

Newrez Announcements



Announcement 2025-009 Underwriting Guideline Updates – Government Loans

January 30, 2025

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

- Most recent FHA Mortgage Letter, effective immediately for all loans in the pipeline, unless otherwise noted.
- Clarifications and/or corrections to the Newrez Guides as of January 30, 2025.
- This memo also includes a summary of:
 - 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.

FHA, VA or USDA Announcement

- n/a

Newrez Underwriting Guide Updates

VA Updates

Chapter 3B Transactions

Updated One -Time Close per VA Handbook 26-7, as of 06.05.2024 for documented acquisition costs to include the following:

1. the contract to build
2. balance owed on the land
3. interest reserve, if not included in the contract to build
4. contingency reserve
5. permits, if not included in the contract to build

If no balance is owed on the land neither the original cost nor current value may be included in the acquisition cost.

Complete guidelines can be found in the VA Underwriting Guide, Ch. 3B, Transaction Types, 3B.10 Single-Close Financing (Delegated Clients Only)

Chapter 3G Assets

Gift of Equity requirement was updated to show Must be reflected on the Final Closing Disclosure. Previous guideline, not permitted, has been removed

Complete guidelines can be found in the VA Underwriting Guide, Ch. 3G, Assets, 3G.3(f) Gift Funds

Chapter 3I Employment and Income

Updated Treatment of Income and Loss to identify guidance regarding income calculation per VA handbook:

- If after adding depreciation to the negative rental income, the borrower still has rental loss, the negative income should be deducted from the overall income as it reduces the borrower's income.

Complete Guidelines can be found in the VA underwriting Guide, Chapter 3I, Transactions, 3I.5 Treatment of Income and Loss

USDA Updates

Chapter 4B transactions

The Seasoning Period for refinance transactions has been updated for all Single-Family Housing Guaranteed Loan program transactions:

- The existing USDA loan being refinanced must have closed at least 180 days prior to the Conditional Commitment request.
- The USDA existing loan being refinanced must have a mortgage payment history which does not have a delinquency greater than 30 days within the previous 180-day period.

Complete guidelines can be found in the USDA Underwriting Guide, Ch.4B, Transactions, 4B.2 Non-Streamlined and Streamlined Refinance Mortgages and 4B.3 Streamlined-Assist Refinance Mortgage

Chapter 4C Financing

Escrow Waivers are not permitted and updated as an overlay.

Complete guidelines can be found in the USDA Underwriting Guide, Ch. 4C, Financing, 4C.7 Escrow Waivers

Chapter 4I Employment and Income

Tax Transcript requirements have been updated as shown below based on Delegated or Non-delegated Client status:

- For Delegated Clients, tax transcripts that are not able to be obtained prior to closing for any reason will not delay the loan closing, however, the Delegated Client remains responsible for obtaining required tax transcripts, even if post-closing. All applicants must continue to be current on tax filings which is determined by the IRS, for overall USDA program eligibility.
- For Non-Delegated Clients, Newrez requires transcripts prior to the loan closing. This is identified as an overlay

HUD 184 Updates

Underwriting Guidelines updated:

- Self-Employed Borrower: Expanded self-employed borrower income requirements to require Business transcripts are required when business returns are present.
- Sale of Personal Property: Added proof of ownership of the personal property is required when the asset is titled asset.
- Documentation Age 1A.5 Updates:
 - Appraisal Validity Periods:
 - Initial appraisal validity period increased from 120 days to 180 days from the effective date of appraisal
 - Retitled New Appraisal as Appraisal Update in If initial appraisal, is more than 180 days at closing date, when updated appraisal is performed, the updated appraisal is valid for one year after the effective date of the initial report that is being updated.

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 Profile Releases

HUD 184

- Updated Tax Transcript section to state Business transcripts required when business returns are present

USDA

- Added Escrow Waiver section and highlighted Escrow Waivers not permitted as an Overlay.
- Split out Subordinate Financing requirements for Purchase and Rate & Term (Non-Streamlined product summary and added Down Payment Assistance section

Overlay Matrix

- For USDA loan transactions, Tax Transcripts are required for Non-delegated clients prior to closing.
 - For USDA loan transactions- Added Escrow Waivers 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

Newrez Operations 877-700-4622

Newrez Registration Desk/NT Desks 866-396-4622

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](#).