

Newrez Announcements



Announcement 2024-046 Underwriting Guideline Updates – Conforming Loans

July 30, 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 July 30, 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 [2024-9](#) was released on July 3, 2024 and Newrez is aligning with the following topics below.

Rental Income

Source of Rental income for Investment Properties to show:

Subject Investment Property Purchase Transaction:

- Permitting the use of rental income when the Borrower **rents** their Primary Residence if their rental payment is documented. Previously, rental income could only be used to qualify when the borrower **owned** their primary residence.
- Changing the requirement that all Borrowers on the subject transaction must own their own home, to apply to at least one borrower must own or rent when multiple borrowers share their primary residence. Previously, all borrowers on the subject transaction were required to own their primary residence, regardless of whether they resided together.

Subject Investment Property Purchase Transaction or Primary Residence being converted:

- Permitting the full amount of the rental income to be used to qualify as long as if at least one borrower has a minimum of one year of investment property management experience. Previously, all borrowers were required to have the one-year investment property management experience.

Property Owned as a rental property during the entire prior calendar year:

- Permitting the following exception to the requirement to annualize (divide by 12) the net income or loss reported on the schedule E to the qualifying income may be based on the number of days in service on Schedule E provided the property was out of service for any time period during the prior year and the file contains documentation of an event such as a renovation and supported by a reduced number of days in use and repair costs on schedule E.

Property purchased or converted to a rental property later in the prior calendar year:

- The qualifying income may be based on the number of days in service on the schedule E provided the property was out of service for a period of time after the purchase or conversion and the file contains documentation of an event such as a renovation and supported by a reduced number of days in use and repair costs on schedule E. Previously the net income or loss reported on schedule E was required to be annualized.

Complete guidelines can be found in the Newrez Underwriting Guide, Chapter 11 Employment and Income in the following sections:

- 11.12 Rental Income – Freddie Mac LPA
- 11.12 e Calculating Monthly Qualifying Rental Income or Loss

Condominium and Cooperative Project Ownership Common Elements

Guidelines have been updated to allow Condominium Projects and Cooperatives to share amenities with other residential projects. View link [Condo Projects](#) of Freddie Mac Guide titled: Eligible Condominiums with Shared Amenities (h)

Complete guidelines can be found in the Newrez Underwriting Guide, Chapter 1D, Property Types. 1D.1(d) Condominiums, Freddie Mac

Newrez Underwriting Guide Updates

Conventional Updates

Chapter 1B Transaction Types

Modified section title to show Fannie Mae DU for Student Loan Cash Out Refinance information for specific section and in Table of Contents

Complete guidelines can be found in the Conventional Underwriting Guide, Ch 1B Transaction Types, 1B.4 Student Loan Cash Out Refinance (Fannie Mae DU)

Chapter 1I Employment and Income

Modified Re-entering the Workforce requirements and removed sentence: Documentation must be provided to support a two-year work history prior to the extended absence from the workforce

Complete guidelines can be found in the Conventional Underwriting Guide, Ch 1I Employment and Income, 1I.3(a) History of Receipt

Policy Updates

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

- n/a
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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

- West Virginia Maximum DTI 50% restriction has been removed from all product summaries
- Conforming Product Summary- Types of Financing Section has been updated to reference section of the Guide to find complete details for Student Loan Cash-out and Buy-out of an Owner's Interest

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/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](#).