

Newrez Announcements



Announcement 2025-034

Underwriting Guideline Updates – Conforming Loans

May 22, 2025

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 May 22, 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.

Agency Announcements

Unless otherwise noted, underwriting guidelines below are effective immediately and the Newrez Underwriting Guide reflects these changes with the May 22, 2025 release.

Fannie Mae [SEL-2025-03](#) and Freddie Mac Bulletin [2025-6](#)

Fannie Mae and Freddie Mac have collaborated to update their policies on interested party contributions (IPCs) and lender incentives.

IPCs

- Clearer definitions of IPCs
- A new list of items that are not subject to maximum financing concessions (formerly IPC limits)
- Clarified a realtor rebate, not applied to the transaction (for example, not used towards closing costs), must be treated as a sales concession, regardless of when the rebate is provided

Lender Incentives

- Clarified arrangements subject to the lender incentive policy include cash, cash-like gifts, or items of value which may be provided directly by a lender to a borrower or through a third-party on behalf of the lender.
- Revised the requirements that when a lender who is, or is affiliated with, an interested party, provides an incentive, it must be treated as a sales concession.
- Note, the limit on lender incentives has also been increased from \$500 to \$2,500.

Complete guidelines can be found in the Conventional Underwriting Guide, Chapter 1G Assets, 1G.5 Interested Party Contributions in sections:

- 1G.5 (a) Interested Parties
- 1G.5 (b) Maximum Allowable Interested Party Contributions
- 1G.5 (c) Financing Concessions
- 1G.5 (d) Sales Concessions
- 1G.5 (e) Interested Party Contributions (IPC) Exclusions
- 1G.5 (f) Undisclosed Interested Party Contributions
- 1G.5(g) Temporary Interest Rate Buydowns
- 1G.5 (h) Payment Abatement
- 1G.5 (j) Lender Incentives

Freddie Mac Bulletin [2025-6](#)

Age of Documents

Maximum age of documents for Pension Income do not apply when 1099 is used to document current receipt of pension and verify income type and source.

Complete guidelines can be found in the Conventional Underwriting Guide, in the following chapters:

- Chapter 1I, Employment and Income, 1I.13 (z)(i) Retirement, Annuity and Pension Income

Base Non-Fluctuating Earnings Type Updates

The following updates have been made related to non-exempt (hourly) earnings:

- Minor fluctuations in hours: language updated to add specificity to the intent of the existing requirements. Minor variations in base hours on paystubs (e.g., borrower clocked out a few minutes early) are acceptable and may be treated as base non-fluctuating earnings when the variation is no more than an hour per week. Minor variations do not automatically render the base earnings as fluctuating if the historical earnings support the level of pay.
- Minimum required hours exception for primary employment: Added requirements for

borrowers with base earnings that fluctuate but have a position with a minimum number of required hours. The earnings may be considered non-fluctuating, and the minimum required hours are acceptable to use for gross pay if the following requirements are met:

- Must obtain written documentation from the employer confirming the minimum required hours (i.e., written verification of employment, offer letter or equivalent documentation).
- The documented minimum required hours must be supported by year-to-date (YTD) income and prior year, as applicable.

Only the minimum required hours may be considered non-fluctuating. The requirements for fluctuating employment earnings apply to any additional hours used to qualify the Borrower.

Base Fluctuating Hourly Employment Earnings – Calculation Method Updates

- Specified that the base fluctuating hourly earnings must be averaged over the most recent year(s) and YTD income, with examples.
- Added exception language for when an average may be used based on less than the most recent year(s) and YTD income, with examples.

Excluding Time Periods Based on a Specific Event Unlikely to Recur

Added specificity to requirements that permit calculation to be based on a shorter number of months (no less than 12 months combined) in certain instances for base fluctuating hourly earnings and bonus, overtime, commission and tip earnings. In addition, an example has been added.

Complete guidelines can be found in the Conventional Underwriting Guide, Chapter 11, Employment and Income, 11.3 (b)(vi) Base non-fluctuating employment earnings – Primary and Secondary – LPA Transactions

Newrez Underwriting Guide Updates

Conventional Updates

Chapter 1B Transaction Types

Clarified Ineligible Transactions for a Cash Out Refinance includes loans closed using a Power of Attorney for DU/Fannie Mae transactions.

Use of a Power of Attorney is permitted for LPA/Freddie Mac cash out refinance transactions.

Complete guidelines can be found in the Conventional Underwriting Guide, Chapter 1B, Transaction Types, 1B.3 (c) Ineligible Transactions

Chapter 1E Conforming Underwriting

DU Resubmission Policy: For Increases to debt, decrease to income or interest rate increase, resubmit if the result of these changes causes the DTI ratio to:

- Now exceeds 45%, or
- Increase by 3% or more (if the recalculated DTI ratio is 50% or less)

Complete guidelines can be found in the Conventional Underwriting Guide, Chapter 1E, Underwriting, 1E. Desktop Underwriter Data and Delivery Information Accuracy

Chapter 1G Assets

Clarification removed for Fannie Mae (DU) transactions stating a cash flow analysis is not required for self-employed borrowers if the income is not being used to qualify.

Complete guidelines can be found in the Conventional Underwriting Guide, Chapter 1G, Assets, 1G.3(d) Business Assets

Prior Agency Announcements

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

- n/a

Product Profile Releases and Overlay Matrix Updates

- **Product Profiles Releases –n/a**
- **Overlay Matrix Update – n/a**

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/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](#).