

Newrez Announcements



Announcement 2025-037

SmartSeries Summary and Underwriting Guide Updates

May 30, 2025

Newrez LLC "Newrez" Approved Correspondent Clients; effective with new applications on or after May 30, 2025, including existing pipeline loans. The SmartEdge, SmartSelf and SmartVest Summaries and the SmartSeries Underwriting Guide have been updated with the following:

Current Policy	New Policy
SmartEdge	
Eligibility Matrix Primary Residence: Purchase and Rate & Term Refinance <ul style="list-style-type: none">Max. Loan Amount<ul style="list-style-type: none">\$3,000,000 / 740 FICO / 75% LTVMinimum FICO Scores:660 Cash Out <ul style="list-style-type: none">Minimum FICO Scores:660 Second Home: Purchase and Rate & Term Refinance <ul style="list-style-type: none">Max. Loan Amount<ul style="list-style-type: none">\$2,000,000 / 740 FICO / 80% LTVMinimum FICO Scores:660	Eligibility Matrix Primary Residence: Purchase and Rate & Term Refinance <ul style="list-style-type: none">New Max Loan Amount<ul style="list-style-type: none">\$3,500,000 / 740 FICO / 70% LTVMinimum FICO Scores:640 Cash Out <ul style="list-style-type: none">Minimum FICO Scores:640 Second Home: Purchase and Rate & Term Refinance <ul style="list-style-type: none">Max. Loan Amount<ul style="list-style-type: none">\$2,500,000 / 740 FICO / 75% LTVMinimum FICO Scores:640

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<p>Cash Out</p> <ul style="list-style-type: none"> Minimum FICO Scores:680 <p>Investment:</p> <p>Purchase and Rate & Term Refinance</p> <ul style="list-style-type: none"> Max. Loan Amount <ul style="list-style-type: none"> \$2,000,000 / 740 FICO / 70% LTV Minimum FICO Scores:660 <p>Cash Out</p> <ul style="list-style-type: none"> Minimum FICO Scores:680 <p>Condotels:</p> <ul style="list-style-type: none"> Cash out Refi: Maximum 75% LTV/CLTV or the maximum based on loan amount <p>Ineligible Property Types:</p> <ul style="list-style-type: none"> Co-ops – Investment Properties Factory built homes Manufactured housing More than 20 acres Properties with a C5 and C6 condition rating <p>Unique properties (e.g., log homes, berm homes, dome homes)</p>	<p>Cash Out</p> <ul style="list-style-type: none"> Minimum FICO Scores:660 <p>Investment:</p> <p>Purchase and Rate & Term Refinance</p> <ul style="list-style-type: none"> Max. Loan Amount <ul style="list-style-type: none"> \$2,500,000 / 740 FICO / 65% LTV Minimum FICO Scores:640 <p>Cash Out</p> <ul style="list-style-type: none"> Minimum FICO Scores:660 <p>Condotels:</p> <ul style="list-style-type: none"> Maximum LTV/CLTV is the lesser of 75% or the maximum LTV/CLTV based on loan amount and FICO on a Cash Out Refinance <p>Ineligible Property Types:</p> <p>Moved the complete list of ineligible property types from the Underwriting Guide to the Product Summary</p>
SmartSelf	
<p>Eligibility Matrix</p> <p>Primary Residence:</p> <p>Purchase and Rate & Term Refinance</p>	<p>Eligibility Matrix</p> <p>Primary Residence:</p> <p>Purchase and Rate & Term Refinance</p>

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<ul style="list-style-type: none"> • Max. Loan Amount <ul style="list-style-type: none"> ○ \$3,000,000 / 740 FICO / 75% LTV • Minimum FICO Scores:660 <p>Cash Out</p> <ul style="list-style-type: none"> • Minimum FICO Scores:660 <p>Second Home:</p> <p>Purchase and Rate & Term Refinance</p> <ul style="list-style-type: none"> • Max. Loan Amount <ul style="list-style-type: none"> ○ \$2,000,000 / 740 FICO / 80% LTV • Minimum FICO Scores:660 <p>Cash Out</p> <ul style="list-style-type: none"> • Minimum FICO Scores:680 <p>Investment:</p> <p>Purchase and Rate & Term Refinance</p> <ul style="list-style-type: none"> • Max. Loan Amount <ul style="list-style-type: none"> ○ \$2,000,000 / 740 FICO / 70% LTV • Minimum FICO Scores:660 <p>Cash Out</p> <ul style="list-style-type: none"> • Minimum FICO Scores:680 <p>Condotels:</p> <ul style="list-style-type: none"> • Cash out Refi: Maximum 75% LTV/CLTV or the maximum based on loan amount 	<ul style="list-style-type: none"> • New Max Loan Amount <ul style="list-style-type: none"> ○ \$3,500,000 / 740 FICO / 70% LTV • Minimum FICO Scores:640 <p>Cash Out</p> <ul style="list-style-type: none"> • Minimum FICO Scores:640 <p>Second Home:</p> <p>Purchase and Rate & Term Refinance</p> <ul style="list-style-type: none"> • Max. Loan Amount <ul style="list-style-type: none"> ○ \$2,500,000 / 740 FICO / 75% LTV • Minimum FICO Scores:640 <p>Cash Out</p> <ul style="list-style-type: none"> • Minimum FICO Scores:660 <p>Investment:</p> <p>Purchase and Rate & Term Refinance</p> <ul style="list-style-type: none"> • Max. Loan Amount <ul style="list-style-type: none"> ○ \$2,500,000 / 740 FICO / 65% LTV • Minimum FICO Scores:640 <p>Cash Out</p> <ul style="list-style-type: none"> • Minimum FICO Scores:660 <p>Condotels:</p> <ul style="list-style-type: none"> • Maximum LTV/CLTV is the lesser of 75% or the maximum LTV/CLTV based on loan amount and FICO on a Cash Out Refinance
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<p>Ineligible Property Types:</p> <ul style="list-style-type: none"> • Co-ops – Investment Properties • Manufactured housing • More than 20 acres • Properties with a C5 and C6 condition rating <p>Unique properties (e.g., log homes, berm homes, dome homes)</p>	<p>Ineligible Property Types:</p> <p>Moved the complete list of ineligible property types from the Underwriting Guide to the Product Summary</p>
<p align="center">SmartVest</p>	
<p>Current Eligibility Matrix:</p> <p>No reference to DSCR Score</p>	<p>Updated Matrix:</p> <p>Existing Matrix Updated to reference: DSCR ≥1.00</p> <p>New Matrix created for DSCR ≥.50 and < 1.00</p> <p>Minimum FICO 720 LTV/CLTV Reduced by 10%</p> <p>Refer to Product Summaries for more details.</p>

Debt Service Coverage Ratio (DSCR):	Debt Service Coverage Ratio (DSCR):
Minimum Debt Service Coverage Ratio Requirement	Minimum Debt Service Coverage Ratio Requirement
<ul style="list-style-type: none"> • DSCR Purchase and Rate and Term Refi= 1.0 <ul style="list-style-type: none"> ◦ DSCR .80 permitted with: <ul style="list-style-type: none"> ▪ Credit score 720 ▪ Max 70% LTV ▪ Additional six months reserves ▪ 0x30 on all mortgages in the most recent 24/mo. • DSCR Cash out Refi = 1.15 • DSCR First Time Investor = 1.15 • DSCR Condotel DSCR = 1.15 	<ul style="list-style-type: none"> • DSCR Purchase, Rate and Term Refinance and Cash Out Refinance = .50
<p>DSCR Example One - Loan Qualifies</p> <p>Gross Rent from Subject Property = \$2,000</p> <p>PITIA (Fully Amortized products) = \$1,500</p> <p>ITIA (Interest only products) = \$1,500</p> <p>$\\$2,000 \div \\$1,500 = 1.33$ DSCR</p> <p>Loan qualifies: 1.33 DSCR exceeds minimum 1.0 requirement</p> <p>Example Two - Loan Does Not Qualify</p> <p>Gross Rent from Subject Property = \$2,000</p> <p>PITIA (Fully Amortized products) = \$3,000</p> <p>ITIA (Interest Only products) = \$3,000</p> <p>$\\$2,000 \div \\$3,000 = .67$ DSCR</p> <p>Loan does not qualify: DSCR of .67 is less than minimum 1.0 requirement</p>	

Documentation: Refinance

Refinance

- The most recent lease agreement and *Single-Family Comparable Rent Schedule* ([Form 1007/1000](#)) is required to determine the monthly rent. An expired lease agreement that states that the lease becomes a month-to-month lease is permitted with proof of most recent month's rental payment to the borrower.
- If the lease agreement reflects market rents greater than those shown on *Single Family Comparable Rent Schedule* ([Form 1007/1000](#));
 - If the lease is within a 10% variance from the *Single-Family Comparable Rent Schedule* ([Form 1007/1000](#)) use the rental income amount on the lease;
 - If the lease is > 10% variance, use the rental income shown on the *Single-Family Comparable Rent Schedule* ([Form 1007/1000](#))
- If the refinance transaction is a payoff of a construction to permanent loan, the subject transaction can apply the purchase guidelines, utilizing the 1007/1000 when there is no current lease agreement, if the Certificate of Occupancy was issued within ninety (90) calendar days of the application date and the appraisal supports the subject property as new construction.

Documentation: Refinance

Refinance

- The most recent lease agreement and *Single-Family Comparable Rent Schedule* ([Form 1007/1000](#)) is required to determine the monthly rent. An expired lease agreement that states that the lease becomes a month-to-month lease is permitted with proof of most recent month's rental payment to the borrower.
- If the lease agreement reflects market rents greater than those shown on *Single Family Comparable Rent Schedule* ([Form 1007/1000](#));
 - If the lease is within a 10% variance from the *Single-Family Comparable Rent Schedule* ([Form 1007/1000](#)) use the rental income amount on the lease;
 - If the lease is > 10% variance, use the rental income shown on the *Single-Family Comparable Rent Schedule* ([Form 1007/1000](#))

	<ul style="list-style-type: none"> • If there is no active lease agreement in place, utilize 75% of the market rent shown on the <i>Single-Family Comparable Rent Schedule (Form 1007/1000)</i>. <ul style="list-style-type: none"> ○ Provide letter of explanation why the subject property is not currently rented. The reason for not having an active lease in place must make sense and be supported by file evidence, i.e., the lease just ended, and a new tenant/lease has not been executed, or the home was recently under renovation and is now ready to be leased.
Multiple Mortgages to the Same Borrower: <ul style="list-style-type: none"> • Borrower may own an unlimited number of financed properties • Maximum Financing with Newrez <ul style="list-style-type: none"> ○ Borrower limited to eight loans with Newrez not to exceed \$3,000,000 in aggregate <ul style="list-style-type: none"> ▪ Maximum 10% of properties in a PUD or condo project may have financing with Newrez ▪ Projects ≤ 10 total units; borrower may finance one unit with Newrez ▪ Company financing limited to a maximum concentration of 20% in any Florida condo project (per project not per borrower) • All real estate owned, along with any associated lien(s) must be disclosed on the application with the full PITIA 	Multiple Mortgage to the Same Borrower: <ul style="list-style-type: none"> • Borrower may own an unlimited number of financed properties • Maximum Financing with Newrez <ul style="list-style-type: none"> ○ Borrower limited to eight loans with Newrez not to exceed \$3,000,000 in aggregate <ul style="list-style-type: none"> ▪ Maximum 20% of properties in a condo project may have financing with Newrez ▪ Projects ≤ 10 total units; borrower may finance one unit with Newrez ▪ Company financing limited to a maximum concentration of 10% in any Florida condo project (per project not per borrower) • All real estate owned, along with any associated lien(s) must be disclosed on the application

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<ul style="list-style-type: none"> ○ No other liabilities are required to be on the 1003 (URLA) <p>New multiple loans must be underwritten simultaneously</p>	<ul style="list-style-type: none"> ○ No other liabilities are required to be on the 1003 (URLA) <p>New multiple loans must be underwritten simultaneously</p>
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<p>Ineligible Property Types:</p> <ul style="list-style-type: none"> • Co-ops • Factory built homes • Leasehold Estate Condo Projects • Manufactured housing • Mixed-use • More than 20 acres • Properties with a C5 and C6 condition rating <p>Unique properties (e.g., log homes, berm homes, dome homes)</p>	<p>Ineligible Property Types:</p> <p>Moved complete list from the Underwriting Guide to the Product Summary</p>
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Smart Series Underwriting Guidelines - Current	Smart Series Underwriting Guidelines - Updated
<p>1A.5 Vesting Options</p> <ul style="list-style-type: none"> • The loan may vest in the name of an individual or Limited Liability Company (LLC). <ul style="list-style-type: none"> ○ An LLC is permitted for investment properties only. • The loan application must reflect vesting in the name of the LLC. • All owners of the borrowing business entity (LLC) must: <ul style="list-style-type: none"> ○ Be listed as borrowers on the transaction ○ Be natural persons ○ Sign the closing documents • Transaction is limited to no more than four (4) borrowers • The following documentation must be provided: <ul style="list-style-type: none"> ○ Verify the borrower's ownership percentage and length of ownership with one of the following: <ul style="list-style-type: none"> ▪ Letter from a CPA or licensed tax preparer (with PTIN), or ▪ Business formation document filed with the applicable state <u>and</u> one of the following additional documents which must verify the borrower's ownership percentage: <ul style="list-style-type: none"> ○ Operating agreement, or 	<p>1A.5 Vesting Options</p> <p>SmartEdge & SmartSelf:</p> <ul style="list-style-type: none"> • Must vest in the name of the individual(s) • Vesting in a company is not permitted, (Corporations, LLCs, Partnerships, and S-Corporations). <p>SmartVest:</p> <ul style="list-style-type: none"> • Vesting in the name of an LLC is permitted, except for Foreign Nationals • The loan application must reflect the appropriate vesting • Borrowers on the application must represent no less than 51% ownership of the business entity. All borrowers making up the 51%+ ownership of the business entity must be listed as borrowers on the transaction. • All owners of the borrowing business entity must be natural persons • Provide a full recourse guarantee by one or more individual(s) and the managing member, if applicable, which are the largest percentage owners and in aggregate own at least 51% of the borrowing entity. • The guarantor(s) on the loan application must be a managing member(s) with

<ul style="list-style-type: none"> ○ IRS EIN letter confirming the borrower as sole owner/member, or ○ membership interests verifying the number of membership units owned by the borrower <u>and</u> documentation confirming the total membership units. 	<p>documented authority to sign on behalf of the entity which includes joint and several liability as to the debt obligation of the borrowing entity.</p> <ul style="list-style-type: none"> • Loan must be disclosed to all borrowers and the borrowing business entity • All owners, that are borrowers, of the borrowing business entity must sign the closing documents • Transaction is limited to no more than four (4) borrowers and the borrowing business entity (for a max total of 5 applicants) • The following documentation must be provided: <ul style="list-style-type: none"> ○ Business formation document filed with the applicable state. ○ Verification of the LLC's Federal Employer Identification Number (EIN) using one of the following sources: <ul style="list-style-type: none"> ▪ EIN verification letter issued by the IRS, or ▪ Completed IRS form W-9 (Request for Taxpayer Identification Number and Certification) ○ Verification of the borrower's ownership percentage with one of the following: <ul style="list-style-type: none"> ▪ Letter from CPA or licensed tax preparer (with PTIN), or ▪ Operating Agreement, or ▪ EIN verification letter issued by the IRS confirming the borrower as sole owner/member
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	<ul style="list-style-type: none"> ○ Verification that the LLC is in good standing with the applicable state registration. <p>Vesting is only permitted to be in the name of an LLC, regardless of how the LLC files with the IRS (Corporation, Partnership, and S-Corporations). Vesting in the name of a Corporation, Partnership, and S-Corporations are not permitted.</p>
2A.3 Cash Out Refinance Mortgage <ul style="list-style-type: none"> • One (1) borrower must have held title to the subject property for at least six (6) months preceding the Note date of the new loan, with the following exceptions: <ul style="list-style-type: none"> ○ There is no waiting period with documentation and verification that the borrower was legally awarded the property (divorce, separation, dissolution of a domestic partnership) or acquired the property through an inheritance. (Refer to 2A.4 Refinances to Buy Out an Owner's Interest) 	2A.3 Cash Out Refinance Mortgage <ul style="list-style-type: none"> • One (1) borrower must have held title to the subject property for at least six (6) months preceding the Note date of the new loan, with the following exceptions: <ul style="list-style-type: none"> ○ There is no waiting period with documentation and verification that the borrower was legally awarded the property (divorce, separation, dissolution of a domestic partnership) or acquired the property through an inheritance.
4A.1(h) ADU <p>All of the following must be met:</p> <ul style="list-style-type: none"> • The property is one-unit; 	4A.1(h) ADU <p>All of the following must be met:</p> <ul style="list-style-type: none"> • The property is one-unit;

<ul style="list-style-type: none"> • There is only one ADU on the subject property; • The ADU must be subordinate in size to the primary dwelling and contribute less to the value of the primary dwelling; • Subject property is typical, common, and readily acceptable in the subject property's market area; • Subject property must conform to all zoning laws and/or regulations; • Rental income from the ADU may not be used for loan qualification; • Legal non-conforming use may be acceptable provided the subject property's current use does not adversely affect value and marketability; • The borrower qualifies without considering any rental income from the ADU; and • The existence of the unit must not jeopardize any future property insurance claims. 	<ul style="list-style-type: none"> • There is only one ADU on the subject property; • The ADU must be subordinate in size to the primary dwelling and contribute less to the value of the primary dwelling; • Subject property is typical, common, and readily acceptable in the subject property's market area; • Subject property must conform to all zoning laws and/or regulations; • Legal non-conforming use may be acceptable provided the subject property's current use does not adversely affect value and marketability; and • The existence of the unit must not jeopardize any future property insurance claims. <p>In addition to the above, the following must be met when using rental income from an Accessory Dwelling Unit (ADU):</p> <ul style="list-style-type: none"> • Rental income from an ADU may only be used for long-term rental; • Appraisal must include at least one comparable with an ADU; and • Form 1007/1000 must include at least one rental comparable with an ADU receiving long-term rental income.
<p>5A.8 Re-established Credit</p> <p>A borrower with a significant derogatory credit event or other isolated lapse in</p>	<p>5A.8 Re-established Credit</p> <p>A borrower with a significant derogatory credit event or other isolated lapse in</p>

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<p>their credit performance should evidence that they have re-established their credit history.</p> <ul style="list-style-type: none"> • Late payments on accounts following a credit event should be evaluated to determine a borrower's willingness to repay their obligations; • A written explanation from the borrower(s) is required to explain the cause and significance of the derogatory information. Additional documentation to support the significant derogatory credit event's cause or completion may be required; • Multiple delinquencies on accounts including collections or charge-offs may require additional explanations, documentation, or may result in ineligibility for the program; and • No new public records, judgments, etc., since the event occurred are permitted. 	<p>their credit performance should evidence that they have re-established their credit history.</p> <ul style="list-style-type: none"> • Late payments on accounts following a credit event should be evaluated to determine a borrower's willingness to repay their obligations; • A written explanation from the borrower(s) is required to explain the cause and significance of the derogatory information within the most recent four (4) years. Additional documentation to support the significant derogatory credit event's cause or completion may be required; • Multiple delinquencies on accounts including collections or charge-offs may require additional explanations, documentation, or may result in ineligibility for the program; and • No new public records, judgments, etc., since the event occurred are permitted.
<p>8A.1(g) Allowable Age of Income Tax Returns</p> <p>2024 Dates are reflected in the examples</p>	<p>8A.1(g) Allowable Age of Income Tax Returns</p> <p>Updated all example dates to the current 2025 dates</p>
<p>8A.7(k) Nontaxable Income (SmartEdge)</p> <p>Nontaxable income must be shown on</p>	<p>8A.7(k) Nontaxable Income (SmartEdge)</p>

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<p>the tax returns as nontaxable in order to be grossed up. This income will be grossed up by the amount of the tax rate for the borrower's last year's income tax, unless the borrower was not required to file an individual income tax return, then use 25%. Non-taxable income may include but is not limited to:</p> <ul style="list-style-type: none"> • Aid to dependent children (ADC)/foster care • Child support • Disability income • Federal Employees Compensation Act Benefits • Military allotment (food and housing) • Municipal bond interest • Public assistance • Social Security income • VA benefits (VA education benefits may not be used as qualifying income) • Worker's compensation 	<p>See Fannie Mae B3-3.1-01, General Income Information for requirements, Using Nontaxable Income to Adjust the Borrower's Gross Income.</p>
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<p>8A.7(u) Trust Income</p> <p>Income from trusts may be used if the trust is non-revocable and constant payments will continue for at least three (3) years.</p> <p>All of the following is required:</p> <ul style="list-style-type: none"> • Copy of the fully executed trust agreement or trustee's statement specifying the amount, frequency, and duration of payments; and • Evidence of a minimum of three (3) month history of receipt of trust income documented with bank statements or equivalent. <p>Trust account funds may be used for the required cash investment if the borrower provides documentation that the withdrawal of funds will not negatively affect income. The funds must be verified by a copy of the check or the trustee's letter that shows the distribution amount.</p>	<p>8A.7(u) Trust Income</p> <p>See Fannie Mae B3-3.1-09, Other Sources of Income for requirements, Trust Income and</p> <p>See Section 6A.4(s) Trust Funds for requirements if also using the Trust Funds as an asset.</p>
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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

Newrez Operations 877-700-4622

Newrez Registration Desk/NT Desks 866-396-4622

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](#).