

Access (Non-QM) Program



A division of HomeBridge Financial Services, Inc.

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Program Overview



- Access is a Non-QM program offering Full Doc, Alt Doc which includes Bank Statement, Asset Qualifier, 1099 Only, Investor Cash Flow, and P&L Only options and is designed for loans that are not eligible under Fannie Mae/Freddie Mac guidelines
- The Bank Statement option allows for 12 or 24 months business or personal bank statements. Multiple accounts are acceptable
- Investor Cash Flow (ICF) option is available for investment properties only; the borrower is qualified on the debt service coverage ratio of the subject property
- Asset Qualifier option qualifies borrowers on their liquid assets or assets that can be liquidated without restriction and is eligible for primary residence purchase and rate/term refinance transactions
- 1099 Only option is available for independent contractors receiving a 1099 at year-end or borrowers receiving commission income
- P&L Only option is available for self-employed borrowers with a minimum of 2-years self-employment; allows for 12 to 24 months unaudited P&L(s)

Program Overview (cont.)



- Purchase, rate/term, and cash-out available
- Eligible in all states
 - ✓ New York transactions must pass the NY Subprime test, if applicable
 - ✓ New York CEMA transactions **ineligible**
- 1-4 unit primary residence, 1-unit second home, and 1-4 unit investment properties eligible (ICF is available for investment property **only**)
- Maximum DTI: 50%, **no exceptions** (DTI N/A Investor Cash Flow and Asset Qualifier)
- Minimum loan amount \$100,000
- Minimum 660 FICO
- Maximum loan amount \$3,000,000
- A 1/0 or 2/1 [temporary buydown](#) option is eligible on Full Doc, Bank Statement, and 1099 Only options.

- Cash-out transactions are subject to the following:
 - ✓ A 6-month seasoning requirement applies
 - ✓ Cash-out limitations include the amount of cash-in-hand to the borrower **PLUS** the payoff of any non-mortgage debt **PLUS** any funds used to pay off unseasoned subordinate liens on the subject property
- Cash-Out (Full Doc, Bank Statement, 1099 Only options):
 - ✓ **LTV ≤ 60%:** Unlimited cash-out
 - ✓ **LTV > 60%:** Maximum cash-out \$1,000,000
- Cash-Out (ICF option including foreign national borrowers):
 - ✓ **LTV ≤ 60%:** Unlimited cash-out
 - ✓ **LTV > 60%:** Maximum cash-out \$500,000
 - ✓ Foreign National: Maximum cash-out \$500,000
- Cash-out **not eligible** on Asset Qualifier option

- Residual income required as follows:
 - ✓ Full Doc, Bank Statement, 1099 Only, and P&L Only primary residence transactions **only**
 - **Full Doc:** Minimum \$2,000 per month
 - **Bank Statement/1099 Only/P&L Only:** Minimum \$2,500 per month
 - ✓ Asset Qualifier primary residence
 - \$1300 per month
 - ✓ Investor Cash Flow: Residual income does not apply
- Foreign national borrowers eligible for 1-4 unit investment property using the ICF option only
- Rate/term refinance transactions do not have a seasoning requirement
- Cash-out transactions require 6-month seasoning
- Borrower(s) qualified based on product type (fixed rate, 7/6, or 10/6 ARM); refer to slides 6 through 14 for requirements

- Interest-only (IO) feature:
 - ✓ Available on all documentation options with a 30 or 40 year loan term
 - ✓ A minimum 700 credit score required
 - ✓ Maximum 85% LTV (P&L Only and Asset Qualifier max 75% LTV)

NOTE: The 40 year loan term **requires** the interest-only option; there is no stand-alone 40 year loan term

- IO **ineligible** on the following:
 - ✓ First time home buyers,
 - ✓ Texas Equity transactions, and
 - ✓ Transactions involving foreign national borrowers
- Borrower(s) required to sign Borrower Affidavit – Full Doc, Bank Statement, Investor Cash Flow, Asset Qualifier, 1099 Only, P&L Only as applicable.
Homebridge to complete and provide with loan docs

Full Documentation Option

- **7/6 SOFR ARM** (fully amortizing 30 year term)
 - ✓ 30 day average of SOFR
 - ✓ 2/1/5 Caps
 - ✓ Margin: 4.00; Floor = Note rate
 - ✓ Borrowers are qualified using the **greater of**: The start rate **or** the fully indexed rate (current index plus margin)

- **7/6 SOFR ARM** with interest-only option (maximum 85% LTV)
 - ✓ 30 day average of SOFR
 - ✓ 2/1/5 Caps
 - ✓ Margin 4.00; Floor = Note rate
 - ✓ Borrowers are qualified at the **greater of**: The start rate **or** the fully indexed rate (current index plus margin)
 - ✓ A 30 or 40 year loan term is available when using interest-only:
 - 30 year term; qualify by amortizing payment over 20 years
 - 40 year term; qualify by amortizing payment over 30 years
 - ✓ Interest-only period is for the first 10 years of the loan; P&I payments begin in year 11

Full Documentation Option (cont.)

- **10/6 SOFR ARM** (fully amortizing 30 year term)
 - ✓ 30 day average of SOFR
 - ✓ 2/1/5 Caps
 - ✓ Margin: 4.00
 - ✓ Floor = Note rate
 - ✓ Borrowers are qualified using the **greater of**: The start rate **or** the fully indexed rate (current index plus margin)

- **10/6 SOFR ARM** with interest-only option (maximum 85% LTV)
 - ✓ 30 day average of SOFR
 - ✓ 2/1/5 Caps
 - ✓ Margin 4.00; Floor = Note rate
 - ✓ Borrowers are qualified at the **greater of**: The start rate **or** the fully indexed rate (current index plus margin)
 - ✓ A 30 or 40 year loan term is available when using interest-only:
 - 30 year term; qualify by amortizing payment over 20 years
 - 40 year term; qualify by amortizing payment over 30 years
 - Interest-only period is for the first 10 years of the loan; P&I payments begin in year 11

Full Doc Option (cont.)

- Fixed rate with 15 or 30 year loan term; qualify at the Note rate
- Fixed rate interest-only option available with 30 or 40 year loan term (maximum 85% LTV)
 - ✓ 30 year term; qualify using full PITIA amortized over 20 years
 - ✓ 40 year term; qualify using full PITIA amortized over 30 years

NOTE: **Must** use IO feature when selecting a 40 year loan term; a 40 year term without IO is **not** available

Bank Statement, Asset Qualifier, 1099 Only, and P&L Only Options

- **7/6 SOFR ARM** (fully amortizing 30 year term)
 - ✓ 30 day average of SOFR
 - ✓ 2/1/5 Caps
 - ✓ Margin: 4.250; Floor = Note rate
 - ✓ Borrowers are qualified using the **greater of** the start rate or the fully indexed rate (current index plus margin)

- **7/6 SOFR ARM** with interest-only option (maximum 85% LTV; P&L Only and Asset Qualifier max 75% LTV)
 - ✓ 30 day average of SOFR
 - ✓ 2/1/5 Caps
 - ✓ Margin 4.250; Floor = Note rate
 - ✓ Borrowers are qualified at the **greater of** the start rate or the fully indexed rate (current index plus margin)
 - ✓ A 30 or 40 year loan term is available when using interest-only:
 - 30 year term; qualify by amortizing payment over 20 years
 - 40 year term; qualify by amortizing payment over 30 years
 - ✓ Interest-only period is the first 10 years of the loan; P&I payments begin in year 11

Bank Statement, Asset Qualifier, 1099 Only, and P&L Only Options (cont.)

- **10/6 SOFR ARM** (fully amortizing 30 year term)
 - ✓ 30 day average of SOFR
 - ✓ 2/1/5 Caps
 - ✓ Margin: 4.250; Floor = Note rate
 - ✓ Borrowers are qualified using the **greater of**: The start rate **or** the fully indexed rate (current index plus margin)

- **10/6 SOFR ARM** with interest-only option (maximum 85% LTV; P&L Only and Asset Qualifier max 75% LTV)
 - ✓ 30 day average of SOFR
 - ✓ 2/1/5 Caps
 - ✓ Margin 4.250; Floor = Note rate
 - ✓ Borrowers are qualified at the **greater of**: The start rate or the fully indexed rate (current index plus margin)
 - ✓ A 30 or 40 year loan term is available when using interest-only:
 - 30 year term; qualify by amortizing payment over 20 years
 - 40 year term; qualify by amortizing payment over 30 years
 - ✓ Interest-only period is the first 10 years of the loan; P&I payments begin in year 11

Bank Statement, Asset Qualifier, 1099 Only, and P&L Only Options (cont.)

- Fixed rate with 15 or 30 loan term; qualify at the Note rate
- Fixed rate interest-only option available with 30 or 40 year loan term (maximum 85% LTV; P&L Only and Asset Qualifier max 75% LTV)
 - ✓ 30 year term; qualify using full PITIA amortized over 20 years
 - ✓ 40 year term; qualify using full PITIA amortized over 30 years

NOTE: Must use IO feature when selecting a 40 year loan term; a 40 year term without IO is **not** available

Investor Cash Flow Option

- **7/6 SOFR ARM** (fully amortizing 30 year term)
 - ✓ 30 day average of SOFR
 - ✓ 2/1/5 Caps
 - ✓ Margin: 4.500; Floor = Note rate
 - ✓ **Borrowers are qualified at the start rate**

- **7/6 SOFR ARM** with interest-only option (maximum 80% LTV)
 - ✓ 30 day average of SOFR
 - ✓ 2/1/5 Caps
 - ✓ Margin 4.500; Floor = Note rate
 - ✓ **Borrowers are qualified at the start rate amortized over 30 years**
 - ✓ Interest-only period is for the first 10 years of the loan; P&I payments begin in year 11

Investor Cash Flow Option (cont.)

- **10/6 SOFR ARM** (fully amortizing 30 year term)
 - ✓ 30 day average of SOFR
 - ✓ 2/1/5 Caps
 - ✓ Margin: 4.500
 - ✓ Floor = Note rate
 - ✓ Borrowers are qualified the start rate,

- **10/6 SOFR ARM** with interest-only option (maximum 80% LTV)
 - ✓ 30 day average of SOFR
 - ✓ 2/1/5 Caps
 - ✓ Margin 4.500
 - ✓ Floor = Note rate
 - ✓ Borrowers are qualified at the start rate amortized over 30 years
 - ✓ Interest-only period is the first 10 years of the loan; P&I payments begin in year 11

Investor Cash Flow Option (cont.)

- Fixed rate available with 15 or 30 year loan term; qualify at Note rate
- Interest-only option available with a 30 or 40 year loan term **ONLY**
 - ✓ Qualify using full PITIA amortized over 20 or 30 years
 - ✓ Interest-only is for the first 10 years of the loan; P&I payment begins in year 11

LTV/CLTV/FICO/Loan Amount matrix for 1-4 Unit Primary Residence

FULL DOC (1-2 Year Paystub/W-2 or 1-2 Year Tax Returns)				
1-4 Unit Primary Residence ⁴				
Transaction Type	Credit Score	LTV/CLTV ^{5,6,7,8,9}	Maximum Loan Amount ¹	DTI ²
Purchase and Rate/Term Refinance ²	680	90%	\$1,000,000	50%
	660 ⁶	85%	\$1,000,000	50%
	700	90%	\$1,500,000	50%
	680	85%	\$1,500,000	50%
	660 ⁶	80%	\$1,500,000	50%
	720	90%	\$2,000,000	50%
	700	85%	\$2,000,000	50%
	660 ⁶	75%	\$2,000,000	50%
	720	80%	\$2,500,000	50%
	700	75%	\$2,500,000	50%
	720	75%	\$3,000,000	50%
Cash-Out ^{3,8}	700	80%	\$1,000,000	50%
	680 ³	75%	\$1,000,000	50%
	700	75%	\$1,500,000	50%
	660 ⁶	70%	\$1,500,000	50%
	720	75%	\$2,000,000	50%
	700	70%	\$2,000,000	50%
	680 ³	65%	\$2,000,000	50%
	660 ^{3,6}	60%	\$2,000,000	50%
	720	70%	\$2,500,000	50%
	700	65%	\$2,500,000	50%
	720	65%	\$3,000,000	50%
	700	60%	\$3,000,000	50%

- Minimum loan amount \$100,000
- Cash-out subject to the following:
 - ✓ LTV ≤ 60%: Unlimited cash-out
 - ✓ LTV > 60%: Maximum cash-out \$1,000,000
 - ✓ Borrowers using non-retirement account distributions for qualifying are **ineligible** for cash-out
- Interest-only eligible; maximum 85% LTV **and** minimum 700 credit score
- 2-4 unit properties: Maximum 85% LTV
- Property located in declining market a 5% LTV reduction required

LTV/CLTV/FICO/Loan Amount matrix for Second Home and Investment Property

FULL DOC (1-2 Year Paystub/W-2 or 1-2 Year Tax Returns)				
1-Unit Second Home and 1-4 Unit Investment ^{6,9}				
Transaction Type	Credit Score ⁴	LTV/CLTV ^{4,5,7,8,10}	Maximum Loan Amount ¹	DTI ²
Purchase and Rate/Term	660	80%	\$1,000,000	50%
	700	85%	\$1,500,000	50%
	680	80%	\$1,500,000	50%
	660	75%	\$1,500,000	50%
	700	80%	\$2,000,000	50%
	680	75%	\$2,000,000	50%
	660	70%	\$2,000,000	50%
Cash-Out Refinance ^{3,5}	700	75%	\$1,000,000	50%
	720	75%	\$1,500,000	50%
	660	70%	\$1,500,000	50%
	700	70%	\$2,000,000	50%
	680	65%	\$2,000,000	50%
	660	60%	\$2,000,000	50%

- Minimum loan amount \$125,000
- Cash-out subject to the following:
 - ✓ LTV ≤ 60%: Unlimited cash-out
 - ✓ LTV > 60%: Maximum cash-out \$1,000,000
 - ✓ Borrowers using non-retirement account distributions for qualifying are **ineligible** for cash-out
- Interest-only eligible; maximum 85% LTV **and** minimum 700 credit score
- Investment property maximum 80% LTV
- Property located in declining market a 5% LTV reduction required

- LTV/CLTV/FICO/Loan Amount matrix for 1-4 Unit Primary Residence, 1-Unit Second Home, and 1-4 Unit Investment

ALT DOC (Bank Statement, 1099 Only, P&L Only)				
1-4 Unit Primary Residence ^{4,9,11}				
Transaction Type	Credit Score ¹⁰	LTV/CLTV ^{5,6,7,8,10,12}	Maximum Loan Amount ¹	DTI ²
Purchase and Rate/Term Refinance	740	90%	\$1,000,000	50%
	700	85%	\$1,500,000	50%
	660	80%	\$1,000,000	50%
	680	80%	\$1,500,000	50%
	660	75%	\$1,500,000	50%
	740	85%	\$2,000,000	50%
	700	80%	\$2,000,000	50%
	660	75%	\$2,000,000	50%
	720	80%	\$2,500,000	50%
	700	75%	\$2,500,000	50%
720	75%	\$3,000,000	50%	
Cash-Out Refinance ³	660	70%	\$1,000,000	50%
	680	70%	\$1,500,000	50%
	660	65%	\$1,500,000	50%
	720	75%	\$2,000,000	50%
	700	70%	\$2,000,000	50%
	680	65%	\$2,000,000	50%
	660	60%	\$2,000,000	50%
	700	60%	\$2,500,000	50%
1-Unit Second Home and 1-4 Unit Investment ^{9,11}				
Transaction Type	Credit Score ¹⁰	LTV/CLTV ^{6,7,8,12}	Maximum Loan Amount ¹	DTI ²
Purchase and Rate/Term Refinance	660	80%	\$1,000,000	50%
	680	80%	\$1,500,000	50%
	660	75%	\$1,500,000	50%
	700	80%	\$2,000,000	50%
	680	75%	\$2,000,000	50%
	660	70%	\$2,000,000	50%
Cash-Out Refinance ³	660	70%	\$1,000,000	50%
	720	75%	\$1,500,000	50%
	680	70%	\$1,500,000	50%
	660	65%	\$1,500,000	50%
	700	70%	\$2,000,000	50%
	680	65%	\$2,000,000	50%
660	60%	\$2,000,000	50%	

- Minimum loan amount \$125,000
- Cash-out subject to the following:
 - ✓ LTV ≤ 60%: Unlimited cash-out
 - ✓ LTV > 60%: Maximum cash-out \$1,000,000
 - ✓ Borrowers using non-retirement account distributions for qualifying are **ineligible** for cash-out
- Interest-only eligible; maximum 85% LTV **and** minimum 700 credit score
- P&L Only: Maximum 80% LTV (including interest-only)
- Property located in declining market a 5% LTV reduction required

- LTV/CLTV/FICO/Loan Amount matrix for 1-4 Unit Primary Residence

Alt-Doc (Asset Qualifier)			
1-4 Unit Primary Resident			
Transaction Type	Credit Score ²	LTV/CLTV	Maximum Loan Amount ³
Purchase and Rate/Term Refinance	700	75%	\$2,500,000
	720	75%	\$3,000,000

- Minimum loan amount \$100,000
- Primary residence only
- Cash-out ineligible
- Significant derogatory credit even requires 5 years seasoning
- Interest-only eligible
- Property located in declining market a 5% LTV reduction required

LTV/CLTV/FICO/Loan Amount matrix for Investor Cash Flow Option

INVESTOR CASH FLOW				
1-4 Unit Investment ¹⁰				
Transaction Type	Credit Score ^{5,8}	LTV/CLTV ^{3,4,5,8,9,10,11}	Maximum Loan Amount ¹	Minimum DSCR
Purchase and Rate/Term Refinance	700	80%	\$1,500,000	1.15
	680	80%	\$1,000,000	1.15
	700	75%	\$1,500,000	1.00
	680	75%	\$1,000,000	1.00
	660	70%	\$1,000,000	1.00
	680	70%	\$1,500,000	1.00
	660	65%	\$1,500,000	1.00
	720	75%	\$2,000,000	1.00
	700	70%	\$2,000,000	1.00
	680	65%	\$2,000,000	1.00
Cash-Out Refinance ^{2,9}	660	65%	\$1,000,000	1.00
	700	75%	\$1,000,000	1.00
	700	70%	\$1,500,000	1.00
	660	60%	\$1,500,000	1.00
	700	60%	\$2,000,000	1.00
Transaction Type	Credit Score ⁵	LTV/CLTV ^{5,7,10,11}	Maximum Loan Amount	Minimum DSCR ^{5, 6}
Purchase and Rate/Term Refinance	700	75%	\$1,000,000	0.75
	680	70%	\$1,000,000	0.75
	700	70%	\$1,500,000	0.75
	680	65%	\$1,500,000	0.75
	700	65%	\$2,000,000	0.75
	680	60%	\$2,000,000	0.75
Cash-Out Refinance ^{2,9}	720	70%	\$1,000,000	0.75
	680	60%	\$1,500,000	0.75
	700	65%	\$1,500,000	0.75

- Minimum loan amount: \$125,000
- 2–4 unit transactions limited to a maximum 75%
- Short-term rental requires a minimum 700 credit score
 - ✓ Purchase transactions limited to max 75% LTV if borrower has 1-year experience operating short-term rental property and 70% LTV with < 1-year experience
 - ✓ Refinance transactions max 70% LTV (see **Determination of Rents** topic in the Access guides for complete ICF short-term rental requirements)
- Interest-only eligible with minimum 700 credit score
- Cash-out subject to:
 - ✓ LTV ≤ 60%: Unlimited cash-out
 - ✓ LTV > 60%: Maximum \$500,000
- Property located in declining market a 5% LTV reduction required

LTV/CLTV/FICO/Loan Amount matrix for Foreign National Borrowers

Foreign National ^{1,6,7} (Investor Cash Flow Option ONLY)				
1-4 Unit Investment				
Transaction Type	Credit Score ²	LTV/CLTV	Maximum Loan Amount ³	Minimum DSCR
Purchase and Rate/Term Refinance	680	65%	\$2,000,000	1.00
Cash-Out Refinance ⁴	680	65%	\$1,000,000	1.00
	700	65%	\$1,500,000	1.00
	680	60%	\$1,500,000	1.00
	700	60%	\$2,000,000	1.00

- Eligible on ICF option **only**
- Unique requirements apply; see guides
- Credit score requirement only applies if borrower has U.S. credit
- Borrowers with no U.S. credit, eligible subject to stated LTV/loan amount limits
- Pricing a foreign national loan:
 - ✓ **With** U.S. credit: Foreign national **and** credit score LLPAs apply
 - ✓ **Without** U.S. credit: Foreign national LLPA only
- Gift funds and interest-only **ineligible**
- Maximum cash-out \$500,000
- Property located in declining market a 5% LTV reduction required

- **Borrower Eligibility**
 - ✓ Wage Earner/Salaried Borrowers
 - ✓ Self-Employed Borrowers
- **Income Documentation**
 - ✓ Wage Earner/Salaried Borrowers
 - **Method One: Standard Verification**
 - ❖ Pay stub covering 30 consecutive days with YTD earnings
 - ❖ Most recent 1 or 2 year's W-2s
 - ❖ 1 or 2 year's W-2s transcripts

**NOTE: The most recent paystub(s) must be dated within 120 calendar days of the Note date
This requirement applies to all wage earner/salaried borrowers paystubs as required
on slides 18 and 19**

- ✓ **Salaried Borrowers with Commission/Bonus or OT Income**
 - A pay stub covering a minimum of 1 months' YTD earnings, **and**
 - W-2s for previous 1 or 2 years, **and**
 - W-2 transcripts for previous 1 or 2 years, **and**
 - **A written VOE to confirm a 2-year average and proof continuance.**
Commission/bonus income received for more than 1-year but less than 2-years years may be eligible on a case-by-case basis if documentation indicates continuance likely; **overtime income requires 2-years receipt**

NOTE: Homebridge management review and approval required for commission/bonus income received 1-2 years

- ✓ Self-Employed Borrowers:
 - One or two years tax returns. One year tax returns requires a borrower prepared P&L; 2-years may require P&L
 - Interim financials eligible when determining income. Refer to guides for details
- ✓ Other Income Types: Refer to guidelines for eligibility

- Bank statement option is available for self-employed borrowers with > 25% ownership interest in a business
- 12 or 24 months personal or business bank statements eligible and statements from multiple accounts acceptable
- Two (2) year self-employment history is generally required however 1-2 year self-employment history considered on a case-by-case basis when:
 - ✓ The borrower was in the same line of work for a minimum of 2-years prior to their self-employment, **and**
 - ✓ The borrower has an additional 6 months PITIA reserves, **and**
 - ✓ A minimum of 12 months bank statement supporting self-employment income required

■ Personal Bank Statements:

- ✓ Qualifying income is divided by 12 or 24 months (as applicable) to determine monthly income
- ✓ Three (3) months most recent **business bank statements** required to verify income is coming from the borrower's business. Transfers from only one (1) business account are eligible for qualifying

NOTE: N/A if borrower does not utilize a separate business account

■ Business Bank Statements

- ✓ Statements from multiple accounts are acceptable; the same calculation method must be applied
- ✓ The borrower(s) combined must own 25% or more of the business to use business bank statements
- ✓ Three methods are available for documenting income:
 - **Method One: Uniform Expense Ratio**
 - ❖ Multiply eligible deposits received by 50%
 - ❖ The result obtained above is multiplied by the borrower's ownership percentage and divide by 12 or 24 (as applicable)
 - ❖ If the expense ratio is reasonable for the borrower's line of work, no addition information required

➤ **Method Two: Profit and Loss Statement**

- ❖ A P&L is provided by a CPA/EA/licensed tax preparer for the most recent 12 or 24 months as applicable
- ❖ If the deposits on the business statements support at least 75% of the gross receipts listed on the P&L the P&L may be used for qualifying the borrower using the pro-rata share of ownership

➤ **Method Three: CPA Letter for Expense Ratio**

- ❖ A CPA/EA/licensed tax preparer letter is provided that indicates the business expense ratio based on the most recent year's tax return

NOTE: The CPA letter **cannot** include any disclaimers as to the accuracy of the information

- The following applies to both personal and business bank statement options:
 - ✓ Co-Mingled Accounts: Co-mingled accounts (borrower **does not** maintain separate and personal accounts) will be treated as business accounts when determining income
 - ✓ Non-Sufficient Funds (NSF): Excessive NSFs require a written explanation from the borrower. The following applies:
 - 12 months bank statements:
 - ❖ Maximum 3 NSF **instances*** in past 12 months
 - ❖ 4 or more NSF **instances*** in past 12 months, loan is **ineligible**
 - 24 months bank statements:
 - ❖ Maximum 6 NSF **instances*** in past 24 months
 - ❖ 7 or more NSF **instances*** in past 24 months, loan is **ineligible**
 - ✓ Income Trend: Bank statements should show a stable or increasing trend. Declining and/or irregular trend will require additional documentation. Refer to the ***Income Trend*** topic in the Bank Statement option of the guidelines for complete requirements

*NSF “**instances**” are defined as a time period where the account is overdrawn and subsequently brought current (i.e. funds are deposited to bring the account balance positive) One instance may have multiple NSFs during that period but all occur within the same time period prior to the account being brought current. If the account becomes overdrawn again, that is considered a second “instance”

- Borrowers who are **not** self-employed and **derive income from their investments** (trusts, distributions from a partnership, dividends, etc.) are also eligible under the bank statement program
 - ✓ Any significant employment generated must come from the co-borrower
 - ✓ 24 months **personal** bank statements required to document income received
 - ✓ The borrower must provide documentation of the source of the income and its continuance:
 - Brokerage statements to document ownership, **and/or**
 - Copy of trust agreement and/or trustee's statements, **and/or**
 - CPA letter confirming borrower owns assets generating income and detailed narrative of the income stream from the borrower

- The Investor Cash Flow (ICF) option uses the rental income from the **subject property** to determine cash flow
- Income and employment are **not** verified and DTI is **not** calculated
- Loans using the ICF option are not subject to ability-to-repay or HPML requirements as they are considered business purpose loans
- Reserves required; refer to slide 62 for requirements
- Qualify on the debt service coverage ratio (DSCR) of the subject property
- Minimum DSCR determined by LTV/Loan Amount/FICO score; refer to the ICF matrix on Slide 20
 - ✓ DSCR < 1.00, 3 months **additional** PITIA reserves required

- First time home buyers (**all** borrowers are FT HB) **ineligible**
 - ✓ Transactions involving a FT HB and a non-FT HB considered on case-by-case basis with Homebridge management review and approval
- At least one borrower **must have** a documented 12 month history managing rental properties (see exception on next slide)
 - ✓ Ownership/management of commercial property, is acceptable to satisfy the 12 month history requirement if the borrower is a majority owner of the property
 - ✓ The 12 month management history is **not** required to have been in the most recent 3-year period

- 12-month history of owning and managing rental property may be waived subject to:
 - ✓ Borrower must currently own a primary residence, **and**
 - ✓ Purchase transaction only, **and**
 - ✓ Minimum 680 credit score, **and**
 - ✓ Minimum 1.000 DSCR based on a 30 year amortizing payment, **and**
 - ✓ 0x30 in previous 12 months on all housing trade lines as of loan application date, **and**
 - ✓ No mortgage forbearance with a missed payment in the most recent 12 months prior to the application date
 - ✓ At underwriter discretion request a motivation letter or other documentation to establish the loan as a business purpose loan

NOTES:

1. The above requirements apply to **all** borrowers on the transaction. In the event all borrowers do not meet all the requirements, additional documentation will be required to confirm the transaction is a business purpose loan
2. Foreign National borrowers are **not** eligible for the exception; FN borrowers **must have a 12 month history of owning and managing rental properties.**

- Acceptable documentation of 12 month management history includes leases or CPA letter confirming management history
- Borrower may own up to 15 financed properties, including subject; > 15 ineligible
- Reserves not required on **other** financed property on the ICF option

- The debt service coverage ratio (DSCR) is:
 - ✓ The *gross rent* **divided by** the qualifying **PITIA** payment on the subject property which **equals** the DSCR
 - Calculation Example of DSCR using PITIA:***
 - Gross Rent: \$2,000
 - PITIA (subject): \$1750
 - Calculation: \$2,000 divided by \$1750 = 1.143 DSCR
 - ✓ Calculating the DSCR on interest-only transactions:
 - Eligible if the LTV is $\leq 75\%$
NOTE: LTV $> 75\%$ requires DSCR to be calculated using full PITIA payment
 - The gross rent **divided by** the qualifying **ITIA** payment on the subject property

■ Determination of Rents

- ✓ Purchase transactions use 100% of the **lesser of**:
 - The current rent (if currently rented, leases must be provided), OR
 - Market rent as determined by the appraiser if unit not currently leased
- ✓ Refinance transactions use 100% of the lesser of:
 - Current rent (if currently rented, leases must be provided), **OR**
 - The market rent as determined by the appraiser, if vacant
 - ❖ If the property is leased for more than the appraiser's opinion of market rents, the lease amount may be used provided it will continue for at least 6 months after the Note date and the timely receipt of the 2 months rents due prior to the application are documented

■ **Determination of Rents** (cont.)

- ✓ Short-term rental income (Airbnb, VRBO, HomeAway, etc.) is eligible subject to the following:

➤ **Purchase Transactions:**

- ❖ The subject property must be located in a short-term market area
- ❖ Minimum 1.25 DSCR required
- ❖ Minimum 700 credit score
- ❖ Max 75% LTV for borrowers with a minimum 1-year experience operating a short-term rental property
- ❖ Max 70% LTV for borrowers with < 1-year experience operating a short-term rental property
- ❖ Homebridge will obtain an AirDNA Rentalizer and Overview Report on all purchase transactions
- ❖ Escrow/impound account **required**

NOTE: Specific AirDNA Rentalizer and Overview report requirements apply; refer to guidelines for complete details [*Partners for the Path Ahead*](#)

■ Determination of Rents (cont.)

✓ Refinance Transactions

- Use of AirDNA Rentalizer and Overview Report **not allowed**
- Minimum 1.25 DSCR required calculated based on average deposits over 12 months including months with zero deposits
- Maximum 70% LTV
- Minimum 700 credit score
- 12 months documented payment history from a third-party property management provider required
- < 12 months rental income eligible with a market rent survey **based on long-term tenancy**, completed by an appraiser with minimum 1.00 DSCR (loan amounts < \$150,000 requires minimum 1.25 DSCR required)
- Escrow/impound account required

■ Determination of Rents (cont.)

✓ Refinance Transactions (cont.)

- If there is a multi-year lease in place and the lease includes an increase in the rent within 12 months from the Note date and that increase continues for 12 months, the higher rent may be used to calculate the DSCR
- The increased rent **may not** exceed the appraiser's opinion of market rent for the unit(s)
- If the property is subject to an at-will tenancy without a written lease agreement, a signed letter from the borrower, detailing the terms of the agreement, including the tenants name, address, amount of monthly rent, is acceptable. Documentation confirming receipt of rents within 60 days of the Note date required
- Short-term rentals are limited to a maximum 75% LTV with a minimum 700 credit score

- The Asset Qualifier option allows borrower to be qualified based on their liquid assets or assets that may be liquidated without restriction. ATR and HPML requirements apply
- Asset Qualifier is available for purchase and rate/term transactions **only; cash-out ineligible**
 - ✓ Maximum 75% LTV and minimum 700 credit score required
- Primary residence **only**; ineligible on second home and investment properties
- Significant derogatory credit event requires 5 years seasoning
- There are three methods for determining asset qualification:
 - ✓ **Method One:** Total post-closing must equal 125% of all outstanding mortgage debt for which the borrower is personally liable
 - ✓ **Method Two:** Total post-closing assets must equal 120% of the subject property loan amount **plus** 30% of all other outstanding debt (mortgage and consumer)
 - ✓ **Method Three:** The borrower must have total liquid assets the cover the sum of 100% of the loan amount, **plus** 60 months of total debt service (do **not** include PITIA for subject or rental properties) **plus** 60 months of net loss on rental properties
- Income and employment **not** verified, and DTI not calculated; debt service is considered
- Asset balances must be verified within 120 days of the Note date

- Eligible assets include:
 - ✓ Cash and cash equivalents at 100% of face value
 - ✓ Marketable securities (**excluding unvested** RSUs and Stock options) at 80% (minus any outstanding margin loans, if applicable)
 - ✓ Cash surrender value of an Annuity
 - ✓ Retirement funds:
 - Borrower not at retirement age (< 59 ½): 70%
 - Borrower is at retirement age (59 ½ +): 80%
 - ✓ Cash value of a vested life insurance policy – 100%
 - If used for reserves, the cash value must be documented but liquidation not required
 - ✓ Bitcoin assets eligible subject to **Homebridge management review and approval**. The following applies:
 - The bitcoin must be liquidated and deposited into a U.S. bank/financial institution and be seasoned for a minimum of 60 days
 - ✓ Proceeds from the documented sale of any assets owned by the borrower over the prior 6 months

- Documentation of the liquidation of funds needed for down payment and closing costs, and the ending balance is required
- The borrower may only use their proportionate share of any account held jointly with a person not on the loan. If no percentage stated, it is assumed the account is divided equally among the account holders
- Ineligible assets include:
 - ✓ Business funds (eligible for funds to close only)
 - ✓ Non-liquid assets (cars, artwork, business net worth, etc.)
 - ✓ Face value of life insurance policies
 - ✓ Unvested restricted stock
 - ✓ Stock options, unless exercised

- Gift funds are eligible for down payment and closing costs on purchase transactions. Gift funds may be considered for closing costs on refinance transactions on an exception basis
- Gift funds may **not** be used:
 - ✓ As an eligible asset to meet Asset Qualifier requirements

- The 1099 Only option is available for borrowers who are an independent contractor and receive a 1099 at year-end or receive income from commission
- One or two years 1099s may be provided.
 - ✓ The 1099(s) must cover a complete calendar year
- The borrower's primary income source (> 50% of qualifying income) must be 1099 income minus the applicable expense ratio
- The 1099 income must be recurring i.e. income that is part of the borrower's normal and recurring income stream
- 1099s issued to an entity, instead of the borrower, the borrower must have **100% ownership** in the entity, documented by an acceptable third party
- Income from a co-borrower who does not utilize 1099s is eligible to supplement the 1099 income

- Other income sources eligible to supplement 1099 income (see guidelines for complete details) but the 1099 income must be the borrower's primary source of income (> 50%)
- Two (2) year's employment history must be verified by one of the following:
 - ✓ Written VOE, or
 - ✓ CPA letter, or
 - ✓ Documentation determined acceptable by Homebridge based on the borrower's circumstances
- YTD income must be documented within 120 calendar days of the Note date by one the following:
 - ✓ A paystub or check(s) showing YTD income, **OR**
 - ✓ Bank statements showing receipt of YTD income

- Transcripts for the number of years of 1099s submitted required
- There are three (3) income calculation methods:
 - ✓ **Method One: Uniform Expense Ratio**
 - Eligible gross receipts are multiplied by 25%
 - ✓ **Method Two: Profit and Loss**
 - A third-party prepared P&L covering the same time period as the 1099s required
 - If the gross income of the 1099s support a minimum of 90% of the gross income listed on the P&L the net income on the P&L is used for qualifying
 - If 2 years 1099s are provided and the gross income shows a declining trend a P&L covering the most recent calendar year must be provided and used for qualifying

✓ **Method Three: CPA Letter for Expense Ratio**

- A third-party prepared letter stating the borrower's expense ratio based on the borrower's most recent year's tax return
- The expense ratio is multiplied by the gross income shown on the 1099(s) used for qualification. That figure is subtracted from the gross income listed on the 1099(s) and the resulting number is used to qualify, averaged over the number of months of income provided
- If 2-years 1099s provided, and the gross income shows a declining trend, the income will be calculated using the most recent year's 1099 only minus the stated expense ration

NOTE: For all income calculation methods, the income must be reasonable for the borrower's line of work

- P&L Only is available for self-employed borrowers with a minimum of 2-years self-employment
- **Minimum 700 credit score**
- **Maximum 80% LTV**
- The P&L option is available using unaudited P&L(s) and the following applies:

Application Dated	Required Profit & Loss Statements
January 1 st through March 31 st	Unaudited 12 month P&L from prior year
April 1 st through December 31 st	Unaudited 12 month P&L from prior year plus unaudited YTD P&L for current year

- Borrower's tax returns/P&Ls must be prepared by an independent entity; **self-employed borrowers who complete and file their own tax returns/P&Ls are not eligible**
- Borrower must have $\geq 50\%$ ownership in the business. Ownership is cumulative for all borrowers (i.e., if borrower 1 has 25% ownership and borrower 2 has 25% ownership, the $\geq 50\%$ ownership requirement has been met)

- Borrower(s) ownership interest must be documented by one of the following:
 - ✓ Certified Public Accountant (CPA), or
 - ✓ IRS Enrolled Agent (EA), or
 - ✓ California Tax Education Council (CTEC) letter (tax preparer registered with CTEC), or
 - ✓ Operating Agreement
- Qualifying income is the **lower of**:
 - ✓ The income based on the 12 or 24 month P&L(s), **OR**
 - ✓ The monthly income disclosed on the initial, signed 1003
- The net income is calculated from the P&L(s) based on the borrower(s) percentage of ownership (e.g. if the borrower(s) have 65% ownership interest, the qualifying income is the net income calculated using the P&L(s) multiplied by 65%)

- The borrower's most recent P&L(s) must be provided and must be dated ≤ 90 calendar days prior to the Note date
- P&L(s) **must be prepared by an independent entity** (borrower prepared are **not allowed**) Acceptable entities include:
 - ✓ Certified Public Accountant (CPA),
 - ✓ Enrolled Agent (EA), or
 - ✓ Tax preparer registered with the CTEC
- A copy of the CPA or CTEC registered preparers active license must be included in the loan file. A screen shot from the [IRS EA website](#), validating the enrolled agent credentials is acceptable documentation to include in the loan file
- The P&L(s) must be signed by both the borrowers(s) with an ownership interest **AND** the preparer (non-owner borrowers are **not** required to sign)

- A letter detailing the nature of the business, signed and dated by the borrower, is required
- Two (2) months most recent business bank statements are required to support the gross receipts/sales reflected on the CPA/EA/tax preparer prepared P&L
 - ✓ The average deposits from the bank statements must be greater than the average monthly sales **OR** no less than 10% below the average monthly sales
 - ✓ If the average deposits are more than 10% below the average monthly sales, additional bank statements i.e. the next most recent statement(s) may be added to the analysis until the tolerance is acceptable

Example:

- **Acceptable Tolerance:** Average deposits that are 10% below (i.e. 10%, 9%, 8%, etc.) the average monthly sales **do not require** the additional most recent bank statement
- **Unacceptable Tolerance:** Average deposits that are 10.01% or more (i.e. 10.01%, 11%, 12%, etc.) below the average monthly sales **will require** the next most recent statement(s) until the tolerance is acceptable

Partners for the Path Ahead

- Reserves are required; refer to the Reserves topic in guides for requirements
- Residual income required on primary residence transactions ONLY: Minimum required residual income is \$2,500
- Gift funds are eligible

- A foreign national borrower is a person who **does not** work **or** reside in the United States
- **General Requirements**
 - ✓ Eligible on Investor Cash Flow option **only**
 - ✓ Purchase, rate/term and cash-out secured by 1-4 unit investment properties
 - ✓ Minimum 12 months PITIA reserves required
 - ✓ Minimum DSCR 1.00 required
 - ✓ Minimum credit score requirements on the Foreign National matrix apply when the borrower has **U.S. credit**; all U.S. liabilities are considered
 - ✓ Foreign debt/liabilities are **not** considered
 - ✓ An escrow/impound account is required
 - ✓ The following are **ineligible**:
 - FTHBs
 - Borrowers with diplomatic immunity
 - Gift funds
 - Interest-only feature

- The borrower must have a current, valid foreign passport **AND** visa that includes a photograph and signature except as noted under the Visa Exception topic below
 - ✓ The visa must evidence the borrower is legally present in the U.S.; a defined length of stay is **not** required
 - ✓ Acceptable visas: B1, B2, H2, H3, I, J1, J2, O2, P1, P2
- **Visa Exception:** A visa is **not** required for:
 - ✓ Canadian citizens
 - ✓ Borrowers who are citizens of a country listed on the U.S. State Department's Visa Waiver program page. Borrowers eligible under the Visa Waiver program must provide the following:
 - A valid passport, and
 - The applicable paperwork related to the Visa Waiver program
- Citizens of Mexico: Borrowers may provide one of the following to meet visa requirement:
 - ✓ A laser visa card (a border crossing card and a B1/B2 visa), **OR**
 - ✓ A NAFTA treaty visa (TN, TC, E1, or E2)

- Foreign national borrowers are **not** required to have a social security number
 - ✓ A credit report and credit score are not required if the borrower does not have a SSN
 - ✓ If the borrower does have a SSN, a credit report must be obtained and the borrower's credit must be reviewed
 - ✓ Only U.S. credit is reviewed, and the borrower's credit history must meet credit history requirements

NOTE: Foreign credit is not required to be provided, documented, or verified

- Borrowers with significant derogatory credit events in the most recent 4 years, measured from completion/discharge/dismissal date to application date, are ineligible, no exceptions

NOTE: Borrowers with **any history of forbearance, regardless of seasoning, are **ineligible** (applies only to borrowers with U.S. credit)**

Refer to the Foreign National topic in the Access guides for complete credit requirements

■ Income

- ✓ Income is **not** verified on ICF; follow ICF requirements except as noted below:
 - A minimum DSCR of 1.000 is required, **and**
 - 12 months reserves required, **and**
 - A 12 month history of owning and managing rental property is required, **and**
 - The interest-only payment **cannot** be used to calculate the DSCR; DSCR must be calculated using the **fully amortizing payment**

Documentation and Additional Requirements Specific to Foreign Nationals

- All borrowers must file an IRS Certificate of Foreign Status (IRS form W-8BEN for individuals and W-8BEN-E for entities) which must be maintained in the loan file
- Any documentation provided from the borrower's home country, listing that country's currency, must be provided in its original language.
 - ✓ A certified translation is required and is subject to Homebridge management review and approval
- Borrower must execute an Automated Clearing House (ACH) Agreement tied to a U.S. bank account, to facilitate the electronic transfer of funds
 - ✓ The account must be in the borrower's name or the LLC/partnership/corporation name (proof required)
 - ✓ The borrower must document that the account has, at minimum, funds to cover the first month's loan payment

NOTE: Homebridge will issue an ACH Agreement for borrower signature with loan docs

- A **World Compliance** search is required for all borrowers. The World Compliance search is performed by Homebridge management
 - ✓ Any alerts must be addressed and cleared. If a clear World Compliance search cannot be obtained the loan is **ineligible**
- The borrower cannot be on the U.S. Department of Treasury Sanctions list and must have a clear OFAC search
- All foreign documentation provided must be in its original form
 - ✓ The documentation must be translated to English by a certified translator
 - ✓ The translator's certification documents is required and is subject to Homebridge management review and approval

- Eligible borrowers on the Access program include:
 - ✓ U.S. Citizens
 - ✓ First-time home buyers defined as a borrower who has not owned a property in the previous 3 years. FTHB requirements apply when **ALL** borrowers are FTHBs (see guides)
 - Borrower must be able to document rental history within the previous 3 years with 0x30 over a 12 month period
 - Borrowers living rent free* **OR** that cannot document a 12 month housing history are **ineligible** (*see Exception for FTHB rent free borrowers on next slide)
 - Rental history must be most recent
 - Maximum 300% payment shock (see guides for payment shock calculation requirements)

NOTE: FTHBs **ineligible** on ICF option **and** ineligible for interest-only feature

Partners for the Path Ahead

- ✓ ***Exception to FTHBs living rent free:**
 - FTHBs currently living rent free are eligible subject to the following:
 - ❖ Exception eligible on Full Doc, Bank Statement, 1099 Only and P&L Only options; exception **not eligible** on ICF and Asset Qualifier
 - ❖ Maximum 80% LTV (P&L Only option: Maximum 75% LTV)
 - ❖ Minimum 680 credit score (P&L Only option: Minimum 700 credit score)
 - ❖ Primary residence **only**
 - ❖ LOE from owner/leaseholder of borrower's current residence documenting rent free status required
- ✓ Permanent Resident Aliens (see guides for eligibility)
- ✓ Non-Permanent Resident Aliens (see guides for eligibility)
- ✓ Foreign Nationals (borrower lives **and** works **outside** U.S.)
- ✓ Non-Occupant Co-Borrowers (N/A ICF option). Specific requirements apply based on documentation option; refer to guidelines

- Title may be held in the name of:
 - ✓ Fee Simple
 - ✓ An Inter Vivos Revocable Trust (subject to FNMA requirements)
 - ✓ An LLC subject to specific requirements and Homebridge management review and approval; refer to the Access guidelines for complete requirements
- NOTE:** Foreign national borrowers are **ineligible** to take title in an LLC
- ✓ Full Doc and Bank Statement: Blind Trust (case-by-case basis **only** subject to Homebridge management approval)

Property Eligibility



- SFR and PUDs (attached/detached)
- Condominiums FNMA/FHLMC warrantable (attached/detached)
 - ✓ Homebridge will provide financing to a maximum of 5% of the units in a condo project (applies to both warrantable and non-warrantable projects)
- Non-warrantable Condominiums (refer to guides for eligibility and complete requirements)
 - ✓ Maximum 80% LTV
- Site Condos (**maximum of 2-units in project**)
- Properties with leased solar panels are eligible subject to meeting Fannie Mae guidelines
- Properties with an accessory dwelling unit (ADU) that meet Fannie Mae/Freddie Mac requirements
- Rural properties eligible for primary residence and second home transactions only
 - ✓ Maximum 75% LTV (see guides for complete requirements)
- Acreage:
 - ✓ Maximum 20 acres (Full Doc/Bank Statement/1099 Only/Asset Qualifier/P&L Only)
 - ✓ Maximum 2 acres (Investor Cash Flow, including foreign national borrowers)

Partners for the Path Ahead

General Underwriting Requirements



- Assets: The borrower must have sufficient liquid assets available for down payment, closing costs, and reserves
 - ✓ Minimum of 2 months most recent bank statements (all pages)
 - ✓ Additional months may be required at underwriter discretion
 - ✓ See Assets section of the guidelines for requirements
 - Minimum 3 tradelines and 24 month credit history
 - ✓ One tradeline must have been open and active in previous 6 months
 - ✓ One tradeline must be seasoned 24 months
- NOTE:** Exceptions allowed on case-by-case basis and to U.S. citizens living abroad; refer to guides for requirements

- **Mortgage/Rental History:** The following applies to all mortgages/rental verification and to all borrowers
 - ✓ 0x30 in the previous 12 months, or
 - ✓ 1x30 in previous 12 months

NOTE: Asset Qualifier transactions and transactions using temporary buydown option **0x30x12 required**

 - ✓ **Foreign National Borrowers:** 0x30 in previous 12 months and 0x60 in previous 24 months
- First time home buyer must document a rental history within the previous 3 years with 0x30 over a 12 month (most recent rental period)
 - ✓ Borrowers living rent free* (see exception below for FTHBs living rent free) or who cannot document 12 months rental history are ineligible (exception **N/A** to borrowers not able to document 12 months rental history)
- *Exception:** FTHBs currently living rent free are eligible subject to the following:
- ✓ Exception eligible on Full Doc, Bank Statement, 1099 Only and P&L Only options; exception **not eligible** on ICF and Asset Qualifier
 - ✓ Maximum 80% LTV (P&L Only option: Maximum 75% LTV)
 - ✓ Minimum 680 credit score (P&L Only option: Minimum 700 credit score)
 - ✓ Primary residence **only**
 - ✓ LOE from owner/leaseholder of borrower's current residence documenting rent free status

NOTE: First time home buyers **ineligible** on ICF option

- Significant derogatory credit is defined as:
 - ✓ Foreclosure, pre-foreclosure, deed-in-lieu of foreclosure
 - ✓ Short sale, short payoff
 - ✓ Bankruptcy (7, 11, or 13) either dismissed or discharged and borrowers currently in bankruptcy proceedings)
 - ✓ Pre-foreclosure including Notice of Default or Lis Pendens where the borrower **is currently delinquent** (NOD is not considered a significant derogatory credit event if payments are current)
 - ✓ Modification
- **All derogatory credit events must be completed prior to the application date**

NOTE: See slide 59 for requirements when the borrower has entered a forbearance plan

- **Full Doc, Bank Statement, 1099 Only, Asset Qualifier, P&L Only:**
 - ✓ A 4-year waiting period is required for all significant derogatory credit measured from event completion/dismissal/discharge date to the application date
- **Asset Qualifier:**
 - ✓ A 5-year waiting period required for all significant derogatory credit, no exceptions
- **Foreign National Borrowers** (below is applicable if the foreign national borrower has U.S. credit history **ONLY**)
 - ✓ A 4-year waiting period required, **no exceptions**
 - ✓ Borrowers with **any** history of forbearance, regardless of seasoning, are **ineligible**

- Mortgage Tradeline(s) in Forbearance:
 - ✓ Borrowers with **any** mortgage tradeline in a forbearance plan are subject to Fannie Mae forbearance plan policy; refer to Forbearance Plan Policy topic within Derogatory Credit for complete requirements

- Non-Mortgage Account(s) in Forbearance:
 - ✓ Borrowers with non-mortgage account(s) in forbearance, the account may remain in forbearance, however the payment must be included in the DTI calculation

- Financed property
 - ✓ Primary residence, no limit
 - ✓ Second Home/Investment: Maximum 15 (cumulative all borrowers)
- Secondary/subordinate financing is eligible up to the maximum CLTV allowed on the matrices. Subordinate financing must be institutional; seller subordinate financing **not allowed**
- Rental income from a legal accessory unit, that is legally rented, is eligible

- Temporary Buydown eligible as follows:
 - ✓ Eligible on Full Doc, Bank Statement, and 1099 Only options only
 - ✓ Fixed rate purchase transactions only
 - ✓ 1-4 primary residence and 1-unit second home eligible
 - ✓ Seller funded or realtor funded eligible
 - ✓ 1/0 or 2/1 buydown available
 - ✓ Maximum 80% LTV
 - ✓ Maximum loan amount \$2,000,000; minimum loan amount \$150,000
 - ✓ **A 0x30 in previous 12 months mortgage/rental history required**
 - ✓ Buydown ineligible on investment properties, transactions with a non-occupant co-borrower, and transactions using the interest-only feature

- Gift funds, from an immediate family member, are eligible on all options for down payment and closing costs. Gift funds cannot be used to satisfy reserve requirements

- ✓ **Gift Fund Requirements**

- 5% borrower own funds required **except** as noted below (borrower own funds requirement may be waived on below):
 - ❖ Primary residence purchase transaction **AND** LTV is $\leq 80\%$, **or**
 - ❖ Second home or investment property purchase **AND** LTV is $\leq 75\%$
 - ❖ Transaction involves a gift of equity (see below)
- Gift funds eligible after borrower own funds requirement met

NOTES: Foreign National transactions **ineligible** for gift funds

Funds from a non-borrowing spouse, who is a titleholder, will **not** be considered a gift

- Gift of equity allowed from family member:
 - ✓ Max LTV is the lesser of 75% or applicable product maximum
 - ✓ Owner-occupied and second home transactions utilizing gift of equity **do not** require 5% borrower own funds
 - ✓ Gift of equity **ineligible** on investment transactions

- Reserve requirements apply to Full Doc, Bank Statement, ICF, 1099 Only and P&L Only, documentation options, as applicable

NOTE: Asset Qualifier option **does not** have separate reserve requirements

- Minimum Full Doc, Bank Statement, 1099 Only, and P&L Only reserve requirements are as follows:

Reserve Requirements Full Doc, Bank Statement, 1099 Only and P&L Only	
Loan Amount	Required Reserves
≤ \$1,500,000	6 months PITIA
> \$1,500,000 to ≤ \$2,000,000	9 months PITIA
> \$2,000,000 to \$3,000,000	12 months PITIA
Bank Statement Option with Self-Employment of 1-year to < 2 years	Additional 6 months PITIA
Other Financed Properties	2 months PITIA (for each additional property)

- Minimum Investor Cash Flow reserve requirements (including Foreign Nationals):

Reserve Requirements Investor Cash Flow (including Foreign Nationals)	
Loan Amount	Required Reserves
≤ \$500,000	<ul style="list-style-type: none"> LTV ≤ 70%: 3 months PITIA* LTV > 70%: 6 months PITIA*
> \$500,000 to ≤ \$1,500,000	6 months PITIA*
> \$1,500,000 to \$2,000,000	9 months PITIA*
DSCR < 1.00	Additional 3 months PITIA
Foreign National	12 months PITIA

***NOTE:** Investor Cash Flow transactions using the interest-only feature to calculate the DSCR, the applicable reserve requirement is based on the PITIA payment. As a reminder, > 75% LTV requires the borrower to be qualified using the full PITIA payment

- **Cash-Out Proceeds for Reserves Eligibility**
 - ✓ Full Doc, Bank Statement, ICF, 1099 Only, and P&L Only Options:
 - Cash-out proceeds eligible for closing costs or for the payoff/pay down of debt
 - Cash-out proceeds are subject to the following to meet reserve requirements:
 - ❖ LTV ≤ 75%: Eligible (cash-out proceeds may be used to meet reserve requirements)
 - ❖ LTV > 75%: **Ineligible** (cash-out proceeds may **not** be used to meet reserve requirements)

- **Investor Cash Flow:**
 - ✓ Residual income requirements do **not** apply
- **Full Doc:** Residual income requirements apply to primary residence transactions **ONLY:**
 - ✓ Minimum \$2,000 residual income required
 - ✓ Residual income is the total gross income **minus** total monthly debt **equals** residual income
- **Bank Statement/1099 Only/P&L Only:** Residual income requirements apply to primary residence transactions **ONLY:**
 - ✓ Minimum \$2,500 residual income required
 - ✓ Residual income is the total gross income **minus** total monthly debt **equals** residual income
- **Asset Qualifier:** Residual income required (including foreign nationals)
 - ✓ A minimum of \$1,300 residual income required
 - ✓ Residual income is calculated based on the total qualifying assets **divided** over 60 months **minus** total monthly debt

- Appraisal requirements are determined as follows:

Appraisal Requirements	
Loan Amount	Requirement
≤ \$1,500,000	One (1) full appraisal
> \$1,500,000	Two (2) full appraisals

- When 2 appraisals are required, the lower of the two appraisals is used to determine value
- A Collateral Desktop Analysis (CDA) is required as follows:
 - ✓ All transactions that require one appraisal (see exception on next slide)
- The cost of the CDA is \$150 and it must be reflected on the Loan Estimate under Section B “Services You Cannot Shop For”

- CDA Exception: The requirement to obtain a CDA may be waived subject to the following:
 - ✓ Only one appraisal is required, **and**
 - ✓ The appraisal receives a Fannie Mae Collateral Underwriter (CU) Risk Score of ≤ 2.5

NOTE: The CDA waiver is **not** eligible if the appraisal(s) is a transferred appraisal **OR** if the loan amount is $> \$1,500,000$

- Appraisal transfers are eligible subject to meeting all Homebridge transferred appraisal requirements.
 - ✓ A CDA is required for **each** transferred appraisal with a variance between 0% and positive 10% (inclusive)

Prepayment Penalty



- **All Documentation Options:** A prepayment option is available on investment property transactions in the following states **only**:

- Alabama,
- Arizona,
- Arkansas,
- California,
- Colorado,
- Connecticut,
- Delaware,
- Florida,
- Georgia,
- Hawaii,
- Idaho,
- Illinois,
- Indiana,
- Iowa,
- Kansas,
- Kentucky,
- Louisiana,
- Maine,
- Maryland,
- Massachusetts,
- Missouri,
- Montana,
- New Hampshire,
- North Carolina,
- North Dakota,
- Nebraska,
- Nevada,
- New York,
- Oklahoma,
- Oregon,
- Pennsylvania,
- South Carolina,
- South Dakota,
- Tennessee,
- Texas,
- Utah,
- Vermont,
- Virginia,
- Wisconsin,
- Washington,
- Washington D.C.,
- Wyoming

NOTES: States not listed above, prepay **not** available. Prepayment is an option, **not required**

ICF Option: DSCR < 1.000 **and** LTV is 70.01% to 75% a minimum 1-year prepayment penalty is **REQUIRED**. If the state is not listed above, a **DSCR < 1.000 is NOT eligible if LTV > 70%**

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- If the prepayment option is exercised, the following prepayment periods are eligible:
 - ✓ 1, 2, 3, 4, or 5 years
- The prepayment penalty applies when:
 - ✓ There is a full prepayment, **or**
 - ✓ Any payment within the preceding 12 months exceeds 20% of the original principal loan amount
- The prepayment charge will be 6 months of interest on the amount prepaid within a 12 month period that exceeds 20% of the original principal loan amount

Refer to the Access (Non-QM) guidelines, posted on the Products and Guidelines page of the [Homebridge Wholesale](#), website for complete details and requirements