

Matrices

A Correspondent Lending Update



New Penn Financial - VA Overlay Matrix		
GUIDELINES	VA	NPF OVERLAYS
BORROWER ELIGIBILITY		
Ineligible Borrowers	Eligible	Individuals employed by NPF Third Party Originators are ineligible
Maximum # of Financed Properties	No Guidance	4 Financed properties; however, the borrower may not own more than 10 total properties
LTV		
LTV/CLTV-Purchase	No Minimum Score tied to LTV	560-599: Max 95%
LTV/CLTV - Cash Out Refinance:	No Minimum Score tied to LTV	620-639: Max 90%
LTV/CLTV - IRRRL (Non-SMS)	No Minimum Score tied to LTV	Credit Score \geq 580 - Owner Occupied: Max 100%; Investment: Max 95% * Based off original loan balance if FICO 660 or greater. If FICO < 660 based off appraisal
CREDIT HISTORY		
Credit Score - Purchase	No Minimum Score	560
Credit Score - Cash Out Refinance & IRRRL (Non-Portfolio)	No Minimum Score	620
Mortgage History - VA IRRRL	May be delinquent but requires VA Prior Approval	0x30x12
Modified Mortgage	No Guidance	Refinance of a previously modified mortgage requires 0x30x12; 12 months seasoning required and NTB based off the modified mortgage amount.
Non-Traditional Credit	Eligible	Ineligible
Bankruptcy - Chapter 13	May still be in plan and must have plan administrator approval	Must have been entered at least 12 months preceding application date and paid as agreed. Plan must be paid and discharged prior to closing. Proceeds may not be used to payoff BK balance. Extenuating circumstances not allowed.
Bankruptcy Chapter 7 and Foreclosure	Reduced seasoning for extenuating circumstances is allowed	Extenuating Circumstances for reduced seasoning on derogatory credit is not allowed; Must be discharged 24 months preceding application date.
Short Sales	No Guidance	Short Sales with or without mortgage lates that were completed over one year but < 2 years will require a letter of explanation and supporting documentation to establish an extenuating circumstance and to confirm short sale.
CREDIT HISTORY		
Depth of Credit	No Guidance	For manually underwritten loans at least one occupying borrower must meet one of the following to have an acceptable credit depth: <ul style="list-style-type: none"> • Verified Housing History (mortgage or rental) showing 0x30x12; private rentals must be verified with 12 months cancelled checks or bank statements, each dated prior to the next due date. • The borrower has (3) trade lines that have been evaluated for at least 12 months. These trade lines do not need to be currently active but require some activity in the last 24 months. • The borrower has (2) trade lines that have been evaluated for at least 24 months and have had some activity in the last 24 months. <p style="text-align: right;">** Deferred student loans and Authorized User accounts are ineligible</p>
DEBT - TO - INCOME		
Purchase	DTI's exceeding 41% requires an additional 20% residual or supervisor approval	• 660+: Max 60%; • 600-659: Max 55%; • 560-599: Max 50% *Must meet VA's 20% additional reserves or approved by supervisor when above 41%
Miscellaneous - Debt-to-Income	• See above for maximum DTI Guidelines. • No minimum score tied to DTI Guidance to paying down or off debt to qualify.	• No • Cash out with Scores 600-619 and debt consolidation, total monthly obligations must decrease as a result of the transaction; • Revolving debt may be paid off to qualify without the requirement of the account(s) to be closed if the following circumstances are met FICO 680 or greater; or FICO 620-679 and DTI less than or equal to 50% source of funds must be verified in all instances • Revolving debt may be paid off at closing when the transaction is a cash out refinance but must be closed prior to CTC. Debts being paid must be shown on the CD.

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CORRESPONDENT

INCOME		
Tax Transcripts	Executed 4506T may be used in lieu of actual documentation but isn't required in addition to the documentation.	<p>Transcripts are required for:</p> <ul style="list-style-type: none"> Self-employed borrowers Wage earners in the following circumstances <ul style="list-style-type: none"> Handwritten paystubs are used Borrower is employed by family member Relationship between parties exists <ul style="list-style-type: none"> Borrower/Seller related Borrower/Seller/LO related Borrower employed by the lender Any of the following are present <ul style="list-style-type: none"> Additional income for qualifying is derived from sources such as rental properties, dividend/interest or other income where tax returns is required; or <ul style="list-style-type: none"> tax returns are used to document income; or commission (> 25% of income); or At the underwriter's discretion
INTEREST RATE REDUCTION LOAN (IRRRL)		
Owner Occupied	Mortgage Only credit report is required. Income is not required	<ul style="list-style-type: none"> Tri-Merge Credit Report Required Verification of employment required for wage earner
Investment Properties	Mortgage Only credit report is required. Income is not required	<ul style="list-style-type: none"> Full Appraisal Required when FICO < 660 Tri-Merge Credit Report Required Most recent paystub and W-2 are required; if self-employed and / or using rental income to qualify, 1040's must be provided Document prior
ASSETS		
Business Assets	No Guidance	Allowed for down payment and closing costs; however, the borrower must be the majority owner of the business. May not be used for reserves. The use of these funds must be documented as having no negative impact on the business livelihood.
Written Verifications of Deposit (VOD)	Eligible	Ineligible
Assets: Ineligible	No Guidance	<ul style="list-style-type: none"> Cash on Hand/Mattress Money Custodial Accounts for minors 1031 Exchanges Pooled Funds
MANUALLY UNDERWRITTEN LOANS		
Minimum FICO	No minimum score tied to DTI. DTI's exceeding 41% requires an additional 20% residual or supervisor approval. VA doesn't have specific compensating factors.	Refer/Eligible will be considered for loans with FICOs > 640 with a DTI < 45% provided sufficient compensating factors exist
Housing History	The applicant's past repayment practices on obligations are the best indicator of his or her willingness to repay future obligations. Emphasis should be on the applicant's overall payment patterns rather than isolated occurrences of unsatisfactory repayment. Determine whether the applicant (and spouse, if applicable) is a satisfactory credit risk based on a careful analysis of the credit report and other credit data.	Housing History requires a maximum of 1x30x24
PROPERTY ELIGIBILITY		
Ineligible Properties	<ul style="list-style-type: none"> Manufactured / Mobile Homes: Allowed under Title 38 CFR 36.4200 series Indian Tribal land: Allowed <p>No Guidance for the following:</p> <ul style="list-style-type: none"> Properties which are subject to right of redemption Properties with manufactured on site being used as storage Properties where farm or agricultural income from the subject property is claimed on the borrower's tax returns Hobby Farms Land Trust Co-Ops Live / Work Units 	<ul style="list-style-type: none"> Manufactured / Mobile Homes Co-Ops Indian Tribal land Properties with manufactured on site being used as storage subject property is claimed on the borrower's tax returns Hobby Farms Land Trusts Bed and Breakfast Properties encumbered with private transfer fee covenants Properties with a property condition of C5 Live / Work Units Properties which are subject to right of redemption Properties where farm or agricultural income from the subject property is claimed on the borrower's tax returns Bed and Breakfast Properties

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Properties Previously Listed for Sale	No Guidance	Cash out Refinance: Properties listed for sale in the six months preceding the disbursement date of the new mortgage; careful consideration should be given to the listing priced and appraised value to be sure the value is supported.
Geographic Restrictions	No Restrictions	NPF cannot finance or purchase loans secured by properties located in Alaska or Hawaii.
PROGRAM ELIGIBILITY		
Ineligible Programs	<p>VA Offers</p> <ul style="list-style-type: none"> • Texas <p>50(a)(6) loans</p> <ul style="list-style-type: none"> • Energy Efficient Mortgages (EEMs) • Graduated Payment Mortgage (GPM) • Growing Equity Mortgage (GEM) • Mortgage Credit Certificates (MCC's) are not permitted • Temporary Buy downs • Construction to Permanent (CTP) Financing where the original note is modified • Loans with HPML or Section 32 are not eligible • Farm Residence Loans • Specially Adapted Housing Areas • Military Impacted Areas • Section 8 Loans • Investment (Non-IRRRL) • No Guidance • Dual roles on a transaction (An NPF originator cannot have another real estate related position on any loan, regardless of program.) 	<ul style="list-style-type: none"> • Texas 50(a)(6) loans • Energy Efficient Mortgages (EEMs) • Graduated Payment Mortgage (GPM) • Growing Equity Mortgage (GEM) • Mortgage Credit Certificates (MCC's) are not permitted • Temporary Buydowns • Construction to Permanent (CTP) Financing where the original note is modified • Loans with HPML or Section 32 are not eligible • Specially Adapted Housing • Section 8 Loans • Dual roles on a transaction (An NPF originator cannot have another real estate related position on any loan, regardless of program.) • Farm Residence Loans • Military Impacted Areas • Investment (Non-IRRRL)
Escrow Holdbacks	Permitted for external, weather related conditions; postponement beyond the control of the builder/seller (with restrictions), must be completed within 90-120 days months and no maximum amount.	Must be completed within 60 days of close and a \$5,000 maximum amount.
Down payment Assistance	Permitted through Government Agencies and VA Approved Non-Profits	We do not offer VA approvals for non-profits. VA doesn't retain a list and the lengthy turn times to have a non-profit approved impacts customer service
MISCELLANEOUS		
Net Tangible Benefit (NTB)	Only FHA Streamlines require a NTB	A NTB Worksheet must be completed on ALL refinance transactions. FHA NTB requirements for specific programs are required in lieu of NPF's NTB.
Power of Attorney (POA)	Doesn't require lender legal approval.	Follow VA Guidelines except the use of a POA must be approved by NPF Underwriting and legal department.
Principal Curtailments / Reductions	No maximum limit for principal curtailment.	Permitted; curtailments due to excess Lender Credit must be reviewed in order to ensure the borrower's best interest
Principal Curtailments / Reductions:	No maximum limit for principal curtailment.	The amount of the curtailment cannot exceed \$500.00 unless due to an excess Premium Pricing Credit. If premium pricing credit exceeds the closing costs on the subject loan, the excess credit may be applied as a principal reduction. This is limited to the lesser of \$2,500.00 or 2% of the original loan amount for the subject loan. Exceptions over this amount must be approved by New Penn's legal and compliance teams.
Net Tangible Benefit (NTB)	Only FHA Streamlines require a NTB	A NTB Worksheet must be completed on ALL refinance transactions. FHA NTB requirements for specific programs are required in lieu of NPF's NTB.
Power of Attorney (POA)	FHA allows POA for Military Personnel and Incapacitated Borrower only.	The use of a POA must be approved by NPF Underwriting and legal department.
Electronic Signatures:	No Guidance	TPO partners may submit initial disclosures e-signed by both the TPO and borrower with prior approval. Contact your AE for information to receive your approval to use e-signatures.
Netting Escrows for Streamline:	Eligible	Only when the payoff reflects the netting of escrows or existing NPF Portfolio loan