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GENERAL ELIGIBILITY POLICY

At New Penn Financial quality and consistency are critical to our and our Correspondents' success. This policy should answer most of your questions regarding eligibility of loans submitted to NPF for underwriting and purchase.

Correspondent must upload the FNMA 3.2 file, *New Penn Submission Form and Checklist* along with the full credit package (according to the Required Underwriting Submission Documents section of the *New Penn Submission Form and Checklist*) to New Penn for underwriting via the web portal via login at www.gonewpenn.com. The web portal is for registering, locking, submitting, uploading conditions and monitoring the Correspondent pipeline for loans delivered to New Penn for underwriting and purchase.

Non-Delegated Underwriting

New Penn Financial offers a full underwriting program for:

- Conventional (FNMA/FHLMC) *Excludes High Balance
- FHA programs
 - FHA Lender ID: 2557400002
- VA Programs
 - New Penn VA Lender ID: 6001710000
- Shellpoint products including:
 - Home Key
 - Home Buyer Power
 - Owners Advantage

In order to submit a loan for underwriting by NPF, Correspondents must meet the following:

- Loans must be originated directly through their retail operations. Third Party Originated loans are not eligible for submission to NPF for underwriting.
- Refer to product specific *New Penn Product Matrices* for full guidance, requirements and restrictions. *Product Matrices* are accessible on the New Penn websites: www.gonewpenn.com.
 - All terms and requirements on the *Product Matrices* apply unless specifically referenced in this policy
 - Custom Terms as outlined on the *Product Matrices* are not available on Correspondent loans
- Loans must be closed in the Correspondent's name (as original mortgagee on the Note) using their warehouse line or funding source per requirements in Seller Eligibility section of this Guide.
- Ensure that the appraiser is not shown on FNMA's Appraiser Quality Monitoring (AQM) List



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- Each loan submitted to NPF for underwriting must include all items listed in the Required Underwriting Submission Documents section of the *New Penn Submission Form and Checklist*. Together, all documentation included in the list is the New Penn minimum submission requirements for a loan to be accepted into underwriting. Please refer to the specific *Product Matrices* for product specific required documentation.

Any deficiencies with regards to minimum submission requirements will stop the progression of the loan until the documentation is provided to complete the loan submission. The *New Penn Submission Form and Checklist* and *Product Matrices* can be found on the website at www.gonewpenn.com.

Conventional Underwriting

The underwriting department will complete a full loan analysis to ensure that the loan meets the loan program parameters before the Client closes the loan. The Client is still responsible for complying with all federal, state and local regulations.

FHA Underwriting

After originating the loan, the correspondent seller must assign the loan to New Penn Financial as a Sponsor when ordering the case number in FHA Connection. The Correspondent is also responsible to run CAIVRS, order and upload FHA appraisal in Electronic Appraisal Delivery (EAD).

New Penn Financial will fully underwrite FHA loans in accordance with HUD Handbook 4000.1 and any applicable NPF policy outlined in our FHA *Product Matrices*.

VA Underwriting

All VA loans will be underwritten according to the VA Lenders Handbook and the New Penn VA *Product Matrix*. Correspondents acting as Agents on behalf of New Penn as Sponsor must be designated as agent with New Penn Financial as the Sponsor/Lender on all applicable VA forms including but not limited to the Form 26-1802A: VA Addendum to Application and Form 16-1820 according to the VA Pamphlet.

- a. FORM 26-1802A: VA Addendum to Application
 - Agent Information Section must be completed in the name of: _____, Agent.
 - Lender Information Section must be completed in the name of New Penn Financial, LLC
- b. VA Form 26-1820 and shall be done in accord with VA Pamphlet 26-7(f) and more specifically:
 - VA Form 26-1820 shall be completed as follows: Agent's VA ID number is placed in item 2B along with the name and function of the Agent in item 24



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and the Agent's name, followed by the words "agent for New Penn Financial, LLC and the Agent's address in 25A.

Shellpoint Underwriting

All Shellpoint loans will be manually underwritten and require full documentation, regardless of AUS findings. Shellpoint loans are those described in the Non-Delegated Underwriting section of this policy and section 7- *Glossary*, of the New Penn Seller Guide. Shellpoint loan type does **not** refer to VA or FHA loans. Please refer to the New Penn *Product Matrix* for each Shellpoint product for specific requirements. *Product Matrices* can be found on the website at www.gonewpenn.com.

Decisions

After review of the initial submission or subsequent submissions one of the following decisions will apply.

Approved – Loan has been completely reviewed and credit file is approved. Additional conditions may be required to complete loan file.

Approved/Appraisal Cleared – Both the credit file and appraisal have been reviewed and approved. Additional conditions may be required to complete loan file.

Suspended -Loan has been completely underwritten, but additional information is required to render a decision.

Denied – Loan does not meet program parameters

Underwriting Clear – all underwriting and credit related conditions have been satisfied

Credit

A tri-merge credit report shall be issued by the Correspondent in the Correspondent's name and delivered to NPF. There are no restrictions on Credit Providers. NPF does not reissue credit.

The credit score used for qualification is the lowest, middle credit score or all income qualifying borrowers.

Credit Attestation

Attestation, executed by the borrower that provides detail of all inquiries listed on the credit report, certifies that the borrower has not acquired or is in the process of acquiring any new debt not already disclosed as part of the mortgage loan application process. May use NPF version *Borrower Attestation Form* or Correspondent's equivalent.



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AUS

- AUS does not need to be pulled in NPF's name, and NPF does not reissue AUS.
- You MAY release findings to NPF after initial portal submission, if findings are released your NPF UW will ensure final AUS is consistent with closed loan terms
 - *Correspondent will be conditioned to update payments and balances if the UW has updated figures and AUS so the final 1003 balances match.*
- DU/LP/Total Scorecard submissions shall be performed by the Correspondent (subject to the previous bullet) and most recent findings must be in the file when delivered for purchase
- Correspondent is responsible for ensuring final AUS is consistent with closed loan terms and UW approved terms at request for clear to close.
- DU is the required AUS to be used by Correspondents on all Shellpoint loans submitted to NPF
- DU and Total Scorecard findings dated after the Note Date or with number of submissions exceeding 15 require explanation to be submitted by the Correspondent which must be reviewed and approved by NPF prior to purchase.
- Freddie Mac considers correspondent sellers as a Third Party Originator and, as such, cannot submit a loan to LP after the date showing on the signed Note. Resubmissions must occur on or before the Note Date.
- Please refer to the appropriate *Product Matrix* for additional, product specific AUS guidance

Tax transcripts

Correspondent must provide the signed and executed tax transcripts on every income qualifying loan. Correspondent must deliver tax transcripts from a vendor that can be reissued or verified by NPF. If verification through the vendor used by the Correspondent is not possible, a completed and signed 4506T must be provided to New Penn that will be executed prior to clear to close.

NPF will execute the 4506T for any product that requires tax documentation to determine qualifying income. Streamline, IRRRL and bank statement products do not require an executed 4506T.

See NPF *Product Matrices* for additional details related to 4506T and tax transcripts at www.gonewpenn.com.

Excluded Parties

New Penn requires confirmation that companies or individuals involved in the origination or underwriting of a mortgage transaction are not on the Freddie Mac Exclusionary List, General Services Administration (GSA) excluded party list or the HUD Limited Denial Participation (LDP). Regardless of the reason for the party being excluded, any party to the transaction included on either list will result in the loan being ineligible for delivery. All name variations found throughout the loan file must be run when performing the searches.



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Results of excluded parties searches must be provided at initial submission to New Penn. Please refer to *Product Matrices* and Required Underwriting Submission Documents section of the *New Penn Submission Form and Checklist* for additional detail.

Appraisal and Property

Correspondents are required to order appraisals through a New Penn approved AMC for all Shellpoint programs only. NPF will fully underwrite all appraisals no matter the source. See NPF Appraisal Underwriting Requirements on each *Product Matrix* for specifics. *Product Matrices* and the New Penn *Non-Delegated Correspondent Appraisal Management - Approved List* can be located on www.gonewpenn.com.

Correspondent is not required to use an approved AMC for VA*** or FHA loans submitted to New Penn Non-Delegated Correspondent.

***For VA Sponsorship appraisals:

- The appraisal must be ordered as LAPP under our Lender ID 600171 (or transferred case number at time of completion)
- The Correspondent lender must send an email to npfappraisals@NewPennFinancial.com when the appraisal was electronically transmitted to the VA TAS E-Appraisal site (VA Portal). The email must contain the New Penn Financial loan number and the VA case number to help identify the loan file or borrower.
- The New Penn Financial underwriter will complete the Notice of Value (NOV) and will upload to the portal and provide to the customer.
- New Penn Financial will validate the VA Loan Identification number

Rental Income and Bedroom Count are required on non-owner occupied 1-4 unit properties as well as owner occupied 2-4 unit properties regardless of whether rental income is used to qualify.

Appraisals must include color photos and be delivered to NPF via email at appraisalimaging@newpennfinancial.com. It is critical that the NPF loan number be included in the subject line of the email.

Mortgage Insurance

Mortgage Insurance (MI) is required for all conventional loans with Loan-to-value ratios exceeding 80%. Seller may use the below listed approved MI companies. Coverage must meet New Penn Product guidelines as well as FNMA/FHLMC requirements.

- It is the client's responsibility to obtain a Mortgage Insurance certificate and deliver the certificate to New Penn Financial prior to Clear-to-Close.
- The client is responsible to provide evidence that transfer of MI has been completed



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and is required at time of purchase.

NPF requires the use of the following providers:

New Policies and Reissue Policies:

1. Genworth Mortgage Insurance Corporation (GE)
2. Essent Guaranty Inc.
3. United Guaranty Residential Insurance Corporation (UGI)
4. Radian Guaranty, Inc
5. Mortgage Guaranty Insurance Co. (MGIC)
6. ARCH MI

HARP Reissue Policies only:

1. PMI Mortgage Insurance Company (PMI)
2. Republic Mortgage Insurance Company (RMIC)
3. Triad Guaranty Inc
4. CMG Mortgage Insurance Company (CMG MI)
- Lender Paid Mortgage insurance Plans (LPMI)
 - Seller may elect to purchase life-of-loan policy upfront for the borrower, instead of having the borrower make monthly mortgage insurance payments.
 - MI certificate must be in the file and a paid receipt at the time of purchase.

Condo/PUD Project Review

The purpose of this section is to define how New Penn Financial (NPF), reviews and approves Condominium Projects. The quality of loans secured by units in a condo project can be influenced by certain characteristics of the project as a whole. As a result, New Penn Financial performs a separate review of the Condo Project; in addition to the standard credit underwriting review.

The NPF Condo Project Review team is responsible for ensuring all Condo Projects. NPF aligns with Fannie Mae and Freddie Mac project eligibility guidelines for Shellpoint products. There are no additional overlays *except* that the approval validity period for NPF is only 90 days. NPF also requires the condo project to be approved by HUD/VA for all Government products.

The level of review varies based on the loan product, project construction type (new or established), occupancy type, and Loan to Value. Additional due diligence or documentation may be required based on responses from the Homeowner's Association (HOA) which could impact the eligibility of the Project. In these instances, the NPF Underwriter should consult the NPF Condo Project review team for additional guidance.

The summary below outlines the review type for each NPF product. Correspondents should review the *Condominium Project Submission Checklist* for additional documentation needed



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for Shellpoint Full Lender Reviews.

Product Type	Review Process	Required Documentation	Reviewer / Approver
All Shellpoint Products	Condos - Full Lender review, with or without CPM, is always required (warrantable or non-warrantable)	<i>The Conventional Full Lender HOA Questionnaire</i> must be completed by the HOA representative.	NPF Condo Project Review team
	Detached PUD's – No Questionnaire Required	N/A	NPF Underwriter
	Attached PUD's –Attached PUD Questionnaire	<i>Shellpoint Attached PUD Questionnaire</i>	
	Attached PUD Referral - The following must be referred to the Condo Department for review and acceptance: <ul style="list-style-type: none"> Litigation involving the HOA is pending, Priority lien in excess of 6 months, Non-incidental income > 10% 	A copy of the questionnaire along with the supporting document to condoprojectreview@newpennfinancial.com	NPF Condo Project Review team
FHA	<p>Condo projects must be HUD approved and cannot be expired at the time of case number issuance.</p> <p>The following site can be used to determine HUD eligibility: https://entp.hud.gov/idapp/html/condlook.cfm</p> <p>*The following does not require HUD Approval:</p> <ul style="list-style-type: none"> FHA Streamline without an appraisal Detached Condos <p>NPF Account Manager must verify the Condo Project has adequate insurance</p>	<p>The <i>FHA Approved Condo Questionnaire</i> must be completed by the HOA representative.*</p> <p>* HOA questionnaire not required on FHA Streamline or Detached Condos.</p>	NPF Underwriter



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	<p>Underwriter must verify the Master Insurance Policy and HO6 meet FHA requirements.</p> <p>NPF will not issue DELRAP or HRAP approvals; however existing, unexpired DELRAP / HRAP approvals are permitted</p> <p>The following must be referred to the Condo Department for review and acceptance:</p> <ul style="list-style-type: none"> Litigation Involving the HOA is pending. 		
VA	<p>Condo projects, including detached condos, must be VA Approved prior to submitting to underwriting. The following site provides VA approved projects. https://vip.vba.va.gov/portal/VBAH/VBAHome/condopudsearch</p> <p>VA IRRRL - projects do NOT need to be VA approved</p> <p>NPF Account Manager must verify the Condo Project has adequate insurance.</p> <p>Underwriter must verify the Master Insurance Policy and HO6 meet VA requirements.</p>	NA	NPF Underwriter
Conventional Limited Review	<p>A Limited Review is permitted for:</p> <ul style="list-style-type: none"> Detached Condo (new or established project); Detached or Attached (established) two-to-four-unit project; Attached Condo in an Established Project and: <ul style="list-style-type: none"> Primary Home \leq 80% LTV (FL \leq 75%) Second Home \leq 75% LTV (FL \leq 70%) <p>The following are NOT eligible for Limited Review:</p> <ul style="list-style-type: none"> Investment Homes, 	The Conventional Limited/Streamline Review HOA Questionnaire must be completed by the HOA representative.	NPF Underwriter



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	<ul style="list-style-type: none"> Newly Constructed attached condos, and Newly Converted projects <p>The following must be referred to the Condo Department for review and acceptance:</p> <ul style="list-style-type: none"> Litigation involving the HOA is pending, Priority lien in excess of 6 months, Non-incidental income > 10% 		
Conventional Lender Full / Condo Project Manager (CPM) Review	<p>A Full Lender review is required for:</p> <ul style="list-style-type: none"> Attached Condo in a Newly Constructed or recently fully Converted Project; Detached or Attached (new) two-to-four-unit project; Attached Condo in an established project; if: <ul style="list-style-type: none"> Primary Home > 80% (FL > 75%) Second Home > 75% (FL > 70%) Investment Home regardless of LTV 	The Conventional Full Lender / CPM Review HOA Questionnaire must be completed by the HOA representative. condoprojectreview@newpennfinancial.com	NPF Condo Project Review team
Conventional PUD Review	<p>The NPF Attached PUD Questionnaire must be completed for attached projects;</p> <p>If Attached, the following must be referred to the Condo Department for review and acceptance:</p> <ul style="list-style-type: none"> Litigation involving the HOA is pending, Priority lien in excess of 6 months, Non-incidental income > 10% 	The Conventional Attached PUD HOA Questionnaire must be completed by the HOA representative.	NPF Underwriter

NPF HOA Questionnaire

- The Homeowner’s Association may utilize services from HomeWisedocs.com, Condocerts.com, First Service Residential, or like companies in lieu of the NPF HOA questionnaire;
- NPF may accept an HOA Questionnaire completed by another bank, mortgage company, lender, broker, escrow company, etc. on a case-by-case basis in lieu of the NPF HOA questionnaire;
- The HOA Questionnaire must be completed by the HOA within 90 days of the Approval date. If the HOA Questionnaire expires, a complete new HOA Questionnaire must be received.



Loans Closing in a Trust

Trusts (inter vivos or living trusts) must meet New Penn requirements as described in the Trust Policies and Procedures which can be located in the Client Library on www.gonewpenn.com. Correspondents are not required to deliver the trust documentation to New Penn for prior legal review, but must meet all other requirements within the Trust Policy. Specifically, the criteria described in sections 301.1.2 Removal from Trust, 302.1.3 Preliminary Review Items including the Six Elements of a Trust, and 302.2 Non-Inter Vivos Trust Estates must be adhered to.

Cooperative Properties

Currently not available.

Underwriting Scenario Questions

Regardless of the underwriting option being used on a particular loan transaction, questions regarding a particular scenario or underwriting guideline are always welcome. Questions can be directed to the NPF Scenario Desk by calling 856-552-0144

Escalations

If there is any need to escalate a review, the Correspondent should review the loan with the Account Manager (“AM”). The AM will follow NPF’s internal escalation policy and communicate the decision back to the Correspondent.