
Redwood Program Eligibility Guides

The Select QM, Select Non-QM, Select 90 QM, Choice QM, Choice Non-QM Program Eligibility Guides and Jumbo Program Eligibility Supplement have been updated with the changes outlined below. ***Effective dates are specific to each change; please refer to the updates below for the effective dates.***

Jumbo

Eligibility Matrix Footnotes | Transactions with LTVs greater than 80% | Select QM Loan Notes

Select QM

- Removed the overlay under footnote 2 indicating Agency High Balance loan limits are not eligible for transactions with LTVs greater than 80%. Select QM will now allow a minimum loan amount of \$484,351 for 1-unit properties and \$1 over conforming loan limits for properties with 2-4 units regardless of LTV. *Effective for loans locked on or after 4/08/2019.*
- Removed the overlay under Select QM Loan Notes indicating that loans between conforming loan limits and agency high balance loans are eligible except on loans with LTVs greater than 80%. Select QM will now allow a minimum loan amount of \$484,351 for 1-unit properties and \$1 over conforming loan limits for properties with 2-4 units regardless of LTV. *Effective for loans locked on or after 4/08/2019.*

Eligibility Matrix Footnotes | Select Non-QM & Choice Non-QM Attributes

Select Non-QM and Choice Non-QM

- Added Non-QM attribute for investment properties (subject or non-subject) that are short-term rentals, vacations rentals or seasonal rentals with no lease in place - rental income can be considered if the property is reflected on Schedule E of tax returns for the most recent two years and there is no prohibition or restriction (imposed by city/county) on short-term rentals that impacts rental income received. *Effective for loans locked on or after 4/08/2019.*

Eligibility Matrix Footnotes | Higher-Priced Mortgage Loans (HPML)

Choice QM and Choice Non-QM

- Added requirement prohibiting the waiver of the appraisal delivery date of three business days prior to consummation of loan. HPML loans do not allow the timing requirement to be waived. *This is for clarification purposes, therefore no effective date.*

Underwriting Guidelines | Documentation

Select QM, Select Non-QM, Select 90 QM, Choice QM and Choice Non-QM

- Removed requirement for all appraisals aged more than 120 days from Note date require a new appraisal. Removed recert of value not allowed. See update under Appraisal Requirements for more detail. *Effective for loans locked on or after 4/08/2019.*

Underwriting Guidelines | Eligible Borrowers | Non-Permanent Resident Aliens

Select QM, Choice QM and Choice Non-QM

- Removed requirement for loan product to be 20, 25, 30-year fixed only. Non-permanent resident aliens will be allowed on all fixed rate and ARM products for Select QM, Choice QM, and Choice Non-QM programs. *Effective for loans locked on or after 4/08/2019.*

Underwriting Guidelines | Assets | Reserve Requirements

Select Non-QM

- Removed requirement that at least 6 months reserves of the subject PITIA must be in a liquid non-retirement account for borrowers not of retirement age. *Effective for loans locked on or after 4/08/2019.*

Underwriting Guidelines | Assets | Reserve Requirements

Select QM, Select Non-QM, Select 90 QM, Choice QM and Choice Non-QM

- Added clarification - borrowed funds (secured or unsecured) are not allowed for reserves. *This is for clarification purposes, therefore no effective date.*

Underwriting Guidelines | Income/Employment | 2106 Expenses

Select QM, Select Non-QM, Select 90 QM, Choice QM and Choice Non-QM

- Revised the 2106 expense (unreimbursed business expense) requirement due to tax law changes now in effect that prohibit many professions from filing 2106 expenses on their tax returns. For borrowers with 2106 expenses on 2017 tax returns and no expenses indicated on 2018 tax returns (due to the tax law change), a 12-month average of expenses must be based on the 2017 tax return and deducted from qualifying income. *Effective immediately.*

Underwriting Guidelines | Income/Employment | Rental Income

Select Non-QM and Choice Non-QM

- Added investment properties (subject or non-subject) that are short-term rentals, vacations rentals or seasonal rentals with no lease in place - rental income can be considered if the property is reflected on Schedule E of tax returns for the most recent two years and there is no prohibition or restriction (imposed by city/county) on short-term rentals that impacts rental income received. *Effective for loans locked on or after 4/08/2019.*

Underwriting Guidelines | Income/Employment | Partnership / S-Corporation

Select QM, Select Non-QM, Select 90 QM, Choice QM and Choice Non-QM

- Clarification added for Partnership (1065) and S-Corporation (1120S) returns – business returns for these entities are typically due March 15th with an extension allowed until September 15th. After the extension date, the loan

is not eligible without the filed tax return. This is based on changes made by the IRS in 2016. *This is for clarification purposes, therefore no effective date.*

Underwriting Guidelines | Appraisal Requirements

Select QM, Select Non-QM, Select 90 QM, Choice QM and Choice Non-QM

- Added Appraisal Update (Form 1004D) is now allowed for appraisals over 120 days old but no more than 180 days old. The appraiser must inspect the exterior of the property, include a photo, and review current market data to determine the value of the property has not declined since the original appraisal date. *Effective for loans locked on or after 4/08/2019.*

General Borrower Requirements | Transaction Types | Refinance

Jumbo Program Eligibility Supplement

- Revised the seasoning requirement for cash out-refinance. The requirement was for borrower to have taken title more than 180 days *from application date* and has been revised to borrower must have taken title more than 180 days *from Note date*. *Effective for loans locked on or after 4/08/2019.*

General Borrower Requirements | Tax Returns & Extensions | Unfiled Tax Returns

Jumbo Program Eligibility Supplement

- Clarification added for Partnership (1065) and S-Corporation (1120S) returns – business returns for these entities are typically due March 15th with an extension allowed until September 15th. After the extension date, the loan is not eligible without the filed tax return. This is based on changes made by the IRS in 2016. *This is for clarification purposes, therefore no effective date.*

Regulatory Compliance | TRID

Jumbo Program Eligibility Supplement

- The following sections were updated:
 - Scope added Excluded Items
 - Satisfactory Evidence of Receipt
 - APR Accuracy replaced Accuracy of Fees Disclosed section
 - Loan Estimate added Accuracy of Fees Disclosed section
 - Closing Disclosure revised Receipt and Waiting Period for a Revised CD section
 - Clarified Revised Closing Disclosures Not Subject to a New Waiting Period
 - Removed APR Accuracy under Closing Disclosure section

This is for clarification purposes based on bulletin from TRID 2.0, therefore no effective date.

Redwood Quick Reference Guide

- Updated to reflect the applicable changes indicated in this announcement.

General Announcement Notes

- Please refer to the corresponding sections of the guides referenced above for detailed changes. Content changes are highlighted in **blue** for easy identification.
- To ensure that Sellers are clear on which version of each guide is in effect when updates are made, we will routinely provide the table below in announcements that identify updates.

	Current Version in Effect	Effective Date
Select QM Program Eligibility Guide*	2.3	4.08.2019
Select Non-QM Program Eligibility Guide *	2.4	4.08.2019
Select 90 QM Program Eligibility Guide*	2.1	4.08.2019
Choice QM Program Eligibility Guide*	2.2	4.08.2019
Choice Non-QM Program Eligibility Guide*	2.2	4.08.2019
Jumbo Program Eligibility Guide Supplement*	5.1	4.08.2019
*Updated with this announcement.		