



Announcement 2023-033 Conventional Underwriting Guideline Updates

March 31, 2023

Newrez LLC "Newrez" Approved Correspondent Clients; effective immediately, unless otherwise noted, for all loans in pipeline, the topics contained in this announcement have been updated in the Conventional Underwriting Guide.

Chapter 1A Eligibility

With the release of MH Advantage and CHOICEHome, both programs have been removed from the list of Ineligible Programs.

An updated list of Ineligible Programs can be found in the Conventional Underwriting Guide, Chapter 1A Eligibility, 1A.13 Ineligible Programs.

Borrower Eligibility

Updates and clarifications to this chapter include:

- Permanent Resident Alien
 - The following documentation has been added to verify permanent residency in the U.S.
 - A copy of INS Form I-551, Conditional Alien Registration Receipt, with an unexpired date on the front. I-551 Forms due to expire within three (3) months must be accompanied with a copy of United States Citizenship and Immigration Services (USCIS) Form I-751 (Petition to Remove Conditions on Residence) or USCIS Form I-829 (Petition to Remove Conditions) filing receipt is now allowed to evidence legal residency.
- Non-Permanent Resident Aliens
 - The following Visas have been added or updated:
 - A-1 Series now permitted; diplomatic immunity must be officially waived in writing by the holder's country.

- G-Series and H-Series; added that diplomatic immunity must be officially waived in writing by the holder's country.
- Added ineligible non-permanent resident aliens.
- Added that a student, a spouse of student and a dependent child of a student are ineligible (EAD Category C03, C04, C05, and C06) are not eligible.

Complete guidelines can be found in the Conforming Underwriting Guide, Chapter 1A Eligibility in following sections:

- 1A.8(b) Permanent Resident Alien
 - 1A.8(c) Non-Permanent Resident Alien
 - 1A.8(c)(ii) Ineligible Non-Permanent Resident Aliens
-

Chapter 1B Transactions

Updates and clarifications to this chapter include:

- Owner of Record and Chain of Title
 - Removed the requirement to document the ownership percentage of a business if the seller is listed as a corporation, partnership, or any other business entity, on a purchase transaction.

Complete guidelines can be found in the Conventional Underwriting Guide, Chapter 1B Transactions, 1B.1(a) Owner of Record and Chain of Title

Chapter 1C Financing

Community Seconds and Affordable Seconds are not permitted when borrower shares in appreciation of value (equity sharing) or have servicing reporting requirements.

Complete guidelines can be found in the Conforming Underwriting Guide, Chapter 1C Financing in following sections:

- Section 1C.4(c) Community Seconds (Fannie Mae DU)
 - Section 1C.4(d) Affordable Seconds (Freddie Mac LPA)
-

Chapter 1D Property Types

Updates and clarifications to this chapter include:

- Financing options and eligibility has been expanded to include CHOICEHome financing for manufactured homes offered by Freddie Mac.
- Additional information provided for eligibility and reflected single wide manufactured homes not eligible for either MH Advantage or CHOICEHome financing.

Complete guidelines can be found in the Conforming Underwriting Guide, Chapter 1D Property Types, Section 1D.1(i)(ii) MH Advantage and CHOICEHome

Chapter 1F Credit

Removed temporary COVID-19 overlays for mortgage pay history announced on February 15, 2023 by [Fannie Mae LL2021-03](#) and [Freddie Mac Bulletin 2023-5](#).

Guidelines were removed from Conforming Underwriting Guide, Chapter 1F Credit, Section 1F.6 Housing Payment History

Chapter 1G Assets

Updates and clarifications to this chapter include:

- Clarified that unverified funds, regardless of the amount, is not an acceptable source of funds for down payment, closings costs or to pay down or pay off debt.
- Interested Party Contributions
 - Clarified that the property sales price must be reduced by excess contribution amount of the financing concessions exceeding the limitations; and
 - The LTV/CLTV must reflect the amount of the lesser of the adjusted sales price or appraised value.

Complete guidelines can be found in the Conforming Underwriting Guide, Chapter 1G Assets in following sections:

- 1G.3(a) Financial Institution Accounts
 - 1G.5(a) Financing Concessions
 - 1G.5(b) Sales Concessions
-

Chapter 1I Employment and Income

Removed the temporary COVID-19 overlay confirmation of the existence of the business for self-employed borrowers announced on February 15, 2023 by [Fannie Mae LL2021-03](#) and [Freddie Mac Bulletin 2023-5](#).

Updates completed in the Conforming Underwriting Guide, Chapter 1I Employment and Income, Section 1I.1(f) Verbal Confirmation of Employment.

Chapter 1J Appraisal Requirements

Updates and clarifications to this chapter include:

- The following are not permitted:
 - ACE+ PDR
 - Value Acceptance + Property Data Report
 - Completion Alternatives
 - A borrower or builder attestation letter to verify completion of construction; and
 - Borrower attestation letter to confirm completion of repairs for existing construction.
- Added comparable sales requirements for both MH Advantage and CHOICEHome.

Complete guidelines can be found in Conforming Underwriting Guide, Chapter 1J Appraisal Requirements in following sections:

- 1J.4(a) List of Appraisal Report Forms
 - 1J.4(g) Appraisal Waiver Options
 - 1J.7(u)(iii) MH Advantage and CHOICEHome Appraisal Comparable Section Requirements
-

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/correspondent)

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](#).