



SmartSelf Product Profile: Wholesale
Bank Statement Program

SMARTSELF ELIGIBILITY MATRIX				
Units	Transaction Type	Credit Score	LTV/CLTV	Loan Amount
Primary Residence				
1-2	Purchase Rate & Term Refi	740	90%	\$2,000,000
		740	80%	\$3,000,000
1-4		720	80%	\$2,500,000
		720	75%	\$3,000,000
		680	85%	\$1,500,000
		680	80%	\$2,000,000
		660	85%	\$1,000,000
		660	80%	\$1,500,000
		660	75%	\$2,000,000
		660	75%	\$2,000,000
1-4	Cash-out Refi	720	80%	\$2,000,000
		720	70%	\$2,500,000
		680	75%	\$1,500,000
		680	65%	\$2,000,000
New or newly converted condo projects in Florida: Max 60% LTV/CLTV				

SMARTSELF ELIGIBILITY MATRIX				
Units	Transaction Type	Credit Score	LTV/CLTV	Loan Amount
Second Home				
1-2	Purchase Rate & Term Refi	720	80%	\$1,500,000
		720	75%	\$2,000,000
		720	65%	\$2,500,000
		680	80%	\$1,000,000
		680	75%	\$1,500,000
		680	65%	\$2,000,000
1-	Cash-out Refi	720	70%	\$1,500,000
		720	65%	\$2,000,000
		720	60%	\$2,500,000
		680	70%	\$1,000,000
		680	65%	\$1,500,000
		680	60%	\$2,000,000
New or newly converted condo projects in Florida: Max 60% LTV/CLTV				



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Units	Transaction Type	Credit Score	LTV/CLTV	Loan Amount
Investment Property				
1-4	Purchase Rate & Term Refi	720	70%	\$1,000,000
		720	65%	\$1,500,000
		680	65%	\$1,000,000
		680	60%	\$1,500,000
1-4	Cash-out Refi	720	65%	\$1,000,000
		720	60%	\$1,500,000
		680	60%	\$1,000,000
New or newly converted condo projects in Florida: Max 60% LTV/CLTV Borrowers living rent free are not eligible				



SmartSelf Product Profile: Wholesale Bank Statement Program

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1. Product Description	The SmartSelf product is designed for strong credit quality self-employed borrowers that permits the use of bank statements, in lieu of tax returns, to support self-employed income for qualification purposes. The documentation must provide evidence the borrower's self-employed income is stable, sufficient to repay the borrower's debts and likely to continue.	
2. Loan Terms	<ul style="list-style-type: none"> • 30-year Fixed Rate • 30-year Fixed Rate Interest Only <ul style="list-style-type: none"> ○ 10-year interest only period ○ 20-year amortization period 	
3. Loan Products	Product	Product Description
	5500NQMSmartSelf30YrFxd	5500 SmartSelf 30 Yr Fixed
	5500NQMSmartSelf30YrFxdIO	5500 SmartSelf 30 Yr Fixed IO
4. Prepayment Penalty	Not permitted	
5. Age of Documentation	<ul style="list-style-type: none"> • Credit, income, and asset documents: Not to exceed 90 days old as of the Note date • Appraisal: Not to exceed 120 days old as of the date the Note date. An appraisal update is permitted up to 180 days old as of the Note date. After 180 days, a new appraisal is required. Not permitted in a declining market • The re-use of a prior appraisal is not permitted 	
6. Required Documentation	<ul style="list-style-type: none"> • Notice to Borrower: Ability to Repay Disclosure signed by the borrowers • Ability to Repay (ATR) Certification completed by underwriter • Borrower's Affirmation of Information Provided to Establish Ability to Repay (ATR) signed by the borrower 	
7. Temporary Buydown	Not permitted	
8. Ability to Repay	Must meet Ability to Repay (ATR)	
9. Net Tangible Benefit	<ul style="list-style-type: none"> • All refinance transactions must pass the NewRez Net Tangible Benefit test • A NewRez NTB Worksheet must be completed for all refinance transactions in the following states: <ul style="list-style-type: none"> ○ AR, CT, IL MN, NC, NM, OH, and WA • A state specific NTB Test must be completed on refinance transactions in the following states: <ul style="list-style-type: none"> ○ CO, MA, MD, ME, RI, SC, VA, and WV <ul style="list-style-type: none"> ▪ CO requires NTB state specific forms to be completed for purchase and refinance transactions ○ For all other states, no NTB test is required 	

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	<ul style="list-style-type: none"> Refer to Refinances: Net Tangible Benefit (NTB) Policy & Procedure 																								
10. Minimum Loan Amount	Minimum loan amount \$100,000																								
11. Maximum Cash Out	<ul style="list-style-type: none"> Maximum cash out may not exceed: <ul style="list-style-type: none"> \$1,000,000 for primary residence and second homes \$500,000 for investment properties Maximum cash out amount includes <ul style="list-style-type: none"> Debt consolidation HELOCs with draws within the past 12 months Cumulative for all properties being financed, not each individual loan 																								
12. Underwriting	<ul style="list-style-type: none"> All loans must be manually underwritten Loans must be submitted to LoanScorecard and receive a Pass 																								
13. Qualifying Rate	<ul style="list-style-type: none"> Fixed Rate: Note rate Interest Only: Qualify at the greater of the fully-indexed rate or Note rate based on the scheduled remaining loan term at the time of recast after the interest only period has expired <p>Fully Indexed Rate = Margin plus current Index, rounded to the nearest one-eighth of one percentage point (0.125%)</p>																								
14. Qualifying Ratios	<ul style="list-style-type: none"> Maximum 50% DTI If the DTI is > 43% the following are required: <ul style="list-style-type: none"> Residual income requirements must be met Three months of additional reserves required for DTI > 45% ARM qualifying ratios are based on a fully amortizing P&I 																								
15. Residual Income	<p>Residual income requirements must be met if DTI is > 43%</p> <p>Residual income = Gross Qualifying Income - Monthly Debt</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th colspan="6" style="background-color: #00a0e3; color: white;">Residual Income</th> </tr> <tr> <th style="width: 30%;">Family Size</th> <th style="width: 10%;">1</th> <th style="width: 10%;">2</th> <th style="width: 10%;">3</th> <th style="width: 10%;">4</th> <th style="width: 10%;">5</th> </tr> </thead> <tbody> <tr> <td>Amount</td> <td>\$1,000</td> <td>\$1,680</td> <td>\$2,025</td> <td>\$2,280</td> <td>\$2,365</td> </tr> <tr> <td>Over 5 Family Members</td> <td colspan="5">Add \$150 for each additional family member up to seven</td> </tr> </tbody> </table>	Residual Income						Family Size	1	2	3	4	5	Amount	\$1,000	\$1,680	\$2,025	\$2,280	\$2,365	Over 5 Family Members	Add \$150 for each additional family member up to seven				
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Over 5 Family Members	Add \$150 for each additional family member up to seven																								
16. Types of Financing	<ul style="list-style-type: none"> Purchase Rate & Term Refinance Cash-out Refinance 																								

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17. Incidental Cash Back	Cash out amount on a rate and term refinance not to exceed \$2,000 or 2% of the loan amount
18. Texas Owner Occupied Properties	<ul style="list-style-type: none"> • Owner occupied properties with a first mortgage or second lien subject to Texas Section 50(a)(6) are not permitted • 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)
19. Properties Listed for Sale	<p>Rate and Term Refi</p> <ul style="list-style-type: none"> • Subject property must not be currently listed for sale and must be taken off the market prior to the Note date <p>Cash-out Refi</p> <ul style="list-style-type: none"> • Properties listed for sale in the six months prior to the Note date are limited to the lesser of 70% LTV/CLTV or product requirements • Properties must be taken off the market prior to the Note date
20. Eligible Subordinate Financing	<ul style="list-style-type: none"> • Existing subordinate financing • New subordinate financing
21. Ineligible Subordinate Financing	Subordinate financing not permitted when gift funds are used
22. Occupancy	<ul style="list-style-type: none"> • Primary residences • Second homes <ul style="list-style-type: none"> ○ 2-unit second homes <ul style="list-style-type: none"> ▪ Permitted when one unit is available for the borrower's exclusive use; no rental or time-sharing arrangements of the borrower's exclusive unit ▪ Must be suitable for year-round use ▪ Must be located in a recognized vacation area typical for second home properties ▪ Must be a reasonable distance from borrower's current owner-occupied property ▪ Purchase and Rate and Term Refinance • Investment properties
23. Eligible Property Types	<ul style="list-style-type: none"> • 1-4 units • Condos • See below for warrantable and non-warrantable condos • Leasehold estates

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	<ul style="list-style-type: none"> • PUDs
24. Condos	<ul style="list-style-type: none"> • Must be reviewed by PRD • For projects ≤ 10, NewRez will finance only one unit • Warrantable Condos <ul style="list-style-type: none"> ○ Fannie Mae Condo Project Manager (CPM) and Limited Review permitted ○ Detached condo units and 2-4-unit projects do not require project review or an HOA cert <ul style="list-style-type: none"> ▪ Property insurance per applicable agency guidelines is required ▪ 2-4 unit requires bylaws and declaration if property coverage is by the individual unit owner in lieu of a master HOA policy ○ An HOA cert is required even if project is Fannie Mae approved ○ New projects are not eligible for Limited Review ○ New or newly converted projects in Florida are eligible with a Full Review and must meet the following: <ul style="list-style-type: none"> ▪ Maximum 60% LTV/CLTV ▪ Maximum NewRez exposure in any one project is 20% • Non-Warrantable Condos <ul style="list-style-type: none"> ○ Investment property concentration limits (percentage of non-owner occupied properties within a project) do not apply ○ Minimum 50% of units in project (or subject legal phase, considered with prior legal phases) must be sold or under contract ○ Single Entity Ownership <ul style="list-style-type: none"> ▪ A single entity (the same individual, investor group, partnership, or corporation) may own up to and including 25% of the total number of units in the project
25. Ineligible Property Types	<ul style="list-style-type: none"> • Condo hotels • Co-ops • Factory built homes • Leasehold estate condo project • Manufactured housing • Modular homes • More than 20 acres • Properties with a C5 and C6 condition rating • Properties with less than 600 square feet • Unique properties (e.g., log homes, berth homes, dome homes)
26. Ineligible States	<ul style="list-style-type: none"> • Alaska

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	<ul style="list-style-type: none"> • NY Subprime loans. A NY Subprime loan is defined as loan amounts less than conforming loan limits with an APR that exceeds the Primary Mortgage Market Survey (PMMS) by more than 1.75 percentage points
27. Eligible Borrowers	<ul style="list-style-type: none"> • U.S. citizens • Permanent resident aliens • Non-permanent resident aliens • Inter vivos revocable trust: Trust must be approved by NewRez legal prior to loan approval <p>A minimum of one borrower must:</p> <ul style="list-style-type: none"> • Meet the definition of self-employed; and • Earn at least 51% of their income from their self-employment <p>NewRez will not purchase loans from Principal/Owners of NewRez Third Party Originators</p>
28. First Time Homebuyers (FTH)	<p>A first time homebuyer transactions exists when at least one borrower has not owned a home in the last three years</p> <ul style="list-style-type: none"> • Must have a 0x30x12 consecutive housing payment history within the past three years • Primary residence only • Maximum loan amount of \$1,500,000 • Borrowers who lived rent free are not eligible
29. Non-Occupant Co-Borrower	<p>Non-occupant co-borrowers may be eligible subject to the following:</p> <ul style="list-style-type: none"> • 1-unit • 5% reduction in maximum LTV • Maximum DTI 45% based on all borrower's income • Occupying borrower must be employed and contribute to qualifying income • Must be an immediate relative, proof of relationship is required • Cash out refinance not permitted
Housing Payment History	<ul style="list-style-type: none"> • Applies to all mortgages on all financed properties • Housing Payment History <ul style="list-style-type: none"> ○ 1x30x12 (pricing adjustment may apply) ○ 0x30x12 <ul style="list-style-type: none"> ▪ Any previously modified mortgage ○ 12 months may include a combination of mortgage and/or rental payment history to meet housing payment history requirements, if applicable ○ See First Time Homebuyers

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30. Significant Derogatory Credit	Bankruptcy/Foreclosure/Short Sale/DIL/Pre-foreclosure <ul style="list-style-type: none"> • ≥ 4 years from discharge or dismissal date • ≥ 2 years and < 4 years from the discharge or dismissal date (pricing adjustment may apply) <ul style="list-style-type: none"> ○ 0x30x12 housing history ○ 5% LTV reduction for LTVs > 80% ○ Additional three months reserves ○ Maximum loan amount \$1,500,000 		
31. Forbearance	<ul style="list-style-type: none"> • The borrower may not have any active mortgage forbearance on any mortgages • A minimum of 12 months reserves is required for any forbearance exited within the last 90 days from application date 		
32. Assets	<p>On purchase transactions, the borrower must make a minimum down payment with funds from their own funds. The amount of the minimum required down payment depends upon the occupancy of the subject property, documentation type and loan program.</p> <ul style="list-style-type: none"> • Primary Residence: a minimum of 5% of the lesser of the purchase price or the appraised value must be from the borrower's own funds • Second Home and Investment Properties: all funds for down-payment must be the borrower's own funds 		
33. Seller Contributions		LTV/CLTV	Max IPC
	Primary residence	75.01% to 90%	6%
	Second home	≤75%	9%
	Investment property	All LTV/CLTVs	2%
34. Reserves	Loan Amount	≤ \$1,000,000	3 months
		> \$1,000,000 < \$2,000,000	6 months
		≥ \$2,000,000	12 months
	Additional financed properties, including pending sales		Additional 2 months per financed property
	<ul style="list-style-type: none"> • Maximum required reserves is the lesser of total required or 15 months • The maximum 15 months reserves is based off of the subject property PITIA 		
	<ul style="list-style-type: none"> • Proceeds from the transaction cannot be used for reserves • Rate and Term Refinance transactions do not require reserves if the following are met: <ul style="list-style-type: none"> ○ Loan amount is ≤ \$1,500,000 ○ Primary residence or second home ○ Mortgage history is 0x30x12 on all mortgages 		

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	<ul style="list-style-type: none"> ▪ Must have a full 12 month payment history making current housing payment <ul style="list-style-type: none"> ○ Subject property housing payment is decreasing ○ Borrower does not have a prior foreclosure, bankruptcy, short-sale, or deed-in-lieu
35. Self-Employed Borrowers	<ul style="list-style-type: none"> • Borrower must be self-employed for a minimum of two years with business income being used to qualify • Borrower must complete the Smart Product Business Impact and Continuity Attestation • A borrower with a 25% or greater ownership interest in a business is considered self-employed <ul style="list-style-type: none"> ○ 1099 contractors are eligible provided a CPA or licensed tax preparer (with PTIN) with knowledge of the borrower’s tax filing status confirms the borrower has filed Schedule C for the past two years ○ All other self-employed borrowers: verify borrower(s) percentage and length of ownership with one of the following: <ul style="list-style-type: none"> ▪ Letter from accountant/CPA or licensed tax preparer (with PTIN). Validation of the legitimacy of the CPA is required. One of the following tools may be used: <ul style="list-style-type: none"> ○ CPAverify ○ CPAverify Participating States ○ American Institute of CPAs ▪ Business Formation Documents (Articles of Incorporation, Bylaws, Charter, Articles of Association) <ul style="list-style-type: none"> ○ Any documents received must document that they have been filed properly with the state ○ Operating Agreement/Partnership Agreement ○ Must reflect all member-ownership interest in the business • Borrower Affirmation must be signed at closing confirming the income and loan terms on the final application • Borrowers whose self-employment cannot be independently verified are not eligible • Do not provide tax returns
36. Bank Statement Requirements	<p>General Bank Statement Requirements</p> <ul style="list-style-type: none"> • Unacceptable Deposits/Excluded Deposits, including but not limited to the following: <ul style="list-style-type: none"> ○ Cash advances from credit cards ○ Gift funds ○ Income sources already taken into account ○ Non-business related account transfers ○ Tax refunds

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	<ul style="list-style-type: none"> ○ Product returns/credits ○ Credit line deposits/business financing • Non-Sufficient Funds are where payment of a check cannot be made due to insufficient funds in the account. The following requirements pertain to NSF's: <ul style="list-style-type: none"> ○ No more than four NSF's in any 12-month period <ul style="list-style-type: none"> ▪ More than four NSF's in the prior 12-months may be eligible if the NSF's in the current 12-month period are below the minimum allowed with a borrower provided explanation to support that the prior 12-month period issues have been resolved ○ Overdrafts are not considered an NSF if covered by funds transferred from another account • Decreasing monthly deposit trends may require an additional explanation and/or documentation • Income disclosed on the initial application should be reviewed for consistency with the income calculated from the bank statements. Large deviations should be evaluated and may require a written explanation from the borrower regarding their business and the income they earn and/or additional documentation to further support the calculated income. <p>Personal and Business Bank Statement Requirements</p> <ul style="list-style-type: none"> • Provide the most recent 12 or 24 months consecutive bank statements • If 24 months of statements are submitted and only 12 months are used; the borrower must provide a written explanation borrower detailing why their income is a reasonable indication of current and future income • If 12 months of statements are submitted and the income analysis demonstrates a pattern of large fluctuations or inconsistencies in deposits, 24 months of statements may be required <ul style="list-style-type: none"> ○ Eligible deposits will be added up and averaged over either 12 or 24 months to support monthly income, depending on the number of bank statements provided • Large or irregular deposits must be sourced as qualifying income or must be backed out of the average
<p>37. Personal Bank Statements</p>	<ul style="list-style-type: none"> • If the borrower maintains separate bank accounts for personal and business, and uses personal bank statements for qualifying: <ul style="list-style-type: none"> ○ Three months of business bank statements must be provided to document the qualifying business is an operating entity. If business bank statements cannot be provided to evidence a separate business account with operating activity, then the personal statements must follow the requirements of business bank statements ○ Personal bank statements reflecting other individuals who are not borrowers on the loan

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	<p>are not eligible</p> <ul style="list-style-type: none"> o No expense factor is applied as long as business bank statements support operating activity with expense being paid
38. Business Bank Statements	<ul style="list-style-type: none"> • If the borrower maintains separate bank accounts for personal and business or a borrower uses the same account for both personal and business purposes “combined,” and uses business bank or “combined” statements for qualifying • Gross deposits will be multiplied by a 50% expense factor to determine a net deposit number and divide by 12 or 24 months, depending on the number of bank statements provided • The underwriter must review the bank statements and will use the Smart Product Business Impact and Continuity Attestation as a tool to assess the business operation. • The lowest acceptable expense factor for qualifying is 25% • The below industries typically have capital intensive expenses and require confirmation from the CPA or licensed third-party tax preparer (PTIN) to identify the actual business expense percentage. <ul style="list-style-type: none"> o Automobile manufacturing or dealerships o Construction o Manufacturing (food industry such as ownership in a store, store chain, restaurant, delicatessen, food supplier, etc.) o Telecommunication o Transportation (e.g., Trucking, Uber/Lift, etc.) • The CPA or licensed third-party tax preparer (with PTIN) written statement <ul style="list-style-type: none"> o Must specify the actual expense ratio of the business and acknowledgement that the expense ratio is based on their review of the most recent year’s financials. The statement must not include an unacceptable disclaimer/exculpatory language o The expense factor per the CPA or licensed third-party tax preparer (with PTIN) produced statement must be reasonable. o Apply the expense factor to gross deposits to calculate the qualifying income • Underwriter to provide commentary on the Expense Worksheet of their analysis
39. IRS Form 4506-C	A signed and dated 4506-C for non-self-employment income must be signed at application and closing
40. Tax Transcripts	W-2 transcripts may be obtained at the underwriter’s discretion
41. Multiple Mortgages to Same Borrower	<ul style="list-style-type: none"> • Borrower may own up to 15 financed properties, including the subject property • Borrower limited to eight loans with NewRez not to exceed \$3,000,000 in aggregate • Maximum 10% of properties in a PUD or condo project may have financing with NewRez

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42. Appraisals	<ul style="list-style-type: none"> ○ For projects ≤ 10 total units, financing on a maximum of 1 unit is allowed <ul style="list-style-type: none"> • Appraisals must be ordered through a NewRez approved AMC • If the appraiser notes the market is soft or declining, a 5% reduction to the maximum LTV and a second appraisal is required • Appraisal Requirements <ul style="list-style-type: none"> ○ ≤ \$1,500,000: One appraisal ○ > \$1,500,000: Two appraisals ○ A Comparable Rent Schedule is required for investment property when rental income is used to qualify • The re-use of an appraisal is not permitted <p>Collateral Desktop Analysis (CDA)</p> <ul style="list-style-type: none"> • A CDA with accompanying MLS sheets from Clear Capital is required to support the value of the appraisal and is not used to determine value <ul style="list-style-type: none"> ○ If the CDA or ARR returns a value that is “Indeterminate” or lower than the appraised value and exceeds a 10% tolerance, a second full appraisal must be provided ○ The lower value of the two appraisals will be used as the appraised value • For properties purchased by the seller of the property within ninety days of the fully executed purchase contract require the following: <ul style="list-style-type: none"> ○ Second full appraisal regardless of loan amount ○ Property seller on the purchase contract is the owner of record ○ Increases in value should be documented with commentary from the appraiser and recent paired sales ○ The above requirements do not apply if the property seller is a bank that received the property as a result of foreclosure or deed-in lieu <p>Two Appraisals Required</p> <ul style="list-style-type: none"> • Appraisals must be completed by two independent companies • The LTV will be determined by the lower of the two appraised values as long as the lower appraised appraisal supports the value conclusion • Any inconsistencies between the two appraisal reports must be addressed and reconciled • If the two appraisals are completed “subject to,” only one 1004D is required based on the appraisal being used to determine value • A CDA is not required
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43. Vesting Options	<p>The loan application must reflect vesting in the Limited Liability Company (LLC) LLCs are permitted with investment properties only</p> <ul style="list-style-type: none"> • All owners of the LLC must: <ul style="list-style-type: none"> ○ Sign the closing documents ○ Be natural persons ○ Be listed as borrowers on the transaction • LLC does not have to be a borrower on the loan • The following documentation must be provided: <ul style="list-style-type: none"> ○ Business Formation Documents (i.e., Articles of Incorporation, Bylaws, Charter, Articles of Association, etc.) <ul style="list-style-type: none"> ▪ Any documents received must document that they have been filed properly and certified with the appropriate state ○ Operating Agreement <ul style="list-style-type: none"> ▪ Document must reflect all member ownership interest in the LLC ○ Tax Identification Number ○ Certificate of Good Standing 		
44. Escrow Waivers	Primary Residence	Second Home	Investment Property
	Max LTV ≤ 80% <ul style="list-style-type: none"> • CA: LTV < 90% • NM: LTV < 80% 	Max LTV ≤ 80%	Max LTV ≤ 80%
	HPML loans requires escrows held for a minimum of five years		
45. Power of Attorney	Permitted		
46. Principal Curtailment	A principal curtailment is permitted up to the lesser of 2% of the loan amount of \$2,500		
47. Mortgage Insurance	Not required		

48. Version History		
Section	Update	Date
Eligibility Matrix	Remove 2-unit second home cash-out refinance	April 26, 2021
Eligible Subordinate Financing	Added new subordinate financing	April 26, 2021
Multiple Mortgages to	Removed maximum 20% concentration in a Florida condo project with	April 26, 2021

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Same Borrower	NewRez financing (per project and not per borrower)	
Reserves	Added that proceeds from a cash-out refinance transaction may not be used for reserves	April 26, 2021
Housing Payment History	Added serious derogatory credit information	April 26, 2021
Self-Employed Borrowers	Added clarification that self-employed borrowers must be self-employed for a minimum of two years Added typical industries that have capital intensive expenses Added a letter from tax preparer with IRS Preparer Tax Identification Number (PTIN) with copy of business license as acceptable to validate percentage and length of ownership	April 26, 2021

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