

## Bulletin 24-30

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### Access (Non-QM) Program Enhancements and Updates

Homebridge is announcing significant enhancements to the Access (Non-QM) program along with some additional updates.

#### Full Documentation Option

- Maximum loan amount **increased** to \$3,500,000 (previously max \$3,000,000)
- Multiple LTV **enhancements** (see guides for all Full Doc LTV enhancements)
  - Purchase and rate/term owner-occupied transactions now eligible up to 90% LTV with a \$2,000,000 loan amount and a 720 credit score
  - Cash-out investment transactions now eligible up to 80% LTV with a \$1,500,000 loan amount and 700 credit score and up to \$2,000,000 with a 720 credit score
- Self-employed borrowers utilizing Method One – One Year's Tax Return option:
  - The P&L/balance sheet is required to cover a minimum of 6 months (no change), **OR**
  - YTD if it has been less than 6 months from the date of the tax return (new)

#### Bank Statement Option

- Maximum loan amount **increased** to \$3,500,000 (previously max \$3,000,000)
- Multiple LTV **enhancements** (see guides for all Bank Statement LTV enhancements)
  - Purchase and rate/term owner-occupied transactions now eligible up to 90% LTV with a \$2,000,000 loan amount and a 720 credit score
  - Cash-out investment transactions now eligible up to 80% LTV with a \$1,500,000 loan amount and 700 credit score and up to \$2,000,000 with a 720 credit score
- Bank statements must be dated within the 60 days prior to the **Note date** (previously prior to the **application** date)
- The **Income Trend** topic has been updated as follows:
  - All declining income trends will now **require** a LOE **regardless** of the amount of decline (previously not required)
  - If the decline is > 25% Homebridge management review and approval required (previously > 10%)
  - Clarified the following as Acceptable Declining Income Variance Levels:
    - **12 months bank statements:** A decline in income of  $\leq 25\%$  is acceptable over 6 months
    - **24 months bank statements:** A decline in income of  $\leq 25\%$  is acceptable over 12 months

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## Income Trend (cont.)

### - Declining Income Calculations:

- **12 Months Bank Statements:** Calculate the percentage change from deposits in months 7-12 from deposits in months 1-6 as follows:
    - ✓ Subtract months 7-12 eligible deposits from months 1-6 eligible deposits
    - ✓ Divide the difference from months 7-12 eligible deposits to determine the percentage change
  - **24 Months Bank Statements:** Calculate the percentage change from deposits in months 13-24 from deposits in months 1-12 as follows:
    - ✓ Subtract months 13-24 eligible deposits from months 1-12 eligible deposits
    - ✓ Divide the difference from months 13-24 eligible deposits to determine the percentage change
- Refer to the **Income Trend** topic in the Bank Statement section for calculation examples

## 1099 Only Option

- Maximum loan amount **increased** to \$3,500,000
- Multiple LTV **enhancements** (see guides for all 1099 Only LTV enhancements)
  - Purchase and rate/term owner-occupied transactions eligible up to 85% LTV with \$2,500,000 loan amount and 720 credit score
  - Purchase and rate/term second home transactions eligible up to 85% LTV with \$1,500,000 loan amount and 700 credit score
  - Cash-out owner-occupied and 2<sup>nd</sup> home transactions eligible up to 80% LTV with \$2,500,000 loan amount and 700 credit score
  - Cash-out investment transaction eligible up to 80% LTV with \$2,000,000 loan amount and 720 credit score
- Minimum credit score now 620 (previously 660)

## Investor Cash Flow Option

- Multiple LTV **enhancements** (see guides for all Investor Cash Flow LTV enhancements)
  - Purchase and rate/term transactions with a minimum 1.00 DSCR eligible up to 75% LTV with a \$1,500,000 loan amount and 640 credit score
  - Purchase and rate/term transactions with no minimum DSCR eligible up to 75% LTV with a \$1,000,000 loan amount and 740 credit score
- Transactions with a credit score of 620-639 now require a minimum **1.25** DSCR (previously 1.15)
- 2-4 units updated as follows:
  - Loan amounts ≤ \$1,500,000 now eligible up to 80% LTV
  - Loan amounts > \$1,500,000 maximum 75% LTV (previously max 75% LTV regardless of loan amount)
  - DSCR < .75 maximum LTV now 70% (previously 75%)
- 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 (new) provided the lease continues for 6 months, **and**
  - Three (3) months of timely rent payments have been received (previously 2 months required)

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## Profit and Loss Only Option

- The Profit and Loss statement **must be prepared** by a CPA, EA, CTEC, or CTA. Preparers with only a PTIN **and not one of the listed designations are not acceptable** (new)

## Asset Qualifier Option

- Maximum LTV now 80% (previously 75%) (see guides all Asset Qualifier LTV enhancements)
  - Purchase and rate/term owner-occupied and second home transactions now eligible up to 80% LTV with a \$1,000,000 loan amount and a 660 credit score
  - Purchase and rate/term owner-occupied and second home transactions now eligible up to 80% LTV with a \$2,000,000 loan amount and a 680 credit score
- Second homes now eligible (previously only owner-occupied allowed)
- Minimum credit score now 660 (previously 700)
- Clarified that interest-only transactions require a minimum 700 credit score

## Investor Cash Flow Option – Foreign Nationals

- Maximum loan amount **increased** to \$3,000,000 (previously max loan amount \$2,000,000)
- **Lowered** the minimum DSCR to 1.10 for certain transaction types/loan amounts/credit score buckets (previously 1.15)
- Maximum LTV **reduced** to 70% LTV on various loan amount/credit score buckets (previously 75%)
- Maximum cash-out reduced to \$250,000 (previously \$500,000)
- Borrowers who own their home free and clear will be required to provide a CPA letter, Free and Clear Property form, or other acceptable documentation confirming the property is owned free and clear (new)
- Clarified that borrowers with a prior forbearance are **not eligible**
- Foreign funds used for qualifying and/or to satisfy reserve requirements may remain in a foreign financial institution **if** they are deposited into an acceptable bank/financial institution **and** with Homebridge management approval (new)

## Additional General Updates

- The Visa requirement is **waived** for non-permanent resident borrowers who hold one of the following EAD types (new):
  - CO9, C10, C24, C31, C33
  - Borrowers with one of the above EAD types are **not required** to have a visa
- **Cash-out transactions no longer require a 6 month seasoning (see additional details below)**
- **Cash-out transactions now require a 5% LTV reduction as follows** (new):
  - 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 1 day prior to the loan application date, **and**
    - The LTV reduction is based on the **lesser** of the list price or appraised value
- **Cash-Out Refinance Transactions LTV/CLTV Determination** (new):
  - **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

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- **Properties owned  $\geq$  6 months to  $<$  12 months 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 the current appraised value
  - Cash-out proceeds are **now eligible** to satisfy reserve requirements with **no LTV** restrictions (previously c/o proceeds were ineligible to satisfy reserve requirements if LTV > 75%)
  - Business funds are **now eligible** when the borrower has a **minimum of 25% ownership** interest in the business (previously 51% ownership interest required)
    - An access letter is required if the borrower has **< 51%** ownership interest. Access letter **not required** if the borrower's ownership interest is  $\geq$  51%
  - State specific prepayment limitation update (new):
    - **Rhode Island:**
      - **Purchase Transactions:** Maximum 1-year prepay with 2% balance due as the prepayment penalty charge
      - **Refinance Transactions:** Standard prepay periods and prepayment charge applies:
        - 1,2,3,4,5 year prepay available, and
        - Prepayment charge will be 6 months interest on the amount prepaid within a 12 month period that exceeds 20% of the original loan amount
  - First time home buyers are **now eligible** for the interest-only feature (previously ineligible)
  - Non-warrantable condos must meet FNMA pre-sale requirements
    - 50% of the total units in the project or subject legal phase must be conveyed/under contract for sale (no change), and
    - Those sold/under contract units must be a primary residence or second home (new)
  - The **Acceptable Bank List for Foreign Credit/Assets** list is being **re-introduced**:
    - Bitcoin (eligible with Homebridge management review/approval) requires liquidation and may now be deposited into a U.S. financial institution (**no change**) **OR** foreign financial institution as long as that institution is on the Acceptable Bank List for Foreign Credit/Assets list
    - Foreign funds used for qualifying/reserves may remain outside the U.S. **when they are in an account of a financial institution on the Acceptable Bank List for Foreign Credit/Assets list** with Homebridge management approval (**new – enhancement**)
  - Updated property flip guidance; see guides for details

These enhancements and updates apply to loans registered on or after Friday, August 23, 2024, however, pipeline transactions may take advantage of the improvements regardless of the loan registration date.

The Access Program guidelines have been updated and will be posted on the Homebridge website at [www.HomebridgeWholesale.com](http://www.HomebridgeWholesale.com).

There will be two versions of Access guidelines posted on the website:

- One version, with the updates detailed above, will apply to **loans registered on or after August 23, 2024**
- The other version will apply to **loans registered prior to August 23, 2024**

If you have any questions, please contact your Account Executive