



## SmartVest Product Profile

### Investment Property Business Purpose Loan

| ELIGIBILITY MATRIX |                               |              |          |             |
|--------------------|-------------------------------|--------------|----------|-------------|
| Units              | Transaction Type              | Credit Score | LTV/CLTV | Loan Amount |
| 1                  | Purchase and Rate & Term Refi | 720          | 75%      | \$1,500,000 |
|                    |                               |              | 70%      | \$2,000,000 |
|                    |                               | 680          | 80%      | \$1,000,000 |
| 1-4                | Purchase and Rate & Term Refi | 660          | 75%      | \$1,000,000 |
|                    |                               | 640          | 70%      | \$1,000,000 |
| 1-4                | Cash-out Refi                 | 720          | 75%      | \$1,000,000 |
|                    |                               |              | 65%      | \$1,500,000 |
|                    |                               | 700          | 70%      | \$1,000,000 |
|                    |                               | 680          | 60%      | \$1,000,000 |

Information is accurate as of the date of publishing and is subject to change without notice. The guidelines outlined in this document apply to Newrez SmartVest loans originated under Newrez's Smart Series Product Line. This document should not be relied upon or treated as legal advice. **Guidelines subject to change without notice.** Printed copies may not be the most current version. For the most current version, always refer to the online version.



## SmartVest Product Profile

### Investment Property Business Purpose Loan

1. Product Description
2. Loan Terms
3. Loan Products
4. ARM Information
5. Prepayment Penalty
6. Age of Documentation
7. Required Documentation
8. Temporary Buydown
9. Ability to Repay and QM Rule
10. Minimum Loan Amount
11. Maximum Cash Out
12. Underwriting
13. Qualifying Rate
14. Debt Coverage Ratio (DCR)
15. Types of Financing
16. Incidental Cash Back
17. Properties Listed for Sale
18. Eligible Subordinate Financing
19. Ineligible Subordinate Financing
20. Occupancy
21. Eligible Property Types
22. Condos
23. Ineligible Property Types
24. Ineligible States
25. Eligible Borrowers
26. First Time Investor
27. Ineligible Borrowers
28. Housing Payment History
29. Significant Derogatory Credit
30. Forbearance
31. Seller Contributions
32. Reserves
33. Employment/ Income
34. Documentation
35. IRS Form 4506-C
36. Tax Transcripts
37. Multiple Mortgages to the Same Borrower
38. Declining or Soft Markets
39. Appraisals
40. Vesting Options
41. Escrow Waivers
42. Power of Attorney
43. Principal Curtailment
44. Mortgage Insurance
45. Ineligible Transactions
46. Version History

Information is accurate as of the date of publishing and is subject to change without notice. The guidelines outlined in this document apply to Newrez SmartVest loans originated under Newrez's Smart Series Product Line. This document should not be relied upon or treated as legal advice. **Guidelines subject to change without notice.** Printed copies may not be the most current version. For the most current version, always refer to the online version.



## SmartVest Product Profile

### Investment Property Business Purpose Loan

|                               |  |  |  |                   |                 |
|-------------------------------|--|--|--|-------------------|-----------------|
| <b>1. Product Description</b> | <p>The SmartVest product is designed for borrowers who are experienced real estate investors seeking to purchase or refinance an investment property that is owned for business purposes. The borrower is qualified based upon the cash flow of the subject property.</p> <p>Diligence must be done to ensure that the borrower will not be occupying the subject property</p> |  |  |                   |                 |
| <b>2. Loan Terms</b>          | <ul style="list-style-type: none"> <li>• Fixed Rate: 30-year terms</li> <li>• 30-year Fixed Rate Interest Only               <ul style="list-style-type: none"> <li>○ 10-year interest only period</li> <li>○ 20-year amortization period</li> </ul> </li> <li>• 5/6, 7/6, 10/6 ARMs</li> </ul>  |  | <ul style="list-style-type: none"> <li>• 5/6 Interest Only ARM               <ul style="list-style-type: none"> <li>○ 5-year interest only period</li> <li>○ 25-year amortization period</li> </ul> </li> <li>• 7/6 Interest Only ARM:               <ul style="list-style-type: none"> <li>○ 7-year interest only period</li> <li>○ 23-year amortization period</li> </ul> </li> <li>• 10/6 Interest Only ARM               <ul style="list-style-type: none"> <li>○ 10-year interest only period</li> <li>○ 20-year amortization period</li> </ul> </li> </ul> |                   |                 |
| <b>3. Loan Products</b>       | <b>Product</b>   |  | <b>Product Description</b>   |                   |                 |
|                               | 5500NQMSmartVest30YrFxd  |  | 5500 Smart Vest 30 Yr Fixed  |                   |                 |
|                               | 5500NQMSmartVest30YrFxdIO  |  | 5500 Smart Vest 30 Yr Fixed IO   |                   |                 |
|                               | 5500NQMSmartVest10/6ARM  |  | 5500 Smart Vest 10/6 SOFR ARM  |                   |                 |
|                               | 5500NQMSmartVest10/6ARMI<br>O  |  | 5500 Smart Vest 10/6 SOFR ARM IO   |                   |                 |
|                               | 5500NQMSmartVest7/6ARM   |  | 5500 Smart Vest 7/6 SOFR ARM   |                   |                 |
|                               | 5500NQMSmartVest7/6ARMIO   |  | 5500 Smart Vest 7/6 SOFR ARM IO  |                   |                 |
|                               | 5500NQMSmartVest5/6ARM   |  | 5500 Smart Vest 5/6 SOFR ARM   |                   |                 |
|                               | 5500NQMSmartVest5/6ARMIO   |  | 5500 Smart Vest 5/6 SOFR ARM IO  |                   |                 |
| <b>4. ARM Information</b>     | 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   | 5.00%  |  |                   |                 |
|                               | Interest Rate<br>Caps and<br>Adjustments   | <b>Product</b>   | <b>First</b>   | <b>Subsequent</b> | <b>Lifetime</b> |
|                               |  | 5/6  | 2%   | 2%                | 6%              |
|                               |  | 7/6  | 2%   | 2%                | 6%              |
|                               |  | 10/6   | 2%   | 2%                | 6%              |
|                               | Change Date  | 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  |                   |                 |

Information is accurate as of the date of publishing and is subject to change without notice. The guidelines outlined in this document apply to Newrez SmartVest loans originated under Newrez's Smart Series Product Line. This document should not be relied upon or treated as legal advice. **Guidelines subject to change without notice.** Printed copies may not be the most current version. For the most current version, always refer to the online version.



## SmartVest Product Profile

### Investment Property Business Purpose Loan

|  |  |   |  |
|--|--|---|--|
|  |  | 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 |  |
| <b>5. Prepayment Penalty</b>           | <ul style="list-style-type: none"> <li>• Prepayment Penalty Options               <ul style="list-style-type: none"> <li>○ No prepayment penalty</li> <li>○ Three-, two- or one-year prepayment penalty options                   <ul style="list-style-type: none"> <li>▪ Six months interest on excess of 20% of the original principal balance</li> <li>▪ Refer to rate sheet</li> </ul> </li> </ul> </li> <li>• Prepayment penalties not permitted in the following states               <ul style="list-style-type: none"> <li>○ Minnesota</li> <li>○ New Jersey</li> <li>○ New Mexico</li> </ul> </li> <li>• <b>Pennsylvania: prepayment penalties are not permitted on 1 or 2-unit properties with a loan amount less than \$278,204 (ARMs only)</b></li> <li>• Prepayment Penalty Rider is required</li> </ul> |   |  |
| <b>6. Age of Documentation</b>         | <ul style="list-style-type: none"> <li>• Credit and asset documents: Not to exceed 90 days old as of the Note date</li> <li>• Appraisal: Not to exceed 120 days of as of 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</li> </ul>  |   |  |
| <b>7. Required Documentation</b>       | <p>The following documentation is required</p> <ul style="list-style-type: none"> <li>• Complete schedule of all real estate owned, indicating financed and free and clear properties</li> <li>• Mortgage/lien rating for each financed property</li> <li>• Business Purpose Loan Certification, signed by borrower(s)</li> <li>• Occupancy Certification, signed by the borrower(s)</li> </ul>  |   |  |
| <b>8. Temporary Buydown</b>            | Not permitted  |   |  |
| <b>9. Ability to Repay and QM Rule</b> | SmartVest loans are not subject to Appendix Q or Ability to Repay requirements   |   |  |
| <b>10. Minimum Loan Amount</b>         | Minimum loan amount \$100,000  |   |  |
| <b>11. Maximum Cash Out</b>            | <ul style="list-style-type: none"> <li>• Proceeds received from a cash-out must be used for a business purpose</li> <li>• The following being paid off will be included in the maximum cash out limits               <ul style="list-style-type: none"> <li>○ Business debt consolidation</li> <li>○ Business HELOCs with draws within the past 12 months</li> </ul> </li> <li>• Diligence must be used to ensure that the proceeds are not used for a purpose other than a business purpose, such as verification that the account the borrower wires fund to matches the business account and not their personal bank account, debt is not being paid off on the Closing Disclosure, etc.</li> </ul>   |   |  |

Information is accurate as of the date of publishing and is subject to change without notice. The guidelines outlined in this document apply to Newrez SmartVest loans originated under Newrez's Smart Series Product Line. This document should not be relied upon or treated as legal advice. **Guidelines subject to change without notice.** Printed copies may not be the most current version. For the most current version, always refer to the online version.



## SmartVest Product Profile

### Investment Property Business Purpose Loan

|   |   |                     |             |   |  |                  |           |  |  |
|---|---|---------------------|-------------|---|--|------------------|-----------|--|--|
|   | <ul style="list-style-type: none"> <li>Cash-out may not be used for reserves</li> <li>Cumulative for all properties being simultaneously financed, not each individual loan</li> <li>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</li> </ul>   |                     |             |   |  |                  |           |  |  |
|   | <b>Maximum Cash Out</b>   |                     |             |   |  |                  |           |  |  |
|   | <table border="1"> <tr> <td>LTV/CLTV <math>\leq</math> 60%</td> <td>\$1,000,000</td> </tr> <tr> <td> <ul style="list-style-type: none"> <li>One loan</li> <li>Multiple loans where all loans have an LTV/CLTV <math>\leq</math> 60%</li> </ul> </td> <td></td> </tr> <tr> <td>LTV/CLTV <math>&gt;</math> 60%</td> <td>\$500,000</td> </tr> <tr> <td> <ul style="list-style-type: none"> <li>One or more loans with an LTV/CLTV <math>&gt;</math> 60%</li> </ul> </td> <td></td> </tr> </table>  | LTV/CLTV $\leq$ 60% | \$1,000,000 | <ul style="list-style-type: none"> <li>One loan</li> <li>Multiple loans where all loans have an LTV/CLTV <math>\leq</math> 60%</li> </ul> |  | LTV/CLTV $>$ 60% | \$500,000 | <ul style="list-style-type: none"> <li>One or more loans with an LTV/CLTV <math>&gt;</math> 60%</li> </ul> |  |
| LTV/CLTV $\leq$ 60%   | \$1,000,000   |                     |             |   |  |                  |           |  |  |
| <ul style="list-style-type: none"> <li>One loan</li> <li>Multiple loans where all loans have an LTV/CLTV <math>\leq</math> 60%</li> </ul> |   |                     |             |   |  |                  |           |  |  |
| LTV/CLTV $>$ 60%  | \$500,000   |                     |             |   |  |                  |           |  |  |
| <ul style="list-style-type: none"> <li>One or more loans with an LTV/CLTV <math>&gt;</math> 60%</li> </ul>                                |   |                     |             |   |  |                  |           |  |  |
| <b>12. Underwriting</b>   | <ul style="list-style-type: none"> <li>All loans must be manually underwritten</li> <li>Loans must be submitted to LoanScorecard and receive a Pass</li> </ul>  |                     |             |   |  |                  |           |  |  |
| <b>13. Qualifying Rate</b>  | <ul style="list-style-type: none"> <li>Fixed Rate: Note rate</li> <li>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 20-year term)</li> <li>ARMs: Greater of the Fully Indexed Rate or the Note Rate</li> <li>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))</li> </ul>   |                     |             |   |  |                  |           |  |  |
| <b>14. Debt Coverage Ratio (DCR)</b>  | <ul style="list-style-type: none"> <li>The DCR is the ratio of operating income available to debt servicing for PITIA</li> <li>The DCR is calculated by taking 100% the gross rents divided by the PITIA of the subject property</li> </ul> <p>Debt Coverage Ratio Requirement</p> <ul style="list-style-type: none"> <li>DCR Purchase = 1.0</li> <li>DCR Rate and Term Refi = 1.0</li> <li>DCR Cash-out Refi = 1.15</li> </ul> <p><b>DCR Example One - Loan Qualifies</b></p> <p>Gross Rent from Subject Property = \$2,000<br/> PITIA = \$1,500<br/> <math>\\$2,000 \div \\$1,500 = 1.33</math> DCR<br/> Loan qualifies: 1.33 DCR exceeds minimum 1.0 requirement</p> <p><b>Example Two - Loan Does Not Qualify</b></p> <p>Gross Rent from Subject Property = \$2,000<br/> PITIA = \$3,000<br/> <math>\\$2,000 \div \\$3,000 = .67</math> DCR<br/> Loan does not qualify: DCR of .67 is less than minimum 1.0 requirement</p> |                     |             |   |  |                  |           |  |  |
| <b>15. Types of Financing</b>   | <ul style="list-style-type: none"> <li>Purchase Mortgage</li> </ul>   |                     |             |   |  |                  |           |  |  |

Information is accurate as of the date of publishing and is subject to change without notice. The guidelines outlined in this document apply to Newrez SmartVest loans originated under Newrez's Smart Series Product Line. This document should not be relied upon or treated as legal advice. **Guidelines subject to change without notice.** Printed copies may not be the most current version. For the most current version, always refer to the online version.



## SmartVest Product Profile

### Investment Property Business Purpose Loan

|   |  |
|---|--|
|   | <ul style="list-style-type: none"> <li>• Rate &amp; Term Refi</li> <li>• Cash-out Refi</li> </ul>  |
| <b>16. Incidental Cash Back</b>             | Cash out amount not to exceed the lesser of \$2,000 or 2% of the loan amount   |
| <b>17. Properties Listed for Sale</b>       | <p>Rate and Term Refi</p> <ul style="list-style-type: none"> <li>• Subject property must not be currently listed for sale</li> <li>• If listed for sale, must be taken off the market prior to the Note date</li> </ul> <p>Cash-out Refi</p> <ul style="list-style-type: none"> <li>• 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</li> <li>• Properties must be taken off the market prior to the Note date</li> </ul>   |
| <b>18. Eligible Subordinate Financing</b>   | Existing subordinate financing   |
| <b>19. Ineligible Subordinate Financing</b> | New subordinate financing  |
| <b>20. Occupancy</b>                        | Investment properties  |
| <b>21. Eligible Property Types</b>          | <ul style="list-style-type: none"> <li>• 1-4 units</li> <li>• Condos <ul style="list-style-type: none"> <li>◦ See below for warrantable and non-warrantable condos</li> </ul> </li> <li>• Leasehold estates</li> <li>• PUDs <ul style="list-style-type: none"> <li>◦ For projects ≤ 10, will finance only one unit</li> </ul> </li> </ul>  |
| <b>22. Condos</b>                           | <ul style="list-style-type: none"> <li>• Must be reviewed by PRD</li> <li>• For projects ≤ 10, Newrez will finance only one unit</li> <li>• <b>Minimum 500 square footage for all condos</b></li> <li>• Warrantable Condos <ul style="list-style-type: none"> <li>◦ Fannie Mae Condo Project Manager (CPM) and Limited Review permitted</li> <li>◦ Detached condo units and 2-4-unit projects do not require project review or an HOA cert <ul style="list-style-type: none"> <li>▪ Property insurance per applicable agency guidelines is required</li> <li>▪ 2-4 unit requires bylaws and declaration if property coverage is by the individual unit owner in lieu of a master HOA policy</li> </ul> </li> <li>◦ An HOA cert is required even if project is Fannie Mae approved</li> <li>◦ New projects are not eligible for Limited Review</li> </ul> </li> <li>• Non-Warrantable Condos <ul style="list-style-type: none"> <li>◦ Warrant to Fannie Mae condo project guidelines with the following exceptions: <ul style="list-style-type: none"> <li>▪ Investment property concentration limits (percentage of non-owner-occupied properties within a project) do not apply</li> <li>▪ Minimum 50% of units in project (or subject legal phase, considered with prior legal phases) must be sold or under contract</li> </ul> </li> </ul> </li> </ul> |

Information is accurate as of the date of publishing and is subject to change without notice. The guidelines outlined in this document apply to Newrez SmartVest loans originated under Newrez's Smart Series Product Line. This document should not be relied upon or treated as legal advice. **Guidelines subject to change without notice.** Printed copies may not be the most current version. For the most current version, always refer to the online version.



## SmartVest Product Profile

### Investment Property Business Purpose Loan

|                                      |  |
|--------------------------------------|--|
|                                      | <ul style="list-style-type: none"> <li>▪ Single Entity Ownership           <ul style="list-style-type: none"> <li>○ 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</li> </ul> </li> </ul>  |
| <b>23. Ineligible Property Types</b> | <ul style="list-style-type: none"> <li>• Condo hotels</li> <li>• Co-ops</li> <li>• Factory built homes</li> <li>• Leasehold estate condo project</li> <li>• Manufactured housing</li> <li>• Mixed-use</li> <li>• Modular homes</li> <li>• More than 20 acres</li> <li>• Properties with a C5 and C6 condition rating</li> <li>• <b>Square Footage</b> <ul style="list-style-type: none"> <li>○ <b>Less than 600 square feet</b></li> <li>○ <b>Condos: Less than 500 square feet</b></li> </ul> </li> <li>• Unique properties (e.g., log homes, berm homes, dome homes)</li> </ul>  |
| <b>24. Ineligible States</b>         | <p>Ineligible States</p> <ul style="list-style-type: none"> <li>• Alaska</li> </ul>  |
| <b>25. Eligible Borrowers</b>        | <ul style="list-style-type: none"> <li>• U.S. citizens</li> <li>• Permanent resident alien</li> <li>• Inter vivos revocable trust: Trust must be approved by legal prior to loan approval</li> <li>• The borrower must have property ownership and landlord experience managing residential or commercial real estate for a minimum of 12 months</li> </ul> <p>Newrez will not purchase loans from Principal/Owners of Third-Party Originators</p>   |
| <b>26. First Time Investor</b>       | <ul style="list-style-type: none"> <li>• A first-time investor is permitted if all of the following are met:           <ul style="list-style-type: none"> <li>○ Minimum 700 credit score</li> <li>○ Maximum 75% LTV</li> <li>○ Borrower has owned a primary residence for at least 12 months and has a 12-month housing payment history (current or prior history)</li> <li>○ Must have a 36-month credit history including the 12 month housing payment history</li> <li>○ Minimum DCR 1.25</li> <li>○ Maximum one investment property financed with Newrez SmartVest product if the borrower has less than three years of landlord experience</li> </ul> </li> </ul> |
| <b>27. Ineligible Borrowers</b>      | <ul style="list-style-type: none"> <li>• Non-permanent resident alien</li> <li>• First time homebuyers</li> <li>• Non-arm's length transactions between family members</li> </ul>  |
| <b>28. Housing Payment History</b>   | <ul style="list-style-type: none"> <li>• Housing Payment History: 0x30x12</li> <li>• Inclusive of all liens regardless of position</li> <li>• Applies to all mortgages on all financed properties</li> </ul>   |

Information is accurate as of the date of publishing and is subject to change without notice. The guidelines outlined in this document apply to Newrez SmartVest loans originated under Newrez's Smart Series Product Line. This document should not be relied upon or treated as legal advice. **Guidelines subject to change without notice.** Printed copies may not be the most current version. For the most current version, always refer to the online version.



## SmartVest Product Profile

### Investment Property Business Purpose Loan

|   |   |   |             |                    |          |  |                 |          |   |  |   |
|---|---|---|-------------|--------------------|----------|--|-----------------|----------|---|--|---|
| <b>29. Significant Derogatory Credit</b>                | <p>Foreclosure</p> <ul style="list-style-type: none"> <li>• ≥ 4 years from discharge or dismissal date</li> <li>• ≥ 3 years and &lt; 4 years from discharge or dismissal date (pricing adjustment may apply) <ul style="list-style-type: none"> <li>○ Lesser of 70% LTV or product guidelines</li> <li>○ Greater of a minimum of 660 credit score or product guidelines</li> <li>○ Additional three months reserves for subject to property</li> </ul> </li> </ul> <p>Bankruptcy/Short Sale/DIL/Pre-foreclosure/Mortgage Charge-off</p> <ul style="list-style-type: none"> <li>• ≥ 4 years from discharge or dismissal date</li> <li>• ≥ 2 years and &lt; 4 years from discharge or dismissal date (pricing adjustment may apply) <ul style="list-style-type: none"> <li>○ Lesser of 70% LTV or product guidelines</li> <li>○ Greater of a minimum of 660 credit score or product guidelines</li> <li>○ Additional three months reserves for subject to property</li> </ul> </li> </ul>   |   |             |                    |          |  |                 |          |   |  |   |
| <b>30. Forbearance</b>                                  | <ul style="list-style-type: none"> <li>• The borrower may not have any active mortgage forbearance on any mortgages</li> <li>• A minimum of 12 months reserves is required for any forbearance exited within the last 90 days from application date</li> </ul>  |   |             |                    |          |  |                 |          |   |  |   |
| <b>31. Seller Contributions</b>                         | 2%  |   |             |                    |          |  |                 |          |   |  |   |
| <b>32. Reserves</b>                                     | <table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 30%;">Loan Amount</td> <td style="width: 40%;"><math>\leq</math> \$1,000,000</td> <td style="width: 30%;">6 months</td> </tr> <tr> <td></td> <td><math>&gt;</math> \$1,000,000</td> <td>9 months</td> </tr> <tr> <td colspan="2">Additional financed properties, including pending sales</td> <td>Additional 2 months per financed property</td> </tr> </table> <ul style="list-style-type: none"> <li>• Maximum required reserves is the lesser of total required or 15 months</li> <li>• The maximum 15 months reserves is based off of the subject property PITIA</li> <li>• Proceeds from the transaction cannot be used for reserves</li> <li>• Rate and Term Refinance transactions do not require reserves if the following are met: <ul style="list-style-type: none"> <li>○ Loan amount is <math>\leq</math> \$650,000</li> <li>○ Mortgage history is 0x30x24 or since inception if owned between 12-24 months</li> <li>○ Subject property housing payment is decreasing</li> <li>○ Borrower does not have a prior bankruptcy, foreclosure, short-sale, DIL, pre-foreclosure, mortgage charge-off</li> </ul> </li> </ul> |   | Loan Amount | $\leq$ \$1,000,000 | 6 months |  | $>$ \$1,000,000 | 9 months | Additional financed properties, including pending sales |  | Additional 2 months per financed property |
| Loan Amount   | $\leq$ \$1,000,000  | 6 months                                  |             |                    |          |  |                 |          |   |  |   |
|   | $>$ \$1,000,000   | 9 months                                  |             |                    |          |  |                 |          |   |  |   |
| Additional financed properties, including pending sales |   | Additional 2 months per financed property |             |                    |          |  |                 |          |   |  |   |
| <b>33. Employment/ Income</b>                           | <ul style="list-style-type: none"> <li>• Income used to qualify is based on cash flow from the property owned using a Debt Coverage Ratio (DCR) calculation</li> <li>• Borrower's employment and income not required and must not be disclosed on the application</li> <li>• Additional sources of income are not eligible to be used for qualifying purposes</li> </ul>  |   |             |                    |          |  |                 |          |   |  |   |
| <b>34. Documentation</b>                                | <p>Purchase</p> <ul style="list-style-type: none"> <li>• The <i>Single-Family Comparable Rent Schedule</i> (Form 1007/1000) is required determine the monthly rent.</li> </ul> <p>Refinance</p>   |   |             |                    |          |  |                 |          |   |  |   |

Information is accurate as of the date of publishing and is subject to change without notice. The guidelines outlined in this document apply to Newrez SmartVest loans originated under Newrez's Smart Series Product Line. This document should not be relied upon or treated as legal advice. **Guidelines subject to change without notice.** Printed copies may not be the most current version. For the most current version, always refer to the online version.





## SmartVest Product Profile

### Investment Property Business Purpose Loan

|  |   |
|--|---|
|  | <ul style="list-style-type: none"> <li>The most recent lease agreement and <i>Single Family Comparable Rent Schedule (Form 1007/1000)</i> is required to determine the monthly rent. An expired lease agreement that states that the lease becomes a month-to-month lease is permitted with proof of most recent month's rental payment to the borrower.</li> <li>If the lease agreement reflects market rents greater than those shown on <i>Single Family Comparable Rent Schedule (Form 1007/1000)</i>;             <ul style="list-style-type: none"> <li>If the lease is within a 10% variance from the <i>Single Family Comparable Rent Schedule (Form 1007/1000)</i> use the rental income amount on the lease;</li> <li>If the lease is &gt; 10% variance, use the rental income shown on the <i>Single Family Comparable Rent Schedule (Form 1007/1000)</i></li> </ul> </li> <li>Short Term Rental Income (Airbnb, VRBO, etc.)             <ul style="list-style-type: none"> <li>Must have documentation to evidence a 12-month history of the property being in service and a yearly income statement;</li> <li>If the subject property is a condo, provide evidence that the property is eligible for short term rentals (condo association letter, etc.);</li> <li>LTV must be reduced by 5%; and</li> <li>If no rent is received, use zero for that month.</li> </ul> </li> </ul> |
| <b>35. IRS Form 4506-C</b>                         | Not required  |
| <b>36. Tax Transcripts</b>                         | Not required  |
| <b>37. Multiple Mortgages to the Same Borrower</b> | <ul style="list-style-type: none"> <li>Borrower may own an unlimited number of financed properties</li> <li>Maximum Financing with Newrez             <ul style="list-style-type: none"> <li>Borrower limited to eight loans with Newrez not to exceed \$3,000,000 in aggregate</li> <li>Maximum 10% of properties in a PUD or condo project may have financing with Newrez</li> <li>Projects ≤ 10 total units; borrower may finance one unit with Newrez</li> <li>Newrez financing limited to a maximum concentration of 20% in any Florida condominium project (per project not per borrower)</li> </ul> </li> <li>All real estate owned must be disclosed on the application with the full PITIA</li> <li>Properties owned free and clear are not included</li> <li>The PITIA must be disclosed for all REO owned</li> <li>New multiple loans must be underwritten simultaneously</li> </ul>   |
| <b>38. Declining or Soft Markets</b>               | <ul style="list-style-type: none"> <li>If the appraiser notes the market is soft or declining, a 5% reduction to the maximum LTV and a second appraisal is required</li> </ul> <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>  |
| <b>39. Appraisals</b>                              | <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>≤ \$1,000,000: One appraisal</li> <li>&gt; \$1,000,000: Two appraisals</li> </ul> </li> </ul>  |

Information is accurate as of the date of publishing and is subject to change without notice. The guidelines outlined in this document apply to Newrez SmartVest loans originated under Newrez's Smart Series Product Line. This document should not be relied upon or treated as legal advice. **Guidelines subject to change without notice.** Printed copies may not be the most current version. For the most current version, always refer to the online version.



## SmartVest Product Profile

### Investment Property Business Purpose Loan

|                                   |   |
|-----------------------------------|---|
|                                   | <ul style="list-style-type: none"> <li>○ A <i>Single Family Comparable Rent Schedule Form 1007/1000</i> is required</li> </ul> <p>The re-use of an appraisal is not permitted.</p> <ul style="list-style-type: none"> <li>● Appraisal Transfers             <ul style="list-style-type: none"> <li>○ Permitted for Delegated Correspondents</li> <li>○ Permitted for Non-Delegated Correspondents provided it was completed in compliance with Fannie Mae or Freddie Mac guidelines</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 and is not used to determine value             <ul style="list-style-type: none"> <li>○ 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</li> <li>○ The lower value of the two appraisals 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 require the following:             <ul style="list-style-type: none"> <li>○ Second full appraisal regardless of loan amount</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>40. Vesting Options</b></p> | <p>The loan application must reflect the appropriate vesting</p> <p>Individual, Corporation, LLC, and Partnerships are permitted</p> <ul style="list-style-type: none"> <li>● All owners of the borrowing business entity must be listed as borrowers on the transaction</li> <li>● All owners of the borrowing business entity must be natural persons</li> <li>● Loan must be disclosed to all borrowers and the borrowing business entity</li> <li>● All owners of the borrowing business entity must sign the closing documents</li> <li>● Transaction is limited to no more than four borrowers, including the borrowing business entity</li> <li>● The following documentation must be provided:             <ul style="list-style-type: none"> <li>○ Business Formation Documents (e.g., Articles of Incorporation, Bylaws, Charter, Articles of Association, etc.)</li> </ul> </li> </ul>   |

Information is accurate as of the date of publishing and is subject to change without notice. The guidelines outlined in this document apply to Newrez SmartVest loans originated under Newrez’s Smart Series Product Line. This document should not be relied upon or treated as legal advice. **Guidelines subject to change without notice.** Printed copies may not be the most current version. For the most current version, always refer to the online version.



## SmartVest Product Profile

### Investment Property Business Purpose Loan

|                                    |   |
|------------------------------------|---|
|                                    | <ul style="list-style-type: none"> <li>▪ Any documents received must document that they have been filed properly and certified with the appropriate state</li> <li>○ Operating/Partnership Agreement           <ul style="list-style-type: none"> <li>▪ Document must reflect all member ownership interest in the business/entity; or</li> <li>▪ CPA letter documenting borrower's percentage of ownership in the business</li> </ul> </li> <li>○ Tax Identification Number</li> <li>○ Certificate of Good Standing</li> </ul> |
| <b>41. Escrow Waivers</b>          | LTV ≤ 80% or applicable state law   |
| <b>42. Power of Attorney</b>       | Not permitted on cash-out refi unless required by state law   |
| <b>43. Principal Curtailment</b>   | A principal curtailment is permitted up to the lesser of 2% of the loan amount of \$2,500   |
| <b>44. Mortgage Insurance</b>      | Mortgage insurance not required   |
| <b>45. Ineligible Transactions</b> | <ul style="list-style-type: none"> <li>• High-cost loans</li> <li>• HPML</li> </ul>   |

| <b>46. Version History</b>             |   |                    |
|--|---|--------------------|
| <b>Section</b>                         | <b>Update</b>   | <b>Date</b>        |
| Required Documentation                 | Added Occupancy Certification, signed by the borrower(s)  | March 8, 2021      |
| Maximum Cash-out Refi                  | Added clarification regarding evidencing business purpose use of funds  | March 8, 2021      |
| Debt Coverage Ratio                    | Allow 100% of rental income when determining DCR  | April 26, 2021     |
| Reserves                               | ≤ \$1,000,000: increased reserves to 6 months<br>> \$1,000,000: increased reserves to 9 months                              | April 26, 2021     |
| Significant Derogatory                 | Added guidelines that are located in the Smart Guide  | April 26, 2021     |
| Appraisals                             | Added soft or declining market guidance from the Smart Guide  | April 26, 2021     |
| Power of Attorney                      | Clarified not permitted on a cash-out refinance   | June 30, 2021      |
| Bank Statement Requirements            | Clarified non-sufficient funds requirements   | Not announced      |
| 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   |                    |
| Ineligible States                      | Added restrictions for ARM products in PA   |                    |
| DTC Retention Branches                 | Added three retention branches  |                    |
| Maximum Cash Out                       | Cash-out limitations updated  | August 30, 2021    |
| First Time Investor                    | First time investors are permitted  | September 10, 2021 |
| Short Term Rental Income               | Added short term rental income as eligible  |                    |
| Maximum Mortgages to the Same Borrower | Removed maximum number of financed properties<br>Added Newrez exposure requirements   |                    |
| 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 10, 2021  |
|  |   | November 16, 2021  |

Information is accurate as of the date of publishing and is subject to change without notice. The guidelines outlined in this document apply to Newrez SmartVest loans originated under Newrez's Smart Series Product Line. This document should not be relied upon or treated as legal advice. **Guidelines subject to change without notice.** Printed copies may not be the most current version. For the most current version, always refer to the online version.



## SmartVest Product Profile Investment Property Business Purpose Loan

|                               |   |                               |
|-------------------------------|---|-------------------------------|
|                               |   | 2021-086                      |
| Prepayment Penalty            | Prepayment penalty section has been updated with the new maximum loan amount for the state of Pennsylvania. | December 14, 2021<br>2021-094 |
| Condo Requirements            | The profile has been updated to reflect the minimum square footage requirements on all condos.              |                               |
| Maximum Cash-Out Requirements | The profile has been updated with the maximum cash-out requirements for NewRez transactions.                |                               |

Information is accurate as of the date of publishing and is subject to change without notice. The guidelines outlined in this document apply to Newrez SmartVest loans originated under Newrez's Smart Series Product Line. This document should not be relied upon or treated as legal advice. **Guidelines subject to change without notice.** Printed copies may not be the most current version. For the most current version, always refer to the online version.