

VA Product Profile: Correspondent and Wholesale

Matrices

VA Purchase			
FICO	LTV/CLTV	DTI	Note
660+	100%	60%	<p>A full review of the borrower's credit profile will be completed. Borrowers with limited depth of credit or with layered risk characteristics must be reviewed for strong compensating factors.</p> <ul style="list-style-type: none"> Refer/Eligible decisions will be considered for manual underwriting with a FICO \geq 640 with a DTI less than 45% score provided sufficient compensating factors exist and all VA guidelines are met.
600-659	100%	55%	
560-599	95%	50%	

VA Type I and Type II Cash-Out Refinance			
FICO	LTV/CLTV	DTI	Note
640+	100% ¹	60%	<p>A full review of the borrower's credit profile will be completed. Borrowers with limited depth of credit or with layered risk characteristics must be reviewed for strong compensating factors.</p> <ul style="list-style-type: none"> The borrower must have made at least six (6) consecutive monthly payments on the loan being refinanced and the note date of the refinance loan cannot occur earlier than 210 days after the first payment due date of the loan being refinanced Refer/Eligible decisions will be considered for manual underwriting with a FICO \geq 640 with a DTI less than 45% score provided sufficient compensating factors exist and all VA guidelines are met. <p>Recoupment requirements for Type I Cash-Out VA to VA are as follows:</p> <ul style="list-style-type: none"> All fees and costs incurred must be recouped on or before the date that is 36 months after the date of the loan. <p>Refer to Section 2.10 Net Tangible Benefits for full details.</p>
620-639	90%	60%	

¹Refer to Section 2.7 Cash-Out Refinance and 2.10 Net Tangible Benefits for LTV calculation and 90% LTV requirements

VA IRRRL			
SMS Portfolio IRRRL ³ : PRIMARY RESIDENCES & INVESTMENT PROPERTIES			
FICO	LTV/CLTV ^{1,4}	Mortgage History	Note
Follow VA ²	Follow VA ²	Follow VA ²	<p>The monthly mortgage history can consist of current and prior mortgage ratings over the most recent time period. Borrowers not meeting the mortgage history requirement may be eligible so long as borrower has made at least six (6) months of loan payments on the loan being refinanced and the note date of the refinance loan occurs no earlier than 210 days after the first payment of the loan being refinanced is made. A 0x30 mortgage history is required for the life of the loan.</p> <p>Recoupment requirements are as follows:</p> <ul style="list-style-type: none"> All fees and costs incurred must be recouped on or before the date that is 36 months after the date of the loan.

¹LTV will be based off of the original loan balance
²New loan must be fixed rate, reducing P&I and lowering rate
³SMS Portfolio loan must have been originated by NewRez
⁴Refer to Section 2.8 IRRRLs and 2.10 Net Tangible Benefit for LTV requirements when discount points are paid

Non-SMS IRRRL: PRIMARY RESIDENCES			
FICO	LTV/CLTV ^{1,2}	Mortgage History	Note
≥ 580	Unlimited	0x30x12	The monthly mortgage history can consist of current and prior mortgage ratings over the most recent time period. Borrowers not meeting the mortgage history requirement may be eligible so long as the borrower has made at least six (6) months of loan payments on the loan being refinanced and the note date of the refinance loan occurs no earlier than 210 days after the first monthly payment of the loan being refinanced is made. A 0x30 mortgage history is required for the life of the loan.

¹LTV will be based off of the original loan balance

²Refer to Section 2.8 IRRRLs and 2.10 Net Tangible Benefit for LTV requirements when discount points are paid

Non-SMS IRRRL: INVESTMENT PROPERTIES			
FICO	LTV/CLTV ^{1,2}	Mortgage History	Note
≥ 620	100%	0x30x12	The monthly mortgage history can consist of current and prior mortgage ratings over the most recent time period. Borrowers not meeting the mortgage history requirement may be eligible so long as the borrower has made at least six (6) months of loan payments on the loan being refinanced and the note date of the refinance loan occurs no earlier than 210 days after the first monthly payment of the loan being refinanced is made. A 0x30 mortgage history is required for the life of the loan.

¹LTV will be based off of the original loan balance

²Refer to Section 2.8 IRRRLs and 2.10 Net Tangible Benefit for LTV requirements when discount points are paid

VA Manufactured Housing

FICO	LTV/CLTV*	DTI	AUS	Note
660	100%	50%**	DU/LPA Approve/ Accept	<p>All Refinances</p> <ul style="list-style-type: none"> The monthly mortgage history can consist of current and prior mortgage ratings over the most recent time period. Borrowers not meeting the mortgage history requirement may be eligible so long as the borrower has made at least six (6) months of loan payments on the loan being refinanced and the note date of the refinance loan occurs no earlier than 210 days after the first monthly payment of the loan being refinanced is made. A 0x30x12 mortgage history is required. <p>IRRRL:</p> <ul style="list-style-type: none"> Recoupment requirements are as follows: <ul style="list-style-type: none"> All fees and costs incurred must be recouped on or before the date that is 36 months after the date of the loan.

* LTV will be based on a full appraisal (1004), except SMS portfolio IRRRLs which will be based off of the original loan balance

** Does not apply to IRRRLs

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VA IRRRL

VA MANUFACTURED HOUSING

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Section 1: Program Summary	
1.1 Program Summary	
Program Summary	Follow VA Guidelines (VA Lenders Handbook, VA Pamphlet 26-7) with the exception of NewRez Overlays.
1.2 Underwriting	
Underwriting	<p>All VA loans with the exception of IRRRLs must be run through DU or LP. Loans with FICOs under 640 require an AUS Approve/Accept decision. Refer/Eligible decisions will be considered for loans with FICOs \geq 640 with a DTI less than 45% score provided sufficient compensating factors exist and all VA guidelines are met.</p> <p>In all instances, a full review of the borrower’s credit profile will be completed. Borrowers with limited depth of credit or layered risk characteristics must be reviewed for strong compensating factors.</p>
1.3 Ineligible Programs	
Ineligible Programs	<ul style="list-style-type: none"> • Construction to Permanent (CTP) Financing where the original note is modified is not eligible • 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 or correspondent. • Energy Efficient Mortgages (EEMs) • Farm Residence Loans • Graduated Payment Mortgage (GPM) • Growing Equity Mortgage (GEM) • Indian Reservations • Investment properties • Loans to non-profit organizations • Loans with HPML or Section 32 are not eligible • Military Impacted Areas • Mortgage Credit Certificates (MCCs) are not permitted • Section 8 loans • Specially Adapted Housing • Temporary Buy downs are not permitted • Texas 50(a)(6) loans • Transactions where properties will remain encumbered with a PACE obligation
Section 2: Transaction Details	
2.1 Loan Limits	
Loan Limits	<p>VA does not impose maximum statutory loan limits however; VA does publish county loans limits to determine how much the VA will insure on a specific loan. All VA loans require a 25% guaranty.</p> <p>https://www.benefits.va.gov/HOMELOANS/purchaseco_loan_limits.asp</p> <p>The 25% guaranty may come from the VA or Down payment or both. The Maximum amount that the VA will insure is 25% of the published county loan limit. (County Loan Limit X 25%) = VA's Insuring Participation; If this amount is greater than or equal to 25% of the purchase price then no down payment is required</p> <p>If VA's Insuring participation is less than 25% of the purchase price, then the borrower must bring a down payment for the difference. NOTE: if the borrower un-restored entitlement</p>

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(i.e. veteran used benefits already for another property) then additional down payment money may be required.

2.2 Eligible Terms and Programs

Eligible Terms & Programs

Loan Programs- FIXED	
Term	Product Name
10 Year Fixed	VA Fixed 10 Yr
15 Year Fixed	VA Fixed 15 yr
20 Year Fixed	VA Fixed 20 yr
25 Year Fixed	VA Fixed 25 yr
30 Year Fixed	VA Fixed 30 yr

Loan Programs- ARM Minimum 620 FICO	
Term	Product Name
5/1 ARM	VA 5/1 ARM 1 yr Trsy

Custom Loan Terms are available. Refer to the NTB Worksheet and Custom Loan Term form in the Guidelines & Forms section of the Lending Library via the following links for details.

[NewRez Net Tangible Benefit Worksheet](#)

[Custom Loan Terms](#)

2.3 ARM Adjustments

ARM Adjustments

Characteristic	LIBOR ARM			
Index	1 Yr T-Bill (per WSJ)			
Margin	2.00%			
Life Floor	5% below the start rate			
Interest Rate Caps	Product	First Adjustment	Subsequent Adjustments	Lifetime
	5/1	1%	1%	5%
Change Date	5/1	The first Change Date is the 61st payment due date. Subsequent Change Dates are every twelve (12) months thereafter.		
Conversion Option	Not Available.			

2.4 Eligible Transactions

Eligible Transactions

- Purchase
- Refinance (must be entered into NewRez systems with “Cash-out” as the purpose of refi)
- VA Interest Rate Reduction Refinance Loans (IRRRLs) (must be entered into NewRez systems with “Rate & Term” as the purpose of refi)

2.5 Principal Curtailments/Reductions

Principal Curtailments /Reductions

Permitted; curtailments due to excess Lender Credit must be reviewed in order to ensure the borrower’s best interest

2.6 Refinances (General)

Refinances (General)

Net Tangible Benefit (NTB)

- Refer to section 2.10 [Net Tangible Benefits](#) for all requirements
- A Net Tangible Benefit Worksheet must be completed on ALL refinance transactions. Refer to the [NewRez Net Tangible Benefit Worksheet](#)

Seasoning Requirements

- Borrower must have made at least six (6) consecutive monthly payments on the loan being refinanced (the borrower may not pre-pay the current loan to meet the requirement); and

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	<ul style="list-style-type: none"> The note date of the refinance loan occurs no earlier than 210 days after the date on which the first monthly payment was made on the mortgage being refinanced <p>Additional Requirements</p> <ul style="list-style-type: none"> Borrower must have 12 months of mortgage history. If the borrower does not have 12 months mortgage history a 12-month history of mortgage and prior housing expense must be documented with no more than 0X30X12. Loan must have a lien on title to be eligible for a refinance Custom Loan Terms are available- Custom Loan Terms Any outstanding Property Assessed Clean Energy (PACE) obligations must be paid in full at or prior to closing.
<p>2.7 Cash-Out Refinances</p>	
<p>Cash-Out Refinances</p>	<p>Definitions (effective with applications on or after February 15, 2019) Type I Cash-Out Refinance: Loan amount (including VA funding fee) does not exceed the payoff amount of the loan being refinanced.</p> <p>Type II Cash-Out Refinance: Loan amount (including VA funding fee) exceeds the payoff amount of the loan being refinanced.</p> <p>LTV Calculation for all Type I and Type II Cash Out</p> <ul style="list-style-type: none"> Cash out refinance LTVs will be calculated by dividing the total loan amount (including VA funding fee, if applicable) by the value on the Notice of Value of the property determined by the appraiser. <p>Net Tangible Benefit (NTB) for all Type I and Type II Cash Out</p> <ul style="list-style-type: none"> Refer to section 2.10 Net Tangible Benefits for all requirements A Net Tangible Benefit Worksheet must be completed on ALL refinance transactions regardless of AUS score. Refer to the NewRez Net Tangible Benefit Worksheet <ul style="list-style-type: none"> For applications before February 15, 2019, reference the Generic NTB Tab <p>Recoupment of Fees and Incurred Costs – Required for Type I VA to VA</p> <ul style="list-style-type: none"> All fees and incurred costs must be recouped on or before the date that is 36 months after the note date of the loan. Calculation is based on requirements outlined in VA Circular 26-18-1 <p>Seasoning Requirements for all Type I and Type II Cash Out</p> <ul style="list-style-type: none"> Borrower must have made at least six (6) consecutive monthly payments on the loan being refinanced (the borrower may not pre-pay the current loan to meet the requirement); and The note date of the refinance loan occurs no earlier than 210 days after the date on which the first monthly payment was made on the mortgage being refinanced
<p>2.8 VA IRRRLs</p>	
<p>VA IRRRLs</p>	<p>Primary and investment property IRRRLs:</p> <ul style="list-style-type: none"> See Product Matrix for FICO, LTV, and DTI restrictions <p>Net Tangible Benefit</p> <ul style="list-style-type: none"> Refer to section 2.10 Net Tangible Benefits for all requirements A Net Tangible Benefit Worksheet must be completed on ALL refinance transactions. Refer to the NewRez Net Tangible Benefit Worksheet <p>Recoupment of Fees and Incurred Costs</p>

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	<ul style="list-style-type: none"> • All fees and incurred costs must be recouped on or before the date that is 36 months after the note date of the loan. • Calculation is based on requirements outlined in VA Circular 26-18-1 <p>Seasoning Requirements</p> <ul style="list-style-type: none"> • Borrower must have made at least six (6) consecutive monthly payments on the loan being refinanced (the borrower may not pre-pay the current loan to meet the requirement); and • The note date of the refinance loan occurs no earlier than 210 days after the date on which the first monthly payment was made on the mortgage being refinanced <p>Appraisal Requirements</p> <ul style="list-style-type: none"> • An appraisal is not required if the loan does not have discount points (refer to investment property requirements below for exclusion) • An appraisal is required if the transaction has any discount points and a maximum LTV of 90% or 100% is imposed depending on the amount of discount points paid (outlined below) <ul style="list-style-type: none"> ○ Less than or equal to 1% in discount points paid permits LTV maximum of 100% of the appraised value ○ Greater than 1% in discount points paid permits LTV maximum of 90% of the appraised value <p>Additional requirements</p> <ul style="list-style-type: none"> • A tri-merge credit report is required • Wage Earner: Verbal verification of employment required to verify employment. • Self-Employed Borrowers: Verify existence of the business. Examples of documentation that may be used to verify include, but are not limited to, the following: <ul style="list-style-type: none"> ○ Most recent quarterly tax payment ○ CPA letter ○ Current unexpired business license • Borrower must have 12 months of mortgage history. If the borrower does not have 12 months mortgage history a 12-month history of mortgage and prior housing expense must be documented with no more than 0X30X12 • Borrower(s) may not receive cash back more than \$500. If estimated costs are used in calculating the maximum mortgage amount resulting in greater than \$500 cash back at mortgage disbursement, the outstanding principal balance may be reduced to satisfy the \$500 maximum cash back requirement • Any outstanding Property Assessed Clean Energy (PACE) obligations must be paid in full at or prior to closing. <p><u>Additional investment property requirements</u></p> <ul style="list-style-type: none"> • A full appraisal on Form 1004 is required when: <ul style="list-style-type: none"> ○ the representative FICO score is below 660; or ○ the transaction has any discount points <ul style="list-style-type: none"> ▪ Less than or equal to 1% in discount points paid permits LTV maximum of 100% of the appraised value unless otherwise restricted per the eligibility matrix within this product profile. ▪ Greater than 1% in discount points paid permits LTV maximum of 90% of the appraised value ○ Appraisals can be ordered via standard appraisal ordering procedures. A VA Appraisal is not required.
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- The borrower must provide a certification and documentation that they previously occupied the property as their primary residence.

2.9 VA IRRRLs- TEXAS

A IRRRLs- Texas

- Additional requirements
- Loan amounts on VA IRRRLs in TX can be increased by up to 5% of the current first mortgage balance without treating the loan as an (a)(6). This is to account for fees on the new transaction.
 - In the event there is a second lien, a subordination agreement must be executed and recorded with our new loan amount.
 - An IRRRL of a previous TX A6 that will remain a TX A6 is not permitted
 - Borrower cannot receive any cash-out as a result of the transaction, including debt consolidation.

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).

Note: The funding fee must be treated as a fee and must not be added on top of the base LTV/CLTV as the maximum LTV/CLTV is 80% with costs rolled in.

(f)(2) Determination:

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)

*Borrower may elect to have loan remain a Texas (a)(6), which is not eligible.

Special Considerations:

Loan may not close until:

- 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.

No additional funds may be rolled into the loan (except closing costs and pre-pays)

New subordinate financing is not permitted on a first lien TX (f)(2).

Attorney Review:

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:

- Black, Mann and Graham
- Peirson Patterson

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2.10 Net Tangible Benefit

Net Tangible Benefit

Net Tangible Benefit (NTB)

- A Net Tangible Benefit Worksheet must be completed on ALL refinance transactions. Refer to the [NewRez Net Tangible Benefit Worksheet](#)
- Recoupment of fees and incurred costs must occur within 36 months of the note date for all Interest Rate Reduction Refinance Loans (IRRRL) and Type I Cash-Out VA to VA refinances.

IRRRL	NTB
Fixed Rate to Fixed Rate	The new loan must have an interest rate that is at least 50 basis points (.50) less in interest rate compared to the interest rate on the loan being refinanced. Recoupment of fees and incurred costs must occur within 36 months of the note date. E.g. Interest rate for loan being refinanced is 4.5%. New loan must be no more than 4%.
Fixed Rate to ARM	The new loan must have an interest rate that is at least 200 basis points (2.00) less in interest rate than the interest rate on the loan being refinanced. Recoupment of fees and incurred costs must occur within 36 months of the note date. E.g. Interest rate for loan being refinanced is 6.5%. New loan must be no more than 4.5%.
ARM to ARM	<ul style="list-style-type: none"> • Reduction in interest rate is not required • Recoupment of fees and incurred costs must occur within 36 months of the note date
ARM to Fixed Rate	<ul style="list-style-type: none"> • Reduction in interest rate is not required • Recoupment of fees and incurred costs must occur within 36 months of the note date
Discount points	<p>The payment of any discount points would require that an appraisal is obtained and a maximum LTV of 90% or 100% imposed depending on the amount of discount points paid (outlined below).</p> <ul style="list-style-type: none"> • Less than or equal to 1% in discount points paid permits LTV maximum of 100% of the appraised value • Greater than 1% in discount points paid permits LTV maximum of 90% of the appraised value <p>Acceptable Appraisals:</p> <ol style="list-style-type: none"> 1. Exterior-Only Inspection Residential Appraisal Report (Fannie Mae 2055) 2. Uniform Residential Appraisal Report (Fannie Mae 1004) 3. Exterior-Only Inspection Individual Condominium Unit Appraisal Report (Fannie Mae 1075) 4. Individual Condominium Unit Appraisal Report (Fannie Mae 1073) <p>NewRez will require the Veteran to pay for the appraisal. The cost must be included as part of the recoupment cost. The Veteran may only be charged a reasonable and customary amount, and only charged for one appraisal.</p>

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	<ul style="list-style-type: none"> Cash-out refinance Net Tangible Benefit: Refer to Generic NTB Test located in the NewRez Net Tangible Benefit Worksheet <table border="1" data-bbox="425 331 1386 1703"> <thead> <tr> <th data-bbox="425 331 662 369">Cash-Out</th> <th data-bbox="662 331 1386 369">NTB</th> </tr> </thead> <tbody> <tr> <td data-bbox="425 369 662 884">Effective with new applications taken on or after February 15, 2019, all cash-out refinances must meet at least one of the eight net tangible benefits:</td> <td data-bbox="662 369 1386 884"> (i) The new loan eliminates monthly mortgage insurance, whether public or private, or monthly guaranty insurance; (ii) The term of the new loan is shorter than the term of the loan being refinanced; (iii) The interest rate on the new loan is lower than the interest rate on the loan being refinanced*; (iv) The payment on the new loan is lower than the payment on the loan being refinanced; (v) The new loan results in an increase in the borrower’s monthly residual income; (vi) The new loan refinances an interim loan to construct, alter, or repair the home; (vii) The new loan amount is equal to or less than 90 percent of the reasonable value of the home, or; (viii) The new loan refinances an adjustable rate loan to a fixed rate loan. </td> </tr> <tr> <td data-bbox="425 884 662 1276">*Fixed Rate to Fixed Rate</td> <td data-bbox="662 884 1386 1276"> Type I VA to VA: The new loan must have an interest rate that is at least 50 basis points (.50) less in interest rate compared to the interest rate on the loan being refinanced. <ul style="list-style-type: none"> Recoupment of fees and incurred costs must occur within 36 months of the note date Type I non-VA to VA and all Type II: The new loan must have an interest rate that is at least 25 basis points (.25) less in interest rate compared to the interest rate on the loan being refinanced. E.g. (.50) Interest rate for loan being refinanced is 4.5%. New loan must be no more than 4%. </td> </tr> <tr> <td data-bbox="425 1276 662 1703">*Fixed Rate to ARM</td> <td data-bbox="662 1276 1386 1703"> Type I VA to VA: The new loan must have an interest rate that is at least 200 basis points (2.00) less in interest rate than the interest rate on the loan being refinanced. <ul style="list-style-type: none"> A maximum LTV of 90% is required if the borrower pays greater than 1% in discount points Recoupment of fees and incurred costs must occur within 36 months of the note date Type I non-VA to VA and all Type II: The new loan must have an interest rate that is at least 100 basis points (1.00) less in interest rate than the interest rate on the loan being refinanced. E.g. (2.00) Interest rate for loan being refinanced is 6.5%. New loan must be no more than 4.5%. </td> </tr> </tbody> </table>	Cash-Out	NTB	Effective with new applications taken on or after February 15, 2019, all cash-out refinances must meet at least one of the eight net tangible benefits:	(i) The new loan eliminates monthly mortgage insurance, whether public or private, or monthly guaranty insurance; (ii) The term of the new loan is shorter than the term of the loan being refinanced; (iii) The interest rate on the new loan is lower than the interest rate on the loan being refinanced*; (iv) The payment on the new loan is lower than the payment on the loan being refinanced; (v) The new loan results in an increase in the borrower’s monthly residual income; (vi) The new loan refinances an interim loan to construct, alter, or repair the home; (vii) The new loan amount is equal to or less than 90 percent of the reasonable value of the home, or; (viii) The new loan refinances an adjustable rate loan to a fixed rate loan.	*Fixed Rate to Fixed Rate	Type I VA to VA: The new loan must have an interest rate that is at least 50 basis points (.50) less in interest rate compared to the interest rate on the loan being refinanced. <ul style="list-style-type: none"> Recoupment of fees and incurred costs must occur within 36 months of the note date Type I non-VA to VA and all Type II: The new loan must have an interest rate that is at least 25 basis points (.25) less in interest rate compared to the interest rate on the loan being refinanced. E.g. (.50) Interest rate for loan being refinanced is 4.5%. New loan must be no more than 4%.	*Fixed Rate to ARM	Type I VA to VA: The new loan must have an interest rate that is at least 200 basis points (2.00) less in interest rate than the interest rate on the loan being refinanced. <ul style="list-style-type: none"> A maximum LTV of 90% is required if the borrower pays greater than 1% in discount points Recoupment of fees and incurred costs must occur within 36 months of the note date Type I non-VA to VA and all Type II: The new loan must have an interest rate that is at least 100 basis points (1.00) less in interest rate than the interest rate on the loan being refinanced. E.g. (2.00) Interest rate for loan being refinanced is 6.5%. New loan must be no more than 4.5%.
Cash-Out	NTB								
Effective with new applications taken on or after February 15, 2019, all cash-out refinances must meet at least one of the eight net tangible benefits:	(i) The new loan eliminates monthly mortgage insurance, whether public or private, or monthly guaranty insurance; (ii) The term of the new loan is shorter than the term of the loan being refinanced; (iii) The interest rate on the new loan is lower than the interest rate on the loan being refinanced*; (iv) The payment on the new loan is lower than the payment on the loan being refinanced; (v) The new loan results in an increase in the borrower’s monthly residual income; (vi) The new loan refinances an interim loan to construct, alter, or repair the home; (vii) The new loan amount is equal to or less than 90 percent of the reasonable value of the home, or; (viii) The new loan refinances an adjustable rate loan to a fixed rate loan.								
*Fixed Rate to Fixed Rate	Type I VA to VA: The new loan must have an interest rate that is at least 50 basis points (.50) less in interest rate compared to the interest rate on the loan being refinanced. <ul style="list-style-type: none"> Recoupment of fees and incurred costs must occur within 36 months of the note date Type I non-VA to VA and all Type II: The new loan must have an interest rate that is at least 25 basis points (.25) less in interest rate compared to the interest rate on the loan being refinanced. E.g. (.50) Interest rate for loan being refinanced is 4.5%. New loan must be no more than 4%.								
*Fixed Rate to ARM	Type I VA to VA: The new loan must have an interest rate that is at least 200 basis points (2.00) less in interest rate than the interest rate on the loan being refinanced. <ul style="list-style-type: none"> A maximum LTV of 90% is required if the borrower pays greater than 1% in discount points Recoupment of fees and incurred costs must occur within 36 months of the note date Type I non-VA to VA and all Type II: The new loan must have an interest rate that is at least 100 basis points (1.00) less in interest rate than the interest rate on the loan being refinanced. E.g. (2.00) Interest rate for loan being refinanced is 6.5%. New loan must be no more than 4.5%.								
2.11 VA Funding Fee									
VA Funding Fee	All VA loans require a VA funding fee, which is calculated as percentage of the loan amount unless the Certificate of Eligibility reflects the Veteran as Exempt. The funding fee may be paid in cash or financed into the loan amount. Refer to VA underwriting guidelines for Funding Fee Table.								

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2.12 Down Payment Assistance	
Down Payment Assistance	<p>VA permits veteran purchasers to utilize homebuyer assistance program services when obtaining a VA home loan. Downpayment Assistance/Homebuyer Assistance programs must be approved by NewRez prior to closing/loan purchase. Eligible Assistance may come from Federal, state, local government agencies, or a HUD Approved-Non-Profit.</p> <p>Note: These state and local programs are not to be confused with the Department of Defense homebuyer assistance program.</p> <p>VA loans involving homebuyer assistance programs must ensure the following:</p> <ul style="list-style-type: none"> • The borrower(s) must meet VA credit standards. • VA appraisal and the property must meet VA minimum property standards. • If the sale price of the property exceeds the VA reasonable value of the property, VA will only allow homebuyer assistance program assistance in the form of a grant to pay the difference. Otherwise the veteran must pay the difference of price over value from his or her own funds without borrowing. • Homebuyer assistance programs often require buyers to occupy the property for a specified period of time. The lender must, at closing, obtain the borrower’s acknowledgement of this requirement, and provide a copy of the signed acknowledgement if VA requests the loan file for review. <p>Consult VA if it is unclear whether the terms of the second mortgage meet VA standards.</p>

2.13 Subordinate Financing	
Subordinate Financing	<p>Subordinate financing is permitted as long as the CLTV does not exceed the CLTV limits. A copy of the subordinating Note, Mortgage/Deed and Subordination Agreement is also required.</p> <p>Subordinate Financing may not be used to cover any portion of the down payment required by the VA to cover the excess of the purchase price over VA’s reasonable value.</p> <p>If there is an outstanding balance at the time of closing, the payment on the subordinate financing must be included in the calculation of the borrower’s debt to income ratio. The qualifying payment is the payment evidenced on the credit report or for new draws the periodic payment required under the terms of the plan and the amount of credit to be drawn at or before consummation of the covered transaction.</p>

Section3: Borrower Eligibility

3.1 Borrower Eligibility	
Borrower Eligibility	<p>An eligible veteran is a US Citizen who served on active duty in the Army, Navy, Air Force, Marines, or Coast Guard, and who, (except for a service member on active duty) was discharged or released from active duty under conditions other than dishonorable; or Members of the Reserves and National Guard are eligible upon completion of 6 years of service; or surviving spouses of certain Veterans who were continuously rated for a service connected disability, but whose disability may not have been the cause of death are also eligible.</p> <p>Maximum two borrowers per loan. For additional guidance on Joint Loans, please refer to Chapter 7 of the VA Handbook (Loans Requiring Special Underwriting, Guaranty, and Other Considerations).</p>

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3.2 Occupancy	
Occupancy	<p>Eligible occupancy types include:</p> <ul style="list-style-type: none"> • Primary residences for 1-4 unit properties
3.3 Certificate of Eligibility	
Certificate of Eligibility	<p>A Certificate of Eligibility is the only reliable Proof of Eligibility for the Lender. The COE may be obtained through ACE at http://weblgy.vba.va.gov/weblgy/UserLogin and click on the ACE link. ACE will generally be available 24 hours a day. ACE cannot make all determinations. Once a Certificate of Eligibility (COE) is received, there is generally no need to have it updated before the loan closes unless the Veteran has obtained a VA loan since the COE was issued. Contact the VA if there is some question as to the accuracy of the data on the COE.</p> <p>COEs are not required for VA Interest Rate Reduction Loans. Instead, a VA case number is ordered for VA IRRRLs.</p>
3.4 Entitlement	
Entitlement	<p>Entitlement is the amount the VA will guarantee on behalf of the Veteran. Investors require a minimum investment of $\geq 25\%$ of the loan amount, which may be made up of one or more of the following: Note: Regardless of LTV the veteran must have sufficient entitlement in order to guaranty the loan.</p> <ul style="list-style-type: none"> • Veteran’s available entitlement (amount of VA guarantee) • Down-payment • Equity in property (refinance only) <p>The amount of available entitlement can be found at the center of the COE in the entitlement section. The maximum available entitlement that can be shown on the COE is \$36,000.</p> <p>JOINT LOANS When entitlement from two veteran borrowers is being used, loans must be submitted for VA Prior approval.</p> <p>BONUS ENTITLEMENT</p> <ul style="list-style-type: none"> • Not shown on Certificate of Eligibility • Based on VA County loan limits established annually • VA’s county loan limits are located at the following web address – If county is not listed, maximum loan amount is \$453,100: https://militarybenefits.info/va-loan-limits-by-county/ • It is the difference between \$36,000 (basic entitlement, even if none is available) and 25% of VA’s loan limit • Bonus entitlement is only available for loan amounts in excess of \$144,000 • May be used even when borrower has no basic entitlement remaining <p>RESTORATION OF ENTITLEMENT VA Entitlement may be used over and over as long as the entitlement has been restored. In order for VA Entitlement to be restored, the following must hold true:</p> <ul style="list-style-type: none"> • Loan must be paid in full, and • Property must have been transferred to new owner <p>A special one-time additional use of VA home entitlement is granted when the previous loan was paid in full but borrower still owns it and veteran certifies that he or she will occupy the new home.</p>

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	<p>Borrower who had a previous VA foreclosure must pay the foreclosure in full prior to restoration of entitlement.</p> <p>Borrowers may complete back-to-back VA closings subject to the following:</p> <ul style="list-style-type: none"> • Closings must be held within 7 days of one another • Fully executed Request for a Certificate of Eligibility – VA Form 26-1880 required
<p>3.5 Power of Attorney</p>	
<p>Power of Attorney</p>	<p>POA documents must be signed off on by a member of Underwriting, as well as NewRez Legal for Wholesale.</p> <p>Veterans may use an attorney-in-fact to execute any documents necessary to obtain a VA guaranteed loan.</p> <ul style="list-style-type: none"> • The veteran may also execute a valid general or specific power of attorney; • The veteran's attorney-in-fact may use this power of attorney to apply for a Certificate of Eligibility and initiate processing of a loan on behalf of the veteran. <p>To complete the loan transaction using an attorney-in-fact, VA also requires the veteran's written consent verifying the specifics of the transaction. This requirement can be satisfied by either:</p> <ul style="list-style-type: none"> • The veteran's signature on both the sales contract and the URLA, as long as the veteran's intention to obtain a VA loan on the particular property is expressed somewhere in those documents, or • A general or specific power of attorney or other document(s) signed by the veteran, which encompasses the following elements: <ul style="list-style-type: none"> ○ Entitlement - a clear intention to use all or a specified amount of entitlement; ○ Purpose - a clear intention to obtain a loan for purchase, construction, repair, alteration, improvement, or refinancing; ○ Property Identification - identification of the specific property; ○ Price and Terms - the sales price, if applicable, and other relevant terms of the transaction; or ○ Occupancy - intention of the veteran to occupy the home. <p>An Alive and Well Certificate must be obtained within 3 days of closing by contacting the veteran or commanding officer.</p>
<p>3.6 Living Trust (Inter Vivos Revocable Trust)</p>	
<p>Living Trust (Inter Vivos Revocable Trust)</p>	<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 provide din lieu of the full trust document. If this certification is incomplete or contrary to title results, the full trust documentation may still be required.
<p>3.7 Non-Arm's Length Transactions</p>	
<p>Non-Arm's Length Transactions</p>	<p>Follow VA Guidelines</p>
<p>3.8 Ineligible Borrowers</p>	
<p>Ineligible Borrowers</p>	<ul style="list-style-type: none"> • Borrowers living in the U.S. under Deferred Action for Childhood Arrivals (DACA) Limited Partnerships, Corporations and LLCs • Non-Revocable Trusts or Guardianships • Foreign Nationals

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	<ul style="list-style-type: none"> Borrowers with Diplomatic Immunity Employees/Principals/Owners NewRez Third Party Originators; related parties (family members) are eligible so long as they are not employed, in any capacity, by the submitting broker/correspondent Individuals on the LPD/GSA exclusionary lists
3.9 Maximum # of Financed	
Maximum # of Financed	Follow VA guidelines
3.10 Multiple Mortgages to the Same Borrower	
Multiple Mortgages to the Same Borrower	<ul style="list-style-type: none"> NewRez will finance no more than 4 properties for any one borrower NewRez limits its maximum exposure to one borrower at \$1.5M
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 Properties Manufactured and Modular Homes Leaseholds and properties with ground rents must be prior approved by the VA
4.2 Condos	
Condos	With the exception of VA IRRRLs, condominiums must be VA approved and not expired: https://vip.vba.va.gov/portal/VBAH/VBAHome/condopudsearch .
4.3 Manufactured Housing	
Manufactured Housing	<p>Manufactured housing is a structure that is transportable in one or more sections. To be eligible for guaranty the manufactured housing must meet the requirements of the Lender's Handbook unless otherwise noted in this profile:</p> <ul style="list-style-type: none"> be designed as a one-family dwelling have a floor area of not less than 600 square feet must be doublewide be taxed and titled as real estate with manufacturer's title surrendered as per applicable state requirements properly affixed to a permanent foundation substantially conform with VA Minimum Property Requirements (Chapter 12 of the Lender's Handbook) unless otherwise noted in this profile conform with applicable building code and zoning requirements for real estate. must be served by permanent water and sewer facilities and other utilities in accordance with local and state requirements have the HUD Certification Label affixed or have obtained a letter of label verification issued on behalf of HUD, evidencing the house was constructed on or after June 15, 1976, in compliance with the Federal Manufactured Home Construction and Safety Standards; be built and remain on a permanent chassis with the towing hitch or running gear removed and is permanently affixed to the foundation in accordance with the manufacturer's requirements for anchoring, support, stability, and maintenance and with HUD Permanent Foundations Guide for Manufactured Housing (PFGMH); must not have been previously installed or occupied at any other site or location space beneath the manufactured home must be properly enclosed. The perimeter enclosure must be a continuous wall that is adequately secured to the perimeter of the unit and allows for proper ventilation; and

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- must have been directly transported from the manufacturer or dealership to the site.
- IRRRL:**
 This is the only type of permanently affixed manufactured home loan that does not require full underwriting and an appraisal (appraisal required for non-SMS portfolio). The provisions applicable to IRRRLs apply. The maximum loan term is the original term of the VA loan being refinanced plus 10 years, but not to exceed 30 years and 32 days. For example, if the old loan was made with a 15-year term, the term of the new loan cannot exceed 25 years.

Maximum Loan Amount:

Allowable Loan Purpose	Maximum Loan The loan amount is limited to:
To purchase or refinance (cash-out) an existing, permanently affixed manufactured home and lot.	Refer to section 2.1 Loan Limits
To purchase a manufactured home to be affixed to a lot already owned by the veteran.	The lesser of: <ul style="list-style-type: none"> • the sum of the purchase price plus the cost of all other real property improvements, or • the total reasonable value of the unit, lot, and real property improvements, plus • the VA funding fee.
To purchase a manufactured home and a lot to which it will be affixed.	The lesser of: <ul style="list-style-type: none"> • the total purchase price of the manufactured home unit and the lot plus the cost of all other real property improvements, or • the purchase price of the manufactured home unit plus the cost of all other real property improvements plus the balance owed by the veteran on a deferred purchase money mortgage or contract given for the purchase of the lot, or • the total reasonable value of the unit, lot, and property improvements, plus • the VA funding fee.
To refinance an existing loan on a manufactured home and purchase the lot to which the home will be affixed.	The lesser of: <ul style="list-style-type: none"> • the sum of the balance of the loan being refinanced plus the purchase price of the lot, not to exceed its reasonable value plus the costs of the necessary site preparation as determined by VA plus a reasonable discount on that portion of the loan used to refinance the existing loan on the manufactured home plus authorized closing costs, or • the total reasonable value of the unit, lot, and real property improvements, plus • the VA funding fee.
An IRRRL to refinance an existing VA loan on a permanently affixed manufactured home and lot.	The sum of: <ul style="list-style-type: none"> • the balance of the VA loan being refinanced, plus • allowable closing costs, plus • up to two discount points, plus • the VA funding fee.

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	<p>Definitions:</p> <p><i>New manufactured home.</i> A manufactured home which, at the time of purchase by the veteran-borrower, has not been previously occupied and was manufactured less than one (1) year prior to the date of application to the Department of Veterans Affairs for loan guaranty.</p> <p><i>Used manufactured home.</i> A manufactured home which has been previously occupied, or which was manufactured more than one (1) year prior to date of loan application.</p>
Manufactured Housing – Eligibility	
Manufactured Housing - Eligibility	<ul style="list-style-type: none"> • Minimum FICO 660 • Must score Accept/Approve (Does not apply to IRRRL) • Owner Occupied • 100% LTV/CLTV • Taxes must be on land and dwelling
Manufactured Housing – Required Documentation	
Manufactured Housing– Required Documentation	<ul style="list-style-type: none"> • HUD Certification Label <ul style="list-style-type: none"> ○ If the appraisal indicates the HUD Certification Label is missing from the Manufactured Housing unit, the Mortgagee must obtain label verification from the Institute for Building Technology and Safety (IBTS).
Manufactured Housing – Ineligible	
Manufactured Housing - Ineligible	<ul style="list-style-type: none"> • Condo • Coop • Leasehold • Located in mobile home parks • Manufactured homes with subordinate financing • Single wide
Manufactured Housing – Appraisal	
Manufactured Housing- Appraisal	<ul style="list-style-type: none"> • The cost approach to value may only be used to support the sales comparison approach in the final reconciliation. VA does not require the completion of the cost approach unless it is applicable to the appraisal. • The appraiser must enter the manufactured home (MH) unless it is both: <ul style="list-style-type: none"> ○ new, and ○ has not been delivered to the dealer or to the site. • In those cases where the appraiser is unable to access and/or inspect the new MH, the appraiser must obtain the following documents to be included in his/her appraisal: <ul style="list-style-type: none"> ○ MH plans: design or floor plans showing room layout and exterior dimensions for MH unit, and elevation plans; ○ Specifications: information on all standard items of inclusion such as flooring, heating, plumbing, electrical equipment, and appliances; ○ Supplemental information on any selected options or upgrades included in the subject sale; and ○ Foundation plan. • If other MHs classified as real estate on permanent foundations are not available for use as comparables, the appraisal report must: <ul style="list-style-type: none"> ○ state that fact, and ○ show in the market analysis grid that the sales prices of the best comparable conventional home sales available were properly adjusted.
4.4 Ineligible Properties	
Ineligible Properties	<ul style="list-style-type: none"> • Airport Noise Zone 3, if proposed or under construction • An area subject to regular flooding for whatever reason, whether or not it is in an SFHA • Areas susceptible to geological or soil instability (earthquakes, landslides or other history of unstable soils)

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	<ul style="list-style-type: none"> • Coastal Barrier Resources System areas • Bed and Breakfast Properties • Condotels • Co-ops • Land Trusts • Live/Work Units • Manufactured homes or mobile homes that are not permanently affixed • Non-Warrantable Condos • Properties appraised with a property condition of C5 • Properties encumbered with private transfer fee covenants • Properties where farm or agricultural income from the subject property is claimed on borrower’s tax returns • Properties which are subject to a right of redemption • Properties with manufactured on site being used as storage • Special Flood Hazard Area (SFHA) and either <ul style="list-style-type: none"> ○ it is proposed/under/new construction with elevation of the lowest floor below the 100-year flood level, or ○ flood insurance is not available • Transmission line easement involving high-pressure gas or liquid petroleum or high voltage electricity, if any part of the residential structure is located within the easement
4.5 Properties Previously Listed for Sale	
<p>Properties Previously Listed for Sale</p>	<p>Listing must have been cancelled or expired prior to the application date, and the borrower must confirm their intent to occupy the subject for Owner Occupied.</p> <p>In all instances, careful consideration should be given to the listing price and appraised value to be sure the value is supported.</p>
4.6 Appraisals	
<p>Appraisals</p>	<p>Required appraisal products must be ordered via VA webLGY by either NewRez (Wholesale and Mini-Corr) or the Correspondent. All appraisals must be ordered and processed in compliance with Appraiser Independence Requirements (AIR).</p> <ul style="list-style-type: none"> • Re-use of an appraisal from a previously closed transaction is not permitted. • A copy of the appraiser's license must be included in all funded loan files
4.7 Disaster Areas	
<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>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 120 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"> ○ A 1004D Final Inspection or Appraisal Update signed by the original appraiser ○ FNMA 2075 – Desktop Underwriter Property Inspection Report ○ DAIR – Disaster Area Inspection Report • If the appraisal inspection occurs after the date of the disaster declaration, then the NewRez underwriter must verify the subject property is safe, sound, and structurally secure. The underwriter must also verify the appraisal is made “As Is”

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	<ul style="list-style-type: none"> If the loan qualified for a non-standard appraisal (Property Valuation Update, PIW, 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 VA IRRRL loans without an appraisal will require an exterior inspection. The report is called a “Disaster Area Inspection” <p>If the VA loan closed prior to the Disaster:</p> <ul style="list-style-type: none"> Any loan closed prior to the date of the declared disaster is eligible for VA Guaranty without regard to the disaster. If the Property was Appraised prior to the Disaster: <ul style="list-style-type: none"> If the property was appraised on or before the date of the declared disaster and not closed prior to that date, the Lender Certification and Veteran Certification must be completed and submitted with the VA Guaranty request; VA Loan Summary Sheet (VA Form 26-0286). The Remarks section of this form must be annotated ‘Lender and Veteran Disaster Certifications Enclosed’. Additionally, if local law requires the property to be inspected and approved by the local building inspection authority, a copy of the appropriate local report(s) must be provided. Neither VA nor the veteran purchaser shall bear the expense of any disaster-related inspection or repairs. Decline in Value. If there is an indication that the property, despite repairs, will be worth less at the time of loan closing than it was at the time of appraisal, the lender must have the VA appraiser update the original value estimate. The payment of the appraiser’s fee for that service will be a contractual matter between the buyer and seller. <ul style="list-style-type: none"> If the property value has decreased, the loan amount must be reduced accordingly. Employment/Income Certification. Lenders must confirm prior to closing that the veteran’s employment and income have not changed since the loan application. If at time of closing the veteran or co-borrower is no longer employed or income has been reduced, this information should be reported to VA or the automatic underwriter, as appropriate, for evaluation prior to closing.
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4.8 Geographic Restrictions

Geographic Restrictions	At this time, NewRez cannot finance or purchase loans secured by properties located in Alaska, or Hawaii.
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Section 5: Income

5.1 Income – General

Income - General	<p>Income Documentation (See VA IRRRLs for specifics on these transactions)</p> <ul style="list-style-type: none"> Two years documentation required <p>4506T & Tax Transcript Requirements</p> <ul style="list-style-type: none"> A fully complete 4506T form must be signed and dated for the number of years of income required for each borrower and for all loans The 4506T 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
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	<ul style="list-style-type: none"> • 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 • Unreimbursed business expenses should be deducted from the gross commission income for borrowers whose commission income is 25% or more of their total annual employment income. <ul style="list-style-type: none"> ○ Borrowers with commission income less than 25% of their total annual employment income do not need their unreimbursed business expenses deducted from their gross income. ○ All other borrowers do not require unreimbursed business expenses to be deducted from their income and do not require included as a debt obligation/liability. • Tax return transcripts cannot be used in place of the actual tax return documents for qualification <p>Borrower Provided Transcripts 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"> • Copy of IRS Reject for Identity Theft or “Limitations” message received by vendor from IRS which includes the IRS Cover Letter with fax banner from the IRS • All pages of the transcripts • Document reason for the rejection and need for the borrower provided transcripts
5.2 Rental Income	
Rental Income	<p>Income from Rental Properties (2-4 Unit Owner Occupied Subject Property) When rental income is used on a multi-unit subject property, all of the following are required:</p> <ul style="list-style-type: none"> • Cash reserves of six months PITIA • Documentation of the applicant’s prior experience managing rentals is required • Use 75% of either the verified prior rent collected on the units for an existing property or 75% of the appraiser’s opinion of fair market rents on proposed construction <p>Rental Income from non-subject property (1-4 unit) When rental income is used on the non-subject property that was NOT occupied by the borrower prior to the new loan, all of the following are required:</p> <ul style="list-style-type: none"> • Cash reserves of three months PITIA • 2 years signed and dated 1040s showing rental income generated by the property <p>Rental income on property occupied by the borrower prior to the new loan:</p> <ul style="list-style-type: none"> • Can be used to offset the mortgage payment on the rental property if there is no indication that the property will be difficult to rent and an UW reasonability test is completed

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	<ul style="list-style-type: none"> • Cannot be used as effective income • Obtain a copy of the rental agreement
5.3 Residual Income	
Residual Income	<p>Residual Income is as dictated by Chapter 4 of the VA Handbook. For current VA Residual Income Tables, refer to http://www.benefits.va.gov/warms/pam26_7.asp</p> <p>For VA loans with Credit Scores < 640, the borrower must have 120% of the VA Residual Income requirements to be eligible.</p>
5.4 Verification of Employment	
Verification of Employment	<p>NewRez’s Verification of Employment form must be completed on all loan files.</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. If the VVOE is obtained from The Work Number, the 10-day timeframe is measured from the date of the request to the vendor, not the date the information was updated in the vendor’s database. The date shown in the “Information Current As Of” field must be within 35 days of the closing date.</p> <p>For Self Employed borrowers, the existence of the borrower’s business must be validated within 30 calendar days of the note. This can be accomplished through a third party, such as a CPA, regulatory agency, or the 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.</p> <p>In instances where the borrower is employed by a relative or participant to our loan transaction the following documentation must be obtained (in addition to standard program guidelines):</p> <ul style="list-style-type: none"> • Borrower's signed and completed personal federal income tax returns for the most recent two-year period, and • YTD paystub documenting at least 30 days of income • W-2s for the most recent two years. <p>Current income reported on the pay stub may be used if it is consistent with W-2 earnings report on the tax returns. If the tax returns do not include W-2 earnings or income is substantially lower than the current pay stub, further investigation is needed to determine whether income is stable.</p>
5.5 Non-Taxable Income	
Non-Taxable Income	Non-taxable income may be grossed up based on borrower(s) tax bracket. If borrower(s) are not required to file taxes, the maximum allowable amount to be used is 15%.
Section 6: Credit	
6.1 Credit	
Credit	<ul style="list-style-type: none"> • A Tri-merge Credit Report is required for every Borrower who executes the Note. The Credit Report should generally include verification of all credit references provided on the loan application and must certify the results of public record searches for each city where the Borrower has resided in the past two years. For Portfolio (NewRez to NewRez) Non-Credit Qualifying Streamline Refinances, only the mortgage history will be reviewed.

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	<ul style="list-style-type: none"> • 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. • Generally, thin or alternative credit is not allowed, and the borrower’s financial position should translate into the borrower’s credit profile for analysis. • For loans scoring Approve/Eligible or Accept, the AUS determines the acceptability of the borrower’s depth of credit. • For manually underwritten loans, at least one occupying borrower must meet one of the following to have an acceptable credit depth: <ul style="list-style-type: none"> ○ Verified housing (rental or mortgage) history showing 0x30x12. Private rentals must be verified with 12 cancelled checks or bank statements, each dated prior to the next due date. ○ The borrower has (3) trade lines that have been evaluated for at least 12 months. These trade lines do not need to be currently active but require some activity in the last 24 months. ○ The borrower has (2) trade lines that have been evaluated for at least 24 months and have had some activity in the last 24 months. • Deferred student loans and Authorized User accounts are ineligible as valid tradelines. • All credit inquiries within 120 days of the credit report are required to be addressed by the customer 						
6.2 Mortgage History							
Mortgage History	<ul style="list-style-type: none"> • Purchases and Cash-out Refinances: As approved by the AUS; manual underwrites require a maximum 1x30x24 • VA IRRRLs: See matrix grid 						
6.3 Bankruptcy							
Bankruptcy	Chapter 7 must be discharged 24 months preceding application date; Chapter 13 must have been entered at least 12 months preceding application date and paid as agreed. Plan must be paid out and discharged prior to closing. Proceeds may not be used to pay off BK balance.						
6.4 Foreclosure							
Foreclosure	Must be discharged a minimum of 24 months preceding application date.						
6.5 Short Sales							
Short Sales	<ul style="list-style-type: none"> • Short Sales with or without mortgage lates that were completed over one year but < 2 years will require a letter of explanation from the borrower and supporting documentation to establish an extenuating circumstance and to confirm the short sale was not due to credit negligence or taking advantage of a declining market. • Document the following on the VA Loan Analysis: <ul style="list-style-type: none"> ○ Reasoning for accepting the credit profile and compensating factors ○ The extenuating circumstance ○ The documentation received to support the extenuating circumstance 						
6.6 Qualifying Ratios							
Qualifying Ratios	<table border="1" data-bbox="423 1640 1365 1745"> <thead> <tr> <th data-bbox="423 1640 732 1675">Mortgage Type</th> <th data-bbox="732 1640 1365 1675">Qualifying Interest Rate</th> </tr> </thead> <tbody> <tr> <td data-bbox="423 1675 732 1711">Fixed Rate Mortgage</td> <td data-bbox="732 1675 1365 1711">Note Rate</td> </tr> <tr> <td data-bbox="423 1711 732 1745">5/1 ARMs</td> <td data-bbox="732 1711 1365 1745">Note Rate</td> </tr> </tbody> </table> <p data-bbox="423 1780 1437 1871">See product matrix for maximum DTI allowances; loans with a backend ratio greater than 41% require a statement justifying the reasons for approval, signed by the underwriter’s supervisor, unless residual income exceeds the guideline by at least 20 percent. For refinance</p>	Mortgage Type	Qualifying Interest Rate	Fixed Rate Mortgage	Note Rate	5/1 ARMs	Note Rate
Mortgage Type	Qualifying Interest Rate						
Fixed Rate Mortgage	Note Rate						
5/1 ARMs	Note Rate						

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	<p>transactions with FICO score 600-619 and debt consolidation, total monthly obligations must decrease as a result of the transaction.</p> <p>Housing Payment Ratio:</p> <p>The monthly housing expense is the sum of the following charges as they apply to any properties owned and financed by the borrower:</p> <ul style="list-style-type: none"> • Monthly principal and interest payment as per the qualifying rate • 1/12th of the annual hazard insurance premium and any other insurance required by loan program. • 1/12th of the annual real estate taxes. • 1/12th of the annual flood insurance premium, when applicable. • Monthly leasehold payments, when applicable. • Monthly homeowner association dues, condominium maintenance fees and monthly assessments (when applicable). • Monthly payment for other secured financing (when applicable). <p>Total Debt Ratio</p> <ul style="list-style-type: none"> • Monthly housing expense as per qualifying rate. • Outstanding monthly obligations such as: <ul style="list-style-type: none"> ○ Installment debt ○ Revolving debt payments ○ Alimony, child support or maintenance payments ○ Losses associated with other real-estate owned ○ Other obligations where a monthly payment is legally required. • Unreimbursed business expenses do not need to be treated as a debt obligation/liability. Refer to section 5.1 for requirements of unreimbursed expenses and income. • Revolving debt cannot be paid down to qualify. Revolving debt may be paid off to qualify without the requirement of the account(s) to be closed if the following circumstances are met: <ul style="list-style-type: none"> ○ FICO 680 or greater ○ FICO 620-679 and DTI less than or equal to 50% ○ If either of the above scenarios are not met, the account(s) are to be closed upon payoff. Proof of the debt being paid and closed prior to CTC must be provided except in the case of a cash-out refinance where the debt must be closed prior to loan closing, but may be paid-off at closing with loan proceeds as detailed on the Closing Disclosure
6.7 Student Loans	
<p>Student Loans</p>	<ul style="list-style-type: none"> • If the Veteran or other borrower provides written evidence that the student loan debt will be deferred at least 12 months beyond the date of closing, a monthly payment does not need to be considered. • If a student loan is in repayment or scheduled to begin within 12 months from the date of VA loan closing, the lender must consider the anticipated monthly obligation in the loan analysis and utilize the payment established in paragraph (1) or (2) below based on the following: <ul style="list-style-type: none"> ○ Calculate each loan at a rate of 5 percent of the outstanding balance divided by 12 months (example: \$25,000 student loan balance x 5% = \$1,250 divided by 12 months = \$104.17 per month is the monthly payment for debt ratio purposes).

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	<p>(1) The lender must use the payment(s) reported on the credit report for each student loan(s) if the reported payment is greater than the threshold payment calculation above.</p> <p>(2) If the payment reported on the credit report is less than the threshold payment calculation above, the loan file must contain a statement from the student loan servicer that reflects the actual loan terms and payment information for each student loan(s). The statement(s) must be dated within 60 days of VA loan closing and maybe an electronic copy from the student loan servicer’s website or a printed statement provided by the student loan servicer.</p>
Section 7: Assets	
7.1 Assets	
Assets	<p>VA guidelines apply, unless otherwise specified below. Assets must be verified as noted by the AUS. Written Verifications of Deposit (VOD) are not acceptable. Only system generated Verifications of Deposit from the financial institution are acceptable.</p> <p>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. The use of these funds must be documented as having no negative impact on the business’s livelihood.</p>
7.2 Cash Reserves	
Cash Reserves	Cash reserves are required when rental income is used as effective income
7.3 Gifts	
Gifts	VA does not publish guidance on this; follow HUD Handbook (4000.1, II. A. 4.d)
7.4 Seller/Interested Party Contributions	
Seller/Interested Party Contributions	<p>The seller, lender or other party may pay closing costs and discount point with no limitation on behalf of the borrower, with the exception of the VA funding fee.</p> <p>In addition, the seller can provide concessions up to 4% of the reasonable value of the property. Seller concessions do not include normal discount points and payment of the buyer’s closing costs, however do include items such as the following:</p> <ul style="list-style-type: none"> • Payment of the buyer’s VA funding fee • Prepayment of the buyer’s property taxes and insurance • Gifts such as a television or microwave • Payoff of credit balances or judgments on behalf of the buyer
7.5 Ineligible Assets	
Ineligible Assets	<ul style="list-style-type: none"> • Cash on Hand/Mattress Money • Cryptocurrency, such as Bitcoin, may not be used for down payment, closing costs or reserves • UTMA/Custodial Accounts for Minors (cannot be used by the account custodian) • 1031 Exchanges • Pooled Funds
Section 8: Program Details	
8.1 Age of Documentation	
Age of Documentation	Follow VA Handbook
8.2 Electronic Signatures	
Electronic Signatures	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.

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	<p>Third party documents are those that are originated and signed outside of the NewRez’s direct control, such as sales contracts. The electronic signature and date must be clearly visible when viewed electronically and in a paper copy of the electronically signed document.</p> <p>In addition, with prior approval, TPO partners can submit initial disclosures signed by both the TPO and borrower. To become approved for e-signature, please send the following to your AE:</p> <ul style="list-style-type: none"> • Appropriate e-sign questionnaire (Wholesale or Correspondent/Mini Correspondent) • E-sign authorization to release supporting documentation, • Sample e-sign audit trail from document vendor • Copy of signed vendor agreement with “acceptable” vendor listed on questionnaire <p>Once approved, e-signed initial disclosures can be submitted as long as the e-sign audit log for the specific transaction is supplied.</p> <p>NewRez employees may also use electronic signatures on NewRez Verbal Verifications of Employment.</p>
<p>8.3 Escrows</p>	
<p>Escrows</p>	<ul style="list-style-type: none"> • Tax and Insurance escrows are required on all VA loans. • Flood insurance escrows may not be waived.
<p>8.4 Escrow Holdbacks</p>	
<p>Escrow Holdbacks</p>	<p>Follow VA guidelines</p>
<p>8.5 Fees & Charges</p>	
<p>Fees & Charges</p>	<p>The following fees are always allowed regardless of whether the 1% origination fee is charged:</p> <ul style="list-style-type: none"> • 1% Origination Fee • Reasonable Discount Points • VA Appraisal Fee as well as VA Compliance Inspection Reports • Well and septic inspection fees • Credit Report fees – or a \$50 credit evaluation fee may be paid in lieu of the credit report fee for automated underwriting approvals • Pre-paid items (taxes, assessments, etc.) • Insurances (hazard and flood) • Flood Certification Fee • Survey, if required by the lender. Not acceptable on condominiums. • Title insurance, title policy, title search, title exam, and required endorsement fees • Environmental protection lien endorsement • Recording fees, taxes and stamps • Closing Protection Letter • Express mail fees (only for cash-out refinances and IRRRLs) – actual cost should be reasonable. If over \$50, need a copy of the actual invoice. • VA Funding Fee • MERS Fee • Fraud Report fee <p>The following fees cannot be charged as “itemized fees and charges.” Instead, these costs are included in the 1% origination fee:</p> <ul style="list-style-type: none"> • Brokerage fees charged by real estate agents or brokers in connection with a VA loan • Lender’s appraisals (drive-bys, field reviews, etc). The veteran may only be charged for one appraisal unless VA deems a second appraisal is mandatory. • Lender’s inspections – if it is not required on the appraisal/NOV, it cannot be charged to the veteran • Loan closing, settlement or escrow fees

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	<ul style="list-style-type: none"> • Doc prep, underwriting, loan application or processing fees • Photographs • Postage fees if not a cash-out refinance or IRRRL • Stationery, telephone or other overhead charges • Fax, email or copying fees • Amortization schedules, etc. • Notary fees • Commitment fees or marketing fees of secondary purchasers • Trustee fees • Assignment fees • Truth in lending fees • Fees charged by third parties, regardless of affiliation with lender • Tax service fees • Subordination fee charged by a second lien holder cannot be financed into the loan amount on an IRRRL; the veteran can be charged the fee, but it must be paid out of their own funds <p>These fees can never be charged to the veteran:</p> <ul style="list-style-type: none"> • Termite/Pest Inspection • Attorney Fee Charged as a benefit to the lender • Realtor Commission • Prepayment penalties • HUD/FHA Inspection fees for builders • Subordination Prep fees charged by closing agents or other third parties to process subordinations <p>If the above-mentioned fees are charged on a loan, the lender or seller must pay for the fee from their allowable fees and/or concessions. In addition, the borrower may not pay a duplicate fee for services that have already been paid by another party.</p> <p>If no origination fee is charged, the Veteran may pay non-allowable costs up to 1% of the purchase price, with the exception of those listed as “fees that can never be charged.” In addition, if the lender chooses to charge the veteran ½% origination fee, then items from the unallowable list can be charged provided they don’t exceed ½% with the exception of the fees that can never be charged to the Veteran.</p>
<p>8.6 Excluded Parties- LDP/GSA Searches</p>	
<p>Excluded Parties- LDP/GSA Searches</p>	<p>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 • LO • Broker/Correspondent • Listing Agent & Listing Company

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	<ul style="list-style-type: none"> • Selling Agent & Selling Company • Title Agent • Title Company • Closing Attorney • Appraiser and Appraisal Company
8.7 CAIVRS	
CAIVRS	<p>If a borrower is presently delinquent on a federal debt or has a lien, including taxes, placed against his property for a debt owed to the US, the borrower is not eligible until the delinquent debt is brought current, satisfied, or a satisfactory repayment plan is made between the borrower and the federal agency owed and is verified in writing. If the tax lien remains unpaid, the lien must be subordinated to the VA mortgage, a copy of the repayment plan must be obtained, as well as a satisfactory twelve month pay history. In addition, the monthly payments must be included in the DTI.</p> <p>Loan proceeds may not be used to clear CAIVRS.</p> <p>Procedure:</p> <ul style="list-style-type: none"> • Enter the CAIVRS confirmation code on VA Form 26-6393, Loan Analysis, as evidence the screening was performed. • Enter the code in the space to the right of the “NO” block in item 47. • For IRRRLs, enter the CAIVRS confirmation code on VA Form 26-8923, IRRRL Worksheet, beside the word “Note” which is located near the bottom of the form
8.8 Flood Insurance	
Flood Insurance	<p>Follow VA Requirements</p> <p><u>Note: Eligibility of New Construction in SFHAs</u></p> <p>If any portion of the dwelling or related structures essential to the value of the property are located within an SFHA, the property is not eligible unless:</p> <ul style="list-style-type: none"> • A final Letter of Map Amendment (LOMA) or final Letter of Map Revision (LOMR) is obtained from FEMA, removing the property from the SFHA; or • A FEMA National Flood Insurance Program Elevation Certificate (FEMA Form 81-31) prepared by a licensed engineer or surveyor is obtained. The elevation certificate must document that the lowest floor, including the basement, of the residential building and all related improvements essential to the value of the property, are built at or above the 100-year flood elevation in compliance with the NFIP criteria, and insurance under the NFIP is obtained. If an Elevation Certificate cannot be obtained, the VA must be contacted and an inspector must evaluate the property as advised in the VA Handbook. <ul style="list-style-type: none"> ○ A SARs designated underwriter must review and approve the Elevation Certificate. <p>Flood insurance is required to be escrowed. Exceptions not permitted.</p>
8.9 Hazard Insurance	
Hazard Insurance	Follow VA Requirements
8.10 Interest Credit	
Interest Credit	Permitted; purchases must fund by the 7 th calendar day and refinances must fund by the 10 th calendar day
8.11 Process to Add or Remove Borrowers	
Process to Add or Remove Borrowers	<p>Adding Borrowers</p> <ul style="list-style-type: none"> • Adding a borrower to a loan at any time during the loan process, unless the loan has received an adverse credit decision, is acceptable. When this occurs a new RESPA

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	<p>package will be sent out and cool off period will be seven (7) days. File should be submitted back to UW for review of additional borrower's information.</p> <p>Removing Borrowers</p> <ul style="list-style-type: none"> • Removing a borrower from a loan is allowed only in the following scenarios <ul style="list-style-type: none"> ○ No credit decision has been made on the loan and borrower expresses desire to withdraw their name from the application ○ Loan has been approved with both borrowers as submitted and one borrower expresses desire to withdraw their name from the application. <ul style="list-style-type: none"> ▪ In both of the above scenarios - Request in writing from borrower supporting their desire to withdraw their name from the application should be retained in the file. ▪ Detailed notes should also be placed in Destiny to eliminate any possible confusion with the file. • Removing a borrower from a loan is NOT allowed in the following scenarios <ul style="list-style-type: none"> ○ Loan is declined by underwriting <ul style="list-style-type: none"> ▪ In this scenario the loan would need to be adversed and a new application would need to be taken with only the one (1) borrower. <p>Exceptions</p> <ul style="list-style-type: none"> • Any exceptions to the above rules or scenarios not explained above should be submitted to NewRez Compliance for review
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8.12 Title Insurance

<p>Title Insurance</p>	<p>All loans must close with an ALTA title insurance policy which will provide evidence of the borrower's lawful interest in the property to be mortgaged.</p> <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 money must 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.</p> <p>A survey will be required only if an exception appears on the title. ALTA 9 Endorsement, or its equivalent, may be substituted in the event a survey is not commonly required by the property area.</p> <p>A minimum of a twelve month title chain must be provided on each policy. The chain of title will be reviewed for flips as part of the underwriting process.</p>
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Section 9: References

9.1 References

<p>References</p>	<ul style="list-style-type: none"> • VA Handbook • VA Circulars • Limited Denial of Participation (LDP) List • General Services Administration (GSA) Exclusionary List
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9.2 Regional Loan Centers

<p>Regional Loan Centers</p>	<p>http://www.benefits.va.gov/homeloans/contact_rlc_info.asp</p> <ul style="list-style-type: none"> • Atlanta: 1-888-768-2132 • Cleveland: 1-800-729-5772 • Denver: 1-888-349-7541 • Honolulu: 1-808-433-0481 • Houston: 1-888-232-2571 (ext. 1855) • Phoenix: 1-888-869-0194 (Press "3", then ext. 3050)
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	<ul style="list-style-type: none"> Roanoke: 1-800-933-5499 St. Paul: 1-800-827-0611 (ext. 5421) St. Petersburg: 1-888-611-5916 	
9.3 Entitlement Codes		
Entitlement Codes	<ul style="list-style-type: none"> 01 World War II 02 Korean War 03 Post Korean War 04 Vietnam War 05 Entitlement Restored 06 Un-remarried Surviving Spouse 07 Spouse of POW/MIA 08 Post World War II 09 Post Vietnam War 10 Gulf War 11 Selected Reserves 	
9.4 Discharge or Separation Papers		
Discharge or Separation Papers	<ul style="list-style-type: none"> The SF180 form is used to request DD214 discharge papers and can be found at http://www.homeloans.va.gov/ To obtain military records: Call 314-801-0800 http://www.archives.gov/veterans/evetrecs/index.html 	
Section 10: Version Control		
Eligibility Matrices	Non-SMS IRRRL: INVESTMENT PROPERTIES: Increased LTV to 100% for credit scores ≥ 620. Full appraisal (1004) is now required.	January 21, 2019
Eligibility Matrices	Added VA Manufactured Housing guidelines	January 21, 2019
2.6 Refinances (General)	Removed requirements for previously modified mortgages	January 21, 2019
2.7 VA IRRRLs	<ul style="list-style-type: none"> Removed requirements for previously modified mortgages Updated income verification to only require a VVOE for wage earners, and evidence of existence of business for self-employed Removed requirements for rental income used to qualify 	January 21, 2019
3.8 Ineligible Borrowers	Removed Co-Signers/Co-Guarantors and added Borrowers living in the U.S. under Deferred Action for Childhood Arrivals (DACA)	January 21, 2019
3.9 Maximum # of Financed	Removed guidance. Follow VA guidelines	January 21, 2019
4.1 Eligible Properties	Updated to add manufactured homes	January 21, 2019
4.3 Manufactured Housing	New section added with guidelines for eligible manufactured housing financing	January 21, 2019
4.4 Ineligible Properties	Clarified that manufactured or mobile homes not permanently affixed are ineligible	January 21, 2019
4.5 Properties Previously Listed for Sale	Updated to allow the listing to have been cancelled or expired prior to the application date	January 21, 2019
5.1 Income – General	<ul style="list-style-type: none"> Removed the tax transcript requirement for commissions >25% of income Added guidance for borrower provided transcripts 	January 21, 2019
7.5 Ineligible Assets	Added cryptocurrency	January 21, 2019

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8.4 Escrow Holdbacks	Removed overlay and updated to state follow VA guidelines	January 21, 2019
Eligibility Matrices	Added recoupment of fees requirement for Type I Cash-Out VA to VA refinances, and that LTV is based on the Notice of Reasonable Value	February 15, 2019
1.3 Ineligible Programs	Updated to allow transactions where loan officers who are appropriately licensed in the state of CA or FL who are acting as the buyer's agent.	February 15, 2019
2.7 Cash-Out Refinances	Added new section	February 15, 2019
2.10 Net Tangible Benefit	Added cash out refinance table	February 15, 2019

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