

Newrez Announcements



Announcement 2024-74 Smart Series Underwriting Guide Updates November 21, 2024

Newrez LLC "Newrez" Approved Correspondent Clients; effective with applications on or after November 21, 2024.

The SmartSelf Product Summary have been updated as follows:

Current Product Summary	New Product Summary
SmartSelf	
31. Self-Employed Borrowers	31. Self-Employed Borrowers
<ul style="list-style-type: none">▪ Business Formation Documents (Articles of Incorporation, Bylaws, Charter, Articles of Association)<ul style="list-style-type: none">○ Any documents received must document that they have been filed properly with the state○ Operating Agreement/Partnership Agreement○ Must reflect all member-ownership interest in the business	<ul style="list-style-type: none">▪ Business Formation Documents (Articles of Incorporation, Bylaws, Charter, Articles of Association)<ul style="list-style-type: none">○ Any documents received must document that they have been filed properly with the state○ Operating Agreement/Partnership Agreement○ Must reflect all member-ownership interest in the business• IRS letter documenting borrower's percentage on the business

The Smart Series Underwriting Guidelines have been updated as follows:

Current Policy	New Policy
SmartEdge, SmartSelf and SmartVest Underwriting Guidelines	SmartEdge, SmartSelf and SmartVest Underwriting Guidelines
1A.5 Vesting Options	1A.5 Vesting Options
<p>The following documentation must be provided:</p> <ul style="list-style-type: none"> ○ Business Formation Documents (e.g., Articles of Incorporation, Bylaws, Charter, Articles of Association, etc.) Any documents received must show that they have been files properly and certified with the appropriate state. ○ Operating Agreement <ul style="list-style-type: none"> ○ Document must reflect all member ownership interest in the business/entity; or ○ CPA letter documenting borrower’s percentage of ownership in the business ○ Tax Identification Number ○ Certificate of Good Standing 	<p>The following documentation must be provided:</p> <ul style="list-style-type: none"> ○ Business Formation Documents (e.g., Articles of Incorporation, Bylaws, Charter, Articles of Association, etc.) Any documents received must show that they have been files properly and certified with the appropriate state. ○ Operating Agreement <ul style="list-style-type: none"> ○ Document must reflect all member ownership interest in the business/entity; or ○ CPA letter documenting borrower’s percentage of ownership in the business; or ○ IRS letter documenting borrower’s percentage of ownership in the business ○ Tax Identification Number ○ Verification that the LLC is in good standing with the applicable state registration
3A.3(a) Acceptable Subordinate Financing Terms	3A.3(a) Acceptable Subordinate Financing Terms
<ul style="list-style-type: none"> ● Subordinate financing must have regular monthly payments and be at a market interest rate 	<ul style="list-style-type: none"> ● Subordinate financing must have regular monthly payments and be at a market interest rate (¹eligible forgivable Community 2nd Mortgages with zero interest and/or no monthly payment are

	<p>acceptable)</p> <p>¹Community 2nd Mortgages may have re-sale restrictions, including occupancy requirements. Validate that any re-sale restrictions meet the requirements of 5A.2(h) Resale Restriction Types, including any occupancy requirements. For the SmartVest Platinum Program, there can be no restrictions requiring owner occupancy.</p>
<p>5A.9 Delinquent Credit</p>	<p>5A.9 Delinquent Credit</p>
<ul style="list-style-type: none"> ○ Tax Liens must be paid prior to or at closing. If tax lien(s) are paid at closing, they must be reflected on the Closing Disclosure and disbursed by the closing agent ○ A letter of explanation is required <p>IRS or state owed from a prior tax year(s) and are not a lien showing on credit or on title, must be paid in full prior to or at closing unless the following are met:</p> <ul style="list-style-type: none"> ○ The payment plan is a guaranteed installment agreement. ○ Six(6) consecutive months of payments on the payment plan have been made as of the applicable date; ○ Borrower(s) may not be under more than one (1) repayment plan; ○ There may not be an open lien or evidence of a lien filing for the amount under the payment plan; and ○ The monthly payment under the plan terms must be included in the DTI ratio (SmartEdge and SmartSelf Product) 	<ul style="list-style-type: none"> ○ Tax Liens must be paid prior to or at closing. If tax lien(s) are paid at closing, they must be reflected on the Closing Disclosure and disbursed by the closing agent ○ A letter of explanation is required

6A.4(h) Gift Funds	6A.4(h) Gift Funds
<p>A gift letter signed by the donor must:</p> <ul style="list-style-type: none"> • Specify the dollar amount of the gift or gift of equity; • Specify the source of the gift; • Specify the date the funds were transferred; • Include the donor’s statement that no repayment is expected; and • Indicate the donor’s name, address, telephone number, and relationship to the borrower. 	<p>A gift letter signed by the donor must:</p> <ul style="list-style-type: none"> • Specify the actual or the maximum dollar amount of the gift. • Include the donor’s statement that no repayment is expected; and • Indicate the donor’s name, address, telephone number, and relationship to the borrower.
8A.1 (a) (iv) Tax Transcripts	8A.1 (a) (iv) Tax Transcripts
<p>When the most recent year of tax transcripts are not available or is reported as “No Record Found”, the following is required:</p> <ul style="list-style-type: none"> • If tax returns are not used to qualify, validate the income with The Work Number (TWN) or TrueWork. If income is not reported to TWN or TrueWork, obtain a Wage and Income Tax Transcript 	<p>When the most recent year of tax transcripts are not available or is reported as “No Record Found”, the following is required:</p> <ul style="list-style-type: none"> • If tax returns are not used to qualify, validate the income with an electronic written verification of employment. If income is not reported on the electronic WVOE, obtain a Wage and Income Tax Transcript

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

Newrez Operations 877-700-4622

Newrez Registration Desk/NT Desks 866-396-4622

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](#).