



**SmartSelf Product Summary: Correspondent
Bank Statement and 1099 Program**

| ELIGIBILITY MATRIX | | | | |
|---|------------------------------|-------------|--------------|------------------------|
| Units | Transaction Type | Loan Amount | Credit Score | LTV/CLTV ₁₂ |
| Primary Residence | | | | |
| 1-4 | Purchase | \$1,500,000 | 720 | 90% |
| 1-4 | Purchase Rate & Term Refi | \$3,000,000 | 740 | 75% |
| | | \$2,000,000 | 700 | 80% |
| | | \$1,500,000 | 700 | 85% |
| | | \$1,000,000 | 660 | 80% |
| 1-4 | Cash out Refi | \$2,000,000 | 720 | 80% |
| | | \$1,500,000 | 700 | 80% |
| | | \$1,000,000 | 680 | 75% |
| | | \$1,000,000 | 660 | 70% |
| ¹ Condotels <ul style="list-style-type: none"> • Maximum 75% LTV/CLTV for cash out refi or the maximum based on loan amount ² Cooperatives – Non-Delegated only <ul style="list-style-type: none"> • Maximum LTV/CLTV 70% | | | | |

| ELIGIBILITY MATRIX | | | | |
|--|------------------------------|-------------|--------------|------------------------|
| Units | Transaction Type | Loan Amount | Credit Score | LTV/CLTV ¹² |
| Second Home | | | | |
| 1-2 | Purchase Rate & Term Refi | \$2,000,000 | 740 | 80% |
| | | \$1,500,000 | 720 | 80% |
| | | \$1,000,000 | 680 | 75% |
| | | \$1,000,000 | 660 | 70% |
| 1 | Cash out Refi | \$1,500,000 | 740 | 80% |
| | | \$1,000,000 | 720 | 80% |
| | | \$1,000,000 | 700 | 75% |
| | | \$1,000,000 | 680 | 70% |
| Not permitted <ul style="list-style-type: none"> • First time homebuyers • Non-permanent residents • Form 1099 statement income documentation | | | | |



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Bank Statement Program

¹Condotels

- Maximum 75% LTV/CLTV for cash out refi or the maximum based on loan amount

² Cooperative – Non-Delegated only

- Maximum LTV/CLTV 70%

| ELIGIBILITY MATRIX | | | | |
|--|------------------------------|-------------|--------------|-----------------------|
| Units | Transaction Type | Loan Amount | Credit Score | LTV/CLTV ¹ |
| Investment Property | | | | |
| 1-4 | Purchase Rate & Term Refi | \$2,000,000 | 740 | 70% |
| | | \$1,500,000 | 720 | 80% |
| | | \$1,000,000 | 720 | 85% |
| | | \$1,000,000 | 660 | 75% |
| 1-4 | Cash out Refi | \$1,500,000 | 720 | 65% |
| | | \$1,000,000 | 720 | 75% |
| | | \$1,000,000 | 700 | 70% |
| | | \$1,000,000 | 680 | 60% |
| Not permitted | | | | |
| <ul style="list-style-type: none"> • First time homebuyers • Non-permanent residents • Form 1099 statement income documentation | | | | |
| ¹ Condotels | | | | |
| <ul style="list-style-type: none"> • Maximum 75% LTV/CLTV for cash out refi or the maximum based on loan amount • | | | | |

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SmartSelf Product Summary: Correspondent Bank Statement and 1099 Program

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| Topic | Guidelines | | | | | | | | | |
|--------------------------------|---|--------------------------|--------------|---------------------|------|-----------------------|------|--------------------------|------|--------------------------|
| 1. Product Description | <p>The SmartSelf product is designed for strong credit quality self-employed borrowers that permits the use of bank statements, in lieu of tax returns, to support self-employed income for qualification purposes.</p> <p>Borrowers who are independent contractors, freelancers, or otherwise self-employed in the “gig economy” may qualify with 1099 statements in lieu of tax returns, to support their income.</p> <p>Documentation must provide evidence the borrower’s self-employed income is stable, sufficient to repay the borrower’s debts and likely to continue.</p> | | | | | | | | | |
| 2. Loan Terms | <ul style="list-style-type: none"> • 30-year Fixed Rate • 30-year Fixed Rate Interest Only <ul style="list-style-type: none"> ○ 10-year interest only period ○ 20-year amortization period • 40-year Fixed Rate Interest Only <ul style="list-style-type: none"> ○ 10-year interest only period ○ 30-year amortization period | | | | | | | | | |
| 3. Loan Products | <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th data-bbox="490 1220 734 1262">Product Code</th> <th data-bbox="734 1220 1562 1262">Product Description</th> </tr> </thead> <tbody> <tr> <td data-bbox="490 1262 734 1304">1501</td> <td data-bbox="734 1262 1562 1304">SmartSelf 30 Yr Fixed</td> </tr> <tr> <td data-bbox="490 1304 734 1346">1598</td> <td data-bbox="734 1304 1562 1346">SmartSelf 30 Yr Fixed IO</td> </tr> <tr> <td data-bbox="490 1346 734 1388">2036</td> <td data-bbox="734 1346 1562 1388">SmartSelf 40 Yr Fixed IO</td> </tr> </tbody> </table> | | Product Code | Product Description | 1501 | SmartSelf 30 Yr Fixed | 1598 | SmartSelf 30 Yr Fixed IO | 2036 | SmartSelf 40 Yr Fixed IO |
| | Product Code | Product Description | | | | | | | | |
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| 2036 | SmartSelf 40 Yr Fixed IO | | | | | | | | | |
| 1501 | SmartSelf 30 Yr Fixed | | | | | | | | | |
| 1598 | SmartSelf 30 Yr Fixed IO | | | | | | | | | |
| 2036 | SmartSelf 40 Yr Fixed IO | | | | | | | | | |
| 4. Prepayment Penalty | <p>Not permitted</p> | | | | | | | | | |
| 5. Required Disclosures | <ul style="list-style-type: none"> • Notice to Borrower: Ability to Repay Disclosure signed by the borrowers • Ability to Repay (ATR) Certification completed by underwriter • Borrower’s Affirmation of Information Provided to Establish Ability to Repay (ATR) signed by the borrower | | | | | | | | | |
| 6. Temporary Buydown | <p>Permitted for the following</p> <ul style="list-style-type: none"> • Purchase transactions • Primary residence or second homes <p>Not permitted with the following</p> <ul style="list-style-type: none"> • Investment properties • Refinance transactions | | | | | | | | | |



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| Topic | Guidelines |
|-------------------------------|--|
| | <ul style="list-style-type: none"> • Interest Only products <p>Eligible Buydown</p> <ul style="list-style-type: none"> • 1-0: payment will be calculated at 1.00% below the Note rate for payments 1-12 • 1-1: payment will be calculated at 1.00% below the Note rate for the first two years • 2-1: payment will be calculated at 2.00% below the Note rate for payment 1-12 and 1.00% below the Note rate for months 13-24 • 3-2-1: payment will be calculated at 3.00% below the Note rate for payments 1-12, 2.00% below the Note rate for months 13-24 and 1.00% below the Note rate for months 25-36 |
| 7. Minimum Loan Amount | Minimum loan amount \$100,000 |
| 8. Maximum Cash Out | <ul style="list-style-type: none"> • Maximum cash out <ul style="list-style-type: none"> ○ LTV ≤ 60%: \$750,000 ○ LTV > 60%: \$500,000 • Maximum cash out amount is: <ul style="list-style-type: none"> ○ Determined by the amount of cash out reflected on the Final Closing Disclosure (after any debt payoff) ○ Cumulative for all properties simultaneously being financed with Newrez, not each individual loan • For cash out refinance transactions, the amount of cash out proceeds from any Smart Series cash out refinance loans within 6 months of the note date must be included in the cumulative cash out limitation |
| 9. Underwriting | <ul style="list-style-type: none"> • Non-Delegated Clients: <ul style="list-style-type: none"> ○ All loans must be underwritten by Newrez ○ Loans must be submitted to LoanScorecard or to LoanNEX for approved clients ○ Income must be calculated by Newrez prior to the loan being submitted to underwriting ○ Submit bank statements to Newrez to determine income to be included on the |

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Bank Statement Program

| Topic | Guidelines | | | | | | | | | | | | | | | | | | | | | | | | |
|-------------------------------|---|-----------------|---------|---------|---------|--|--|-------------|---|---|---|---|---|--------|---------|---------|---------|---------|---------|-----------------------|---|--|--|--|--|
| | <ul style="list-style-type: none"> application <ul style="list-style-type: none"> ○ Refer to the Initial Income Calculation Submission Process section • Delegated Clients: <ul style="list-style-type: none"> ○ Delegated Clients must be approved by Newrez. Contact your Regional Sales Manager • Loans will be manually underwritten <ul style="list-style-type: none"> ○ Submission to DU or LPA is not required | | | | | | | | | | | | | | | | | | | | | | | | |
| 10. Qualifying Rate | <ul style="list-style-type: none"> • Fixed Rate: Note rate • Fixed Rate Interest Only: The Greater of the Fully Indexed rate or the Note rate based on the remaining loan term after the interest period has expired. <ul style="list-style-type: none"> ○ 30 year interest only is based on 20-year amortization ○ 40 year interest only is based on 30-year amortization | | | | | | | | | | | | | | | | | | | | | | | | |
| 11. Qualifying Ratios | <ul style="list-style-type: none"> • Maximum 50% DTI <ul style="list-style-type: none"> ○ If the DTI is > 43%, residual income requirements must be met ○ If the DTI is > 45%, residual income and three months reserves are required in addition to product requirements | | | | | | | | | | | | | | | | | | | | | | | | |
| 12. Residual Income | <p>Residual income requirements must be met if DTI is > 43%</p> <p>Residual income = Gross Qualifying Income - Monthly Debt</p> <table border="1" style="width: 100%; text-align: center;"> <thead> <tr> <th colspan="6">Residual Income</th> </tr> <tr> <th>Family Size</th> <th>1</th> <th>2</th> <th>3</th> <th>4</th> <th>5</th> </tr> </thead> <tbody> <tr> <td>Amount</td> <td>\$2,000</td> <td>\$2,500</td> <td>\$3,000</td> <td>\$3,300</td> <td>\$3,500</td> </tr> <tr> <td>Over 5 Family Members</td> <td colspan="5">Add \$150 for each additional family member up to seven</td> </tr> </tbody> </table> | Residual Income | | | | | | Family Size | 1 | 2 | 3 | 4 | 5 | Amount | \$2,000 | \$2,500 | \$3,000 | \$3,300 | \$3,500 | Over 5 Family Members | Add \$150 for each additional family member up to seven | | | | |
| Residual Income | | | | | | | | | | | | | | | | | | | | | | | | | |
| Family Size | 1 | 2 | 3 | 4 | 5 | | | | | | | | | | | | | | | | | | | | |
| Amount | \$2,000 | \$2,500 | \$3,000 | \$3,300 | \$3,500 | | | | | | | | | | | | | | | | | | | | |
| Over 5 Family Members | Add \$150 for each additional family member up to seven | | | | | | | | | | | | | | | | | | | | | | | | |
| 13. Types of Financing | <ul style="list-style-type: none"> • Purchase • Rate & Term Refi • Cash out Refi | | | | | | | | | | | | | | | | | | | | | | | | |

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| 14. Incidental Cash Back | <ul style="list-style-type: none"> Cash out amount on a rate and term refinance not to exceed the lesser of \$2,000 or 2% of the loan amount Texas homestead properties with a lien subject to 50(a)(6) may not receive any (\$0) cash back at closing |
| 15. Texas Owner-Occupied Properties | <ul style="list-style-type: none"> Owner occupied properties with a first mortgage or second lien subject to Texas Section 50(a)(6) is not permitted A copy of the current mortgage or note is required to determine if the terms are subject to Texas Section 50(a)(6) (also known as Home Equity Deed of Trust, Home Equity Installment Contract or Residential Home Loan Deed of Trust) |
| 16. Properties Listed for Sale | <p>Rate and Term Refi</p> <ul style="list-style-type: none"> Subject property must not be currently listed for sale If listed for sale, must be taken off the market prior to the Note date <p>Cash out Refi</p> <ul style="list-style-type: none"> Properties listed for sale in the six months prior to the Note date are limited to the lesser of 70% LTV/CLTV or product requirements Properties must be taken off the market prior to the Note date |
| 17. Eligible Subordinate Financing | <ul style="list-style-type: none"> Existing subordinate financing New subordinate financing |
| 18. Ineligible Subordinate Financing | Subordinate financing not permitted when gift funds are used |
| 19. Occupancy | <ul style="list-style-type: none"> Primary residences Second homes <ul style="list-style-type: none"> 2-unit second homes <ul style="list-style-type: none"> Purchase and Rate & Term Refi only Permitted when one unit is available for the borrower’s exclusive use; no rental or time-sharing arrangements of the borrower’s exclusive unit |

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| | <ul style="list-style-type: none"> ▪ Must be suitable for year-round use ▪ Must be located in a recognized vacation area typical for second home properties ▪ Must be a reasonable distance from borrower’s current owner-occupied property • Investment properties |
| 20. Eligible Property Types | <ul style="list-style-type: none"> • 1-4 units • Condos: <ul style="list-style-type: none"> ○ Warrantable and non-warrantable condos permitted ○ Non-Delegated must be reviewed by PRD • Condotel • Cooperative (Co-op) – Non- Delegated Only <ul style="list-style-type: none"> ○ New York – 5 Boroughs (Bronx, Brooklyn, Manhattan, Queens, Staten Island) ○ Must be reviewed by Project Review Department • Leasehold estates • Modular Homes • PUDs |
| 21. Ineligible Property Types | <ul style="list-style-type: none"> • Co-ops – Investment Properties Factory built homes • Manufactured housing • More than 20 acres • Properties with a C5 and C6 condition rating • Unique properties (e.g., log homes, berm homes, dome homes) |
| 22. State Restrictions | <ul style="list-style-type: none"> • Connecticut <ul style="list-style-type: none"> ○ When the loan is an HPML primary residence refinance transaction with a loan amount ≤ \$417,000, homeownership counseling from an independent third-party nonprofit organization approved by the HUD is required when refinancing a Special Mortgage, defined as an FHA, VA, USDA loan, or a bond loan provided by a Housing Finance Agency • New York |

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| | <ul style="list-style-type: none"> ○ Loans meeting the definition of NY Subprime are not eligible |
| 23. Eligible Borrowers | <ul style="list-style-type: none"> • U.S. citizens • Permanent residents • Non-permanent residents • Inter vivos revocable trust: <ul style="list-style-type: none"> ○ Non-Delegated - Trust must be approved by Newrez legal prior to loan approval. Newrez underwriter will submit to legal |
| 24. First Time Homebuyers (FTHB) | <p>A first time homebuyer is a borrower who has had no ownership interest (sole or joint) in a residential property during the three-year period prior to application. If one borrower meets homeownership requirements, FTHB requirement do not apply.</p> <ul style="list-style-type: none"> • Primary residence only • Maximum loan amount of \$1,500,000 • Must have a 0x30x12 consecutive housing payment history • Borrowers living rent free for more than two months but no more than 12 months prior to the application date are permitted if: <ul style="list-style-type: none"> ○ The borrower has a 12-month payment history within the last three years ○ A letter of explanation confirming the borrower is living rent free with a relative and has no monthly rent (LOE signed by borrower and relative) ○ Purchase transactions ○ Maximum 43% DTI ○ Additional three months reserves ○ Residual income requirements must be met |
| 25. Non-Occupant Co-Borrower | <p>Non-occupant co-borrowers may be eligible subject to the following:</p> <ul style="list-style-type: none"> • 1-unit • 5% reduction in maximum LTV • Occupying borrower must contribute to qualifying income • Must be an immediate relative <p>Cash out refinance not permitted</p> |

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| 26. Housing Payment History | <ul style="list-style-type: none"> • Applies to all mortgages on all financed properties • Inclusive of all liens regardless of position • Housing Payment History <ul style="list-style-type: none"> ○ 1x30x12 permitted except for the following, which requires 0x30x12 <ul style="list-style-type: none"> ▪ Borrower has had any previously modified mortgages within the past 24 months ▪ First time homebuyer ○ 12 months may include a combination of mortgage and/or rental payment history to meet housing payment history requirements, if applicable | | |
| 27. Significant Derogatory Credit | Bankruptcy/Foreclosure/Short Sale/DIL/Pre-foreclosure /Mortgage Charge-off/Notice of Default/Delinquency of 120 days <ul style="list-style-type: none"> • ≥ 4 years from discharge or dismissal date • ≥ 2 years and < 4 years from discharge or dismissal date <ul style="list-style-type: none"> ○ 0x30x12 housing history ○ Additional three months reserves ○ Maximum loan amount of \$1,500,000 | | |
| 28. Seller Contributions | Occupancy | LTV/CLTV | Max IPC |
| | Primary residence | 75.01% to 90% | 6% |
| | Second home | ≤75% | 9% |
| | Investment property | All LTV/CLTVs | 3% |
| 29. Reserves | Loan Amount | ≤ \$1,000,000 | 3 months |
| | | > \$1,000,000 & ≤ \$2,000,000 | 6 months |
| | | > \$2,000,000 & ≤ \$3,000,000 | 9 months |
| | Additional financed properties, including pending sales | | Additional 2 months per financed property |
| | <ul style="list-style-type: none"> • Maximum required reserves is the lesser of total required or 15 months • The maximum 15 months reserves is based off of the subject property PITIA | | |

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| | <ul style="list-style-type: none"> • Cash proceeds from the transaction may be used for reserves • Rate and Term Refinance transactions do not require reserves if the following are met: <ul style="list-style-type: none"> ○ Loan amount is \leq \$1,500,000 ○ Primary residence or second home ○ Mortgage history is 0x30x12 on all mortgages <ul style="list-style-type: none"> ▪ Must have a full 12-month payment history making current housing payment ○ Subject property housing payment is decreasing ○ Borrower does not have a prior bankruptcy, foreclosure, short-sale, DIL, pre-foreclosure, mortgage charge-off |
| 30. Documentation | <ul style="list-style-type: none"> • 12- or 24-Month Bank Statements • One- or Two-year 1099 Statements |
| 31. Self-Employed Borrowers | <ul style="list-style-type: none"> • At least one borrower must meet the definition of self-employed: <ul style="list-style-type: none"> ○ A borrower with a 25% or greater ownership interest in a business is considered self-employed ○ Borrower earns a majority of their income (51% or more) from their self-employment and use their self-employed income for qualification • Borrower must be self-employed for a minimum of two years with business income being used to qualify <p>Form 1099 Requirements</p> <ul style="list-style-type: none"> • Primary residence only • Form 1099-K, 1099-MISC or 1099-NEC may be used in lieu of bank statements for income qualification • Income qualification may not combine income derived from both bank statements and 1099 statements • Must be employed at the same company for a minimum of two years • Borrower may not have ownership in the company that the 1099 income is being derived from • All other self-employed borrowers: |

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| | <ul style="list-style-type: none"> ○ Verify borrower(s) percentage and length of ownership with one of the following: <ul style="list-style-type: none"> ▪ Letter from accountant/CPA or licensed tax preparer (with PTIN). Validation of the legitimacy of the CPA is required. One of the following tools may be used: <ul style="list-style-type: none"> ○ CPAverify ○ CPAverify Participating States ○ American Institute of CPAs ▪ Business Formation Documents (Articles of Incorporation, Bylaws, Charter, Articles of Association) <ul style="list-style-type: none"> ○ Any documents received must document that they have been filed properly with the state ○ Operating Agreement/Partnership Agreement ○ Must reflect all member-ownership interest in the business ▪ IRS letter documenting borrower’s percentage of ownership in the Business • 1099 contractors are eligible provided a CPA or licensed tax preparer (with PTIN) with knowledge of the borrower’s tax filing status confirms the borrower has filed Schedule C for the past two years • Borrowers whose self-employment cannot be independently verified are not eligible • Do not provide tax returns |
| <p>32. Initial Income Calculation Submission Process for Non-Delegated Client</p> | <ul style="list-style-type: none"> • Bank statements must be submitted to Newrez for income calculation prior to submitting the loan package for underwriting. <ul style="list-style-type: none"> ○ Register the loan under SmartSelf product code and choose the applicable bank statement option listed below. Loan is not required to be locked <ul style="list-style-type: none"> ▪ 12 months bank statements ▪ 24 months statements ○ Complete the SmartSelf Initial Income Calculation Submission Form • Upload the SmartSelf Initial Income Calculation Submission form and bank statements using the bank statement upload option on the Newrez Correspondent website • Newrez SmartSelf underwriter will review bank statements and complete the Smart Series Income Calculation Worksheet indicating income that may be used to qualify |

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| | <ul style="list-style-type: none"> • An email notification will be sent to the client contact on SmartSelf Initial Income Calculation Submission form that the Income Calculation Worksheet has been completed and is available in Image Central under Income Index-Loan Income Worksheet • The income as shown on the Smart Series Income Calculation Worksheet is the income that must be shown on the loan application and used for qualifying • Process loan according to SmartSelf Product Summary • Submit loan to Newrez underwriting using the Smart Series Submission Checklist • When submitting loan for underwriting, include SmartSelf Income Calculation Worksheet completed by Newrez Underwriter |
| <p>33. Bank Statement Requirements</p> | <p>General Bank Statement Requirements</p> <ul style="list-style-type: none"> • Unacceptable Deposits/Excluded Deposits, including but not limited to the following: <ul style="list-style-type: none"> ○ Cash advances from credit cards ○ Gift funds ○ Income sources already taken into account ○ Non-business-related account transfers ○ Tax refunds ○ Product returns/credits ○ Credit line deposits/business financing • Non-Sufficient Funds are where payment of a check cannot be made due to insufficient funds in the account <ul style="list-style-type: none"> ○ No more than six NSF events in any 12-month period (multiple NSFs are permitted in one day) <ul style="list-style-type: none"> ▪ More than six NSF events in the prior 12-months may be eligible if: <ul style="list-style-type: none"> ○ The NSFs in the current 12-month period are below the minimum allowed ○ Borrower provides an explanation to support that the prior 12-month period issues have been resolved ○ Example: June 2019 to May 2020 there are more than four NSFs and there are zero NSFs from the current 12-month period (July 2020 to June 2021) |

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| | <ul style="list-style-type: none"> ○ Overdrafts are not considered an NSF if covered by funds transferred from another account ● Decreasing monthly deposit trends may require an additional explanation and/or documentation ● Income disclosed on the initial application should be reviewed for consistency with the income calculated from the bank statements. Large deviations should be evaluated and may require a written explanation from the borrower regarding their business and the income they earn and/or additional documentation to further support the calculated income <p>Personal and Business Bank Statement Requirements</p> <ul style="list-style-type: none"> ● Provide the most recent 12- or 24-months consecutive bank statements ● If 24 months of statements are submitted and only 12 months are used; the borrower must provide a written explanation borrower detailing, why their income is a reasonable indication of current and future income ● If 12 months of statements are submitted and the income analysis demonstrates a pattern of large fluctuations or inconsistencies in deposits, 24 months of statements may be required <ul style="list-style-type: none"> ○ Eligible deposits will be added up and averaged over either 12 or 24 months to support monthly income, depending on the number of bank statements provided ● Large or irregular deposits must be sourced as qualifying income or must be backed out of the average <p>Personal Bank Statements</p> <ul style="list-style-type: none"> ● Personal bank statements reflecting other individuals who are not borrowers on the loan are ineligible. ● If the borrower maintains separate bank accounts for personal and business, and uses personal bank statements for qualifying: <ul style="list-style-type: none"> ○ Three months of business bank statements must be provided to document the |

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| Topic | Guidelines |
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| | <p>qualifying business is an operating entity. If business bank statements cannot be provided to evidence a separate business account with operating activity, then the personal statements must follow the requirements of business bank statements</p> <ul style="list-style-type: none"> ○ No expense factor is applied as long as business bank statements support operating activity with expense being paid |
| <p>34. Business Bank Statements</p> | <ul style="list-style-type: none"> ● If the borrower maintains separate bank accounts for personal and business or a borrower uses the same account for both personal and business purposes “combined,” and uses business bank or “combined” statements for qualifying ● Gross deposits will be multiplied by a 50% expense factor to determine a net deposit number and divide by 12 or 24 months, depending on the number of bank statements provided ● The underwriter must use the information on the Bank Statements (not required for 1099s) to assess if additional information is needed to validate if the appropriate expense factor (+/- 50% or 70%) is being used <p>CPA Letter</p> <ul style="list-style-type: none"> ● If a CPA letter is required to verify a different expense factor, the CPA or licensed third-party tax preparer (with PTIN) written statement <ul style="list-style-type: none"> ○ Must specify the actual expense ratio of the business and acknowledge that the expense ratio is based on their review of the most recent year’s financials. The statement must not include an unacceptable disclaimer/exculpatory language ○ The expense factor per the CPA or licensed third-party tax preparer (with PTIN) produced statement must be reasonable <ul style="list-style-type: none"> ▪ The lowest acceptable expense factor for qualifying is 15% ○ Apply the expense factor to gross deposits to calculate the qualifying income <p>Capital Intensive Industries</p> <ul style="list-style-type: none"> ● Gross deposits will be multiplied by a 70% expense factor to determine a net deposit number |

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| | <ul style="list-style-type: none"> • Confirmation from the CPA or licensed third-party tax preparer (PTIN) to identify the actual business expense percentage if it is less than 70%. The lowest acceptable expense factor for qualifying in these industries is 15% <ul style="list-style-type: none"> ○ Automobile manufacturing or dealerships ○ Construction (e.g., New Home Builders, etc.) ○ Manufacturing (food industry such as ownership in a store, store chain, restaurant, delicatessen, food supplier, etc.) ○ Telecommunication ○ Transportation (e.g., Trucking, Uber/Lyft, etc.) ○ Farming & agricultural • Underwriter to provide commentary on the Expense Worksheet of their analysis |
| 35. Form 1099 Statement Requirements | Form 1099 Statements <ul style="list-style-type: none"> • Using a 50% expense factor (or applicable expense factor), subtract 50% from the one- or two-years of Form 1099 income and divide by 12 or 24 months (depending on the number of years of 1099 statements provided) to determine monthly income • Year-to-date earnings must be obtained to support income being used to qualify for Note dates after April 15 |
| 36. IRS Form 4506-C | <p>A signed and dated 4506-C for non-self-employment income must be signed at application and closing for the following:</p> <ul style="list-style-type: none"> • Non-self-employment income • Income being documented with form 1099 statements |
| 37. Tax Transcripts | Bank Statements <ul style="list-style-type: none"> • W-2 transcripts may be obtained at the underwriter’s discretion Form 1099 Statements <ul style="list-style-type: none"> • Wage and Income transcripts required for income being documented with 1099 statements that are in the borrower’s name • If the 1099s are in a company name and transcripts are not available, a CPA letter is required verifying the dollar amounts of each 1099 used to qualify, and that the |

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| | <p>borrower has filed a Schedule C for the past two years</p> |
| <p>38. Multiple Financed Properties</p> | <ul style="list-style-type: none"> • Borrower may own up to 15 financed properties, including the subject property • Borrower limited to eight loans with Newrez not to exceed \$3,000,000 in aggregate • Maximum 10% of properties in a PUD or condo project may have financing with Newrez <ul style="list-style-type: none"> ○ For projects ≤ 10 total units, financing on a maximum of one unit is allowed • New multiple loans must be underwritten simultaneously |
| <p>39. Appraisals</p> | <ul style="list-style-type: none"> • Appraisal Requirements <ul style="list-style-type: none"> ○ ≤ \$1,500,000: One appraisal ○ > \$1,500,000: Two appraisals ○ A Single-Family Comparable Rent Schedule is required for 1-unit investment properties when rental income is used to qualify <p>Secondary Valuation Requirement:</p> <p>One of the following is required as a secondary valuation to the appraisal to support the value but is not used to determine the actual value:</p> <ul style="list-style-type: none"> ○ Collateral Desktop Analysis (CDA) from Clear Capital ○ Appraisal Risk Review (ARR) from Stewart Valuation Intelligence ○ Consolidated Collateral Analysis (CCA) from Consolidated Analytics <p>If any of these secondary valuations returns a value that is “Indeterminate” or lower than the appraised value and exceeds a 10% tolerance, a second full appraisal must be provided</p> <p>Two Appraisals Required</p> <ul style="list-style-type: none"> • Appraisals must be completed by two independent companies but can be from the same AMC • The LTV will be determined by the lower of the two appraised values as long as the |

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| | <p>lower appraised appraisal supports the value conclusion</p> <ul style="list-style-type: none"> Any inconsistencies between the two appraisal reports must be addressed and reconciled If the two appraisals are completed “subject to,” only one 1004D is required based on the appraisal being used to determine value A secondary valuation is not required <p>HPML Loans</p> <ul style="list-style-type: none"> Refer to the Smart Guide for second appraisal requirements for HPML transactions | | |
| <p>40. Declining or Soft Markets</p> | <p>If the appraiser notes the market is soft or declining, a 5% reduction to the maximum LTV is required</p> <p>A market will be deemed “declining” if:</p> <ul style="list-style-type: none"> Appraiser indicates in Neighborhood Section that market is declining Appraiser indicates anywhere in comments that market is declining | | |
| <p>41. Escrow Waivers</p> | <p>Primary Residence</p> <ul style="list-style-type: none"> Max LTV ≤ 80% <ul style="list-style-type: none"> CA: LTV ≤ 90% NM LTV < 80% | <p>Second Home</p> <p>Max LTV ≤ 80%</p> | <p>Investment Property</p> <p>Max LTV ≤ 80%</p> |
| <p>42. Mortgage Insurance</p> | <p>Not required</p> | | |

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| 43. Revision History | | |
|------------------------------|---|---------------------|
| Section | Update | Date |
| Non-Occupant Co-Borrower | <ul style="list-style-type: none"> Removed: Maximum 45% DTI based on all borrower's income | 01.18.2024 v24.1 |
| Matrix | Expended eligibility grid | 02.08.2024 |
| Maximum Cash Out | Previous: <ul style="list-style-type: none"> For cash out refinance transaction 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 the company New: <ul style="list-style-type: none"> For cash out refinance transactions, the amount of cash out proceeds from any Smart Series cash out refinance loans within 6 months of the note date must be included in the cumulative cash out limitation | v24.2 |
| Reserves | Loan amount > \$2,000,000 & < \$3,000,000- 9 months reserves | |
| Bank Statements Requirements | Personal Bank Statements has been re-arranged – no guidelines have changed | 03.04.2024 v24.3 |
| Underwriting | Removed: <ul style="list-style-type: none"> Delegated Underwriting is not permitted Updated: Requirements for Delegated and Non-Delegated underwriting | |
| Section 32 – updated section | Initial Income Calculation Submission Process – added this is for Non-Delegated Client | |
| Eligible Property Types | Non-Delegated only - condos must be reviewed to PRD team | |

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| Eligible Borrowers | Non-Delegated only required trust review by Newrez legal | |
| First Time Homebuyers (FTHB) | <p>Removed: Borrowers living rent free are not eligible</p> <p>Updated with the additional information:</p> <ul style="list-style-type: none"> • Borrowers living rent free for more than two months but no more than 12 months prior to the application date are permitted if: <ul style="list-style-type: none"> ○ The borrower has a 12-month payment history within the last three years ○ A letter of explanation confirming the borrower is living rent free with a relative and has no monthly rent (LOE signed by borrower and relative) ○ Primary residence ○ Purchase transactions ○ Maximum 43% DTI ○ Additional three months reserves ○ Residual income requirements must be met | 03.28.2024 v24.4 |
| 28. Seller Contributions | Updated the Seller Contributions for Investment property from 2% to 3% | 04.29.2024 v24.5 |
| 29. Reserves | <p>Previous: Proceeds from the transaction cannot be used for reserves.</p> <p>New: Cash proceeds from the transaction may be used for reserves</p> | |
| 20. Eligible Property Types | <p>Added:</p> <p>Condotels</p> <ul style="list-style-type: none"> • Maximum 75% LTV/CLTV for cash out refi or the maximum based on loan amount | |
| 21. Ineligible Property Types | Removed: Condotel | |

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| First Time Homebuyers (FTHB) | <p>Removed Sub bullet -- Primary residence</p> <p>Updated Bullet:</p> <ul style="list-style-type: none"> • Previous: Must have a 0x30x12 consecutive housing payment history within the past three years <p>New</p> <ul style="list-style-type: none"> • Must have a 0x30x12 consecutive housing payment history. | 05.16.2024 v24.6 |
| Product Summary | <p>Previous:</p> <p>Cash-out</p> <p>First-time</p> <p>New:</p> <p>Cash out</p> <p>First time</p> | 07.11.2024 v24.7 |
| Eligibility Matrix | <p>Primary Residence</p> <p>Purchase and Rate & Term Refi</p> <p>Added: \$1,500,000 / Fico 700/ LTV 85%</p> | 08.22.2024 v24.8 |
| Housing Payment History | <p>Added:</p> <ul style="list-style-type: none"> • Borrower has had any previously modified mortgages within the past 24 months | 09.19.2024 v24.9 |
| Self-Employed Borrowers | <p>Form 1099 Requirements:</p> <ul style="list-style-type: none"> • Added: Borrower may not have ownership in the company that the 1099 income is being derived from | |
| Appraisals | Previous: | |

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| | <p>Appraisal Risk Review (ARR) from Pro Teck</p> <p>New:</p> <p>Appraisal Risk Review (ARR) from Stewart Valuation Intelligence</p> | |
| Maximum Cash Out | <p>Previous:</p> <p>Primary & Second home \$500,000</p> <p>Investment \$350,000</p> <p>Updated:</p> <ul style="list-style-type: none"> ○ LTV ≤ 60%: \$750,000 ○ LTV > 60%: \$500,000 | <p>10.17.2024</p> <p>V24.10</p> |
| Cooperatives – Non Delegated Only | <p>Updated Matrix to allow Co-ops with Max LTV/CLTV 70% for Primary and Second Home.</p> <p>Updated Eligible Property types to allow Co-ops in 5 Boroughs of NY and must be reviewed by the Project Review Department. Non Delegated Only</p> <p>Updated Co-op as ineligible property type for investment properties</p> | |
| Self-Employed Borrowers | <p>Added the following bullet point:</p> <ul style="list-style-type: none"> • IRS letter documenting borrower’s percentage of ownership in the Business | <p>11.21.2024</p> <p>V24.11</p> |

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