

Newrez Announcements



Announcement 2024-005 Underwriting Guideline Updates – Conforming Loans

January 30, 2024

Newrez LLC "Newrez" Approved Correspondent Clients; this announcement contains the following information:

- Most recent agency announcements, effective immediately for all loans in the pipeline, unless otherwise noted.
- Clarifications and/or corrections to the Newrez Guides effective immediately
- This memo also includes a summary of:
 - Previously announced guidelines have now been incorporated into the Newrez Underwriting Guide.
 - Updates to the Product Summaries and/or Overlay Matrix.

Please use this announcement as guidance until all applicable underwriting guides are published.

Agency Announcements

Neither Freddie Mac nor Fannie Mae released during January 2024.

Newrez Underwriting Guide Updates

Conventional Updates

Chapter 1D Property Types

- Added a new section titled: HOA Dues Lien Priority for Condominiums and PUDS to identify requirements for Fannie Mae DU and Freddie Mac LPA transactions.
- For Condominium or Cooperatives eligibility, direction provided if the Project Review Department (PRD) Policy and procedures do not address guidelines or other information needed, follow agency posted guidelines.
- Clarified Manufactured Home eligibility with either deed restrictions and/or leasehold must be Fannie Mae PERS approved on DU transactions.
- Updated Manufactured home modifications section to identify:
 - all changes must be structurally sound to comply with both Fannie Mae and Freddie Mac and confirmed by a state agency or a third party who is qualified and regulated by the state to certify.
- A manufactured home in a cooperative community is not eligible for LPA transactions.

Complete guidelines can be found in the Conventional Underwriting Guide, Chapter 1D, Property Types in following sections:

- 1D.1(d) Condominiums
- 1D.1 (e) Cooperatives
- 1D.1(g) HOA Dues Priority Liens (Condominiums and PUDS)
- 1D.1(j)(i) Manufactured Housing Eligibility
- 1D.1(j)(iii) Modifications to the Manufactured Home
- 1D.1(j)(iv) Ineligible Manufactured Housing

Chapter 1F Credit

- Updated housing payment history to reflect a mortgage payment is considered current when paid in month due. References to any late charges assessed for

payments made beyond the 15-day grace period were removed.

- Significant Derogatory Credit waiting period for following events are clarified:
 - For LPA transactions, a Foreclosure for outstanding Mortgage Liens and/or Real estate tax liens are considered a Significant derogatory credit, which will be determined by LPA for eligibility.
 - A DU transaction, the foreclosure waiting period is for Mortgage liens only and must comply with specific waiting period for Fannie Mae eligibility.

Complete guidelines can be found in the Conventional Underwriting Guide, Chapter 1F Credit, 1F.8(a) Waiting Period and Re-establishing Credit

Chapter 1G Assets

Modified Gift donors for Fannie Mae transactions to reflect: An acceptable donor who is also the seller of the subject property is eligible if they are not affiliated with another interested party to the transaction.

Complete guidelines can be found in the Conventional Underwriting Guide, Chapter 1G Assets, 1G.3(l) Gift Funds

Chapter 1I Employment and Income

- Clarified for DU loan transactions, borrowers with a K-1 reflecting a loss, and less than 25% ownership, reduction of the qualifying income amount of the Schedule K-1 business loss is not required.
- Income from Restricted Stock Units have been updated to reflect the requirements for Fannie Mae DU requirements.

Complete guidelines can be found in the Conventional Underwriting Guide, Chapter 1I Employment and Income, in the following sections:

- 1I.13(p) Income Reported on Schedule K-1
- 1I.13(x) Restricted Stock Units

Chapter 1J Appraisal Requirements

Transferred Hybrid or PDR (Property Data Report) appraisals are not permitted for both Delegated or Non-Delegated client transactions.

Complete guidelines can be found in the Conventional Underwriting Guide, Chapter 1J, Appraisal Requirements, IJ.4 (e) Appraisal Transfer

Prior Agency Announcements

Below is a summary of previously announced updates that have been incorporated into the Newrez Underwriting Guide.

Newrez Guide	Topic	Newrez Announcement	Agency Announcement
1I.13(cc) 1I.13(dd) 1I.13(ee) 1I.13(ff)	Social Security Income (DU transactions)	2023-88	Fannie Mae SEL 2023-11
1I.13 (x) Restricted Stock Units	Restricted Stock Unit (DU transactions)	2023-88	Fannie Mae SEL 2023-11

Product Profile Releases and Overlay Matrix Updates

Product Profile Releases

Smart Series

- Underwriting requirement for Housing payment History:
 - Updated to reflect a mortgage payment is considered current if it is paid within the month due. A letter of explanation is required when payments are made beyond the month due.
 - Smart Edge – removed 45% maximum DTI based on all borrower's income
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Overlay Matrix Update

- Employment After the Note Date: Removed Fannie Mae Option 1 and Freddie Mac Option 2 is not permitted
 - Single Close Construction to Permanent Transaction: LPA Conforming (AUS) is not permitted
 - Appraisal Transfers: Transferred Hybrid or PDR (Property Data Report) appraisals are not permitted for both Delegated and Non-Delegated client transactions.
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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](https://www.newrez.com)

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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](#).