

Newrez Announcements



Announcement 2024-041 Underwriting Guideline Updates – Conforming Loans June 27, 2024

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 effective June 27, 2024.
- 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

Freddie Mac Bulletin [2024-7](#) and Fannie Mae [SEL 2024-04](#) were both released on June 5, 2024 and Newrez is aligning with the following topics below.

Builder Forward Commitments

Both agencies identified fees paid by a builder to a lender for a forward commitment prior to entering into a sales contact with a borrower, are not subject to interested party contribution limits.

- For loan delivery using a reduced interest rate, Fannie Mae requires SFC887 be used.
- Freddie Mac will require ULDD, Sort ID 368 with value J70 will be required for loans delivered on or after September 4, 2024.

Complete guidelines can be found in the Newrez Underwriting Guide, Chapter 1G Assets, 1G.5 (a) Financing Concessions

Freddie Mac Bulletin [2024-7](#)

Freddie Mac announced updates to the following:

Warranty Completion Reports

The following alternative requirements are available to verify completion of a property:

Virtual technology may be used by Appraisers to visually inspect and confirm completion of new or proposed construction or required repairs on existing properties versus an on-site inspection.

Freddie Mac has updated Guide [Form 400](#), Warranty of Completion of Construction or Repairs/Alterations, or other substantially similar form for borrowers use to confirm completion of the following with supporting documentation:

- Construction
- Repairs for appraisal reports and
- Repairs for PDR (Property Data Reports)

Complete guidelines can be found in the Newrez Underwriting Guide, Chapter 1J, Appraisal Requirements, 1J.4(a) List of Appraisal Report Forms

Flood Insurance Premiums

The monthly housing expense ratio must include Flood insurance premiums plus all fees and surcharges, when flood insurance is required. When the flood insurance policy on the subject property identifies a full risk premium and a discounted premium, the full risk premium plus any fees and surcharges must be used for qualification.

Complete guidelines can be found in the Newrez Underwriting Guide, Chapter 1H, Liabilities and Debt Ratios, 1H.1 Monthly Housing Expense

Mortgage Insurance (Lender– Paid and Custom)

Freddie Mac has removed the following mortgage insurance restriction:

- Lender paid mortgage insurance option used in conjunction with super conforming Mortgages.
- Custom mortgage insurance option used in conjunction with super conforming Mortgages. Custom mortgage insurance is not eligible for Newrez and remains an overlay.

Community Land Trust Certified Shared Equity Program List

Newrez does not permit Shared Equity

Fannie Mae Announcement [SEL 2024-04](#)

Fannie Mae announced updates to the following:

Closing Costs Definition

Definition has been updated to include amounts paid are part of closing or on the Closing Disclosure. These generally include loan related amounts, such as:

- Origination fees
- Discount Points
- Title Exam
- Lender's title insurance
- Appraisal fees
- Prepaid items such as taxes and insurance escrow payments
- Owner's Title Insurance
- Rea Estate agent commissions
- Inspections
- Transfer fees

Complete guides can be found in the Newrez Underwriting Guide, Glossary

HomeReady Housing Counseling LLPA Credit

Borrowers who complete housing counseling may be eligible for a \$500 loan level price adjustment (LLPA) credit when SFC 184 is identified for loan delivery. The following updates are in effect to be eligible for the LLPA credit:

- Timeframe expanded for borrower(s) to complete housing counseling within 12 months prior to loan closing and ,
- Requiring the housing counseling information to be submitted to DU.

The Certificate of Completion of Housing Counseling (Form 1017) has been retired. Lender/Client must retain a copy of the Homeownership completion course certificate in loan file and delivery with SFC 184.

Note:

- DU will be updated the weekend of July 20th to provide messaging with the housing counseling information when the data associated with the housing counseling portion of the Supplemental Consumer Information Form (Form 1103) has been provided
- Loan Delivery will issue new edits based on delivery of SFC 184

Shared Equity Amendment - Form 2200

- This form has been eliminated and removed from Selling Guide.
 - Newrez does not offer Shared Equity
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Newrez Underwriting Guide Updates

Conventional Updates

Chapter 1H Liabilities and Debts

- Created new section titled Agriculture Exemptions.
- Clarification added for TX50(a)6 loans with Agricultural exemptions, outstanding roll back taxes must be calculated and included in DTI

Complete guidelines can be found in the Conventional Underwriting Guide, Ch 1H Liabilities and Debt Ratios, 1H.4 Monthly Obligations

Chapter 1I Employment and Income

Modified content for Calculating monthly qualifying rental income or loss to mirror Fannie Mae Selling Guide, B3-3.5-2.

Complete guidelines can be found in the Conventional Underwriting Guide, Ch 1I Employment and Income, 1I.11(d) Calculating Monthly Qualifying Rental Income or Loss

Chapter 1J Appraisal Requirements

Corrected section title to reflect Layout and Floor Plans.

Complete guidelines can be found in the Conventional Underwriting Guide, Ch 1J Appraisal Requirements, 1J.7(I)(vi) Layout and Floor Plans.

Prior Agency Announcements

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

- n/a
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Product Profile Releases and Overlay Matrix Updates

Product Profiles Releases

- ARM Plan Codes added to Conventional Summaries
- Appraisal Section: Kansas update that Kansas requirements do not apply to Supervised Lenders such as Banks and Credit Unions
- HomeReady-Home Ownership Education/Counseling -Expanded housing counseling within 12 months prior to loan closing and remove requirement for (Form 1017)

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.

[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](#).