Newrez Announcements

Announcement 2026-054
Medical Professional Program Updates
July 15, 2026

Newrez LLC "Newrez" Approved Correspondent Clients, please see the updates listed below for the Medical Professional program.

Effective with pipeline and new applications as of July 15, 2026.

The following new sections were added to the guide:

- Multiple Financed Properties
    - Borrowers may own a total of 4 financed 1-4 unit residential properties, including the subject property
    - An additional 3 months reserves is required for each financed property
- Eligible Borrowers – clarified eligible borrower requirements
- Eligible Properties – clarified eligible property types

The following guidelines have been updated:

- Corrected the requirements that apply to transactions with LTV's ≥ 90.01%, previously it stated greater than.
- HPML and HPCT QM Rebuttable. HPCT 5/6 ARM is the exception and is permitted.
- Form 8821 is now permitted in addition to 4506-C
- Credit – Updated VOR to permit borrowers living rent-free with family to accept an LOE in lieu of obtaining a VOR to verify payment history

- Liabilities – Student Loans:
    - Updates student loan payment exclusion criteria when credit report provides no monthly payment or shows $0.
        - The monthly student loan payment may be based on an active Income-Driven Repayment (IDR) plan. Documentation evidencing active enrollment in the IDR plan and the monthly payment amount in effect as of the Note Date is required. The documented payment in effect at closing can be used for qualifying.
    - New HELOC draws require documentation supporting new payment based on draw + current balance, or repayment terms.
- Liabilities – updated to Defer to FNMA Selling Guide for alimony, child support and separate maintenance liabilities.
- Income/Employment – Self-Employment Requirements
    - Added to the P&L requirements the following:
        - P&L may be prepared by borrower, CPA or bookkeeper
        - YTD P&L may be omitted if the following criteria are met:
            - Two (2) years tax returns are provided, and income is not declining
            - If Note date is after April 15th, P&L may only be omitted if most recent tax year return is filed. If extension is filed, then YTD P&L for prior year is required and depending on Note date, current YTD P&L may also be required.
- Income/Employment – Medical Professionals hired as a contractor or 1099 employee:
    - Added the following:
        - The contract must specify the borrower's rate of compensation (e.g., salary, hourly wage, pay per unit, pay per assignment, or pay per production measure) and provide sufficient information regarding the minimum amount of work, hours, units, assignments, or production expected to be available to the borrower.
        - The contract must contain adequate information to reasonably determine the minimum income expected to be earned during the first 12 months of employment.
        - A satisfactory letter from the hospital, clinic, or contracting entity, or the employment contract itself, must confirm that the medical professional is

not responsible for any unreimbursed business expenses required to perform their contracted duties. This confirmation must be explicitly stated or otherwise clearly supported by the contract terms.

            - Normal professional expenses, such as licensing fees, continuing education, professional association dues, and other expenses not required to perform the contracted services, are excluded from this requirement. This requirement applies only to expenses that are necessary to perform the contracted or 1099 work and that could materially impact the borrower's qualifying income.
    - If the returns show unreimbursed business expenses, a letter cannot be used to document that there are no expenses.

- Added Housing Allowance for Residents and Fellows:
    - For borrowers currently in/will be in residency, or currently in/will be in training in a medical clinical fellowship program, housing allowance may be included in qualifying income with < 12 months history provided all the following requirements are met:
        - The housing allowance is paid in cash (not a rent credit) directly to the borrower (not to a landlord or third party).
        - Current employment: The housing allowance is clearly reflected on the borrower’s paystubs and verified with VOE.
        - Projected employment: The employment contract or offer letter confirms the housing allowance is guaranteed.
        - Current and projected employment: There is no indication the housing allowance will terminate prior to the end of the borrower’s employment term.
        - For borrowers who are out of residency/fellowship and employed as a licensed practitioner, follow FNMA Selling Guide for Housing Allowance.
- Financing and Seller Concessions – updated to Follow FNMA Selling Guide
- Appraisal Requirements –
    - Added - Transfer Appraisals are Not Allowed and is an overlay
    - Added - Appraisals must be completed for the subject transaction. Use of a prior appraisal, regardless of the date of the prior appraisal, is not allowed.
    - Added - For properties purchased by the seller of the property within ninety (90) days of the fully executed purchase contract the following requirements apply:
        - Second full appraisal is required.
        - Property seller on the purchase contract is the owner of record.

        - Increases in value should be documented with commentary from the appraiser and recent paired sales.

    The above requirements do not apply if the property seller is a bank that received the property as a result of foreclosure or deed-in lieu.

- When two (2) appraisals are required, the following applies:
    - Appraisals must be completed by two (2) independent companies.
    - The LTV will be determined by the lower of the two (2) appraised values if the lower appraisal supports the value conclusion.
    - Both appraisal reports must be reviewed and address any inconsistencies between the two (2) reports and all discrepancies must be reconciled.

Questions

If you have any questions regarding any information in this announcement, please feel free to contact your regional sales manager or client manager.

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Client Development

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