

Newrez Announcements



Announcement 2022-047 FHA Overlay Removals and Updates

June 6, 2022

Overview

Newrez LLC "Newrez" Approved Correspondent Clients: Newrez has removed, or revised FHA overlay underwriting overlays outlined below. These changes are effective immediately for all new locked loans.

FHA Underwriting Guide Updates		
Topic	Current Guideline	New Guideline
Chapter 2B Transactions 2B.1(d) Identity of Interest	The maximum LTV for Identity of Interest transactions on primary residences is 85%.	The maximum LTV for Identity of Interest transactions on primary residences is 85% and the CLTV is 100%.
Chapter 2B Transactions 2B.1(d) Identity of Interest: Exception to Maximum LTV	The 85% LTV Identity of Interest restriction may be exceeded if a borrower purchases as their primary residence from a family member: <ul style="list-style-type: none"> • The primary residence of another family member; or • A property owned by another family member in which the borrower has been a tenant for at least six (6) months immediately predating the sales contract. A lease or other written evidence to 	The 85% LTV Identity of Interest restriction may be exceeded if a borrower purchases as their primary residence from a family member: <ul style="list-style-type: none"> • The primary residence of another family member; or • A property owned by another family member in which the borrower has been a tenant for at least six (6) months immediately predating the sales contract. A lease or other written evidence to

	verify tenancy and occupancy is required.	verify tenancy and occupancy is required. <ul style="list-style-type: none"> • Maximum 100% CLTV.
Chapter 2B Transactions 2B.6 New Construction	Permitted with little guidance provided	<ul style="list-style-type: none"> • Added complete FHA New Construction requirements, including manufactured homes • Self-built and borrower acting as own contractor are not permitted
Chapter 2B Transactions 2B.8 Construction-to-Permanent Financing	Not permitted	<ul style="list-style-type: none"> • Added FHA Construction-to-Permanent Financing (Single-Close transaction) • Eligible for Delegated Clients only • Self-built and borrower acting as own contractor are not permitted
Chapter 2B Transactions 2B.9 Building on Own Land	Building on Own Land refers to a product of the 203(b)-program used to finance the construction of a dwelling on land already owned by the borrower for at time of case number assignment. The date of land acquisition by borrower must be documented.	<ul style="list-style-type: none"> • Updated and clarified FHA guidelines for Building on Own Land (Two-close transaction). • Self-built and borrower acting as own contractor are not permitted.

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

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