

# Newrez Announcements



## **Announcement 2023-065 Underwriting Guideline Updates**

**August 30, 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, VA, and USDA Underwriting Guides.

*Please use this announcement as guidance until all applicable underwriting guides are published.*

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### **Conventional Conforming Updates**

#### **Chapter 1A Eligibility**

##### **Primary Residence**

Documentation requirements were added to support occupancy for owner occupied refinance transactions.

Complete guidelines can be found in the Conventional Underwriting Guide, Chapter 1A, Eligibility, 1A.7(a) Primary residence

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## Chapter 1B Transaction Types

- Expanded criteria, eligibility and documentation for non-arm's length transactions which includes:
  - When a borrower is purchasing from a builder who is purchasing his or her existing residence, the transaction is ineligible for financing.
  - Is not permitted if the subject property is in foreclosure or a notice of default has been filed.
  - A full appraisal must be obtained regardless of the AUS findings.
  - Required documentation is listed in guide to support transaction eligibility
- Limited Cash Out refinance eligibility was updated per Fannie Mae LL 2023-06

Complete guidelines can be found in the Conventional Underwriting Guide, Chapter 1B, Transactions:

- 1B.1(b) Non-Arm's Length Transactions
- 1B.2 Rate and Term refinance Mortgage, 1B.2 (a) Fannie Mae DU

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## Chapter 1F Credit

### Housing Payment History

Modified housing payment history section to support specific requirements for Fannie Mae and Freddie Mac loan transactions as of the date of application:

- Fannie Mae DU transactions requires the mortgage payment history to be current within 45 days of the last payment.
- Freddie Mac LPA transactions permits the balance to be checked with the creditor within 90 days of the credit report date.

Complete guidelines can be found in the Conventional Underwriting Guide, Chapter 1F, Credit, 1F.7 Housing Payment History

## **Chapter 1G Assets**

Clarified Third Party Asset Verifications to reflect average balance requirements for Verifications of deposit and/or Account statements per AUS.

Complete guidelines can be found in the Conventional Underwriting Guide, Chapter 1G, Assets, 1G.3(a) Financial Institution Accounts

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### **Government Underwriting Updates**

#### **Credit Underwriting - Non-traditional Credit**

Eligibility guidelines have been released for FHA, VA and USDA financing.

Complete guidelines can be found in:

- FHA Underwriting Guide, Chapter 2F, Credit, 2F.5 Nontraditional Credit
  - VA Underwriting Guide, Chapter 3F, Credit, 3F.5 Nontraditional Credit
  - USDA Underwriting Guide, Chapter 4F, Credit, 4F.4 Nontraditional Credit
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### **Policy Updates**

#### **Escrow Holdback Policy**

Modified conventional escrow account guidelines to reflect the cost of completing the improvements may not exceed 10% of the “as completed” appraised value of the property.

Complete guidelines can be found in:

- Underwriting Guide, CH 8A Escrow Holdback Policy, Conventional, 8A.4(c)  
Establishing an Escrow
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## Agency Announcements

Freddie Mac Bulletin [2023-16](#) and Fannie Mae [SEL 2023-07](#) were both released on August 2, 2023 and Newrez is aligning with the following topics and UW Guide will be updated as shown below.

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### Freddie Mac Bulletin [2023-16](#)

#### Credit Underwriting Requirements

- When the IRS Installment Agreement is pending approval, the obligations must be included in DTI with the higher of:
  - The payment amount requested by borrower or
  - amount of taxes owed divided by 72 months.
- Alimony, child support and separate maintenance clarification has been expanded to identify the documents to support the payors obligation and options for borrower's receipt of income.

Newrez Underwriting Guide, Chapter 1F will be updated with this information for September 28, 2023, release.

#### Asset and Income Modeler

Funds and Asset types including gifts, grants, securities and retirement accounts will be part of (AIM) enhancement for LPA submissions or resubmissions on or after October 1, 2023.

Newrez Underwriting Guide, Chapter 1E will be updated with this information for September 28, 2023, release.

**Automated Income Assessment** has been expanded to request a tax transcript from IRS from a Freddie Mac designated third party provider.

## Appraisal and Property Data Collection

The following are effective with application dates 11/2/2023 or after

- Purchase transactions are eligible to receive ACE + PDR for appraisal method.
- Requirements provided when a PDR is required to be upgraded to an appraisal.
- ANSI compliance standards and compliant software building sketch will also apply to PDRs with an interior and exterior property data collection for the subject property.
- Property Data Collector Independence Requirements (PDCIR) have been introduced to protect the integrity of the data collection process
- Updated requirements for oversight of property data collection requirements

Newrez Underwriting Guide, Chapter 1J will be updated with this information for October 30, 2023, release and the Correspondent Operations Guide will be updated with these requirements for Property Data Collector Independence Requirements (PDCIR).

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### Fannie Mae Announcement [SEL 2023-07](#)

These were released and posted in Fannie Mae Guide as of August 2, 2023.

Appraiser and Property Data Collector Independence requirements were updated to add following definitions:

- Restricted Parties who are not permitted to order appraisals or be involved with the collateral process. These parties include:
  - mortgage brokers,
  - loan officers/originators and
  - production staff
- Independent Parties are the following:
  - Appraisers,
  - Appraisal management and
  - Appraisal firms

The Correspondent Operations Guide will be updated with these requirements for Appraisal Independence Requirements (AIR) and Property Data Collector Independence Requirements (PDCIR) which are effective for applications dated 11/1/2023.

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## **Product Profile Releases**

### **8/21/23 release**

- Conforming, Home Possible and HomeReady:
  - Conforming ARMS for 7/6 and 10/6 Qualifying Rate
- Conforming and HomeReady
  - Manufactured Home Allowance Temporary Buydown Allowance (DU Transaction)

### **8/31/23 release**

- For all profiles: Michigan minimum loan amount is \$10,000.
- Affordable Seconds expanded for:
  - Home One
  - Choice Home
- Nontraditional Credit Expansion for:
  - FHA
  - VA
  - USDA

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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/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](#).