

# Newrez Announcements



## Announcement 2024-031 SmartSelf and SmartSeries Underwriting Guide Updates May 16, 2024

Newrez LLC "Newrez" Approved Correspondent Clients; effective with applications on or after May 16, 2024.

The SmartSelf Summary has been updated as follows:

Current Policy	New Policy
<b>First Time Homebuyers (FTHB)</b>	<b>First Time Homebuyers (FTHB)</b>
<p>A first-time homebuyer is a borrower who has had no ownership interest (sole or joint) in a residential property during the three-year period prior to application. If one borrower meets homeownership requirements, FTHB requirement do not apply.</p> <ul style="list-style-type: none"><li>• Primary residence only</li><li>• Maximum loan amount of \$1,500,000</li><li>• Must have a 0x30x12 consecutive housing payment history within the past three years</li><li>• Borrowers living rent free for more than two months but no more than 12 months prior to the application date are permitted if:<ul style="list-style-type: none"><li>○ The borrower has a 12-month payment history within the last three years</li><li>○ A letter of explanation confirming the borrower is living rent free with a relative and has no monthly rent (LOE signed by borrower and relative)</li></ul></li></ul>	<p>A first-time homebuyer is a borrower who has had no ownership interest (sole or joint) in a residential property during the three-year period prior to application. If one borrower meets homeownership requirements, FTHB requirement do not apply.</p> <ul style="list-style-type: none"><li>• Primary residence only</li><li>• Maximum loan amount of \$1,500,000</li><li>• <b>Must have a 0x30x12 consecutive housing payment history</b></li><li>• Borrowers living rent free for more than two months but no more than 12 months prior to the application date are permitted if:<ul style="list-style-type: none"><li>○ The borrower has a 12-month payment history within the last three years</li><li>○ A letter of explanation confirming the borrower is living rent free with a relative and has no monthly rent (LOE signed by borrower and relative)</li></ul></li></ul>

<ul style="list-style-type: none"> <li>○ Primary residence</li> <li>○ Purchase transactions</li> <li>○ Maximum 43% DTI</li> <li>○ Additional three months reserves</li> </ul> <p>Residual income requirements must be met</p>	<ul style="list-style-type: none"> <li>○ Purchase transactions</li> <li>○ Maximum 43% DTI</li> <li>○ Additional three months reserves</li> </ul> <p>Residual income requirements must be met</p>
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The SmartSeries Underwriting Guide has been updated with the following:

Current Policy	New Policy
<p><b>Section 1A.10 (b)(i) Permanent Resident Alien</b></p> <p>A permanent resident is a non-U.S. citizen who is legally eligible to maintain permanent residency in the U.S. and holds a Permanent Resident card. Document legal residency with one (1) of the following:</p> <ul style="list-style-type: none"> <li>• A copy of a valid and current Permanent Resident card (Green Card-Form I-551) front and back; or</li> <li>• A passport stamped “processed for I-551, Temporary evidence of lawful admission for permanent residence. Valid until _ . Employment authorized.” This evidences that the holder has been approved for, but not issued, a Permanent Resident card.</li> </ul> <p>Borrower(s) must have a current 24-month employment history in the U.S. or acceptable education documentation (e.g., college transcripts) combined with employment total at least 24 months in the U.S. (Does not</p>	<p><b>Section 1A.10 (b)(i) Permanent Resident Alien</b></p> <p>A permanent resident alien is a non-U.S. citizen who is legally eligible to maintain permanent residency in the U.S. Document legal residency with one (1) of the following:</p> <ul style="list-style-type: none"> <li>• A copy of a valid, current, unexpired Permanent Resident card, <i>INS Form I-551, Green Card/Alien Registration Receipt</i>;</li> <li>• A copy of <i>INS Form I-551, Conditional Alien Registration Receipt</i>, with an unexpired date of the front. <i>I-551 Forms</i> due to expire within three (3) months must be accompanied with a copy of United States Citizenship and Immigration Services (ISCIS) <i>Form I-751 (Petition to Remove Conditions on Residence)</i> or <i>USCIS Form I-829 (Petition to Remove Conditions)</i> filing receipt; or</li> <li>• Passport with unexpired stamp reading “processed for I-551. Temporary Evidence of Lawful Admission for Permanent Residence. Valid until [date].</li> </ul>

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apply to SmartVest)	Employment authorized.” This evidences the holder has been approved for, but not issued, a Permanent Residence Alien card.				
<b>Section 6A.5 Unacceptable Assets Sources</b> <ul style="list-style-type: none"> <li>• Bridge loans</li> </ul>	<b>Section 6A.5 Unacceptable Assets Sources</b> <ul style="list-style-type: none"> <li>• Removed: Bridge loans</li> </ul>				
<b>Section 2A.7 (g) Smartself</b> <table border="1" data-bbox="204 642 740 861"> <tr> <td data-bbox="204 642 383 861">No Cash-out Refinance</td> <td data-bbox="383 642 740 861"> <ul style="list-style-type: none"> <li>• Appreciation greater than 20% in the past 90 days requires two (2) full appraisals;</li> </ul> </td> </tr> </table>	No Cash-out Refinance	<ul style="list-style-type: none"> <li>• Appreciation greater than 20% in the past 90 days requires two (2) full appraisals;</li> </ul>	<b>Section 2A.7 (g) Smartself</b> <table border="1" data-bbox="823 642 1382 898"> <tr> <td data-bbox="823 642 1002 898">No Cash-out Refinance</td> <td data-bbox="1002 642 1382 898"> <ul style="list-style-type: none"> <li>• Appreciation greater than 20% in the past 90 days requires two (2) full appraisals;</li> </ul> <p><b>Note: Does not apply to Delayed Financing</b></p> </td> </tr> </table>	No Cash-out Refinance	<ul style="list-style-type: none"> <li>• Appreciation greater than 20% in the past 90 days requires two (2) full appraisals;</li> </ul> <p><b>Note: Does not apply to Delayed Financing</b></p>
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<b>Section 2A.4 Inherited Properties</b> <ul style="list-style-type: none"> <li>• removed</li> </ul>					
<b>Section 2A.5 Buyout of an Owner’s Interest</b> <ul style="list-style-type: none"> <li>• removed</li> </ul>					
<b>Section 2A.4 is now a Refinances to Buy Out an Owner’s Interest</b> <p>A transaction that requires one owner to buy out the interest of another owner (for example, as a result of a divorce settlement or dissolution of a domestic partnership) is considered a limited cash-out refinance if the secured property was jointly owned for at least 12 months preceding the disbursement date of the new mortgage loan.</p> <p>All parties must sign a written agreement that states the terms of the property transfer and the proposed disposition of the proceeds from the refinance transaction. Except in the case of recent inheritance of the subject property, documentation must be provided to indicate that the security property was jointly owned by all parties for at least 12 months preceding the disbursement date of the new mortgage loan.</p>					

### **Section 8A.1 (d) Written Verification of Employment (WVOE)**

**Added:**

In lieu of standard income documentation, an electronic verification of employment from the WorkNumber or TruWork can be used as standalone income documentation.

### **Section 8a.5 (9a) SmartEdge**

**Removed:**

- Most recent two (2) years' W-2s for corporation; and
- After April 18, a copy of the filed extension with evidence of any tax payments made, in addition to W-2 for corporations, 1099 forms for commission.

### **Section 8A.7 (b)(i) Eligible and Ineligible Assets Unacceptable sources of Income**

**Added to Ineligible Assets**

- Annuity
- Cash Value of Life Insurance

### **Section 8A.8 Unacceptable sources of Income**

**Added new bullet:**

- Self-employment from a Non-Profit 501(c)(3)- SmartSelf

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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](http://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](#).