

# Newrez Announcements



## Announcement 2025-018 SmartSeries Underwriting Guide Updates March 20, 2025

Newrez LLC "Newrez" Approved Correspondent Clients; effective with applications on or after March 20, 2025.

The SmartEdge, SmartSelf and SmartVest Summaries and the SmartSeries Underwriting Guide have been updated with the following:

| Current Policy   | New Policy   |
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| <b>SmartSelf/SmartEdge</b>   |  |
| <b>9. Maximum Cash Out</b>   | <b>9. Maximum Cash Out</b>   |
| <ul style="list-style-type: none"> <li>• Maximum cash out               <ul style="list-style-type: none"> <li>○ LTV <math>\leq</math> 50%: \$1,000,000</li> <li>○ LTV &gt; 50% and <math>\leq</math> 60% : \$750,000</li> <li>○ LTV &gt; 60%: \$500,000</li> </ul> </li> <li>• Maximum cash out amount is:               <ul style="list-style-type: none"> <li>○ Determined by the amount of cash out reflected on Final Closing Disclosure (after any debt payoff)</li> <li>○ Cumulative for all properties simultaneously being financed with the Company, not each individual loan</li> </ul> </li> </ul> | <ul style="list-style-type: none"> <li>• Maximum cash out               <ul style="list-style-type: none"> <li>○ LTV <math>\leq</math> 50%: \$1,000,000</li> <li>○ LTV &gt; 50% and <math>\leq</math> 60% : \$750,000</li> <li>○ LTV &gt; 60%: \$500,000</li> </ul> </li> <li>• Maximum cash out amount is:               <ul style="list-style-type: none"> <li>○ Determined by the amount of cash out reflected on Final Closing Disclosure (after any debt payoff)</li> <li>○ Cumulative for all properties simultaneously being financed with the Company, not each individual loan</li> </ul> </li> </ul> |

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| For cash out refinance transactions, the amount of cash out proceeds from any Smart Series cash out refinance loans within 6 months of the note date must be included in the cumulative cash out limitation. | For cash out refinance transactions, the amount of cash out proceeds from any Smart Series cash out refinance loans within 6 months of the note date, <b>including simultaneous loans in process</b> , must be included in the cumulative cash out limitation. |
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**SmartEdge**

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| <b>34. Reserves</b>   | <b>34. Reserves</b>   |
| <ul style="list-style-type: none"> <li>• Maximum required reserves are the lesser of total required or 15 months.</li> <li>• The maximum 15 months reserves is based off the subject property PITIA</li> <li>• Cash proceeds from the transaction may be used for reserves</li> <li>• Reserves are not required for Asset Qualifier. See Asset Qualifier: Total Liquid Assets above.</li> <li>• Rate and Term Refinance transactions do not require reserves if the following are met: <ul style="list-style-type: none"> <li>○ Loan amount is ≤ \$1,500,000</li> <li>○ Primary Residence or second home</li> <li>○ Mortgage history is 0x30x12 on all mortgages <ul style="list-style-type: none"> <li>▪ Must have a full 12-month payment history making current housing payment</li> </ul> </li> <li>○ Subject property housing payment is decreasing</li> </ul> </li> <li>• Borrowers who own additional real estate must have additional two months</li> </ul> | <ul style="list-style-type: none"> <li>• Maximum required reserves are the lesser of total required or 15 months.</li> <li>• The maximum 15 months reserves is based off the subject property PITIA</li> <li>• Cash proceeds from the transaction may be used for reserves</li> <li>• Reserves are not required for Asset Qualifier. See Asset Qualifier: Total Liquid Assets above.</li> <li>• Rate and Term Refinance transactions do not require reserves if the following are met: <ul style="list-style-type: none"> <li>○ Loan amount is ≤ \$1,500,000</li> <li>○ Primary Residence or second home</li> <li>○ Mortgage history is 0x30x12 on all mortgages <ul style="list-style-type: none"> <li>▪ Must have a full 12-month payment history making current housing payment</li> </ul> </li> <li>○ Subject property housing payment is decreasing</li> </ul> </li> <li><del>○ Borrowers who own additional real estate must have additional two</del></li> </ul> |

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| <p>reserves</p> <ul style="list-style-type: none"> <li>• Borrower does not have a prior bankruptcy, foreclosure, short-sale, DIL, pre-foreclosure, mortgage charge-off</li> </ul>   | <p><del>months reserves</del></p> <ul style="list-style-type: none"> <li>○ Borrower does not have a prior bankruptcy, foreclosure, short-sale, DIL, pre-foreclosure, mortgage charge-off</li> </ul>   |
| <p><b>SmartVest</b></p>   |   |
| <p><b>9. Maximum Cash Out</b></p>   | <p><b>9. Maximum Cash Out</b></p>   |
| <ul style="list-style-type: none"> <li>• Maximum cash out <ul style="list-style-type: none"> <li>○ \$1,000,000 for LTV/CLTV <math>\leq</math> 50% for one or more loans</li> <li>○ \$750,000 for LTV &gt; 50% and <math>\leq</math> 60% for one loan or multiple loans where all loans have LTV/CLTV <math>\leq</math> 60%</li> <li>○ \$500,000 for LTV &gt; 60% for one or more loans</li> </ul> </li> <li>• Maximum cash out amount is: <ul style="list-style-type: none"> <li>○ Determined by the amount of cash out reflected on Final Closing Disclosure (after any debt payoff)</li> <li>○ Cumulative for all properties simultaneously being financed with the Company, not each individual loan</li> </ul> </li> <li>• Proceeds received from a cash out refinance must be used for a business purpose</li> <li>• For cash out refinance transactions, the amount of cash out proceeds from any Smart Series cash out refinance loans within 6 months of the note date must be included in the cumulative cash out</li> </ul> | <ul style="list-style-type: none"> <li>• Maximum cash out <ul style="list-style-type: none"> <li>○ \$1,000,000 for LTV/CLTV <math>\leq</math> 50% <del>for one or more loans</del></li> <li>○ <del>\$750,000 for LTV &gt; 50% and <math>\leq</math> 60%</del> <del>for one loan or multiple loans</del> where all loans have LTV/CLTV <math>\leq</math> <del>60%</del></li> <li>○ \$500,000 for LTV &gt; 60% <del>for one or more loans</del></li> </ul> </li> <li>• Maximum cash out amount is: <ul style="list-style-type: none"> <li>○ Determined by the amount of cash out reflected on Final Closing Disclosure (after any debt payoff)</li> <li>○ Cumulative for all properties simultaneously being financed with the Company, not each individual loan</li> </ul> </li> <li>• Proceeds received from a cash out refinance must be used for a business purpose</li> </ul> <p>For cash out refinance transactions, the amount of cash out proceeds from any Smart Series cash out refinance loans within 6 months of the note date, <b>including simultaneous loans in process</b>, must be</p> |

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| <p>limitation. Diligence must be used to ensure that the proceeds are not used for a purpose other than a business purpose, such as verification that the borrower wires funds to matches the business account and not their personal bank account, debt is not being paid off on the Closing Disclosure, etc.</p>   | <p>included in the cumulative cash out limitation. Diligence must be used to ensure that the proceeds are not used for a purpose other than a business purpose, such as verification that the borrower wires funds to matches the business account and not their personal bank account, debt is not being paid off on the Closing Disclosure, etc.</p>   |
| <p><b>12. Debt Service Coverage Ratio (DSCR)</b></p>   | <p><b>12. Debt Service Coverage Ratio (DSCR)</b></p>   |
| <p>Minimum Debt Service Coverage Ratio Requirement:</p> <ul style="list-style-type: none"> <li>• DSCR Purchase and Rate and Term Refi = 1.0 <ul style="list-style-type: none"> <li>○ DSCR .80 Permitted with: <ul style="list-style-type: none"> <li>▪ Credit score 720</li> <li>▪ Max 70% LTV</li> <li>▪ Additional six months reserves</li> <li>▪ 0x30 on all mortgages</li> </ul> </li> </ul> </li> </ul>                   | <p>Minimum Debt Service Coverage Ratio Requirement:</p> <ul style="list-style-type: none"> <li>• DSCR Purchase and Rate and Term Refi = 1.0 <ul style="list-style-type: none"> <li>○ DSCR .80 Permitted with: <ul style="list-style-type: none"> <li>▪ Credit score 720</li> <li>▪ Max 70% LTV</li> <li>▪ Additional six months reserves</li> <li>▪ 0x30 on all mortgages in the most recent 24/mo.</li> </ul> </li> </ul> </li> </ul> |
| <p><b>23. Investor Experience</b></p>  | <p><b>23. Investor Experience</b></p>  |
| <p>A first time investor with less than 12 months of landlord experience within the most recent three years prior to the application date is permitted if all of the following are met;</p> <ul style="list-style-type: none"> <li>• Minimum FICO Score of 700</li> <li>• Maximum LTV is the lessor of 75% or the maximum LTV permitted per the eligibility matrix</li> <li>• Borrower must currently own a primary</li> </ul> | <p>A first time investor with less than 12 months of landlord experience within the most recent three years prior to the application date is permitted if all of the following are met;</p> <ul style="list-style-type: none"> <li>• Minimum FICO Score of 700</li> <li>• Maximum LTV is the lessor of 75% or the maximum LTV permitted per the eligibility matrix</li> <li>• Borrower must currently own a primary</li> </ul>         |

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| <p>residence for at least 12 months prior to the note date of the subject property</p> <ul style="list-style-type: none"> <li>• Must have a 36-month credit history including a 12 month housing payment history (current or prior)</li> <li>• Maximum one investment property financed with the Company SmartVest product</li> <li>• CONDOTELS not permitted</li> </ul>   | <p>residence for at least 12 months prior to the note date of the subject property</p> <ul style="list-style-type: none"> <li>• Must have a 36-month credit history</li> <li>• <b>Must have a 12-month housing payment history (current or past)</b></li> <li>• Maximum one investment property financed with the Company SmartVest product</li> <li>• CONDOTELS not permitted</li> </ul>   |
| <p><b>32. Documentation</b></p>  | <p><b>32. Documentation</b></p>   |
| <p>Purchase</p> <p>Subject property is tenant occupied at the first payment due date:</p> <ul style="list-style-type: none"> <li>• The lesser of the market rent from the <i>Single-Family Comparable Rent Schedule</i> (Form 1007/1000) / <i>Small Residential Income Property Appraisal Report</i> (1025/72) or the current (active) lease agreement will be used to determine the monthly rent.</li> </ul> <p>Subject property is vacant at the time of closing:</p> <p>The market rent from the <i>Single-Family Comparable Rent Schedule</i> (Form 1007/1000) / <i>Small Residential Income Property Appraisal Report</i> (1025/72) will be used to determine the monthly rent.</p> | <p>Purchase</p> <p>Subject property is tenant occupied at the first payment due date:</p> <ul style="list-style-type: none"> <li>• The lesser of the market rent from the <i>Single-Family Comparable Rent Schedule</i> (Form 1007/1000) / <i>Small Residential Income Property Appraisal Report</i> (1025/72) or the current (active) lease agreement will be used to determine the monthly rent.</li> </ul> <p>Subject property is vacant at the time of <b>first payment due:</b></p> <p>The market rent from the <i>Single-Family Comparable Rent Schedule</i> (Form 1007/1000) / <i>Small Residential Income Property Appraisal Report</i> (1025/72) will be used to determine the monthly rent.</p> |
| <p><b>Smart Series Underwriting Guidelines</b></p>   | <p><b>Smart Series Underwriting Guidelines</b></p>  |
| <p><b>1A.4 (C) Second Home</b></p>   | <p><b>1A.4 (C) Second Home</b></p>  |

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| <p>Reporting rental income on the borrower's individual income tax returns does not contradict second home status but must be minimal and may not be used for qualification.</p> <p>Form 1099 statement income documentation not allowed.</p> <p>Transactions where the property is being purchased for occupancy by someone other than the borrower will be considered an investment property. If the property is tenant occupied, it must be vacant at closing.</p> <p>Two-unit second homes may be eligible. Refer to the Product Summaries for details.</p>   | <p>Reporting rental income on the borrower's individual income tax returns does not contradict second home status but must be minimal and may not be used for qualification.</p> <p>Form 1099 statement income documentation not allowed.</p> <p>Transactions where the property is being purchased for occupancy by someone other than the borrower will be considered an investment property. <del>If the property is tenant occupied, it must be vacant at closing.</del></p> <p>Two-unit second homes may be eligible. Refer to the Product Summaries for details.</p>  |
| <p><b>1A.5 Vesting Options</b></p>  | <p><b>1A.5 Vesting Options</b></p>  |
| <ul style="list-style-type: none"> <li>• The loan may vest in the name of an individual or Limited Liability Company (LLC). <ul style="list-style-type: none"> <li>○ An LLC is permitted for investment properties only.</li> </ul> </li> <li>• The loan application must reflect vesting in the name of the LLC.</li> <li>• All owners of the borrowing business entity (LLC) must: <ul style="list-style-type: none"> <li>○ Be listed as borrowers on the transaction</li> <li>○ Be natural persons</li> <li>○ Sign the closing documents</li> </ul> </li> <li>• Transaction is limited to no more than four (4) borrowers</li> </ul> | <ul style="list-style-type: none"> <li>• The loan may vest in the name of an individual or Limited Liability Company (LLC). <ul style="list-style-type: none"> <li>○ An LLC is permitted for investment properties only.</li> </ul> </li> <li>• The loan application must reflect vesting in the name of the LLC.</li> <li>• All owners of the borrowing business entity (LLC) must: <ul style="list-style-type: none"> <li>○ Be listed as borrowers on the transaction</li> <li>○ Be natural persons</li> <li>○ Sign the closing documents</li> </ul> </li> <li>• Transaction is limited to no more than four (4) borrowers</li> </ul> |

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| <ul style="list-style-type: none"> <li>• The following documentation must be provided: <ul style="list-style-type: none"> <li>○ Business Formation Documents (e.g., Articles of Incorporation, Bylaws, Charter, Articles of Association, etc.). Any documents received must show that they have been filed properly and certified with the appropriate state</li> <li>○ Operating Agreement</li> <li>○ Document must reflect all member ownership interest in the business/entity; or</li> <li>○ CPA letter documenting borrower's percentage of ownership in the business; or</li> <li>○ IRS letter documenting borrower's percentage of ownership in the business</li> <li>○ Tax Identification Number</li> <li>○ Verification that the LLC is in good standing with the applicable state registration</li> </ul> </li> </ul> | <ul style="list-style-type: none"> <li>• The following documentation must be provided: <ul style="list-style-type: none"> <li>○ Verify the borrower's ownership percentage and length of ownership with one of the following: <ul style="list-style-type: none"> <li>▪ Letter from a CPA or licensed tax preparer (with PTIN), or</li> <li>▪ Business formation document filed with the applicable state <u>and</u> one of the following additional documents which must verify the borrower's ownership percentage: <ul style="list-style-type: none"> <li>○ Operating agreement, or</li> <li>○ IRS EIN letter confirming the borrower as sole owner/member, or</li> </ul> </li> </ul> </li> <li>○ membership interests verifying the number of membership units owned by the borrower <u>and</u> documentation confirming the total membership units.</li> </ul> </li> </ul> |
| <p><b>2A.2 Rate and Term Refinance Mortgage</b></p>   | <p><b>2A.2 Rate and Term Refinance Mortgage</b></p>  |
| <p>Rate and Term refinance transactions must meet the following:</p> <ul style="list-style-type: none"> <li>• Paying off the unpaid principal balance of the existing first mortgage (including prepayment penalties or an existing HELOC in first lien position) plus per diem interest;</li> </ul>  | <p>Rate and Term refinance transactions must meet the following:</p> <ul style="list-style-type: none"> <li>• Paying off the unpaid principal balance of the existing first mortgage (including prepayment penalties or an existing HELOC in first lien position) plus per diem interest;</li> </ul>   |

- Paying off a subordinate mortgage lien (including prepayment penalties) used to purchase the subject property. Documentation must be provided to evidence that all proceeds of an existing subordinate lien were used to fund part of the purchase price of the subject property.

- If the purchase money second lien was refinanced with a new second lien, it may be paid off. The balance of the existing second lien must be less than or equal to the outstanding principal balance of the purchase money second at the time of previous payoff.
- If the existing second lien is a HELOC, the HELOC may not have been used for any reason except to pay off the purchase money second lien. If the HELOC has been paid down since the refinance of the purchase money second lien, funds cannot have been redrawn. The draw history and Closing Disclosure must be provided from both transactions; purchase money transaction and refinance of the purchase money second lien transaction.

- Payoff of a non-purchase money subordinate lien provided the subordinate lien is seasoned at least 12 months. If the non-purchase money lien is a home

- Paying off a subordinate mortgage lien (including prepayment penalties) used to purchase the subject property. Documentation must be provided to evidence that all proceeds of an existing subordinate lien were used to fund part of the purchase price of the subject property.

- If the purchase money second lien was refinanced with a new second lien, it may be paid off. The balance of the existing second lien must be less than or equal to the outstanding principal balance of the purchase money second at the time of previous payoff.
- If the existing second lien is a HELOC, the HELOC may not have been used for any reason except to pay off the purchase money second lien. If the HELOC has been paid down since the refinance of the purchase money second lien, funds cannot have been redrawn. The draw history and Closing Disclosure must be provided from both transactions; purchase money transaction and refinance of the purchase money second lien transaction.

- Payoff of a non-purchase money subordinate lien provided the subordinate lien is seasoned at least 12 months. If the non-purchase money lien is a home



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| <p>equity line of credit it must have zero draws within the past 12 months;</p> <ul style="list-style-type: none"> <li>• Financing the payment of closing costs, points, and prepaid items; and</li> <li>• Incidental cash back not to exceed the lesser of 2% of the balance of the new loan or \$2000.</li> </ul>  | <p>equity line of credit it must have zero draws within the past 12 months;</p> <ul style="list-style-type: none"> <li>• <b>Payoff of a construction financing;</b></li> <li>• Financing the payment of closing costs, points, and prepaid items; and</li> <li>• Incidental cash back not to exceed the lesser of 2% of the balance of the new loan or \$2000.</li> </ul> |
| <p><b>2A.8 Construction-to-Permanent Financing</b></p>   | <p><b>2A.8 Construction-to-Permanent Financing</b></p>  |
| <p>The conversion of construction-to-permanent financing involves the granting of a long-term mortgage to a borrower for the purpose of replacing interim construction financing that the borrower obtained to fund the construction of a new residence. All permanent financing for new construction will be considered rate and term refinance transactions.</p> <p>A single disbursement to a builder for the purchase of a completed property is not considered a conversion of construction-to-permanent financing transaction. This is considered a standard purchase transaction.</p> <p>The borrower must hold legal title to the land prior to loan application and be named as the borrower on the construction financing.</p> | <p><b>See 2A.2 Rate and Term Refinance Mortgage</b></p>   |

All of the following apply:

- LTV/CLTV will be based on the as-completed appraised value regardless of the length of time the borrower has owned the lot;
- Underwriting reserves the right to ask for additional documentation for use in the completion of the cost analysis when warranted;
- The proceeds may be used to :
  - Pay off interim construction loan; and
  - Pay all transaction costs (closing costs, lot financing).
- No loan proceeds are disbursed to the borrower;
- A new Note and Mortgage for the refinance of the construction financing must be created and the mortgage recorded. Single-close construction-to-perm financing is not permitted; and
- A Certificate of Occupancy from the applicable government authority must be obtained unless a Certificate of Occupancy is not required by a local government. In this case, an *Appraisal Update and/or Completion Report* ([Form 1004D/442](#)) must be obtained.

Single-close construction-to-permanent financing is not permitted.

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| <p><b>5A.5 (c) Nontraditional Trade Line Requirement (SmartEdge and SmartSelf)</b></p>   | <p><b>5A.5 (c) Nontraditional Trade Line Requirement (SmartEdge and SmartSelf)</b></p>   |
| <p>If the traditional trade line requirements cannot be met, nontraditional credit references may be used to supplement traditional trade line references. At least one (1) traditional trade line is required with a total of three (3) trade lines required.</p>   | <p>If the traditional trade line requirements cannot be met, nontraditional credit references may be used to supplement traditional trade line references. At least one (1) traditional trade line is required with a total of three (3) trade lines required. <b>An additional two (2) tradelines are required, either traditional or non-traditional to meet the minimum tradeline requirement of three (3).</b></p>   |
| <p><b>6A.4(o) Retirement Accounts</b></p>  | <p><b>6A.4(o) Retirement Accounts</b></p>  |
| <p>Vested funds from individual retirement accounts (IRA, SEP-IRA, and KEOGH) and tax-favored retirement savings accounts (e.g., 401(k), 403(b)) may be used as the source of funds for down payment, closing costs, and cash reserves.</p> <p>All of the following is required:</p> <ul style="list-style-type: none"> <li>• Most recent two (2) monthly or quarterly account statements;</li> <li>• Verification of the ownership of the account;</li> <li>• Confirmation that the account is vested; and</li> <li>• Confirmation that the account allows withdrawals regardless of current</li> </ul> | <p>Vested funds from individual retirement accounts (IRA, SEP-IRA, and KEOGH) and tax-favored retirement savings accounts (e.g., 401(k), 403(b)) may be used as the source of funds for down payment, closing costs, and cash reserves.</p> <p>All of the following is required:</p> <ul style="list-style-type: none"> <li>• Most recent two (2) monthly or quarterly account statements;</li> <li>• Verification of the ownership of the account;</li> <li>• Confirmation that the account is vested; and</li> <li>• Confirmation that the account allows withdrawals regardless of current</li> </ul> |

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| <p>employment status (employer retirement accounts).</p> <p>If the borrower is 59 ½ or older and using retirement asset(s) for the down payment and/or closing costs and the value of the retirement asset (as determined above) is at least 20% more than the amount of funds needed for the down payment and closing costs, no documentation of the borrower's actual receipt of funds realized from the sale of liquidation is required. Otherwise, evidence of the borrower's actual receipt of funds realized from the sale or liquidation must be documented.</p> <p>If the retirement assets are in the form of stocks, bonds, or mutual funds, 100% of the current value may be considered when using for reserves with the following exception:</p> <ul style="list-style-type: none"> <li>• If the borrower is not at 59 ½ or older the value of the account should be reduced by 10% to account for an early withdrawal penalty.</li> </ul> | <p>employment status (employer retirement accounts).</p> <p><b>Receipt of funds, regardless of the borrowers age, must be verified to evidence the sale or liquidation unless the value of the asset is at least 20% more than the funds needed for the borrower's down-payment and closing costs, in which no documentation of liquidation is required.</b></p> <p>If the retirement assets are in the form of stocks, bonds, or mutual funds, 100% of the current value may be considered when using for reserves with the following exception:</p> <ul style="list-style-type: none"> <li>• If the borrower is not at 59 ½ or older the value of the account should be reduced by 10% to account for an early withdrawal penalty.</li> </ul> |
| <p><b>8A.7(h) Employment Offers/Recent Employment</b></p>  | <p><b>8A.7(h) Employment Offers/Recent Employment</b></p>   |
| <p>Borrowers who changed jobs within 30 days of application or will change jobs prior to the Note date may be eligible.</p> <p>All of the following is required to document the borrower's employment and income:</p>  | <p>Borrowers who changed jobs within 30 days of application or will change jobs prior to the Note date may be eligible.</p> <p>All of the following is required to document the borrower's employment and income:</p>   |

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| <ul style="list-style-type: none"> <li>• Copy of the offer;</li> <li>• Minimum of one (1) paystub showing one (1) week's pay from their new job; and</li> <li>• A written verification of employment.</li> </ul> <p>When analyzing employment offers or future employment, the borrower's past employment history, qualifications for the position, as well as previous training and education must be taken into consideration.</p> <p>A written verification of employment or the borrower's last paystub from the prior employer must be provided to document the gap between the old and new employer in addition to all of the following:</p> <ul style="list-style-type: none"> <li>• A copy of the borrower's offer or contract for future employment must be provided and; <ul style="list-style-type: none"> <li>○ Clearly identify the employer and the borrower;</li> <li>○ Be signed by the employer, and be accepted and signed by the borrower;</li> <li>○ Clearly identify the terms of employment, including position, type, and rate of pay, and start date;</li> <li>○ Be non-contingent, guaranteed, and non-revocable;</li> </ul> </li> </ul> | <ul style="list-style-type: none"> <li>• Copy of the offer;</li> <li>• Minimum of one (1) paystub showing one (1) week's pay from their new job; and</li> <li>• A written verification of employment.</li> </ul> <p>When analyzing employment offers or future employment, the borrower's past employment history, qualifications for the position, as well as previous training and education must be taken into consideration.</p> <p><b>Borrowers whose new employment will begin no later than 90 days after the Note Date may be eligible if all of the following are met.</b></p> <ul style="list-style-type: none"> <li>• Primary Residence,</li> <li>• one unit property,</li> <li>• the borrower is not employed by a family member or by an interested party to the transaction, and</li> <li>• the borrower is qualified using only fixed based income.</li> </ul> <p><b>Obtain and review the borrower's offer or contract for future employment. The employment offer or contract must:</b></p> <ul style="list-style-type: none"> <li>• clearly identify the employer and the borrower, be signed by the employer, and be</li> </ul> |
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| <ul style="list-style-type: none"> <li>○ The borrower must start the new employment within 60 days of the Note date; and</li> <li>○ The borrower must have sufficient reserves to cover their housing payment and all other monthly obligations for the period prior to starting the new job in addition to all other applicable reserve requirements.</li> </ul> | <p>accepted and signed by the borrower;</p> <ul style="list-style-type: none"> <li>• clearly identify the terms of employment, including position, type and rate of pay, and start date; and</li> <li>• be non-contingent. Note: If conditions of employment exist, the lender must confirm prior to closing that all conditions of employment are satisfied either by verbal verification or written documentation. This confirmation must be noted in the mortgage loan file.</li> </ul> <p>In addition to the amount of any required reserves for the transaction, one of the following must be met:</p> <ul style="list-style-type: none"> <li>• Financial reserves sufficient to cover principal, interest, taxes, insurance, and association dues (PITIA) for the subject property for six months; or</li> <li>• Financial resources sufficient to cover the monthly liabilities included in the debt-to-income ratio, including the PITIA for the subject property, for the number of months between the note date and the employment start date, plus one. For calculation purposes, consider any portion of a month as a full month.</li> </ul> <p>Financial resources may include:</p> <ul style="list-style-type: none"> <li>• financial reserves, and</li> </ul> |
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|                                      | <ul style="list-style-type: none"> <li>• current income.</li> </ul> <p>Current income refers to net income that is currently being received by the borrower (or coborrower), may or may not be used for qualifying, and may or may not continue after the borrower starts employment under the offer or contract. For this purpose, use the amount of income the borrower is expected to receive between the note date and the employment start date. If the current income is not being used or is not eligible to be used for qualifying purposes, it can be documented by using income documentation, such as a paystub, but a verification of employment is not required.</p> |
| <p><b>8A.7(i) Foreign Income</b></p> | <p><b>8A.7(i) Foreign Income SmartEdge Only</b></p>   |
| <p>Not Applicable</p>                | <p>Foreign Income is income that is earned by a borrower who is employed by a foreign corporation or a foreign government and is paid in foreign currency. Borrowers may use foreign income to qualify if the following requirements are met:</p> <ul style="list-style-type: none"> <li>• Copies of signed U.S. federal income tax returns for the most recent two years that include foreign income,</li> <li>• Must satisfy the standard documentation requirements based on the source and type of income,</li> <li>• All documents of a foreign origin must be completed in English, or provide a translation, attached to each document,</li> </ul>                         |

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|  | <p>and ensure the translation is complete and accurate.</p> <p><b>Note:</b> All income must be translated to U.S. Dollars. If the borrower is not a U.S. citizen, refer to Non-U.S. Citizen section for additional information.</p>   |
| <b>8A.8 Unacceptable Sources of Income</b>   | <b>8A.8 Unacceptable Sources of Income</b>  |
| <p>Income from sources considered ineligible include, but is not limited to:</p> <ul style="list-style-type: none"> <li>• Automobile allowance and expense account reimbursement for SmartSelf</li> <li>• Self-Employment from a Non-Profit 501(c)(3) – SmartSelf</li> <li>• Boarder Income (except as outlined in this section)</li> <li>• Expense account reimbursement</li> <li>• Foreign income</li> <li>• Income derived from the subject property with land being leased to another party</li> </ul> | <p>Income from sources considered ineligible include, but is not limited to:</p> <ul style="list-style-type: none"> <li>• Automobile allowance and expense account reimbursement for SmartSelf</li> <li>• Self-Employment from a Non-Profit 501(c)(3) – SmartSelf</li> <li>• Boarder Income (except as outlined in this section)</li> <li>• Expense account reimbursement</li> <li>• Foreign income (for Self and Vest only)</li> <li>• Income derived from the subject property with land being leased to another party</li> </ul> |

**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](http://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](#).