



Correspondent Conforming Overlay Matrix

This document provides a comprehensive summary of the Company’s guideline overlays to conventional conforming loan requirements across Correspondent channels. It serves as a reference tool alongside product summaries and agency guidelines, detailing specific overlays and restrictions that supplement standard eligibility criteria. The document excludes credit score, LTV/CLTV, and DTI overlays, which are detailed separately in product summaries.

[Link to Agency Guides](#)

- [Fannie Mae](#)
- [Freddie Mac](#)

| Topic | Conforming Overlay |
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| Correspondent’s Agency Variance/Term of Business | Not permitted |
| 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. |
| 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> |

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| Appraisal Transfers | Transferred Hybrid or PDR (Property Data Report) appraisals are not permitted |
| Adjustable-Rate Mortgage (ARM) 3/6 Product | Not Permitted |
| Assets Used for Qualifying Income | Freddie Mac (LPA) <ul style="list-style-type: none"> Ineligible for Delegated Clients Only |
| Assignment of Sales Contract | Not permitted |
| Attorney Opinion Letters | Attorney Opinion Letters in lieu of title insurance are not permitted |
| Buydown Account and Funds | A split buydown is not permitted when the borrower pays for any portion of the funds |
| Community Seconds & Affordable Seconds | Affordable LTV Calculation on a subsidized sales price where resale restrictions terminate upon foreclosure are not permitted |
| Completion Reports | DU Only: Ineligible completion reports: <ul style="list-style-type: none"> Alternative methods, such as virtual inspections, digital photos, site videos, or other technological solutions. All completion documentation must include one or more visually verifiable exhibits. A link to the digital exhibits from within the form is acceptable by the agencies for the life of the loan. These exhibits must be unaltered and able to be authenticated using metadata and the geocode for the subject property. |
| Condominiums | Condominiums with a CPM status of Unavailable or with a CPA status of Not Eligible are not eligible for purchase unless issues are resolved. |
| Cooperative (Co-op) Eligible Locations | <ul style="list-style-type: none"> NYC: Five Boroughs (Bronx, Brooklyn, Manhattan, Queens, and Staten Island) and Nassau, Rockland, Suffolk, and Westchester counties NJ: Bergen, Essex, and Hudson counties |
| Cooperative (Co-op) Eligible Locations | <ul style="list-style-type: none"> IL: Cook County Philadelphia County-Client must be approved All other states are ineligible |
| Credit Inquiries | All credit inquiries (excluding all utility company inquiries) made within 90 days must be validated, which includes a letter of explanation for each inquiry and evidence of any new debt. |

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| Credit Scores | <ul style="list-style-type: none"> • Refer to Product Summary • Foreign credit reports/scores are not allowed for conforming loans. |
| Dual Capacity | The Loan Officer may not act as the Realtor in a single transaction Conflict of Interest Policy |
| DU Validation Service Report | DU only: 12-month asset verification report required in file |
| LPA Rent Payment History Enhancement | LPA only: Rent Payment History Enhancement (Borrower Provided Documentation) is not permitted |
| Employment/Ownership | Employment or Ownership in a Cannabis Business is not permitted |
| Employer Assistance Benefits | Freddie Mac (LPA) <ul style="list-style-type: none"> • Ineligible for Delegated Clients Only |
| Employment After the Note Date | Fannie Mae Option 2- paystub not obtained before loan delivery is not permitted for Delegated Clients |
| 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 <p style="text-align: center;">The Housing Authority may not pay the mortgage lender directly</p> |
| Ineligible Borrowers | Borrowers living in the U.S. under Deferred Action for Childhood Arrivals (DACA) Ineligible for Delegated Clients only Non-Permanent Resident Alien Visa and EAD Policy |
| | Borrowers without a valid Social Security Number. ITINs are not permitted. |
| | Principals/Owners of Correspondents are not eligible |
| 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 • Fannie Mae HomeStyle Renovation • Fannie Mae HomeStyle Energy • Fannie Mae Rural High-Needs Waiver • Freddie Mac Enhanced Relief Refinance • Heritage One Mortgages |

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| | <ul style="list-style-type: none"> • HFA Preferred Advantage Program • HPML not permitted for 7/6 and 10/6 ARMs due to the requirement to be manually underwritten |
| Ineligible Properties | <ul style="list-style-type: none"> • 3D printed homes • Barndominiums • Community Land Trust • Container homes • Native American/Tribal Lands • Section 184 • Shouses • Tiny homes |
| | <ul style="list-style-type: none"> • Properties appraised with C5 condition rating |
| Ineligible Financing of Properties located in US Territories | <p>Fannie Mae and Freddie Mac</p> <ul style="list-style-type: none"> • Puerto Rico • Guam • US Virgin Islands • Commonwealth of Northern Mariana Islands |
| 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 appreciation <p>Note: Shared Appreciation is a program that creates affordability by providing down payment and/or closing cost assistance to the borrower in exchange for repayment of a loan and a share in any future appreciation of the property.</p> |
| Ineligible Resale Restrictions (cont.) | |
| 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. |
| Lender Funded Grant | Newrez will not provide a lender-funded grant |
| Manufactured Housing | <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) |

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| Maximum Newrez Company Exposure | <p>Each borrower may not have more than 10 loans or an aggregate unpaid principal balance of \$5,000,000 (including the loan amount on the subject property) financed with Newrez.</p> <p>Inclusive of Newrez Family of Companies i.e., Newrez, New Residential, Shellpoint Mortgage, Caliber</p> |
| Mortgage Insurance | <ul style="list-style-type: none"> • Standard coverage is required • Annual and monthly LPMI is not permitted • Minimum or custom mortgage insurance coverage (with LLPAs) is not permitted |
| Mortgage Interest Differential (MID) | <p>Payment must be made to the borrower and not the servicer</p> |
| New Construction | <p>Self-built homes and borrower acting as own contractor</p> |
| Non-Arm's Length Transactions Non-Arm's Length Transactions (cont.) | <ul style="list-style-type: none"> • If the borrower is purchasing from a builder who is buying his or her existing residence, the transaction is not eligible for financing. • If the seller is a corporation, partnership, or any other business entity, ensure the borrower is not an owner of the business entity selling the subject property. • A non-arm's length transaction is not permitted if the subject property is in foreclosure, or a Notice of Default has been filed. • The file must include all of the following documentation: <ul style="list-style-type: none"> • Copy of the cancelled earnest money check to verify payment to the seller. • Verification that the borrower is not now on title and has not been on title within the past 24 months. • Payment history for the existing mortgage (verification of seller's mortgage) on the subject property must be obtained. It must show that the loan is paid current and has no pattern of delinquency within the past 12 months. <ul style="list-style-type: none"> ○ Payment history for the existing mortgage is not required when the relationship is purely tenant/landlord, and no other relationship exists. • The borrower must provide written explanation stating the relationship to the seller and the reason for purchase. • The transaction must make sense. • A full appraisal must be obtained regardless of the AUS findings. The appraiser must be informed of the non-arm's length transaction and address whether or not the market value has been affected by the relationship of the parties. |
| Owner of Record and Chain of Title | <ul style="list-style-type: none"> • Transactions involving any sale or assignment of sales contract are not permitted • Transactions involving double escrows are not permitted |

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| 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 |
| Power of Attorney | <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 |
| Principal Curtailment | A principal curtailment is permitted up to the lesser of 2% of the loan amount or \$2,500 (rate and term refinances) |
| Private Transfer Fees | Properties encumbered with private transfer fees not permitted. |
| Purchase Loan Restrictions | Loans originated with an agency variance or term of business are ineligible for purchase |
| Shared Appreciation/Share d Equity | Not permitted |
| Single Close Construction to Permanent Transaction | LPA not permitted |
| Tax Deferred Exchange | A complete copy of the fully executed exchange agreement is required |
| Temporary Buydown | ARMS not permitted |
| Underwriting | Manual Underwrite not permitted |
| Verbal Verification of Employment (VVOE) | Verbal Verification of Employment (VVOE) Alternatives: Bank statements dated within 15 days of the Note are not permitted |
| Special Feature Code Requirements | |
| Active Military Occupancy Exception | Active military borrowers unable to occupy primary residence require single loan exception (SLE) to provide applicable Special Feature Code 754 or Investor Feature Identifier D76 |
| Pace to Pace-like obligations except for GreenCHOICE | Exception required if obligation will remain in place and requires Special Feature Code 173/Investor Feature Identifier H61 |

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| Fannie Mae HomeReady | |
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| Sweat Equity | Not permitted |
| Temporary Buydowns | <ul style="list-style-type: none"> • 2-4 units not permitted • ARMS not permitted |
| Freddie Mac HomePossible | |
| Sweat Equity | Not permitted |
| Temporary Buydowns | <ul style="list-style-type: none"> • 2-4 units not permitted • ARMS not permitted |
| Secondary Financing | Rural Housing Service (RHS) Leveraged Seconds are not permitted |
| Freddie Mac GreenCHOICE Mortgages | |
| Ineligible Program | <ul style="list-style-type: none"> • Freddie Mac Super Conforming • Freddie Mac CHOICEHome |
| Additional Overlays for Non-Delegated Correspondents | |
| Deed/Resale Restrictions | Must be approved by Newrez prior to loan approval |
| Ineligible Properties | Texas rural properties with more than 25 acres |
| IRS Form 4506-C | IRS Form 4506-C must be signed prior to underwriting for borrowers whose income is documented with tax returns |
| Project Review | Project Review Department (PRD) will review condo projects for eligibility |
| Refreshed Credit Report | Obtain a single repository refreshed credit report as close to closing as possible but within ten days of closing |
| Review by Legal | Living Trust (Inter Vivos Revocable Trust) must be approved by legal |
| Secondary Financing | Community Seconds and Affordable Seconds must be reviewed and approved by Newrez prior to closing |
| Single Modification of Note | Not permitted |

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| Revision History | | |
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| Section | Update | Date |
| FHA Credit Scores | Manual UW – Rate & Term, Simple Refi, Cash-Out Refi-Credit Score update from 600 to 580 | 01.02.2026 V26.1 |
| FHA 203(h) | Approve Eligible-Removed 50%DTI Refer and Manual UW- Removed DTI >45%: gifts not permitted | |
| Credit Scores | Borrowers with no credit score are not permitted unless DU Approve/Eligible or LPA Accept Eligible | 1.22.2026 V26.2 |
| USDA Loan Amount | Updated USDA Loan Amount with 2026 minimum loan amounts | 02.26.2026 V26.3 |
| Temporary Buydown | ARMS not permitted for Conforming products | |
| Additional Overlays for Delegated Clients Only | <p>Ineligible Borrowers</p> <ul style="list-style-type: none"> Borrowers living in the U.S. under Deferred Action for Childhood Arrivals (DACA) ineligible for Delegated Clients Only <p>Employer Assistance Benefits-Freddie Mac (LPA) -Not permitted for Delegated Clients Only</p> | |

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| Assets Used for Qualifying Income | Freddie Mac (LPA) <ul style="list-style-type: none"> • Ineligible for Delegated Clients Only | 03.26.2026 V26.4 |
| VA IRRRL LTV/CLTV | Added below Overlays LTV/CLTV will be based off of one of the following: <ul style="list-style-type: none"> • Exterior only appraisal (Form 2055) • Newrez approved AVM and FSD <ul style="list-style-type: none"> ○ Corelogic ≤ 0.13 ○ Collateral Analytics- ≤ 0.10 ○ Clear Capital ≤ 0.13 ○ House Canary ≤ 0.10 ○ Homegenius Real Estate ≤ 0.10 ○ VeroValue ≤ 0.10 | |
| Community Seconds | Conforming Transactions- Affordable LTV Calculation on a subsidized sales price where resale restrictions terminate upon foreclosure are not permitted | 04.23.2026 V26.5 |
| Ineligible Programs | Removed Freddie Mac Home Possible Super Conforming | |
| Paystubs | Added “For loans underwritten by Newrez” for FHA transactions. For loans underwritten by Newrez, 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 Also added this information in Non-Delegated Correspondent Section | |

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| Employed by a Family Member | FHA- If the paystub is not computer generated, the accountant must provide a signed payroll ledger | 5/28/2026 V26.6 |
| GreenCHOICE Mortgages | Ineligible Program <ul style="list-style-type: none"> • Freddie Mac Super Conforming • Freddie Mac CHOICE Home | 06/01/2026 V26.7 |
| Overlays | New Overlays in red to align with Product Guidelines Government and Conforming Overlays on Separate Documents | 06.25.2026 V26.8 |

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