

Newrez Announcements



Announcement 2025-028 **Underwriting Guideline Updates – Government Loans**

April 29, 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 April 29, 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 [2025-08](#)

FHA has rescinded the Appraisal review and Reconsideration of Value process and updates released through ML 2024-07. Appraisal review guidelines have been modified to reflect policies prior to ML 2024-07

- Removed Borrower-Initiated Reconsideration of Value processes
- Value Minimum Property requirements and Standards: replaced word examination with the Appraiser's observation
- Updated Second Appraisal by Second lender to reflect “and” instead of “or” between the second and third bullet points:

Appraiser performing 1st appraisal is prohibited from performing appraisals for Newrez and the first lender fails to provide a copy of the appraisal to Newrez in a timely manner, and the failure would cause a delay and harm to the borrower.

Complete guidelines can be found in the FHA Underwriting Guide, Ch. 2A Appraisal requirements, in following sections:

- 2J.6(a) Second Appraisal by Second Lender
- 2J.7 Quality of Appraisal
- 2J.8 Reconsideration of Value

VA Circular [26-25-1](#)

VA has rescinded the procedure for builders to request a VA builder identification number for processing VA-guaranteed loans on new and proposed construction properties. The process for addressing complaints about builders received from Veterans is also being updated by VA.

Builder Identification Numbers

A VA -issued builder identification number is no longer necessary for issuing the NOV or processing a loan on a new or proposed construction property for VA-guaranteed loans. All references to this will be removed from Chapters 7, 10 and 13 of the VA handbook in a

future revision.

- Builders are still expected to meet any state and/or local licensing requirements.

Builder Complaints

When a Veteran submits a builder complaint, VA will provide Veterans with resources for resolving complaints about builders instead of interceding. Depending on the nature of the complaint, this would include leveraging the services and expertise of the local building department, licensing boards, or recommending the Veteran seek legal counsel in the event of a serious matter.

The NOV in WebLGY will be updated to remove reference to VA providing assistance with complaints.

Chapter 3B Transaction Types, 3B.8(b) Builder ID guidelines have been removed.

USDA Manufactured Housing Updates

USDA has released the following updates for Manufactured Home financing which are effective with [Final rule 05.05.2025](#)

New Construction Manufactured Homes

Clarified the manufacture date must be within 12 months of the date of loan closing.

- Previous guideline required manufacture date was a maximum of 12 months as of purchase contract date.
- The home must be affixed with a data plate located inside the home to identify the date the unit was manufactured. The certification label must be affixed in a location that will remain visible after all work is completed and necessary for the installation of the home at the home site.

Existing Manufactured Homes

Updates to allow existing manufactured home (not limited to specific states) to replace the previous existing manufactured home Pilot program which was state restrictive.

Complete guidelines may be found in USDA Underwriting Guide Ch.4D Property Types, 4D.1(f) Manufactured Housing

Newrez Underwriting Guide Updates

FHA Updates

Chapter 2A Eligibility

FHA has eliminated eligibility for Non-Permanent Resident borrowers and has removed the Non-Permanent Resident sections of the Handbook in its entirety.

US Citizens, Permanent Resident Aliens and Citizens of the Federated States of Micronesia, the Republic of the Marshall Islands, or the Republic of Palau are the only acceptable residencies permitted with casefiles assigned on and after May 25, 2025.

Borrowers with Non-Permanent Resident Alien status must have case numbers assigned on or before May 24, 2025 to be eligible for financing.

Complete guidelines can be found in the FHA Underwriting Guide, Ch. 2A Eligibility, 2A.12 (c) Non-Permanent Resident

Chapter 2B Transaction Types

Financing for Disaster Victims using FHA 203(h) program is now available for victims of a Presidentially Declared Major Disaster Area (PDMDA) for the purchase of a Single-Family Property. The program Underwriting guidelines include:

- Borrower Eligibility which includes application deadlines after the declared disaster for a principal residence.
- Eligible properties must be a single -family or a unit in an FHA-Approved Condominium Project.
- Underwriting guidelines for required documents or alternative documentation if

originals were destroyed in disaster for:

- Credit
 - Income
 - Debts and Liabilities
 - Assets
- Housing Payment History for late payments may be disregarded on a property that was destroyed in the disaster when:
 - the late payments were a result of the disaster; and
 - 0x30x12 housing payment prior to disaster

Complete guidelines can be found in the FHA Underwriting Guide, Ch. 2B Transaction Types, 2B.13 Disasters and 203(h) Financing for Disaster Victims

Chapter 2G Assets

- Clarified Transfer of Gifts received at closing must be documented with one of the options listed per 4000.1 in addition to receipt of gift funds must be reflected on the Closing Disclosure.

Complete guidelines can be found in the FHA Underwriting Guide, Ch. 2G Assets, 2G.4(i) Gift Funds

VA Updates

Chapter 3A Eligibility

Expanded Occupancy criteria to include the following as shown in VA Lenders Handbook 26-7, Chapter 3: The VA Loan and Guaranty as of 05.14.2024:

- Occupancy Timeline after closing
- Occupancy by Veteran's Spouse or Dependent Child
- Occupancy Requirements for Deployed Active-Duty Service members'
- Occupancy After Retirement
- Delayed Occupancy Due to Property repairs or Improvements
- Intermittent Occupancy

Complete guidelines can be found in the VA Underwriting Guide, Ch. 3A Eligibility, in the following sections:

- 3A.8 (a) Primary residence
 - 3A.8(b) Occupancy
 - 3A.8(b)(i) Occupancy by Veteran's Spouse or Dependent Child
 - 3A.8(b)(ii) Occupancy for Deployed Active-Duty Members
 - 3A.8(b)(III) Occupancy After Retirement
 - 3A.8(b)(iv) Delayed Occupancy Due to Property Repairs or Improvements
 - 3A.8(b)(v) Intermittent Occupancy
 - 3A.8(b)(vi) The Certifications
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Chapter 3C Financing

- Overlay identified for: Escrow Waivers are not permitted.
- Clarified: If the Veteran is 100% exempt from real estate taxes, supported by documentation in the file, an escrow for real estate taxes is not required.

Complete guidelines can be found in the VA Underwriting Guide, Ch. 3C Financing, 3C.8 Escrow Waivers

Chapter 3H Liabilities & Debts

Childcare Expenses for any dependent child under the age of 12 is still required.

Clarification provided by removing “or detailing why no expense is incurred”, as this is not shown in VA Lender’s Handbook

Complete guidelines can be found in the VA Underwriting Guide, Ch. 3H. Liabilities & Debts, 3H.(D) Childcare Expense

Chapter 3I Employment and Income

Overlay identified for Employment by a Relative, Property Seller or Real Estate Broker requirements (as shown on Overlay Matrix). Note: This is required for Non-delegated Clients and recommended for Delegated Clients

Complete guidelines can be found in the VA Underwriting Guide, Ch. 3I Employment and Income, 3I.6 (g) Employment by a Relative, Property Seller, or Real Estate Broker

USDA Updates

Chapter 4A Eligibility

Modified Eligible Borrowers to remove the previous temporary Non-permanent resident alien guidelines and added the following based on USDA Announcement released 03.18.2025:

Non-permanent resident alien with one of the following Employment Authorization Document (EAD):

- A03 Refugee
- A04 Paroled Refugee
- A05 Asylee
- A10 Granted withholding of Deportation or Removal
- C11 An Alien paroled into the United States in the public interest or temporarily for emergency reasons.

Complete guidelines can be found in the USDA Underwriting Guide, Ch. 4A, Eligibility, 4A.5(a) Eligible Borrowers.

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.4A Eligibility	Eligible Borrowers	2025-19	USDA Job Aid

Product Profile Releases and Overlay Matrix Updates

Product Profile Releases

USDA

- Added Existing Manufactured Home as eligible property type and removed the existing Manufactured Home Pilot program that was state restrictive.
- Updated Eligible Borrower section with below:
 - Non-permanent resident alien with one of the following Employment Authorization Document (EAD): Effective March 18, 2025
 - A03 Refugee
 - A04 Paroled Refugee
 - A05 Asylee
 - A10 Granted withholding of Deportation or Removal
 - C11 An Alien paroled into the United States in the public interest or temporarily
 - for emergency reasons

NOTE: For future Refinance Transactions, the non-U.S. citizen rules that applied at the time the original loan was closed and guaranteed will carry over to the new refinance. If new borrowers are added to the refinanced loan, they must meet the eligibility requirements effective March 18, 2025.

FHA Purchase Product Summary

- FHA 203(h) program eligibility has been added
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FHA

Eligible Borrowers

- Non-permanent resident alien-Casefiles must be assigned on or before May 24, 2025 Refer to Newrez Guide 2A.12(c) Non-Permanent Resident for additional requirements.
 - Verification of citizenship and immigration status is required for Non-Credit Qualifying Streamline Refinances with case numbers assigned after May 24, 2025.
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Overlay Matrix

- 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.

[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](#).