

National Correspondent Division Lender Guide

UNDERWRITING OPTIONS

OVERVIEW

NewRez offers both Delegated and Prior Approval underwriting on conventional loan products. At this time, all Jumbo and SMART/Non QM products must be underwritten by NewRez.

NewRez will provide Prior Approval underwriting on FHA loan products if the Lender has been approved under an Authorized Agent relationship or a Sponsorship relationship. Please refer to Lender Management for requirements.

NewRez does not provide Prior Approval underwriting on VA or USDA-Rural Housing loans at this time. Lenders must have VA Automatic underwriting authority issued through VA or have USDA approval.

Lenders are responsible for ensuring that all loans submitted to NewRez for prior approval underwriting or loan purchase meet both NewRez guidelines.

Excluding Non-SMART series/Non QM loans, Effective for all loan applications dated on or after January 10, 2014, all loans sold to NewRez must be Qualified Mortgages (QMs) and meet the Ability to Repay (ATR) requirements below. Lenders are responsible for providing evidence of compliance with ATR-QM requirements. An income and debt worksheet detailing the information used to fully qualify the borrower(s) must be included in each loan file delivered for loan purchase to evidence compliance with the Ability to Repay Rule. Lenders are allowed to use their own internal forms at this time as long as the form allows the underwriter to provide a complete comprehensive analysis of how all income and debts were calculated.

- Applies to Primary Residences and Second Homes
- Applies to Investment if not used for business purposes (e.g. borrower intends to occupy for greater than 14 days in the year).
- The underwriter must determine a borrower's repayment ability using verified documented information with the following 8 underwriting considerations:
 - Current or reasonably expected income and assets
 - Current employment status
 - Credit history
 - Monthly payment for subject property
 - Monthly payment for simultaneous mortgages
 - Monthly payments for related expenses (taxes, MIP, insurance, HOA)
 - Current debt obligations including alimony and child support
 - Monthly debt-to-income ratio

Note: The QM Temporary Provision allows a higher DTI for loans eligible for sale to the GSEs and

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government insured transactions – Loans must meet Agency, FHA, VA and USDA guidelines as well as NewRez guidelines and overlays.

Delegated Underwriting

NewRez will purchase conventional loans within conforming loan balances that receive DU Approve/Eligible or LP Accept/Eligible recommendations that have been underwritten and approved by specific prior approved Delegated Underwriters.

Any Lender that is a regulated financial institution or a wholly owned subsidiary of a regulated financial institution may request Institutional Delegated Authority whereby individual underwriters do not have to be approved. Lenders requesting this authority must have at least one qualified, full-time underwriter on staff and should submit their resume at time of the request.

NewRez must underwrite all Jumbo or Smart Series/Non QM loans. At this time, Delegated Underwriting is not allowed.

Refer to **Section 3: Lender Management** for requirements.

Prior-Approval Underwriting

All loans submitted to NewRez's underwriting team must contain sufficient documentation to make a loan decision. Underwriting will not review loans that do not have, at a minimum:

- A complete loan application (1003) for all borrowers
- A DU or LP Findings report reflecting correct loan terms and information
- A credit report
- Income & asset documentation (as required by the AUS)
- An appraisal (as required by the AUS) with XML

Please refer to the Conventional Underwriting Submission Checklist or the FHA Underwriting Submission Checklist of the Lender Guide for required documents.

Loans must be in a registered status prior to the submission to NewRez for prior-approval underwriting.

Underwriting will provide a loan decision to the Lender via the website.

If a loan is denied, the underwriter will contact the Lender directly by telephone to provide the reason for denial. A Notification of Loan Denial will be provided to the Lender via fax and a copy of the Notice will be available on-line.

All "Final Approval" underwriting conditions must be provided in the closed loan file delivered for loan purchase. In the event a condition has not been provided or the documentation provided is deemed unacceptable, the loan file will be suspended for purchase until the deficiency is resolved. If the deficiency cannot be resolved, the loan file will be denied for purchase.

FANNIE MAE EARLYCHECK™

Fannie Mae's EarlyCheck™ service assists Lenders in identifying and correcting potential eligibility and/or data issues as early in a Lender's business process as possible. The goal is to help Lenders identify potential problems prior to loan delivery to Fannie Mae.

In order to ensure loan data quality, NewRez will perform an EarlyCheck™ review on all conventional loans delivered for purchase. Any discrepancies noted by the EarlyCheck™ report must be remedied before loan purchase.

To avoid loan purchase suspension, Lenders should ensure that all of the data on the "Final" DU Findings Report match the loan documents. Lenders are strongly encouraged to perform a review of all documents prior to loan closing to ensure data integrity.

Common Discrepancies Found:

- First Time Homebuyer is reflected in DU; however, not reflected on Final 1003
- Social Security Number reflected in DU does not match information delivered
- DTI reflected in DU does not match final DTI on loan based on information delivered
- Property type in DU does not reflect PUD or Condo property type on appraisal
- Project classification does not match appraisal or project warranty form
- Loan purpose reflected in DU does not match information delivered (cash-out versus limited cash-out)

DATAVERIFY QUALITY REPORT

Refer to **Section 6 of the guide Compliance - Fraud** or information regarding the Data Verify DRIVE report.

[Click Here to View Links to Product Profiles and Overlays for our Loan Programs](#)

[Click here to view links Smart Series Product Profiles](#)

Fannie Mae Guidelines

Refer to the following Fannie Mae sites for all other underwriting guidelines and requirements.

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- AllRegs Fannie Mae Single Family
- www.efanniemae.com

Freddie Mac Guidelines

Refer to the following Freddie Mac sites for all other underwriting guidelines and requirements.

- AllRegs Freddie Mac Single Family
- www.freddiemac.com

FHA Handbooks

Refer to the following FHA Handbooks for all other FHA guidelines and requirements:

- <http://www.fhahandbook.com/hud.php>
- Handbook 4155.1
- Handbook 4155.2
- TOTAL Scorecard User Guide
- Handbook 4150.2

VA Lenders Handbook

Refer to the [VA Handbook](#) for all other VA guidelines and requirements.

USDA – Rural Housing

<https://www.rd.usda.gov/publications/regulations-guidelines/handbooks>

Refer to the Rural Housing Guide and Administrative Notices for guidelines and requirements