



SmartEdge Product Profile

ELIGIBILITY MATRIX				
Transaction Type	Units	Credit Score	LTV/CLTV	Loan Amount
Primary Residence				
Purchase Rate & Term Refi	1-4	660	80%	\$2,000,000
		680 ¹	90%	
		700	85%	\$2,500,000
		720	90%	\$2,500,000
Cash-out Refi	1-4	740	90%	\$2,500,000
		720	85%	\$2,000,000
		680	80%	\$1,500,000
		660	75%	\$2,000,000

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

ELIGIBILITY MATRIX				
Transaction Type	Units	Credit Score	LTV/CLTV	Loan Amount
Second Home				
Purchase Rate & Term Refi	1-2	660	80%	\$1,500,000
			65%	\$2,000,000
		680	75%	
		720	80%	\$2,500,000
Cash-out Refi	1	740	80%	\$3,000,000
		660	65%	\$1,000,000
		680	65%	\$2,000,000
		700	80%	\$1,500,000
		720	75%	\$2,500,000
		70%	\$2,000,000	

Not permitted

- First time homebuyers
- Non-permanent residents

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

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Transaction Type	Units	Credit Score	LTV/CLTV	Loan Amount
Investment Property				
Purchase Rate & Term Refi	1-4	680	70%	\$1,000,000
			65%	\$2,000,000
		720	75%	\$1,500,000
			70%	\$2,000,000
Cash-out Refi	1-4	680	65%	\$1,000,000
			60%	\$2,000,000
		720	70%	\$1,500,000
			65%	\$2,000,000
Not permitted <ul style="list-style-type: none"> • First time homebuyers • Non-permanent residents 40-year Fixed Rate Interest Only requires a minimum 680 credit score				

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Product Highlights																						
1. Product Description	<p>The SmartEdge Product is designed for strong credit quality borrowers seeking flexible financing options. Borrower may have had a credit event or other isolated lapse in their credit performance that may preclude qualification for another program. Credit events include, without limitation, bankruptcy, foreclosure, short sale, or any other isolated instance of breach in an otherwise acceptable credit pattern. Other isolated lapses in credit performance would be characterized as a period of slow payments on their credit report, such as 30-day delinquencies resulting from isolated circumstances.</p> <p>All borrowers must exhibit an acceptable recent credit history (as defined within this product profiles) and provide a written explanation for derogatory credit events. Multiple credit events that are not a result of the same cause are not permitted. (Ex: borrower who filed bankruptcy on multiple occasions).</p>																					
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, 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"> <thead> <tr> <th>Product</th> <th>Product Description</th> </tr> </thead> <tbody> <tr> <td>30 Year Fixed</td> <td>5500 Smart Edge 30 Yr Fixed</td> </tr> <tr> <td>30 Year Fixed Interest Only</td> <td>5500 Smart Edge 30 Yr Fixed IO</td> </tr> <tr> <td>5500NQMSmartEdge5/6ARM</td> <td>5500 Smart Edge 5/6 SOFR ARM</td> </tr> <tr> <td>5500NQMSmartEdge5/6ARMIO</td> <td>5500 Smart Edge 5/6 SOFR ARM IO</td> </tr> <tr> <td>5500NQMSmartEdge7/6ARM</td> <td>5500 Smart Edge 7/6 SOFR ARM</td> </tr> <tr> <td>5500NQMSmartEdge7/6ARMIO</td> <td>5500 Smart Edge 7/6 SOFR ARM IO</td> </tr> <tr> <td>5500NQMSmartEdge10/6ARM</td> <td>5500 Smart Edge 10/6 SOFR ARM</td> </tr> <tr> <td>5500NQMSmartEdge10/6ARMIO</td> <td>5500 Smart Edge 10/6 SOFR ARM IO</td> </tr> <tr> <td>5500NQMSmartEdge40YrFxdIO</td> <td>5500 SmartEdge 40 Yr Fixed IO</td> </tr> </tbody> </table>	Product	Product Description	30 Year Fixed	5500 Smart Edge 30 Yr Fixed	30 Year Fixed Interest Only	5500 Smart Edge 30 Yr Fixed IO	5500NQMSmartEdge5/6ARM	5500 Smart Edge 5/6 SOFR ARM	5500NQMSmartEdge5/6ARMIO	5500 Smart Edge 5/6 SOFR ARM IO	5500NQMSmartEdge7/6ARM	5500 Smart Edge 7/6 SOFR ARM	5500NQMSmartEdge7/6ARMIO	5500 Smart Edge 7/6 SOFR ARM IO	5500NQMSmartEdge10/6ARM	5500 Smart Edge 10/6 SOFR ARM	5500NQMSmartEdge10/6ARMIO	5500 Smart Edge 10/6 SOFR ARM IO	5500NQMSmartEdge40YrFxdIO	5500 SmartEdge 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	Product	First	Subsequent	Lifetime
		5/6	2%	2%	6%
		7/6	2%	2%	6%
	Change Date	10/6	2%	2%	6%
		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		
	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 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 				
8. Ability to Repay	Must meet Ability to Repay (ATR)				
9. Net Tangible Benefit (NTB)	<ul style="list-style-type: none"> • All refinance transactions that require a 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. 				

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	<ul style="list-style-type: none"> ○ For all other states, no NTB test is required • Refer to Refinances: Net Tangible Benefit (NTB) Policy & Procedure 										
10. Minimum Loan Amount	Minimum loan amount is \$100,000										
11. Maximum Cash Out	<ul style="list-style-type: none"> • Cumulative for all properties being simultaneously financed, not each individual loan • Maximum cash out amount includes • Debt consolidation • HELOCs with draws within the past 12 months • 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. 										
	<table border="1"> <tr> <td> <ul style="list-style-type: none"> • Primary Residence and Second Home </td> <td> <ul style="list-style-type: none"> • Maximum Cash-Out </td> </tr> <tr> <td> LTV/CLTV $\leq 60\%$ <ul style="list-style-type: none"> • One loan • Multiple loans where all loans have an LTV/CLTV $\leq 60\%$: </td> <td> <ul style="list-style-type: none"> • \$1,000,000 </td> </tr> <tr> <td> LTV/CLTV $> 60\%$ <ul style="list-style-type: none"> • One or more loans with an LTV/CLTV $> 60\%$ </td> <td> <ul style="list-style-type: none"> • \$500,000 </td> </tr> <tr> <td> <ul style="list-style-type: none"> • Investment Property </td> <td> <ul style="list-style-type: none"> • Maximum Cash Out </td> </tr> <tr> <td> <ul style="list-style-type: none"> • LTV $\leq 70\%$ </td> <td> <ul style="list-style-type: none"> • \$500,000 </td> </tr> </table>	<ul style="list-style-type: none"> • Primary Residence and Second Home 	<ul style="list-style-type: none"> • Maximum Cash-Out 	LTV/CLTV $\leq 60\%$ <ul style="list-style-type: none"> • One loan • Multiple loans where all loans have an LTV/CLTV $\leq 60\%$: 	<ul style="list-style-type: none"> • \$1,000,000 	LTV/CLTV $> 60\%$ <ul style="list-style-type: none"> • One or more loans with an LTV/CLTV $> 60\%$ 	<ul style="list-style-type: none"> • \$500,000 	<ul style="list-style-type: none"> • Investment Property 	<ul style="list-style-type: none"> • Maximum Cash Out 	<ul style="list-style-type: none"> • LTV $\leq 70\%$ 	<ul style="list-style-type: none"> • \$500,000
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12. Underwriting	<ul style="list-style-type: none"> • All loans are manually underwritten, but must be submitted to DU or LPA and receive an Approve/Ineligible or Accept/Ineligible (informational purposes only) • Interest Only loans do not require DU or LPA submission • Successful LoanScoreCard submission is required 										
13. 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 loan 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 (23, 25, 20 years)) 										
14. 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"> ○ $> 43\%$ and $< 50\%$ DTI requires residual income requirements ○ $> 45\%$ and $< 50\%$ DTI requires three months reserves in addition to product requirements • Maximum 45% DTI <ul style="list-style-type: none"> ○ Non-warrantable condos ○ Loan amounts greater than \$2,000,000 • 40-year Fixed Rate Interest Only <ul style="list-style-type: none"> ○ Maximum 43% DTI 										

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15. Residual Income	<ul style="list-style-type: none"> Residual income requirements must be met if DTI is > 43% Residual income = Gross Qualifying Income - Monthly Debt 					
	Residual Income					
	Family Size	1	2	3	4	5
	Amount	\$2,000	\$2,500	\$3,000	\$3,300	\$3,500
	Over 5 Family Members	Add \$150 for each additional family member up to a family of seven				
16. Types of Financing	<ul style="list-style-type: none"> Purchase Mortgage Rate & Term Refi (Limited Cash-out Refi) Cash-out Refi 					
17. 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 					
18. Texas Owner-Occupied Properties 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) <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 					

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	<ul style="list-style-type: none">▪ Maximum 20 acres▪ 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: Exception Notice— Important Notice Concerning Refinancing a Home Equity Loan • After the one-year anniversary of the closing of an existing Texas 50 (a)(6) loan <p>Ineligible</p> <p>The following are 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○ 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
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	<ul style="list-style-type: none"> o PeirsonPatterson <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 	
	<p>Subject to the 2% Cap</p> <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 Warehouse fees 	<p>Not subject to the 2% Cap</p> <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
<p>19. Texas Owner Occupied Properties 50</p>	<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: 	

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<p>(f)(2)</p>	<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 		
<p>20. Texas (a)(6) and 50 (f)(2) Determination</p>	<p>New loan amount pays off existing lien and...</p>	<p>If existing lien is a non-50(a)(6) then the new lien is...</p>	<p>If existing lien is a 50(a)(6) then the new lien is...</p>
	<p>Provides even \$1 cash to the borrower the new loan is Texas (a)(6)</p>	<p>Provides even \$1 cash to the borrower Texas (a)(6) Texas (a)(6)</p>	<p>Provides even \$1 cash to the borrower Texas (a)(6) Texas (a)(6)</p>
	<p>Pays off/down an existing Texas (a)(6) lien the new loan is Texas (a)(6)</p>	<p>Pays off/down an existing Texas (a)(6) lien with</p>	<p>Pays off/down an existing Texas (a)(6) lien with</p>
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	(a)(6) lien		
	The new lien is < existing UPB (no new funds) Non-Texas (a)(6) Texas (a)(4) – if seasoning	The new lien is < existing UPB (no new funds) Non-Texas (a)(6) Texas (a)(4) – if seasoning	The new lien is < existing UPB (no new funds) Non-Texas (a)(6) Texas (a)(4) – if seasoning
	Funds, prepaids and/or closing costs Non-Texas (a)(6) Texas (a)(4) – if seasoning	Funds, prepaids and/or closing costs Non-Texas (a)(6) Texas (a)(4) – if seasoning	Funds, prepaids and/or closing costs Non-Texas (a)(6) Texas (a)(4) – if seasoning
	Pays off/down a purchase money 2nd Non-Texas (a)(6) Texas (a)(4) – if seasoning	Pays off/down a purchase money 2nd Non-Texas (a)(6) Texas (a)(4) – if seasoning	Pays off/down a purchase money 2nd Non-Texas (a)(6) Texas (a)(4) – 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
21. 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 • 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 		
22. Eligible Subordinate Financing	<ul style="list-style-type: none"> • Existing subordinate financing • New subordinate financing 		
23. Ineligible Subordinate Financing	Subordinate financing not permitted when gift funds are used		
24. Occupancy	<ul style="list-style-type: none"> • Primary residences • Second homes <ul style="list-style-type: none"> ○ 2 unit second homes 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 • Investment properties <ul style="list-style-type: none"> ○ Borrowers living rent free (who are not first-time homebuyers) are not eligible for cash out on an investment property 		
25. Eligible Property Types	<ul style="list-style-type: none"> • 1-4 units • Condos <ul style="list-style-type: none"> ○ See below for warrantable and non-warrantable condos ○ Must be reviewed by PRD ○ For projects ≤ 10, Newrez will finance only one unit 		

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	<ul style="list-style-type: none"> o Minimum 500 square feet • Leasehold estates • PUDs
26. Warrantable Condos	<ul style="list-style-type: none"> • Warrantable Condos <ul style="list-style-type: none"> o Fannie Mae Condo Project Manager (CPM) and Limited Review permitted o Minimum 500 square footage for all condos o 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 o An HOA cert is required even if project is Fannie Mae approved o New projects are not eligible for Limited Review o New or newly converted (per Fannie Mae definition) projects in Florida are eligible with a Fannie Mae Full Review and must meet the following (PERS not required): <ul style="list-style-type: none"> ▪ Maximum Newrez exposure in any one project is 20%
27. Non-Warrantable Condos	<ul style="list-style-type: none"> • All non-warrantable features are subject to Newrez approval • No more than two non-warrantable features are permitted • Minimum 680 credit score • Maximum 45% DTI • Maximum 50% commercial space and must be typical for the market and compatible with the use of the subject project • Minimum 500 square footage for all condos • Single Entity Ownership <ul style="list-style-type: none"> o Maximum 49% o Non-gut conversions maximum 65% <ul style="list-style-type: none"> ▪ Vacated units are not permitted to be released (must be listed for sale) ▪ Existing leases do not get extended ▪ No bulk sales over 10% • Past Due HOA Dues: Maximum 25% of total units are 60 days or more past due • Recreational Leases: Permitted for amenities such as clubhouse, pool, recreational facilities used by unit owners only or collective HOAs (not open to the public). Mandatory golf memberships, beach clubs and dining memberships are not considered acceptable amenities. • Investor Concentration: Maximum 75% when the subject is an investment property • Non-Incidental Income: May not make up more than 35% of total HOA budgeted income • HOA Replacement Reserve <ul style="list-style-type: none"> o < 10% and > 7.5% if current reserve balance exceeds 10% of operating expenses o < 7.5% and > 5.0% if current reserve balance exceeds 20% of operating expenses o < 5.0% if current reserve balance exceeds 50% of operating expenses o Project balance sheet must be provided within 120 days of Note date • Completion: The subject property building, and prior legal phases must be substantially complete. Substantially complete includes the common elements as being complete

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	<ul style="list-style-type: none"> • Pre-Sale Requirements <ul style="list-style-type: none"> ○ Primary Residence <ul style="list-style-type: none"> ▪ 30% of the units must be sold or under contract as a primary residence or second home on the subject phase; or ▪ 50% of the units must be sold or under contract as a primary residence or second home on the subject building ○ Second Home or Investment Property <ul style="list-style-type: none"> ▪ 30% of the units must be sold or under contract as a primary residence or second home on the subject phase • Litigation will be considered on case-by-case basis. Litigation involving structural integrity will not be considered • Not permitted <ul style="list-style-type: none"> ○ 2-unit second homes ○ Resale restrictions
<p>28. Condotels</p>	<ul style="list-style-type: none"> • Fannie Mae standard condo project requirements must be met with the following exceptions: <ul style="list-style-type: none"> ○ No subordinate financing ○ Minimum 680 credit score ○ Reduce LTV by 10% ○ Minimum 500 square feet with at least one separate bedroom, fully functioning kitchen (cooktop only is not permitted) ○ Must be in a resort area or metropolitan area with a project associated with nationally recognized high-end hotel brand (Ritz Carlton, Four Seasons, etc.) ○ Project must be established for three or more years ○ No more than 15% of HOA dues may be 60 or more days delinquent ○ 10% HOA reserves required <ul style="list-style-type: none"> ▪ If less than 10% but greater than 7.5% if the current reserve balance exceeds 10% of the operating expenses ○ No fractional ownership permitted (including timeshares) ○ Mandatory rental pools and/or rental requirements are not permitted ○ Borrower must have exclusive use of the unit ○ Commercial space limited to 50% (parking is not included in the calculation) ○ Rental income may not be used for qualifying income ○ Occupancy restrictions or black-out dates are not permitted; must permit year-round occupancy ○ Appraised value must be supported by a minimum of three similar comparable sales with one comparable inside the subject project
<p>29. Ineligible Property Types</p>	<ul style="list-style-type: none"> • Co-ops • Factory built homes • Leasehold estate condo project • Manufactured housing

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	<ul style="list-style-type: none"> • 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)
30. 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
31. 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>Newrez will not purchase loans from Principal/Owners of Newrez Third Party Originators</p>
32. First Time Homebuyer (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 • Primary residence only • Maximum loan amount of \$1,500,000 • Borrowers who live rent free are not eligible
33. 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 45% DTI 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
34. 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 <ul style="list-style-type: none"> ▪ Non-warrantable condos not permitted ○ 0x30x12

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	<ul style="list-style-type: none"> ▪ Required if the borrower has had any previously modified mortgage(s) ▪ Required for non-warrantable condos permitted ○ 12 months may include a combination of mortgage and/or rental payment history to meet housing payment history requirements, if applicable ○ See First Time Homebuyer 												
35. Significant Derogatory Credit	Bankruptcy/Foreclosure/Short Sale/DIL/Pre-foreclosure/Mortgage Charge-off <ul style="list-style-type: none"> • ≥ 4 years from discharge or dismissal date • ≥ 2 years and < 4 years from discharge or dismissal date <ul style="list-style-type: none"> ○ 0x30x12 housing payment history ○ Non-warrantable condos not permitted 												
36. 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 												
37. Assets	Minimum down payment requirements <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 ≤ 80% ○ Maximum 75% LTV with a gift of equity • 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 												
38. Seller Contributions	<table border="1"> <thead> <tr> <th></th> <th>LTV/CLTV</th> <th>Max IPC</th> </tr> </thead> <tbody> <tr> <td>Primary residence</td> <td>≤75%</td> <td>9%</td> </tr> <tr> <td>Second home</td> <td>75.01% to 90%</td> <td>6%</td> </tr> <tr> <td>Investment property</td> <td>All LTV/CLTVs</td> <td>2%</td> </tr> </tbody> </table>		LTV/CLTV	Max IPC	Primary residence	≤75%	9%	Second home	75.01% to 90%	6%	Investment property	All LTV/CLTVs	2%
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39. Reserves	<table border="1"> <tbody> <tr> <td rowspan="3">Loan Amount</td> <td>≤ \$1,000,000</td> <td>3 months</td> </tr> <tr> <td>> \$1,000,000 < \$2,000,000</td> <td>6 months</td> </tr> <tr> <td>≥ \$2,000,000</td> <td>12 months</td> </tr> <tr> <td colspan="2">Additional financed properties, including pending sales</td> <td>Additional 2 months per financed property</td> </tr> </tbody> </table> <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 • Cash proceeds from the transaction may 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 <ul style="list-style-type: none"> ▪ Must have a full 12-month payment history making current housing payment ○ Subject property housing payment is decreasing ○ Borrowers who own additional real estate must have additional two months reserves ○ Borrower does not have a prior bankruptcy, foreclosure, short-sale, DIL, pre-foreclosure, mortgage charge-off 	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		
Loan Amount	≤ \$1,000,000		3 months										
	> \$1,000,000 < \$2,000,000		6 months										
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40. IRS Form 4506-C	A signed and dated 4506-C for all borrowers must be signed at application and closing
41. Tax Transcripts	<p>The following is required prior to closing:</p> <ul style="list-style-type: none"> • IRS Tax Transcripts and a Record of Account for each year individual income tax returns provided (most recent two years)
42. Multiple Financed Properties	<ul style="list-style-type: none"> • Borrower may own up to 15 financed properties, including the subject property <ul style="list-style-type: none"> ◦ Non-warrantable condos: maximum 10 financed properties, including the subject property • Borrower limited to eight loans with Newrez not to exceed \$3,000,000 in aggregate • Borrower may own a maximum 10% of properties in a PUD or condo project with Newrez financing <ul style="list-style-type: none"> ◦ For projects \leq 10 total units, maximum one unit
43. 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
44. Appraisals	<ul style="list-style-type: none"> • Appraisals must be ordered through a Newrez approved AMC • See the Underwriting Guide for soft or declining market requirements • Appraisal Requirements <ul style="list-style-type: none"> ◦ \leq\$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 <p>The re-use of an appraisal is not permitted.</p> <ul style="list-style-type: none"> • 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 ◦ 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

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	<p>property as a result of foreclosure or deed-in lieu</p> <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 <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>45. Vesting Options</p>	<ul style="list-style-type: none"> • May vest in the name of an individual 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 when 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 • Partnership and corporation not permitted

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46. 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			
47. Power of Attorney	Not permitted on a cash-out refinance unless required by state law		
48. Principal Curtailment	A principal curtailment is permitted up to the lesser of 2% of the loan amount of \$2,500		
49. Mortgage Insurance	Not required		

50. Version History		
Section	Update	Date
First Time Homebuyer	Clarified FTHB 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	June 18, 2021
Tax Transcripts	Clarified that tax return transcripts and record of account must be obtained prior to closing	2021-052
Power of Attorney	Clarified not permitted on a cash-out refinance	July 23, 2021 2021-062
Loan Terms	Added Adjustable-Rate Mortgages, including Interest Only	
Loan Products	Added product codes for ARMs	
ARM Information	Added ARM information	
Qualifying Rate	Added the qualifying rate for ARMs and Interest Only ARMs	
DTC Retention Branches	Added three retention branches	August 30, 2021
Cash-out	Cash-out limitations updated for Primary, Second Home & Investment properties	September 10, 2021 2021-067
LTV/FICO/DTI	LTV/FICO/DTI updates made to Primary & Second Home	September 10, 2021
Property Type	Condotel added	September 10, 2021
Interest Only	Updated to allow 40-year fixed interest only	September 15, 2021 2021-070
Texas Owner-Occupied Properties 50(a)(6)	Added Texas 50(a)(6) eligibility	
Texas Owner-Occupied Properties 50(a)(4)	Added Texas 50 (a)(4) also known as (f)(2)	
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	

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	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).	
Condo Requirements	The profile has been updated to reflect the minimum square footage requirements on all condos.	
Eligibility Matrix	The eligibility matrix has been updated for second home loan amount \$3,000,000 the LTV has been reduced to 80%	

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