

Newrez Announcements



Announcement 2025-021 Underwriting Guideline Updates – Government Loans

March 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 March 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 INFO 2025-04](#)

FHA published the following updates to 4000.1 Handbook effective April 10, 2025:

- Manual Underwriting content has been released for Energy Efficient Mortgages with compensating factors and documentation required to support higher ratios
- Updates for Credit and Credit Report Requirements for Non-Borrowing Spouse:
 - A credit report for non-borrowing spouse is required if the borrower resides in a community property state, or if the subject property is located in a community property state, except when excluded by state law.
 - Documentation requirements:
 - The debt of the non-borrowing spouse must be verified and documented, except for obligations specifically excluded by state law.
 - If the borrower resides in a community property state or the Property being insured is located in a community property state, and non-borrowing spouse obligations are not excluded by state law, a credit report must be obtained for the non-borrowing spouse to determine the debt-to -income ratio of the Borrower.
- The credit report for the non-borrowing spouse may be a traditional or non-traditional credit report.
- Clarified Non-Borrowing Spouse obligations are included in DTI unless excluded by state law.
- Links added for Fannie Mae Appraisal form 1000
- Added Depreciation, mortgage interest, taxes, insurance and any HOA dues shown on Schedule E may be added back to the net income or loss when there is a history of net rental income.
- Minimum Property requirements and Standards: replaced word examination with the Appraiser's observation
- Second Appraisal by Second lender to reflect:
 - Requirement to read Or Appraiser performing 1st appraisal is prohibited from performing appraisals for second mortgage, and
 - Purchase contract changed to reflect Sales contract

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

- Ch. 2E Underwriting, 2E.2(a) Energy Efficient Mortgages
- Ch. 2F Credit, 2F.1 (a) Non-Borrowing Spouse (Total/Manual)
- Ch. 2H Liabilities and Debt Ratios, 2H.2(n) Non-borrowing Spouse Debt in Community Property States
- Ch. 2I Employment and Income, 2I.5(b) Rental Income from Other Real Estate Owned (Total and Manual)
- Ch.2J Appraisal Requirements, 2J.6(b) Second Appraisal by Second Lender

Newrez Underwriting Guide Updates

FHA Updates

Chapter 2I Employment and Income

Updated Allowable Age of Individual Tax Returns for 2024 tax filing

Complete guidelines can be found in the FHA Underwriting Guide, Ch. 2I, Employment and Income, 2I.1(h) Allowable Age of Individual Tax Returns

VA Updates

Chapter 3A Eligibility

Overlay identified for The Certificate of Eligibility must be dated within six (6) months prior to requesting a VA Case number assignment and an appraisal.

Complete guidelines can be found in the VA Underwriting Guide, Ch. 3A, Eligibility, 3A.10 Certification of Eligibility

Chapter 3B Transaction Types

The maximum loan amount calculation limits have been added to Single Close Financing (Delegated Clients Only) to reflect:

- The lesser of the VA appraised value, or the acquisition costs; plus
- VA Funding Fee.

Complete guidelines can be found in the FHA Underwriting Guide, Ch. VA Underwriting Guide, 3BTransaction Types, 3B.10(a), Maximum Loan Amount Calculation

Chapter 3I Employment and Income

Updates completed for the following:

- Allowable Age of Individual Tax Returns for 2024 tax filing
- Clarified verification of military retirement income may be provided within 12 months of loan closing following release from active duty

USDA Updates

Chapter 4F Credit

- Housing Payment History clarified for loans manually underwritten:
 - A Verification of Rent, may be required and would be reflected on the GUS Findings report. If a full 12-month VOR is not available, client may verify the amount of rental history that has been paid.
 - Borrowers with no verifiable history of housing payments are not automatically ineligible. The underwriter must review available documentation to determine if the borrower has an acceptable credit history and meets program guidance.
- Waiting Period Requirements has been updated to clarify: A Credit Exception Summary is required on the underwriting transmittal for GUS Refer, Refer with Caution or manually underwritten files
- Derogatory Event Chart modified for manual underwrite to reflect the wait time is <3 years prior to loan application, a Credit Exception may be reviewed and documented by underwriter on underwriting transmittal of the following:
 - Foreclosure/repossession
 - Short Sale/DIL

Note: Prior USDA losses, delinquent non-tax Federal debts, delinquent child support and ineligible CAIVRS results are not eligible for approval of a credit exception.

Complete guidelines can be found in the USDA Underwriting Guide, Ch. 4F, Credit,, in following sections:

- 4F.6 Housing Payment History
- 4F.7(a) Waiting Period Requirements

HUD Section 184 Update

Chapter 1A.8 Borrower Eligibility

Updated to state “At least one borrower” must be a member of a tribe.

Prior Agency Announcements

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

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Product profile Releases and Overlay Matrix Updates

Product Profile Releases

- FHA Purchase.VA Purchase and HUD 184 Product Summaries have been updated to state Temporary Buydowns must have a loan term of 240 or greater.
- USDA Purchase and Rate & Term Product Summary-Rental Payment History update
 - Manual Underwrite-A VOR may be required. Refer to the GUS Underwriting Findings Report to determine if VOR is required. Refer to Underwriting Guide Chapter 4F.6 for pay history and other requirements.
- HUD Section 184
 - Eligible Borrower section has been updated to state “At least one borrower” must be a member of a tribe.

Overlay Matrix

- FHA, VA and HUD 184-Temporary Buydowns must have a loan term of 240 or greater
 - Added HUD 184 Section to Overlay matrix
 - VA Certificate of Eligibility -The Certificate of Eligibility (COE) must be dated within six (6) months
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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

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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](#).