

# Newrez Announcements



## Announcement 2025-054 USDA Underwriting Guideline Updates July 31, 2025

Newrez LLC "Newrez" Approved Correspondent Clients; this announcement contains the following information:

- Most recent USDA Announcement, with implementation date of August 5, 2025.

### USDA Announcement

USDA announced [HB-1-3555 revisions](#) states the updated are expected to be implemented on **August 5, 2025**. Please use this announcement as guidance until all applicable underwriting guides shown below are published on **August 28, 2025**.

#### Chapter 4E Automated Underwriting

Updated GUS Underwriting requirements to identify:

- Verification of Income must be obtained prior to final submission and supported with verifying documentation of income in the permanent loan file. Income must be verified in accordance with USDA Handbook.

### GUS Findings and Underwriting Report updates:

Accept Eligible GUS findings expanded to include:

Decisions that receive a quality control message on the GUIS Underwriting Findings report indicate that an Accept with Full Documentation is required. A message will appear requiring a full documentation file on the GUS Underwriting Findings report upon final submission. When GUS underwriting recommendation is Accept with Full documentation, the full documentation file is required to be submitted.

Refer and Refer with Caution Decision Underwriting Decisions have been combined with following updates:

- Updated requirements to reflect when the underwriter determines compensating factors for approval.
- GUS submission as a Final Submission is required to electronically transmit the loan application to the agency.
- Additional documents for a loan with a Refer, Refer with Caution or Full Documentation will be required by USDA.

Guidance added: USDA does not approve credit exceptions. The underwriter is responsible for their credit decision. Previous USDA losses, delinquent non-tax Federal debts, delinquent child support and ineligible CAIVRS results are not eligible for the underwriter to approve an exception.

Complete guidelines can be found in the USDA Underwriting Guide, Chapter 4E, Underwriting, in the following sections:

- 4E.1 Guaranteed Underwriting System
- 4E.2 GUS Findings and Underwriting Report

## **Chapter 4F Credit**

### **Validating the Credit Score**

- Clarified a credit report with no score must refer to non-traditional tradeline requirements.
- Expanded Tradeline requirements title to reflect GUS Refer, Refer with Caution underwriting decisions
- Identified for GUS Refer, Refer with Caution and manually underwritten files are not eligible for debt ratio exceptions if:
  - There is not one applicant with a validated score using traditional tradelines on the credit report, or
  - The file requires non-traditional credit tradelines.

### **Nontraditional Credit**

- Updated 12-month verification of rent may be obtained from multiple Verifications of Rent (VOR) may be combined to support the 12-month requirement when no gaps exist in payment history.
- Identified payments made in cash without accompanying direct or third-party verifications are not acceptable options.
- Childcare payments used as tradelines require the following:
  - Direct or third-party verification provided by a licensed childcare facility or provided on letterhead must:
    - Identify the child enrolled;
    - Specify the date of enrollment;
    - Indicate any payment due; and
    - Provide a payment history.

### **Credit Exceptions**

Clarified Borrowers that are required to file taxes but have failed to do so for the current or previous years are not eligible for a credit exception.

## **Delinquent Credit**

Manual underwrite requirements removed for Disputed Accounts- Non-Derogatory. Requirements now reflect the following requirements:

The GUS Accept decision may be retained if one of the following are met:

- The disputed trade line has a zero balance;
- The disputed trade line is marked “paid in full” or “resolved;” on the credit report;
- The disputed trade line(s) are more than 24 months or greater;
- The disputed trade line is current and paid as agreed;
- The payment stated on the credit report is included in the monthly debts;
- 5% of the stated account balance on the credit report is included in the monthly debts if no payment is listed on the credit report; or
- A documented payment from the creditor is included in the monthly debts.

Complete guidelines can be found in the USDA Underwriting Guide, Chapter 4F Credit, in the following sections:

- 4F.3 Selection and Validation of Credit Scores
- 4F.3 (a)(i) Tradeline Requirements for GUS Refer, refer with Caution and Manually Underwritten Loans
- 4F.4 (a) Borrowers with a 12-month Verification of Rent (VOR)
- 4F.4(c) Acceptable Nontraditional Credit
- 4F.6 Credit Exceptions
- 4F.8(b) Delinquent Credit- Non-Derogatory

## Chapter 4G Assets

Requirements for asset sources have been updated as shown below:

### **Financial Institution Accounts**

- **Account Statements** expanded to permit printed transaction histories to verify cash to close.
- **Verification of Deposit:** When using a Verification of Deposit a recent bank statement issued by the financial institution is also required
- **Third Party Asset Verifications:** Verification covers account activity for a minimum of the most recent available 60 days. The date of the data contained in the completed verification must be current, within 30 days of the verification.
- **Reserves:** Previous requirements were removed, and the following are required: Must not exceed the balance of the most recent official monthly bank statement provided by the banking institution, Third Party Vendor (TPV), or the Verification of Deposit if dated after the bank statement. The lower balance may be used at the lender's discretion. Online screen print outs of transactions are not permitted. Deposited gift funds require further documentation and calculation.

**Business Assets:** When using business assets for downpayment, closing costs and reserves the following documentation is expanded as shown below:

- Two (2) months bank statements or VOD and a recent bank statement (official monthly bank statement provided by the banking institution; or
- Direct verification by a third-party verification (TPV) vendor of the borrower's account covering activity for a minimum of the most recent available 60 days. The date of the data contained in the completed verification must be current, within 30 days of the verification.

## **Individual Development Account (IDA)**

The documentation requirements for an Individual Development Account have been updated to include:

- Verification of Deposit and a recent bank statement (official monthly bank statement provided by the banking institution; or
- Direct verification by a third-party verification (TPV) vendor or the borrower's account covering activity for a minimum of the most recent available 60 days. The date of the data contained in the completed verification must be current, within 30 days of the date of the verification.

Complete guidelines can be found in the USDA Underwriting Guide, Chapter 4G Assets, Underwriting, in the following sections:

- 4G.3(a) Financial Institution Accounts
- 4G.3(c) Business Assets
- 4G.3(j) Individual Development Account (IDA)

## **Chapter 4I Employment and Income**

### **Verification of Annual Income**

Documentation expanded to require one of the following for the previous two (2) years of employment: W-2 forms, written VOE, electronic VOE, third party verification (TPV) vendor, or evidence of applicable education or military service. Additional documentation may be required for previous employment when determined it is needed to support income calculations.

Income Type for Annual income expanded for

- Clarified Base Wages for Hourly or Salary income for Full or Part-Time employment

- Bonus/Overtime to reflect amounts received for at least 12 months based on employment verifications
- Commission moved to separate category
- Foster Child updated as Foster Child or Adult Income

### **Repayment Income**

Updated Stability of employment income to require one of the following documents must be obtained to verify previous employment: W-2, written VOE, electronic VOE, third party verification, or evidence of applicable education or military service.

Additional documentation may be required for previous employment when determined it is needed to support income calculations.

Complete guidelines can be found in the USDA Underwriting Guide, Chapter 4I Employment and Income, in the following sections:

- 4I.4(b) Verification of Annual Income
- 4I.6 Repayment Income

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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.

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## Client Development

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