortgage Seasoning (Forbearance and Modified Loans)	For existing mortgages that have been modified, the first payment due date of new mortgage must be on or after the later of: <ul style="list-style-type: none"> The date that is 210 days after the date on which the first modified monthly payment was due on the mortgage being refinanced; or The date on which six modified payments have been made on the mortgage being refinanced. 		X		
	For refinance of modified mortgages, the Note date of the new loan must be on or after the later of: <ul style="list-style-type: none"> The date that is 210 days after the date on which the first modified monthly payment was due on the mortgage being refinanced; or The date on which six modified payments have been made on the mortgage being refinanced. 			X	
	A borrower who has deferred mortgage payments as result of recent forbearance plan must have resumed making payments for a period of at least six months and not have any defaults in the previous 12-month period, excluding the time the loan was in forbearance				
New Construction	Self-built homes and borrower acting as own contractor	X	X	X	

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Topic	Overlay	CONFORMING	FHA	VA	USDA
Non-Arm's Length Transactions	See Underwriting Guide section 1B.1(b) for Overlays	X			
Nontraditional Credit	<ul style="list-style-type: none"> Conforming Loans not permitted unless DU Approve/Eligible and LPA Accept 	X			
	<ul style="list-style-type: none"> VA Loans-Follow FHA Nontraditional Guidelines 			X	
Paystubs	If the employer does not provide a computer-generated or typed paystub, the most recent years' income tax returns or tax transcripts are required with a written verification of employment completed in its entirety	X	X	X	X
Power of Attorney	The use of a Power of Attorney is not permitted on an FHA cash-out refinance		X		
	<ul style="list-style-type: none"> Ineligible Agents-Any real estate agent with a financial interest in the transaction (or any person affiliate with such real estate agent) (Freddie Mac) <ul style="list-style-type: none"> Fannie Mae does not allow the real estate agent as a POA so it is not an overlay 	X		X	
Principal Curtailment	A principal curtailment is permitted up to the lesser of 2% of the loan amount or \$2,500 (rate and term refinances)	X			
	FHA Refinances: Maximum principal curtailment is \$500		X		
	IRRRL: Maximum principal curtailment is \$500			X	
Private Transfer Fees	Properties encumbered with private transfer fees not permitted.	X	X	X	X
Purchase Loan Restrictions	Loans originated with an agency variance or term of business are ineligible for purchase	X			
Shared Appreciation/Shared Equity	Not permitted	X			
Single Close Construction to Permanent Transaction	LPA not permitted	X			

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Topic	Overlay	CONFORMING	FHA	VA	USDA
Single Close Modification of Note	Not permitted				X
Tax Deferred Exchange	A complete copy of the fully executed exchange agreement is required	X			
Texas Home Equity Refinance	A refinance transaction that is subject to Texas Home Equity Section 50(a)(6) is not permitted		X	X	X
Underwriting	Manual Underwrite not permitted	X			
VA IRRRL LTV/CLTV	105%/125%			X	
VA Refinance Transactions	All VA refinance transactions must include a copy of the original Note and most recent mortgage statement of the loan being refinanced. If the original Note is not available, reasonable alternatives can be considered to validate the loan being paid off was not subject to a recent modification			X	
Verbal Verification of Employment (VVOE)	Verbal Verification of Employment (VVOE) Alternatives: Paystubs and/or bank statements dated within 15 days of the Note are not permitted	X			
Additional Overlays for Non-Delegated Correspondents					
Business Assets	Business assets may be used if all the following is provided: <ul style="list-style-type: none"> • A letter from the accountant on letterhead confirming the borrower's authority to remove funds from the business for personal use • Any impact the withdrawal will have on the business cash flow and financial position • Copy of business check and deposit into borrower's personal account; and • Business tax returns must be in the loan file. 			X	
Condo Approval	The condo project must have an unexpired FHA approval. Newrez will not issue a DELRAP approval		X		
Deed/Resale Restrictions	Must be approved by Newrez prior to loan approval	X	X	X	X

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Topic	Overlay	CONFORMING	FHA	VA	USDA
Employment by Family Member	<ul style="list-style-type: none"> • Most recent year-to-date paystub • Most recent two years' W-2s • Most recent two years' individual income tax returns 		X	X	
Energy Efficient Mortgages (EEM)	Not permitted		X	X	X
Employment After the Note Date	The employment start date must be within 90 days of the Note date			X	
Ineligible Properties	Texas rural properties with more than 25 acres	X			
IRS Form 4506-C	IRS Form 4506-C must be signed prior to underwriting for borrowers whose income is documented with tax returns	X	X	X	X
Manufactured Housing	<ul style="list-style-type: none"> • Units located in a condo project not permitted • Newly constructed units not permitted 				X
Project Review	Project Review Department (PRD) will review condo projects for eligibility	X	X		X
Refreshed Credit Report	Obtain a single repository refreshed credit report as close to closing as possible but within ten days of closing	X			
Review by Legal	Living Trust (Inter Vivos Revocable Trust) must be approved by legal	X	X	X	X
Single Modification of Note	Not permitted	X	X	X	X
Solar and Wind Technologies	Not permitted		X		
TBD/Conditional Approval	Not permitted		X	X	X
Verification of Existence of Business	Verification of existence of the borrower's business through a third-party source within 30 calendar days for self-employed income is required		X		
Weatherization	Not permitted		X		

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Revision History		
Section	Update	Date
Employment After the Note Date	Remove Fannie Mae Option 1 and Freddie Mac Option 2 not permitted	1.30.2024
Single Close Construction to Permanent Transaction	LPA Conforming not permitted	
Appraisal Transfers	Transferred Hybrid or PDR (Property Data Report) appraisals are not permitted.	
Asset Documentation	Remove-LPA-Bank account statements may be no more than 45 days old at application date.	02.05.2024
Condo & PUD Units in Nevada	Removed this information	03.28.2024- Correspondent published 4-1-24
Rebuttable Presumption	Added requirements for VA	
Ineligible Program	Fannie Mae HomePath loans which exercise flexibilities for IPCs or LLPAs are not eligible	
Buydown Account and Funds	A split buydown is not permitted when the borrower pays for any portion of the funds	
Purchase Loan Restrictions	Loans originated with an agency variance or term of business are ineligible for purchase	
IRS Form 4506C	Removed below overlay: Borrowers whose income has been validated through the DU validation service or LPA AIM must sign IRS Form 4506-C at closing even if DU or LPA waives the requirement.	
DU Validation Service Report	Added DU only: 12-month asset verification report required in file	
Tax Deferred Exchange	A complete copy of the fully executed exchange agreement is required	04.29.2024

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IRS Form 4506 C	Added back-Borrowers whose income has been validated through the DU validation service or LPA AIM must sign IRS Form 4506-C at closing even if DU or LPA waives the requirement.	
Conflict of Interest	Change this name to Dual Capacity	05.30.2024
Power of Attorney	<p>Freddie Mac and VA -Ineligible Agents-Any real estate agent with a financial interest in the transaction (or any person affiliate with such real estate agent)</p> <ul style="list-style-type: none"> ○ Fannie Mae does not allow the real estate agent as a POA so it is not an overlay 	
Principal Curtailment	Added Rate/Term Refinance	
Housing Choice Voucher Program (Section 8)	<ul style="list-style-type: none"> ● Housing Choice Vouchers payments are only allowed if funds are sent directly to the borrower ● The Housing Authority may not pay the mortgage lender directly 	
Ineligible Programs	Updated Indian Reservations (Section 184 for Streamline Refinances and 248)	08.06.2024
Non-Arm's Length Transactions	Removed reference to loan officers who are appropriately licensed in the state of CA or FL who are acting as the buyer's agent. A copy of the FL Disclosure of Conflict of Interest or CA Dual Capacity Disclosure is required to be provided by the correspondent.	08.29.2024
VA IRRRL LTV/CLTV	105%/125%	09.26.2024
Ineligible Program	Added Fannie Mae HomeReady First	09.27.2024
Housing Choice Voucher Program (Section 8)	Added FHA, VA and USDA to these requirements	10.24.2024
Rebuttable Presumption	This information is revised on the VA product summary and no longer an overlay.	

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First Time Homebuyer Escrow Waivers	Added First Time Homebuyer Escrow Waiver information to the Overlay Matrix	11.25.2024
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