

Prior to Submission

- EXCEPTION:** If exception is desired, submit [Correspondent Pre-Submission Exception Request Form](#) prior to submission of initial credit file.
 - Newfi to provide exception decision within 24-hours
 - Seller to include exception approval with initial submission package
- BANK STATEMENT PROGRAM:** If Bank Statement program, submit [Correspondent Bank Statement Analysis Intake Form](#) prior to submission of initial credit file.
 - Newfi to provide bank statement calculation results within 24-hours
 - Seller to include bank statement calculation results with initial submission package
- SERVICES:** Seller is expected to order and provide the following services:

▪ Credit Report	▪ Tax Transcripts, if applicable to loan program
▪ Property Valuations (appraisals, CDA, etc.)	▪ Compliance Report
▪ Flood Cert	▪ Fraud Report
▪ AUS, if applicable to loan program	▪ LDP/GSA
- CDA ORDERING INSTRUCTIONS:** CDA (Collateral Desktop Analysis) must be ordered through Clear Capital. Contact Clear Capital directly: www.clearcapital.com; 530-550-2574.

Required on ALL:

GENERAL:

- Exception approval documentation (if prior exception received)
- 1003 (Initial and most current)
- 1008
- Initial Loan Estimate and all Change of Circumstance documentation (N/A for DSCR/business purpose loan)
- Itemized Fee Worksheet
- Settlement Service Provider List
- Intent to Proceed, signed and dated
- Borrower Authorization, signed and dated
- Initial Disclosure Package, including all state-specific initial disclosures
- Credit report and all supplements
- AUS findings (if required per guidelines)
- Valid ID for all borrowers
- LOEs for derogatory credit, recent address listings, recent inquiries
- Payoff demands (if refi)
- Flood Cert
- Trust Cert (if vesting in a trust)
- Income worksheet(s)

ASSETS:

- Gift documentation
- 1031 documents and final CD from sale of REO

REO / SUBJECT PROPERTY

- Preliminary title report/title commitment
- Survey for subject (if required by title)
- Hazard insurance dec page
- Flood insurance (if in flood zone)
- Mortgage statement 12 or 24-months housing history (per guidelines)
- Copy of Note and acceptable rating documentation (if private mortgage)
- HOA statement to verify monthly dues for REO
- Property tax bill
- Signed purchase contract w/ all addendums and counteroffers (if purchase)
- Lease for rental property (if using rental income) ****see DSCR section if DSCR loan****
- Proof of receipt of rental income and deposits for most recent 2 months (if using rental income) ****see DSCR section if DSCR loan****

- REO Worksheet(s)

CONDO/PUD:

- Condo HOA Questionnaire (limited or full, per program guides)
- HOA Budget (if full condo review)
Master policy and HO-6 (if not covered by master)

APPRAISAL:

- Appraisal
- 2nd Appraisal (if loan amount > \$2MM)
- CDA (if required per program)
- SSRs/AIR Cert/Invoice
- Appraisal transfer letter (if transferred appraisal)
- Any required inspections, per appraisal

VESTING IN BUSINESS ENTITY

- Hazard, CPL, and Flood must be in the name of the business entity
- Verification of entity membership with formation docs or other entity documentation
- Federal licensing entity ID number
- Evidence the entity is in good standing

Required if DSCR Program:

GENERAL:

- Experienced Investor – documentation of other rental property owned in past 12+ months during last 3 years (e.g., property profile)
- LOE for cash out. Cash out may be used for acquisition, improving, and managing rental property. Cash out may not be for personal use.

ASSETS:

- Personal bank statements for most recent 2 months for down payment, closing and reserves. Large deposits > 50% of monthly income must be sourced on purchase transactions.
- Business Bank Statements for most recent 2 months to document ownership in business
- Letter of approval to use business funds from co-owners (if ownership is less than 100%)

INCOME:

- 1007 (Single Family Rent Schedule) when using a 1004 appraisal
- Lease agreement:
 - If refi with current lease, provide current lease
 - If refi with new lease, provide new lease agreement plus evidence of receipt of 1st months' rent and security deposit
 - If purchase with transferred lease, provide the current/transferred lease or escrow estoppel
- 2 months proof of rents received (if using lease amount that is higher than 1007 market rents)
- Annual or 12 months statements from host report (if short term rental permitting 12-month look back)
- AirDNA Report (if purchase of short-term rental)

Required if FULL DOC Program:

ASSETS:

- Personal bank statements for most recent 2 months for down payment, closing and reserves. Large deposits > 50% of monthly income must be sourced on purchase transactions.
- Business bank statements for most recent 3 months If business funds to be used for down payment, closing costs, and reserves. In addition, must provide:
 - Articles of Incorporation or CPA letter showing 50% owner or sole proprietor
 - Cash flow analysis for three months based on 3 months of business bank statements

INCOME - W2 BORROWER:

- Paystubs reflecting most recent 30-day and YTD earnings
- W2s for most recent one year or two years
- 4506-C (fully executed) and Tax Transcripts

INCOME – SELF EMPLOYED BORROWER:

- 1040s for most recent one year or two years
- Borrower prepared YTD P&L including most recent month preceding application date
- Business checking account statements for the most recent 2 months reflected on the P&L
- 1120 business tax returns or 1065 borrower tax returns for most recent one or two years (if ownership 25% or more)

Required if BANK STATEMENT Program:

MISC:

- Bank Statement analysis results
- Non-QM Business Narrative Form, signed and dated

ASSETS:

- Personal bank statements for most recent 2 months for down payment, closing and reserves. Large deposits > 50% of monthly income must be sourced on purchase transactions.
- Business Bank Statements for most recent 3 months If business funds to be used for down payment, closing costs, and reserves. In addition, must provide:
 - Articles of Incorporation or CPA letter showing 50% owner or sole proprietor
 - Cash flow analysis for three months based on 3 months of business bank statements

INCOME - W2 BORROWER:

- Paystubs reflecting most recent 30-day and YTD earnings
- W2s for most recent 2 years

INCOME – SELF EMPLOYED - PERSONAL BANK STATEMENT:

- Personal bank statements for most recent 12 or 24 months
- Business bank statements for most recent 2 months reflecting activity and transfers to the personal account
- Tax professional letter or operating income agreement reflecting borrower's ownership of 20% or more

INCOME – SELF EMPLOYED - BUSINESS OR CO-MINGLED BANK STATEMENT:

- Business bank statements for most recent 12 or 24 months (per program type)
- For Business Statements: Tax professional letter or operating income agreement reflecting borrower's ownership if 25% or more
- For Personal Comingled Statements: Tax professional letter or operating income agreement reflecting borrower's ownership if 100%
- Non-borrowing owner acknowledgement of subject transaction and of borrower's access to the account for income calculations

EXPENSE RATIO METHODS:

- METHOD 1 – FIXED EXPENSE RATIO 50%
 - 50% fixed expense ratio is applied to total allowed deposits to determine the net business income
- METHOD 2 – BUSINESS EXPENSE STATEMENT LETTER:
 - CPA, accountant, or tax preparer signed and dated statement indicating percentage of expenses to gross annual sales/revenue, covering the 12 or 24-month period of the bank statements
 - Verification of the CPA, accountant, or tax preparer's business and current license
 - Minimum expense ratio is 10%

- METHOD 3 – THIRD PARTY PREPARED P&L:**
 - CPA, accountant, or tax preparer signed and dated P&L covering the 12 or 24-month period of bank statements
 - Verification of the CPA, accountant, of tax preparer's business and current license
 - Gross receipts on P&L must be within 10% variance of allowable deposits

DEPARTING RESIDENCE:

- Current lease
- Proof of receipt of deposit of 1st month rent

DELAYED FINANCING:

- Source of funds used for purchase via bank statements, personal loan documents, HELOC on other property, gift, etc.

ASSET DEPLETION:

- Qualifying assets / 84 = Monthly Income
- 3 months personal bank statements or VOD evidencing min 120 days seasoning

Required if 1099 Program:

ASSETS:

- Personal bank statements for most recent 2 months for down payment, closing and reserves. Large deposits > 50% of monthly income must be sourced on purchase transactions.
- Business Bank Statements for most recent 3 months If business funds to be used for down payment, closing costs, and reserves. In addition, must provide:
 - Articles of Incorporation or CPA letter showing 50% owner or sole proprietor
 - Cash flow analysis for three months based on 3 months of business bank statements

INCOME - W2 BORROWER:

- Paystubs reflecting most recent 30-day and YTD earnings
- W2s for most recent 2 years

INCOME – SELF EMPLOYED 1099 BORROWER:

- 1099s for most recent one year or two years
- Income analysis using one of these income documentation sources:
 - Fixed expense ratio of 10% using 1099s, OR
 - Fixed expense ratio of 5% using third party (tax professional) prepared business expense statement or P&L
- YTD documentation to support continued receipt of 1099 income from same source:
 - Checks or a single YTD check, OR
 - Bank statements for most recent 4 months or YTD, whichever is less

ASSET DEPLETION:

- Qualifying assets / 84 = Monthly Income
- 3 months personal bank statements or VOD evidencing min 120 days seasoning

Required if CPA GROSS RECEIPTS Program:

ASSETS:

- Personal bank statements for most recent 2 months for down payment, closing and reserves. Large deposits > 50% of monthly income must be sourced on purchase transactions.
- Business Bank Statements for most recent 3 months If business funds to be used for down payment, closing costs, and reserves. In addition, must provide:
 - Articles of Incorporation or CPA letter showing 50% owner or sole proprietor
 - Cash flow analysis for three months based on 3 months of business bank statements

INCOME – SELF EMPLOYED:

- Letter from CPA or licensed tax preparer addressing the following:
 - Borrower's ownership percentage in business (100% required)
 - Total gross receipts for the most recent tax year
 - Confirmation that CPA/licensed tax preparer prepared and filed borrower's taxes
- Business bank statements for most recent 4 months or YTD, whichever is less, to support CPA provided gross receipts within 15%.

BUSINESS EXPENSE METHODS:

- METHOD 1 – FIXED EXPENSE RATIO 50%
 - 50% fixed expense ratio is applied to total allowed deposits to determine the net business income
- METHOD 2 – BUSINESS EXPENSE STATEMENT LETTER:
 - CPA or licensed tax preparer signed and dated expense statement indicating percentage of expenses cover the same 12 or 24-month period of bank statements.
 - Verification of the CPA, accountant, or tax preparer's business and current license

DEPARTING RESIDENCE:

- Current lease
- Proof of receipt of deposit of 1st month rent

DELAYED FINANCING:

- Source of funds used for purchase via bank statements, personal loan documents, HELOC on other property, gift, etc.

ASSET DEPLETION:

- 3 months personal bank statements or VOD evidencing min 120 days seasoning