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	
Business Formation Documents	Business Formation Documents	
(Articles of Incorporation, Bylaws,	(Articles of Incorporation, Bylaws,	
Charter, Articles of Association)	Charter, Articles of Association)	
 Any documents received must 	 Any documents received must 	
document that they have been	document that they have been	
filed properly with the state	filed properly with the state	
 Operating Agreement/Partnership 	○ Operating Agreement/Partnership	
Agreement	Agreement	
 Must reflect all member-ownership 	○ Must reflect all member-ownership	
interest in the business	interest in the business	
	 IRS letter documenting borrower's 	
	percentage on the business	

Underwriting Guidelines 1A.5 Vesting Options The following documentation must be provided: 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 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 Tax Identification Number Verification that the LLC is in good standing with the applicable state registration 3A.3(a) Acceptable Subordinate Financing The following documentation must be provided: Decument must peffect all member of Association, etc.) Any documents received must show that they have been files properly and certified with the appropriate state. Operating Agreement Operating Agreement CPA letter documenting borrower's percentage of ownership in the business; or IRS letter documenting Dorrower's percentage of ownership in the business Tax Identification Number Verification that the LLC is in good standing with the applicable state registration	Current Policy	New Policy
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3A.3(a) Acceptable Subordinate Financing 3A.3(a) Acceptable Subordinate Financing		good standing with the
		applicable state registration
	3A.3(a) Acceptable Subordinate Financing	3A.3(a) Acceptable Subordinate Financing
Terms Terms	Terms	Terms
Subordinate financing must have regular Subordinate financing must have regular	Subordinate financing must have regular	Subordinate financing must have regular
monthly payments and be at a market monthly payments and be at a market	monthly payments and be at a market	monthly payments and be at a market
interest rate interest rate (¹eligible forgivable	interest rate	interest rate (¹ eligible forgivable
Community 2 nd Mortgages with zero		Community 2 nd Mortgages with zero
interest and/or no monthly payment are		interest and/or no monthly payment are

acceptable)

¹Community 2nd Mortgages may have resale 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.

5A.9 Delinquent Credit

- 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

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:

- 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)

5A.9 Delinquent Credit

- 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 A gift letter signed by the donor must: A gift letter signed by the donor must: Specify the dollar amount of the gift or gift Specify the actual or the maximum dollar of equity; amount of the gift. Specify the source of the gift; Include the donor's statement that no Specify the date the funds were repayment is expected; and transferred: Indicate the donor's name, address. Include the donor's statement that no telephone number, and relationship to the borrower. 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 When the most recent year of tax transcripts When the most recent year of tax transcripts are not available or is reported as "No Record are not available or is reported as "No Found", the following is required: Record Found", the following is required: If tax returns are not used to qualify, If tax returns are not used to qualify, validate the income with The Work validate the income with an electronic Number (TWN) or TrueWork. If written verification of employment. If income is not reported to TWN or income is not reported on the TrueWork, obtain a Wage and Income electronic WVOE, obtain a Wage and

Questions

If you have any questions regarding any information in this announcement, please feel free to contact your regional sales manager or client manager.

Income Tax Transcript

Newrezcorrespondent.com

Newrez Operations 877-700-4622

Tax Transcript

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 <u>training site</u>.