

## Standalone Digital HELOC – Debt Consolidation

The Standalone Digital HELOC allows a 50% DTI max. Borrowers that exceed 50% DTI, or that desire to consolidate debt, have the option to select tradelines to pay off during the completion of the Digital HELOC application.

### Debt to Income (DTI)

- DTI is calculated twice before the borrower starts the Digital HELOC Application:
  - First, at the beginning of the Prequalification using MLO Inputs only.
  - Second, at the end of the Prequalification Application using API Verification that is available. (i.e. Soft Pull data including monthly debts, mortgage payment and score)

#### -MLO Input (Prequalification data entry)-

**DTI**

Total Household Income - Please include all sources of Income. This includes Rental, Social Security, Fixed Benefits, etc

\$100,000

Current Mortgage Payment: \$800      Any other Monthly Debts: \$100

Annual Debts: \$33,060.12      DTI: 33.06%

#### -Prequalification Processing (Before Invitation is delivered to borrower)-

### Prequal comparison

Your Inputs:		PreQual Results:	
Home Value:	\$800,000.00	Home Value:	\$1,032,468.00
FICO:	780 - 850	FICO:	836
Loan Balance:	\$100,000.00	Loan Balance:	\$56,326.00
Loan Amount:	\$200,001.00	Loan Amount:	\$200,001.00
Monthly Debt Load:	\$900.00	Monthly Debt Load:	\$1,092.00
NFTYDoor Payment:	\$1,813.34	NFTYDoor Payment:	\$1,813.34
Annual Income BI:	\$100,000.00	Annual Income BI:	\$100,000.00

Offer Calculations:	
DTI:	34.86%
CLTV:	24.83%
Interest Rate (\$200,001.00):	10.88%
Min Offer:	\$25,000.00
Max Offer :	\$400,000.00

## Debt to Income (DTI)

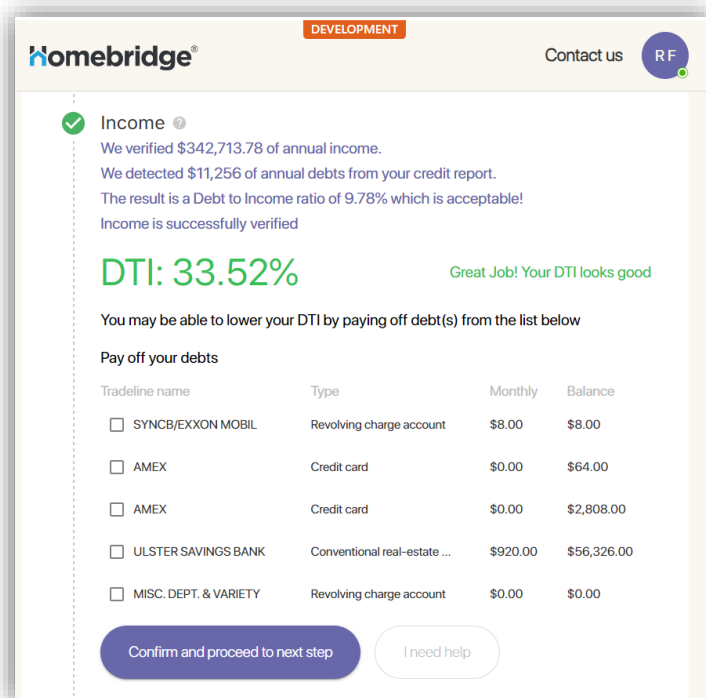
- DTI is calculated the third and final time as the borrower completes the Digital HELOC Application:
  - After the offer has been accepted, the borrower completes the Valuation API (as applicable), and the Income API using TWN or Plaid, CRA.
  - The final DTI calculation happens after verifications are complete (inclusive of hard pull, income calculation, and more).

### -After Income and Credit Verifications (Borrower Application)-



- Once the hard credit pull is completed, the borrower is presented with the option to lower their DTI by paying off debt(s).
  - The borrower will click the selection box to the left of the tradeline they want to pay off with funds from the Digital HELOC. DTI will recalculate based on selection(s).
  - Once complete, the borrower will select, "**Confirm and Proceed to Next Step**"

### -Lower DTI by Paying Off Debt(s) from Tradelines-



## Debt Consolidation and Itemized Disbursements

- A Pay Off Statement may be requested when paying off an existing HELOC.
- The Addendum to the HUD-1 displays the itemized list of disbursement(s) based on the tradelines selected by the borrower for payoff.
- The itemized tradelines on the Addendum are paid with the proceeds of the Digital HELOC.

### -Itemization of Additional Disbursements-

**ADDENDUM TO HUD-1 SETTLEMENT STATEMENT**  
(Itemization of Additional Disbursements on Line 105)

Date: JUNE 11, 2024  
 Lender: HOMEBRIDGE FINANCIAL SERVICES INC.  
 Borrower(s): [REDACTED]  
 Property Address: [REDACTED]

**Itemization of Additional Disbursements on Line 105**

JPMORGAN CHASE BANK, N.A	\$9,500.85
<b>Total Additional Disbursements</b>	<b>\$9,500.85</b>

**Note:** The offer to pay off tradelines to lower the DTI will be presented as the borrower completes their Digital HELOC application only when the MLO selects **Debt Consolidation** as **Use of Proceeds**, or when the DTI exceeds 50% during the Prequalification prescreening process.

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HB/REMN LO

Yes  No

**Use of Proceeds**

Home Improvement

Home Improvement

**Debt Consolidation**

Other

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Tan Scott  
HB/REMN LO

The Debt to Income is greater than 50%, however this application may be eligible for a debt consolidation. Dismiss

Total Household Income - Please include all sources of Income. This includes Rental, Social Security, Fixed Benefits, etc

\$85,000

Current Mortgage Payment: \$800

Any other Monthly Debts: \$1,000

Annual Debts: \$43,360.08

DTI: 51.01%

The Debt to Income is greater than 50%, however this application may be eligible for a debt consolidation.

Use of Proceeds: Home Improvement