

Home Possible® Product Profile: Wholesale

Matrices

Eligibility Matrix						
Occupancy	Transaction Type	Units	Credit Score ^{1,4}	LTV	CLTV	DTI ⁵
Fixed Rate						
Primary Residence	Purchase and Rate & Term Refi	1	640	97% ³	105% ^{2,3}	Per LPA
		2-4 ⁴		95%	95%	
ARM						
Primary Residence	Purchase and Rate & Term Refi	1-2	640	95% ³	95%	Per LPA
		3-4		75%	75%	
¹ Manufactured home <ul style="list-style-type: none"> • Maximum 95% LTV/CLTV • Minimum 660 credit score • Not permitted with 5/6 ARMs ² Secondary Financing must be an Affordable Second for CLTV >97% ³ Non-occupant co-borrowers: <ul style="list-style-type: none"> • 1-unit property • Max 95% LTV • Max 105% CLTV with Affordable Second ⁴ 3-4 units with credit score <700 are eligible for LPMI only ⁵ West Virginia: Maximum DTI 50%						

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Section 1: Program Summary					
1.1 Program Summary					
Program Summary	Home Possible® is a conventional community lending product offering expanded eligibility and underwriting flexibilities targeted to low-to-moderate income borrowers in designated low income, impacted communities. Loan Product Advisor Offering Identifier Code "241" for Home Possible® Mortgages.				
1.2 Underwriting					
Underwriting	Loans must be underwritten through Loan Product Advisor (LPA) and receive a risk class of ACCEPT. In instances where LPA issues a warning for excessive LPA runs, a written explanation must be provided by the originator.				
1.3 Ineligible Programs					
Ineligible Programs	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. 				
Section 2: Transaction Details					
2.1 Loan Limits					
Loan Limits	Freddie Mac Single family loan limits				
2.2 Eligible Terms and Programs					
Eligible Terms & Programs	Home Possible® Loan Programs				
	Term	Product Name			
	10 Year Fixed	FHLMC 10 Yr Fixed Home Possible			
	15 Year Fixed	FHLMC 15 Yr Fixed Home Possible			
	20 Year Fixed	FHLMC 20 Yr Fixed Home Possible			
	25 Year Fixed	FHLMC 25 Yr Fixed Home Possible			
	30 Year Fixed	FHLMC 30 Yr Fixed Home Possible			
	5/6 ARM	FHLMC 5/6 SOFR ARM 2-1-5 Home Possible			
	7/6 ARM	FHLMC 7/6 SOFR ARM 5-1-5 Home Possible			
	10/6 ARM	FHLMC 10/6 SOFR ARM 5-1-5 Home Possible			
Loan Term <ul style="list-style-type: none"> Fixed Rate: 10, 15, 20, 25 or 30 year terms SOFR ARM: 30 year term 					
2.3 ARM Adjustments					
ARM Adjustments	Index	The 30-day average of the Secured Overnight Financing Rate (SOFR) as published by the Federal Reserve Bank of New York			
	Margin	3.00%			
	Life Floor	The floor is the margin			
	Interest Rate Caps	Product	First	Subsequent	Lifetime
		5/6	2%	1%	5%
		7/6	5%	1%	5%
	Change Dates	10/6	5%	1%	5%
		5/6	The first Change Date is the 61 st payment due date. Subsequent Change Dates are every 6 months thereafter.		
7/6		The first Change Date is the 85 th payment due date. Subsequent Change Dates are every 6 months thereafter.			
10/6	The first Change Date is the 121 st payment due date. Subsequent Change Dates are every 6 months thereafter.				

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	Conversion Option	Not available																											
2.4 Eligible Transactions																													
Eligible Transactions	<ul style="list-style-type: none"> • Purchase • No cash out Refinance <ul style="list-style-type: none"> ○ Net Tangible Benefit for Wholesale <ul style="list-style-type: none"> ▪ A NewRez Net Tangible Benefit Worksheet must be completed on refinance transactions in the following states <ul style="list-style-type: none"> • AR, CT, IL, MN, NC, NM, OH and WA ▪ A state specific Net Tangible Benefit Test must be completed on refinance transactions in the following states <ul style="list-style-type: none"> • CO, MA, MD, ME, RI, SC, VA and WV ○ Primary residence nonprime (HPML) refinances in CT with loan amounts <= \$417,000: <ul style="list-style-type: none"> ▪ If the loan being refinanced is a Special Mortgage, defined as a FHA, VA, USDA loan, or a bond loan provided by a Housing Finance Agency, homeownership counseling is required 																												
2.5 Cash-out																													
Cash-out	Cash-out is not permitted																												
2.6 Texas 50(a)(6) Loans																													
Texas 50(a)(6) Loans	Texas 50(a) (6) refinances are ineligible under this product type.																												
2.7 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"> <thead> <tr> <th>New Loan Amount pays off existing lien and....</th> <th>If existing lien is a non-50(a)(6); then the new lien is....</th> <th>If existing lien is a 50(a)(6); then the new lien is....</th> </tr> </thead> <tbody> <tr> <td>Provides even \$1 cash to the borrower</td> <td>Texas (a)(6)</td> <td>Texas (a)(6)</td> </tr> <tr> <td>Pays off/down an existing TX (a)(6) lien with no cash to borrower</td> <td>Texas (a)(6)</td> <td>Texas (f)(2) – if seasoning requirements are met*</td> </tr> <tr> <td>Pays off/down an existing TX (a)(6) lien with cash to borrower</td> <td>Texas (a)(6)</td> <td>Texas (a)(6)</td> </tr> <tr> <td>The new lien is < existing UPB (no new funds)</td> <td>Non-Texas (a)(6)</td> <td>Texas (f)(2) – if seasoning requirements are met*</td> </tr> <tr> <td>Funds, prepaids and/or closing costs</td> <td>Non-Texas (a)(6)</td> <td>Texas (f)(2) – if seasoning requirements are met*</td> </tr> <tr> <td>Pays off/down a purchase money 2nd</td> <td>Non-Texas (a)(6)</td> <td>Texas (f)(2) – if seasoning requirements are met*</td> </tr> <tr> <td>Pays off/down an existing Secured Home Improvement Loan (mechanic’s lien)</td> <td>Non-Texas (a)(6)</td> <td>Texas (f)(2) – if seasoning requirements are met*</td> </tr> <tr> <td>Provides funds to satisfy a court ordered Divorce Equity Buyout</td> <td>Non-Texas (a)(6)</td> <td>Texas (a)(6)</td> </tr> </tbody> </table> <p>*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: <ul 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. New subordinate financing is not permitted on a first lien Texas 50(f)(2). </p> <p>Attorney Review:</p>		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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	All Texas 50 (f)(2) loans must be reviewed and certified by a NewRez approved TX Attorney prior to loan closing. NewRez's approved firms include: <ul style="list-style-type: none"> • Black, Mann and Graham • Peirson Patterson
2.8 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
2.9 Temporary Subsidy Buydown Plans	
Temporary Subsidy Buydown Plans	Not Eligible
2.10 Manufactured Housing	
Manufactured Housing	<p>A Manufactured Home is a dwelling unit built on a permanent chassis and attached to a permanent foundation system. Refer to applicable agency's Selling Guide (FNMA or FHLMC) for any information not specified in this Product Profile.</p> <p>The manufactured home must be built in compliance with:</p> <ul style="list-style-type: none"> • The Federal Manufactured Home Construction and Safety Standards that were established June 15, 1976, as amended and in force at the time the home is manufactured; and • Additional requirements that appear in HUD regulations at 24 C.F.R. Part 3280. <p>Compliance with these standards will be evidenced by the presence of both a HUD Data Plate and the HUD Certification Label. If the original or alternative documentation cannot be obtained for both the Data Plate/Compliance Certificate and the HUD Certification Label, the loan is not eligible for delivery to Fannie Mae.</p> <p>The HUD Data Plate/Compliance Certificate is a paper document located on the interior of the subject property that contains, among other things, the manufacturer's name and trade/model number. In addition to the data required by Fannie Mae, the Data Plate includes pertinent information about the unit, including a list of factory-installed equipment. The HUD Certification Label, sometimes referred to as a HUD "seal" or "tag," is a metal plate located on the exterior of each section of the home. The Manufactured Home Appraisal Report (Form 1004C) must show evidence of both the HUD Data Plate/Compliance Certificate and the HUD Certification Label.</p> <p>As an alternative to the original HUD Certification Label, the lender may be able to obtain a verification letter with the same information contained on the HUD Certification Label from the Institute for Building Technology and Safety (IBTS). A duplicate HUD Data Plate/Compliance Certificate may be available from IBTS or by contacting the In-Plant Primary Inspection Agency (IPIA) or the manufacturer. (A list of IPIA offices is posted on HUD's website.)</p> <ul style="list-style-type: none"> • The unit must not have been previously installed or occupied at any other site or location, except from the manufacturer or the dealer's lot as a new unit. • 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.

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	<ul style="list-style-type: none"> • 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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Section 3: Borrower Eligibility

3.1 Borrower Eligibility

Borrower Eligibility	<p>Eligible Borrowers</p> <ul style="list-style-type: none"> • U.S. Citizens • Permanent resident alien • Non-permanent resident alien <ul style="list-style-type: none"> ○ Eligible Visa Types: E-1, E-2, E-3, E-3D, G-1*, G-2*, G-3*, G-4*, G-5*, H-1B, H-1B1, H-1B2, H-1B3, H-1C, H-4, L-1A, L-1B, L-2, O-1A, O-1B, TN *Note: Visas reflecting diplomatic immunity are not eligible, unless waived in writing by the country of origin. • Inter vivos revocable trust • 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. ITINs are not acceptable. • 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) • Limited Partnerships, Corporations and LLCs • Non-Revocable Trusts or Guardianships • Foreign Nationals • Borrowers with Diplomatic Immunity • Principal/Owners of NewRez Third Party Originators • Individuals on the LPD/GSA exclusionary lists
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3.2 Occupancy

Occupancy	Owner Occupied (Primary residences)
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3.3 Homebuyer Education

Homebuyer and Landlord Education	<p><u>Homeownership Education</u></p> <p>In instances where all the occupying borrowers are First-Time Homebuyers at least one (1) occupying borrower is required to complete Homebuyer Education program prior to final underwriting approval</p>
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	<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® <u>Homebuyer U – With Certificate</u> <ul style="list-style-type: none"> ○ Module 1 (Overview & Introduction of the Homebuying Process) ○ Module 2 (Managing Your Money) ○ Module 3 (Your Credit and Why It Is Important) ○ Module 4 (Getting a Mortgage) ○ Module 5 (Finding a Home and Closing on a Loan) ○ Module 6 (Preserving Homeownership) • 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 • Refinance Transactions — Landlord education is not required but is recommended for Borrowers who have not previously attended a program. <p>A copy of Homeownership Education Certification, or another document containing comparable information must be retained in the Mortgage file.</p>
3.4 Non-Occupant Co-Borrowers	
Non-Occupant Co-Borrowers	<ul style="list-style-type: none"> • Permitted on Mortgages secured by 1-unit properties • NewRez applies the following overlays to Non-Occupant Co-Borrower loans: <ul style="list-style-type: none"> ○ The non-occupant co-borrower may not be an interested party to the sales transaction, such as the property seller, builder, or real estate broker. • Non-occupant co-borrowers are not required to be on title.
3.5 Power of Attorney	
Power of Attorney	<p>The use of a Power of Attorney must be approved by NewRez’s 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>

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	<p>Business Travel – permitted on Purchase and Rate/Term Refinance transactions when the spouse has Power of Attorney for the traveling borrower. There are 2 acceptable types of power of attorney.</p> <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
3.6 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
3.7 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.
3.8 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)
3.9 Maximum # of Financed Properties	
Maximum # of Financed	<p>The occupying Borrower(s) must not have an ownership interest in more than two financed residential properties, including the subject property, as of the Note Date.</p>
Section 4: Collateral	
4.1 Eligible Properties	
Eligible Properties	<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>Deed Restricted Properties All deed restricted properties must be reviewed and approved prior to loan approval and must adhere to FHLMC requirement per sections 4406.1 and 4406.2</p> <p>Manufactured Housing (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

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	<ul style="list-style-type: none"> • Manufactured after June 15, 1976 • The following manufactured home types are not permitted <ul style="list-style-type: none"> ○ Condo ○ Mixed used ○ Leasehold of any kind ○ Deed restricted ○ Properties not taxed and titled as real property ○ Properties not permanently affixed to the foundation or have the towing hitch, wheels and axles ○ Properties less than 12 feet wide ○ Properties without HUD Data Please or HUD Certification label ○ Newly constructed manufactured homes not yet attached to the land, not yet constructed or not yet titled and taxed as real property ○ Hobby farms ○ Manufactured homes located in a mobile home park ○ Accessory Dwelling Units
4.2 Ineligible Properties	
Ineligible Properties	<ul style="list-style-type: none"> • Condotels • Co-ops • Manufactured Homes that are condo, leasehold, or co-op • Manufactured Homes: Accessory Dwelling Units • 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 • Unique properties (geodesic domes, berms, earth homes, barndominiums, shouses)
4.3 Properties Previously Listed for Sale	
Properties Previously Listed for Sale	<ul style="list-style-type: none"> • Listing must have been cancelled or expired prior to the Note date, and the borrower must confirm their intent to occupy the subject for Owner Occupied properties. • Careful consideration should be given to the listing price and appraised value to be sure the value is supported.
4.4 Appraisals	
Appraisals	<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 a 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"> ○ Eligible for Rate & Term refinances only <ul style="list-style-type: none"> ▪ May not payoff secondary financing ○ NewRez must ensure 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 ○ The effective date of the appraisal report cannot be more than 12 months prior to the note date of the current transaction

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- If the effective date of the appraisal report is greater than 4 months from the note date of the current transaction an appraisal update is required
 - The same appraiser who completed the original report must inspect the exterior of the property and review current market data to determine whether the property has declined in value since the date of the original appraisal and be reported on Form 1004D
 - If the appraiser indicates the value has declined then a new full, interior/exterior appraisal report
 - If the appraiser indicates that the property value has not declined no further action is required
 - The appraisal update form must be within 4 months of the current transaction note date

Automated Collateral Evaluation Waivers (ACE)

- **Purchase and refinance loans receiving Accept with ACE Waiver**
 - One-unit properties, including condominiums
 - Primary residence maximum
 - 90% LTV/CLTV limited cash out refinance
 - The following are **ineligible**
 - Loan Product Advisor Caution risk class
 - Investment properties
 - Mortgages secured by 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
 - 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.

Manufactured Housing

- 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 a NewRez approved AMC
- Transferred appraisals are not permitted
- Copy of the appraiser's licensee must be included in all funded loan files

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	<ul style="list-style-type: none"> • Appraisal must contain a detailed and supported cost approach • The appraiser must indicate a value conclusion based solely on the real property as completed consisting of the <ul style="list-style-type: none"> ○ Manufactured home, ○ Site improvements, and ○ Land on which the home is situated. • The appraisal report must indicate whether or not the site is compatible with the neighborhood and must comment on the conformity of the manufactured home to other manufactured homes in the neighborhood. • The value conclusion cannot include any non-realty items including, but not limited to, insurance, warranties, and furniture.
<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 90 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"> ○ Final Inspection or Appraisal Update signed by the original appraiser (Form 1004D) ○ Desktop Underwriter Property Inspection Report (Form 2075) ○ Disaster Area Inspection Report (DAIR) • 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
<p>4.6 Geographic Restrictions</p>	
<p>Geographic Restrictions</p>	<ul style="list-style-type: none"> • The following restrictions apply to transactions secured by properties in Alaska and Hawaii. Brokered transactions not permitted in Alaska or Hawaii • Refinance of primary residence for nonprime (HPML) loans in CT with loan amounts <= \$417,000; Refer to 2.3 Eligible Transactions
<p>Section 5: Income</p>	
<p>5.1 Income</p>	
<p>Income</p>	<p>Borrower Income Limits Qualifying income from all borrowers who will be on the note must be included</p> <ul style="list-style-type: none"> • Only the income used to qualify the borrowers must be included in the income limits • LPA will determine income eligibility <ul style="list-style-type: none"> ○ Income must not exceed 80% AMI for the subject property location • Freddie Macs Home Possible® Income and Property Eligibility tool can be used to determine property eligibility and income limits. <u>Income & Property Eligibility</u> <p>Program Specific Income Documentation <u>Rental income</u></p>

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Primary Residence

- Rental income from a 1-unit Primary Residence may be considered as stable monthly income and eligible for use in qualifying provided it meets the following:
 - Rate/Term Refinance only
 - The person providing the rental income and the Borrower:
 - Have resided together for at least one year
 - Will continue residing together in the new residence, and
 - The person providing the rental income provides appropriate documentation to evidence residency with the Borrower (i.e., copy of a driver's license, bill, bank statement, etc., that shows the address of that person to be the same as the Borrower's address)
 - Rental income from the person residing in the Mortgaged Premises Must:
 - Have been paid to the Borrower for the past 12 months on a regular basis
 - Can be verified by the Borrower with evidence showing receipt of regular payments of rental income to the Borrower for at least 9 of the past 12 months (i.e., copies of cancelled checks)
 - Must be averaged over 12 months for qualifying purposes when fewer than 12 months of payments are documented
 - Does not exceed 30% of total income used to qualify for the Mortgage
 - The Mortgage file must contain a written statement from the Borrower affirming:
 - The source of the rental income
 - The fact that the person providing the rental income has resided with the Borrower for the past year and intends to continue residing with the Borrower in subject property
- 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

Rental Income from Other Real Estate Owned

- The use of rental income from other real estate owned requires evidence of the most recent two (2) months receipt of rental income for each rental property owned
- In addition to the reserves required by LPA, an additional three months reserves are required if the borrower owns an investment property and the rental income is being used to qualify.

Conversion of Primary Residence to a Second Home or Investment Property

- For conversion to a second home, the PITIA of the property must be used in qualifying.
- For conversion to an investment property, the PITIA of the property must be used in qualifying, unless rental income is being used to offset the payment.
- The following is required when using rental income to qualify:
 - Additional six (6) months reserves (PITIA of the property being converted to a rental property) and
 - Proof of receipt of security deposit and
 - Proof of receipt of first month's rent if required by lease

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

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

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- 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)
- Note: Information as of the date of the 3rd party verification the income must be current as of 35 days from the date of the verification

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 Income commencing after the Note Date, Option 1 and Option 2, with the following requirement:

- 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— See section 9.1 for additional documentation allowances or requirements

IRS 4506-T

- **Prior to Underwriting**
 - 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
- **At Closing**
 - 4506-T for each borrower whose income is used to qualify must be signed at closing.
 - Borrower(s) whose income has been validated through LPA AIM must sign IRS Form 4506-T at closing even if LPA waives the requirement
- **Prior to Closing**
 - 4506-T for the business tax return transcript(s) must be signed prior to closing when the business returns are used for qualification.

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	<p>Tax Transcript Requirements</p> <ul style="list-style-type: none"> • IRS Form 4506-T form must be processed, and transcripts obtained in the following circumstances <ul style="list-style-type: none"> ○ 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 • 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</p> <p>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</p> <p>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</p>

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	applicable licensing bureau, AND by verifying a phone listing and address for the borrower's business using a telephone book, the internet, or directory assistance.
5.3 Alimony and Child Support Income	
Alimony and Child Support	<p>Document that alimony or child support will continue to be paid for at least three years after the date of the mortgage application, as verified by one of the following:</p> <ul style="list-style-type: none"> • A copy of a divorce decree or separation agreement (if the divorce is not final) that indicates payment of alimony or child support and states the amount of the award and the period of time over which it will be received. • Any other type of written legal agreement or court decree describing the payment terms for the alimony or child support. • Document receipt of six months
5.4 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 Rate</p> <ul style="list-style-type: none"> • Fixed Rate with or without Temporary Buydown: Note Rate • 5/6 ARM: Greater of the Fully Indexed Rate or the Note Rate + 2% • 7/6 and 10/6 ARM: Greater of the Fully Indexed Rate or the Note Rate <p>Max DTI: See Eligibility Matrix</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>
6.3 Student Loans	
Student Loans	Follow agency guidelines
Section 7: Assets	
7.1 Assets	
Assets	<ul style="list-style-type: none"> • 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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	<ul style="list-style-type: none"> 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	Minimum Borrower Contribution		
	Units	LTV/HLTV/TLTV ≤ 80%	LTV/HLTV/TLTV > 80% ≤ 95%
	1	None	None
2-4	None	3%	
7.3 Cash Reserves			
Cash Reserves	<ul style="list-style-type: none"> Follow LPA findings 2-4 Unit requires two months in reserves unless additional required by LPA Rental Income from Other Real Estate Owned <ul style="list-style-type: none"> In addition to the reserves required by LPA, an additional six months reserves are required if the borrower owns an investment property and the rental income is being used to qualify. 		
7.4 Gifts			
Gifts	<p>Follow Freddie Mac 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/Interest Party Contributions			
Seller/Interested Party Contributions	Interested Party Contributions		
	Occupancy	LTV/TLTV	Max Contribution
	Primary Residence	> 90%	3%
		75.01% - 90%	6%
≤ 75%		9%	
7.6 Affordable Seconds			
Affordable Seconds	Affordable 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		
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	Income and asset documentation must be 60 days old as of the Note date.		
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>		

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	Electronic signatures are not permitted for any final documents including but not limited to the note, mortgage, final 1003, etc.			
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>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 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	Escrow Waiver Eligibility			
	All States Except CA and NM	LTV ≤ 80%		
	California	LTV < 90%		
	New Mexico	LTV < 80%		
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 			
8.7 Mortgage Insurance				
Mortgage Insurance	<p>Approved MI Companies: Essent, Genworth, MGIC, Radian, Arch and United Guaranty</p> <ul style="list-style-type: none"> Borrower paid MI may be financed up to the maximum LTV for the transaction. Lender paid MI permitted. 			
	Coverage			
	Transaction Type/Term	80.01 – 85.00%	85.01 – 90.00%	90.01 – 97.00%
	Fixed Rate ≤ 20 years	6%	12%	25%
Fixed Rate > 20 years, All ARMS and Manufactured Homes	12%	25%	25%	
8.8 Title Insurance				

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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>
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Section 9: References

9 References

References	<ul style="list-style-type: none"> • 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
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Section 10: Version Control

3.3 Homebuyer Education	CreditSmart rebranding and new tutorial	January 6, 2020
2.3 Eligible Transactions	Added requirements for primary residence nonprime HPML refinances in CT with loan amounts <= \$417,000	January 24,2020
4.6 Geographic Restrictions	Added CT HPML refinance verbiage	January 24,2020
4.2 Ineligible Properties	Added Barndominiums and Shouses as ineligible unique properties	February 24, 2020
4.3 Properties Previously Listed for Sale	Properties listed for sale must be taken off the market prior to the Note date	February 24, 2020
4.4 Appraisals	Added expanded eligibility for ACE Appraisal Waivers	April 1, 2020
8.1 Age of Documentation	Added Income and asset documentation must be 60 days old as of the Note date.	April 14, 2020
Eligibility Matrices	Credit score 660	May 7, 2020
5.1 Income	Self Employed-A year to date profit and loss statement and balance sheet dated no more than 30 days prior to the note date is required	May 7, 2020
6.1 Credit	The borrowers cannot have had any mortgage in forbearance in the past 30 days as of the application date	May 7, 2020
7.3 Cash Reserves	Rental Income from Other Real Estate Owned <ul style="list-style-type: none"> • In addition to the reserves required by LPA, an additional six months reserves are required if the borrower owns an investment property and the rental income is being used to qualify. 	May 7, 2020

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4.5 Disaster Areas	Updated from 120 days to 90 days from Incident End date	May 7, 2020
5.1 Income	<p>Rental Income from Other Real Estate Owned</p> <ul style="list-style-type: none"> The use of rental income from other real estate owned requires evidence of the most recent two (2) months receipt of rental income for each rental property owned In addition to the reserves required by DU, an additional six months reserves are required if the borrower owns an investment property and the rental income is being used to qualify. <p>Conversion of Primary Residence to a 2nd Home or Investment Property</p> <ul style="list-style-type: none"> See agency guidelines for specific requirements on qualifying ratios, use of rental income from converted property and reserve requirements. In addition, the following is required when using rental income to qualify: <ul style="list-style-type: none"> Additional six (6) months reserves (PITIA of the property being converted to a second home or rental property), and Proof of receipt of security deposit, and Proof or receipt of first month's rent if required by lease. 	May 7, 2020
6.1 Credit	Remove "The borrowers cannot have had any mortgage in forbearance in the past 30 days as of the application date" from Credit section	June 12,2020
Eligibility Matrix	Purchase/Rate &Term Credit Score 640	July 13, 2020
Eligibility Matrix	Manufactured Homes-Removed not permitted with 10 and 25 years	July 13, 2020
1.1 Program Summary	Realigned verbiage	July 13, 2020
5.1 Income	<p>Updated Borrower Income Limits</p> <p>Updated Rental Income from Other Real Estate Owned</p>	July 13, 2020
7.6 Affordable Seconds	Changed name from Community Seconds to Affordable Seconds	July 13, 2020
8.3 Escrows	<p>For Rate & Term Refinance remove below restriction:</p> <p>The borrower may not finance the payment of real estate taxes for the subject property in the loan amount and waive escrows</p>	July 13,2020
8.6 Interest Credit Hardships	Removed	July 13, 2020
Matrices	Added West Virginia DTI information	August 11, 2020
5.1 Income	Clarification Update to Conversion of Primary Residence to a Second Home or Investment Property	August 11, 2020
Matrices	Update to Manufactured Home 5/6 ARM not permitted	September 1, 2020
2.2 Eligible Terms and Programs	Added SOFR ARMS	September 1, 2020
2.3 ARM Adjustments	Added this section	September 1, 2020
6.2 Qualifying Ratios	Added SOFR ARM information	September 1, 2020
5.1 Income	Removed New Rez Overlay Self Employed-A year to date profit and loss statement and balance sheet dated no more than 30 days prior to the note date.	September 28, 2020

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5.3 Alimony and Child Support Income	Removed Exception for three months alimony child support	September 28, 2020
6.3 Student Loans	Removed Medical Doctors and Dentist information for LPA	September 28, 2020
3.1 Borrower Eligibility	Added Eligible Visa Types for Non-Permanent Resident Aliens	September 28, 2020
4.1 Eligible Properties	Not permitted Manufactured Homes: Accessory Dwelling Units	September 28, 2020
4.2 Ineligible Properties	Manufactured Homes: Accessory Dwelling Units	September 28, 2020
2.2 Eligible Terms and Programs	Added Fixed rate terms 10, 15, 20, 25 or 30 year terms SOFR ARM: 30 year term	September 28, 2020
5.1 Income	Added IRS 4506T Requirements at Closing	November 09,2020
3.5 Power of Attorney	Removed Power of Attorney must be approved by Underwriting	November 09,2020

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