

# Newrez Announcements



## **Announcement 2023-050 Underwriting Guideline Updates**

**May 31, 2023**

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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 Conforming, FHA, and VA Underwriting Guides.

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### **Conventional Conforming Updates**

#### **Chapter 1F Credit**

#### **DU Approve/Eligible or LPA Accept Eligible for Borrowers with No Score or at Least One Borrower with a Credit Score**

Eligibility guidelines have been expanded to allow borrowers using nontraditional credit with a DU Approve/Eligible or LPA Accept Eligible recommendation. Information includes:

- Number of Nontraditional Credit Sources Required;
- Eligible Types of Nontraditional Credit References;
- Documentation Requirements

## **Additional Updates to the Credit Chapter**

Updates to this chapter include:

- Medical collection accounts are not required to be paid off if DU does not condition for the pay off.
- Clarified that if the credit report does not provide mortgage history, DU or LPA may issue a condition if additional verification is required.

Complete guidelines can be found in the Conventional Underwriting Guide, Chapter 1F, Credit:

- 1F.5 Nontraditional Credit and the Product Summaries.
  - 1F.6 Housing Payment History
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## **Chapter 1G Assets**

### **Cryptocurrency**

Updates include:

- Cryptocurrency may not be used for the earnest money deposit for the purchase of the subject property.
- A large deposit may be from virtual currency that was exchanged into U.S. dollars. Document that the funds originated from the borrower's virtual currency account.

### **Gifts**

Updates include:

- An unrelated individual with close, family-like ties to the borrower may provide gift funds for Freddie Mac LPA loans only.

Complete guidelines can be found in the Conventional Underwriting Guide, Chapter 1G, Assets

- 1G.3(h) Cryptocurrency
  - 1G.3(l) Gift Funds
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## Chapter 1I Employment and Income

Updates to this chapter include:

- Minor clarification for completing IRS Form 4506-C to validate income for the same number of years that coincide with the income documentation in the loan file.

Complete guidelines can be found in the Conventional Underwriting Guide, Chapter 1I, Employment and Income, in following sections:

- 1I.1(a)(i) General Requirements
- 1I.1(a)(iii) Completing IRS Form 4506-C

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### Conforming Product Summaries

#### Texas Section 50(a)(4) Refinance Appraisal Options

When DU or LPA offers an appraisal waiver option, Newrez previously required an Interior and Exterior Inspection Report. In lieu of obtaining an Interior and Exterior Appraisal Inspection for Texas Section 50(a)(4) loans, any of the following may be used:

- Automated Valuation Model (AVM); must be Newrez approved; CoreLogic, Freddie Mac HVE, Black Knight Collateral Analytics
- Exterior Only Inspection (Fannie Mae/Freddie Mac Form 2055)
- Interior and Exterior Inspection Report (Fannie Mae Form 1004/Freddie Mac Form 70)

The Product Summaries have been updated with this information.

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## Government Underwriting Updates

### **FHA Updates**

Updates include the following:

- Minor clarification for completing IRS Form 4506-C to validate income for the same number of years documented in the loan file.
- Clarified that authorized user accounts are not valid trade lines for reestablishing the borrower's credit history for manually underwritten loans.

Complete guidelines can be found in the FHA Underwriting Guide:

- Chapter 2I, Employment and Income, in following sections:
  - 2I.1(a)(i) General Requirements
  - 2I.1(a)(iii) Completing IRS Form 4506-C
- Chapter 2F, Credit, 2F.4(b) Authorized User Accounts

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### **VA Updates**

Updates include the following

- Clarified that the use of income from bonus, overtime, second job or multiple jobs received and verified for at least 12 months may be used to offset debt with six (6) to 24 months left to pay when there is not a two (2) year history.
- Minor clarification for completing IRS Form 4506-C to validate income for the same number of years documented in the loan file.

Complete guidelines can be found in the VA Underwriting Guide, Chapter 3, Employment and Income, in following sections:

- 3I.1(a)(i) General Requirements
- 3I.1(a)(iii) Completing IRS Form 4506-C
- 3I.3(b) Second-Job or Multiple Job Employment
- 3I.3(c) Bonus or Overtime Income

## 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](http://Newrezcorrespondent.com)

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## Client Development

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