Newrez Announcements

Announcement 2025-063
Underwriting Guideline Updates – Conforming Loans

September 25, 2025

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 September 25, 2025.
- 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 2025-12 and **Fannie Mae** SEL-2025-07 were both released on September 3, 2025 and Newrez is aligning with the following topic:

Reconsideration of Value

The Reconsideration of Value requirements have been updated as follows:

- Removed the requirement to provide an initial ROV disclosure at time of application and now only require the disclosure be provided to the borrower(s) upon delivery of the appraisal.
- The disclosure must make it clear that only one borrower initiated ROV is permitted per appraisal and
- Only the documentation related to the outcome (not initiation) of the ROV must be retained in the loan file.

Complete guidelines can be found in the Conventional Underwriting Guide, Chapter 1J, Appraisal Requirements, 1J.9 Reconsideration of Value

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Freddie Mac Bulletin 2025-12

Freddie Mac announced the following:

Loan-to-Value Increase for 2- to 4-unit properties

The maximum LTV, TLTV and HELOC TLTV ratios have increased to 95% for 2-to-4-unit Primary Residences for Accept Mortgages that are either purchase or no cash-out refinance transactions.

Note: LPA will be updated on October 5th with this change and until then, the Feedback Certificate purchase eligibility result of "ineligible" may be disregarded when solely associated with a feedback message in conflict with these updated LTV, TLTV and HELOC TLTV requirements.

Note: Super conforming mortgages are not included in this update.

Glossary Term updates:

Aggregator

An institution that has been approved by Freddie Mac as a Seller of Wholesale Home Mortgages.

Third -Party Originator

With respect to any aggregator that sells a Wholesale Home Mortgage to Freddie Mac, any Correspondent or Mortgage Broker (or their authorized third parties) that performs all or some of the origination, processing, underwriting, packaging, funding and/or closing functions described in the Purchase Documents as obligations or requirements of such Aggregator.

Complete guidelines can be found in the Underwriting Guide, Glossary

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Freddie Mac Bulletin 2025-10

Freddie Mac previously expanded guidelines to allow CHOICEHome mortgages secured by single-wide homes which meet certain criteria to be eligible. Newrez is now aligning with those changes.

Construction elements for single-wide CHOICEHome must include both:

- A covered porch (minimum 72 sq. ft), and
- An attached carport/garage (space to accommodate one or two cars) built with materials and finished equivalent to the primary structure.

Complete guidelines can be found in the Conventional Underwriting Guide, Chapter 1D, Property Types, 1D.1(j)(ii) MH Advantage and CHOICEHome.

Fannie Mae Announcement SEL-2025-07

Fannie Mae announced updates to the following:

Life Estate Eligibility

Guidelines have been updated to allow ownership of the subject property held under a life estate as eligible. In addition, clarification has been added for characteristics of similar arrangements, such as "lady bird deeds" and "transfer on death deeds" that do not qualify as life estates.

The loan guidelines are:

- If the security interest is held in a life estate established under state property law, the following provisions apply:
- The life tenant (the individual who has the right to possess and use the subject property during their lifetime) must be a borrower.
- One (or more) remainderman (individuals who have irrevocable, vested and alienable interest in the subject property and who will receive full ownership of the subject property upon the death of the life tenant) may also be co-borrowers.
- Both the tenant and all remainderman must sign the security instrument to convey their respective interest in the property.

Complete guidelines can be found in the Conventional Underwriting Guide, Chapter 1A, Eligibility, 1A.12(a) Life Estate

Expansion of MH Advantage

Property eligibility for MH Advantage has been expanded to include single-width MH Advantage homes.

Eligibility has also been expanded to allow Freddie Mac's CHOICEHome label as an equivalent to the Fannie Mae MH Advantage sticker. All MH Advantage site improvement requirements remain.

Grid updated to remove ineligibility for Single-wide Manufactured Homes under MH Advantage and added alternative to the MH Advantage Sticker of CHOICEHome label.

Complete guidelines can be found in the Conventional Underwriting Guide, Chapter 1D, Property Types, 1D.1(j)(ii) MH Advantage and ChoiceHome

Appraisal Requirements

- All references to Appraisal Waiver have been removed. Instances where "Appraisal Waiver" appeared independently have been revised to "Value Acceptance" and where the term Value Acceptance (appraisal waiver) was used, the parenthetical reference was removed.
- Updated attachments to reflect:
  A separate footprint sketch that includes legible exterior dimensions reported to the nearest tenth of a foot and room labels must be provided for each additional structure

Complete guidelines can be found in the Conventional Underwriting Guide, Chapter 1J, Appraisal Requirements, in the following sections:

- 1J.4(a) List of Appraisal Report Forms
- 1J.4(d) Appraisal Attachments
- 1J.4(g) Value Acceptance (Appraisal Waiver) and Ace (automated Collateral Evaluations)
- 1J.4(h) Value Acceptance + Property Data (DU) and Ace = PDR (LPA)
- 1J.5(b) Exercising a Hybrid Appraisal

Glossary Updates

The following terms are defined as shown below:

- Value Acceptance
    - An optional offer to sell the loan without an appraisal for certain loan casefiles underwritten in DU. It is based on data and modeling framework that confirms the validity of the value/sale price.
- Value Acceptance + Property Data
    - Similar to value acceptance, this is an optional offer to sell the loan without an appraisal but is contingent on the lender delivering property data collected by a trained and vetted third party (real estate agent, insurance inspection, appraiser, etc.)

Clarified definitions to reflect following:

- <u>Floor plans</u>
    - All exterior walls with legible dimensions reported to the nearest tenth of a foot,
    - All interior walls, doorways, staircases, exterior ingress/egress, and labels for each room
- <u>Footprint Sketch:</u>
    - All exterior walls with legible dimensions, reported to the nearest tenth of a foot,
    - A separate footprint sketch that includes all legible exterior dimensions reported to the nearest tenth of a foot and room labels must be provided for each additional structure.

Complete guidelines can be found in the Underwriting Guide, Glossary

Conventional Updates

Chapter 1A Eligibility

LPA transactions are eligible for financing to allow ownership of the subject property held under a life estate.

Complete guidelines can be found in the Conventional Underwriting Guide, Chapter 1A, Eligibility, 1A.12(a) Life Estate

Chapter 1B Transaction Types

Student Loan Cash Out Refinance

Effective 09.27.2025, the maximum cash back will be the greater of 1% of the balance of the new loan or $2,000 for new or resubmitted DU decisions.

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

Chapter 1I Employment and Income

Added alternative method to verify employment (VVOE) using borrower provided paystubs.

DU Loans: Within 15 business days prior to the Note date, the borrower can provide the most recent available paystub as of that date, that meets standard documentation requirements, reflects information for the most recent expected pay period based on the date it is provided and the borrower's pay cadence; and does not include any information indicating the borrower may not be actively employed.

LPA Loans: Provide a year-to-date paystub that:

- Is from the pay period immediately preceding the Note date and
- Has a "paid through" date no more than 15 business days before the Note date.

Also added that the alternative to verify employment (VVOE) using bank statements is not permitted (an existing overlay already reflected on the Overlay matrix).

Complete guidelines can be found in the Conventional Underwriting Guide, Chapter 1I, Employment and Income, 1I.1(g) Verbal Confirmation of Employment

Chapter 1J Appraisal Requirements

- Clarified LPA ACE (Automated Collateral Evaluation) is not eligible for transactions where either the purchase price or estimated value is greater than $1,000,000 (previously read $1,000,000 or more).
- MH Advantage and CHOICEHome eligibility grid updated to show reciprocity between the MH Advantage sticker and the CHOICEHome label.

Complete guidelines can be found in the Conventional Underwriting Guide, Chapter 1J Appraisal Requirements, in following sections:

- 1J.4(g) Value Acceptance and ACE (Automated Collateral Evaluation)
- 1J.8(u)(iii) MH Advantage and CHOICEHome Appraisal Comparable Sale Requirements

Newrez Disaster Policy

Removed the requirement that inspections for FHA loans must be performed by the original FHA appraiser or approved FHA Roster Appraiser.

Complete guidelines can be found in the Newrez Disaster Policy, Chapter 7A.2 FEMA Presidentially Declared Major Disaster Areas

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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

Product Profile Releases and Overlay Matrix Updates

Product Profiles Releases

- Freddie Conforming Products Primary Residence Fixed Rate and ARMS
  - Purchase/Rate &Term Refi
    - LTV/CLTV increase to 95% for 2-4 Units
    - Super Conforming Fixed and Arms not permitted
- Fannie Mae MH Advantage and Freddie Mac CHOICEHome
  - Single-wides permitted
- **Fannie Mae Incidental Cash Back- Effective for New Submissions and Re-submissions to DU on or after 9-27-25**
  - The amount of cash back the borrower may receive in a limited cash-out refinance transaction will align with Freddie Mac and be the greater of 1% of the loan amount or $2,000. DU approve eligible required.

Overlay Matrix Update

- Conforming Verbal Verification of Employment (VVOE) Alternatives
  - Removed Overlay restriction for 15 day paystubs

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

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.