

Newrez Announcements



Announcement 2025-016 Underwriting Guideline Updates – Government Loans

February 27, 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 February 27, 2025.
- This memo also includes a summary of:
 - Previously announced guidelines that 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

[FHA ML 2024-20](#) and [FHA INFO 2025-10](#)

US Department of Housing and Urban Development issued these updates and are in effect for the following:

- Property titles were updated to include Existing, New Construction or Site Built Homes, as part of property identification.
- Added New Construction requirements in SFHA's with link to new form ([FEMA Form FF-206-FY-22-152](#)) which replaced previous FEMA Form 086-0-33.
 - Note: [Temporary Waiver of Flood Elevation](#) delayed the Construction Property Elevation requirements until 2026.
- Updated requirements for FEMA Flood Elevation certificate to clarify requirements are:
 - The Mortgagee must ensure that Flood Insurance is obtained when a FEMA Flood Elevation Certificate ([FEMA Form FF-206-FY-22-152](#)) documents that the Property remains located with an SFHA.
 - The building permit application submission date, or its equivalent date, will be required on form [HUD-92541](#), Builder's Certification of Plans, Specifications, and Site. In jurisdictions where the building permits are not issued, an equivalent application submission date represents the request for jurisdictional approval to start construction. The construction start date serves as the equivalent date when no prior application submission date is available.

Complete guidelines can be found in the FHA Underwriting Guide, Ch. 2J, Appraisal Requirements, 2J.9(g)(x) Flood Zones

The policy is effective immediately but no later than case numbers assigned on or after March 13, 2025 for Rental Income from Border Income on subject property was updated on January 13, 2025 for both Total and Manual Underwriting transactions. The Updated requirements are:

Rental income from existing Boarders of the subject property may be considered if the occupying Borrower has a 12-month history of receiving income from Boarders and is currently receiving income from Boarders.

Boarder rental income is permitted whether the borrower currently rents or owns the dwelling unit.

Complete guidelines can be found in the FHA Underwriting Guide, Ch. 2I, Employment and Income, 2I.6(d) Boarder Income (Total/Manual)

Newrez Underwriting Guide Updates

FHA Updates

Chapter 2B Transactions

- Updated Owner of record and Chain of Title to identify overlays for:
 - Transactions involving a double escrow are not permitted.
 - Transactions involving any sale or assignment of the sales contract are not permitted.

Complete guidelines can be found in the FHA Underwriting Guide, Ch. 2B, Transaction Types, 2B.1 (a) Owner of Record and Chain of Title

Chapter 2I Employment and Income

Cannabis Business added to both income sections to identify overlay for employment or ownership is not permitted:

- Other Sources of Income and
- Unacceptable Sources of Income

Complete guidelines can be found in the FHA Underwriting Guide, Ch. 2B, Employment and Income, in following sections:

- 2I.6(e) Cannabis Income
- 2I.7 Unacceptable Sources of Income

VA Updates

Chapter 3B Transaction types

- Updated Owner of record and Chain of Title to identify overlays for:
 - Transactions involving a double escrow are not permitted.
 - Transactions involving any sale or assignment of the sales contract are not permitted.

Complete guidelines can be found in the VA Underwriting Guide, Ch. 3B, Transaction Types, 3B.1(a) Owner of Record and Chain of Title

Chapter 3I Employment and Income

Cannabis Business added to both income sections to identify overlay for employment or ownership is not permitted:

- Other Sources of Income and
- Unacceptable Sources of Income

Complete guidelines can be found in the FHA Underwriting Guide, Ch. FHA 3I, Employment and Income, in the following sections:

- 3I.6 (d) Cannabis Business
- 3I.7 Unacceptable Sources of Income

USDA Updates

Chapter 4B Transaction Types

- Updated Owner of record and Chain of Title to identify overlays for:
 - Transactions involving a double escrow are not permitted.
 - Transactions involving any sale or assignment of the sales contract are not permitted.

Complete guidelines can be found in the USDA Underwriting Guide, Ch. 4B, Transaction Types, 4B.1 (a) Owner of Record and Chain of Title

Chapter 4I Employment and Income

Cannabis Business added to both income sections to identify overlay for employment or ownership is not permitted:

- Other Sources of Income and
- Unacceptable Sources of Income

Complete guidelines can be found in the USDA Underwriting Guide, Ch.4I Employment and Income, in the following sections:

- 4I.7(c) Cannabis Income
- 4I.8 Unacceptable Sources of Income

Chapter 4J Appraisal Requirements

Removed requirements titled Uniform Collateral Data Portal (UCDP) Compliance, as USDA does not require.

Complete guidelines removed from USDA Underwriting Guide, Ch. 4J, Appraisal Requirements. Ch C4J.6 UCDP Compliance

Prior Agency Announcements

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

- n/a
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Product profile Releases and Overlay Matrix Updates

Product Profile Releases

- n/a

Overlay Matrix

- Employment or Ownership in a Cannabis Business is not permitted
 - Owner of Record and Chain of Title
 - Transactions involving any sale or assignment of sales contract are not permitted
 - Transactions involving double escrows are not permitted
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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](#).