

**Temporary Underwriting Guidance Job Aid
by Announcement
DTC, Retail/JV, Wholesale**

This Job Aid does not replace NewRez announcements with complete detail

Red denotes NewRez Overlays

| Conventional Conforming | |
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| Verbal Verification of Employment 2020-026 | <p>A verbal Re-verification of Employment (VVOE) within ten (10) business days of the Note date is required. When a VVOE cannot be obtained, one of the following may be obtained as an alternative.</p> <ul style="list-style-type: none"> • An email directly from employer: <ul style="list-style-type: none"> ○ Must be from the employer’s email address, such as name@company.com (no Gmail, yahoo, etc.) ○ Must be from the borrower’s direct supervisor/manager or the employer’s Human Resources department, ○ Must contain all the standard information required on a VVOE, including the name, title, and phone number of the person providing the verification, and ○ Must identify the borrower’s name and current employment status. • Paystub <ul style="list-style-type: none"> ○ A year-to-date paystub from the pay period that immediately precedes the Note date. The business income should be consistent with the paystub used for qualification and the AUS findings, with no decrease or adverse change in earnings. • Self-Employed Borrowers <ul style="list-style-type: none"> ○ Verification that the borrower’s business remains operational must be done within ten (10) calendar days of the Note date. |
| Self-Employed Borrowers 2020-073 | <ul style="list-style-type: none"> • Extra diligence must be performed to determine stability • Profit and Loss Statement and balance sheet must be dated no more than 30 calendar days prior to the Note date <p>Option One</p> <ul style="list-style-type: none"> • Unaudited 2020 YTD P&L broken out by quarter (Jan to March, April to June, etc.), and balance sheet, signed by the borrower. Month to month or additional documentation may be necessary to show income trending • Unaudited 2019 P&L and balance sheet, if 2019 tax returns not filed, signed by the borrower • Two months of business bank statements no older than the latest two months shown on the YTD P&L <p>Option Two</p> <ul style="list-style-type: none"> • Audited 2020 YTD P&L and balance sheet • Audited or unaudited 2019 P&L, and balance sheet, if 2019 tax returns not filed, signed by the borrower <p>The following must be done:</p> <ul style="list-style-type: none"> • Complete NewRez Income Worksheet or other Cash Flow Analysis form and Bank Statement and Profit and Loss Statement comparison worksheet • Assess impact to business • Establish monthly income and stability • Business assets clarification. Proceeds from SBA PPP or other similar COVID-19 related programs are not considered business assets and are not eligible funds for the transaction |
| Suspension of Tax Transcripts 2020-031 | Temporarily not required as outlined in the Product Profiles |

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| Age of Documentation 2020-044 | Income and asset documentation must be 60 days old as of the Note date, including third-party employment verification (existing and new construction), and excluding military income | | | | |
| Stock, Bonds, Mutual Funds 2020-044 | <p>Stocks, Bonds, Mutual Funds</p> <ul style="list-style-type: none"> When used for down payment or closing costs, evidence of the borrower's actual receipt of funds realized from the sale or liquidation must be documented in all cases. When used for reserves, only 70% of the value of the asset must be considered, and liquidation is not required | | | | |
| Forbearance 2020-069 2020-072 - FAQ | <p>All of the following must be done:</p> <ul style="list-style-type: none"> Review credit report to determine the status of all mortgage loans Perform additional due diligence for each mortgage loan not related to the subject transaction to determine whether the payments are current as of the Note date (current: all mortgage payments paid in the month prior to the Note date) <ul style="list-style-type: none"> Loan payment history from servicer of third-party verification service Payoff statement (loan being paid off) Latest mortgage account statement from borrower | | | | |
| Property Valuations 2020-026 2020-048 | Loan Purpose | LTV | Occupancy | Ownership of Loan being Refinanced | Permitted Appraisals |
| | Purchase and New Construction Properties ¹ | Up to 97% | Primary residence | NA | Interior and Exterior appraisal, Desktop appraisal, or Exterior-only appraisal ¹ |
| | | ≤ 85% | Second home Investment property | NA | Interior and Exterior appraisal, Desktop appraisal, or Exterior-only appraisal ¹ |
| | | > 85% | Second home | NA | Interior and Exterior appraisal |
| | Rate & Term Refinance (LCOR and NCO) | Standard guidelines | All | Fannie Mae-owned Freddie Mac-owned | Interior and Exterior appraisal, or Exterior-only appraisal |
| Not Fannie Mae-owned Not Freddie Mac-owned | | | | Interior and Exterior appraisal | |

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| | Cash-out Refinance | | | Fannie Mae or not Fannie Mae-owned | Interior and Exterior appraisal |
| | | | | Freddie Mac or not Freddie Mac-owned | |
| <p>¹ Exterior-only not permitted on new construction loans.</p> <p>Rate and Term refinance loans should be run through DU or LPA in accordance with the current owner of the loan and should be closed based upon the respective DU Findings Report or LPA Feedback Certificate. DU and LPA will indicate if they own the loan.</p> <p>Example: A rate and term refinance of a loan owned by Fannie Mae should be originated using DU.</p> | | | | | |
| FHA | | | | | |
| Re-verification of Employment 2020-038 2020-093 | <ul style="list-style-type: none"> • Re-verification of employment within ten (10) calendar days of the Note date is waived provided: <ul style="list-style-type: none"> ○ that the lender is not aware of any loss of employment by the borrower, and ○ for purchase transactions, evidence that the borrower has a minimum of two months PITI reserves; and ○ a year-to-date paystub or direct verification of income (e.g., The Work Number) for the pay period that immediately precedes the Note date. (Bank statements showing direct deposit from the borrower’s employment is not eligible) • Self-Employed Borrowers <ul style="list-style-type: none"> ○ Verification that the borrower’s business remains operational must be done within ten (10) calendar days of the Note date (Changed to <i>calendar days</i> with Announcement 2020-094) ○ Verification may be completed in any of the following ways: <ul style="list-style-type: none"> ▪ evidence of current work (executed contracts or signed invoices that indicate the business is operating on the day the lender verifies self-employment); ▪ lender certification that the business is open and operating (lender confirmed through a phone call or other means); ▪ business website demonstrating activity supporting current business operations (timely appointments for estimates or service can be scheduled). | | | | |
| Age of Documentation 2020-036-DTC/JV 2020-059-Wholesale | Income and asset documentation must be 60 days old as of the Note date | | | | |
| Suspension of Tax Transcripts 2020-031 | Temporarily not required as outlined in the Product Profiles | | | | |
| Property Valuations 2020-038 | Transaction Type | Exterior-Only | Desktop Appraisal | Interior/Exterior Appraisal | |

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| | Purchase | Yes | Yes | Yes |
| | <ul style="list-style-type: none"> • Rate & Term Refi • Simple Refi | Yes | No | Yes |
| | Streamline Refi | NA | NA | NA |
| | Cash-out Refi | No | No | Yes |
| | New Construction | | | |
| | <ul style="list-style-type: none"> • Purchase • Build on Own Land | No | No | Yes |
| Use of Rental Income 2020-093 | <ul style="list-style-type: none"> • Use of rental income to qualify <ul style="list-style-type: none"> ○ The use of rental income from other real estate owned requires one of the following: <ul style="list-style-type: none"> ▪ evidence of the most recent two (2) months' receipt of rental income for each rental property owned (only applies to properties that utilize rental income for qualification) ▪ Verify six (6) months PITI reserves or ▪ Reduce the effective income associated with the calculation of rental income by 25% (in addition to any reduction already required by HUD) | | | |
| VA | | | | |
| Re-verification of Employment 2020-040 | <p>A verbal Re-verification of Employment (VVOE) within ten (10) business days of the Note date is required. When a VVOE cannot be obtained, NewRez will permit one of the following as an alternative.</p> <ul style="list-style-type: none"> • An email directly from the employer: <ul style="list-style-type: none"> ○ Must be from the employer's email address, such as name@company.com (no Gmail, yahoo, etc.) ○ Must be from the borrower's direct supervisor/manager or the employer's Human Resources department, ○ Must contain all the standard information required on a VVOE, including the name, title, and phone number of the person providing the verification, and ○ Must identify the borrower's name and current employment status. • Paystub <ul style="list-style-type: none"> ○ A year-to-date paystub from the pay period that immediately precedes the Note date. The income should be consistent with the paystub used for qualification and the AUS findings, with no decrease or adverse change in earnings. • Self-Employed Borrowers <ul style="list-style-type: none"> ○ Verification that the borrower's business remains operational must be done within ten (10) calendar days of the Note date. | | | |
| Age of Documentation 2020-036-DTC/JV 2020-059-Wholesale | Income and asset documentation must be 60 days old as of the Note date | | | |
| Suspension of Tax Transcripts 2020-031 | Temporarily not required as outlined in the Product Profiles | | | |
| Property Valuation 2020-040 | <ul style="list-style-type: none"> • If the appraiser cannot complete an interior/exterior appraisal, the appraiser will complete an Exterior-Only or Desktop appraisal as determined by VA instructions • Reconsideration of Value (ROV) | | | |

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| | <ul style="list-style-type: none"> ○ Purchase: ROV requests will be restricted to no greater than 7% from the appraiser's opinion of value or \$10,000, whichever is greater ○ Cash-Out Refi: VA will suspend ROV requests for cash-out refinance loans until further notice ● Termite inspection <ul style="list-style-type: none"> ○ Termite inspection report is required if the property is located in an area on the Termite Infestation Probability Map where the probability of termite infestation is "very heavy" or "moderate to heavy". If a termite report is unattainable, use one of the following options: <ul style="list-style-type: none"> ● Purchase: If there is no known or visible evidence of termite infestation present, the seller and realtor must provide a certification to that fact and the Veteran must acknowledge that no inspection was completed. If there is known or visible evidence of termite infestation, a clear termite report may be required prior to closing or a certain period of time after closing at the discretion of the SAR ● Cash-Out Refi: The Veteran can provide a certification of fact if there is no known or visible evidence of termite infestation present. If there is known or visible evidence of termite infestation, a clear termite report may be required prior to closing or a certain period of time after closing at the discretion of the SAR. |
| <p>Water Quality Test 2020-047</p> | <p>All properties with individual water supply systems must be tested for potable water that meets local health authority standards per Chapter 12 Minimum Property Requirements in the VA Lenders Handbook</p> |

USDA

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| <p>Re-verification of Employment 2020-039</p> | <p>A verbal Re-verification of Employment (VVOE) within ten (10) business days of the Note date is required. When a VVOE cannot be obtained, NewRez will permit one of the following as an alternative:</p> <ul style="list-style-type: none"> ● a direct electronic verification of employment from a Third-Party Verification Vendor that provides immediate work status reporting, or ● email from the borrower's employer that must: <ul style="list-style-type: none"> ○ Be from the employer's email address, such as name@company.com (no Gmail, yahoo, etc.) ○ Be from the borrower's direct supervisor/manager or the employer's Human Resources department, ○ Contain all the standard information required on a VVOE, including the name, title, and phone number of the person providing the verification, and ○ Identify the borrower's name and current employment status. ● Self-Employed Borrowers <ul style="list-style-type: none"> ○ Verification that the borrower's business remains operational must be done within ten (10) business days of the Note date |
| <p>Age of Documentation 2020-043-DTC/JV 2020-030-Wholesale</p> | <p>Income and asset documentation must be 60 days old as of the Note date</p> |

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| Suspension of Tax Transcripts 2020-031 | Tax transcripts are required. If unable to obtain, document your correspondence to and from the IRS in the loan file to support the omission. "Failure to file" tax returns when legally required to do so is not an eligible explanation. The bank statements must be reviewed for undocumented large deposits that are identified that may be attributed to additional income sources. |
| Property Valuation 2020-039 | <ul style="list-style-type: none">• Purchase and Non-Streamlined Refi<ul style="list-style-type: none">○ Exterior-Only Appraisal• New construction not eligible |