

HomeReady Product Profile: Correspondent and Wholesale

Matrices

FICO/LTV Grid					
Fixed Rate Max LTV/CLTV/HCLTV ¹					
	Min FICO ⁶	Max DTI	1 Unit	2 Units	3-4 Units
Purchase and LCOR ³	620	50%	97% ^{2,3,4,5}	85%	75%

¹Manufactured homes not permitted with 10- or 25-year fixed rate terms.
²105% CLTV is available for fixed rate loans with Community Seconds only. Other subordinate financing per the Selling Guide.
³ Current loan being refinanced must be owned by Fannie Mae for 97% LTV 1-unit. Maximum LTV 95% for 1-unit when Fannie Mae does not own the existing loan
⁴ High Balance loan amounts and manufactured homes are maximum 95%
⁵ Non-occupant co-borrowers – max 95% CLTV.
⁶ Minimum FICO is 660 for manufactured homes

ARM Max LTV/CLTV/HCLTV ¹					
	Min FICO ²	Max DTI	1 Unit	2 Units	3-4 Units
Purchase and LCOR	620	50%	95%	85%	75%

¹Manufactured homes not permitted with 5/1 ARMs.
² Minimum FICO is 660 for manufactured homes

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Matrices

Quick Links

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Section 1: Program Summary

1.1 Program Summary

Program Summary	<p>This Program Guide serves as a comprehensive summary of NewRez’s Conventional Underwriting Overlays. Refer to Fannie Mae’s Selling Guide for any information not specified in the Program Summary.</p> <p>HomeReady Mortgage is a conventional community lending mortgage that offers underwriting flexibilities to qualified borrowers who meet specific income criteria. Section B5-6-01 of the FNMA Seller's Guide.</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
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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>
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1.3 Ineligible Programs

Ineligible Programs	<ul style="list-style-type: none"> • MH Advantage • Transactions where the loan originator is acting in another real estate related role with the following exceptions: <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 or correspondent.
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Section 2: Transaction Details

2.1 Loan Limits

Loan Limits	https://www.fanniemae.com/singlefamily/loan-limits
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2.2 Eligible Terms and Programs

Eligible Terms & Programs	Loan Programs		
	Term	Product Name - No LPMI	Product Name - With LPMI
	10 Year Fixed	HomeReady Conforming Fixed 10 Yr	HomeReady Conforming Fixed 10 Yr (LPMI)
	15 Year Fixed	HomeReady Conforming Fixed 15 Yr	HomeReady Conforming Fixed 15 Yr (LPMI)
	20 Year Fixed	HomeReady Conforming Fixed 20 Yr	HomeReady Conforming Fixed 20 Yr (LPMI)
	25 Year Fixed	HomeReady Conforming Fixed 25 Yr	HomeReady Conforming Fixed 25 Yr (LPMI)
	30 Year Fixed	HomeReady Conforming Fixed 30 Yr	HomeReady Conforming Fixed 30 Yr (LPMI)
	10 Year Fixed High Balance	HomeReady Conforming Fixed 10 Yr High Balance	HomeReady Conforming Fixed 10 Yr High Balance (LPMI)
	15 Year Fixed High Balance	HomeReady Conforming Fixed 15 Yr High Balance	HomeReady Conforming Fixed 15 Yr High Balance (LPMI)
	20 Year Fixed High Balance	HomeReady Conforming Fixed 20 Yr High Balance	HomeReady Conforming Fixed 20 Yr High Balance (LPMI)
	25 Year Fixed High Balance	HomeReady Conforming Fixed 25 Yr High Balance	HomeReady Conforming Fixed 25 Yr High Balance (LPMI)
	30 Year Fixed High Balance	HomeReady Conforming Fixed 30 Yr High Balance	HomeReady Conforming Fixed 30 Yr High Balance (LPMI)
	5/1 ARM	HomeReady Conforming 5/1 Libor ARM 2-2-5	Conforming 5/1 Libor ARM 2-2-5 (LPMI)
	7/1 ARM	HomeReady Conforming 7/1 ARM Libor 5-2-5	Conforming 7/1 ARM Libor 5-2-5 (LPMI)
	10/1 ARM	HomeReady Conforming 10/1 ARM Libor 5-2-5	Conforming 10/1 ARM Libor 5-2-5 (LPMI)
	5/1 ARM High Balance	HomeReady Conforming 5/1 Libor ARM 2-2-5	HomeReady Conforming 5/1 Libor ARM 2-2-5 (LPMI)
	7/1 ARM High Balance	HomeReady Conforming 7/1 ARM Libor 5-2-5	HomeReady Conforming 7/1 ARM Libor 5-2-5 (LPMI)
	10/1 ARM High Balance	HomeReady Conforming 10/1 ARM Libor 5-2-5	HomeReady Conforming 10/1 ARM Libor 5-2-5 (LPMI)
	<ul style="list-style-type: none"> • Manufactured Housing is permitted for 15, 20- and 30-Year Fixed term loans and 7/1 and 10/1 ARM terms. 		

2.3 Eligible Transactions

Eligible Transactions	<ul style="list-style-type: none"> • Purchase • Rate & Term (Limited Cash-out) Refinance
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2.4 Cash-out

Cash-out	Cash-out is not permitted.
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2.5 Texas 50(a)(6) loans

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Texas 50(a)(6) loans	Texas 50(a)(6) refinances are ineligible under this product type.																											
2.6 Texas 50(f)(2) Loans																												
Texas 50(f)(2) Loans	<p>Texas 50(f)(2) loans allow the refinance of a home equity loan into a non-home equity loan per the Texas Constitution. These loans are limited to an 80% LTV/CLTV and no additional funds may be rolled into the loan (except closing costs and pre-pays).</p> <p>(f)(2) Determination:</p> <table border="1" data-bbox="386 464 1354 890"> <thead> <tr> <th data-bbox="386 464 792 512">New Loan Amount pays off existing lien and....</th> <th data-bbox="792 464 1078 512">If existing lien is a non-50(a)(6); then the new lien is....</th> <th data-bbox="1078 464 1354 512">If existing lien is a 50(a)(6); then the new lien is....</th> </tr> </thead> <tbody> <tr> <td data-bbox="386 512 792 539">Provides even \$1 cash to the borrower</td> <td data-bbox="792 512 1078 539">Texas (a)(6)</td> <td data-bbox="1078 512 1354 539">Texas (a)(6)</td> </tr> <tr> <td data-bbox="386 539 792 590">Pays off/down an existing TX (a)(6) lien with no cash to borrower</td> <td data-bbox="792 539 1078 590">Texas (a)(6)</td> <td data-bbox="1078 539 1354 590">Texas (f)(2) – if seasoning requirements are met*</td> </tr> <tr> <td data-bbox="386 590 792 640">Pays off/down an existing TX (a)(6) lien with cash to borrower</td> <td data-bbox="792 590 1078 640">Texas (a)(6)</td> <td data-bbox="1078 590 1354 640">Texas (a)(6)</td> </tr> <tr> <td data-bbox="386 640 792 690">The new lien is < existing UPB (no new funds)</td> <td data-bbox="792 640 1078 690">Non-Texas (a)(6)</td> <td data-bbox="1078 640 1354 690">Texas (f)(2) – if seasoning requirements are met*</td> </tr> <tr> <td data-bbox="386 690 792 741">Funds, prepaids and/or closing costs</td> <td data-bbox="792 690 1078 741">Non-Texas (a)(6)</td> <td data-bbox="1078 690 1354 741">Texas (f)(2) – if seasoning requirements are met*</td> </tr> <tr> <td data-bbox="386 741 792 791">Pays off/down a purchase money 2nd</td> <td data-bbox="792 741 1078 791">Non-Texas (a)(6)</td> <td data-bbox="1078 741 1354 791">Texas (f)(2) – if seasoning requirements are met*</td> </tr> <tr> <td data-bbox="386 791 792 842">Pays off/down an existing Secured Home Improvement Loan (mechanic’s lien)</td> <td data-bbox="792 791 1078 842">Non-Texas (a)(6)</td> <td data-bbox="1078 791 1354 842">Texas (f)(2) – if seasoning requirements are met*</td> </tr> <tr> <td data-bbox="386 842 792 890">Provides funds to satisfy a court ordered Divorce Equity Buyout</td> <td data-bbox="792 842 1078 890">Non-Texas (a)(6)</td> <td data-bbox="1078 842 1354 890">Texas (a)(6)</td> </tr> </tbody> </table> <p data-bbox="435 890 1094 915">*Borrower may elect to have loan remain a Texas (a)(6). Refer to Texas A6 profile.</p> <p>Special Considerations: Loan may not close until:</p> <ul data-bbox="386 1016 1516 1142" style="list-style-type: none"> • Twelve days after the borrower submits the loan application or all borrowers sign the 12-day notice, whichever is later. • One day after the borrowers receive a copy of the Settlement Statement and Closing Disclosure. After the one-year anniversary of the closing of an existing Texas (a)(6) loan. <p data-bbox="386 1178 1162 1203">New subordinate financing is not permitted on a first lien Texas 50(f)(2).</p> <p>Attorney Review: All Texas 50 (f)(2) loans must be reviewed and certified by an NewRez approved TX Attorney prior to loan closing. NewRez’s approved firms include:</p> <ul data-bbox="386 1346 708 1404" style="list-style-type: none"> • Black, Mann and Graham • Peirson Patterson 	New Loan Amount pays off existing lien and....	If existing lien is a non-50(a)(6); then the new lien is....	If existing lien is a 50(a)(6); then the new lien is....	Provides even \$1 cash to the borrower	Texas (a)(6)	Texas (a)(6)	Pays off/down an existing TX (a)(6) lien with no cash to borrower	Texas (a)(6)	Texas (f)(2) – if seasoning requirements are met*	Pays off/down an existing TX (a)(6) lien with cash to borrower	Texas (a)(6)	Texas (a)(6)	The new lien is < existing UPB (no new funds)	Non-Texas (a)(6)	Texas (f)(2) – if seasoning requirements are met*	Funds, prepaids and/or closing costs	Non-Texas (a)(6)	Texas (f)(2) – if seasoning requirements are met*	Pays off/down a purchase money 2nd	Non-Texas (a)(6)	Texas (f)(2) – if seasoning requirements are met*	Pays off/down an existing Secured Home Improvement Loan (mechanic’s lien)	Non-Texas (a)(6)	Texas (f)(2) – if seasoning requirements are met*	Provides funds to satisfy a court ordered Divorce Equity Buyout	Non-Texas (a)(6)	Texas (a)(6)
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Provides funds to satisfy a court ordered Divorce Equity Buyout	Non-Texas (a)(6)	Texas (a)(6)																										
2.7 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. 																											
2.8 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</p>																											

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	<p>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. • 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
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Section3: Borrower Eligibility

3.1 Borrower Eligibility

<p>Borrower Eligibility</p>	<p>There can be no more than 4 borrowers per loan.</p> <p>Eligible Borrowers:</p> <ul style="list-style-type: none"> • 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) • Foreign Nationals
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	<ul style="list-style-type: none"> • Individuals Employed by NewRez Third Party Originators • Individuals on the LPD/GSA exclusionary lists • Limited Partnerships, Corporations and LLCs • Non-Revocable Trusts or Guardianships
<p>3.2 Occupancy</p>	
<p>Occupancy</p>	<p>Eligible occupancy types include:</p> <ul style="list-style-type: none"> • Owner Occupied (Primary residences) <ul style="list-style-type: none"> ○ Borrowers may have ownership interest in other residential properties
<p>3.3 Homebuyer Education</p>	
<p>Homebuyer Education</p>	<p>Pre-purchase homeownership education is required for all HomeReady purchase mortgage transactions. One borrower on each HomeReady mortgage loan must complete homeownership counseling. There are three options to meet the pre-purchase education requirements.</p> <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.
<p>3.4 Power of Attorney</p>	
<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 A letter from the borrower’s employer is required to verify overseas travel</p> <p>Business Travel – permitted on Purchase and Rate/Term Refinance transactions when the spouse has Power of Attorney for the traveling borrower.</p> <p>There are four (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>

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	<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
<p>3.5 Living Trust (Inter Vivos Revocable Trust)</p>	
<p>Living Trust (Inter Vivos Revocable Trust)</p>	<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 provide din lieu of the full trust document. If this certification is incomplete or contrary to title results, the full trust documentation may still be required.
<p>3.6 Non-Arm's Length Transactions</p>	
<p>Non-Arm's Length Transactions</p>	<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.
<p>3.7 At-Interest Transactions</p>	
<p>At-Interest Transactions</p>	<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)
<p>3.9 Maximum # of Financed Properties</p>	
<p>Maximum # of Financed Properties</p>	<p>Follow Fannie Mae Guidelines</p>
<p>Section 4: Collateral</p>	
<p>4.1 Eligible Properties</p>	
<p>Eligible Properties</p>	<ul style="list-style-type: none"> • 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 2.8 for additional requirements)</p>

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	<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	
Ineligible Properties	<ul style="list-style-type: none"> • Condotels • Manufactured Homes that are condo, leasehold or coop • Geodesic Domes, Berms, Earth homes • Hobby Farms • Mixed Use properties • 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
4.3 Properties Previously Listed for Sale	
Properties Previously Listed for Sale	Listing must have been cancelled or expired prior to the application date, and the borrower must confirm their intent to occupy the subject for Owner Occupied. In all instances, careful consideration should be given to the listing price and appraised value to be sure the value is supported.
4.4 Appraisals	
Appraisals	All appraisals must be ordered and processed in compliance with Appraiser Independence Requirements (AIR). <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 • The re-use of an appraisal is permitted with the following requirements: <ul style="list-style-type: none"> ○ The new transaction may only be a Limited Cash-Out Refinance. ○ The appraisal report must not be more than 12 months old on the note date of the new transaction. If the appraisal report is greater than 4 months old on the date of the note and mortgage, then an appraisal update is required. ○ NewRez must ensure that the property has not undergone any significant remodeling, renovation, or deterioration to the extent that the improvement or deterioration of the property would materially affect the market value of the subject property. ○ NFP must have been the original lender on the appraisal report and loan being refinanced

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- The borrower(s) must be the same on the original and new transaction.

Appraisal Waiver:

The following properties may receive an Appraisal Waiver offer.

- **Purchase and refinance loans receiving Approve/Eligible with Appraisal Waiver**

- One-unit properties, including condominiums
- Maximum LTV/CLTV:
 - 90% LTV/CLTV limited cash out refinance
 - 80% LTV/CLTV purchase
- A property inspection fee waiver is not required
- Appraisal Waivers are **ineligible** for the following transactions:
 - Properties located in a disaster-impacted area
 - Construction and construction-to-permanent loans
 - Two- to four-unit properties
 - 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
- 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.

Manufactured Homes

- All loan files require a full appraisal on form 1004C and include:
 - 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
 - manufactured home,
 - site improvements, and
 - Land on which the home is situated.

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	<ul style="list-style-type: none"> 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.
<p>4.5 Disaster Areas</p>	
<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; 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: <ul style="list-style-type: none"> 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/inspection
<p>4.6 Geographic Restrictions</p>	
<p>Geographic Restrictions</p>	<p>The following restrictions apply to transactions secured by properties in Alaska and Hawaii</p> <ul style="list-style-type: none"> Brokered transactions not permitted in Alaska or Hawaii Correspondent transactions permitted in Alaska only (Hawaii not permitted)
<p>Section 5: Income</p>	
<p>5.1 Income</p>	
<p>Income</p>	<p>Borrower Income Limits:</p> <p>The lender must count the income from all of the borrowers who will be listed on the mortgage note, to the extent that the income is considered in evaluating creditworthiness for the mortgage loan. Income eligibility and AMI locator resources can be found on FNMA’s HomeReady web page - HomeReady Income Eligibility</p> <ul style="list-style-type: none"> 100% of AMI No income limit for properties located in a low-income census tract <ul style="list-style-type: none"> Defined as those census tracts where the median tract income is no greater than 80% AMI <p>Program Specific Income Documentation</p> <ul style="list-style-type: none"> Boarder income (relatives and non-relatives) is permitted on refinance transactions only up to 30% of qualifying income. Acceptable documentation is required for at least 9 of the most recent 12 months and is to be annualized over a 12-month period. Documentation of shared residency for the most recent 12-month period is required – see FNMA Boarder Income Requirements for additional details. Accessory unit rental income from a one-unit primary residence is permitted. Standard rental income documentation guidelines apply. <p>Income Documentation: Income documentation requirements are outlined below. Refer to Fannie Mae Selling Guides for any areas not addressed</p>

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Wage Earner:

- 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:
 - The borrower works for an interested party to the transaction (Paystub and W-2s required)

Self-Employed:

- Follow AUS tax return requirements.
 - 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).

Amended Tax Returns- When tax returns are utilized for documenting income: (All Employment/Income Types):

- 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:
 - 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

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.

Refer to Employment Offers or Contracts, Option 1 and Option 2, with the following requirements:

- 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

4506T & Tax Transcript Requirements

- 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:**
 - 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):
 - Borrower and Seller are related
 - Borrower/Seller/Loan Originator are related
 - Borrower is employed by the Third-Party Originator Company

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	<ul style="list-style-type: none"> • 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 no more than 120 calendar days prior to 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	
<p>Ineligible Income Sources</p>	<ul style="list-style-type: none"> • Boarder income on purchase transactions • Sweat equity
Section 6: Credit	
6.1 Credit	
<p>Credit</p>	<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.

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	<ul style="list-style-type: none"> • 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 <ul style="list-style-type: none"> ○ Follow DU findings as to any debt that should be paid 										
6.2 Qualifying Ratios											
Qualifying Ratios	<table border="1"> <thead> <tr> <th>Mortgage Type</th> <th>Qualifying Interest Rate</th> </tr> </thead> <tbody> <tr> <td>Fixed Rate Mortgage</td> <td>Note Rate</td> </tr> <tr> <td>5/1 ARMs</td> <td>Greater of the Fully Indexed Rate or the Note Rate + 2%</td> </tr> <tr> <td>7/1 & 10/1 ARMs</td> <td>Greater of the Fully Indexed Rate or the Note Rate</td> </tr> </tbody> </table>	Mortgage Type	Qualifying Interest Rate	Fixed Rate Mortgage	Note Rate	5/1 ARMs	Greater of the Fully Indexed Rate or the Note Rate + 2%	7/1 & 10/1 ARMs	Greater of the Fully Indexed Rate or the Note Rate		
	Mortgage Type	Qualifying Interest Rate									
	Fixed Rate Mortgage	Note Rate									
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7/1 & 10/1 ARMs	Greater of the Fully Indexed Rate or the Note Rate										
Maximum DTI: 50%											
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.											
Section 7: Assets											
7.1 Assets											
Assets	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. 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.										
7.2 Minimum Borrower Contribution											
Minimum Borrower Contribution	<table border="1"> <thead> <tr> <th>Number of Units</th> <th>Minimum 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	Minimum Borrower Contribution	1 unit	None	2-4 units	3%				
Number of Units	Minimum Borrower Contribution										
1 unit	None										
2-4 units	3%										
7.3 Cash Reserves											
Cash Reserves	Follow DU findings.										
7.4 Gifts											
Gifts	Follow FNMA Guidance; minimum borrower contribution must be met before other acceptable sources of funds are permitted <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 										
7.5 Seller/Interested Party Contributions											
Seller/Interested Party Contributions	<table border="1"> <thead> <tr> <th>Occupancy Type</th> <th>LTV/CLTV</th> <th>Maximum IPC</th> </tr> </thead> <tbody> <tr> <td rowspan="3">Principal residence</td> <td>Greater than 90%</td> <td>3%</td> </tr> <tr> <td>75.01% – 90%</td> <td>6%</td> </tr> <tr> <td>75% or less</td> <td>9%</td> </tr> </tbody> </table>	Occupancy Type	LTV/CLTV	Maximum IPC	Principal residence	Greater than 90%	3%	75.01% – 90%	6%	75% or less	9%
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											

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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) 								
Section 8: Procedures									
8.1 Age of Documentation									
Age of Documents	Follow agency guidelines								
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> <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 <ul style="list-style-type: none"> ○ 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 <p>For Rate & Term Refinance Transactions the following restrictions also apply:</p> <ul style="list-style-type: none"> • the borrower may not finance the payment of real estate taxes for the subject property in the loan amount and waive escrows • the borrower may not finance the payment of real estate taxes that are more than 60 days delinquent for the subject property in the loan amount, regardless of whether or not they waive escrows <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	<table border="1" style="margin-left: auto; margin-right: auto;"> <thead> <tr style="background-color: #92d050;"> <th colspan="2">Eligibility</th> </tr> </thead> <tbody> <tr> <td>All States Except CA and NM</td> <td>≤ 80% or Less</td> </tr> <tr> <td>California</td> <td>< 90%</td> </tr> <tr> <td>New Mexico</td> <td>≤ 80% or less</td> </tr> </tbody> </table>	Eligibility		All States Except CA and NM	≤ 80% or Less	California	< 90%	New Mexico	≤ 80% or less
Eligibility									
All States Except CA and NM	≤ 80% or Less								
California	< 90%								
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 								

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	<ul style="list-style-type: none"> • Seller • Builder • Listing Agent & Listing Company • Selling Agent & Selling Company • Title Agent • Title Company • Closing Attorney • Appraiser and Appraisal Company 																				
8.6 Interest Credit Hardships																					
Interest Credit	Permitted on Conventional loans, both purchases and refinances; must fund by the 5 th day																				
8.7 Mortgage Insurance																					
Mortgage Insurance	<p>Approved MI Companies: Essent, Genworth, MGIC, Radian, Arch and United Guaranty</p> <table border="1" data-bbox="394 611 1369 743"> <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																					
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Fixed Rate, ≤ 20 years	6%	12%	25%	25%																	
Fixed Rate & ARMs, > 20 years	12%	25%	25%	25%																	
8.8 Title Insurance																					
Title Insurance	<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>																				
Section 9: Home Partners of America (Branch 592 Only)																					
9.1 Eligibility																					
Eligibility	<p>Eligible Borrowers who are purchasing their home through Home Partners of America’s “HPA” Rent to Purchase program are eligible for the following:</p> <ul style="list-style-type: none"> • Borrower must be First Time Homebuyer • Primary residence only • Single Family attached and detached homes only <ul style="list-style-type: none"> ○ Condominiums, coops, leasehold and manufactured homes are ineligible • Maximum LTV/CLTV/HCLTV 97% based on the appraised value. If there is a second lien that meets all requirements for a Community Seconds mortgage, CLTV may be up to 105%. <ul style="list-style-type: none"> • Appraised value must be equal to or greater than the sales price of the subject property. • All Security deposit, pet fee and any pro-rated rent paid to Home Partners of America must first be applied to the down payment with any remaining funds, if applicable, applied towards closing costs and pre-paid items at closing and reflected on the closing disclosure 																				

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	<ul style="list-style-type: none"> • Borrower(s) must currently rent the subject property being purchased for a minimum of 24 months at the time of application with a satisfactory 24-month rental history <ul style="list-style-type: none"> ○ A rental payment will be considered timely if it is made on or before the date that is 5 days after the due date; and ○ If any payment is made more than 5 days after the due date, the 24-consecutive month requirement will restart. • Loan must score approve/eligible • Borrower is required to complete Homebuyer Education Course prior to loan closing • Loan to value will be based off the appraised value and calculated using the following: <ul style="list-style-type: none"> ○ Borrower’s Down-payment = funds returned to the borrower by HPA at the end of the rental term (e.g., security deposit, pet fees, prepaid prorated rent, etc.) ○ Value = appraised value ○ Loan Amount = Sales Price – Borrower’s Down-payment – Proceeds from other Selling Guide eligible source (e.g., eligible Community Seconds, eligible gift or grant funds) ○ Sales Price = either the original contract sales price or the adjusted contract sales price, as described below. <ul style="list-style-type: none"> ▪ Sale Price Adjustment. <ul style="list-style-type: none"> • The LTV should be determined (using the appraised value for the Value) using the original contract sales price in the determination of the Loan Amount. <ul style="list-style-type: none"> ○ If the resulting LTV is greater than 97%, HPA must reduce the original contract sales price by an amount sufficient so that the Loan Amount is reduced to a level to bring the LTV to 97%. ○ The difference between the original contract sales price and the reduced sales price will be considered Equity Assistance as a gift of equity • Appraised value lower than the sales price renders the borrower ineligible for the program unless the borrower and HPA re-negotiate the sales price to an amount less than or equal to the appraised value • If the appraised value is greater than the sales price and the resulting LTV is 97% or less, the difference between the appraised value and sales price will be applied against the borrower’s down payment • Borrower must pay all closing costs, fees and other pre-paid items from their own funds or an acceptable source of funds as outlined in the Fannie Mae selling guide (HPA may not contribute to the borrower’s closing costs, fees or pre-paid items with the exception of returned deposit, pet fee or pro-rated rent) • Borrower’s \$1000 earnest money deposit must be applied towards closing costs and/or pre-paid items • Property inspection waivers are not permitted • Equity Assistance and/or down-payment assistance is not permitted to be provided by NewRez
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Section 10: References

10.1 References

References	<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
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Section 11: Version Control

1.3 Ineligible Programs	Added to allow 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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