

# Newrez Announcements



## Announcement 2025-087 Smart Series Product Summary and Underwriting Guide Updates December 18, 2025

Newrez LLC "Newrez" Approved Correspondent Clients; the following updates are effective immediately including pipeline loans.

New product codes have been added to the Smart Edge and Smart Self products to support Texas 50A6 loans. The new product codes are:

Product Code	Product Description
2592	Smart Edge 30 Year Fixed Texas A6
2593	Smart Self 30 Year Fixed Texas A6

Additionally, complete guidelines for origination of TX 50 A6 have been added to the Underwriting Guide in section 2A.4. Refer to this section of the guidelines for details.

### Product Summary Updates

Current Policy	New Policy
<b>Product Summaries – Smart Edge, Self, Vest</b>	<b>Product Summaries- Smart Edge, Self, Vest</b>
Interested Party Contributions – Investment Properties – 3%	Interested Party Contributions – Investment Properties – 6%
Appraisal Requirements: ≤ \$1,500,000 – One Appraisal > \$1,500,000 – Two Appraisals	Appraisal Requirements: ≤ \$2,000,000 – One Appraisal >\$2,000,000 – Two Appraisals

Smart Edge, Smart Self and Smart Vest Guidelines	Smart Edge, Smart Self and Smart Vest Guidelines
<p>1A.15 Inter Vivos Revocable Trust:</p> <p>It is unacceptable to instruct the borrower to deed the subject property out of a trust into his/her personal name for the purposes of obtaining financing and avoiding Newrez Trust approval.</p> <p>If the borrower wants to remove the property from the trust in order to facilitate closing, we will require a signed written statement in the borrower's handwriting to the effect that (i) they made the decision to deed the property out of the trust of their own accord, (ii) they were not advised to take this action by any party to the loan transaction (lender, broker, escrow/settlement agent), (iii) this action is not intended to influence the lending process in any way, and (iv) they understand the legal implications of this decision.</p> <p>An inter vivos revocable trust (living trust) is a trust that:</p> <ul style="list-style-type: none"> <li>• An individual creates during his or her lifetime;</li> <li>• Becomes effective during its creator's lifetime; and</li> <li>• Can be changed or canceled by its creator at any time, for any reason, during his or her lifetime.</li> </ul>	<p>1A.15 Inter Vivos Revocable Trust:</p> <p>It is unacceptable to instruct the borrower to deed the subject property out of a trust into his/her personal name for the purposes of obtaining financing and avoiding Newrez Trust approval.</p> <p>An inter vivos revocable trust (living trust) is a trust that:</p> <ul style="list-style-type: none"> <li>• An individual creates during his or her lifetime;</li> <li>• Becomes effective during its creator's lifetime; and</li> <li>• Can be changed or canceled by its creator at any time, for any reason, during his or her lifetime.</li> </ul>

<p>Buy Before You Sell – Intermediary Companies – Primary Only:</p> <p>Silent</p>	<p>2A.9 Buy Before You Sell – Intermediary Companies (Edge and Self) Primary Only:</p> <p>Buy Before You Sell also known as Intermediary Companies (IC) are entities that generally provide cash-offer assistance programs for the sale of the borrower's departing primary residence and/or the purchase of the borrower's new primary residence. An IC may be identified through the purchase agreement or through a separate contract.</p> <p><b>Typical Intermediary Company Offerings</b></p> <ul style="list-style-type: none"> <li>• The IC purchases the borrower's departing primary residence for cash. This allows the borrower to make a cash offer on the new primary purchase transaction. All standard departing residence guidelines apply including a CD or HUD-1 to document the sale, including payment of liens and net proceeds.</li> <li>• The IC guarantees the borrower that they will purchase the departing residence for cash if buyers, using financing, cannot meet the required closing date. <ul style="list-style-type: none"> <li>○ Document the terms of the guaranteed buyout and receipt of proceeds.</li> <li>○ Proceeds received from the IC can be utilized as funds for closing.</li> <li>○ The payment from the departing residence can be excluded from qualification.</li> </ul> </li> </ul>
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	<p>Examples of Intermediary Companies programs:</p> <ul style="list-style-type: none"> <li>• Homeward</li> <li>• Knock</li> <li>• RibbonCash Offers</li> <li>• Zoom Casa</li> </ul> <p>Requirements and Documentation:</p> <ul style="list-style-type: none"> <li>• All funds for the down payment, closing costs, reserves, etc. must be documented and sourced per standard program guidelines.</li> </ul>
<p>4A.1(h) Accessory Dwelling Units (ADU)</p> <p>A one-unit property that includes one (1) accessory dwelling unit may be acceptable. An ADU is typically an additional living area independent of the primary dwelling unit and includes a fully functioning kitchen, bathroom and sleeping area. Some examples may include a living area over a garage, living area in a basement, or a small addition to the primary dwelling.</p> <p>When reporting the living area of an ADU, it should not be included with the gross living area calculation of the primary dwelling. It should be reported and adjusted on a separate line in the grid, unless the ADU is contained within or part of the primary dwelling with interior access and above grade. If a standalone structure does not meet the ADU minimum requirements, it should be treated as any other ancillary</p>	<p>4A.1(h) Accessory Dwelling Units (ADU)</p> <p>Accessory Dwelling Unit is an additional finished area that contains the following:</p> <ul style="list-style-type: none"> <li>• Kitchen, bathroom and separate entrance</li> <li>• Is independent of the primary dwelling unit</li> <li>• Is smaller in size than the primary dwelling unit and the finished area is less than the primary dwelling unit's finished area, and</li> <li>• Contributes less to the value of the property than the primary dwelling unit.</li> </ul> <p>Examples of eligible ADU configurations include:</p> <ul style="list-style-type: none"> <li>• 1- 2- or 3-unit dwelling with an ADU above a garage or outbuilding,</li> </ul>

<p>structure and included as a separate line item in the sales comparison approach then adjusted based on its contributory value to the subject property.</p> <p>Whether a property is a one-unit with an ADU, or a two-unit property will be based on the characteristics of the property, which may include, but are not limited to, the existence of separate utility meter(s), a unique postal address, and whether the unit can be legally rented. The appraiser must determine compliance with this definition as part of the analysis in the Highest and Best Use section of the appraisal.</p> <p>All of the following must be met:</p> <ul style="list-style-type: none"> <li>• The property is one-unit;</li> <li>• There is only one ADU on the subject property;</li> <li>• The ADU must be subordinate in size to the primary dwelling and contribute less to the value of the primary dwelling;</li> <li>• Subject property is typical, common, and readily acceptable in the subject property's market area;</li> <li>• Subject property must conform to all zoning laws and/or regulations;</li> <li>• Legal non-conforming use may be acceptable provided the subject property's current use does not adversely affect value and marketability; and</li> </ul>	<ul style="list-style-type: none"> <li>• A dwelling with an attached or detached ADU, or</li> <li>• A dwelling with an ADU in the basement</li> </ul> <p>Ineligible properties with ADUs</p> <ul style="list-style-type: none"> <li>• Manufactured Homes</li> <li>• A 2 or 3-unit property with an ADU that does not comply with zoning and land use requirements (illegal zoning)</li> <li>• A 3-unit property with two or more ADUs</li> <li>• A 4-unit property with an ADU</li> </ul> <p>Appraisal Requirements:</p> <p>The appraiser must determine whether the subject property has an ADU and report the appraisal on the appropriate form. When determining whether the subject property has an ADU, the appraiser must consider zoning and land use requirements and all property characteristics, specifically the unit's utility and the property's highest and best use.</p> <p>If the appraiser determines the subject property has an ADU, the appraisal report must include:</p> <ul style="list-style-type: none"> <li>▪ A detailed description of the ADU</li> <li>▪ Any effect the ADU has on the market value or marketability of the subject property</li> <li>▪ Specific information about the ADU, including but not limited to its general condition, its room</li> </ul>
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<ul style="list-style-type: none"> <li>• The existence of the unit must not jeopardize any future property insurance claims.</li> </ul> <p>In addition to the above, the following must be met when using rental income from an Accessory Dwelling Unit (ADU):</p> <ul style="list-style-type: none"> <li>• Rental income from an ADU may only be used for long-term rental;</li> <li>• Appraisal must include at least one comparable with an ADU; and</li> <li>• Form 1007/1000 must include at least one rental comparable with an ADU receiving long-term rental income.</li> </ul>	<p>count (including the number of bedrooms and baths) and the finished square footage area</p> <p>Properties with legal or legal non-conforming zoning compliance or locations without zoning:</p> <ul style="list-style-type: none"> <li>▪ At least one comparable sale with an ADU, when available, is required to demonstrate the property's conformity and marketability to its Market Area</li> <li>▪ If a recent comparable sale with an ADU is not available in the subject's Market Area, the appraiser can use an older sale with an ADU from the subject's Market Area or a sale with an ADU from a competing Market Area as a comparable sale or as supporting market data</li> <li>▪ The appraiser may always use more than three comparable sales, including contract sales (pending sales) and/or current listings, to justify and support his or her adjustments and opinion of market value, as long as at least three are actual closed (settled) sales</li> <li>▪ If a comparable sale with an ADU is not available, the appraiser can use a</li> </ul>
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	<p>comparable sale in the subject's Market Area without an ADU as long as the appraiser can justify and support such use in the appraisal report.</p> <p>Comparable requirements for properties with illegal zoning compliance:</p> <p>If the subject property ADU does not comply with the zoning and land use requirements (illegal zoning), the Mortgage is eligible if:</p> <ul style="list-style-type: none"> <li>▪ The subject property is a 1-unit property with an ADU</li> <li>▪ The appraisal contains at least two (2) comparable sales with an ADU that is non-compliant with the zoning and land use requirements (illegal zoning) to demonstrate the marketability of the subject property to its Market Area</li> </ul> <p>Note: 2- or 3-unit properties with an ADU that do not comply with the zoning and land use requirements (illegal zoning) are not eligible.</p> <p>In addition to the above, the following must be met when using rental income from an Accessory Dwelling Unit (ADU):</p> <ul style="list-style-type: none"> <li>• Rental income from an ADU may only be used for long-term rental;</li> <li>• Appraisal must include at least one comparable with an ADU; and</li> <li>• Form 1007/1000 must include at least one rental comparable with an ADU receiving long-term rental income.</li> </ul>
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<p>5A.9 Delinquent Credit – Disputed Tradelines</p> <ul style="list-style-type: none"> <li>Disputed accounts are reviewed to determine current balance and payment history (30-day or more delinquency).</li> <li>The following will determine whether or not the derogatory trade line must be resolved, and a new credit report run prior to loan submission (credit supplements are not permitted to document disputed accounts): <ul style="list-style-type: none"> <li>No derogatory information: no action required.</li> <li>Derogatory information: remove and pull new credit report when the disputed account has a Date of Last Activity (DLA) within the past 12 months.</li> </ul> </li> </ul> <p>Disputed medical collections do not need to be removed.</p>	<p>5A.9 Delinquent Credit – Disputed Tradelines</p> <ul style="list-style-type: none"> <li>Disputed accounts are reviewed to determine current balance and payment history (30-day or more delinquency).</li> <li>The following will determine whether or not the derogatory trade line must be resolved, and a new credit report run prior to loan submission (credit supplements are not permitted to document disputed accounts): <ul style="list-style-type: none"> <li>No derogatory information: no action required.</li> <li>Derogatory information: remove and pull new credit report when the disputed account has a Date of Last Activity (DLA) within 12 months of the credit report date.</li> </ul> </li> </ul> <p>Disputed medical collections do not need to be removed.</p>
<p>6A.4(h) Gift Funds – Transfer of Gift Funds</p> <p>Verification and documentation that sufficient funds to cover the gift are in the donor's account or have been transferred to the borrower's account is required.</p> <p>Transfer of funds from the donor's account to the borrower's account:</p> <ul style="list-style-type: none"> <li>Copy of the donor's check and borrower's bank statement;</li> <li>Copy of donor's withdrawal slip and borrower's deposit slip;</li> <li>Copy of donor's check to the closing agent; or</li> </ul>	<p>6A.4(h) Gift Funds – Transfer of Gift Funds</p> <p>Verification and documentation that sufficient funds to cover the gift are in the donor's account or have been transferred to the borrower's account is required.</p> <p>Transfer of funds from the donor's account to the borrower's account:</p> <ul style="list-style-type: none"> <li>Copy of the donor's check and borrower's bank statement;</li> <li>Copy of donor's withdrawal slip and borrower's deposit slip;</li> <li>Evidence of the electronic transfer of funds from the donor's account to the</li> </ul>



<ul style="list-style-type: none"> <li>• Settlement statement showing receipt of donor's check.</li> </ul> <p>When the funds are not transferred prior to closing, provide the following to the closing agent:</p> <ul style="list-style-type: none"> <li>• Final Closing Disclosure must reflect the gift funds as funds paid on the borrower's behalf, and</li> <li>• Proof of receipt of the donor's gift funds by the closing agent with one of the following: <ul style="list-style-type: none"> <li>○ Copy of the donor's certified check, or</li> <li>○ Wire confirmation verifying transfer of the funds from the donor to the closing agent.</li> </ul> </li> </ul>	<p><b>borrower's account or to the closing agent; or</b></p> <ul style="list-style-type: none"> <li>• Copy of donor's check to the closing agent.</li> </ul> <p><b>When the gift funds are to be transferred from the donor directly to the closing agent, the following documentation is required:</b></p> <ul style="list-style-type: none"> <li>• Final Closing Disclosure must reflect the gift funds as funds paid on the borrower's behalf, and</li> <li>• Proof of receipt of the donor's gift funds by the closing agent with one of the following: <ul style="list-style-type: none"> <li>○ Copy of the donor's certified check, or</li> <li>○ Wire confirmation verifying transfer of the funds from the donor to the closing agent.</li> </ul> </li> </ul>
<p>11A.5 Recasts:</p> <p>Permitted</p>	<p>11A.5 Recasts:</p> <p><b>Recasts are subject to investor and/or servicing approval post-closing but not guaranteed.</b></p>

## 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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## 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](#).