

Newrez Announcements



Announcement 2025-066

Smart Series Product Summary and Underwriting Guide Updates September 25, 2025

Newrez LLC "Newrez" Approved Correspondent Clients; the following updates are effective with all loans in pipeline.

Current Policy	New Policy
Product Summaries - SmartEdge	Product Summaries- SmartEdge
27. Non-Occupant Co-Borrower Non-occupant co-borrowers may be eligible subject to the following: • 1-unit • 5% reduction in maximum LTV • Occupying borrower must contribute to qualifying income • Must be an immediate relative Non-occupant co-borrower income is not permitted for the following: • Asset Qualifier • Cash out refinance	27. Non-Occupant Co-Borrower Non-occupant co-borrowers may be eligible subject to the following: • 1-unit • 5% reduction in maximum LTV • Occupying borrower must contribute to qualifying income • Must be an immediate relative
30 Residual Income Table No reference regarding when Residual Income is required to be met	30. Residual Income Table Added: Residual income requirements must be met for Asset Qualifier

36. Tax Transcripts

The following is required to validate two years' income prior to closing:

- IRS Tax Return Transcripts (1040) and a Record of Account for each year individual income tax returns are provided
 - If the most recent years' 1040 transcripts is not available or is reported as "No Record Found," all of the following are required:
 - IRS stamped tax returns or proof of e-filing for the most recent year; and
 - The most recent previous two years' 1040 transcripts, and
 - Proof of payment of any tax due or receipt of refund for the most recent year
- As an alternative, when only W-2 income is used to qualify, one or more of the following is required:
 - Validation of income through a third-party company (e.g., The Work Number (TWN); and /or
 - W-2 transcripts: If the most recent years' W-2 transcripts is not available or is reported as "No Record Found" provided the prior two years' W-2 transcripts

Tax Return and W-2 transcripts are not required for SmartEdge Asset Qualifier

36. Tax Transcripts:

IRS Record of Account Tax Return

Transcripts (1040) are required:

- When Individual Income Tax Returns (Form 1040) are being used to document income for loan qualification;
 - When the borrower is employed by a family member or interested party to the transaction.
- If the most recent years' (or prior year) 1040 transcripts are not available or are reported as "No Record Found," all of the following are required:
 - IRS stamped tax returns or proof of e-filing for the most recent year
 - Proof of payment of any tax due or receipt of refund for the most recent year

W-2 Income:

- One of the following is required to validate income:
 - Validation of income through a third-party company (e.g., The Work Number (TWN); or

W-2 or 1040 transcripts: If the most recent years' transcripts are not available or are reported as "No Record Found" provide the prior two years' W-2 transcripts.

Alternatives to Record of Account

Proof of payment of tax due or receipt of refund for applicable tax years that tax

	returns were provided (e.g., bank statements, copy of the refund check, IRS Where's My Refund printout, etc.): • Amount must match the tax transcript and tax returns; and • Proof that the tax transcript was obtained by the lender and not the borrower (i.e., invoice from the IVES vendor) must be provided.
Product Summaries SmartVest	Product Summaries SmartVest
33. Short Term Rental Income Documentation: AirDNA Property Earning Potential report requires verifying that the Market Score is ≥ 60	33. Short Term Rental Income Documentation: Added Submarket Score option AirDNA Property Earning Potential report requires verifying that the Market/ Submarket Score is ≥ 60
Smart Edge, Smart Self and Smart Vest Guidelines	Smart Edge, Smart Self and Smart Vest Guidelines
5A.1 Documentation Standards A credit report must be obtained for each borrower who will be obligated on the Note. All accounts, revolving and installment, reported by the borrower on the application must be verified in the credit report or directly by a credit reference. The current balance, current status, rating, monthly payment amount, and payment history for the most recent 12 months must be provided.	5A.1 Documentation Standards A credit report must be obtained for each borrower who will be obligated on the Note. Written verifications of mortgage, rent, or credit must be sent directly to the creditors. The return address on the verification must be the lender's address. The hand carrying of verifications is prohibited.

Written verifications of mortgage, rent, or credit must be sent directly to the creditors. The return address on the verification must be the lender's address. The hand carrying of verifications is prohibited.	
7A.4(t) Student Loans Student loans, whether in repayment, deferred or in forbearance, must be included in the DTI ratio. Documentation may include, but is not limited to: • Direct verification from creditor; • Copy of the installment loan agreement; or • Copy of the installment loan agreement or creditor's student loan certification documenting the payment amount that will be required once the deferment or forbearance period has ended. The monthly payment will be based on one (1) of the following: • If the credit report does not provide a monthly payment or if the credit report shows a \$0 monthly payment, use of the following to determine a monthly payment: ○ 1% of the outstanding student loan balance (even if this amount is lower than the actual fully amortizing payment), or ○ The fully amortizing payment using the documented loan	7A.4(t) Student Loans If a monthly student loan payment is provided on the credit report, the lender may use that amount for qualifying purposes. If the credit report does not reflect the correct monthly payment, the lender may use the monthly payment that is on the student loan documentation (the most recent student loan statement) to qualify the borrower. If the credit report does not provide a monthly payment for the student loan, or if the credit report shows \$0 as the monthly payment, the lender must determine the qualifying monthly payment using one of the options below. • If the borrower is on an income-driven payment plan, the lender may obtain student loan documentation to verify the actual monthly payment is \$0. The lender may then qualify the borrower with a \$0 payment. • For deferred loans or loans in forbearance, the lender may calculate

repayment terms. If a student loan is placed for collection, obtain a copy of the repayment agreement and a copy of a canceled check, and include the payment in the DTI. Student loans listed as delinquent must be brought current.	○ a payment equal to 1% of the outstanding student loan balance (even if this amount is lower than the actual fully amortizing payment), or ○ a fully amortizing payment using the documented loan repayment terms.
8A.1(a)(ii) Alternatives to Record of Account Proof of payment of tax due or receipt of refund for applicable tax years that tax returns were provided (e.g., bank statements, copy of the refund check, IRS Where's My Refund printout, etc.): • Amount must match the tax transcript and tax returns; and • Proof that the tax transcript was obtained by the lender and not the borrower (i.e., invoice from the IVES vendor) must be provided.	Removed Alternatives to Record Account – moved to Summaries in the Tax Transcript section
8A.1(a)(iv) Tax Transcripts When the most recent year of tax transcripts are not available or is reported as “No Record Found,” the following is required: • If tax returns are not used to qualify, validate the income with an	Removed Tax Transcripts – moved to Summaries

electronic written verification of employment. If income is not reported on the electronic WVOE, obtain a Wage and Income Tax Transcript • If tax returns are used to qualify, obtain the following: ○ IRS stamped tax returns for the most recent year; ○ The previous most recent two (2) years' transcripts; and ○ Proof of tax refund or payment.	
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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

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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](#).