

Home Possible® LMI Product Profile: Wholesale

Matrices

FICO/LTV Grid					
Home Possible Fixed Rate Purchase					
Occupancy	Min FICO ^{1,4}	Property Type	Max LTV ²	Max CLTV	Max DTI
Primary Residence	620	1 Unit	97%	105% ³	Per LP
Primary Residence	620	2-4 Units ⁴	95%	95%	Per LP

¹ Minimum FICO is 660 for manufactured homes

² Manufactured homes maximum 95% LTV/CLTV

³ Secondary Financing must be an Affordable Second for CLTV > 97%

⁴ 3-4 units with FICO <700 are eligible for LPMI only

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Section 1: Program Summary

1.1 Program Summary

Program Summary	<p>NewRez Home Possible® 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> <p>Loan Product Advisor Offering Identifier Code “241” for Home Possible® Mortgages is required</p>
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1.2 Underwriting

Underwriting	<p>Loans must be underwritten through Loan Product Advisor (LPA) and receive a risk class of ACCEPT.</p> <p>In instances where LPA issues a warning for excessive LPA 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</p>
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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	<p>Transactions where the loan originator is acting in another real estate related role with the following exceptions:</p> <ul style="list-style-type: none"> 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 broker.
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Section 2: Transaction Details

2.1 Loan Limits

Loan Limits	Freddie Mac Single family loan limits
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2.2 Eligible Terms and Programs

Eligible Terms & Programs	<table border="1" style="width: 100%;"> <thead> <tr> <th style="width: 50%;">Term</th> <th style="width: 50%;">Product Name</th> </tr> </thead> <tbody> <tr> <td>30 Year Fixed HomePossible</td> <td>HomePossible LMI Conforming Fixed 30 Yr</td> </tr> <tr> <td>30 Year Fixed HomePossible LPMI</td> <td>HomePossible LMI Conforming Fixed 30 Yr LPMI</td> </tr> </tbody> </table>	Term	Product Name	30 Year Fixed HomePossible	HomePossible LMI Conforming Fixed 30 Yr	30 Year Fixed HomePossible LPMI	HomePossible LMI Conforming Fixed 30 Yr LPMI
Term	Product Name						
30 Year Fixed HomePossible	HomePossible LMI Conforming Fixed 30 Yr						
30 Year Fixed HomePossible LPMI	HomePossible LMI Conforming Fixed 30 Yr LPMI						

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Information is accurate as of the date of publishing and is subject to change without notice. The overlays outlined in this matrix apply to agency loans submitted to DU/LPA. In addition to applying these NewRez specific overlays, all loans submitted to DU must comply with the DU Findings and Fannie Mae requirements. All loans submitted to LPA comply with the LPA Findings and Freddie Mac requirements. This document should not be relied upon or treated as legal advice. **Guidelines subject to change without notice;** Printed copies may not be the most current version.

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 Affordable Seconds eligible up to maximum CLTV of 105% <ul style="list-style-type: none"> ○ An Affordable Second that does not require a monthly payment before the Due Date of the 61st payment under the Home Possible® Mortgage may be entered in the “Total Gift Fund” in Loan Product Advisor. ○ Refer to Guide Section 4204 for specific details ○ Affordable Seconds Checklist • Seller held seconds not eligible • Secondary Financing must have a Fixed –Interest Rate
2.7 Temporary Subsidy Buydown Plans	
Temporary Subsidy Buydown Plans	Not Eligible
2.8 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>

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	<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. 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. <p>Manufactured homes that have been structural modified or have an addition are ineligible</p>
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Section3: Borrower Eligibility

3.1 Borrower Eligibility

Borrower Eligibility	<p>Eligible Borrowers:</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 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. There can be no more than 4 borrowers per loan. <p>Ineligible Borrowers:</p> <ul style="list-style-type: none"> Borrowers with Deferred Action for Childhood (DACA) approval (EAD Category C33) Borrowers without a valid SSN (ITINs are not accepted) Borrowers with an ownership interest in any residential dwelling, other than our subject property, at the time of closing. Limited Partnerships, Corporations and LLCs Borrowers with Diplomatic Immunity Individuals Employed by NewRez Third Party Originators Individuals on the LPD/GSA exclusionary lists Non-Occupant Co-Borrowers
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3.2 Occupancy

Occupancy	<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.
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3.3 Homebuyer Education	
Homebuyer and Landlord Education	<p><u>Homeownership Education</u> In instances where all the borrowers are First-Time Homebuyers at least 1 borrower is required to complete Homebuyer Education program prior to final underwriting approval</p> <p>The following Homeownership education programs are acceptable:</p> <ul style="list-style-type: none"> • Homeownership education programs that have been developed by mortgage insurance companies • Homeownership education programs that meet the standards of the National Industry Standards for Homeownership Education and Counseling (www.homeownershipstandards.com) • Freddie Mac’s free financial literacy curriculum, CreditSmart® Homeownership Education <ul style="list-style-type: none"> ○ Module 1 (Your Credit and Why it is Important) ○ Module 2 (Managing Your Money) ○ Module 7 (Thinking Like a Lender) ○ Module 11 (Becoming a Homeowner) ○ Module 12 (Preserving Homeownership: Protecting Your Investment) • Programs developed by HUD-approved counseling agencies, Housing Finance Agencies (HFAs) or Community Development Financial Institutions (CDFIs) <p>Homeownership education must not be provided by an interested party to the transaction, the originating lender or by the Seller.</p> <p><u>Landlord Education (2-4 unit Primary Residences)</u></p> <ul style="list-style-type: none"> • Purchase Transactions — At least one qualifying Borrower must participate in a landlord education program before the final underwriting approval <p>A copy of Homeownership Education Certification, or another document containing comparable information must be retained in the Mortgage file.</p>
3.4 Power of Attorney	
Power of Attorney	<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> <p>A letter from the borrower’s employer is required to verify overseas travel</p> <p>Business Travel – permitted on Purchase transactions when the spouse has Power of Attorney for the traveling borrower.</p> <p>There are 2 acceptable types of power of attorney.</p>

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	<ul style="list-style-type: none"> • Specific - this type of POA is specific to the mortgage transaction; therefore, the POA must specify the legal description, subject property address, and transaction type within the body of the document. It must be recorded at closing; • 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>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
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 be provided 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-Arm's Length Transactions	
Non-Arm's 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 is acting 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	The primary borrower(s) must be First Time Homebuyer(s) and may not own any additional real estate.
3.9 Multiple Mortgages to the Same Borrower	
Multiple Mortgages to the 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 NewRez LMI Geographic Locations • Attached/Detached SFRs • Attached/Detached PUDs • Low/Mid/High-Rise Condos and site Condos • 2-4 Unit SFRs • Manufactured Homes, additional details below <p>Deed Restricted Properties: All deed restricted properties must be reviewed and approved prior to loan approval and must adhere to FHLMC requirement per section 4201.17</p>

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	<p>Manufactured Homes: (Refer to Section 2.9 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 • 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 • Modular Homes Unique homes such as log homes will be reviewed on an exception basis with like comparable sales • Hobby Farms • 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 • Properties appraised with a property condition of C5 or worse • Mixed use 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 is not allowed • 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>Automated Collateral Evaluation Waivers (ACE):</p> <ul style="list-style-type: none"> • Purchase loans receiving Accept with ACE Waiver <ul style="list-style-type: none"> ○ One-unit properties, including condominiums ○ Primary residence ○ Maximum 80% LTV/CLTV ○ Purchase only ○ The following are ineligible: <ul style="list-style-type: none"> ▪ Loan Product Advisor Caution risk class ▪ Refinances ▪ Investment properties

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	<ul style="list-style-type: none"> ▪ Mortgages secured by a manufactured home, leasehold estate or Coops ▪ 2-4-unit properties ▪ Mortgages secured by properties with re-sale restrictions ▪ Construction conversion mortgages ▪ Texas 50(a)(6) loans ▪ Non-arm’s length transactions ▪ Purchases of REO properties ▪ Mortgages with an estimated value or purchase price > \$1,000,000 <ul style="list-style-type: none"> ○ If the ACE 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. ○ The age of the appraisal waiver is good for 120 days. If the offer is more than 120 days old as of the note date, a resubmission to LPA is required to determine the ongoing appraisal waiver eligibility ○ If an appraisal is obtained the appraised value must be used regardless of receiving an ACE 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. <p>The value conclusion cannot include any non-realty items including, but not limited to, insurance, warranties, and furniture.</p>
4.4 Disaster Areas	
Disaster Areas	<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;

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- 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, PIW, 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](#). The NewRez LMI Geographic Eligibility List is updated quarterly

Section 5: Income

5.1 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 2018 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 Freddie Mac’s selling guides

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

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	

Borrower Income Limits:

Lender must attempt to verify all income reported on the Uniform Residential Loan Application. All reported income that is verified and meets the criteria for stable monthly income must be used to qualify the borrower and submitted to Loan Product Advisor.

Loan Product Advisor will indicate income eligibility of the Mortgage.

The borrowers’ annual income cannot exceed 80% of the FFIEC Estimated MSA/MD/non-MSA/MD Median Family Income for the subject property’s location which can be found by entering the

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	<p>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>Program Specific Income Documentation</p> <p><u>Rental income:</u></p> <ul style="list-style-type: none"> Rental income from a 2- to 4-unit Primary Residence that meets the requirements of Section 5306.1 of the selling guide may be considered as stable monthly income <p>Income Documentation: Income documentation requirements are outlined below. Refer to Fannie Mae or Freddie Mac Selling Guides for any areas not addressed.</p> <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. 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). <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>
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	<p>Refer to Income commencing after the Note Date, Option 1 and Option 2, with the following requirement:</p> <ul style="list-style-type: none"> • For Option 2, start date of the new employment or future salary increase must be no later than 90 days after the Note date. • Corporate Relocation— <u>See section 9.1</u> for additional documentation allowances or requirements <p>When a Co-Borrower’s Self-Employment Income is not used for qualifying purposes, documentation or evaluation of such income is not required.</p> <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: <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</p> <p>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
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	<ul style="list-style-type: none"> 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	
Verification of Employment	<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, 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.</p>
5.3 Ineligible Income Sources	
Ineligible Income Sources	<ul style="list-style-type: none"> Sweat equity Boarder income on purchase transactions
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 LPA 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>Max DTI: Follow LPA findings.</p> <p>If monthly payments on the Affordable Second begin on or after the 61st monthly payment under the first lien mortgage or if repayment of the entire Affordable Second amount is due only upon sale or default, the amount of the Affordable Second monthly payment may be excluded from both ratios</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	Assets must be verified as required by LPA. Written Verifications of Deposit (VOD) are not acceptable. Only system generated Verifications of Deposit from the financial institution are acceptable.

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	<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.</p> <p>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 colspan="3">Minimum Borrower Contribution</th> </tr> <tr> <th>Property Type</th> <th>LTV/HTLV/TLTV ≤ 80%</th> <th>LTV/HTLV/TLTV > 80% ≤ 95%</th> </tr> </thead> <tbody> <tr> <td>1 Unit</td> <td>None</td> <td>None</td> </tr> <tr> <td>2-4 Units</td> <td>None</td> <td>3%</td> </tr> </tbody> </table>	Minimum Borrower Contribution			Property Type	LTV/HTLV/TLTV ≤ 80%	LTV/HTLV/TLTV > 80% ≤ 95%	1 Unit	None	None	2-4 Units	None	3%			
Minimum Borrower Contribution																
Property Type	LTV/HTLV/TLTV ≤ 80%	LTV/HTLV/TLTV > 80% ≤ 95%														
1 Unit	None	None														
2-4 Units	None	3%														
7.3 Cash Reserves																
Cash Reserves	<ul style="list-style-type: none"> Follow LPA findings 2-4 Unit requires 2 months in reserves unless additional required by LPA 															
7.4 Gifts																
Gifts	<p>Follow FHLMC Guidance Section 5501; minimum borrower contribution must be met before other acceptable sources of funds are permitted</p> <ul style="list-style-type: none"> An Affordable Second that does not require a monthly payment before the Due Date of the 61st payment under the Home Possible® Mortgage may be entered in the “Total Gift Fund” field of Loan Product Advisor. Refer to FHLMC Guide Section 4204.2 Noted exception: borrowers must contribute a minimum of 5% of their own funds when the loan is secured by a manufactured home 															
7.5 Seller/Interested Party Contributions																
Seller/Interested Party Contributions	<table border="1"> <thead> <tr> <th colspan="3">Third Party Contribution</th> </tr> <tr> <th>Occupancy</th> <th>LTV/CLTV</th> <th>Maximum Contribution</th> </tr> </thead> <tbody> <tr> <td>Primary</td> <td>> 90%</td> <td>3%</td> </tr> <tr> <td>Primary</td> <td>75% - 90%</td> <td>6%</td> </tr> <tr> <td>Primary</td> <td>< 75%</td> <td>9%</td> </tr> </tbody> </table>	Third Party Contribution			Occupancy	LTV/CLTV	Maximum Contribution	Primary	> 90%	3%	Primary	75% - 90%	6%	Primary	< 75%	9%
Third Party Contribution																
Occupancy	LTV/CLTV	Maximum Contribution														
Primary	> 90%	3%														
Primary	75% - 90%	6%														
Primary	< 75%	9%														
7.6 Community Seconds																
Community Seconds	<p>Community Seconds must meet FHLMC requirements as defined in Section 4204.2 of the FHLMC Seller’s Guide and be approved by NewRez prior to close; maximum LTV and other requirements shown above</p>															
7.7 Ineligible Assets																
Ineligible Assets	<ul style="list-style-type: none"> Cash on hand Cryptocurrency, i.e. Bitcoin, cannot be used for down payment, closing costs or reserves Sweat Equity UTMA/Custodial Accounts for minors (cannot be used by account custodian) Unsecured loans 															
Section 8: Procedures																
8.1 Age of Documentation																
Age of Documentation	<p>Follow Freddie Mac selling guide</p>															
8.2 Electronic Signatures																
Electronic Signatures	<p>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.</p>															

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	<p>The electronic signature and date must be clearly visible when viewed electronically and in a paper copy of the electronically signed document.</p> <p>Electronic signatures are not permitted for any final documents including but not limited to the note, mortgage, final 1003, etc.</p>	
8.3 Escrows		
Escrows	<p>Escrows may be waived when the borrower's LTV is less than 80% and</p> <ul style="list-style-type: none"> the borrower is not a first-time homebuyer the borrower does not exhibit recent signs of delinquency <p>In all states, except CA, no exceptions are permitted if the LTV is > 80% (see waiver eligibility grid below).</p> <p>If flood insurance is required based on the properties flood zone, escrows for flood insurance are required and cannot be waived.</p>	
8.4 Escrow Waiver Grid		
Escrow Waiver Grid	Eligibility	
	All States Except CA and NM	≤ 80% or Less
	California	90% or less
	New Mexico	≤ 80% or less
8.5 Excluded Parties- LDP/GSA Searches		
Excluded Parties- LDP/GSA Searches	<p>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 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.</p> <p>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 	
8.6 Interest Credit		
Interest Credit	Permitted on Conventional purchases; must fund by the 5 th day	
8.7 Mortgage Insurance		
Mortgage Insurance	Approved MI Companies: Essent, Genworth, MGIC, Radian, Arch and United Guaranty	

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		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%

- Borrower paid MI may be financed up to the maximum LTV for the transaction.
- Lender paid MI permitted.

8.8 Title Insurance

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.

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.

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.

A summary reference to existing state conversion can be located in the NewRez MH State Conversion Statutes Reference Document.

Section 9: References

9.1 References

- [FHLMC Guidelines \(PDF Version\)](#)
- [FHLMC Possible Mortgages Overview](#)
- [Home Possible® at a Glance](#)
- [FHLMC Affordable Seconds](#)
- [Limited Denial of Participation \(LDP\) List](#)
- [General Services Administration \(GSA\) Exclusionary List](#)

Section 10: Version Control

1.3 Ineligible Properties	Added new section. Allows transactions where loan officers who are appropriately licensed in the state of CA or FL are acting as the buyer’s agent.	March 28, 2019
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