

## Bulletin 24-13

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### Enhancements and Updates to Elite Access (Non-QM)

Homebridge is pleased to announce significant enhancements to the Elite Access program. Highlights of the enhancements along with some additional program updates are detailed below.

#### Full Documentation Option

- LTV **increased** to 80% from 75% (multiple occupancies and loan amounts – see [Full Doc](#) matrix)
- Added option for 1-year W-2 or 1-year tax return
- Added Asset Utilization guidance
  - Purchase and rate/term eligible; **cash-out ineligible**

#### Alt-Doc Option (Bank Statement, 1099 Only, P&L Only)

- LTV **increased** to 80% from 75% (multiple occupancies and loan amounts – see [Alt-Doc](#) matrix)
- **Bank Statement:**
  - Bank statements must be dated within 60 days of the Note date (previously within 90 days of Note date and within 45 days of initial application)
  - If the income trend is declining and/or irregular a detailed letter of explanation from the borrower **is now acceptable**
    - The variance levels and trend caps for declining income has been **removed**
- **P&L Only:**
  - Updated to only require the most recent 12-month unaudited P&L (P&Ls based on application date **no longer required**)

#### Asset Qualifier Option

- Loan amounts < \$3,000,000 with minimum credit score 680 now eligible to 80% LTV (previously 75% LTV)
- 6 month asset seasoning requirement **removed**
- DTI **no longer** considered
- Updated total post-closing asset requirements to the total sum of the following:
  - 100% of loan amount **plus** 60 months of total debt service (subject PITIA or rental properties PITIA not included) **plus** 60 months of net loss on rental properties **plus** required reserves
- Asset balances must be verified within 10 calendar days of the Note date (previously 90)  
**NOTE:** Refer to guides for complete Asset Qualifier updated policy

#### Investor Cash Flow (DSCR) Option

- Interest-only now eligible up to \$3,000,000 loan amount and up to an 80% LTV (previously maximum \$2M loan amount and maximum 75% LTV)  
**NOTE:** Minimum 1.00 DSCR continues to apply
- The reserve requirement may now be determined using the ITIA payment for transactions using the interest-only feature

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- 2-4 units now eligible to 80% LTV (previously 75% LTV)
  - Subordinate financing is **not** allowed
  - Refinance transactions where the property is leased for more than the appraiser's opinion of market rents, the following now applies:
    - The lease amount may be used **up to 125%** of market rents (previously not restricted) provided the lease continues for 6 months, **and**
    - Three (3) months of timely rent payments have been received (previously 2 months required)

### **Additional General Highlights**

- **Cash-out transactions no longer require a 6 month seasoning** (see [cash-out transactions](#) for additional details)
- The Visa requirement is **waived** for non-permanent resident borrowers who hold one of the following EAD types
  - CO9, C10, C24, C31, C33
  - Borrowers with one of the above EAD types are **not required** to have a visa
- Accessory unit rental income now **eligible**
- Texas Section 50(a)(6) loans now **eligible**
- 1031 Exchange now **eligible** (investment property only)
- Borrowers with significant derogatory credit now eligible up to 50% DTI (previously restricted to 43%)
- Marketable stocks, bonds, mutual funds eligible at 100% of the verified market value, minus any outstanding loans (previously 70%)
- Updated vested retirement funds asset eligibility for reserves as follows:
  - Borrowers of retirement age ( $\geq 59 \frac{1}{2}$ ) 100% of the value eligible, minus any outstanding loans (previously 60%), **OR**
  - Borrowers not of retirement age ( $< 59 \frac{1}{2}$ ) 80% of the value eligible, minus any outstanding loans (previously 60%)
- Transactions located in a declining market **AND** the LTV is  $> 65\%$  a 5% LTV reduction required (**a flat 5% LTV reduction now applies; removed** demand/market time/10% reduction requirements)
- Updated property flip transaction guidance with new flexibilities (see guidelines for complete details)
- Interest-Only (Full, Alt/Doc, Asset Qualifier): Interest-only transaction requirements updated as follows:
  - A minimum 680 credit score **no longer required**
  - Loan amount  $\leq$  \$2,000,000 maximum 80% LTV
  - Loan amounts  $>$  \$2,000,000 to \$2,500,000 maximum 75% LTV
  - Loan amounts  $>$  \$2,500,000 maximum 70% LTV
- Rate/Term refinance transactions: Cash-back to the borrower now limited to the lesser of **1%** of the balance of the new loan amount **or** \$5,000 (previously lesser of **2%** or \$5,000)

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- Rate/Term refinance transactions LTV/CLTV determination is now determined by properties owned less than or more than 12 months (previously based on 9 months)
    - **Properties owned < 12 months as of the application date:** The current appraised value may be used to determine the LTV/CLTV provided the value is supported by the appraisal and the CDA (CDA variance must be less than or equal to 10%)
    - **Properties owned 12 months or more:** The LTV/CLTV is based off the current appraised value
  - **Cash-Out Refinance Transactions LTV/CLTV Determination:**
    - **Properties owned < 6 months (Note date to Note date)** the LTV/CLTV is based on the **lesser** of the original purchase price **plus** improvements **or** the current appraised value
    - **Properties owned ≥ 6 months to < 12 months** (measured from acquisition date to application date) the current appraised value may be used to determine the LTV/CLTV provided the value is supported by the appraisal and the CDA (CDA variance must be less than or equal to 10%)
    - **Properties owned 12 months or more** the LTV/CLTV is based off of current appraised value
  - **Cash-Out transactions now require a 5% LTV reduction as follows:**
    - The subject property was purchased or refinanced in the previous 6 months (measured from Note date to Note date)
    - The subject property was listed for sale in the 6 months prior to the application date
      - The subject property must be taken off the market and the listing cancelled for a minimum of 3 months prior to the loan application date **and**
      - The LTV reduction is based on the **lesser** of the list price or appraised value
  - New Jersey now an **eligible** state for a prepayment payment
    - New Jersey transactions using a PPP **must close in an LLC**
  - State specific prepayment penalty limitations now apply:
    - **Illinois:** Prepayment penalty only allowed when transaction closing in an LLC **and** the APR is ≤ 8%
    - **New Jersey:** Prepayment penalty only allowed when transaction closing in an LLC
    - **Pennsylvania:** Prepayment penalty only allowed on 1-2 unit properties **and** minimum loan amount of \$312,159
  - Updated FTHBs **living rent free** requirements to include the following:
    - Maximum 45% DTI
    - Minimum 6 months reserves
    - 10% borrower own funds contribution
  - **Full and Alt-Doc Options Only:**
    - **Warrantable** condos now eligible to 85% LTV (previously 80%) and **non-warrantable** to 80% LTV (previously 75%)
    - DTI > 45% maximum 80% LTV (previously 75%)
    - Added Independent Charter Tax Advisor (CTA) as an eligible designation to prepare both CPA letters and P&Ls

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### Full and Alt-Doc Options Only (cont.):

- Clarified that documents prepared by an individual with a Preparer Tax Identification Number (PTIN) are **only eligible** when the preparer **also has** any of the following additional designations:
  - o Certified Public Accountant (CPA), **or**
  - o Enrolled Agent (EA), **or**
  - o California Tax Education Council (CTEC), **or**
  - o Chartered Tax Advisor (CTA). Preparers without one of these designations are **not acceptable**.

**NOTE:** A PTIN is a tax identification number required by the IRS for preparers of tax returns. While all tax preparers have a PTIN, **not all** preparers with a PTIN **also hold** a CPA, EA, CTEC or CTA designation. **Preparers with only a PTIN are not acceptable**

- Clarified that if the transaction is HPML **and** a property flip 2 full appraisals required
- Added guidance to now allow borrowers to use the additional extension to file tax returns available under the IRS Tax Relief for Taxpayers in a Disaster Situation policy

The enhancements and updates detailed above apply to **loans registered on or after May 24, 2024**.

**NOTE:** Loans currently in the pipeline **are eligible** for the improvements **regardless of the loan registration date**

The Elite Access guides have been updated and posted on the [Products and Guidelines](#) page of the Homebridge website.

**Important Note:** With this update there will be **two sets** of Elite Access guidelines posted. One set will be for loans registered **on or after** May 24, 2024 and the other set for loans registered **prior to** May 24, 2024.

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

## Updated Full Doc Matrix

Full Doc							
(1 or 2-Years Paystub/W-2 or 1 or 2-Years Tax Returns; Asset Utilization <sup>8</sup> )							
1.4 Unit Primary Residence, 1-Unit Second Home, 1.4 Unit Investment							
Purchase and Rate/Term Refinance				Cash-Out Refinance <sup>4,8</sup>			
\$1,500,000 <sup>1,2,3</sup>							
	Owner-Occupied	Second Home	Investment		Owner-Occupied	Second Home	Investment
FICO	LTV <sup>2,3,5,6,7</sup>	LTV <sup>6,7</sup>	LTV <sup>6,7</sup>	FICO	LTV <sup>6</sup>	LTV <sup>6</sup>	LTV <sup>6</sup>
740	85%	80%	80%	740	80%	80%	80%
720	85%	80%	80%	720	80%	80%	80%
700	80%	80%	80%	700	80%	80%	80%
680	80%	80%	75%	680	75%	75%	75%
660	70%	70%	70%	660	70%	70%	70%
\$2,000,000 <sup>1,2,3</sup>							
	Owner-Occupied	Second Home	Investment		Owner-Occupied	Second Home	Investment
FICO	LTV <sup>6,7</sup>	LTV <sup>6,7</sup>	LTV <sup>6,7</sup>	FICO	LTV <sup>6,7</sup>	LTV <sup>6,7</sup>	LTV <sup>6,7</sup>
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## Updated Alt-Doc Matrix

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