



## VA Purchase Product Profile: Correspondent

Newrez overlays are identified with yellow highlighting

VA PURCHASE ELIGIBILITY MATRIX					
Units	Occupancy	Loan Amount <sup>1</sup>	Credit Score	LTV/CLTV <sup>2,4</sup>	DTI <sup>3</sup>
<b>AUS Approve/Accept</b>					
1-4	Purchase	\$2,500,000	720	95%	45%
		\$2,000,000	720	100%	55%
		\$2,000,000	700	100%	45%
		\$1,500,000	720	100%	AUS
		\$1,500,000	680	100%	55%
		\$1,000,000	680	100%	AUS
		\$1,000,000	580	100%	55%
1	Primary Residence Manufactured Home	\$650,000	580	100%	AUS
		\$1,000,000	580	100%	55%
<b>Refer/Eligible and Manual Underwrite</b>					
Units	Occupancy	Loan Amount <sup>1</sup>	Credit Score	LTV/CLTV <sup>2,4</sup>	DTI <sup>3</sup>
1-4	Purchase	\$1,500,000	700	100%	55%
		\$1,000,000	580	100%	55%
1	Primary Residence Manufactured Home	\$1,000,000	580	100%	55%
<b>Nontraditional Credit</b>					
Units	Occupancy	Loan Amount <sup>1</sup>	LTV/CLTV <sup>2,4</sup>	DTI <sup>3</sup>	
1-4	Primary Residence	\$766,550	100%	55%	
		\$1,000,000		43%	
1-unit manufactured homes					
<sup>1</sup> Base loan amount					
<sup>2</sup> LTV and CLTV based on the base loan amount excluding the VA Funding Fee					
<sup>3</sup> DTI >41% when residual income exceeds 120% or significant documented compensating factors exist					
<sup>4</sup> Maximum CLTV 105% with an approved Housing Assistance Program (HAP)					

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<b>1. Loan Terms</b>	<ul style="list-style-type: none"> <li>Fixed Rate: 10- to 30-year terms in annual increments</li> <li>ARMs: 30-year term</li> </ul>				
<b>2. Product Codes</b>	Y27 VA Fixed Rate 10 Year	Y29 High-Balance VA Fixed Rate 10 Year			
	075 VA Fixed Rate 15 Year	V54 High-Balance VA Fixed Rate 15 Year			
	Y26 VA Fixed Rate 20 Year	Y28 High-Balance VA Fixed Rate 20 Year			
	076 VA Fixed Rate 30 Year	V53 High-Balance VA Fixed Rate 30 Year			
	W66 VA Hybrid 5/1 ARM 1/1/5	W6 High-Balance VA Hybrid 5/1 ARM 7 1/1/5			
<b>3. ARM Adjustments</b>	Index	One (1) Year Treasury Bill per the Wall Street Journal			
	Margin	2.00% 2.25%			
	Life Floor	The Floor is the Margin			
	Interest Rate	<b>Product</b>	<b>First</b>	<b>Subsequent</b>	<b>Lifetime</b>
	Caps	5/1 (1/1/5)	1%	1%	5%
	Change Date	5/1	The first Change Date is the 61 <sup>st</sup> payment due date. Subsequent Change Dates are every twelve months thereafter		
	Conversion Option	Not available			
<b>4. Temporary Buydown</b>	<p>Permitted for the following:</p> <ul style="list-style-type: none"> <li>Purchase transactions</li> <li>Fixed Rate</li> </ul> <p>Not permitted with the following:</p> <ul style="list-style-type: none"> <li>ARMs</li> </ul> <p>Eligible Buydown Plans</p> <ul style="list-style-type: none"> <li><b>1-0:</b> payment will be calculated at 1.00% below the Note rate for payments 1-12</li> <li><b>1-1:</b> payment will be calculated at 1.00% below the Note rate for the first two years</li> <li><b>2-1:</b> payment will be calculated at 2.00% below the Note rate for payments 1-12 and 1.00% below the Note rate for months 13-24</li> <li><b>3-2-1:</b> payment will be calculated at 3.00% below the Note rate for payments 1-12 and 2.00% below the Note rate for months 13-24 and 1.00% below the note rate for months 25-36</li> </ul>				

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<b>5. Qualified Mortgage</b>	All transactions are considered QM Safe Harbor				
<b>6. QM Rebuttable Presumption</b>	<ul style="list-style-type: none"> <li>AUS Approve/Accept</li> <li>Maximum 43% DTI</li> </ul>				
<b>7. Power of Attorney</b>	Permitted. See Client Guide				
<b>8. Eligible AUS Decision</b>	<ul style="list-style-type: none"> <li>Accept/Eligible</li> <li>Approve/Eligible</li> </ul> <p>Note: Sponsored originations with Newrez should be reflected in AUS findings</p>				
<b>9. Manual Underwrite</b>	<ul style="list-style-type: none"> <li>The following must be manually underwritten               <ul style="list-style-type: none"> <li>A manual downgrade from an AUS Accept if additional information is not considered by the AUS that affects the overall insurability or eligibility of the mortgage</li> <li>AUS Refer</li> </ul> </li> </ul>				
<b>10. Qualifying Rate</b>	Note rate				
<b>11. Compensating Factors</b>	<p>Compensating factors include, but are not limited to the following:</p> <ul style="list-style-type: none"> <li>excellent credit history</li> <li>conservative use of consumer credit</li> <li>minimal consumer debt</li> <li>long-term employment</li> <li>significant liquid assets</li> <li>sizable down payment</li> <li>the existence of equity in refinancing loans</li> <li>little or no increase in shelter expense</li> <li>military benefits</li> <li>satisfactory homeownership experience</li> <li>high residual income</li> <li>low DTI ratio</li> <li>tax credits for childcare</li> <li>tax benefits of home ownership</li> </ul>				
<b>12. Residual Income</b>	<b>Loan Amounts \$79,999 and below</b>				
	<b>Family Size</b>	<b>Northeast</b>	<b>Midwest</b>	<b>South</b>	<b>West</b>
	1	\$390	\$382	\$382	\$425
	2	\$654	\$641	\$641	\$713
	3	\$788	\$772	\$772	\$859
	4	\$888	\$868	\$868	\$967
	5	\$921	\$902	\$902	\$1004
	Above 5	Add \$75 for each additional member up to a family of seven			
	<b>Loan Amounts \$80,000 and Above</b>				
	1	\$450	\$441	\$441	\$491
2	\$755	\$738	\$738	\$823	

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	3	\$909	\$889	\$889	\$990
	4	\$1025	\$1003	\$1003	\$1117
	5	\$1062	\$1039	\$1039	\$1158
	Above 5	Add \$80 for each additional member up to a family of seven			
<b>13. Types of Financing</b>	<ul style="list-style-type: none"> <li>Purchase mortgage</li> <li>Single Close Construction to Permanent financing (Delegated Clients only)</li> <li>Two-Close financing</li> </ul>				
<b>14. Subordinate Financing</b>	New subordinate financing				
<b>15. Down Payment Assistance/Housing Assistance Programs</b>	<ul style="list-style-type: none"> <li>Federal, state, local government agencies and VA approved non-profit agencies considered by VA to be an instrumentality of the government may provide grants for closing costs and prepaid expenses</li> <li>Homebuyer Assistance Programs (HAP) in the form of “soft second or silent mortgages” administered by non-profit entities (requires VA approval)</li> <li>HAPs administered by state, county, or municipal government entities (have VA blanket approval)</li> <li>HAPs must be approved by Newrez (Non-Delegated only)</li> <li>Delegated Clients must be approved through the HAP</li> <li>These state and local programs are not the same as the Department of Defense homebuyer assistance program</li> </ul>				
<b>16. Guaranty/Entitlement</b>	<ul style="list-style-type: none"> <li>Veteran must have enough entitlement to provide 25% VA Guaranty of total loan amount or contribute to a combination of VA Guaranty plus down payment and/or equity that covers 25% of the Sales Price or Appraised Value, whichever is less.</li> <li>Veteran must provide evidence of available entitlement. Certificate of Eligibility must be dated within six months of the application</li> <li>VA mortgages must have at least 25% VA Loan Guaranty and/or down payment or equity, based on the Sales Price or Appraised Value, whichever is less to meet Ginnie Mae requirements</li> </ul>				
<b>17. VA Funding Fee</b>	<b>VA Funding Fee</b>				
	<b>Veteran/Military Status</b>	<b>Down Payment<sup>1</sup></b>	<b>Loans Closed on or After 04/07/2023</b>		
			<b>First Time Use</b>	<b>Subsequent Use<sup>2</sup></b>	
	Veteran/Active Duty/Reserves/National Guard	Less than 5%	2.15%	3.3%	
		5% or more	1.5%	1.5%	

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		10% or more	1.25%	1.25%
	Disabled Veteran (Service-connected disability or Active-Duty Purple Heart)	NA	0.00%	0.00%
	<sup>1</sup> Does not include down payment from gift of equity or equity earned from lease-to-purchase transaction <sup>2</sup> The higher subsequent use fee does not apply if the veteran's only prior use of entitlement was for a manufactured home not classified as real estate			
<b>18. Occupancy</b>	Primary residence			
<b>19. Eligible Property Types</b>	<ul style="list-style-type: none"> <li>• 1-4 units</li> <li>• Condos               <ul style="list-style-type: none"> <li>○ Must be VA approved</li> <li>○ Michigan Site condos do not require project approval</li> </ul> </li> <li>• Leasehold estates</li> <li>• Manufactured housing</li> <li>• Modular homes</li> <li>• PUDs</li> </ul>			
<b>20. Ineligible Property Types</b>	<ul style="list-style-type: none"> <li>• Condo hotels</li> <li>• Co-ops</li> <li>• Non-warrantable condos</li> </ul>			
<b>21. State Requirement</b>	Minimum Loan Amount \$10,000 in the state of Michigan			
<b>22. Eligible Borrowers</b>	<ul style="list-style-type: none"> <li>• Must be a qualified Veteran or spouse</li> <li>• Certificate of Eligibility must have sufficient entitlement to meet minimum 25% guaranty of total loan amount or Ginnie Mae requirement of VA Guaranty plus down payment and/or equity that covers 25% of the Sales Price or Appraised Value, whichever is less.</li> <li>• Inter vivos revocable trusts (living trust)</li> </ul>			
<b>23. Non-Occupant Co-Borrower</b>	The Veteran-borrower must occupy the subject property. Non-occupant borrowers may be eligible per VA Joint Loan policy			
<b>24. Credit</b>	<ul style="list-style-type: none"> <li>• Nontraditional credit is permitted               <ul style="list-style-type: none"> <li>○ Follow FHA Nontraditional Credit/Underwriting Requirements</li> </ul> </li> </ul>			

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<b>25. Mortgage Payment History</b>	<ul style="list-style-type: none"> <li>• Inclusive of all liens regardless of lien position</li> <li>• Applies to all mortgages on all financed properties</li> <li>• All loans must be current at application</li> <li>• Follow Approve/Accept               <ul style="list-style-type: none"> <li>○ A manual downgrade is required due to any of the following:                   <ul style="list-style-type: none"> <li>▪ Any mortgage with more than 1x30x12</li> <li>▪ Any mortgage past due and was last updated <math>\geq</math> 90 days</li> <li>▪ A written explanation is required</li> </ul> </li> </ul> </li> </ul>
<b>26. Rental Payment History</b>	<ul style="list-style-type: none"> <li>• Follow Approve/Accept</li> <li>• AUS Refer and Manual Underwrite/Downgrade               <ul style="list-style-type: none"> <li>○ 24-month rental history</li> </ul> </li> </ul>
<b>27. Borrower Contribution</b>	<ul style="list-style-type: none"> <li>• No minimum borrower investment is required for loan amounts; however, all VA Purchase loans require at a minimum, a VA Guaranty, or a combination of a VA Guaranty plus down payment and/or equity that covers 25% of the Sales Price or Appraised Value, whichever is less. If Veteran does not have sufficient entitlement to provide 25% guarantee of the total loan, a down payment will be required.</li> <li>• For 2-4-unit properties, if the total loan amount is greater than the limit for a 1-unit dwelling, a down payment may be required</li> </ul>
<b>28. Seller Contributions</b>	<ul style="list-style-type: none"> <li>• Seller may pay 100% of the discount points and borrower's non-recurring closing costs</li> <li>• Maximum 4% Seller Contribution</li> </ul>
<b>29. Reserves</b>	<ul style="list-style-type: none"> <li>• 1-unit: none</li> <li>• 2-4 units               <ul style="list-style-type: none"> <li>○ Rental income not used to qualify: none</li> <li>○ Rental income used to qualify: Six months</li> </ul> </li> <li>• Three months reserves if borrower owns other real estate. Reserves are based on PITI of REO property</li> <li>• Reserves not required if rental income not used to qualify</li> </ul>
<b>30. IRS Form 4506-C</b>	<ul style="list-style-type: none"> <li>• Prior to Underwriting (Newrez underwritten loans)               <ul style="list-style-type: none"> <li>○ Signed 4506-C for each borrower whose income must be documented with tax returns and used for qualification (self-employment, rental income, etc.)</li> </ul> </li> <li>• At Closing (all loans)               <ul style="list-style-type: none"> <li>○ 4506-C for each borrower whose income is used to qualify (regardless of income type) must be signed at closing</li> <li>○ 4506-C for the business tax return transcript(s) must be signed at closing when the business returns are used for qualification</li> </ul> </li> </ul>

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<b>31. Tax Transcripts</b>	<p>For Newrez underwritten loans W-2 or tax transcripts, as applicable, must be obtained when:</p> <ul style="list-style-type: none"> <li>• Handwritten paystubs are used as verification of income</li> <li>• There is a non-arm’s length transaction</li> <li>• At the underwriter’s discretion</li> </ul>
<b>32. Maximum Financed Properties</b>	<p>No restrictions</p>
<b>33. Appraisals</b>	<ul style="list-style-type: none"> <li>• A new appraisal completed by a VA approved or VA fee panel appraiser required</li> <li>• VA LAPP Underwriter will issue the NOV</li> </ul>
<b>34. Principal Curtailment</b>	<p>The amount of the curtailment cannot exceed \$500 unless due to an excess Premium Pricing Credit</p>
<b>35. Escrow Waivers</b>	<p>Not permitted</p>
<b>36. VA REO</b>	<p>Lenders who are selling their own REO properties while underwriting the VA Home Loan for the purchase of these properties may not process as LAPP, but order and process VA appraisals as “IND” (reviewed by VA)</p>
<b>37. Resources</b>	<p>Access VA Circulars</p>
<b>38. Ineligible Programs</b>	<ul style="list-style-type: none"> <li>• Farm Residence Loans</li> <li>• Graduated Payment Mortgage (GPM)</li> <li>• Growing Equity Mortgage (GEM)</li> <li>• HFA Programs</li> <li>• HPML Loans</li> <li>• High-Cost Loans</li> <li>• Rehabilitations loans</li> <li>• Specially Adapted Housing</li> <li>• Supplemental Loans</li> <li>• Texas 50(a)(6)</li> </ul> <p>In addition to the above, the following are not permitted for Non-Delegated Clients</p> <ul style="list-style-type: none"> <li>• Energy Efficient Mortgages (EEM)</li> <li>• Single-Close transactions</li> </ul>

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Section	Update	Date
QM Rebuttable Presumption	Added this section with below information <ul style="list-style-type: none"> <li>• <math>\geq 620</math> Credit Score               <ul style="list-style-type: none"> <li>○ AUS Approve</li> <li>○ Max 43% DTI or minimum 120% VA Residual Income</li> </ul> </li> <li>• <math>&lt; 620</math> Credit Score               <ul style="list-style-type: none"> <li>○ AUS Approve</li> <li>○ Maximum 43% DTI</li> </ul> </li> </ul>	03.28.2024- Correspondent published 4-1-24
Eligibility Grid	Added superscript-Maximum CLTV 105% with an approved Housing Assistance Program (HAP)	06.27.2024
Down Payment Assistance/Housing Assistance Programs	Added below to this section <ul style="list-style-type: none"> <li>• HAPs must be approved by Newrez (Non-Delegated only)</li> <li>• Delegated Clients must be approved through the HAP</li> </ul>	
Eligibility Grid	Updated Superscript to below in red LTV and CLTV based on the base loan amount excluding the VA Funding Fee	09.26.2024 V24.3
QM Rebuttable Presumption	Updated Rebuttable Presumption to below <ul style="list-style-type: none"> <li>○ AUS Approve/Accept</li> <li>○ Max 43% DTI</li> </ul>	10.24.2024 V24.4

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