

Newrez Announcements



Announcement 2023-023 Smart Series Updates

March 13, 2023

Overview

Newrez LLC "Newrez" Approved Correspondent Clients; the following updates made to the Smart Series condo project eligibility and are effective immediately for all loans in pipeline and new applications.

SmartEdge, SmartSelf, and SmartVest Updates

- Credit enhancement and/or credit services, such as Rapid Rescore, are permitted up until such time that the loan is locked. Once locked the loan cannot be rescored.
 - Delayed financing is now permitted per Fannie Mae guidelines.
 - Modular homes are now an eligible property type.
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SmartVest Updates

Debt Service Coverage Ratio (DSCR)

A DSCR for Purchase and Rate & Term Refinance transactions of .80 will be permitted when the following are met:

- Credit score 720
- Max 70% LTV
- Additional six months reserves
- 0x30 on all mortgages

Loan Amount, LTV/CLTV, and Credit Score

Updates to loan amount, credit score and LTV/CLTV are shown in red.

ELIGIBILITY MATRIX				
Units	Transaction Type	Loan Amount	Credit Score	LTV/CLTV
1	Purchase Rate & Term Refi	\$1,000,000	680	80%
		\$1,500,000	720	75%
		\$2,000,000	720	70%
1-4	Purchase Rate & Term Refi	\$1,000,000	660	75%
		\$1,000,000	640	70%
1-4	Cash-out Refi	\$1,000,000	680	60%
		\$1,000,000	700	70%
		\$1,000,000	720	75%
		\$1,500,000	720	65%

Warrantable Condos (SmartEdge, SmartSelf, SmartVest)

All warrantable condo projects must comply with Fannie Mae or Freddie Mac Condominium warranty guidelines. All previously published guidelines have been removed.

Non-Warrantable Condos (SmartEdge, SmartSelf, SmartVest)

All non-warrantable condominium projects must meet Fannie Mae or Freddie Mac condo warranty requirements. The Smart Series products allow up to two (2) non-warrantable characteristics on a single transaction. Refer to Section 4, Property Types of the Smart Series Underwriting Guide for full list of non-warrantable characteristics. Some highlights include:

- No maximum investor concentration on investment property transactions
- Mandatory memberships/recreational leases are eligible if there are no joining and/or annual membership fees and the monthly fee is not greater than 25% of monthly HOA dues
- New construction projects in Florida are permitted without Fannie Mae PERS approval.

- All other Fannie Mae or Freddie Mac new construction project guidelines must be met; and
- Not eligible for any additional expanded eligibility guidelines

In addition:

- For projects with more than ten (10) units, Newrez will purchase a maximum of 20% of total units in project
 - For projects with ten (10) units or fewer, Newrez will purchase one (1) unit in project
 - Unit must be a minimum of 500 sq ft with at least one (1) separate bedroom and fully functioning kitchen (including sink, refrigerator, range/cooktop, and oven)
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Condotels (SmartEdge, SmartVest)

Condotels must meet all Fannie Mae or Freddie Mac warrantable condo project requirements with the following exceptions:

- Projects > 10 units: the Newrez will finance a maximum of 20% of the total units in the project
- Mandatory memberships and/or recreational leases may be eligible if there are no joining and/or annual membership fees and the monthly fee is not greater than 25% of monthly HOA dues
- New projects:
 - 50% presale required
 - No owner occupancy requirements
- No maximum investor concentration on investment property transactions
- Single-entity ownership: maximum 25%
- No rental pooling, mandatory or voluntary

With these updates, all requirements for warrantable and non-warrantable condo requirements will be moved from the Product Summaries to Section 4, Property Types of the Smart Series Underwriting Guide.

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.newrezcorrespondent.com)

Newrez Fort Washington Operations 877-700-4622

Newrez Fort Washington 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](#).