

Newrez Announcements



Announcement 2023-043 Conventional Underwriting Guideline Updates April 27, 2023

Overview

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 27, 2023.

Newrez is addressing the following topics in this announcement as announced by Freddie Mac Bulletin [2023-9](#) and Fannie Mae Announcement [SEL-2023-03](#).

Freddie Mac Bulletin 2023-09	Fannie Mae SEL-2023-03
<ul style="list-style-type: none">• Condominium Project Manager (CPM)• Property Appraisals/Completion Report• CHOICEHome Site-Built Comparable Sales• Freddie Mac Form 400, <i>Warranty of Completion of Construction</i>	<ul style="list-style-type: none">• Medical Collection Accounts• Real Estate Commission• Reserve Calculation

Reciprocal Condominium Project Reviews

Freddie Mac clarified the documentation required in the loan file to allow Fannie Mae's Condo Project Manager (CPM) approval as evidenced by the following:

- An "Approved by Fannie Mae" status designation (e.g., copy of the appropriate CPM screen showing that the condo project has an "Approved by Fannie Mae" status designation; or
- Documentation of the project approval as a Fannie Mae Lender "Full Review" with a "Certified by Lender" status designation from Fannie Mae's legacy CPM (certification exported from Fannie Mae Connect); or
- Fannie Mae's updated CPM platform (certification printed from the updated CPM platform).

The documentation to evidence the warranty must be in file when delivered to Newrez.

Freddie Mac Form 400, Warranty of Completion of Construction

Freddie Mac announced the ability to use [Freddie Mac Form 400](#) or a similar form, which allows the borrower to certify that the subject property was completed per plans and specifications. Form 442, *Appraisal Update and/or Completion Report* must still be completed by the appraiser. At this time, Newrez will not accept Freddie Mac Form 400.

CHOICEHome Site-Built Comparable Sales

Freddie Mac has updated their comparable sale requirements for CHOICEHome to allow the use of the most appropriate site-built homes when there are not CHOICEHome comparable sales available.

Newrez published CHOICEHome guidelines last month in the following chapters:

- Chapter 1D Property Types, 1D.1(i)(ii) MH Advantage and CHOICEHome
- Chapter 1J Appraisal Requirements, 1J.7(u)(iii) MH Advantage and CHOICEHome Appraisal Comparable Selection Requirements

Medical Collection Accounts

Medical collection accounts are no longer required to be paid off at or prior to closing, regardless of the amount. On April 15, 2023, DU was updated and no longer includes accounts reported as medical collections in the collection messages on April 15, 2023.

Real Estate Commission

For borrower's who are licensed real estate agents, the earned real estate commission is considered an eligible asset source for down payment and closing costs for the purchase of the subject property.

DU Reserve Requirements

Fannie Mae has expanded Minimum Reserve Requirements to identify how DU determines the amount of required reserves based on the transaction type, risk assessment and other factors including:

- Occupancy
- Amortization type of the subject property
- Property type (multi-family)
- Refinance purpose
- Number of other financed properties owned by the borrower

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](#).