

# Newrez Announcements



## **Announcement 2024-082 Underwriting Guideline Updates – Government**

**December 20, 2024**

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Newrez LLC "Newrez" Approved Correspondent Clients; this announcement contains the following information:

- Most recent FHA Mortgage Letter, effective immediately for all loans in the pipeline, unless otherwise noted.
- Clarifications and/or corrections to the Newrez Guides as of December 20, 2024
- 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.*

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# Newrez Underwriting Guide Updates

## FHA Updates

### Chapter 2I Employment and Incomes

Removed Continuity of Income requirements from Stable Monthly Income section

The following updates were completed per 4000.1 guidelines:

- History of Income received has been updated to reflect a minimum of 2 years receipt of income is required for qualifying. Previous references to income received at least 12 months but less than 24 months have been removed.
  - Other variables were removed per FHA 4000.1 handbook released earlier this year.
- Updated Past Employment Requirements to provide:
  - Current employer confirms a 2-year work history or paystub reflects a hiring date.
  - Only base pay may be used for qualification
  - Borrower must execute (3) IRS forms for previous two tax years:
    - IRS 4506, and
    - IRS 4506C and
    - IRS 8821
  - If borrower has not been employed by same employer for prior 2 years and not all documents above are available, one or a combination of the following for most recent 2 years must be obtained:
    - IRS Form W-2(s);
    - Written VOE(s);
    - Direct electronic by a Third Party Verification (TPV) vendor, subject to the following requirements:
      - The Borrower has provided authorization for the Mortgagee to verify income and employment; and
      - The date of the data in the verification meets all FHA Requirements in Maximum Age of Mortgage Documents and/or

- Evidence supporting enrollment in school or the military during the most recent two full years.

Complete guidelines can be found in the FHA Underwriting Guide Chapter 2I, Employment and Income, in following sections:

- 2I.2 Stable Monthly Income
  - 2I.2 (b) History of Receipt
  - 2I.3 (d) Past Employment Documentation
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## **VA Updates**

### **Chapter 3B Transaction Types**

Two-Close Financing: An update was released by VA to include the following documented acquisition costs in the loan amount:

- The contract to build and the following:
  - Balance of the interim construction loan, and
  - Balance owed on the land
    - If no balance is owed on the land neither the original cost nor the current value may be included in the acquisition cost.

Complete guidelines can be found in the VA Underwriting Guide, Ch. 3B, 3B.11

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## Prior Agency Announcements

Below is a summary of previously announced updates that have been incorporated into the Newrez Underwriting Guide.

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## Product profile Releases and Overlay Matrix Updates

### Product profile Releases

- VA Product Summaries
  - Escrow Waivers not permitted for VA transactions has been highlighted as Overlay
- FHA Streamline Product Summary Update
  - Added below funds to close requirements
    - If the funds to close exceed the total Mortgage Payment of the new Mortgage, the Mortgagee must verify the full amount of the Borrower's funds to close in accordance with 2G.4 Asset Sources in FHA Underwriting Guide.

### Overlay Matrix

- Escrow Waivers not permitted for VA transactions

**Note:** If the Veteran is 100% exempt from real estate taxes, supported by file evidence, an escrow for real estate taxes is not required.

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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](http://Newrezcorrespondent.com)

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