

# Newrez Announcements



## **Announcement 2025-027 Underwriting Guideline Updates – Conforming Loans**

**April 29, 2025**

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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 as of April 29, 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.*

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## Agency Announcements

Unless otherwise noted, underwriting guidelines below are effective immediately and the Newrez Underwriting Guide reflects these changes with the April 29, 2025 release.

### Fannie Mae [SEL-2025-02](#)

The following were announced:

#### Condo Project Manager and Desktop Underwriter Integration

The integration of CPM with DU provides a greater certainty to identify when projects have been approved by Fannie Mae to lenders. This is expected to streamline the project review process for most transactions. In connection with this integration, policy was updated to allow loans that receive an Approve Eligible recommendation and the CPM *Approved by Fannie Mae* message in DU to retain the Fannie Mae project approval status through the credit report expiration date as specific on the DU Underwriting Findings report.

When the lender makes changes in DU to any of the following, DU will retrieve an updated project eligibility status from CPM which could result in the loss of the CPM *Approved by Fannie Mae* message.

- The Credit Report
- The CPM ID,
- Project Name, or
- Property Address (state or zip code)

CPM delivery restrictions still apply to loans that receive the CPM *Approved by Fannie Mae* message in DU, and these will affect the loan's eligibility, when applicable.

For loans that did not receive the CPM *Approved by Fannie Mae* status message in DU, the lender must underwrite the condo project eligibility in accordance with standard *Selling Guide* requirements.

Additionally, delivery restrictions apply to Limited Reviews.

Reminder: Must comply with all insurance requirements in the Fannie Mae Selling Guide Chapters: B7-3 and B7-4, regardless of any Fannie Mae project eligibility status.

These changes may be implemented immediately but are effective for all loans with application dates on or after June 23, 2025. CPM Messaging in DU will apply to new loan casefiles created on or after June 23, 2025.

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### **New York Mortgage Insurance requirements on co-ops**

Fannie Mae clarified how to calculate the loan-to-value (LTV) ratio when determining mortgage insurance for purchase transactions on co-op properties in New York State. This includes using the sales price without adjustment for excessive interested party contributions (IPCs) when determining whether to place mortgage insurance on the loan. We also clarified if mortgage insurance is required based on the sales price, but the appraised value results in an LTV ratio of 75% or less, mortgage insurance should not be added to the loan, even if the sales price is lower than the appraised value.

Newrez is currently reviewing mortgage insurance requirements on co-ops in New York State and additional guidance will be provided at a later date.

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### **Income Calculator Schedule E Rental Income**

Policy has been clarified the Income Calculator is not limited to income types documented using tax returns. It also now includes calculations for rental income reported on Schedule E.

For convenience, the Newrez Guide section 11.1(j) Income Analysis Forms contains a link to Fannie Mae's Income Calculator.

## Freddie Mac Bulletin [2025-4](#)

The following has been announced:

**Freddie Mac Income Calculator** will be available beginning with submissions to LPA as of May 11, 2025. Eligible income includes:

- Employed earnings using pay stubs and W-2 data
- Self-employed income using tax returns or tax transcript data

The Freddie Mac income calculator may provide relief from enforcement of certain income representations and warranties. Eligibility for income representation and warranty relief will be reflected on the Freddie Mac Income Calculator Certificate or the Feedback Certificate if submitted to Loan Product Advisor.

For convenience, the Newrez Guide section 11.1(j) Income Analysis Forms contains a link to Freddie Mac Income Calculator.

### **Flood Insurance Premium Used for Qualifying**

This requirement to include the full risk premium to calculate the housing expense to income and debt to income ratios when the flood insurance policy shows both a full risk premium and a discounted premium, has been delayed until further notice.

Newrez Guide 1H.1 Monthly Housing Expense has been updated to remove this direction.

### **ULDD (Uniform Loan Delivery Dataset) Delivery Instructions**

The ULDD data Points have been updated to align more closely with the requirements for subject properties valued by a full appraisal or a hybrid approval.

- Bedroom Count (sort ID 77)
- Property Dwelling Unit Eligible Rent Amount (Sort ID 78)

# Newrez Underwriting Guide Updates

## Conventional Updates

### Chapter 1C Financing

Removed First time homebuyers are ineligible for escrow waiver, unless the loan meets the requirements listed in Section 8(a) Escrow/Impounds

Complete guidelines can be found in the Conventional Underwriting Guide, Chapter 1C, Financing, 1C.8 (d) Ineligible for Escrow Waiver

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### Chapter 1H Liabilities and Debt Ratios

Updates completed for Federal Income Tax Installment Agreements to identify both Fannie Mae and Freddie Mac requirements when the following is provided:

- Approved IRS Installment Agreement or
- Installment Agreements Pending IRS Approval

Complete guidelines can be found in the Conventional Underwriting Guide, Chapter 1H, Liabilities and Debt Ratios, 1H.4(i) Federal Income Tax Installment Agreements

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### Chapter 1I Employment and Income

Clarified following for Trust Income for Fannie Mae/DU loan transactions:

- Verification of income includes the trust's federal income tax returns.
- Confirm the trust was established for 12 months of longer, unless all of the following are met:
  - The trust verification document reflects fixed payments.
  - The borrower is not the grantor; and
  - At least one payment is received prior to closing.
- Continuance of income confirmation which must be based on the type of income

received through the trust. For example, if the income from the trust is derived from rental income, then three-year continuance is not required. However, if the income is a fixed payment derived from a depleting asset, then three-year continuance must be determined.

Complete guidelines can be found in the Conventional Underwriting Guide, Chapter 11, Employment and Income, 11.13(kk) Trust Income

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## Prior Agency Announcements

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

Newrez Guide	Topic	Newrez Announcement	Agency Announcement
Ch.1J Appraisal Requirements	<ul style="list-style-type: none"><li>Property Condition Requirements</li><li>Detrimental Conditions</li><li>Completion Alternatives</li></ul>	2025-15	Freddie Mac 2025-1

## Product Profile Releases and Overlay Matrix Updates

### Product Profiles Releases

- Freddie Mac BorrowSmart: removed single-wide manufactured homes from ineligible property types.

### Overlay Matrix Update

- N/A
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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.

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### Client Development

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