



SmartSelf Product Profile Bank Statement Program

ELIGIBILITY MATRIX				
Units	Transaction Type	Credit Score	LTV/CLTV	Loan Amount
Primary Residence				
1-4	Purchase Rate & Term Refi	660	85%	\$1,000,000
			80%	\$1,500,000
			75%	\$2,000,000
		680 ¹	85%	\$1,500,000
			80%	\$2,000,000
			80%	\$2,500,000
720	75%	\$3,000,000		
	90%	\$2,000,000		
1-2		740	80%	\$3,000,000
			75%	\$2,500,000
1-4	Cash-out Refi	680	75%	\$1,500,000
			65%	\$2,000,000
		720	80%	\$2,000,000
			70%	\$2,500,000

¹40-year Fixed Rate Interest Only requires a minimum 680 credit score

ELIGIBILITY MATRIX				
Units	Transaction Type	Credit Score	LTV/CLTV	Loan Amount
Second Home				
1-2	Purchase Rate & Term Refi	680 ¹	80%	\$1,000,000
			75%	\$1,500,000
			65%	\$2,000,000
		720	80%	\$1,500,000
			75%	\$2,000,000
			65%	\$2,500,000
1	Cash-out Refi	680	70%	\$1,000,000
			65%	\$1,500,000
			60%	\$2,000,000
		720	70%	\$1,500,000
			65%	\$2,000,000
			60%	\$2,500,000

Not permitted

- First time homebuyers
- Non-permanent residents

¹40-year Fixed Rate Interest Only requires a minimum 680 credit score



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Units	Transaction Type	Credit Score	LTV/CLTV	Loan Amount
Investment Property				
1-4	Purchase Rate & Term Refi	680 ¹	65%	\$1,000,000
			60%	\$1,500,000
		720	70%	\$1,000,000
			65%	\$1,500,000
1-4	Cash-out Refi	680	60%	\$1,000,000
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			60%	\$1,500,000
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SmartSelf Product Profile Bank Statement Program

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SmartSelf Product Profile

Bank Statement Program

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 • 40-year Fixed Rate Interest Only <ul style="list-style-type: none"> ○ 10-year interest only period ○ 30-year amortization period • 5/6, 7/6 and 10/6 ARMs 		<ul style="list-style-type: none"> • 5/6 Interest Only ARM <ul style="list-style-type: none"> ○ 5-year interest only period ○ 25-year amortization period • 7/6 Interest Only ARM <ul style="list-style-type: none"> ○ 7-year interest only period ○ 23-year amortization period • 10/6 Interest Only ARM <ul style="list-style-type: none"> ○ 10-year interest only period ○ 20-year amortization period 																					
3. Loan Products	<table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: left;">Product</th> <th style="text-align: left;">Product Description</th> </tr> </thead> <tbody> <tr> <td>5500NQMSmartSelf30YrFxd</td> <td>5500 SmartSelf 30 Yr Fixed</td> </tr> <tr> <td>5500NQMSmartSelf30YrFxdIO</td> <td>5500 SmartSelf 30 Yr Fixed IO</td> </tr> <tr> <td>5500NQMSmartSelf5/6ARM</td> <td>5500 Smart Self 5/6 SOFR ARM</td> </tr> <tr> <td>5500NQMSmartSelf5/6ARMIO</td> <td>5500 Smart Self 5/6 SOFR ARM IO</td> </tr> <tr> <td>5500NQMSmartSelf7/6ARM</td> <td>5500 Smart Self 7/6 SOFR ARM</td> </tr> <tr> <td>5500NQMSmartSelf7/6ARMIO</td> <td>5500 Smart Self 7/6 SOFR ARM IO</td> </tr> <tr> <td>5500NQMSmartSelf10/6ARM</td> <td>5500 Smart Self 10/6 SOFR ARM</td> </tr> <tr> <td>5500NQMSmartSelf10/6ARMIO</td> <td>5500 Smart Self 10/6 SOFR ARM IO</td> </tr> <tr> <td>5500NQMSmartSelf40YrFxdIO</td> <td>5500 Smart Self 40 Yr Fixed IO</td> </tr> </tbody> </table>		Product	Product Description	5500NQMSmartSelf30YrFxd	5500 SmartSelf 30 Yr Fixed	5500NQMSmartSelf30YrFxdIO	5500 SmartSelf 30 Yr Fixed IO	5500NQMSmartSelf5/6ARM	5500 Smart Self 5/6 SOFR ARM	5500NQMSmartSelf5/6ARMIO	5500 Smart Self 5/6 SOFR ARM IO	5500NQMSmartSelf7/6ARM	5500 Smart Self 7/6 SOFR ARM	5500NQMSmartSelf7/6ARMIO	5500 Smart Self 7/6 SOFR ARM IO	5500NQMSmartSelf10/6ARM	5500 Smart Self 10/6 SOFR ARM	5500NQMSmartSelf10/6ARMIO	5500 Smart Self 10/6 SOFR ARM IO	5500NQMSmartSelf40YrFxdIO	5500 Smart Self 40 Yr Fixed IO		
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4. ARM Information	Index	The 30-day average of the overnight Secured Overnight Financing Rate (SOFR) as published by the Federal Reserve Bank of New York																						
	Life Floor	The floor is the Start rate																						
	Margin	4.00%																						
Interest Rate Caps and Adjustments	<table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: left;">Product</th> <th style="text-align: left;">First</th> <th style="text-align: left;">Subsequent</th> <th style="text-align: left;">Lifetime</th> </tr> </thead> <tbody> <tr> <td>5/6</td> <td>2%</td> <td>2%</td> <td>6%</td> </tr> <tr> <td>7/6</td> <td>2%</td> <td>2%</td> <td>6%</td> </tr> <tr> <td>10/6</td> <td>2%</td> <td>2%</td> <td>6%</td> </tr> </tbody> </table>	Product	First	Subsequent	Lifetime	5/6	2%	2%	6%	7/6	2%	2%	6%	10/6	2%	2%	6%							
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		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
	Conversion Option	Not available
	Assumable	Assumable after the initial fixed-rate period has expired or until a specified event has occurred and is thereafter not assumable
5. Prepayment Penalty	Not permitted	
6. 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 	
7. Required Disclosures	<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 	
8. Temporary Buydown	Not permitted	
9. Ability to Repay	Must meet Ability to Repay (ATR)	
10. Net Tangible Benefit	<ul style="list-style-type: none"> • All refinance transactions that require an NTB 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 • Refer to Refinances: Net Tangible Benefit (NTB) Policy & Procedure 	

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11. Minimum Loan Amount	Minimum loan amount \$100,000				
12. Maximum Cash Out	<ul style="list-style-type: none"> Maximum cash out may not exceed: <ul style="list-style-type: none"> Primary residence and second homes: \$500,000 Investment properties: \$350,000 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 simultaneously being financed, not each individual loan For cash-out refinance transactions, the application date must be dated at least six months after the previous Note date of the last Smart Series cash-out refinance loan with Newrez. 				
13. Underwriting	<ul style="list-style-type: none"> All loans must be manually underwritten Loans must be submitted to LoanScorecard and receive a Pass 				
14. Qualifying Rate	<ul style="list-style-type: none"> Fixed Rate: Note rate Fixed Rate Interest Only: Use the Note rate based on the scheduled remaining loan term at the time of recast after the interest only period has expired (Fully amortized payment based on the Fixed Rate term) ARMs: Greater of the Fully Indexed Rate or the Note Rate Interest Only ARM: Use the greater of the Fully Indexed Rate or the Note rate based on the scheduled remaining loan term at the time of recast after the interest only period has expired (Fully amortized payment based on remaining loan term (20, 23, 25, years)) 				
15. Qualifying Ratios	<ul style="list-style-type: none"> Maximum 50% DTI If the DTI is > 43% and < 50%, the following are required: <ul style="list-style-type: none"> Residual income requirements must be met Three months reserves required for DTI > 45%, in addition to any other required reserves for product Maximum 45% DTI for loan amounts > \$2,000,000 40-year Fixed Rate Interest Only <ul style="list-style-type: none"> Maximum 43% DTI 				
16. Residual Income	Residual income requirements must be met if DTI is > 43%				
	Residual income = Gross Qualifying Income - Monthly Deb				
	Residual Income				
	Family Size	1	2	3	4
Amount	\$2,000	\$2,500	\$3,000	\$3,300	\$3,500
Over 5 Family Members	Add \$150 for each additional family member up to seven				

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17. Types of Financing	<ul style="list-style-type: none"> • Purchase • Rate & Term Refinance • Cash-out Refinance
18. Incidental Cash Back	<ul style="list-style-type: none"> • Cash out amount on a rate and term refinance not to exceed the lesser of \$2,000 or 2% of the loan amount • Texas homestead properties with a lien subject to 50(a)(6) may not receive any (\$0) cash back at closing. Refer to Texas 50(a)(6) Product Profile
19. Texas Owner Occupied Properties Section 50(a)(6)	<ul style="list-style-type: none"> • Owner occupied properties with a first mortgage or second lien subject to Texas Section 50(a)(6) is 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 (Non-Delegated Clients Only)) <p>Requirements</p> <ul style="list-style-type: none"> • Maximum 80% LTV/CLTV • One-unit • Primary residence homestead • Acreage requirements <ul style="list-style-type: none"> ○ If adjacent property is owned, the file must show that the subject property is a separate parcel and does not include the additional lot • Urban Property <ul style="list-style-type: none"> ○ Maximum 10 acres per Article XVI, Section 50(a)(6) of the Texas Constitution (no exceptions) ○ The municipality provides police and fire protection (paid or volunteer) and 3 of the following services <ul style="list-style-type: none"> ▪ Electric ▪ Natural gas ▪ Sewer ▪ Storm sewer ▪ Water ○ Rural Property <ul style="list-style-type: none"> ▪ Property is considered rural if the municipality does not provide police and fire protection or any of the above services ▪ Maximum 20 acres

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	<ul style="list-style-type: none">▪ If the definition of a rural property cannot be met and there is an excess of 10 acres, all acreage exceeding 10 acres must be subdivided or the loan is ineligible <p>Restrictions</p> <ul style="list-style-type: none">• 12-month seasoning required for any first or second mortgage subject to Texas 50(a)(6) loan• There can only be one outstanding Texas 50(a)(6) loan on a property at any given time and when present, a Texas 50(a)(6) loan can be the only loan secured by the subject property• Existing subordinate financing is permitted if:<ul style="list-style-type: none">○ The existing subordinate lien is not being paid off with the new transaction○ The existing subordinate lien is not subject to Texas 50(a)(6)<ul style="list-style-type: none">▪ Documentation must be provided of the original security instrument (Note, Mortgage/Deed and Subordination Agreement is required). Title must verify subordinate financing to ensure all requirements are met. <p>The loan may not close until:</p> <ul style="list-style-type: none">○ The notice must be provided to the borrower no later than three business days after the application date; or○ Twelve days prior to closing, all borrowers sign the 12-Day Notice: <u>Exception Notice— Important Notice Concerning Refinancing a Home Equity Loan</u>○ After the one-year anniversary of the closing of an existing Texas 50 (a)(6) loan <p>Attorney Review</p> <ul style="list-style-type: none">• All Texas 50 (a)(6) loans must be reviewed and certified by a Newrez approved Texas Attorney prior to loan closing<ul style="list-style-type: none">○ Black, Mann, and Graham○ PeirsonPatterson <p>Ineligible</p> <ul style="list-style-type: none">• 2-4-unit properties• Interest Only• Investment Properties• Non-occupant co-borrowers: all borrowers must occupy subject property• Power of Attorney• Second Homes• Subordinate Financing<ul style="list-style-type: none">○ New subordinate financing○ HELOCs
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	<ul style="list-style-type: none"> ○ Third liens <p>Fee Caps</p> <ul style="list-style-type: none"> • Total fees paid by the borrower (excluding prepaids) cannot exceed 2% of the loan amount. • The 2% cap includes fees paid to the lender, broker or any third party, excluding appraisal, property survey, title insurance premiums, and title examination. • If closing costs are greater than 2%, reduce fees prior to closing. Refunds to the borrower are permitted 				
	<table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="background-color: #e0e0e0;">Subject to the 2% Cap</th> <th style="background-color: #e0e0e0;">Not subject to the 2% Cap</th> </tr> </thead> <tbody> <tr> <td style="vertical-align: top;"> <ul style="list-style-type: none"> • Administrative fees • Appraisal – portion of appraisal fee paid to affiliate • Assignment fees • Attorney file review fees • Broker fees • Closing fees • Commitment fees • Courier fee/Express mail fees • Credit Life Insurance required by the lender • Doc prep fees (may be changed only by a Texas licensed attorney) • Escrow waiver fees • Flood certification • Mortgage insurance • Origination fees • Pest infection fees • Processing fees • Property tax certification fees • Property tax service fees • Recording fees • Title company escrow fees • Title examination or search • Valid discount points used to buy down the interest rate, (suggest written buy down request from the borrower) • Underwriting fees </td> <td style="vertical-align: top;"> <ul style="list-style-type: none"> • Appraisal – portion of appraisal fee paid to non-affiliate • Discount points (if legitimate and bona fide) • Fees based on the failure of the borrower to live up to contractual obligations (for example, force-placed insurance, returned check charges, debt collection costs, late fees, foreclosure costs) • Flood insurance • HOA maintenance fees • Interest • Optional charges paid by the owner of the property (or his/her spouse) at his/her sole discretion that are not required by the lender (Lenders should exercise caution when relying on this exception) • Property insurance </td> </tr> </tbody> </table>	Subject to the 2% Cap	Not subject to the 2% Cap	<ul style="list-style-type: none"> • Administrative fees • Appraisal – portion of appraisal fee paid to affiliate • Assignment fees • Attorney file review fees • Broker fees • Closing fees • Commitment fees • Courier fee/Express mail fees • Credit Life Insurance required by the lender • Doc prep fees (may be changed only by a Texas licensed attorney) • Escrow waiver fees • Flood certification • Mortgage insurance • Origination fees • Pest infection fees • Processing fees • Property tax certification fees • Property tax service fees • Recording fees • Title company escrow fees • Title examination or search • Valid discount points used to buy down the interest rate, (suggest written buy down request from the borrower) • Underwriting fees 	<ul style="list-style-type: none"> • Appraisal – portion of appraisal fee paid to non-affiliate • Discount points (if legitimate and bona fide) • Fees based on the failure of the borrower to live up to contractual obligations (for example, force-placed insurance, returned check charges, debt collection costs, late fees, foreclosure costs) • Flood insurance • HOA maintenance fees • Interest • Optional charges paid by the owner of the property (or his/her spouse) at his/her sole discretion that are not required by the lender (Lenders should exercise caution when relying on this exception) • Property insurance
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<p>20. Texas Owner Occupied Properties Section 50(f)(2)</p>	<ul style="list-style-type: none"> • Warehouse fees <ul style="list-style-type: none"> • An existing Texas Section 50(a)(6) loan (either first or second mortgage) may be refinanced as a Texas non-Home Equity Section 50(a)(4) loan secured by a lien against the homestead subject to the following: <ul style="list-style-type: none"> • Max 80% LTV/CLTV • 12-month seasoning for any Texas Section 50(a)(6) loan (first or second) • Cash back not permitted • No additional funds may be included in the loan amount (except closing costs and prepaids) • No new subordinate financing <p>Restrictions</p> <ul style="list-style-type: none"> • The loan may not close until: <ul style="list-style-type: none"> ○ Twelve days after the borrower submits the loan application or all borrowers sign the 12-day notice (lesser of the two) ○ One day after the borrower receives a copy of the Closing Disclosure/Settlement Statement ○ After the one-year anniversary of the closing of an existing Texas 50 (a)(6) loan. <p>Ineligible</p> <ul style="list-style-type: none"> • 2-4-unit properties • Interest Only • Investment properties • Power of Attorney • Second homes • Subordinate financing <ul style="list-style-type: none"> • HELOCs • New subordinate financing • Third liens <p>Attorney Review</p> <ul style="list-style-type: none"> • All Texas 50 (a)(6) loans must be reviewed and certified by a Newrez approved Texas Attorney prior to loan closing. <ul style="list-style-type: none"> • Black, Mann, and Graham • PeirsonPatterson
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21. Texas (a)(6) and 50 (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 the new loan is Texas (a)(6)	Provides even \$1 cash to the borrower Texas (a)(6) Texas (a)(6)	Provides even \$1 cash to the borrower Texas (a)(6) Texas (a)(6)
	Pays off/down an existing Texas (a)(6) lien the new loan is Texas (a)(6)	Pays off/down an existing Texas (a)(6) lien with	Pays off/down an existing Texas (a)(6) lien with
	Pays off/down an existing Texas (a)(6) lien the new loan is Texas (a)(6) lien	Pays off/down an existing Texas (a)(6) lien with	Pays off/down an existing Texas (a)(6) lien with
	The new lien is < existing UPB (no new funds) Non-Texas (a)(6) Texas (f)(2) – if seasoning	The new lien is < existing UPB (no new funds) Non-Texas (a)(6) Texas (f)(2) – if seasoning	The new lien is < existing UPB (no new funds) Non-Texas (a)(6) Texas (f)(2) – if seasoning
	Funds, prepaids and/or closing costs Non-Texas (a)(6) Texas (f)(2) – if seasoning	Funds, prepaids and/or closing costs Non-Texas (a)(6) Texas (f)(2) – if seasoning	Funds, prepaids and/or closing costs Non-Texas (a)(6) Texas (f)(2) – if seasoning
	Pays off/down a purchase money 2nd Non-Texas (a)(6) Texas (f)(2) – if seasoning	Pays off/down a purchase money 2nd Non-Texas (a)(6) Texas (f)(2) – if seasoning	Pays off/down a purchase money 2nd Non-Texas (a)(6) Texas (f)(2) – if seasoning
	Pays off/down an existing Secured Home	Pays off/down an existing Secured Home	Pays off/down an existing Secured Home
	Provides funds to satisfy a court ordered	Provides funds to satisfy a court ordered	Provides funds to satisfy a court ordered
	22. Properties Listed for Sale	<p>Rate and Term Refi</p> <ul style="list-style-type: none"> • Subject property must not be currently listed • If listed for sale, 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 	
23. Eligible Subordinate Financing	<ul style="list-style-type: none"> • Existing subordinate financing • New subordinate financing 		

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24. Ineligible Subordinate Financing	Subordinate financing not permitted when gift funds are used
25. 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
26. Eligible Property Types	<ul style="list-style-type: none"> • 1-4 units • Condos • See below for warrantable and non-warrantable condos • Leasehold estates • PUDs
27. Condos	<ul style="list-style-type: none"> • Must be reviewed by PRD • For projects ≤ 10, Newrez will finance only one unit • Minimum 500 square footage for all condos • 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 (per Fannie Mae definition) projects in Florida are eligible with a Full Review and must meet the following: <ul style="list-style-type: none"> ▪ Maximum Newrez exposure in any one project is 20% • Non-Warrantable Condos <ul style="list-style-type: none"> ○ Warrant to Fannie Mae condo project guidelines with the following exceptions:

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	<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
28. 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 • Square Footage <ul style="list-style-type: none"> ○ Less than 600 square feet ○ Condo: Less than 500 square feet • Unique properties (e.g., log homes, berm homes, dome homes)
29. Ineligible States	<ul style="list-style-type: none"> • Alaska • 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 • Connecticut <ul style="list-style-type: none"> ○ When the loan is an HPML primary residence refinance transaction with a loan amount ≤ \$417,000: <ul style="list-style-type: none"> ▪ Homeownership counseling from an independent third-party nonprofit organization approved by the HUD is required when refinancing a Special Mortgage, defined as an FHA, VA, USDA loan, or a bond loan provided by a Housing Finance Agency
30. 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>

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	<ul style="list-style-type: none"> • Meet the definition of self-employed; and • At least one borrower must be self-employed and earn a majority of their income (51% or more) from their self-employment and use their self-employed income for qualification <p>Newrez will not purchase loans from Principal/Owners of Newrez Third Party Originators</p>
31. First Time Homebuyers (FTHB)	<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, FTHB requirement do not apply.</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
32. 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 • Cash out refinance not permitted
33. 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 ○ 0x30x12 required if the borrower has had any previously modified mortgages ○ 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
34. Significant Derogatory Credit	<p>Bankruptcy/Foreclosure/Short Sale/DIL/Pre-foreclosure/Mortgage Charge-offs</p> <ul style="list-style-type: none"> • ≥ 4 years from discharge or dismissal date • ≥ 2 years and < 4 years from the discharge or dismissal date <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
35. Forbearance	<ul style="list-style-type: none"> • The borrower may not have any active mortgage forbearance on any mortgages

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	<ul style="list-style-type: none"> A minimum of 12 months reserves is required for any forbearance exited within the last 90 days from application date 		
36. Assets	<p>Minimum down payment requirements</p> <ul style="list-style-type: none"> Primary Residence <ul style="list-style-type: none"> Minimum of 5% of the lesser of the purchase price or the appraised value must be from the borrower's own funds unless the LTV/CLTV is \leq 80% Second Home and Investment Properties <ul style="list-style-type: none"> All funds for down payment and closing costs must be the borrower's own funds Gift funds not permitted 		
37. Seller Contributions		LTV/CLTV	Max IPC
	Primary residence	75.01% to 90%	6%
	Second home	\leq 75%	9%
	Investment property	All LTV/CLTVs	2%
38. Reserves	Loan Amount	\leq \$1,000,000	3 months
		> \$1,000,000 < \$2,000,000	6 months
		\geq \$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 Proceeds from the transaction cannot be used for reserves 		
	<ul style="list-style-type: none"> Rate and Term Refinance transactions do not require reserves if the following are met: <ul style="list-style-type: none"> Loan amount is \leq \$1,500,000 Primary residence or second home Mortgage history is 0x30x12 on all mortgages <ul style="list-style-type: none"> Must have a full 12-month payment history making current housing payment Subject property housing payment is decreasing Borrower does not have a prior bankruptcy, foreclosure, short-sale, DIL, pre-foreclosure, or mortgage charge-off 		
39. 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 At least one borrower must be self-employed and earn a majority of their income (51% or more) from their self-employment and use their self-employed income for qualification 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- 		

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	<p>employed</p> <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 • Borrowers whose self-employment cannot be independently verified are not eligible • Do not provide tax returns • The underwriter uses the information on the bank statements or 1099 statements and what the borrower disclosed on the Smart Product Business Impact and Continuity Attestation to assess if additional information is needed to validate if the appropriate expense factor (+/- 50% or 70%) is being used
<p>40. Bank Statement Requirements</p>	<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 ○ 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:

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	<ul style="list-style-type: none"> • The NSF's in the current 12-month period are below • Borrower provides an explanation to support that the prior 12-month period issues have been resolved • Example: June 2019 to May 2020 there are more than four NSF's and there are zero NSF's from the current 12-month period (July 2020 to June 2021) <ul style="list-style-type: none"> ○ 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>41. 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 are not eligible ○ No expense factor is applied as long as business bank statements support operating activity with expense being paid

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<p>42. Business Bank Statements</p>	<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. • If a CPA letter is required to verify a different expense factor, the CPA or licensed third-party tax preparer (with PTIN) written statement <ul style="list-style-type: none"> ○ 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 ○ The expense factor per the CPA or licensed third-party tax preparer (with PTIN) produced statement must be reasonable <ul style="list-style-type: none"> ▪ The lowest acceptable expense factor for qualifying is 25%, except for Capital Intensive Industries ○ Apply the expense factor to gross deposits to calculate the qualifying income • Capital Intensive Industries <ul style="list-style-type: none"> ○ Gross deposits will be multiplied by a 70% expense factor to determine a net deposit number ○ Confirmation from the CPA or licensed third-party tax preparer (PTIN) to identify the actual business expense percentage if it is less than 70%. The lowest acceptable expense factor for qualifying in these industries is 50% <ul style="list-style-type: none"> ▪ Automobile manufacturing or dealerships ▪ Construction (e.g., New Home Builders, etc.) ▪ Manufacturing (food industry such as ownership in a store, store chain, restaurant, delicatessen, food supplier, etc.) ▪ Telecommunication ▪ Transportation (e.g., Trucking, Uber/Lyft, etc.) ▪ Medical centers (>20 employees) ▪ Farming & agricultural • Underwriter to provide commentary on the Expense Worksheet of their analysis
<p>43. IRS Form 4506-C</p>	<p>A signed and dated 4506-C for non-self-employment income must be signed at application and closing</p>
<p>44. Tax Transcripts</p>	<p>W-2 transcripts may be obtained at the underwriter’s discretion</p>

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45. 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 <ul style="list-style-type: none"> ◦ Projects ≤ 10 total units, financing on a maximum of one unit is allowed • New multiple loans must be underwritten simultaneously
46. Declining or Soft Markets	<ul style="list-style-type: none"> • If the appraiser notes the market is soft or declining, a 5% reduction to the maximum LTV and a second appraisal is required <p>A market will be deemed “declining” if:</p> <ul style="list-style-type: none"> • Appraiser indicates in Neighborhood Section that market is declining • Appraiser indicates anywhere in comments that market is declining • Any appraisal review indicates that the market is declining
47. Appraisals	<ul style="list-style-type: none"> • Appraisals must be ordered through a Newrez approved AMC • Appraisal Requirements <ul style="list-style-type: none"> ◦ ≤\$1,500,000: One appraisal ◦ > \$1,500,000: Two appraisals ◦ A Single-Family Comparable Rent Schedule is required for 1-unit investment properties when rental income is used to qualify • The re-use of an appraisal is not permitted • Appraisal transfers are 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 • 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>

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	<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 <p>HPML Loans</p> <ul style="list-style-type: none"> • A second appraisal, at no cost to the borrower, is required when both: <ul style="list-style-type: none"> ○ The seller acquired the dwelling within 180 days prior to the date of the borrower’s purchase agreement; and ○ The price reflected in the purchase agreement is higher than the seller’s acquisition price: <ul style="list-style-type: none"> ▪ More than a 10% price increase if the seller acquired the property in the past 90 days; or ▪ More than a 20% price increase if the seller acquired the property in the past 91 to 180 days • Refer to the Smart Guide for transactions that are exempted from the additional appraisal requirement
<p>48. Vesting Options</p>	<ul style="list-style-type: none"> • May vest in the name of an individual(s) or Limited Liability Company (LLC) • A Limited Liability Company is permitted with investment properties only <ul style="list-style-type: none"> ○ The loan application must reflect vesting in the name of the LLC ○ 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

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	<ul style="list-style-type: none"> Partnerships and corporation not permitted 		
49. 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		
50. Power of Attorney	Not permitted on a cash-out refinance unless required by state law		
51. Principal Curtailment	A principal curtailment is permitted up to the lesser of 2% of the loan amount of \$2,500		
52. Mortgage Insurance	Not required		

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53. 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 Same Borrower	Removed maximum 20% concentration in a Florida condo project with Newrez financing (per project and not per borrower)	April 26, 2021
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
Maximum Cash Out	Reduced the amount of cash-out permitted <ul style="list-style-type: none"> Primary residence and second homes: \$500,000 Investment properties: \$350,000 	May 17, 2021
First Time Homebuyer	Clarified FTHM definition	May 17, 2021
Assets	Clarified minimum borrower contribution when LTV/CLTV is less than or equal to 80%	May 17, 2021
Residual Income	Increased residual income requirements	June 18, 2021 2021-052
Loan Terms	Added Adjustable-Rate Mortgages, including Interest Only	July 23, 2021
Loan Products	Added product codes for ARMs	2021-062
ARM Information	Added ARM information	
Qualifying Rate	Added the qualifying rate for ARMs and Interest Only ARMs	
DTC Retention Branches	Added three branches	August 30, 2021
Maximum DTI	Added limitations to DTI for loan amounts >\$2,000,000	September 10, 2021
Expense Ratio	Added expense ratio	September 10, 2021
Interest Only	Updated to allow 40-year fixed interest only	September 15, 2021
Texas Owner-Occupied Properties 50(a)(6)	Added Texas 50(a)(6) eligibility	2021-070
Texas Owner-	Added Texas 50 (a)(4) also known as (f)(2)	

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Occupied Properties 50(a)(4)		
HPML Updated	Additional information for HPML loans has been updated to reflect restrictions.	November 10, 2021
Cash-Out Refinance	The cash-out refinance has been updated to reflect the required six months seasoning on any transaction for all properties.	
Branches	The restriction to DTC branches has been removed	November 16, 2021 2021-086
HPML Updated	Additional information for HPML loans has been updated to reflect restrictions.	December 14, 2021 2021-094
Texas Properties	Clarification has been added regarding Texas incidental cash back and occupancy regarding Texas 50(a)(6).	
Maximum Cash-Out	The profile has been updated to reflect the waiting period for NewRez cash-out refinances.	
Condo Requirements	The profile has been updated with the minimum square footage required on all condos.	

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