



## Dream Big Product Highlights

ELIGIBILITY MATRIX					
Transaction Type	Units	Credit Score	LTV/CLTV	Loan Amount	Months Reserves
<b>Primary Residence</b>					
Purchase Rate & Term Refi	1	680	89.99% <sup>1</sup>	\$1,000,000	12
	2-4		80%		6
	1	700	75%		12
	1	680	89.99% <sup>1</sup>	\$1,500,000	18
	2		80%		15
	3-4	75%			
	1	700	80%	\$2,000,000	12
	2		75%		15
1	740	70%	\$3,000,000	18	
Cash-Out Refi	1	700	80%	\$1,000,000	12
	2		75%		
	3-4				
	1	740	80%	\$1,500,000	15
	2		75%		
	3-4				
	1	740	70%	\$2,000,000	15
	2		65%		

<sup>1</sup> LTV > 80%: 30-year **fixed** rate term only

- Maximum cash-out
  - Loan amount up to \$1,500,000: \$250,000
  - Loan amount >\$1,500,000 up to \$2,000,000: \$300,000

ELIGIBILITY MATRIX					
Transaction Type	Units	Credit Score	LTV/CLTV	Loan Amount	# Months Reserves
<b>Second Home</b>					
Purchase Rate & Term Refi	1	680	89.99% <sup>1</sup>	\$1,000,000	12
		740	80%	\$1,500,000	15
			70%	\$2,500,000	18

<sup>1</sup> LTV > 80%: 30-year **fixed** rate term only

ELIGIBILITY MATRIX					
Transaction Type	Units	Credit Score	LTV/CLTV	Loan Amount	# Months Reserves
<b>Investment Properties</b>					
Purchase Rate & Term Refi	1	720	70%	\$1,000,000	15
	2-4		65%		
	1	740	70%	\$1,500,000	18
	2-4		65%		
	1	760	70%	\$2,000,000	24
	2-4		65%		



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Product Highlights					
<b>1. Loan Terms</b>	<ul style="list-style-type: none"> <li>Fixed Rate: 15, 20, 25, and 30-year terms</li> <li>ARMs: 5/6, 7/6, 10/6</li> </ul>				
<b>2. Loan Products</b>	<b>Product Alias</b>	<b>Product Description</b>			
	1000DREAM15FRM	1000 Dream Big 15 Yr Fixed			
	1000DREAM20FRM	1000 Dream Big 20 Yr Fixed			
	1000DREAM25FRM	1000 Dream Big 25 Yr Fixed			
	1000DREAM30FRM	1000 Dream Big 30 Yr Fixed			
	1000Dream5/6ARM	1000 Dream Big 5/6 SOFR ARM 2/1/5			
	1000Dream7/6ARM	1000 Dream Big 7/6 SOFR ARM 5/1/5			
	1000Dream10/6ARM	1000 Dream Big 10/6 SOFR ARM 5/1/5			
<b>3. ARM Information</b>	<b>Index</b>	The 30-day average of the overnight Secured Overnight Financing Rate (SOFR) as published by the Federal Reserve Bank of New York			
	<b>Margin</b>	2.75%			
	<b>Life Floor</b>	The life floor is the margin			
	<b>Interest Rate Caps and Adjustments</b>	<b>Product</b>	<b>First</b>	<b>Subsequent</b>	<b>Lifetime</b>
		5/6	2%	1%	5%
		7/6	5%	1%	5%
	10/6	5%	1%	5%	
	<b>Change Date</b>	5/6	The first Change Date is the 61st payment due date. Subsequent Change Dates are every six months thereafter		
		7/6	The first Change Date is the 85th payment due date. Subsequent Change Dates are every six months thereafter		
		10/6	The first Change Date is the 121st payment due date. Subsequent Change Dates are every six months thereafter		
<b>Conversion Option</b>	No				
<b>Assumable</b>	Assumable after the fixed rate period, under certain conditions as described in the Security Instrument				
<b>4. Ability to Repay and Qualified Mortgage (QM)</b>	<ul style="list-style-type: none"> <li>Loan must meet QM, Appendix Q and Ability to Repay</li> <li>Rebuttable Presumption is not permitted</li> </ul>				
<b>5. Net Tangible Benefit (NTB)</b>	<ul style="list-style-type: none"> <li>All refinance transactions must pass the NewRez Net Tangible Benefit test</li> <li>A NewRez NTB Worksheet must be completed for all refinance transactions in the following states: <ul style="list-style-type: none"> <li>AR, CT, IL MN, NC, NM, OH, and WA</li> </ul> </li> <li>A state specific NTB Test must be completed on refinance transactions in the following states: <ul style="list-style-type: none"> <li>CO, MA, MD, ME, RI, SC, VA, and WV <ul style="list-style-type: none"> <li>CO requires NTB state specific forms to be completed for purchase and refinance transactions</li> </ul> </li> <li>For all other states, no NTB test is required</li> </ul> </li> <li>Refer to <a href="#">Refinances: Net Tangible Benefit (NTB) Policy &amp; Procedure</a></li> </ul>				
<b>6. Minimum Loan Amount</b>	Minimum loan amount is \$1 greater than general conforming loan limits or the <u>high balance loan limits</u> in the area.				



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<b>7. Underwriting</b>	<ul style="list-style-type: none"> <li>All loans are manually underwritten, but must be submitted to DU or LPA and receive an Approve/Ineligible or Accept/Ineligible (informational purposes only)</li> <li>Successful LoanScoreCard submission is required</li> </ul>
<b>8. Qualifying Rate</b>	<ul style="list-style-type: none"> <li>Fixed Rate: Note rate</li> <li>ARM               <ul style="list-style-type: none"> <li>5/6 ARM: Use the greater of the Fully Indexed Rate or Note Rate + 2.00%</li> <li>7/6 and 10/6 ARM: Use the Note rate</li> </ul> </li> </ul>
<b>9. Qualifying Ratios</b>	Maximum 43% DTI
<b>10. Types of Financing</b>	<ul style="list-style-type: none"> <li>Purchase Mortgage</li> <li>Rate &amp; Term Refi (Limited Cash-out Refi)</li> <li>Cash-out Refi</li> </ul>
<b>11. Incidental Cash Back</b>	Cash out amount for a rate and term refinance not to exceed the lesser of 1% of the loan amount or \$5,000
<b>12. Texas Owner-Occupied Properties</b>	<ul style="list-style-type: none"> <li>Owner occupied properties with a first mortgage or second lien subject to Texas Section 50(a)(6) not permitted</li> <li>A copy of the current mortgage or note is required to determine if the terms are subject to Texas Section 50(a)(6) (also known as Home Equity Deed of Trust, Home Equity Installment Contract or Residential Home Loan Deed of Trust)</li> <li>Texas Section 50(f)(2) loans are not eligible</li> </ul>
<b>13. Properties Listed for Sale</b>	The listing must have been expired or withdrawn a minimum of six months prior to the application date
<b>14. Eligible Subordinate Financing</b>	<ul style="list-style-type: none"> <li>New subordinate financing               <ul style="list-style-type: none"> <li>Not permitted on second homes or investment properties</li> </ul> </li> <li>Existing subordinate financing</li> </ul>
<b>15. Occupancy</b>	<ul style="list-style-type: none"> <li>Primary residence</li> <li>Second home</li> <li>Investment properties</li> </ul>
<b>16. Eligible Property Types</b>	<ul style="list-style-type: none"> <li>1-4 units</li> <li>Condos               <ul style="list-style-type: none"> <li>Fannie Mae or Freddie Mac warrantable</li> <li>Must be reviewed by PRD</li> </ul> </li> <li>PUDs</li> </ul>
<b>17. Ineligible Property Types</b>	<ul style="list-style-type: none"> <li>Condotels</li> <li>Co-ops</li> <li>Factory built homes (e.g., manufactured/mobile, modular)</li> <li>Leasehold properties</li> <li>Mixed-use properties</li> </ul>

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	<ul style="list-style-type: none"> <li>• Properties appraised with a property condition of C5 or C6</li> <li>• Properties with excessive acreage (&gt; 10 acres)</li> <li>• Properties with less than 750 square feet of living area</li> <li>• Unique properties (e.g., earth homes, geodesic domes, log homes)</li> </ul>
<b>18. Ineligible States</b>	<ul style="list-style-type: none"> <li>• Alaska</li> <li>• Hawaii for Retail/JV</li> </ul>
<b>19. Eligible Borrowers</b>	<ul style="list-style-type: none"> <li>• U.S. citizens</li> <li>• Permanent resident alien</li> <li>• Non-permanent resident alien</li> <li>• Inter vivos revocable trust: Trust must be approved by NewRez legal prior to loan approval</li> </ul>
<b>20. Non-Occupant Co Borrower</b>	Non-occupant co-borrowers permitted; however, the income from the non-occupying co-borrower's income may not be used to qualify
<b>21. First Time Homebuyer</b>	<p>A first time homebuyer is a borrower who has had no ownership interest (sole or joint) in a residential property during the three-year period prior to application. If one borrower meets homeownership requirements, FT HB requirement do not apply.</p> <ul style="list-style-type: none"> <li>• Must have a 0x30x24 cumulative housing history</li> <li>• Borrowers living rent-free are not eligible</li> <li>• Loan amount &gt; \$1,500,000 and ≤ \$2,000,000 require a minimum 740 credit score</li> <li>• Maximum loan amount \$2,000,000</li> <li>• Primary residence only</li> <li>• Reserves: Follow the greater of the below or per the eligibility matrix <ul style="list-style-type: none"> <li>○ 12 months for loan amounts ≤ \$1,000,000</li> <li>○ 15 months for loan amount &gt; \$1,000,000</li> </ul> </li> </ul>
<b>22. Housing Payment History</b>	<ul style="list-style-type: none"> <li>• A housing payment history is required for all borrowers</li> <li>• 0x30x24 housing payment history</li> </ul>
<b>23. Serious Derogatory Credit</b>	<p>Bankruptcy/Foreclosure/Short Sale/DIL/Pre-foreclosure</p> <ul style="list-style-type: none"> <li>• ≥7 years from completion/discharge/dismissal</li> </ul>
<b>24. Borrower Contribution</b>	<p>Minimum Borrower Contribution</p> <ul style="list-style-type: none"> <li>• Primary Residence <ul style="list-style-type: none"> <li>○ &gt; 80%: Minimum of 5% borrowers own funds</li> <li>○ ≤ 80%: Minimum of 3% of borrower's own funds</li> </ul> </li> <li>• Second Home or Investment Property <ul style="list-style-type: none"> <li>○ All funds must come from borrower</li> </ul> </li> <li>• Gift funds permitted on primary residence only</li> </ul>
<b>25. Seller Contributions</b>	<p>Maximum Seller Contributions</p> <ul style="list-style-type: none"> <li>• Primary Residence</li> </ul>

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	<ul style="list-style-type: none"> <li>○ 6% for LTVs ≤ 80%</li> <li>○ 2% for LTV &gt;80%</li> <li>● Second homes: 3%</li> <li>● Investment properties: 2%</li> </ul>																								
<b>26. Reserves</b>	<ul style="list-style-type: none"> <li>● In addition to product requirements, an additional six months reserves is required for:             <ul style="list-style-type: none"> <li>○ each additional financed property owned, including when converting a primary residence to an investment property or second home</li> <li>○ current residence has not sold prior to closing on subject property</li> </ul> </li> <li>● Reserves are based on each property's PITIA</li> <li>● Proceeds from a cash-out refi may not be used to meet the reserve requirements</li> </ul>																								
<b>27. Residual Income</b>	<p>Residual income is the qualified gross monthly income less the gross monthly debt. The debt and income used to calculate the DTI should be used for the residual income evaluation</p> <p>A minimum monthly residual income is required based on total household size.</p> <table border="1" style="width: 100%; text-align: center;"> <thead> <tr> <th colspan="6">Residual Income</th> </tr> <tr> <th>Family Size</th> <th>1</th> <th>2</th> <th>3</th> <th>4</th> <th>5</th> </tr> </thead> <tbody> <tr> <td>Min Gross Residual Income</td> <td>\$1,515</td> <td>\$2,964</td> <td>\$3,227</td> <td>\$3,644</td> <td>\$3,688</td> </tr> <tr> <td>Over 5 Family Members</td> <td colspan="5">An additional \$100 for each additional family member</td> </tr> </tbody> </table>	Residual Income						Family Size	1	2	3	4	5	Min Gross Residual Income	\$1,515	\$2,964	\$3,227	\$3,644	\$3,688	Over 5 Family Members	An additional \$100 for each additional family member				
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<b>28. IRS Form 4506-C</b>	<ul style="list-style-type: none"> <li>● Prior to Underwriting             <ul style="list-style-type: none"> <li>○ Signed 4506-C for individual tax returns for all borrowers</li> </ul> </li> <li>● Prior to Closing             <ul style="list-style-type: none"> <li>○ 4506-C for the business tax return transcript(s) must be signed prior to closing when the business returns are used for qualification</li> </ul> </li> <li>● At Closing             <ul style="list-style-type: none"> <li>○ 4506-C for individual tax returns, for all borrowers, must be signed at closing</li> </ul> </li> </ul>																								
<b>29. Tax Transcripts</b>	<p>IRS Form 4506-C must be processed, and tax <b>return</b> transcripts required for all borrowers to validate income, prior to closing.</p> <ul style="list-style-type: none"> <li>● <b>W-2 tax transcripts not permitted</b></li> </ul>																								
<b>30. Multiple Number of Financed Properties</b>	<ul style="list-style-type: none"> <li>● The borrower(s) may own a total of four financed, 1- 4-unit residential properties including the subject property</li> <li>● Reserves             <ul style="list-style-type: none"> <li>○ In addition to standard reserve requirements, an additional six months reserves is required for each financed property owned based including an existing primary residence to a second home or investment property or existing home pending sale</li> <li>○ The PITIA of each property is based on each financed property</li> </ul> </li> </ul>																								
<b>31. Multiple Mortgages to Same Borrower</b>	<p>NewRez exposure not to exceed \$3,000,000 per individual loan or in aggregate with a maximum of four financed properties; maximum of one financed unit in a single condo project.</p>																								

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<p><b>32. Appraisals</b></p>	<ul style="list-style-type: none"> <li>• Appraisals must be ordered through a NewRez approved AMC</li> <li>• Appraisal Requirements             <ul style="list-style-type: none"> <li>○ ≤\$1,500,000: One appraisal</li> <li>○ &gt; \$1,500,000: Two appraisals</li> </ul> </li> </ul> <p>Collateral Desktop Analysis (CDA)</p> <ul style="list-style-type: none"> <li>• A CDA with accompanying MLS sheets from Clear Capital is required to support the value of the appraisal             <ul style="list-style-type: none"> <li>▪ If the CDA returns a value that is “Indeterminate” or lower than the appraised value and exceeds a 10% tolerance, a second full appraisal must be provided</li> <li>▪ The lower of the two values will be used as the appraised value</li> </ul> </li> <li>• For properties purchased by the seller of the property within ninety days of the fully executed purchase contract the following requirements apply:             <ul style="list-style-type: none"> <li>○ Second full appraisal is required</li> <li>○ Property seller on the purchase contract is the owner of record</li> <li>○ Increases in value should be documented with commentary from the appraiser and recent paired sales</li> <li>○ 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</li> </ul> </li> </ul> <p>Two Appraisals Required</p> <ul style="list-style-type: none"> <li>• Appraisals must be completed by two independent companies</li> <li>• The LTV will be determined by the lower of the two appraised values as long as the lower appraised appraisal supports the value conclusion</li> <li>• Any inconsistencies between the two appraisal reports must be addressed and reconciled</li> <li>• If the two appraisals are completed “subject to,” only one 1004D is required based on the appraisal being used to determine value</li> <li>• A CDA is not required</li> </ul>
<p><b>33. Declining or Soft Markets</b></p>	<p>If the appraiser notes the market is soft or declining, a 5% reduction to the maximum LTV is required</p> <p>A market will be deemed “declining” if:</p> <ul style="list-style-type: none"> <li>• Appraiser indicates in Neighborhood Section that market is declining</li> <li>• Appraiser indicates anywhere in comments that market is declining</li> <li>• Any appraisal review indicates that the market is declining</li> </ul>
<p><b>34. Escrow Waivers</b></p>	<p>Permitted</p>
<p><b>35. Escrow Holdbacks</b></p>	<ul style="list-style-type: none"> <li>• Escrow holdback may be permitted for repairs that do not impact the safety, soundness, or structural integrity of the property</li> <li>• Repairs are limited to a maximum of \$5,000</li> <li>• Repairs must be completed within 60 days of the Note date</li> </ul>

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	<ul style="list-style-type: none"><li>The subject property may be appraised 'as is' or 'subject to repairs'; but the property condition must be in average condition or better</li></ul> <p>See NewRez Underwriting Guide - Chapter 8A Escrow Holdback Policy – Conforming Transactions for repair escrow procedures</p>
<b>36. Mortgage Insurance</b>	Not required

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Section	Update	Date
Minimum Loan Amount	Updated minimum loan amount to \$1 greater than agency General Conforming Loan Limits and High-Cost Area Loan Limits (High-Balance)	March 23, 2021
Primary Residence Eligibility Matrix	Increased the maximum LTV to 89.99% with minimum 680 credit score for loan amounts up to \$1,000,000 and 18 months reserves Increased the maximum LTV to 89.99% with minimum 720 credit score for loan amounts up to \$1,500,000 and 24 months reserves	April 5, 2021
Second Home Eligibility Matrix	Increased the maximum LTV to 89.99% with minimum 680 score for loan amounts up to \$1,000,000 and 12 months reserves	April 5, 2021
NA	Introduction to Wholesale	April 5, 2021
Eligibility Matrix	Reduced reserves for 89.99% LTV to 12 months with 680 credit score Reduced reserves for 89.99% LTV to 18 months with 720 credit score Removed new subordinate financing limited to 80% for 1-2 unit properties not permitted	June 11, 2021 <a href="#">2021-049</a>
First Time Homebuyer	Added definition of FTHB	June 11, 2021 <a href="#">2021-049</a>
Loan Terms	Added ARMs	July 23, 2021 <a href="#">2021-063</a>
Loan Products	Added ARM product codes	
ARM Information	Added all ARM information	
Qualifying Rate	Added ARM qualifying rate information	

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