

Newrez Announcements



Announcement 2024-002 SmartVest Product and SmartSeries Underwriting Guide Updates January 8, 2024

Newrez LLC "Newrez" Approved Correspondent Clients; effective with applications on or after January 8, 2024 the SmartVest Product Summary has been updated as follows:

Current Policy	New Policy
<p>Eligible Borrowers</p> <ul style="list-style-type: none"> • U.S. citizens • Permanent resident alien • Inter vivos revocable trust <p>The borrower must have property ownership and landlord experience managing residential or commercial real estate for a minimum of 12 months</p>	<p>Eligible Borrowers</p> <ul style="list-style-type: none"> • U.S. citizens • Permanent resident alien • Inter vivos revocable trust
<p>Ineligible Borrowers</p> <ul style="list-style-type: none"> • Non-permanent residents • First time homebuyers • Non-arm's length transactions between family members 	<p>Ineligible Borrowers</p> <ul style="list-style-type: none"> • Non-permanent resident alien • First time homebuyers • Non-arm's length transactions between family members <p>Loans from principal/owner of Newrez third party originators are not eligible when the principal/owner is also the originator of their own loan</p>

<p>Experienced Investor</p>	<p>Experienced Investor</p>
<p>NA</p>	<p>At least one borrower has had property ownership and landlord experience managing residential or commercial real estate for a minimum of 12 consecutive months within the most recent three years from the application date.</p> <p>The 12 months of consecutive landlord experience can be within any of the three years prior to the application date.</p>
<p>First-Time Investor</p>	<p>First-Time Investor</p>
<ul style="list-style-type: none"> • A first-time investor is a borrower with less than one year of landlord experience, and is permitted if all of the following are met: <ul style="list-style-type: none"> ○ Minimum 700 credit score ○ Maximum 75% LTV ○ Borrower currently owns a primary residence for at least 12 months, and has a 12-month housing payment history (current or prior payment history) on their primary residence.” ○ Must have a 36-month credit history including the 12-month housing payment history ○ Maximum one investment property financed with the Company SmartVest product if the borrower has less than three years of landlord experience 	<p>A first-time investor with less than 12 months of landlord experience within the most recent three years prior to the application date is permitted if all of the following are met:</p> <ul style="list-style-type: none"> ○ Minimum FICO Score of 700 ○ Maximum LTV of 75% ○ Borrower must currently own a primary residence for at least 12 months prior to the note date of the subject property and must have a current or prior 12-month housing payment history on the primary residence ○ Must have a 36-month credit history including a 12-month housing payment history

Documentation	Documentation
<p>Purchase</p> <ul style="list-style-type: none"> The <i>Single-Family Comparable Rent Schedule</i> (Form 1007/1000) is required determine the monthly rent 	<p>Purchase</p> <p>Subject property is tenant occupied at the time of closing:</p> <ul style="list-style-type: none"> The lesser of the market rent from the Single-Family Comparable Rent Schedule (Form 1007/1000) / Small Residential Income Property Appraisal Report (1025/72) or the current (active) lease agreement will be used to determine the monthly rent. <p>Subject property is vacant at the time of closing:</p> <ul style="list-style-type: none"> The market rent from the Single-Family Comparable Rent Schedule (Form 1007/1000) / Small Residential Income Property Appraisal Report (1025/72) will be used to determine the monthly rent.

The SmartSeries Underwriting Guide has been updated with the following:

Current Guidelines	New Guidelines
Non-Warrantable Condominium Project	Non-Warrantable Condominium Project
NA	<p>Added: Note: The Company's maximum exposure in a non-warrantable condo project is based on the number of units in the project</p>

Property Flips	Property Flips
<p>Flipped transactions must be evaluated to ensure that they have been marketed openly and fairly. Examples include properties purchase at auction, review of multiple listing services, documented for sale by owner, developer marketing.</p> <p>There can be no pattern of previous flipping as evidenced by multiple transfers in the last 12 months, unless the property seller is a government sponsored entity (GSE), bank, or licensed mortgage company, then no seasoning is required.</p> <p>When two (2) appraisals are required regardless of the transaction type the lesser of the two (2) values will be used for qualification purposes.</p>	<p>When two (2) appraisals are required regardless of the transaction type the lesser of the two (2) values will be used for qualification purposes.</p> <p>Additionally, a second appraisal is not required when the loan is used to acquire a flipped property from:</p> <ul style="list-style-type: none"> ○ A local, state, or federal government agency; ○ A person who acquired the title from the holder of a defaulted mortgage on the property via foreclosure, deed-in-lieu of foreclosure, or other similar judicial or nonjudicial procedures through exercise of the holder's rights in the defaulted loan; ○ A nonprofit entity as part of a local, state, or federal government program that lets nonprofits acquire title to single-family properties for resale from a seller who acquired title to the property through foreclosure, deed-in-lieu of foreclosure, or other similar judicial or nonjudicial procedures; ○ A person who inherited the property or acquired it through a court-ordered dissolution of a marriage, civil union, or domestic partnership, or through the partition of the seller's joint or marital assets;

	<ul style="list-style-type: none">○ An employer or relocation agency in connection with an employee relocation; or○ A service member who received a deployment or permanent change of station order after purchasing the property. <p>In addition, a second appraisal is not required when the loan is used to acquire a flipped property if the property is:</p> <ul style="list-style-type: none">○ Located in a presidentially declared disaster area during any time period during which the federal financial institutions regulatory agencies waive the requirements in Title XI of FIRREA and any implementing regulations; or○ Located in a rural county located in the U.S. Department of Agriculture's Economic Research Service Urban Influence Codes 4, 6, 7, 8, 9, 10, 11, or 12. The CFPB has published a list of these counties.
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Questions

If you have any questions regarding any information in this announcement, please feel free to contact your regional sales manager or client manager.

Newrezcorrespondent.com

Newrez Operations 877-700-4622

Newrez Registration Desk/NT Desks 866-396-4622

Client Development

We offer a comprehensive training curriculum on Newrez products and processes, to keep your staff informed of the latest developments in products, technology solutions, compliance issues and process improvements. Each of these programs is offered by our training and development staff on a monthly basis and is updated regularly to reflect recent changes in the industry. Visit our [training site](#).