

HomeReady® LMI Product Profile: Wholesale

Matrices

FICO/LTV Grid

Fixed Rate Max LTV ¹ /CLTV ² /HCLTV					
	Min FICO ⁴	Max DTI	1 Unit	2 Units	3-4 Units
Purchase	620	50%	97% ³	85%	75%

¹ Non-occupant co-borrower – max 95% CLTV.

² 105% CLTV is available for fixed rate loans with Community Seconds only. Other subordinate financing per the Selling Guide.

³ Maximum LTV/CLTV for High Balance loan amount and manufactured homes is 95%

⁴ Minimum FICO is 660 for manufactured homes

Quick Links

Matrices

Quick Links

Section 1: Program Summary

1.1 Program Summary

1.2 Underwriting

1.3 Ineligible Programs

Section 2: Transaction Details

2.1 Loan Limits

2.2 Eligible Terms and Programs

2.3 Eligible Transactions

2.4 Refinances

2.5 Texas 50(a)(6) loans

2.6 Subordinate Financing

2.7 Manufactured Homes

Section 3: Borrower Eligibility

3.1 Borrower Eligibility

3.2 Occupancy

3.3 Homebuyer Education

3.4 Power of Attorney

3.5 Living Trust (Inter Vivos Revocable Trust)

3.6 Non-Arms Length Transactions

3.7 At-Interest Transactions

3.8 Maximum # of Financed Properties

3.9 Multiple Mortgages to the Same Borrower

Section 4: Collateral

4.1 Eligible Properties

4.2 Ineligible Properties

4.3 Appraisals

4.4 Disaster Areas

4.5 Geographic Restrictions

Section 5: Income

5.1 Income

5.2 Verification of Employment

5.3 Ineligible Income Sources

Section 6: Credit

6.1 Credit

6.2 Qualifying Ratios

Section 7: Assets

7.1 Assets

7.2 Minimum Borrower Contribution

7.3 Cash Reserves

7.4 Gifts

7.5 Seller/Interested Party Contributions

7.6 Community Seconds

7.7 Ineligible Assets

Section 8: Procedures

8.1 Age of Documentation

8.2 Electronic Signatures

8.3 Escrows

8.4 Escrow Waiver Grid

8.5 Excluded Parties- LDP/GSA Searches

8.6 Interest Credit

8.7 Mortgage Insurance

8.8 Title Insurance

Section 9: References

9.1 References

Section 10: Version Control

[Back to Top](#)

Section 1: Program Summary

1.1 Program Summary

Program Summary	<p>This Program Guide serves as a comprehensive summary of NewRez’s HomeReady LMI product. Refer to Fannie Mae’s Selling Guide B5-6 for any information not specified in the Program Summary.</p> <p>NewRez’s HomeReady and HomeReady Advantage LMI Mortgage is a conventional mortgage designed for low to moderate income First Time Homebuyers purchasing a primary residence. Properties must be located within designated counties and state and meet certain income limits based on FFIEC Estimated MSA/MD/non-MSA/MD Median Family Income as determined by FFIEC Geocoding System. The designated areas can be found in the NewRez LMI Geographic Locations.</p> <ul style="list-style-type: none"> • SFC 900 required for all HomeReady loans • In addition to SFC 900, one or more of the following SFCs may also be required: <ul style="list-style-type: none"> ○ HomeReady loans with a Community Seconds - 118, ○ HomeReady loans with financed mortgage insurance - 281
-----------------	--

1.2 Underwriting

Underwriting	<p>Loans must be underwritten through Fannie Mae (DU) and receive an Approve/Eligible decision. Manually Underwritten loans are prohibited. FNMA HomeReady Guidelines are available in B5-6-01.</p> <p>If DU issues a warning for excessive DU runs, a written explanation must be provided by the originator.</p> <p>Income: Borrowers monthly qualifying income may not exceed 80% of the FFIEC Estimated MSA/MD/non-MSA/MD Median Family Income as determined by the location of the subject property being financed. FFIEC Estimated MSA/MD/non-MSA/MD Median Family Income for the subject property’s location may be found by entering the property address in the FFIEC Geocoding System and selecting the “Census Demographic Data” button. 80% of the 2017 FFIEC Estimated MSA/MD/non-MSA/MD Median Family Income must be utilized.</p> <p>Example: Maximum Median Income \$91,500 as determined by FFIEC. Maximum allowable income for qualifying $\\$91,500 \times 80\% = \\$73,200$</p> <div style="text-align: center; margin: 10px 0;"> <table border="1" style="display: inline-table; border-collapse: collapse;"> <tr> <td style="padding: 2px 5px;">Census</td> <td style="padding: 2px 5px;">Income</td> <td style="padding: 2px 5px;">Population</td> <td style="padding: 2px 5px;">Housing</td> </tr> </table> </div> <table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="padding: 2px;">Tract Income Level</td> <td style="padding: 2px;">Upper</td> </tr> <tr> <td style="padding: 2px;">Underserved or Distressed Tract</td> <td style="padding: 2px;">No</td> </tr> <tr style="background-color: #ffff00;"> <td style="padding: 2px;">2017 FFIEC Estimated MSA/MD/non-MSA/MD Median Family Income</td> <td style="padding: 2px;">\$91,500</td> </tr> <tr> <td style="padding: 2px;">2017 Estimated Tract Median Family Income</td> <td style="padding: 2px;">\$128,283</td> </tr> <tr> <td style="padding: 2px;">2010 Tract Median Family Income</td> <td style="padding: 2px;">\$122,162</td> </tr> <tr> <td style="padding: 2px;">Tract Median Family Income %</td> <td style="padding: 2px;">140.20</td> </tr> <tr> <td style="padding: 2px;">Tract Population</td> <td style="padding: 2px;">10193</td> </tr> <tr> <td style="padding: 2px;">Tract Minority %</td> <td style="padding: 2px;">18.84</td> </tr> <tr> <td style="padding: 2px;">Tract Minority Population</td> <td style="padding: 2px;">1920</td> </tr> <tr> <td style="padding: 2px;">Owner-Occupied Units</td> <td style="padding: 2px;">3004</td> </tr> <tr> <td style="padding: 2px;">1- to 4- Family Units</td> <td style="padding: 2px;">3506</td> </tr> </table>	Census	Income	Population	Housing	Tract Income Level	Upper	Underserved or Distressed Tract	No	2017 FFIEC Estimated MSA/MD/non-MSA/MD Median Family Income	\$91,500	2017 Estimated Tract Median Family Income	\$128,283	2010 Tract Median Family Income	\$122,162	Tract Median Family Income %	140.20	Tract Population	10193	Tract Minority %	18.84	Tract Minority Population	1920	Owner-Occupied Units	3004	1- to 4- Family Units	3506
Census	Income	Population	Housing																								
Tract Income Level	Upper																										
Underserved or Distressed Tract	No																										
2017 FFIEC Estimated MSA/MD/non-MSA/MD Median Family Income	\$91,500																										
2017 Estimated Tract Median Family Income	\$128,283																										
2010 Tract Median Family Income	\$122,162																										
Tract Median Family Income %	140.20																										
Tract Population	10193																										
Tract Minority %	18.84																										
Tract Minority Population	1920																										
Owner-Occupied Units	3004																										
1- to 4- Family Units	3506																										

1.3 Ineligible Programs

Ineligible Programs	MH Advantage
---------------------	--------------

Section 2: Transaction Details

[Back to Top](#)

2.1 Loan Limits													
Loan Limits	https://www.fanniemae.com/singlefamily/loan-limits												
2.2 Eligible Terms and Programs													
Eligible Terms & Programs	<table border="1"> <thead> <tr> <th colspan="2">Loan Programs</th> </tr> <tr> <th>Term</th> <th>Product Name</th> </tr> </thead> <tbody> <tr> <td>30 Year Fixed</td> <td>HomeReady LMI Conforming Fixed 30 Yr</td> </tr> <tr> <td>30 Year Fixed LPMI</td> <td>HomeReady LMI Conforming Fixed 30 Yr LPMI</td> </tr> <tr> <td>30 Year Fixed High Balance</td> <td>HomeReady LMI Conforming Fixed 30 Yr High Balance</td> </tr> <tr> <td>30 Year Fixed High Balance LPMI</td> <td>HomeReady LMI Conforming Fixed 30 Yr High Balance</td> </tr> </tbody> </table>	Loan Programs		Term	Product Name	30 Year Fixed	HomeReady LMI Conforming Fixed 30 Yr	30 Year Fixed LPMI	HomeReady LMI Conforming Fixed 30 Yr LPMI	30 Year Fixed High Balance	HomeReady LMI Conforming Fixed 30 Yr High Balance	30 Year Fixed High Balance LPMI	HomeReady LMI Conforming Fixed 30 Yr High Balance
	Loan Programs												
	Term	Product Name											
	30 Year Fixed	HomeReady LMI Conforming Fixed 30 Yr											
	30 Year Fixed LPMI	HomeReady LMI Conforming Fixed 30 Yr LPMI											
30 Year Fixed High Balance	HomeReady LMI Conforming Fixed 30 Yr High Balance												
30 Year Fixed High Balance LPMI	HomeReady LMI Conforming Fixed 30 Yr High Balance												
2.3 Eligible Transactions													
Eligible Transactions	Purchase												
2.4 Refinances													
Refinances	Refinances are not permitted												
2.5 Texas 50(a)(6) loans													
Texas 50(a)(6) loans	Texas 50(a)(6) refinances are ineligible under this product type.												
2.6 Subordinate Financing													
Subordinate Financing	<ul style="list-style-type: none"> Permitted within the LTV/CLTV requirements shown in eligibility matrix. Approved Community Seconds eligible up to max 105% CLTV. Seller held seconds not eligible. 												
2.7 Manufactured Homes													
Manufactured Homes	<p>A Manufactured Home is a dwelling unit built on a permanent chassis and attached to a permanent foundation system. Refer to applicable agency’s Selling Guide (FNMA or FHLMC) for any information not specified in this Product Profile.</p> <p>The manufactured home must be built in compliance with:</p> <ul style="list-style-type: none"> The Federal Manufactured Home Construction and Safety Standards that were established June 15, 1976, as amended and in force at the time the home is manufactured; and Additional requirements that appear in HUD regulations at 24 C.F.R. Part 3280. <p>Compliance with these standards will be evidenced by the presence of both a HUD Data Plate and the HUD Certification Label. If the original or alternative documentation cannot be obtained for both the Data Plate/Compliance Certificate and the HUD Certification Label, the loan is not eligible for delivery to Fannie Mae.</p> <p>The HUD Data Plate/Compliance Certificate is a paper document located on the interior of the subject property that contains, among other things, the manufacturer’s name and trade/model number. In addition to the data required by Fannie Mae, the Data Plate includes pertinent information about the unit, including a list of factory-installed equipment. The HUD Certification Label, sometimes referred to as a HUD “seal” or “tag,” is a metal plate located on the exterior of each section of the home. The Manufactured Home Appraisal Report (Form 1004C) must show evidence of both the HUD Data Plate/Compliance Certificate and the HUD Certification Label.</p> <p>As an alternative to the original HUD Certification Label, the lender may be able to obtain a verification letter with the same information contained on the HUD Certification Label from the Institute for Building Technology and Safety (IBTS). A duplicate HUD Data Plate/Compliance Certificate may be available from IBTS or by contacting the In-Plant Primary Inspection Agency (IPIA) or the manufacturer. (A list of IPIA offices is posted on HUD’s website.)</p> <ul style="list-style-type: none"> The unit must not have been previously installed or occupied at any other site or location, except from the manufacturer or the dealer’s lot as a new unit. 												

[Back to Top](#)

	<ul style="list-style-type: none"> • The manufactured home must be a one-unit dwelling unit that is legally classified as real property and taxed and titled as such. New construction and any homes that have not yet been taxed and titled as real property are not permitted. • The towing hitch, wheels, and axles must be removed. The dwelling must assume the characteristics of site-built housing. • The borrower must own the land on which the manufactured home is situated in fee simple • Unit must be double wide, at least 12 feet wide and have a minimum of 600 square feet of gross living area. • The manufactured home must be attached to a permanent foundation system in accordance with the manufacturer’s requirements for anchoring, support, stability, and maintenance. • The foundation system must be appropriate for the soil conditions for the site and meet local and state codes • The manufactured home must be permanently connected to a septic tank or sewage system, and to other utilities in accordance with local and state requirements • If the property is not situated on a publicly dedicated and maintained street, then it must be situated on a street that is community owned and maintained, or privately owned and maintained. • There must be adequate vehicular access and there must be an adequate and legally enforceable agreement for vehicular access and maintenance. • Manufactured homes that have been structural modified or have an addition are ineligible
<p>Section3: Borrower Eligibility</p>	
<p>3.1 Borrower Eligibility</p>	
<p>Borrower Eligibility</p>	<ul style="list-style-type: none"> • The primary borrower(s) must be First Time Homebuyer(s) • Income for qualifying borrower(s) must not exceed 80% of the FFIEC Estimated MSA/MD/non-MSA/MD Median Family Income limit as determined by FFIEC Geocoding System FFIEC Geocoding System • There can be no more than 4 borrowers per loan. • All borrowers must have valid and verifiable Social Security Numbers, as well as a valid driver’s license, state-issued ID or passport. Other forms of taxpayer identification are not allowed. • Non-occupant co-borrowers are permitted – Maximum 95% LTV/CLTV <p>Ineligible Borrowers:</p> <ul style="list-style-type: none"> • Borrowers with Deferred Action for Childhood (DACA) approval (EAD Category C33) • Borrowers with Diplomatic Immunity • Borrowers without a valid SSN (ITINs are not accepted) • Individuals Employed by NewRez Third Party Originators • Individuals on the LPD/GSA exclusionary lists • Limited Partnerships, Corporations and LLCs
<p>3.2 Occupancy</p>	
<p>Occupancy</p>	<p>Eligible occupancy types include:</p> <ul style="list-style-type: none"> • Owner Occupied (Primary residences) • The primary borrower(s) must be First Time Homebuyer(s) and may not own any additional real estate. When a non-occupant co-borrower is a borrower on the loan additional real estate owned by the co-borrower is permitted
<p>3.3 Homebuyer Education</p>	
<p>Homebuyer Education</p>	<p>Pre-purchase homeownership education is required for all HomeReady purchase mortgage transactions.</p> <p>One borrower on each HomeReady mortgage loan must complete homeownership counseling. There are three options to meet the pre-purchase education requirements.</p>

[Back to Top](#)

	<ul style="list-style-type: none"> • Framework Homeownership LLC – borrower must provide the certificate of completion. Framework Homeownership Course • HUD-approved nonprofit housing counseling agency. A fully executed certificate of completion (form 1017) is required • Homeownership education course required by a Community Seconds or Down Payment Assistance Program by a HUD-approved agency. If the mortgage loan involves a Community Seconds or Down Payment Assistance Program and that program requires its own homeownership education course provided by a HUD-approved counseling agency, the borrower is not required to enroll in the Framework program.
3.4 Power of Attorney	
<p>Power of Attorney</p>	<p>The use of a Power of Attorney must be approved by NewRez’s Underwriting and Legal teams. Generally, a Power of Attorney may be used for closing in the following scenarios:</p> <p>Incapacitated Borrower - the borrower is incapacitated and therefore unable to sign documents due to disability, legal incapability, or he/she lacks the physical ability; Incapacitated borrowers must occupy the property as their primary residence; the underwriter must validate occupancy and review for red flags within the loan file; Example: verify the signer of the POA is not acting as a straw buyer or purchasing an investment property utilizing the incapacitated borrower’s credit.</p> <p>Military Personnel - the borrower is currently deployed or stationed overseas and is unable to sign documents or attend closing;</p> <p>Hardship Circumstance - the borrower is unable to attend closing because he/she is out of the state or country for an extended period of time, bedridden, in the hospital with a serious illness, or the borrower is incarcerated.</p> <p>POA will not be permitted for borrowers that are on vacation</p> <p>Government Contractor – the borrower is employed by the government and currently working overseas</p> <ul style="list-style-type: none"> • A letter from the borrower’s employer is required to verify overseas travel <p>Business Travel – permitted on Purchase transactions when the spouse has Power of Attorney for the traveling borrower.</p> <p>There are 4 acceptable types of power of attorney. The following persons may sign security instruments on a borrower’s behalf:</p> <p>Attorney-in-fact - he/she may sign the security instruments as long as NewRez obtains a copy of the POA. In some jurisdictions the POA must be recorded with the security instrument; in this case, NewRez must confirm the document has been recorded. The person acting as the attorney-in-fact must have a familial, personal or fiduciary relationship with the borrower and can’t have any type of financial interest in the transaction or be involved in the transaction in any capacity such as the closing agent / attorney, broker or realtor;</p> <p>Specific - this type of POA is specific to the mortgage transaction; therefore the POA must specify the legal description, property address, and transaction type within the body of the document. It must be recorded at closing;</p> <p>Durable - traditionally a POA becomes ineffective upon the disability of the principal but the POA must remain valid even if the borrower becomes incapacitated or disabled prior to closing. In order for the POA to be acceptable it must contain the following language ‘This POA shall not terminate on the disability of the principal’ or ‘This POA is not affected by the subsequent disability of incapacity of the borrower’;</p> <p>General Military - this type of POA is generally used in situations where a borrower or his/her spouse may be deployed or is on active duty.</p> <p>All loan files wishing to utilize a power of attorney require the following:</p> <ul style="list-style-type: none"> • A Letter of Explanation from the borrower advising why the loan is closing with a POA • Completed and Signed POA Form

[Back to Top](#)

3.5 Living Trust (Inter Vivos Revocable Trust)	
Living Trust (Inter Vivos Revocable Trust)	<p>A living trust is an eligible mortgage borrower if it meets the following requirements as well as State requirements. All trusts must be approved by NewRez legal prior to Loan Approval.</p> <p>To determine whether or not the Trust meets all the criteria required by State and investor standards, one of the following will be required:</p> <ul style="list-style-type: none"> • A copy of the trust document must be included in the file • Exception: California, where a current (less than 1 year old) trust certification completed by the borrower may provide in lieu of the full trust document. If this certification is incomplete or contrary to title results, the full trust documentation may still be required.
3.6 Non-Arms Length Transactions	
Non-Arms Length Transactions	<p>Follow agency guidelines with the following exceptions:</p> <ul style="list-style-type: none"> • Regardless of loan program, short sale transactions and flips are not permitted • Transactions where the loan originator acts in another real-estate related role are prohibited.
3.7 At-Interest Transactions	
At-Interest Transactions	<p>Transactions where:</p> <ul style="list-style-type: none"> • Builder is acting as Realtor/Broker – permitted on primary residence only • Realtor/Broker is selling their own property – permitted on primary residence only • NewRez originator is acting in another real-estate related role (NewRez Originator cannot have another real estate related position on any loan, regardless of the loan program)
3.8 Maximum # of Financed Properties	
Maximum # of Financed Properties	The primary borrower(s) must be First Time Homebuyer(s) and may not own any additional real estate. When a non-occupant co-borrower is a borrower on the loan additional real estate owned by the co-borrower is permitted in accordance with Fannie Mae requirements
3.9 Multiple Mortgages to the Same Borrower	
Multiple Mortgages to Same Borrower	Borrowers may not have ownership interest in any other residential properties at the time of close except as outlined in section 3.9 Maximum # of Financed Properties
Section 4: Collateral	
4.1 Eligible Properties	
Eligible Properties	<ul style="list-style-type: none"> • All properties must be located in an eligible census tract appearing on the NewRez LMI Geographic Locations list • Attached/Detached SFRs • Attached/Detached PUDs • Low/Mid/High-Rise Condos and site Condos • 2-4 Unit SFRs • Manufactured Homes - additional details below <p>Mixed Use Properties: For mixed use properties, originators may follow FNMA guidelines with the exception that the square footage of commercial part of the property cannot exceed 25% of the total square footage</p> <p>Deed Restricted Properties: All deed restricted properties must be reviewed and approved prior to loan approval and must adhere to FNMA requirements (B5-5.2)</p> <p>Manufactured Homes: (Refer to Section 2.7 for additional requirements)</p> <ul style="list-style-type: none"> • 1-unit single family detached or PUD detached • Doublewide only • Minimum 600 square feet of living space

[Back to Top](#)

	<ul style="list-style-type: none"> • Manufactured after June 15, 1976 • The following manufactured home types are not permitted <ul style="list-style-type: none"> ○ Condo ○ Mixed used ○ Leasehold of any kind ○ Deed restricted ○ Properties not taxed and titled as real property ○ Properties not permanently affixed to the foundation or have the towing hitch, wheels and axles ○ Properties less than 12 feet wide ○ Properties without HUD Data Please or HUD Certification label ○ Newly constructed manufactured homes not yet attached to the land, not yet constructed or not yet titled and taxed as real property ○ Hobby farms ○ Manufactured homes located in a mobile home park
4.2 Ineligible Properties	
<p>Ineligible Properties</p>	<ul style="list-style-type: none"> • Any property that does not appear in a location on the NewRez LMI Geographic Locations list • Condotels • Manufactured Homes that are condo, leasehold or coop • Geodesic Domes, Berms, Earth homes • Properties / land held in a life estate • Properties encumbered with private transfer fee covenants (title, sales contract or final CD should be evaluated to confirm) • Properties which are subject to a right of redemption (permitted in retail) • Properties appraised with a property condition of C5 or worse • Modular Homes Unique homes such as log homes will be reviewed on an exception basis with like comparables • Hobby Farms • Second Homes • Investment Properties
4.3 Appraisals	
<p>Appraisals</p>	<p>All appraisals must be ordered and processed in compliance with Appraiser Independence Requirements (AIR).</p> <ul style="list-style-type: none"> • The use of an exterior only appraisal or property inspection option is not allowed, regardless of DU Findings, full appraisal on all transactions • Appraisal must be completed by a Certified appraiser from an NewRez approved AMC • Copy of the appraiser’s licensee must be included in all funded loan files <p>Appraisal Waivers: The following properties may receive an Appraisal Waiver offer.</p> <ul style="list-style-type: none"> • Purchase loans receiving Approve/Eligible with Appraisal Waiver <ul style="list-style-type: none"> ○ One-unit properties, including condominiums ○ Maximum 80% LTV/CLTV: ○ A property inspection fee waiver is not required ○ Appraisal Waivers are ineligible for the following transactions: <ul style="list-style-type: none"> ▪ Investment properties ▪ Second Homes ▪ Properties located in a disaster-impacted area ▪ Construction and construction-to-permanent loans ▪ Two- to four-unit properties

[Back to Top](#)

	<ul style="list-style-type: none"> ▪ Loan casefiles in which the value of the subject property provided to DU is \$1,000,000 or greater ▪ Texas 50(a)(6) loans ▪ Leasehold properties, community land trust homes, or other properties with resale restrictions ▪ DU loan casefiles that receive an ineligible recommendation ▪ Loans for which the mortgage insurance provider requires an appraisal ▪ Loans for which rental income from the subject property is used to qualify <ul style="list-style-type: none"> ○ If the Appraisal Waiver is offered an appraisal should not be ordered unless there is reason to believe the property’s current market value should be confirmed. For example, a property located in an area impacted by a recent disaster. ○ If an appraisal is obtained the appraised value must be used regardless of receiving an Appraisal Waiver eligible message. <p>Manufactured Homes</p> <ul style="list-style-type: none"> • All loan files require a full appraisal on form 1004C and include: <ul style="list-style-type: none"> ○ manufacturer's name, ○ trade or model number, ○ year of manufacture, ○ serial number, ○ Certification Label number(s) from either the HUD Data Plate or Certification Label(s), ○ type of foundation and utility connections, ○ detailed and supported cost approach, ○ Opinion of the market value of the site, and property's conformity to the neighborhood. • Appraisal must be completed by a Certified appraiser from an NewRez approved AMC • Transferred appraisals are not permitted • Copy of the appraiser’s licensee must be included in all funded loan files • Appraisal must contain a detailed and supported cost approach • The appraiser must indicate a value conclusion based solely on the real property as completed consisting of the <ul style="list-style-type: none"> ○ manufactured home, ○ site improvements, and ○ Land on which the home is situated. • The appraisal report must indicate whether or not the site is compatible with the neighborhood and must comment on the conformity of the manufactured home to other manufactured homes in the neighborhood. • The value conclusion cannot include any non-realty items including, but not limited to, insurance, warranties, and furniture.
4.4 Disaster Areas	
<p>Disaster Areas</p>	<p>Refer to the list of affected counties published by FEMA at the following link: https://www.fema.gov/disasters</p> <p>NewRez will require recertification from the appraiser on all loans located in the affected Counties prior to closing. If the county is indicated as being in a declared disaster area, the policy must be adhered to</p> <ul style="list-style-type: none"> • The Disasters are referenced with both an incident start date and an incident ending date. The property is considered potentially impacted for 120 days from the incident END date;

[Back to Top](#)

- If a full appraisal was obtained on the property prior to the declared disaster, the inspection must verify the property is sound and habitable and in the same condition as when it was appraised. Any of the following options are acceptable to satisfy this requirement:
 - A 1004D Final Inspection or Appraisal Update signed by the original appraiser
 - FNMA 2075 – Desktop Underwriter Property Inspection Report
 - DAIR – Disaster Area Inspection Report
- Full appraisals obtained after the declaration need to indicate the property has not been impacted by the disaster;
- If the loan qualified for a non-standard appraisal (Property Valuation Update, Appraisal Waiver, 1075, 2055, 2075, 2095) and a Disaster has been declared prior to funding or purchase, a full appraisal with interior and exterior inspection dated after the incident period end date is required. The non-standard appraisal product is not permitted for 120 days after the disaster incident period end date;
- The NewRez branches will request the appropriate appraisal or inspection through the normal channels

4.5 Geographic Restrictions

Geographic Restrictions: Loans must be located in a City and State that appears on the [NewRez LMI Geographic Locations](#) list. The NewRez LMI Geographic Eligibility List is updated quarterly

Section 5: Income

5.1 Income

Income

Income: Borrowers monthly qualifying income may not exceed 80% of the FFIEC Estimated MSA/MD/non-MSA/MD Median Family Income as determined by the location of the subject property being financed. FFIEC Estimated MSA/MD/non-MSA/MD Median Family Income for the subject property’s location may be found by entering the property address in the [FFIEC Geocoding System](#) and selecting the “Census Demographic Data” button. 80% of the 2017 FFIEC Estimated MSA/MD/non-MSA/MD Median Family Income must be utilized

Qualifying income is determined as all eligible earned income borrowers on a loan application receive. Income eligibility is determined based on the type of income and the requirements outlined in this product profile and Fannie Mae’s selling guides

Example: Maximum Median Income \$91,500 as determined by FFIEC. Maximum allowable income for qualifying \$91,500 X 80% = \$73,200

Census	Income	Population	Housing
Tract Income Level			Upper
Underserved or Distressed Tract			No
2017 FFIEC Estimated MSA/MD/non-MSA/MD Median Family Income	\$91,500		
2017 Estimated Tract Median Family Income		\$128,283	
2010 Tract Median Family Income		\$122,162	
Tract Median Family Income %		140.20	
Tract Population		10193	
Tract Minority %		18.84	
Tract Minority Population		1920	
Owner-Occupied Units		3004	
1- to 4- Family Units		3506	

Program Specific Income Documentation

- **Accessory unit rental income** from a one-unit primary residence is permitted. Standard rental income documentation guidelines apply.

Income Documentation: Income documentation requirements are outlined below. Refer to Fannie Mae or Freddie Mac Selling Guides for any areas not addressed.

[Back to Top](#)

	<p>Wage Earners:</p> <ul style="list-style-type: none"> • Most recent paystub including all year-to-date earnings dated no earlier than 30 days prior to the initial loan application date and most recent one or two years’ W-2 as required by DU/LPA (W-2 transcripts are permissible in lieu of W-2s); or • Income validation obtained through DU Validation Service; or • Written Verification of Employment obtained through a 3rd party vendor such as, but not limited to TALX (The Work Number) except when: <ul style="list-style-type: none"> ○ The borrower works for an interested party to the transaction (Paystub and W-2s required) • Note: For 3rd party verifications, information must be current as of 35 days from the date of the verification <p>Self-Employed:</p> <ul style="list-style-type: none"> • Follow AUS tax return requirements. <ul style="list-style-type: none"> ○ In instances where DU/LPA allows for only 1-year tax returns on a self-employed borrower(s), the tax returns must be for the most recent tax year. A current year extension and the previous year’s tax returns will not be accepted. ○ Documentation or evaluation is not required when a borrower or co-borrower is qualified using only income that is not derived from self-employment and self-employment is a secondary and separate source of income (or loss). <p>Amended Tax Returns- When tax returns are utilized for documenting income: (All Employment/Income Types):</p> <ul style="list-style-type: none"> • Tax returns amended within 90 days prior to the application date or at any time during the loan process with NewRez are not permitted. • Tax returns amended greater than 90 days prior to the application date are permitted however, both the original and amended return must be examined for consistency with the previous filings to determine whether the use of the amended return is warranted. The following documentation will be required: <ul style="list-style-type: none"> ○ A letter of explanation from the borrower detailing the reason for re-filing; ○ Evidence of re-filing via tax transcript of amended return; ○ Payment of and evidence of the ability to pay any applicable tax <p>Borrowers starting New Employment After Note Date: Borrowers who are changing or starting new jobs are permitted to close prior to the start of employment according to Agency requirements.</p> <p>Refer to Employment Offers or Contracts, Option 1 and Option 2, with the following requirements:</p> <ul style="list-style-type: none"> • For Option 1, the employment start date as shown on the employment offer or contract must be within 90 days of the Note date. • For Option 2, Special Feature Code 707 is required. • Corporate Relocation— See section 9.1 for additional documentation allowances or requirements <p>4506T & Tax Transcript Requirements</p> <ul style="list-style-type: none"> • A fully complete 4506T form must be signed and dated by each borrower for all loans and must include the number of years of income required • The 4506T form must be processed and transcripts obtained in the following circumstances. • Wage Earners:
--	---

[Back to Top](#)

	<ul style="list-style-type: none"> ○ Handwritten paystubs are used as verification of income (W-2 transcripts acceptable unless other sources of income utilized) ○ There is a relationship between the parties (W-2 transcripts acceptable unless other sources of income utilized): <ul style="list-style-type: none"> ▪ Borrower and Seller are related ▪ Borrower/Seller/Loan Originator are related ▪ Borrower is employed by the Third-Party Originator Company ○ Any of the following are present (1040 transcripts required): <ul style="list-style-type: none"> ▪ Additional income for qualifying is derived from sources such as rental properties, dividend/interest or other income where tax returns is required; or ▪ Tax returns are used to document income; or ▪ At the underwriter’s discretion ● Self-Employed: <ul style="list-style-type: none"> ○ For self-employed borrowers personal tax transcripts are required. Business tax transcripts must be obtained if income from the business does not flow through to the borrower’s personal tax returns or business income appearing on personal transcripts is not consistent with the income on the business tax returns <p>Borrower Provided Transcripts In certain cases, such as identification theft, transcripts will not be available directly from the IRS, and the borrower will need to obtain. Additional documentation will be required along with the transcripts:</p> <ul style="list-style-type: none"> ● Follow the guidelines below when the IRS rejects an IRS Form 4506-T request as unable to process: <ul style="list-style-type: none"> ○ Evidence the IRS rejected the IRS Form 4506-T request, ○ A borrower-obtained Record of Account Transcript, in pdf format, for all applicable years missing from the www.irs.gov website, and ○ A signed IRS Form 4506-T for the year(s) impacted by the IRS rejection. ● Follow the guidelines below when the IRS rejects an IRS Form 4506-T request for identity theft: <ul style="list-style-type: none"> ○ Proof identification theft was reported to and received by the IRS (IRS Form 14039) or ○ A copy of the notification from the IRS alerting the taxpayer to possible identification theft, and ○ Borrower obtained transcript, in pdf format, for all applicable years missing ● In addition to the above, borrower provided transcripts may also be permitted with approval from an underwriting team lead or higher. Comments must be noted in Destiny for the reason borrower provided transcripts required.
5.2 Verification of Employment	
<p>Verification of Employment</p>	<p>Wage Earner: A verbal verification of employment dated within 10 business days of the note date is required for all non-self-employed borrowers. The verification of employment must include the phone number contacted to complete the verbal, which must be documented as associated with the business. In addition, the verification should be completed through the Human Resource Department of the employer, the owner of the company or direct supervisor for small businesses.</p> <p>Self-Employed Borrower: For Self Employed borrowers, the existence of the borrower’s business must be validated within 120 calendar days of the note. This can be accomplished through a third party, such as a CPA,</p>

[Back to Top](#)

	regulatory agency, or the applicable licensing bureau, AND by verifying a phone listing and address for the borrower’s business using a telephone book, the internet, or directory assistance.						
5.3 Ineligible Income Sources							
Ineligible Income Sources	<ul style="list-style-type: none"> Sweat equity Boarder income 						
Section 6: Credit							
6.1 Credit							
Credit	<ul style="list-style-type: none"> A tri-merge credit report is required. Each Borrower must have a valid and usable score from at least two of the following three agencies: Experian (FICO), Trans Union (Empirica), and Equifax (Beacon). Only scores from these three agencies are acceptable. Non-Traditional/Alt Credit is not permitted. Manual underwriting is not permitted. All credit inquiries within 90 days of the credit report are required to be addressed by the customer – see Credit Attestation Policy Follow DU findings as to any debt that should be paid 						
6.2 Qualifying Ratios							
Qualifying Ratios	<p>Qualifying Interest Rate is the Note Rate</p> <p>Maximum DTI: 50%</p> <p>Transactions resulting in significant payment shock should always be considered by the underwriter. The borrower’s income must clearly support the borrower’s ability to make the higher monthly payment. It is always at the underwriter’s discretion to require additional verification of assets or a larger down payment as a compensating factor for a loan with high payment shock.</p>						
Section 7: Assets							
7.1 Assets							
Assets	<p>Assets must be verified as required by DU. Written Verifications of Deposit (VOD) are not acceptable. Only system generated Verifications of Deposit from the financial institution are acceptable.</p> <p>Business Assets are allowed for down payment; however, the borrower must be the majority owner of the business. Business assets may not be used for reserves. Cash-on-hand is not an acceptable source of assets</p>						
7.2 Minimum Borrower Contribution							
Minimum Borrower Contribution	<table border="1"> <thead> <tr> <th>Number of Units</th> <th>Min Borrower Contribution</th> </tr> </thead> <tbody> <tr> <td>1 unit</td> <td>None</td> </tr> <tr> <td>2-4 units</td> <td>3%</td> </tr> </tbody> </table>	Number of Units	Min Borrower Contribution	1 unit	None	2-4 units	3%
Number of Units	Min Borrower Contribution						
1 unit	None						
2-4 units	3%						
7.3 Cash Reserves							
Cash Reserves	Follow DU findings.						
7.4 Gifts							
Gifts	<p>Follow FNMA Guidance; minimum borrower contribution must be met before other acceptable sources of funds are permitted</p> <ul style="list-style-type: none"> Noted exception: borrowers must contribute a minimum of 5% of their own funds when the loan is secured by a manufactured home 						

[Back to Top](#)

7.5 Seller/Interested Party Contributions			
Seller/Interested Party Contributions	Occupancy Type	LTV/CLTV	Maximum IPC
	Principal residence	Greater than 90%	3%
		75.01% – 90%	6%
		75% or less	9%
7.6 Community Seconds			
Community Seconds	Community Seconds must meet FNMA's requirements as defined in Section B5 of the FNMA Seller's Guide and be approved by NewRez prior to close; maximum LTV and other requirements shown above		
7.7 Ineligible Assets			
Ineligible Assets	<ul style="list-style-type: none"> Sweat Equity Cash on hand UTMA/Custodial Accounts for minors (cannot be used by account custodian) 		
Section 8: Procedures			
8.1 Age of Documentation			
Age of Documents	Follow agency guidelines		
8.2 Electronic Signatures			
Electronic Signatures	NewRez will accept electronic signatures on third party documents in accordance with Electronic Signatures in Global and National Commerce Act (ESIGN) and the Uniform Electronic Transactions Act (UETA), as applicable.		
	The electronic signature and date must be clearly visible when viewed electronically and in a paper copy of the electronically signed document. Electronic signatures are not permitted for any final documents including but not limited to the Note, Mortgage, final 1003, etc.		
8.3 Escrows			
Escrows	Escrows may be waived when the borrower's LTV is less than 80% and <ul style="list-style-type: none"> the borrower is not a first time homebuyer <ul style="list-style-type: none"> o FTHBs will be considered on a case-by-case basis with a demonstrated ability to save (reserves) and strong residual income. the borrower does not exhibit recent signs of delinquency 		
	In all states, except CA, no exceptions are permitted if the LTV is > 80% (see waiver eligibility grid below).		
	If flood insurance is required based on the properties flood zone, escrows for flood insurance are required and cannot be waived.		
8.4 Escrow Waiver Grid			
Escrow Waiver Grid	Escrow Waiver Eligibility		
	All states excluding CA and NM: ≤ 80% LTV		
	California: < 90% LTV		
	New Mexico: < 80% LTV		
8.5 Excluded Parties- LDP/GSA Searches			
Excluded Parties- LDP/GSA Searches	Agency, FHA and VA loans require confirmation that companies or individuals involved in the origination or underwriting of a mortgage transaction are not on the Freddie Mac Exclusionary List, General Services Administration (GSA) excluded party list or the HUD Limited Denial		

[Back to Top](#)

	<p>Participation (LDP). Regardless of the reason for the party being excluded, any party to the transaction included on either list will result in the loan being ineligible for delivery. All name variations found throughout the loan file must be run when performing the searches. The search must be run on the following parties in the transaction:</p> <ul style="list-style-type: none"> • Borrowers • Seller • Builder • Listing Agent & Listing Company • Selling Agent & Selling Company • Title Agent • Title Company • Closing Attorney • Appraiser and Appraisal Company 																				
<p>8.6 Interest Credit</p>																					
<p>Interest Credit</p>	<p>Permitted on Conventional purchases; must fund by the 5th day</p>																				
<p>8.7 Mortgage Insurance</p>																					
<p>Mortgage Insurance</p>	<p>Approved MI Companies: Essent, Genworth, MGIC, Radian, Arch and United Guaranty</p> <table border="1" data-bbox="448 835 1425 968"> <thead> <tr> <th colspan="5">Mortgage Insurance Coverage</th> </tr> <tr> <th>Transaction Type/Term</th> <th>80.01 - 85.00%</th> <th>85.01 - 90.00%</th> <th>90.01 - 95.00%</th> <th>95.01 - 97.00%</th> </tr> </thead> <tbody> <tr> <td>Fixed Rate, ≤ 20 years</td> <td>6%</td> <td>12%</td> <td>25%</td> <td>25%</td> </tr> <tr> <td>Fixed Rate & ARMs, > 20 years</td> <td>12%</td> <td>25%</td> <td>25%</td> <td>25%</td> </tr> </tbody> </table> <ul style="list-style-type: none"> • Borrower paid MI may be financed up to the maximum LTV for the transaction. • Lender paid MI permitted. 	Mortgage Insurance Coverage					Transaction Type/Term	80.01 - 85.00%	85.01 - 90.00%	90.01 - 95.00%	95.01 - 97.00%	Fixed Rate, ≤ 20 years	6%	12%	25%	25%	Fixed Rate & ARMs, > 20 years	12%	25%	25%	25%
Mortgage Insurance Coverage																					
Transaction Type/Term	80.01 - 85.00%	85.01 - 90.00%	90.01 - 95.00%	95.01 - 97.00%																	
Fixed Rate, ≤ 20 years	6%	12%	25%	25%																	
Fixed Rate & ARMs, > 20 years	12%	25%	25%	25%																	
<p>8.8 Title Insurance</p>																					
<p>Title Insurance</p>	<p>The title policy must be in the lender’s name and/or its assigns. Title must be vested in the borrower’s name, in the name of an eligible inter vivos trust (if permitted per program guides), or, in the case of a purchase, be currently vested in the seller’s name with a requirement for a deed to be recorded transferring title to our borrower’s name at closing.</p> <p>The insured amount of the policy must be at least for the gross loan amount and the policy must be dated within 45 days of closing. A minimum of a twelve-month title chain must be provided on each policy. The chain of title will be reviewed for flips, unacceptable exceptions to clear title, unacceptable private transfer fees or any other adverse title impediment as part of the underwriting process.</p> <p>Manufactured Housing: ALTA Endorsement 7, 7.1, or 7.2 or any other endorsement required in the applicable jurisdiction for manufactured homes to be treated as real property must be included in the file.</p> <p>A summary reference to existing state conversion can be located in the NewRez MH State Conversion Statutes Reference Document.</p>																				
<p>Section 9: References</p>																					
<p>9.1 References</p>																					
<p>References</p>	<ul style="list-style-type: none"> • Fannie Mae Guidelines (PDF version) • Fannie Mae Guidelines (AllRegs version) • FNMA HomeReady Guidelines • FNMA Eligibility Matrix • Limited Denial of Participation (LDP) List • General Services Administration (GSA) Exclusionary List 																				

[Back to Top](#)

Section 10: Version Control		
5.2 Verification of Employment	Removed reference to VVOE requirement when employed by family as that is a standard guideline.	August 20, 2018
Eligibility Matrix	Added manufactured home guidelines.	September 26, 2018
2.8 Manufactured Homes	Added new section for manufactured homes	September 26, 2018
3.1 Borrower Eligibility	Removed co-signer/guarantor overlay.	September 26, 2018
4.1 Eligible Properties	Added manufactured homes as eligible.	September 26, 2018
4.2 Ineligible Properties	Removed manufactured homes.	September 26, 2018
4.3 Appraisals	Changed PIW to Appraisal Waiver and added manufactured homes guidelines.	September 26, 2018
5.1 Income	Removed overlay for borrowers employed by family, and added income guidelines to align with previously updated guidelines.	September 26, 2018
5.2 Verification of Employment	Added income guidelines to align with previously updated guidelines.	September 26, 2018
7.4 Gifts	Added that borrowers must contribute a minimum of 5% of their own funds when the loan is secured by a manufactured home	September 26, 2018
8.8 Title Insurance	Added manufactured home requirements.	September 26, 2018
5.1 Income	Updated requirements for borrowers qualified using only income that is not derived from self-employment and self-employment is a secondary and separate source of income (or loss).	October 29, 2018
6.1 Credit	Updated addressing credit inquiries to 90 days from 120 days.	October 29, 2018
1.3 Ineligible Programs	Added MH Advantage	December 5, 2018
3.1 Eligible Borrowers	Added Borrowers with Deferred Action for Childhood (DACA) approval (EAD Category C33) as ineligible	December 5, 2018
5.1 Income	Added Option 1 as an additional alternative for Employment Offers or Contracts. Removed transcript requirement for commission >25% of income and added guidance for borrower provided transcripts.	December 5, 2018
7.7 Ineligible Assets	Added: Cryptocurrency, i.e. Bitcoin, cannot be used for down payment, closing costs or reserves	December 5, 2018
8.2 Signature Requirements	Updated to allow e-signatures for all documents except final closing documents.	December 5, 2018

[Back to Top](#)