



# Conforming HomeReady Product Summary: Correspondent

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## ELIGIBILITY MATRIX

Excludes Manufactured Housing and Co-ops

Units	Transaction Type	Occupancy	Credit Score <sup>1</sup>	Fixed Rate	ARM	DTI
				LTV/CLTV	LTV/CLTV	
1	Purchase Rate & Term Refi	Primary Residence	580	97% <sup>2</sup>	95%	50%
2				95% <sup>3,4</sup>	95% <sup>4</sup>	
3-4				95% <sup>3,4</sup>	95% <sup>4</sup>	

<sup>1</sup>DU requires a minimum 620 credit score when there is one borrower on the loan

- LPMI products require a minimum 620 credit score

<sup>2</sup>95.01%-97% LTV

- Max 105% CLTV with Community Second
- Rate & Term Refinance:
  - Current mortgage being refinanced must be owned by Fannie Mae
  - [Fannie Mae Loan Lookup](#) tool
- The following are not permitted with an LTV > 95%
  - High-Balance
  - Non-occupant co-borrowers

<sup>3</sup>Fannie Mae Community Seconds

- Fannie Mae Conforming Fixed Rate
- Maximum 95% LTV or program maximum
- Maximum 105% CLTV
- 1-4 units
- High-Balance not permitted

<sup>4</sup>High Balance Fixed and ARM

- 2 unit-85% LTV/CLTV
- 3-4 unit -75% LTV/CLTV

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MANUFACTURED HOUSING ELIGIBILITY MATRIX						
Units	Transaction Type	Occupancy	Credit Score <sup>1</sup>	Fixed Rate	ARM	DTI
				LTV/CLTV	LTV/CLTV	
1	Purchase Rate & Term Refi	Primary Residence	580	97% <sup>2</sup>	95%	50%
				95%		

<sup>1</sup>DU requires a minimum 620 credit score when there is one borrower on the loan

- LPMI products require a minimum 620 credit score

<sup>2</sup>95.01%-97% LTV

- Fannie Mae Conforming Fixed Rate
- Must be MH Advantage-(multi-wide)
- Credit Score:620
- Maximum 105% CLTV with Community Second
- Rate & Term Refinance
  - Current mortgage being refinanced must be owned by Fannie Mae
  - Fannie Mae Loan Lookup tool
- The following are not permitted with LTV > 95%
  - High-Balance
  - Manufactured homes that are not MH Advantage
  - Non-occupant co-borrowers
- Not permitted
  - 5/6 ARMs

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CO-OP ELIGIBILITY MATRIX <sup>2</sup>						
Units	Transaction Type	Occupancy	Credit Score <sup>1</sup>	Fixed Rate	ARM	DTI
				LTV	LTV	
1	Purchase Rate & Term Refi	Primary Residence	580	97% <sup>3</sup>	95%	50%

<sup>1</sup>DU requires a minimum 620 credit score when there is one borrower on the loan

- LPMI products require a minimum 620 credit score

<sup>2</sup>Subordinate Financing not permitted

<sup>3</sup>95.01%-97% LTV

- Rate & Term Refinance:
  - Current mortgage being refinanced must be owned by Fannie Mae
  - [Fannie Mae Loan Lookup tool](#)
- The following are not permitted with an LTV > 95%
  - High-Balance
  - Non-occupant co-borrowers

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## TOPIC

- |                                      |                                    |
|--------------------------------------|------------------------------------|
| 1. Loan Terms                        | 25. Housing Payment History        |
| 2. Product Codes                     | 26. Borrower Contribution          |
| 3. ARM Information                   | 27. Cash on Hand                   |
| 4. Temporary Buydown                 | 28. Down Payment Assistance        |
| 5. HPML                              | 29. Seller Contributions           |
| 6. Net Tangible Benefit              | 30. Reserves                       |
| 7. Loan Limits                       | 31. Income Requirements and Limits |
| 8. Eligible AUS Decision             | 32. Rental Income from Boarder     |
| 9. Ineligible AUS Decisions          | 33. Rental Income from ADU         |
| 10. Non-Traditional Credit           | 34. IRS Form 4506-C                |
| 11. Manual Underwrite                | 35. Number of Financed Properties  |
| 12. Qualifying Rate                  | 36. Appraisals                     |
| 13. Types of Financing               | 37. Escrow Waiver                  |
| 14. Incidental Cash Back             | 38. Power of Attorney              |
| 15. Texas Owner-Occupied Properties  | 39. Principal Curtailment          |
| 16. Properties Listed for Sale       | 40. Home Ownership Education       |
| 17. Eligible Subordinate Financing   | 41. Housing Counseling             |
| 18. Ineligible Subordinate Financing | 42. MI Eligible Providers          |
| 19. Occupancy                        | 43. MI Eligible Programs           |
| 20. Eligible Property Types          | 44. MI Ineligible Programs         |
| 21. Ineligible Property Types        | 45. MI Coverage                    |
| 22. State Requirement                | 46. Revision History               |
| 23. Eligible Borrowers               |                                    |
| 24. Non-Occupant Co-Borrower         |                                    |

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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 terms</li> </ul>			
<b>2. Product Codes</b>	HR10	HomeReady 10 Year Fixed	II3	HomeReady 30-year Fixed Rate LPMI
	HR15	HomeReady 15 Year Fixed	KK3	HomeReady 30-year High-Balance Fixed
	HR20	HomeReady 20 Year Fixed	2271	FNMA HomeReady 5/6 SOFR ARM 2-1-5
	1424	HomeReady 10 Year High-Balance Fixed	2272	FNMA HomeReady 7/6 SOFR ARM 5-1-5
	1426	HomeReady 15 Year High-Balance Fixed	2273	FNMA HomeReady 10/6 SOFR ARM 5-1-5
	1428	HomeReady 20 Year High-Balance Fixed	2274	FNMA HomeReady HB 5/6 SOFR ARM 2-1-5
	II1	HomeReady 30-year Fixed Rate	2275	FNMA HomeReady HB 7/6 SOFR ARM 5-1-5
	II2	HomeReady 30-year Fixed with Community Second	2276	FNMA Home Ready HB 10/6 SOFR ARM 5-1-5
	2527	MH Advantage HomeReady 15 Yr Fixed	2533	MH Advantage HomeReady 30 Yr Fixed HB
	2528	MH Advantage HomeReady 20 Yr Fixed	2534	MH Adv HomeReady 7/6 SOFR ARM 5-1-5
	2529	MH Advantage HomeReady 30 Yr Fixed	2535	MH Adv HomeReady 10/6 SOFR ARM 5-1-5
	2530	MH Adv HomeReady 30 Yr Community 2nd	2536	MH Adv HomeReady HB 7/6 SOFR ARM 5-1-5
	2531	MH Advantage HomeReady 15 Yr Fixed HB	2537	MH Adv HomeReady HB 10/6 SOFR ARM 5-1-5
	2532	MH Advantage HomeReady 20 Yr Fixed HB		
2561	HomeReady Plus 30-Year Fixed Rate			

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	2562	HomeReady Plus 30- Year w/Community 2nd			
<b>3. ARM Information</b>	ARM Plan IDs	5/6- #4927			
		7/6- #4928			
		10/6-#4929			
	Index	The 30-day average of the overnight Secured Overnight Financing Rate (SOFR) as published by the Federal Reserve Bank of New York			
	Margin	3.00% and 2.75%			
	Life Floor	The Floor is the Margin			
	Interest Rate	<b>Product</b>	<b>First</b>	<b>Subsequent</b>	<b>Lifetime</b>
	Caps and Adjustments	5/6	2%	1%	5%
		7/6	5%	1%	5%
		10/6	5%	1%	5%
Change Date	5/6	The first Change Date is the 61 <sup>st</sup> payment due date. Subsequent Change Dates are every six months thereafter			
	7/6	The first Change Date is the 85 <sup>th</sup> payment due date. Subsequent Change Dates are every six months thereafter			
	10/6	The first Change Date is the 121 <sup>st</sup> payment due date. Subsequent Change Dates are every six months thereafter			
Conversion Option	Not available				
<b>4. Temporary Buydown</b>	Permitted for the following <ul style="list-style-type: none"> <li>• Fixed Rate</li> <li>• 1-unit</li> <li>• Manufactured Housing</li> <li>• Purchase transactions</li> </ul> Not permitted with the following: <ul style="list-style-type: none"> <li>• 2–4-units</li> <li>• ARMs</li> <li>• Refinance transactions</li> </ul>				

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	<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 through 36</li> </ul>
5. <b>HPML</b>	<ul style="list-style-type: none"> <li>• Permitted <ul style="list-style-type: none"> <li>○ Primary residence transactions must maintain an escrow account for a minimum of five years</li> </ul> </li> </ul>
6. <b>Net Tangible Benefit</b>	<p>NTB is required for all refinance transactions</p> <ul style="list-style-type: none"> <li>• Delegated Clients are responsible for determining when Net Tangible Benefit must be met</li> <li>• Non-Delegated Clients <ul style="list-style-type: none"> <li>○ AR, CT, IL MN, NC, NM, OH, and WA: All channels must complete the Generic NTB Test</li> <li>○ CO, MA, MD, ME, RI, SC, VA, and WV: Complete the state specific forms as required by the state <ul style="list-style-type: none"> <li>▪ CO requires NTB state specific forms to be completed for purchase and refinance transactions</li> </ul> </li> <li>○ For all other states, no NTB test is required</li> </ul> </li> <li>• Refer to <a href="#">Newrez Net Tangible Benefit (NTB) Worksheets</a></li> </ul>
7. <b>Loan Limits</b>	<p><a href="https://www.fanniemae.com/singlefamily/loan-limits">https://www.fanniemae.com/singlefamily/loan-limits</a></p> <p><a href="https://www.fhfa.gov/DataTools/Downloads/Pages/Conforming-Loan-Limits.aspx">https://www.fhfa.gov/DataTools/Downloads/Pages/Conforming-Loan-Limits.aspx</a></p>
8. <b>Eligible AUS Decision</b>	<p>DU Approve/Eligible per Fannie Mae guidelines</p> <ul style="list-style-type: none"> <li>• For both HomeReady and HomeReady Plus, enter loans into DU using the “Additional Data” screen, select “HomeReady Mortgage” to obtain DU decision indicating eligibility for HomeReady Mortgage program. DU findings must show the loan casefile is eligible for delivery as a HomeReady Mortgage loan</li> <li>• MH Advantage: Must identify the property type as MH Advantage in DU</li> </ul>

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<b>9. Ineligible AUS Decisions</b>	<ul style="list-style-type: none"> <li>• DU Approve/Ineligible</li> <li>• Refer with Caution</li> </ul>
<b>10. Non-Traditional Credit</b>	<p>See Section 1F.5 Nontraditional Credit in the Credit Section of the Underwriting Guide</p>
<b>11. Manual Underwrite</b>	<p>Not permitted</p>
<b>12. Qualifying Rate</b>	<ul style="list-style-type: none"> <li>• Fixed Rate: Note rate, including temporary buydown</li> <li>• ARM: 5/6 ARM: Greater of the Fully Indexed Rate or the Note Rate + 2%</li> <li>• 7/6 and 10/6 ARM: Qualify at Note Rate for loans that are not HPML               <ul style="list-style-type: none"> <li>○ Higher Priced Mortgage Loans (HPML) are not permitted due to the requirement to be manually underwritten.</li> </ul> </li> </ul>
<b>13. Types of Financing</b>	<ul style="list-style-type: none"> <li>• Purchase Mortgage</li> <li>• Rate &amp; Term Refinance (Limited Cash-out Refi)</li> </ul>
<b>14. Incidental Cash Back</b>	<ul style="list-style-type: none"> <li>• Maximum incidental cash back to the borrower is lesser of \$2,000 or 2%</li> <li>• Texas homestead properties subject to 50(a)(6) may not receive any (\$0) cash back at closing. Refer to Texas 50(a)(6) Product Summary</li> </ul>
<b>15. Texas Owner-Occupied Properties</b>	<ul style="list-style-type: none"> <li>• Owner occupied properties with a first mortgage or second lien subject to Texas Section 50(a)(6) not permitted in this product. Refer to the Texas 50(a)(6) Product Profile.</li> <li>• A copy of the current mortgage or note is required to determine if the terms are subject to Texas Section 50(a)(6) (also known as Home Equity Deed of Trust, Home Equity Installment Contract or Residential Home Loan Deed of Trust) (Non-Delegated Clients only)</li> <li>• An existing Texas Section 50(a)(6) loan (either first or second mortgage) may be refinanced as a Texas non-Home Equity Section 50(a)(4) loan secured by a lien against the homestead subject to the following:               <ul style="list-style-type: none"> <li>○ Max 80% LTV/CLTV</li> <li>○ 12-month seasoning for any Texas Section 50(a)(6) loan (first or second)</li> <li>○ Cash back not permitted</li> <li>○ No additional funds may be included in the loan amount (except closing costs and prepaids)</li> <li>○ No new subordinate financing</li> </ul> </li> </ul>

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	<ul style="list-style-type: none"> <li>○ If an appraisal waiver is offered, one of the following must be obtained (appraisal waiver not permitted on Texas 50 (a)(4))           <ul style="list-style-type: none"> <li>▪ Newrez approved AVM (CoreLogic, Freddie Mac HVE, Black Knight Collateral Analytics)</li> <li>▪ Exterior-only Appraisal Report</li> <li>▪ Interior and Exterior Appraisal Report</li> </ul> </li> <li>○ Lender must provide the <i>Notice of Refinance of a Texas Home Equity Loan Pursuant to Subsection (f)(2)</i> no later than the third business day after the loan application date and at least 12 days prior to closing</li> </ul>		
	<b>Texas 50(a)(4) Determination</b>		
	<b>New loan amount pays off existing lien and...</b>	<b>Existing lien is non-50(a)(6), the new lien is...</b>	<b>Existing lien is 50(a)(6), the new lien is...</b>
	Provides even \$1 cash to borrower	Texas 50(a)(6)	Texas 50(a)(6)
	Pays off/down existing 50(a)(6) lien with no cash to borrower	Texas 50(a)(6)	Texas 50(a)(4)
	Pays off/down existing 50(a)(6) lien with cash to borrower	Texas 50(a)(6)	Texas 50(a)(6)
	New lien is < existing UPB (no new funds)	Non-Texas 50(a)(6)	Texas 50(a)(4)
	Funds, prepaids and/or closing costs	Non-Texas 50(a)(6)	Texas 50(a)(4)
	Pays off/down purchase money second	Non-Texas 50(a)(6)	Texas 50(a)(4)
	Pays off/down existing Secured Home Improvement loan (mechanic's lien)	Non-Texas 50(a)(6)	Texas 50(a)(4)
	Provides funds to satisfy a court-ordered divorce equity buyout (owelty lien)	Non-Texas 50(a)(6)	Texas 50(a)(6)
	<ul style="list-style-type: none"> <li>• Borrower may elect to have loan remain a Texas 50(a)(6). Refer to Texas 50(a)(6) product summary</li> </ul>		

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	<ul style="list-style-type: none"> <li>Once the borrower has completed a Texas 50(a)(4), any subsequent refinances of the homestead property may follow standard rate term refinance guidelines unless a cash-out refinance transaction</li> </ul>
<b>16. Properties Listed for Sale</b>	<ul style="list-style-type: none"> <li>Property must be taken off the market before the disbursement date</li> <li>Borrower provides written confirmation of intent to occupy if primary residence</li> </ul>
<b>17. Eligible Subordinate Financing</b>	<ul style="list-style-type: none"> <li>New subordinate financing</li> <li>Existing subordinate financing</li> <li>Community Second               <ul style="list-style-type: none"> <li>Loans underwritten by Newrez must be approved by Newrez prior to application</li> <li>Product I12 30 Yr Fannie Fixed with Community Second only (High-Balance not permitted)</li> <li>Product 2562 HomeReady plus 30 Year w/Community 2<sup>nd</sup> only (High-Balance not permitted)</li> <li>Primary residence</li> <li>1-4 units</li> <li>Purchase and Rate &amp;Term Refinance</li> <li>Maximum 105% CLTV</li> <li>Apply the more restrictive down payment requirement between the product and second mortgage</li> <li>Income limits imposed by the Community Seconds provider apply</li> <li>Manufactured homes eligible to 95% LTV/CLTV, unless a MH Advantage (97% LTV and 105% CLTV permitted)</li> </ul> </li> <li>Not permitted on co-ops</li> </ul>
<b>18. Ineligible Subordinate Financing</b>	Seller seconds
<b>19. Occupancy</b>	Primary residence
<b>20. Eligible Property Types</b>	<ul style="list-style-type: none"> <li>1-4 units               <ul style="list-style-type: none"> <li>Condos: Must be reviewed by PRD (Non-Delegated Clients)</li> </ul> </li> <li>Co-ops               <ul style="list-style-type: none"> <li>NYC: Five Boroughs (Bronx, Brooklyn, Manhattan, Queens, and Staten Island) and Nassau, Rockland, Suffolk, and Westchester counties</li> </ul> </li> </ul>

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	<ul style="list-style-type: none"> <li>○ NJ: Bergen, Essex, and Hudson counties</li> <li>○ IL: Cook county</li> <li>○ Philadelphia County-Client must be approved</li> <li>○ Must be reviewed by PRD and include a Project Submission Form and all required documents</li> <li>● Leasehold estates</li> <li>● Manufactured housing</li> <li>● Modular home</li> <li>● PUDs</li> </ul>				
21. Ineligible Property Types	<ul style="list-style-type: none"> <li>● 2–4-unit Condos, Co-ops and Manufactured Homes not permitted</li> <li>● Condo hotels</li> <li>● Non-warrantable condos</li> <li>● Properties with a C5 and C6 condition rating</li> </ul>				
22. State Requirement	Minimum Loan Amount \$10,000 in the state of Michigan				
23. Eligible Borrowers	<ul style="list-style-type: none"> <li>● U.S. citizens</li> <li>● Permanent resident alien</li> <li>● Non-permanent resident alien</li> <li>● Inter vivos revocable trust: Trust must be reviewed by Newrez legal for Non-Delegated Clients</li> </ul> <p>Newrez will not purchase loans from Principal/Owners of Newrez Correspondents.</p>				
24. Non-Occupant Co-Borrower	<ul style="list-style-type: none"> <li>● Max LTV/CLTV/HCLTV ≤95%</li> <li>● See Eligibility Matrix for CLTV &gt;95%</li> </ul>				
25. Housing Payment History	<ul style="list-style-type: none"> <li>● Inclusive of all liens regardless of position</li> <li>● Applies to all mortgages on all financed properties</li> <li>● Follow DU Approve/Eligible</li> </ul>				
26. Borrower Contribution		<b>1 Unit</b>		<b>2-4 Units</b>	
		≤ 80% LTV	>80% LTV	≤ 80% LTV	>80% LTV
	Borrower Investment	None	None	None	3%

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	From Own Funds				
	Gifts Permitted After Borrower Investment Met	Yes			
	LTV includes LTV/CLTV/HCLTV				
<b>27. Cash on Hand</b>	<ul style="list-style-type: none"> <li>• Cash on hand may be used for the down payment and closing costs if the following is met:               <ul style="list-style-type: none"> <li>○ 1-unit primary residence</li> <li>○ Borrower customarily uses cash for expenses and the amount of funds saved is consistent with the borrower’s previous payment practices. An example for determining the reasonableness of the amount of funds saved would be through the use of an income and expense budget</li> <li>○ Credit report and other verifications indicate limited use of credit, or no depository relationship exists between the borrower and a financial institution</li> <li>○ Borrower must provide a written and signed statement that discloses the source of funds and states that the funds have not been borrowed</li> <li>○ Sufficient funds for down payment and closing costs must be deposited into a financial institution or an acceptable escrow account at time of application or no less than 30 days prior to closing</li> <li>○ The amount of cash on hand must be entered as “Cash on Hand” in the Assets section (Section VI) on the online loan application</li> <li>○ DU will use the “Cash on Hand” amount to calculate the available funds to close</li> <li>○ Cash on hand funds will not be used to calculate reserves</li> </ul> </li> </ul>				
<b>28. Down Payment Assistance</b>	<ul style="list-style-type: none"> <li>• Permitted</li> <li>• Newrez must approve the DPA for Non-Delegated Clients</li> <li>• Newrez Down Payment Assistance Program approved list</li> <li>• Lender-funded Grants               <ul style="list-style-type: none"> <li>○ Purchase</li> <li>○ Borrower Contribution                   <ul style="list-style-type: none"> <li>▪ Minimum 3% from own funds or eligible sources</li> <li>▪ 2-4 units: LTV &gt; 80%: Minimum 5% own funds</li> </ul> </li> <li>○ The lender providing the grant must have a documented program that provides grants to</li> </ul> </li> </ul>				

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	<p>low- to moderate-income borrowers for community development, supports equitable housing initiatives or similar special initiatives</p> <ul style="list-style-type: none"> <li>○ The terms and conditions of the grant must be specified in writing</li> <li>○ The grant cannot be funded in any way through the loan, such as through premium pricing</li> <li>○ When used for closing costs assistance, the <u>Premium Pricing/Lender Credit Policy</u> may be applied instead of the lender-funded grants policy</li> <li>○ Must be provided by Client; Newrez will not provide a lender-funded grant</li> </ul>
<b>29. Seller Contributions</b>	<ul style="list-style-type: none"> <li>● Primary Residence <ul style="list-style-type: none"> <li>○ 3% for LTV/CLTV &gt; 90%</li> <li>○ 6% for LTV/CLTV &gt; 75% &amp; ≤ 90%</li> <li>○ 9% for LTV/CLTV ≤ 75%</li> </ul> </li> </ul>
<b>30. Reserves</b>	<ul style="list-style-type: none"> <li>● Follow DU reserve requirements</li> <li>● Gift funds may be used to meet reserve requirements</li> </ul>
<b>31. Income Requirements and Limits</b>	<ul style="list-style-type: none"> <li>● Only the income used to qualify the borrowers must be included in the income limits</li> <li>● DU will determine income eligibility (or see <a href="#">Income Eligibility by Census Tract Lookup tool</a>): <ul style="list-style-type: none"> <li>○ HomeReady: Qualifying Income must not exceed 80% AMI for the subject property location</li> <li>○ HomeReady Plus: Very Low-Income Purchase (VLIP) Loan Product Codes 2561 or 2562 <ul style="list-style-type: none"> <li>▪ Purchase Only transactions</li> <li>▪ One occupying borrower must be a First Time Homebuyer</li> <li>▪ Borrowers whose qualifying income is less than or equal to 50% of county area median income, can qualify for a \$2,500 credit.</li> <li>▪ The full amount of the credit must be provided directly to the borrower and applied to down payment or closing costs, including escrows and mortgage insurance premiums.</li> </ul> </li> </ul> </li> </ul>
<b>32. Rental Income from Boarder</b>	<ul style="list-style-type: none"> <li>● Income from a boarder (related or non-related) can be included in the monthly income if the following are met: <ul style="list-style-type: none"> <li>○ 1-unit</li> <li>○ The boarder must have resided with (and paid rent to) the borrower for the last 12 months</li> </ul> </li> </ul>

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	<ul style="list-style-type: none"> <li>○ Provide documentation to evidence residency with the borrower (e.g., copy of driver’s license, monthly bills, bank statement that shows the boarder’s address as being the same as the borrower’s address)</li> <li>○ Provide evidence of payment of rental payments (such as cancelled checks) to borrower for:             <ul style="list-style-type: none"> <li>▪ last 12 months or</li> <li>▪ at least nine of the most recent 12 months provided the rental income is averaged over a 12 month period</li> </ul> </li> <li>○ Payment of rent by the boarder directly to a third party is not acceptable</li> <li>○ The boarder will continue to reside with the borrower</li> <li>○ The amount of rental income may not exceed 30% of the total qualifying income for the mortgage-(if rental income exceeds 30%, reduce the amount of income to not more than 30% and use that figure for qualifying income and AMI limitations)</li> <li>● Boarder may not be obligated on the note or have an ownership interest in the property</li> </ul>
<p><b>33. Rental Income from ADU</b></p>	<ul style="list-style-type: none"> <li>● 1-unit</li> <li>● Primary residence</li> <li>● Purchase: Single Family Rent Schedule (Fannie Mae Form 1007) required</li> <li>● Refinance             <ul style="list-style-type: none"> <li>○ Single Family Rent Schedule (Fannie Mae Form 1007) required, or</li> <li>○ Lease agreement with an explanation for why the lease agreement is being used in lieu of Schedule E</li> </ul> </li> </ul>
<p><b>34. IRS Form 4506-C</b></p>	<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 <b>even if DU Validation Service waives the requirement</b></li> <li>○ 4506-C for the business tax return transcript(s) must be signed at closing when the business returns are used for qualification <b>even if DU Validation Service waives the requirement</b></li> </ul> </li> </ul>

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<b>35. Number of Financed Properties</b>	<ul style="list-style-type: none"> <li>• New multiple loans must be underwritten simultaneously</li> <li>• Maximum two financed properties including the subject property</li> <li>• Properties owned by non-occupant co-borrower are not included</li> </ul>
<b>36. Appraisals</b>	<ul style="list-style-type: none"> <li>• Follow DU Approve/Eligible             <ul style="list-style-type: none"> <li>○ See 1J.4(g) and 1J.4(h) of the Underwriting Guide Appraisal Section for additional requirements that may apply</li> </ul> </li> <li>• Kansas Primary Residence             <ul style="list-style-type: none"> <li>○ A valuation is required for primary residences. One of the following may be used to determine value:                 <ul style="list-style-type: none"> <li>▪ Most recent tax assessment value by county</li> <li>▪ 2055 Drive-by Appraisal Report</li> <li>▪ Newrez approved AVM (CoreLogic, Freddie Mac HVE, Black Knight Collateral Analytics)</li> </ul> </li> <li>○ If the LTV exceeds 100%, a Kansas High Loan-to-Value Notice must be provided to the borrower not less than three days prior to closing and a copy of the valuation provided to the borrower</li> </ul> </li> </ul> <p>*The above Kansas requirements do not apply to Supervised Lenders such as Banks and Credit Unions</p>
<b>37. Escrow Waiver</b>	<p>Escrow Waiver Eligibility</p> <ul style="list-style-type: none"> <li>• Max LTV ≤ 80%             <ul style="list-style-type: none"> <li>○ CA: LTV ≤ 90%</li> <li>○ NM: LTV &lt; 80%</li> </ul> </li> </ul>
<b>38. Power of Attorney</b>	<p>See the Client Guide</p>
<b>39. Principal Curtailment</b>	<p>A principal curtailment is permitted up to the lesser of 2% of the loan amount or \$2,500</p>

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<p><b>40. Home Ownership Education</b></p>	<ul style="list-style-type: none"> <li>• For purchase transactions, when all occupying borrowers are first-time homebuyers, <i>Home Ownership Education</i> completed prior to the Note date is required.             <ul style="list-style-type: none"> <li>○ <i>Home Ownership Education</i>: Education that covers homeownership topics such as the home-buying process, how to maintain a home, budgeting, and the importance of good credit. The education may be delivered in various formats (in-person, Internet, via telephone, or a hybrid format). The following types of <i>Home Ownership Education</i> are acceptable:                 <ul style="list-style-type: none"> <li>▪ Third-party provider, independent of the lender, with content aligned with the <u>National Industry Standards (NIS) for Homeownership Education and Counseling</u> or U.S. Department of Housing and Urban Development (HUD) standards</li> <li>▪ Fannie Mae’s free, online homeownership education course, HomeView, Modules 1 through 7</li> <li>▪ Community Seconds or other down payment assistance program providers, Housing Finance Agencies and Community Development Financial Institutions</li> </ul> </li> <li>○ A copy of the certificate of course completion must be in the loan file.</li> </ul> </li> <li>• Lenders are required to present the Supplemental Consumer Information Form (Form 1103) to all borrowers where <i>Home Ownership Education</i> or <b>Housing Counseling</b> is required. Any data collected on form 1003 must be entered in DU. Only loans where <b>Housing Counseling</b> is completed are eligible for the \$500 LLPA.</li> </ul>
<p><b>41. Housing Counseling</b></p>	<ul style="list-style-type: none"> <li>• In lieu of <i>Home Ownership Education</i>, the borrower may complete <b>Housing Counseling</b>.             <ul style="list-style-type: none"> <li>○ <b>Housing Counseling</b>: One-on-one assistance including topics such as repairing credit, locating cash for a down payment, recognizing predatory lending practices, understanding fair lending and fair housing requirements, avoiding foreclosure, and resolving a financial crisis. All housing counseling involves the creation of a budget and a written action plan and includes a homeownership education component.</li> </ul> </li> </ul>

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	<ul style="list-style-type: none"> <li>○ <b>Housing Counseling</b> must be provided by a <u>HUD-approved counseling agency</u> and meet HUD standards for the delivery of this service.</li> <li>○ A copy of the certificate of course completion must be in the loan file.</li> <li>○ For both HomeReady and HomeReady Plus loans, borrowers that complete <b>Housing Counseling</b> within 12 months prior to the loan closing may be eligible for a loan-level price adjustment credit of \$500. The Supplemental Consumer Information Form (form 1103) in DU must be completed and DU must return message ID 3749 and reflect Special Feature Code 184.</li> </ul> <ul style="list-style-type: none"> <li>● Lenders are required to present the Supplemental Consumer Information Form (Form 1103) to all borrowers where <i>Home Ownership Education</i> or <b>Housing Counseling</b> is required. Any data collected on form 1003 must be entered in DU. Only loans where <b>Housing Counseling</b> is completed are eligible for the \$500 LLPA.</li> </ul>
<p><b>42. MI Eligible Providers</b></p>	<p>MI company must be acceptable to Fannie Mae</p>
<p><b>43. MI Eligible Programs</b></p>	<p>Borrower Paid Mortgage Insurance</p> <ul style="list-style-type: none"> <li>● Monthly plans</li> <li>● Single-premium plan</li> <li>● Split-premium (Upfront Premium Financing not permitted)</li> <li>● Financed MI             <ul style="list-style-type: none"> <li>○ MI coverage is based on LTV excluding financed premium</li> <li>○ LTV including financed premium may not exceed LTV limitations for product</li> </ul> </li> <li>● Lender-Paid Mortgage Insurance             <ul style="list-style-type: none"> <li>○ Client ordered                 <ul style="list-style-type: none"> <li>▪ Must be activated and remitted to MI company prior to purchase by Newrez</li> <li>▪ Do not use LPMI product codes</li> </ul> </li> <li>○ Newrez ordered                 <ul style="list-style-type: none"> <li>▪ Newrez will order Mortgage Insurance</li> <li>▪ Single wide manufactured homes not eligible</li> <li>▪ Use product code I13 HomeReady 30 Year Fixed Rate LPMI</li> </ul> </li> </ul> </li> </ul>

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	<ul style="list-style-type: none"> <li>▪ Lender Paid Disclosure must be provided to the borrower</li> </ul>	
<b>44. MI Ineligible Programs</b>	<ul style="list-style-type: none"> <li>• Custom mortgage insurance</li> <li>• Lender annual plans</li> <li>• Lender-paid monthly plans</li> </ul>	
<b>45. MI Coverage</b>	<ul style="list-style-type: none"> <li>• Private Mortgage Insurance is required for all loans &gt;80% LTV</li> <li>• Consult individual MI company guidelines</li> <li>• Use the lesser of the sales price or appraised value to determine the appropriate coverage               <ul style="list-style-type: none"> <li>○ NY State: Use the appraised value to determine if mortgage insurance is required</li> </ul> </li> </ul>	
	<b>LTV</b>	<b>Standard Coverage</b>
	<b>All ARMs and all Standard Manufactured Homes, All Fixed Rate and MH Advantage with &gt;20-year Term</b>	
	95.01% to 97%	25%
	90.01% to 95%	25%
	85.01% to 90%	25%
	80.01% to 85%	12%
	<b>Fixed Rate and MH Advantage with ≤ 20-year Term (No ARMs and no Standard Manufactured Homes)</b>	
	95.01% to 97%	25%
	90.01% to 95%	25%
	85.01% to 90%	12%
80.01% to 85%	6%	

<b>46. Revision History</b>		
<b>Section</b>	<b>Update</b>	<b>Date</b>
Escrow Waiver	Remove First Time Homebuyer information	01.15.2025 V25.1
No Borrower Has a Credit Score	Information removed to Guide	02.27.2025

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Not All Borrowers Have a Credit Score	Information removed to Guide	V25.2
Non-Traditional Credit	See Section 1F.5 Nontraditional Credit in the Credit Section of the Underwriting Guide	

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