



FHA Underwriting Guide

Chapter 2A Eligibility

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2A.1 Overview

This Underwriting chapter sets out underwriting standards that apply to all FHA Loan Programs. Generally, underwriting standards that vary from one (1) Loan Program to another are described in our Product Profiles. In most cases, differences will not be referenced in this chapter. In addition, guidelines contained in this chapter are applicable to loans underwritten by TOTAL Mortgage Scorecard and for manually underwritten loans.

Regardless of underwriting method, additional information may be requested at the discretion of the underwriter.

All Newrez overlays will be highlighted in yellow.

2A.2 Home Ownership Centers

FHA maintains four (4) main processing and underwriting centers nationwide, called Home Ownership Centers (HOC). Each HOC has jurisdiction over several states and has standardized policies and procedures for all states in their jurisdiction. See the [FHA Connection \(FHAC\)](#) for the local HOC serving your state.

HOCs may be contacted through the FHA Resource Center: 1-800-CALLFHA (800-225-5342).

2A.3 FHA Connection

The [FHAC](#) is HUD's interactive internet system providing FHA-approved lenders with real-time access to Single Family Origination functions. All processes relating to the origination and insurance of FHA mortgages must be completed in the [FHAC](#).

The [FHAC](#) must be used to order case numbers. A case number can be obtained only when the Client or Newrez has an active loan application for the subject borrower and property.

FHA case numbers are assigned to properties, not to borrowers. Appraiser information must not be entered when the case number is ordered.

2A.4 Excluded Parties

Newrez's Exclusionary List, HUD's LDP list, and SAM must be checked to confirm eligibility for all participants



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involved in the transaction and must be evidenced in the loan file.

The borrower(s) and other parties to the transaction are not eligible if they appear on the Newrez Exclusionary List or either of the following exclusionary lists:

- HUD Limited Denial of Participation (LDP) list; and
- System for Award Management (SAM) Advanced Search-Exclusion. Follow the appropriate procedures defined by SAM.

The "Yes" box on form HUD-92900-LT must be checked if the borrower appears on either LDP or SAM list.

Other Parties to the Transaction include but is not limited to:

- Seller (except when selling the primary residence)
- Listing and selling real estate agent
- Builder
- Developer
- Loan originator
- Loan processor
- Underwriter
- Appraiser
- Closing agent
- Title company
- Notary
- Insurance agents
- Trustees on deed

See Chapter 1C, Representations, Warranties and Covenants, C102.AT No Individuals or Businesses on the Exclusionary List and Excluded Parties Checklist for guidance.

2A.5 Credit Alert Interactive Voice Response System

All borrowers must be screened using HUD's [Credit Alert Interactive Voice Response System](#) (CAIVRS) except those borrowers involved in a streamline refinance.

The borrower is not eligible for an FHA-insured mortgage if CAIVRS indicates that they are presently delinquent on a federal debt or has had a claim paid within the previous three (3) years on a loan made and insured by FHA.



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A loan may not be denied solely on the basis of CAIVRS information that has not been verified by the by the Company. If resolved either by determining that the information in CAIVRS is no longer valid or by resolving the delinquent status as stated above, the application process may continue.

FHA will delete erroneous information regarding a borrower falsely indicated as having defaulted on an FHA mortgage, such as incorrect Social Security Number reporting.

A clear CAIVRS approval may not be relied upon when in possession of independent evidence of delinquent federal obligations and must document the resolution of any conflicting information.

If there is reason to believe the CAIVRS message is erroneous or needs to establish the date of claim payment, contact the appropriate FHA Homeownership Center (HOC) for instructions or documentation to support the borrower's eligibility.

FHA cannot alter or delete CAIVRS information reported from other Federal agencies, such as the Department of Education, Veterans Affairs, etc. The borrower and/or the Company must contact those agencies to correct or remove erroneous or outdated information.

2A.6 Delinquent Federal Debt

2A.6(a) Delinquent Federal Non-Tax Debt (CAIVRS)

Verification	Borrowers with delinquent federal non-tax debt, including deficiency judgments, and other debt associated with past FHA-insured mortgages are ineligible. Information on delinquent federal non-tax debt may be obtained from public records, credit reports or equivalent. In addition, all borrowers must be checked against the Credit Alert Interactive Voice Response System (CAIVRS), that indicates whether or not the borrower is presently delinquent or has had a default claim paid in the last three (3) years through any government loan program. Non-borrowing spouse does not need to be checked against CAIVRS.
Resolution	In order for a borrower with a verified delinquent federal debt to become eligible, the borrower must resolve their federal non-tax debt. The creditor that is owed the debt can verify that the debt has been resolved.



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	<p>Resolution involves either:</p> <ul style="list-style-type: none">• Payment in full; or• A valid repayment agreement with the lien holder to make regular payments on the debt. The borrower must have made at least three (3) months of scheduled payments on time. The borrower may not prepay scheduled payments in order to meet the required minimum of three (3) months payments. The monthly payment must be included in the DTI ratio.
Documentation	<p>Documentation must be included from the creditor agency to support the verification and resolution of the debt. For a debt reported through CAIVRS, evidence of resolution may be obtained with a clear CAIVRS report or with documentation from the creditor agency.</p> <p>Except for federal tax liens, an open tax lien must be subordinate to the Newrez first mortgage. Verification of sufficient funds to satisfy these obligations must be documented, if applicable. A letter of explanation is required for all federal tax debt.</p>

2A.6(b) Delinquent Federal Tax Debt

Public records and credit information must be checked to verify that the borrower is not delinquent on any federal debt and does not have a tax lien placed against their property for a debt owed to the federal government.

Borrowers with delinquent federal tax debt are ineligible. All delinquent federal tax debt must be satisfied prior to or at closing unless the debt has been resolved in one (1) of the following ways:

Tax Debt with Lien	<ul style="list-style-type: none">• Payment in full; or• A valid repayment agreement with the lien holder to make regular payments on the debt. The monthly payment must be included in the DTI ratio. The borrower must have made at least three (3) months of scheduled payments on time. The borrower may not prepay scheduled payments in order to meet the required minimum of three (3) months
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	<p>payments.</p> <p>An open tax lien must be subordinate to the Newrez first mortgage. A letter of explanation is required for all federal or state tax liens.</p>
Tax Debt without Lien	<ul style="list-style-type: none">• Payment in full; or• A valid repayment agreement with the lien holder to make regular payments on the debt. The monthly payment must be included in the DTI ratio. <p>Verification of sufficient funds to satisfy these obligations must be documented, if applicable.</p>

2A.7 Loan Application

The initial Uniform Residential Loan Application (URLA) and page two (2) of form HUD-92900-A must be complete and signed before underwriting the loan application. The debt of a non-borrowing spouse must also be included on the URLA if the borrower resides in or the property to be purchased is located in a community property state. See Chapter FHA Liabilities and Debt Ratios, 2H.1 (I), Non-Borrowing Spouse Debt in a Community Property State.

The loan originator identified on the URLA must be the actual licensed loan originator regardless of whether the interviewer is employed by a sponsored Third-Party Originator (TPO) or Newrez. The URLA must contain the loan originator's name, Nationwide Mortgage licensing System and Registry (NMLS) identification number, telephone number and signature.

All declaration questions must be marked indicating the method of taking the application: face-to-face, by telephone, or by mail. The loan originator's name and employer must be completed, and all applications must be signed and dated by the borrower(s).

The final application for closing must adhere to the requirements above, including the borrower's complete and accurate financial information relied upon by the underwriter, and be signed and dated by all borrowers. All debt incurred during the application process and through loan closing of the mortgage must be disclosed on the final application. See Chapter Credit, 2F.5 Undisclosed Liabilities.



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Borrower must receive the most recent version of all required federal and state disclosures during the origination process.

All transactions are reviewed for reasonability as part of the underwriting process. The feasibility of occupancy claims, and the overall financial picture of the borrowers must be reasonable. Where conflicting information exists between or within documents, an adequate explanation must be provided, documented, and included in the loan file.

A loan application may not be retaken for a borrower where misrepresentations are identified, such as under reported income to the IRS, fraudulent W-2s or paystubs. Due diligence must be exercised when determining whether to allow an application to proceed due to a change of borrower and occupancy representation.

See the Chapter [6A](#) Fraud chapter for red flag indicators.

2A.8 Identity Verification

The identity must be confirmed for each borrower whose credit is used for loan qualification prior to extension of credit.

The closing agent, notary public or signing attorney, as appropriate, must provide evidence that the identification document has been confirmed for each borrower. Acceptable forms of identification include:

- Valid state driver's license with photo;
- Military photo ID;
- Permanent Resident Alien card with photo;
- Valid state non-driver's license with photo;
- Military dependents photo ID;
- Department of Public Welfare photo ID; or
- US passport with photo.

2A.9 Social Security Number Validation

Evidence of a valid social security number is required for all borrowers. In addition, each borrower must sign Part IV of form *HUD-92900-A* to verify the borrower's Social Security Number (SSN) with the Social Security Administration (SSA).



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Individuals employed by the World Bank, a foreign embassy or equivalent employer identified by HUD, state and local government agencies, Instrumentalities of Government, and HUD-approved non-profit organizations are not required to provide a social security number.

Comply with the following:

- Validate and document a social security number for each borrower on the transaction by:
 - Entering the borrower's name, date of birth, and SSN in the borrower/address validation screen through FHAC.
 - Examining the borrower's original paystubs, IRS forms, W-2s, Wage and Tax Statement, valid Tax Returns obtained directly from the IRS, social security card, or by processing *Form SSA-89 Authorization* for the SSA to Release Social Security Number Verification, or other documents in the loan file
- Resolve any inconsistencies or multiple social security numbers for individual borrowers that are revealed during the mortgage process using a service provider to verify the social security number with the SSA.

The credit report must indicate the non-borrowing spouse's SSN (where an SSN exists) was matched with the SSA, or provide one (1) of the following:

- Separate documentation indicating that the SSN was matched with the SSA; or
- A statement that the non-borrowing spouse does not have an SSN. The credit report must contain, at a minimum, the non-borrowing spouse's full name, date of birth, and previous addresses for the last two (2) years.

2A.10 Documentation Age

Age of Credit Documents	All documents must not be more than 120 days old on the disbursement date, except for appraisals, which are subject to separate validity period requirements. Documents whose validity for underwriting purposes is not affected by time, such as divorce decrees, is not subject to a document expiration date.
Appraisal Validity	<ul style="list-style-type: none">• Case Numbers Assigned on or After June 1, 2022:<ul style="list-style-type: none">○ The initial appraisal validity period is 180 days from the effective date of the appraisal report to the disbursement date.• Case Numbers Assigned Prior to June 1, 2022:



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	<ul style="list-style-type: none">○ The initial appraisal validity period is 120 days from the effective date of the appraisal report to the disbursement date.• The reuse of an appraisal for a subsequent transaction is not permitted.
Appraisal Update	<p>The original appraisal may be updated if:</p> <ul style="list-style-type: none">• The initial appraisal report will be more than 180 days prior to the disbursement date;• The Client is listed as the intended user of the original appraisal; or• The Client has received permission from the original client and the appraiser. <p>An appraisal update may be used if:</p> <ul style="list-style-type: none">• It is performed by an FHA appraiser who is currently in good standing on the FHA Appraiser Roster;• If a substitute appraiser is used due to the lack of the original appraiser availability, the substitute appraiser must state they concur with the analysis and conclusions in the original appraisal report. The file must document in the case binder why the original appraiser was not used;• The subject property has not declined in value;• The building improvements that contribute value to the subject property can be observed from the street or a public way;• The exterior inspection of the subject property reveals no deficiencies or other significant changes;• The property meets Minimum Property Requirements (MPR) and Minimum Property Standards (MPS) based on the original appraisal conditions;• Appraisal update was performed by the appraiser within one (1) year from the effective date of the initial appraisal being updated. <p>A new appraisal is required when one (1) of the following exists:</p> <ul style="list-style-type: none">• The appraisal date is more than one (1) year from the effective date of the original date of the appraisal;• The appraiser indicates in the appraisal update that there has been a market change since the original appraisal report was issued; or• The update indicates material defects. <p>When the appraisal expires, a new appraisal will have to be ordered and a new</p>



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	FHA case number will have to be issued.
Effective Date of Title Policy	The effective date of the title insurance policy must be no earlier than the date on which the security instrument was recorded, and final title insurance policy must be dated within 45 days of loan closing.

2A.10(a) Handling of Documents

Documents, including third party verifications, relating to the employment, income, assets, credit, or occupancy are not acceptable if they have been handled by or transmitted from or through unknown parties or interested parties.

Information Sent Electronically	All documents received electronically must be validated by examining the source identifiers (fax banner header or sender's e-mail address) or contacting the source of the document by telephone. The name and telephone number of the individual contacted and verifying the documents must be indicated.
Information Obtained via the Internet	<ul style="list-style-type: none">• Documents obtained from an internet website must be authenticated and printouts downloaded from the internet must be examined.• Documentation obtained through the internet must contain the same information as would be found in an original hard copy of the document.

2A.10(b) Documents and Disclosures

Document	Requirement
Sales Contract	<p>Provisions of the sales contract must not violate FHA requirements. In addition:</p> <ul style="list-style-type: none">• All purchasers listed on the sales contract are borrowers; and• Only borrowers sign the sales contract. <p>An addendum or modification may be used to remove or correct any provisions of the sales contract that do not conform to these requirements.</p>



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	The family member of a purchaser, who is not a borrower, may be listed on the sales contract without modification or removal.
Amendatory Clause	If the borrower does not receive form <i>HUD-92800.5B, Conditional Commitment Direct Endorsement Statement of Appraised Value</i> before signing the sales contract, the sales contract must be amended before closing to include an amendatory clause.
Real Estate Certification	<p>The borrower, seller, and the real estate agent or broker involved in the sales transaction must certify, to the best of their knowledge and belief, that:</p> <ul style="list-style-type: none"> • The terms and conditions of the sales contract are true; and • Any other agreement entered into by any parties in connection with the real estate transactions is part of, or attached to, the sales agreement. <p>A separate certification is not needed if the sales contract contains a statement that:</p> <ul style="list-style-type: none"> • There are no other agreements between parties and the terms constitute the entire agreement between the parties; and • All parties are signatories to the sale contract submitted at the time of underwriting. <p>All copies of the sales contract(s), including a complete copy of the final sales contract with any modifications or revisions must be obtained.</p> <p>An amendatory clause is not required for HUD REO transactions.</p>
Property Assessed Clean Energy	When the subject property is encumbered with a PACE obligation, the sales contract must include a clause specifying that the PACE obligation will be satisfied by the seller at, or prior to closing.
Informed Consumer Choice Disclosure	The borrower must be provided with an Informed Consumer Choice Disclosure if the borrower may qualify for a similar non-FHA insured mortgage product offered by the Client.
Form HUD-92900-B, Important Notice to	The borrower must be provided with and sign a copy of form <i>HUD-92900-B, Important Notice to Homebuyers</i> , for use when applying for a mortgage.



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Homebuyers	The original form signed by the borrower must be retained in the loan file.
Lead-Based Paint	<p>If the property was built before 1978, the property seller must disclose any information known about lead-based paint and lead-based paint hazards, in accordance with HUD-EPA Lead Disclosure Rule (24 CFR 35, subpart A, and the identical 40 CCFR 745, subpart F).</p> <p>All of the following must be met:</p> <ul style="list-style-type: none">• The borrower has been provided the EPA-approved information pamphlet on identifying and controlling lead-based paint hazards ("Protect Your Family From Lead In Your Home");• The borrower was given a ten-day period before becoming obligated to purchase the home to conduct a lead-based paint inspection or risk assessment to determine the presence of lead-based paint or lead-based paint hazards or waived the opportunity. The sales contract contains an attachment in the language of the contract (e.g., English, Spanish), signed and dated by both the seller and purchaser:<ul style="list-style-type: none">○ Containing a lead warning statement set forth in 24 CFR §35.92(a)(1);○ Providing the seller's disclosure of the presence of any known lead-based paint and/or lead-based paint hazards in the target housing being sold, or indication of no knowledge of such presence;○ Listing any records or reports available to the seller pertaining to lead-based paint and/or lead-based paint hazards in property housing being sold, or indication by the seller that no such records or reports exist; and○ Affirming that the borrower received the pamphlet, disclosure, and records or reports, above.• When any agent is involved in the transaction on behalf of the seller, the sales contract includes a statement that the agent has informed the seller of the seller's Lead Disclosure Rule obligations, the agent is aware of his or her duty to ensure compliance with the requirements of the Rule, and the agent has signed and dated the contract.



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2A.10(c) Form HUD-92564-CN, For Your Protection: Get a Home Inspection

Form HUD-92564-CN, For your Protection: Get a Home Inspection, must be provided to prospective home buyers at first contact, whether for re-qualification, pre-approval, or initial application, as indicated in the below table.

Property Type	Form Required
Proposed/Under Construction	No
Existing Construction Less than One Year Old	Yes, if previously occupied
Existing Property	Yes
No Cash-out Refinance	No
Cash-out Refinance	No
Streamline Refinance without an Appraisal	No

2A.10(d) Signature Requirements for All Application Forms

All borrowers must sign and date:

- The initial and final Uniform Residential Loan Application (URLA);
- Page two (2) of the initial form *HUD-92900-A, HUD/VA Addendum to Uniform Residential Loan Application*; and
- The completed final form *HUD-92900-A, HUD/VA Addendum to Uniform Residential Loan Application*.

The application may not be signed by any party who will not be on the Note.

2A.10(e) Use of Electronic Signatures

An electronic signature refers to any electronic sound, symbol, or process attached to or logically associated with a contract or record and executed or adopted by a person with the intent to sign the record. An electronic signature that is solely voice or audio is not permitted.

Third-Party Documents	Third party documents are those documents that are originated and signed outside of the control of the lender, such as the sales contract.
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	Electronic signatures on third party documents included in the case binder are acceptable in accordance with the E-Sign Act and the Uniform Electronic Transactions Act (UETA). An indication of the electronic signature and date should be clearly visible when viewed electronically or in a paper copy of the electronically signed document.
Eligible Documents	<p>Electronic signatures are acceptable on the following types of documents:</p> <ul style="list-style-type: none">• Mortgage Insurance Endorsement Documents - Electronic signatures will be accepted on all documents requiring signatures included in the case binder for mortgage insurance, with the exception of the Note and the Security Instrument; or• HUD Real Estate Owned Documents - Electronic signatures will be accepted on the HUD REO Sales Contract and related addenda.
Associating an Electronic Signature with the Authorized Document	The process for electronically signing authorized documents must provide for the document to be presented to the signatory before an electronic signature is obtained. The electronic signature must be attached to, or logically associated with, the document that has been electronically signed.
Intent to Sign	<p>The Client (or Newrez if underwritten by Newrez) must be able to prove that the signer certified that the document is true, accurate, and correct at the time signed. Electronic signatures are only valid under the E-Sign Act if they are "executed or adopted by a person with the intent to sign the record." Establishing intent includes:</p> <ul style="list-style-type: none">• Identifying the purpose for the borrower signing the electronic record;• Being reasonably certain that the borrower knows which electronic record is being signed; and• Providing notice to the borrower that their electronic signature is about to be applied to, or associated with, the electronic record. <p>Intent to use an electronic signature may be established by, but is not limited to:</p> <ul style="list-style-type: none">• An online dialog box or alert advising the borrower that continuing the process will result in an electronic signature;• An online dialog box or alert indicating that an electronic signature has just been created and giving the borrower an opportunity to confirm



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	<p>or cancel the signature; and</p> <ul style="list-style-type: none">• A click-through agreement advising the borrower that continuing the process will result in an electronic signature.
Single-Use of a Signature	<p>A separate action by the signer is required, evidencing intent to sign, in each location where a signature or initials are to be applied.</p> <p>This provision does not apply to documents signed by Client (or Newrez) employees or contractors provided consent of the individual is obtained for the use of their electronic signature. The borrower's consent must be documented.</p>

2A.11 Occupancy Types

2A.11(a) Primary Residence

- A primary residence is a property that at least one (1) borrower occupies as their primary residence for the majority of the year.
- A borrower may have only one (1) primary residence at any time and may only have one (1) FHA loan.
- At least one (1) borrower must occupy the property within 60 days of closing and continue to occupy the subject property for at least one (1) year.

2A.11(a)(i) Exceptions to Borrower Having More than One Primary Residence FHA-Insured Mortgage

Relocation	<p>Satisfactory evidence must be provided that the borrower:</p> <ul style="list-style-type: none">• Is relocating or has relocated for an employment-related reason; and• Is establishing or has established a new primary residence in an area that is more than 100 miles from their current primary residence. <p>If the borrower moves back to the original area, the borrower is not required to live in the original house and may obtain a new FHA-insured mortgage on a new primary residence, provided the relocation meets the</p>
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	two (2) requirements above
Increase in Family Size	<p>Satisfactory evidence must be provided to evidence that:</p> <ul style="list-style-type: none">• The borrower has had an increase in legal dependents and the property now fails to meet family needs; and• The LTV on the current primary residence is $\leq 75\%$ or is paid down to that amount, based on the outstanding mortgage balance and a current appraisal.
Vacating a Jointly Owned Property	<p>The borrower is vacating a residence that will remain occupied by a co-borrower (with no intent to return).</p> <p>Examples would include a borrower who is divorced, after which the vacating ex-spouse will purchase a new home, or one (1) of the co-borrowers will be vacating the existing property.</p>
Non-Occupying Co-Borrower	<p>A non-occupying co-borrower on an existing FHA-insured mortgage may qualify for another FHA-insured mortgage on a new property to be their own primary residence.</p> <p>A borrower with an existing FHA-insured mortgage on their own primary residence may qualify as a non-occupying co-borrower on other FHA-insured mortgages.</p>

2A.11(a)(ii) Military Personnel

Military personnel, who cannot physically reside in a property because they are on active duty, are considered owner occupants and are eligible for maximum financing if a family member of the borrower will occupy the subject property as their primary residence, or the borrower intends to occupy the subject property upon discharge from military service.

A copy of the borrower's military orders evidencing active duty status and that the duty station is more than 100 miles from the subject property must be provided. The borrower must indicate his or her intent to occupy the subject property upon discharge from military service if a family member will not occupy the property as their primary residence.



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2A.11(b) Secondary Primary Residence

A secondary residence refers to a dwelling that a borrower occupies, in addition to their primary residence, but less than a majority of the calendar year. A secondary residence does not refer to a vacation home.

Secondary residences are only permitted with written approval from the jurisdictional HOC after determination that:

- The borrower has no other secondary residence;
- The secondary residence will not be a vacation home or be otherwise used primarily for recreational purposes;
- The commuting distance to the borrower's workplace creates an undue hardship on the borrower(s) and there is no affordable rental housing meeting the borrower's needs within 100 miles from the borrower's workplace; and
- The maximum mortgage amount is 85% of the lesser of the appraised value or sales price.

A lack of affordable rental housing must be documented with all of the following:

- A satisfactory explanation of the need for a secondary residence and the lack of available rental housing; and
- Written evidence from local real estate professionals who verify a lack of acceptable housing in the area.

2A.11(c) Investment Property

An investment property refers to a property that is not occupied by the borrower as a primary or secondary residence.

Refer to our Product Summaries for eligibility.

2A.12 Borrower Eligibility

There is no maximum age for a borrower. The borrower must have reached the minimum age at which the Note can be legally enforced in the jurisdiction in which the property is located.

Any person signing an application for a loan is a borrower.

- All borrowers must sign the Note;



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- All borrowers must have a social security number (except for those employed by the World Bank, foreign embassy, or equivalent employer identified by HUD);
- An Individual Tax Identification Number (ITIN) is not permitted; and
- Each borrower must be an individual;
 - Non-individual legal entities such as corporations, general partnerships, limited partnerships, real estate syndications, or investment trusts are not eligible. Living trusts may be eligible. Refer to the Loans to Trusts section in this chapter. In addition, if title is currently held in the name of a limited liability company (LLC) or land trust the loan may be eligible provided the borrower is a member of the LLC or land trust and title is transferred to the borrower's name at closing.

U.S. citizenship is not required for mortgage eligibility; however, all borrowers must have lawful residency in the U.S. Non-U.S. citizens without lawful residency in the U.S. are not eligible.

2A.12(a) U.S. Citizen

A citizen of the United States or of a United States Possession or Territory are eligible borrowers.

2A.12(b) Permanent Resident

A permanent resident is a non-U.S. citizen who is legally eligible to maintain permanent residency in the U.S. and holds a Permanent Resident card. Document legal residency with one (1) of the following:

- A copy of a valid, current, and unexpired Permanent Resident card (Green Card-Form I-551); or
- A copy of *INS Form I-551, Conditional Alien Registration Receipt*, with an unexpired date on the front. *I-551 Forms* due to expire within three (3) months must be accompanied with a copy of United States Citizenship and Immigration Services (USCIS) *Form I-751* (Petition to Remove Conditions on Residence) or USCIS *Form I-829* (Petition to Remove Conditions) filing receipt; or
- A passport with an unexpired stamp “processed for I-551, Temporary evidence of lawful admission for permanent residence. Valid until _____. Employment authorized.” This evidences that the holder has been approved for, but not issued, a Permanent Resident card.

See [United States Citizenship and Immigration Services](#) (USCIS) for more information.

2A.12(c) Non-Permanent Resident

Case numbers must be assigned on or before May 24, 2025 to be eligible for financing.

A non-permanent resident alien is a non-U.S. citizen who lawfully enters the U.S. for specific time-periods



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under the terms of a Visa. All non-permanent resident aliens must provide evidence of an acceptable Visa showing them to be legally present in the U.S.

A non-permanent resident may be eligible provided:

- The subject property is owner occupied;
- The borrower has a valid social security number; and
- The borrower is eligible to work in the U.S. evidenced by either:
 - an acceptable Employment Authorization Document (Form I-766/EAD) showing that work authorization status is current,
 - a USCIS Form I-94, Arrival/Departure Record, evidencing H-1B status and evidence of employment by the authorized H-1B employer for a minimum of one year
 - or one (1) of the acceptable alternatives to work authorization status.

Expiring Visas: If the authorization for temporary residency status will expire within one (1) year prior to the Note date and a prior history of residency status renewals exist, continuation may be assumed.

If there are no prior renewals, the likelihood of renewal must be determined, based on information from USCIS.

Eligible Visa Type	Description
A-1	Official foreign government (ambassador, public minister, career diplomat) Diplomatic immunity must be officially waived in writing by the holder's country
A-2	Full-time employee working only at a foreign embassy or consulate in the U.S. to perform duties, which take place at embassy Diplomatic immunity must be officially waived in writing by the holder's country
A-1 & A-2	Spouse or child of A-1, A-2 Diplomatic immunity must be officially waived in writing by the holder's country
E-1	Treaty trader - employee, spouse, and/or child
E-2	Treaty investor - employee, spouse, and/or child
E-3	"Specialty occupation" - Australia
E-3D	Spouse or child of E-3
G-1	Mission member - designated international organization
G-2	Representative of a recognized or member foreign government
G-3	Representative of non-recognized or non-member government
G-4	Appointment - designated international organization
G-5	Employee of G-1, G-2, G-3, or G-4



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H-1B	Mission member - designated international organization Diplomatic immunity must be officially waived in writing by the holder's country
H-1B1	Representative of a recognized or member foreign government Diplomatic immunity must be officially waived in writing by the holder's country
H-1B2	Representative of non-recognized or non-member government Diplomatic immunity must be officially waived in writing by the holder's country
H-1B3	Appointment - designated international organization Diplomatic immunity must be officially waived in writing by the holder's country
H-1C	Employee of G-1, G-2, G-3, or G-4 Diplomatic immunity must be officially waived in writing by the holder's country
H-4	Spouse or child of H-1B
L-1A	Intracompany transfer - managerial or executive
L-1B	Intracompany transfer - specialized knowledge
L-2	Spouse or child of L-1A or L-1B
O-1A	Individuals with an extraordinary ability in the sciences, education, business, or athletics (not including the arts, motion pictures, or television industry)
O-1B	Individuals with an extraordinary ability in the arts or extraordinary achievement in motion picture or television industry
TN	Professionals Under the North American Free Trade Agreement (NAFTA), also known as a TN (Treaty NAFTA) visa, for citizens of Canada and Mexico, under the terms of the NAFTA.
R-1	Temporary Religious Worker – These visas are for persons who want to enter the United States to work temporarily in religious capacities.
R-2	Spouse or child of R-1

2A.12(d) Eligible Work Authorization

If the borrower does not have acceptable documentation may use one (1) of the following to establish lawful residency:

- Deferred Action for Childhood Arrivals (DACA) (EAD category C33);
- Refugee or asylee status granted by the USCIS (EAD category A05). This status is automatically eligible to work in the U.S.
 - USCIS *Notice of Action* (Form I-797) indicating approval of a USCIS *Application for Asylum and for Withholding of Removal* (Form I-589), substantiating the refugee or asylee status



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may be used as evidence of lawful residency.

- Citizens of the Freely Associated States (FAS) of Micronesia, Marshall Islands, and Palau may provide an FAS passport evidencing citizenship.

2A.12(e) Ineligible Non-Permanent Resident Aliens

The following is U.S. immigration policy and not a Visa type. A person with any of the following statuses is not eligible:

- Asylum applicant with a pending asylum application who filed for asylum on or after January 4, 1995 (EAD category C08);
- Deferred Enforced Departure (EAD category C18);
- Diplomatic Immunity;
- Humanitarian Parole (EAD category A04 and C11);
- Temporary Protected Status (EAD category A12);
- Withholding of Removal or Withholding of Deportation (EAD category A10); and
- A student, a spouse of student and a dependent child of a student are ineligible (EAD category C03, C04, C05, and C06).

Transitional Status (change of status/categorization) (EAD category C09 and C09P) is ineligible unless the loan file contains acceptable documentation to evidence the borrower's residency in the U.S. is likely to continue.

Ineligible Visa Types	
Visa Type	Visa Description
B-1	Business visitor
B-2	Pleasure, tourism, medical treatment visitor
BC3	Border crossing card: Mexico
C-1	Transit to the United States
C-2	Transit to the United Nations
C-3	Transit to the United States (Foreign Government officials)
C-4	Transit - Department of Homeland Security
C-1/D	Transit - Certified crew member combination
CR1/CR6	Spouse of a U.S. Citizen - married for less than two (2) years; Given while waiting for Green Card/permanent resident card



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D-1	Certified crew member - sea or air
D-2	Certified crew member - fishing vessel
F-1	Academic student: Academic study at a private elementary school, high school, college or university, seminary, conservatory, academic institution including language training program.
F-2	Spouse or child of F-1
F-3	Academic commuter - Canada or Mexico
H-2A	Temporary or seasonal agricultural worker
H-2B	Temporary non-agricultural worker
H-3	Trainee other than medical or academic
I	Foreign media outlet (press, radio, film, or other)
IR1	Spouse of a U.S. citizen – married two (2) years or more; Given while waiting for Green Card/permanent resident card
J-1	Student - exchange visitor
J-2	Spouse or child of J-1
K-1	Fiancé(e) - purpose of marriage
K-2	Child of K-1
K-3	Spouse of a U.S. citizen
K-4	Child of K-3
M-1	Vocational student
M-2	Spouse or child of M1
M-3	Vocational student - Canada or Mexico
NATO-1	Official staff - NATO
NATO-2	Adviser - NATO
NATO-3	Clerical staff - NATO
NATO-4	Member - NATO
NATO-5	Expert - NATO
NATO-6	Civilian - NATO - "Status of Forces"
NATO-1 through NATO-6	Spouse or child of NATO 1 through NATO-6
NATO-7	Employee of NATO-1 through NATO-6
O-2	Assistant to O-1



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O-3	Spouse or child of O-1 or O-2
P-1A	Internationally recognized athlete
P-1B	Internationally recognized entertainer (artist)
P-2	Performer (artist) - reciprocal exchange program
P-3	Entertainer (artist) - culturally unique program
P-4	Spouse or child of P1A, P-1B, P-2, or P-3
Q-1	International cultural exchange program
S-1/S-2 (also coded as S-5 and S-6)	Informant
S-7	Spouse or child of S-5 or S-6
T-1	Victim - human trafficking
T-2	Spouse of T-1
T-3	Child of T-1
T-4	Child of T-1; Parent of an under age 21 T-1
TD	Spouse or child of TN
U-1	Victim of criminal activity
U-2	Spouse of U-1
U-3	Child of U-1
U-4	Parent of an under age 21 U-1
WB	Business visitor - visa waiver program
WT	Tourist visitor - visa waiver program

2A.12(f) Non-Occupant Borrower, Guarantor, and Co-Signer

2A.12(f)(i) Non-Occupant Borrower

Non-occupant borrowers are credit applicants on a primary residence transaction who:

- Do not occupy the subject property as a primary residence;
- Has an ownership interest in the subject property as indicated on the title;
- Signs the Mortgage or Deed of Trust;
- Has joint liability for the Note with the occupant borrower; and
- Is a U.S. citizen or has a primary residence in the U.S. unless exempted due to military service with overseas assignments or is a U.S. citizen living abroad.



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2A.12(f)(ii) Guarantor or Co-Signer

Guarantors or co-signers are credit applicants who:

- Do not have ownership interest in the property as indicated on the title;
- Sign all loan documents except the security instrument;
- Has joint liability for the Note with the occupant borrower;
- Do not have an interest in the property sales transaction, such as the property seller, the builder, or real estate broker.

2A.13 Ownership Interests

All occupying and non-occupying borrowers must take title to the property in their own name or a Living Trust, be obligated on the Note or credit instrument, and sign all security instruments. The borrower must hold title to the property as a fee simple estate. However, mortgages secured by a Leasehold Estate as described in the Leasehold Estates section below may be eligible.

In community property states, the borrower's spouse is not required to be a borrower or cosigner. However, the mortgage must be executed by all parties necessary to make the lien valid and enforceable under state law.

2A.13(a) Life Estate

A life estate is an estate whose duration is limited to the life of the party holding it, or some other person, upon whose death the right reverts to the grantor or his heirs. Properties vested in a life estate are not permitted.

2A.13(b) Leasehold Estate

A leasehold estate is an estate or interest in real property held by virtue of a lease or sublease.

Leasehold Estate Requirements	<p>Review the lease to ensure that the lease meets all of the following requirements:</p> <ul style="list-style-type: none">• The mortgage must be secured by the property improvements and the borrower's leasehold interest in the land;• The leasehold estate and the improvements must constitute real property;• The leasehold estate must be insured by a title policy;• The term of the lease must run for at least ten (10) years beyond the maturity date of the mortgage, unless fee simple title will vest in borrower or HOA
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	<p>association at an earlier date;</p> <ul style="list-style-type: none"> • The leasehold estate and mortgage is not impaired by any merger of title between the lessor and lessee or by any default of a sublessor; • An automatic renewal clause is acceptable if it verifies the terms will extend at least ten years beyond the maturity date of the loan; • All rents, other payment, or assessments that have come due must be paid; and • The borrower must not be in default under any other provision of the lease, nor may such a default have been claimed by the lessor.
Lease Provisions	<p>The lease must:</p> <ul style="list-style-type: none"> • Not contain default provisions allowing forfeiture or termination of the lease, except for nonpayment of the lease rents; • Provide assignments, transfers, mortgaging, and subletting of the leasehold unlimited number of times either without restriction or on payment of a reasonable fee and delivery of reasonable documentation to the lessor; • Be valid, in good standing, and in full force and effect in all respects; • Give the lender the right to receive at least 30 days' notice of any default by the borrower, and give the lender the option to either cure the default or take over the borrower's rights under the lease; • Include provisions to protect the mortgagee's interest in the event of condemnation. The lessor cannot require a credit review or impose other qualifying criteria on any assignee, transferee, mortgagee, or sublessee; • Provide that the borrower must pay all taxes, insurance and homeowners' association dues and any taxes on improvements; • If the lease provides for an option for the borrower to purchase the fee simple interest in the land, the purchase must be at the borrower's sole option, there can be no time limit within which the option must be exercised, and both the lease and the option must be assignable. See Lease with Option to Purchase for full requirements; • Leases may not contain restrictions of assignability such as assignment by way of mortgage or assignment to or by the Federal Housing Administration or Department of Veterans Affairs or upon foreclosure, nor withhold consent for assignment because of the assignee's national origin, race, color, or creed so long as the leasehold is covered by an insured mortgage, or a mortgage held

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	<p>by the Secretary or so long as the Secretary owns the leasehold;</p> <ul style="list-style-type: none"> • The lease must provide for the borrower to retain voting rights in any homeowners' association; and • Mortgagee must have the right to correct lessee's defaults within 120 days from receipt of notice of intent to terminate lease because of such default, or such further time as may be necessary to complete foreclosure. <p>The Leasehold Estate Checklist is available for use when reviewing eligibility for a leasehold estate</p>
Lease with Option to Purchase	<p>The lease may include an option for the borrower to purchase the fee interest in the land. If exercised, the mortgage becomes a lien on the title in the same lien priority it had on the leasehold.</p> <p>The purchase price of the land is established based on the status of the property improvements.</p> <ul style="list-style-type: none"> • If the property improvements exist at the time the lease is executed, the purchase price is the appraised value of the land on the date the lease was executed; and • If the property improvements exist at the time the lease is executed, and the lease is tied to an external index, such as the Consumer Price Index (CPI), the initial land rent should be established as a percentage of the appraised value of the land on the date that the lease is executed. <p>Note: The purchase price may be adjusted annually during the term of the lease to reflect the percentage of increase or decrease from the prior year. Leases may be offered with or without a limitation on increases or decreases in the rent payments.</p> <ul style="list-style-type: none"> • If the improvements will be constructed after the lease is executed, the purchase price should be the lower of the following: <ul style="list-style-type: none"> ○ The current appraised value of the land; or ○ The result of the following: $\text{Appraised Land Value alone} \div \text{Original Total Appraised Value} = \% \times \text{Current Total Appraised Value}$ <p>Example: Assume that the total original appraised value for a property was</p>



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	<p>\$160,000, and the land alone was valued at \$40,000 (thus representing 25% of the total appraised value). If the current appraised value were \$225,000, \$50,000 for the land and \$175,000 for improvements, the purchase price would be \$50,000 (current appraised value of the land, since is less than 25% of \$225,000)</p> <p>Note: If the lease is tied to an external index, the initial land value may not exceed 40% of the combined appraised value of the land and improvements.</p>
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2A.14 Loans to Trusts

For Non-Delegated Clients, all trust requests must be approved, in writing, by Newrez legal as early as practical, but should be submitted prior to loan approval.

It is unacceptable to instruct the borrower to deed the subject property out of a trust into his/her personal name for the purposes of obtaining financing and avoiding Newrez Trust approval.

If the borrower wants to remove the property from the trust in order to facilitate closing, we will require a signed written statement in the borrower's handwriting to the effect that (i) they made the decision to deed the property out of the trust of their own accord, (ii) they were not advised to take this action by any party to the loan transaction (lender, broker, escrow/settlement agent), (iii) this action is not intended to influence the lending process in any way, and (iv) they understand the legal implications of this decision.

2A.14(a) Inter Vivos Revocable Trust

An inter vivos revocable trust (living trust) is a trust:

- Created by an individual during his or her lifetime;
- Becomes effective during its creator's lifetime; and
- Can be changed or canceled by its creator at any time, for any reason, during his or her lifetime.

2A.14(b) Trust and Trustee Requirements

Review the trust agreement (or the summary or certification of the trust agreement if applicable) to



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ensure that the living trust meets all of the requirements below:

- The trust is established by one (1) or more natural persons, solely or jointly. The person establishing the trust is known as the “Settlor,” “Trustor,” or “Grantor” (referred to below as “Settlor”);
- The Settlor is the primary beneficiary of the Trust. If there is more than one (1) Settlor, there can be more than one (1) primary beneficiary;
- The income or assets of at least one (1) individual establishing the trust must be used to qualify for the loan;
- The trustee(s) must include either:
 - The individual establishing the trust (or at least one (1) of the individuals, if there are two (2) or more); or
 - An institutional trustee that customarily performs trust functions in and is authorized to act as trustee under the laws of the applicable state.
- The trustee has the power to mortgage the subject property for the purpose of securing a loan to the party (or parties) who are the borrowers on the Note;
- In the event the originally named trustee is unable or unwilling to serve, and the trust instrument has a mechanism for appointment of a successor trustee, the trust can properly act through the successor trustee;
- For a property that is the borrower's primary residence, at least one (1) individual establishing the trust must occupy the security property and sign the loan documents;
- The loan may not be Texas Equity Loan subject to Article XVI, Section 50(a) (6) and 50(g) of the Texas Constitution;
- There is no unusual risk or impairment of lenders’ rights, such as distributions required to be made in specified amounts other than net income; and
- The trust is valid under law.

2A.14(c) Certification of Trust

For properties in California, a CA Trust Certification completed by the borrower or the borrower’s attorney is acceptable in lieu of the full trust documents. The title commitment is still required.

Should any portion of the trust certificate be found inaccurate or in disagreement with the title report, *this exception cannot be applied*, and the complete trust documents must be provided. This exception to trust documentation is ONLY for properties located in California.



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2A.14(d) Title and Title Insurance Requirements

The title insurance policy for the subject property may not list any exceptions arising from the trust ownership of the property. Full title to the property must be vested either:

- In the trustee of the inter vivos revocable trust;
- Jointly in the trustee of the inter vivos revocable trust and in the name of an individual borrower; and
- In the trustee of more than one (1) inter vivos revocable trust.

If title will be vested in the trustees of more than one (1) inter vivos revocable trust, the terms of the two (2) revocable inter vivos trust documents must complement each other and may not be in conflict with one another.

2A.14(e) Ineligible Trust

The following trusts are ineligible:

- Blind Trusts
- Community Land Trusts
- Irrevocable Trusts
- Land Trusts

2A.15 Ineligible Programs

The following programs are not eligible:

- 203(h) Mortgage Insurance for Disaster Victims
- 203(k) Rehabilitation Mortgage
- Good Neighbor Next Door
- Graduated Payment Mortgage (GPM)
- Growing Equity Mortgages (GEM)
- HFA Programs
- Hope for Homeowners
- Section 184 Indian Reservations
- Section 247 Hawaiian Home Lands



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Revision History	Date
Non-Permanent Resident Alien - must have case numbers assigned on or before May 24, 2025 to be eligible for financing.	04.29.2025