

Newrez Announcements



Announcement 2022-024 Government Underwriting Guide Removals and Updates

February 28, 2022

Overview

Newrez Approved Correspondent Clients: Newrez has removed or revised numerous FHA and VA underwriting overlays, outlined below. **The changes announced in this announcement are effective immediately.**

FHA Removals and Updates		
Topic	Current Guideline	New Guideline
Chapter 2B Transactions 2B.7 HUD Real Estate Owned Properties	HUD REO guidelines	All sections removed
Chapter 2B Transactions 2B.7 Energy Efficient Mortgage (EEMs)	Energy Efficient Mortgage (EEM) programs enable the borrower to cover the cost of making energy efficiency improvements to an existing property at the time of purchase or refinance or upgrades above the established residential building code for new construction. Funds for energy efficiency improvements are included in the total loan amount. These programs are available for Delegated Clients only and must comply with HUD Handbook 4000.1 for Energy Efficient Mortgages	Energy Efficient Mortgage guidelines added to the Guide for Delegated Clients

FHA Removals and Updates		
Topic	Current Guideline	New Guideline
Chapter 2B Transactions 2B.9 Weatherization	N/A	Weatherization guidelines added to the Guide for Delegated Clients
2B Transactions 2B.10 Solar and Wind Technologies	N/A	Solar and Wind Technologies guidelines added to the Guide for Delegated Clients
2F Credit 2F.5 (b) Undisclosed Mortgage Debt	When an existing mortgage debt is not listed on the credit report and not considered by TOTAL, one (1) of the following must be obtained reflecting an acceptable mortgage payment history: <ul style="list-style-type: none"> • A copy of the Note and either a bank statement or cancelled checks; • A credit supplement, or • Verification of mortgage. 	When an existing debt or obligation that is secured by a mortgage and is not listed on the credit report and not considered by TOTAL is revealed during the application process , one (1) of the following must be obtained reflecting an acceptable 12-month mortgage payment history: <ul style="list-style-type: none"> • A copy of the Note and either a bank statement or cancelled checks; • A credit supplement, or • Verification of mortgage
Chapter 2G. Assets 2G.4(a) Financial Institution Accounts	Provide the most recent two (2) months account statements or the most recent quarterly account statement for manually underwritten loans.	Provide the most recent statement(s) that shows a beginning and ending balance or the most recent quarterly account statement. If the previous month's balance is not shown, two (2) month's statements is required.
Chapter 2I Employment and Income 2I.4 (d) Analyzing the IRS 1040 Individual Income Tax Return	NA	Added to Table Business Use of Home Mortgage interest, MIP, real estate taxes, and property insurance deducted for business use of a house may be added back to the gross income.

VA Removals and Updates		
Topic	Current Guideline	New Guideline
Chapter 3B Transactions 3B.2 Interest Rate Reduction Refinance Loans (IRRRL)	Incidental cash back not to exceed \$500 (no cash back permitted for properties located in Texas).	Incidental cash back not to exceed \$500 (no cash back permitted for owner occupied properties located in Texas).
Chapter 3I Employment and Income 3I.1(g) Allowable Age of Individual Income Tax Returns	N/A	Age of Tax Returns table updated with current years

Questions

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

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