



## Announcement 2023-063 Conventional Underwriting Guideline Updates

August 8, 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 as shown below.

Newrez is aligning with the following topics in

- Freddie Mac Bulletins [2023-13](#) and [2023-15](#)
- Fannie Mae Announcements [SEL-2023-05](#) and [SEL-2023-06](#)

Freddie Mac Bulletin 2023-13	Freddie Mac Bulletin 2023-15
<ul style="list-style-type: none"><li>• Manufactured Homes</li><li>• Warranty of Completion of Construction</li></ul>	<p>New Condo Project Advisor Status: Project Certified,</p> <ul style="list-style-type: none"><li>○ Project review requirements for critical repairs</li><li>○ ANSI standards for measurement of finished and unfinished areas for 1 unit properties This should be indented out as it is a separate topic</li></ul>

Fannie Mae SEL 2023-05	Fannie Mae SEL-2023-06
<ul style="list-style-type: none"> <li>• Acceptable use of Limited Cash out refinance transactions</li> <li>• Manufactured Homes – temporary interest Rate buydowns</li> <li>• Qualifying rate for 7- and 10-year ARMS</li> </ul>	<ul style="list-style-type: none"> <li>• Eligibility requirements for Limited cash out refinance transactions</li> </ul>

## Freddie Mac Bulletin 2023-13

### **Manufactured Homes**

Effective immediately, Singlewide Manufactured homes are eligible for LPA decisions. Newrez Underwriting Guide, Chapter 1D was updated with this information as of July 26, 2023. The requirements for single wide manufactured home to be 10 year old or newer has been removed.

### **Freddie Mac Form 400, Warranty of Completion of Construction**

Newrez will accept [Freddie Mac Form 400 rev.06.07.2023](#) signed by both the borrower and builder to certify that the subject property was completed per plans and specifications. Newrez Underwriting Guide, Chapter 1J was updated with this information as of July 31, 2023.

## Freddie Mac Bulletin 2023-15

### **Condo Project Advisor**

The Project Assessment Request (PAR) capability in Condo Project Advisor is adding a new status called “Project Certified”. When Condo Project Advisor finds that a project complies with the requirements for Established Condominium Projects and is not an ineligible project, it will assign a “Project Certified” status.

The Project Review Department (PRD) will continue to be responsible for utilizing the Project Assessment Request tool and will utilize the new status for reviews completed for delegated clients and non-delegated clients.

## **Projects in need of Critical Repairs**

The temporary requirements previously announced in Bulletin 2021-38 for Condominiums and Cooperative Projects in need of Critical Repairs and with Special Assessments are being included in the guidelines permanently. Policy is being updated to address projects in need of Critical Repairs and projects that have material deficiencies (such as significant deferred maintenance) or special assessments. The policy applies to all review types.

The project review requirements include:

- Define Critical Repairs, which includes material deficiencies and significant deferred maintenance,
- Define Routine Repairs that are not considered critical,
- Prohibit sale of Mortgages secured by units in Condominium Projects and Cooperative Share Loans secured by Cooperative Interests in Cooperative Projects that are in need of Critical Repairs,
- Prohibit sale of Mortgages secured by units in Condominium Projects and Cooperative Share Loans secured by Cooperative Interests in Cooperative Projects with current evacuation orders due to unsafe conditions,
- Require a review of any structural and/or mechanical inspection report that has been completed within three years of Seller's project review date,
- Provide requirements for Condominium and Cooperative Projects with special assessments, and
- Prohibit sale of Mortgages secured by units in Condominium Projects and Cooperative Share Loans secured by Cooperative Interests in Cooperative Projects with unfunded repairs totaling more than \$10,000 per unit

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### **Fannie Mae Announcement SEL-2023-05**

#### **Manufactured Homes**

Newrez will be accepting loans with an approve eligible DU decision based on Desktop Underwriter (DU) release the weekend of August 19, 2023 for a manufactured home with a temporary interest rate buydown.

## **Qualifying rate for 7- and 10- year ARMs**

Borrowers will qualify using the note rate of either the 7 or 10 year ARM. DU updates will be completed the weekend of August 19<sup>th</sup> to support loan qualifying and eligibility messaging.

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### **Fannie Mae Announcement SEL-2023-06**

#### **Limited Cash Out Refinance Transactions**

Newrez will accept limited cash out refinance transactions with at least one borrower on loan application be on title and must be a current owner of the subject property at time of initial loan applications. Exceptions are:

- Borrower acquired the property through an inheritance or was legally awarded the property through a legal settlement or divorce decree, or
- The property was previously owned by an *inter vivos* revocable trust and the borrower is the primary beneficiary of the trust.

Newrez Underwriting Guide, Chapter 1B has been updated with this information for August 31, 2023 release.

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#### **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/newrezcorrespondent.com)

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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](#).