

# Newrez Announcements



## **Announcement 2024-054 Underwriting Guideline Updates – Government**

**August 29, 2024**

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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 August 29, 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.*

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## Agency Announcements

### USDA Lending Program: Manual Underwrite Debt Ratio Enhancement

The Single-Family Housing Guaranteed Loan Program (SFHGLP) has enhanced the debt ratio for manual underwrite (non-GUS accept loans) Effective for all loans submitted to USDA on or after August 5, 2024. The below changes have been made:

- Increased the maximum PITIA ratio (front end housing ratio) from 29% to 34%.
  - Waivers are not permitted to increase the PITIA ratio above 34% for purchase transactions.
  - Additional compensating factors have been added which may be considered to support approval of a manual debt ratio waiver. See the product summaries for complete details.
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## Newrez Underwriting Guide Updates

### Employment and Income

- Updated Unacceptable Sources of Income to remove parenthesis (except Employment Related Assets as Qualifying Income) from Use of Assets as income.

Complete Guideline can be found in VA Underwriting Guide, Ch. 2I, Employment and Income, 2I.7 Unacceptable Sources of Income.

## Eligibility

- Updated Borrower Eligibility, Non-Permanent Resident Alien to correct the word employee to employer
  - The borrower is eligible to work in the U.S. evidenced by either:
    - an acceptable Employment Authorization Document (Form I-766/EAD) showing that work authorization status is current,
    - a USCIS Form I-94, Arrival/Departure Record, evidencing H-1B status and evidence of employment by the authorized H-1B employer for a minimum of one year
    - or one (1) of the acceptable alternatives to work authorization status.

Complete Guideline can be found in VA Underwriting Guide, Ch. 2A, Eligibility, 2A.12 (c) Non-Permanent Resident.

## Assets

Added an additional documentation option for Sale of Real Estate

- Final Seller's ALTA Settlement Statement fully executed

Complete Guideline can be found in VA Underwriting Guide, Ch. 2G, Assets, 2G.4 (s) Sale of Real Estate.

## VA Assets

Added an additional documentation option for Sale of Real Estate

- Final Seller's ALTA Settlement Statement fully executed

Complete Guideline can be found in VA Underwriting Guide, Ch. 3G, Assets, 3G.3 (e)(ii) Sale of Real Estate.

## USDA Assets

Added an additional documentation option for Sale of Real Estate

- Final Seller's ALTA Settlement Statement fully executed

Complete Guidelines can be found in USDA Underwriting Guide, Ch. 4G Assets, 4G.3 (s) Sale of Real Estate.

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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 Profile Releases

USDA

- Increased the maximum PITIA ratio (front end housing ratio) from 29% to 34%.
- Waivers are not permitted to increase the PITIA ratio above 34% for purchase transactions.
- Additional compensating factors have been added which may be considered to support approval of a manual debt ratio waiver. See the product summaries for complete details.

#### Overlay Matrix Updates

- 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](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](#).