

Newrez Announcements



Announcement 2024-067 Closed End Second (CES) Summary and Underwriting Guide Updates October 17, 2024

Newrez LLC "Newrez" Approved Correspondent Clients; effective with applications on or after October 17, 2024. The Closed End Second Summaries have been updated as follows:

Current Eligibility Matrix:

Current Product Summary			New Product Summary		
Eligibility Matrix			Eligibility Matrix		
Loan Amount	Credit Score	CLTV	Loan Amount	Credit Score	CLTV
\$250,000	700	80%	\$300,000	760	90%
\$300,000	700	75%	\$350,000	720	85%
\$250,000	680	75%	\$400,000	760	80%
\$350,000	700	70%	\$300,000	700	80%
\$300,000	680	70%	\$250,000	680	75%
\$100,000	660	70%	\$100,000	660	75%

<p>#25 Appraisal – AVM Providers</p> <ul style="list-style-type: none"> • Clear Capital - ≤ 0.13 • Homegenius - ≤ 0.10 	<p>#25 Appraisal – Newrez Approved AVM Providers</p> <ul style="list-style-type: none"> • Clear Capital - ≤ 0.13 • Collateral Analysis - ≤ 0.10 • Homegenius Real Estate - ≤ 10 • House Canary - ≤ 0.10 • CoreLogic - < 13 • VeroValue - ≤ 0.10
<p>CES Underwriting Guidelines</p>	
<p>Current Policy:</p>	<p>New Policy:</p>
<p>4A.2 – Installment Debt</p> <ul style="list-style-type: none"> • Installment debt may be paid off to qualify at or before closing. <ul style="list-style-type: none"> • If payoff at closing, evidence the installment debt was paid off must be in the file • If payoff prior to closing, document funds used and confirm paid in full 	<p>4A.2 – Installment Debt</p> <ul style="list-style-type: none"> • Installment debt may be paid off to qualify at or before closing. <ul style="list-style-type: none"> • If payoff at closing, evidence the installment debt was paid off must be in the file • If payoff prior to closing, document funds used with 2 months bank/asset statements and confirm paid in full
<p>7A.19 – Income – Non-Taxable Income</p> <ul style="list-style-type: none"> • Income types include child support, military rations/quarters, disability, foster care, etc. 	<p>7A.19 – Income – Non-Taxable Income</p> <ul style="list-style-type: none"> • Income types include child support, military rations/quarters, social security, disability, foster care, etc.

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- Documentation must be provided to support continuation for 3 years.
- Income may be grossed up by 25%. If the actual amount of taxes that would generally be paid by a wage earner in a similar tax bracket is more than 25% of the borrower's non-taxable income, that amount may be used to develop the adjusted gross income.
- Tax returns for the previous 2 years must be provided to confirm income is non-taxable.
- 2 years' tax transcripts. See specific requirements under Tax Transcripts section.

Note: The requirements for Tax Returns and Transcripts does not apply to Child Support or Military Rations/Quarters

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Note: The requirements for Tax Returns and Transcripts does not apply to:

- Child Support; or
- Military Rations/Quarters; or
- **Social Security Income: 15% of the income is non-taxable**

	<p>Examples for Social Security income</p> <p>Benefit amount: \$1,500</p> <p>Nontaxable amount: \$1,500 x 15% = \$225</p> <p>Gross-up amount: \$225 x 25% = \$56 (rounded to the nearest dollar)</p> <p>Qualifying income: \$1,556 (does not require additional documentation)</p>
<p>7A.26 – Self-Employed</p> <p>Borrowers who own twenty-five percent (25%) or more of a business or other entity, or where the borrower receives 1099 forms to document income, are considered self-employed and will be evaluated as a self-employed borrower for underwriting purposes.</p>	<p>7A.26 – Self-Employed</p> <p>Borrowers who own twenty-five percent (25%) or more of a business or other entity, or where the borrower receives 1099 forms to document income, are considered self-employed and will be evaluated as a self-employed borrower for underwriting purposes regardless of how they are paid through the business (i.e. pay themselves a salary (w-2)).</p>
<p>8A.2 Primary Valuation Requirements and 8A.3 Valuation Waterfall</p> <p>AVM Providers:</p> <ul style="list-style-type: none"> • Clear Capital - ≤ 0.13 • Homegenius - ≤ 0.10 	<p>8A.2 Primary Valuation Requirements and 8A.3 Valuation Waterfall</p> <p>Newrez Approved AVM Providers:</p>

	<ul style="list-style-type: none">• Clear Capital - ≤ 0.13• Collateral Analysis - ≤ 0.10• Homegenius Real Estate - ≤ 10• House Canary - ≤ 0.10• CoreLogic - < 13• VeroValue - ≤ 0.10
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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](#).