



Bulletin 19-04

Enhancements/Updates to the HELOC Program

HomeBridge is pleased to announce enhancements and updates to the HELOC program as detailed below.

Enhancements

- Non-occupant co-borrowers are now eligible (previously not allowed). Non-occupant co-borrowers must be fully credit qualified and be on title.
- When the borrower's current/departing residence is pending sale the PITIA payment for their residence may now be excluded from the borrower's DTI calculation (previously always required to be included) subject to the following:
 - A copy of the fully executed purchase contract is provided, and
 - The transaction involving the current/departing residence will close within 60 days of loan closing on the HELOC transaction
- The requirements for documenting restricted stock unit income have been simplified (previously required; restricted stock income is eligible as follows):
 - Documentation is provided the income was received the previous year, and
 - The income is reflected on the borrower's current paystub, and
 - A copy of an employer-generated vesting schedule, showing past and future vesting of the shares, is provided
- Student loan payments previously required 1% of the outstanding balance to be used as the payment amount if the payments were deferred or not listed on the credit report. The option to obtain the payment/estimated payment (as applicable) from the student loan lender/servicer is now available in addition to using 1% of the outstanding balance to calculate the payment
- Employer loans that are forgivable are not required to be included in the DTI calculation as long as there are no payments due on the loan.
- Additional options have been provided for self-employed borrowers who pay themselves wages. Previously, the income was averaged over the prior year and the current year YTD income. Borrowers who pay themselves at year end and/or borrowers who receive inconsistent income throughout the year may now provide one of the following to document income in lieu of using YTD income:
 - Two (2) years most recent tax returns, or
 - Two (2) years most recent W-2s, or
 - Year-end paystubs from the most recent two (2) years

Updates

The guidelines have been updated to provide clarification on the following topics.

- **Non-mortgage Co-signed Debt:** May be excluded from the DTI calculation when:
 - Documentation is provided evidencing another party has been making the payments for a minimum of 12 months, and
 - There have not been any late payments in the previous 24 months.
- **Non-mortgage Co-borrower Debt:** May be excluded from the DTI calculation when:
 - The party making the payments is contractually obligated on the debt, and
 - Documentation is provided evidencing the other party has been making the payments for a minimum of 12 months, and
 - There have not been any late payments in the previous 12 months
- **Non-mortgage Debt Paid by the Borrower's Business:** May be excluded from the DTI calculation when:
 - Documentation is provided evidencing payment from the business account for a minimum of 12 months (bank statements, cancelled checks, etc.), and
 - There have been no late payments in the most recent 12 months (i.e. 0x30 in 12)

Reminder: The HELOC program is offered in conjunction with a Fannie Mae or Freddie Mac first mortgage **only**; it is **not** a stand-alone HELOC product.

These enhancements can be applied to loans currently in the pipeline and new submissions.

The HELOC guidelines have been updated with this information and posted on the HomeBridge website at www.HomeBridgeWholesale.com

If you have any questions, please contact your Account Executive.