



SmartEdge Checklist

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| Project Name: | |
| Location: | |
| Management or HOA Contact: | |

The following are required:

- ✓ No more than 2 non-warrantable features are permitted for a property and are subject to NewRez approval
- ✓ Full Project Review for Non-Warrantable (N-W) expanded eligibility
- ✓ Minimum 500 square feet
- ✓ Minimum loan amount \$100,000

Not permitted:

- | | |
|-----------------------|------------------------|
| ✓ 2-unit second homes | ✓ Factory built homes |
| ✓ Resale restrictions | ✓ Leaseholds |
| ✓ Condotels | ✓ Manufactured housing |
| ✓ Co-ops | |

| Characteristics | Fannie Mae Guidelines | SmartEdge N-W expanded Guidelines | ✓ |
|--------------------------------|---|---|--------------------------|
| COMMERCIAL SPACE | 35% | Maximum 50% and must be typical for the market and compatible with the use of the subject project. | <input type="checkbox"/> |
| SINGLE ENTITY OWNERSHIP | <ul style="list-style-type: none"> • projects with 5 to 20 units - 2 units • projects with 21 or more units - 20% • The single-entity ownership requirement may be waived when the single entity represents no more than 49% of the units and the transaction is a purchase transaction that will result in a reduction of the single-entity ownership concentration | <ul style="list-style-type: none"> • Maximum 49%. • Non-gut conversions may have a single entity ownership up to 65%. <ul style="list-style-type: none"> ○ Vacated units are not permitted to be re-leased (must be listed for sale) ○ Existing leases do not get extended ○ No bulk sales over 10% | <input type="checkbox"/> |
| DELINQUENT HOA DUES | 15% maximum 60 days or more delinquent | 25% maximum 60 days or more delinquent | <input type="checkbox"/> |
| RECREATIONAL LEASES | Not permitted | Permitted for amenities such as clubhouse, pool, recreational facilities used by unit owners only or collective HOAs (not open to the public). Mandatory golf memberships, beach clubs and dining memberships are not considered acceptable amenities | <input type="checkbox"/> |
| INVESTOR CONCENTRATION | Maximum 50% when the subject transaction is an investment property, no maximum for limited review | Maximum 75% when the subject transaction is an investment property | <input type="checkbox"/> |
| NON-INCIDENTAL INCOME | 10%, some exceptions to 15% | May not make up more than 35% of total HOA budgeted income | <input type="checkbox"/> |



| Characteristics | Fannie Mae Guidelines | SmartEdge N-W expanded Guidelines | ✓ |
|-------------------|---|--|--------------------------|
| LITIGATION | Per Fannie Selling Guide Section B4-2.1-03 | Exceptions to Fannie Mae Selling Guide Section B4-2.1-03 will be considered on case-by-case basis. Litigation involving structurally related matters will not be considered. | <input type="checkbox"/> |
| RESERVES | 10% | <ul style="list-style-type: none"> less than 10% but greater than 7.5% if current reserve balance exceeds 10% of operating expenses less than 7.5% but greater than 5% if current reserve balance exceeds 20% of operating expenses less than 5% if current reserve balance exceeds 50% of operating expenses Project balance sheet must be provided within 120 days of note | <input type="checkbox"/> |
| COMPLETION | Project or subject phase must be 100% substantially complete | The subject property building, and prior legal phases must be substantially complete. Substantially complete includes the common elements as being complete | <input type="checkbox"/> |
| PRE-SALE | 50% of the units must be sold or under contract to primary residents or second home owners in the subject project or phase. | Pre-Sale: <ul style="list-style-type: none"> Primary Residence: <ul style="list-style-type: none"> 30% of the units must be sold or under contract to primary residents or second home owners in the subject phase; or 50% of the units must be sold or under contract to primary residents or second home owners in the subject building Second Home or Investment Property: <ul style="list-style-type: none"> 30% of the units must be sold or under contract to primary residents or second home owners on the subject phase | <input type="checkbox"/> |

**Exceptions may be considered on a case-by-case basis.
Please contact your Smart Series Team**