

Newrez Announcements



Announcement 2023-040 Conventional Underwriting Guideline Updates

April 19, 2023

Newrez LLC "Newrez" Approved Correspondent Clients; effective immediately, unless otherwise noted, for all loans in pipeline, the topics contained in this announcement will be updated in the Conventional Underwriting Guide for release on April 19, 2023.

Effective immediately for pipeline loans, we are aligning with announcements from Freddie Mac [Bulletin 2023-6](#) and Fannie Mae Announcement [SEL-2023-02](#).

Freddie Mac Bulletin 2023-6	Fannie Mae SEL-2023-02
<ul style="list-style-type: none">• Non-Occupying Borrower• Mortgage Debt – Assumed Mortgages	<ul style="list-style-type: none">• Valuation Modernization• Sweat Equity• Condo Project Manager (CPM)

Freddie Mac Bulletin 2023-6

Non-Occupant Borrower

Freddie Mac has clarified that a non-occupying borrower may not be an interested party to the transaction, which includes but is not limited to, property sellers, the builder, real estate agent, or broker.

Mortgage Debt – Assumed Mortgages

Guidelines are being expanded by Freddie Mac to permit the exclusion of the debt from the DTI ratio when the borrower has not been legally released from liability on the assumed mortgage. The following documentation is required:

- Evidence of the property was transferred;
- Copy of the assumption agreement fully executed; and
- Evidence of at least 12 months mortgage payments, paid in a timely manner, for the assumed mortgage paid by assignee.

Fannie Mae Announcement SEL-2023-02

Valuation Modernization

Fannie Mae will now use value acceptance in conjunction with the term "appraisal waiver" to better reflect the actual process of using data and technology to accept the lender-provided value. Fannie Mae will use the term "value acceptance (appraisal waiver)" for a period of time and will eventually move to "value acceptance" after the market absorbs this change.

Fannie Mae also issued a new option known as "value acceptance + property data" that utilizes property data collection by a third party who conducts interior and exterior data collection on the subject property. In addition, Fannie Mae announced changes to hybrid appraisals and appraisal completion alternatives used in conjunction with value acceptance + property data reports. Newrez is not accepting any of these options.

DU messaging regarding value acceptance + property data option may be issued on new loan casefiles created on or after April 15, 2023. A reminder to disregard this messaging and obtain a full appraisal, interior and exterior. Newrez is not accepting the value acceptance + property data option at this time.

Newrez Overlay Matrix is being updated to reflect this content.

Sweat Equity – HomeReady Mortgage

Fannie Mae announced updates to sweat equity for the HomeReady product. At this time, Newrez does not allow sweat equity.

Condo Project Manager (CPM)

All loan applications dated on or after July 1, 2023, registered in a Fannie Mae program, will require the use of Condo Project Manager (CPM) for all projects being reviewed under the Lender Full Review Process.

Fannie Mae has indicated that Correspondent originators who are not approved seller/servicers will have access to CPM by May 1, 2023 and will issue separate communication on how to access CPM. The CPM ID number will be required for delivery including any projects with a PERS approval issued by Fannie Mae.

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)

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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](#).