

Newrez Announcements



Announcement 2024-006 Underwriting Guideline Updates – Government

January 30, 2024

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

- Clarifications and/or corrections to the Newrez Guides as of 01.30.2024
- 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.

USDA Announcement

USDA [Procedure Notice 1.5.2024](#) announced the following revisions or clarifications to Ratio Analysis.

Chapter 4E Automated Underwriting

Identified the following clarification has been received for entry of data in GUS for the following categories:

- Court Ordered Debts should be entered as “Other” when manually entering into GUS. The specifics of the obligation must be provided. (i.e. child support, alimony,

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garnishments, etc.).

- Add “Open” to “30 day accounts” to correspond with GUS and the 1003.
- Rental Income received for less than 24 months should *not* be entered into GUS as rental income.
- For loans with a temporary buydown, both the full note rate and the initial buydown rate must be entered in GUS.

Complete guidelines will be found in the USDA Underwriting Guide, Chapter 4E, Underwriting, 4E.1 Guaranteed Underwriting System

Chapter 4H Liabilities and Debts

The following clarification has been added: Any debt/liabilities disclosed by the applicant should be listed in GUS. The lender may omit liabilities as permitted.

Complete guidelines will be found in the USDA Underwriting Guide, Chapter 4H, Liabilities and Debt Ratios, 4H.5 Obligations Not Considered Debt

Newrez Underwriting Guide Updates

FHA Updates

Chapter 2D Property Types

Clarified Single-unit approval options may be available for projects that are NOT on the list of FHA-approved condominium projects at the time of case number assignment.

Complete guidelines can be found in the FHA Underwriting Guide, Chapter 2D, Property Types, 2D.1(f) Condominium

Chapter 2F Credit

Restated a mortgage payment is considered current if it is paid within the month due. The language regarding late charges assessed for payments made beyond the 15-day grace period has been removed.

Complete guidelines can be found in the FHA Underwriting Guide Chapter 2F, Credit, 2F.8 Housing Payment History

Chapter 2H Liabilities and Debt Ratios

The chart for Non-Borrowing Spouse in Community Property States was updated to identify State Statute reference.

Complete guidelines can be found in the FHA Underwriting Guide Chapter 2H, Liabilities and Debt Ratios, 2H.2(m) Non-Borrowing Spouse Debt in Community Property States

Chapter 2I Employment and Income

Clarified an extended absence is an employment gap of six months or more as shown in FHA 4000.1.

Complete guidelines can be found in the FHA Underwriting Guide Chapter 2I, Employment and Income, 2I.2(c) History of Receipt

VA Updates

Chapter 3F Credit

- Updated Credit report Standards to show for IRRRL transactions only:
A mortgage only credit report, including FICO score, may be used to verify mortgage history payment requirements.
- Restated a mortgage payment is considered current if it is paid within the month due. The language regarding late charges assessed for payments made beyond the 15-day grace period has been removed.
- Clarified following:
 - Medical collection and/or charged off medical accounts do not need to be considered in qualifying ratios.

- Non-medical collections without a payment listed on the credit report and without an established payment arrangement, 5% of the outstanding balance should be included in the DTI.

Complete guidelines can be found in the VA Underwriting Guide Chapter 3F, Credit, in the following:

- 3F.2 Credit report Standards
- 3F.7 Housing Payment History
- 3F.8d Significant Derogatory Credit

Chapter 3H Liabilities and Debt Ratios

The chart for Non-Borrowing Spouse in Community Property States was updated to identify State Statute reference.

Complete guidelines can be found in the VA Underwriting Guide Chapter 3H, Liabilities and Debt Ratios, 3H.4(i) Non-Borrowing Spouse Debt in Community Property States

USDA Updates

Chapter 4F Credit

Restated a mortgage payment is considered current if it is paid within the month due. The language regarding late charges assessed for payments made beyond the 15-day grace period has been removed.

Complete guidelines can be found in the FHA Underwriting Guide Chapter 4F, Credit, 4F.6 Housing Payment History

Chapter 4H Liabilities and Debt Ratios

The chart for Non-Borrowing Spouse in Community Property States was updated to identify State Statute reference.

Complete guidelines can be found in the USDA Underwriting Guide Chapter 4H, Liabilities and Debt Ratios, 4H.4(I) Non-Borrowing Spouse Debt in Community Property States

Prior Agency Announcements

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

- n/a
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Product profile Releases and Overlay Matrix Updates

Product Profile Releases

- FHA Purchase and FHA Standard Refinance Product Profiles: clarified reserves for a 1-unit with an ADU are required when using rental income from the ADU to qualify.
 - FHA Purchase and FHA Standard Refinance Product Profiles: Added clarification under housing payment history when the loan must be downgraded and manually underwritten.
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Overlay Matrix Update

- n/a
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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

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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](#).