

Newrez Announcements



Announcement 2025-008 Underwriting Guideline Updates – Conforming Loans

January 30, 2025

Newrez LLC "Newrez" Approved Correspondent Clients; this announcement contains the following information:

- Most recent agency announcements, effective immediately for all loans in the pipeline, unless otherwise noted.
- Clarifications and/or corrections to the Newrez Guides effective immediately.
- This memo also includes a summary as of January 30, 2025.
 - Previously announced guidelines have now been incorporated into the Newrez Underwriting Guide.
 - Updates to the Product Summaries and/or Overlay Matrix.

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

Agency Announcements

Freddie Mac Bulletin [2024-16](#) released on December 4, 2024 and Newrez is aligning with the following topics below.

Restricted Stock and Restricted Stock Units

Expanded requirements for Restricted Stock (RS) and Restricted Stock Units (RSU):

- Qualifying Income from performance based RS and RSU may be calculated for income received for less than 24 months (but not less than 12 months), when history/receipt of income with current employer is between 12 and 24 months.
 - Written analysis and compensating factors must be documented in file to support a shorter timeframe used for calculation.
- Awards of RS (Restricted Stock) or RSU (Restricted Stock Units) on a recurring basis must be likely to continue for at least three years and nonrecurring awards must have at least three years vesting and distribution remaining on the vesting schedule. The agency guide currently states must continue for at least three years.
- Use of 200-day simple moving average stock price has replaced the 52-week average stock price as the basis for calculating Restricted Stock (RS) and Restricted Stock Units (RSU) income. Additionally, the requirement for the average stock price to be determined as of the Application Received Date has been retired and will now accept an average dated in accordance with the standard age of documentation requirements.
- Glossary updated for Restricted Stock and Restricted Stock Units definitions based on either stock performance or timing provisions.

Complete guidelines can be found in the Conventional Underwriting Guide, in the following Chapters:

- Chapter 1I, Employment and Income, 1I.13(x) Restricted Stock Units
- Glossary

Authorized User Accounts

Reorganized the guidelines in a chart for Authorized User Accounts for Fannie Mae (DU) and Freddie Mac (LPA) guidelines.

Added clarification for LPA transactions to include the payment in the borrower's DTI if documenting that a borrower has been making payments on the account for the last 12 months.

Complete guidelines can be found in the Conventional Underwriting Guide, in the following Chapters:

- Chapter 1F, Credit, 1F.4(b) Authorized User Account

Automated Collateral Evaluation (ACE) and ACE + PDR Expansion

These updates will be completed with the March 2025 Underwriting Guide release.

For purchase transactions, the following updates will be effective for LPA submissions and resubmissions on or after March 24, 2025 for appraisal alternatives based on following maximum LTV/TLTV ratios:

- ACE waivers will increase from 80% maximum to 90% maximum LTV/TLTV ratios.
- ACE+PDR will increase from 80% maximum to the maximum LTV/TLTV ratios permitted for the associated mortgage offering.

Fannie Mae announced updates on December 11, 2024 to the following and Newrez is aligning with the following:

Limited Cash Out Refinances

Two additional exceptions have been added to the requirement that at least one borrower is on title to the subject property at the time of the initial loan application for a limited cash-out refinance:

- The borrower on the new loan is currently financially obligated on the title being paid off but not on the title. This includes loans where the property is currently owned by a (LLC) limited liability corporation that is majority owned or controlled by the borrower(s). Ownership must be transferred into the name of the individual borrower(s) (as shown in Newrez Ch.1A.8 Borrower Eligibility); or
- The borrower is paying off an installment land contract that was executed more than 12 months before the date of the loan application.

Complete guidelines can be found in the Conventional Underwriting Guide, Chapter 1B Transaction Types, 1B.2 Rate and Term Refinance Mortgage, 1B.2(a) Fannie Mae DU

Time Adjustments in Appraisals

Additional guidance added for market conditions analysis to reflect:

Because the appraisal is for a specific point in time (the effective date of the appraisal), the appraiser must analyze comparable sales for any changes in market conditions from their contract dates through the effective date to determine whether time adjustments are warranted.

Time adjustments, or the lack of, must be supported by evidence. The use of home price indices (HPIs) to support time adjustments is consistent with policy. The adjustment rates can also be determined through:

- statistical analysis,
- modeling, paired sales, or
- other commonly accepted methods.

The appraisal report must, at a minimum,

- summarize the supporting evidence, and
- include a description of the data sources,
- tool(s) and techniques used.

Complete guidelines can be found in the Conventional Underwriting Guide, Chapter 1J Appraisal Requirements, 1J.7(q)(iii) Market Conditions Analysis/Date of Sale and Time Adjustments

Newrez Underwriting Guide Updates

Conventional Updates

Chapter 1A Eligibility

Removed requirement showing, A valid employment authorization document (EAD) card may be used to establish lawful residency if borrower does not have an Acceptable VISA or EAD, for Fannie Mae loans (DU Only)

Complete guidelines can be found in the Conventional Underwriting Guide, Ch. 1A.8 Borrower Eligibility, 1A.8(c)(i) Borrowers without an Acceptable Visa or EAD.

Chapter 1C Conforming Financing

Updated Escrow Waiver Eligibility requirements to:

- Remove First-Time Homebuyer requirements and overlay
- Added new section titled: Escrow Waiver Terms to reflect Fannie Mae (DU) and Freddie Mac (LPA) requirements

Complete guidelines can be found in the Conventional Underwriting Guide, Ch.1C

Financing, in the following Chapters:

- 1C.8(b) Escrow Waiver Eligibility
- 1C.8(c) Escrow Waiver Terms

Prior Agency Announcements

Below is a summary of previously announced updates that have been incorporated into the Newrez Underwriting Guide.

- n/a

Product Profile Releases and Overlay Matrix Updates

Product Profiles Releases

- n/a

Overlay Matrix Update

- Removed overlays for First Time Homebuyers (FTHB) and waiver of escrows

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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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](#).