



Bulletin 14-18 Revised

Credit Score Enhancement on FHA and VA Programs

HomeBridge has revised Bulletin 14-18 issued April 18, 2014 as highlighted below.

HomeBridge is pleased to announce that the minimum credit score requirement on the FHA and VA programs, including credit qualifying Streamlines and IRRRLs, has been lowered to 580.

The following applies to credit scores of **580-619 on FHA** transactions and to credit scores **580-599 on VA transactions**; there are **no exceptions** to these requirements:

- Maximum LTV/CLTV:
 - Purchase transactions 90%
 - Minimum 12 month housing history with 0x30 in 12 months required.
 - 10% down payment must be from borrower's own funds. **No** gift or down payment assistance funds allowed.
 - Refinance transactions: 90%
 - Minimum 2 year payment history on the current loan with 0x30 in previous 24 months required; < 2 year payment history the loan is ineligible.

NOTE: FHA cash-out refinance limited to 85% LTV/CLTV (HUD maximum)

- 1-unit properties only (attached/detached SFR, PUDs, condos)
- Maximum DTI 31% / 43%. Applies to both ratios individually (i.e. if the DTI is 34%/42% the loan is ineligible)
- No gifts or down payment assistance for down payment. Gift funds eligible for closing costs and/or to reduce LTV only after 10% borrower own funds for down payment requirement is met.
 - Two (2) months bank statements required to document borrower own funds requirement. Bank statements provided must be dated for the two months **prior to** the loan application date.
 - A letter, signed by all borrowers, stating that all funds used for the 10% down payment requirement are borrower own funds, will be required.

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- Purchase transactions require twelve (12) month housing history, indicating 0x30 in previous 12 months, is required. Borrowers without a housing history are **ineligible**.
 - 0x30 12 month housing history must be verified as follows:
 - In-file credit report trade line rating, **or**
 - Checks/money orders or evidence of consistent bank withdrawals
- NOTE: VOR, including VOR from professional management company or landlord letter is **not** acceptable.
- VA standard residual income requirements apply to **both** FHA and VA loan programs.
 - Maximum payment shock is 100%. Payment shock > 50% - 100% is subject to the following:
 - Standard residual income requirement must be doubled (i.e. if VA normally requires residual income of \$350 a minimum of \$700 would be required for both FHA and VA transactions).
 - Property flips (property being re-sold \leq 90 days from acquisition) are ineligible.

All other applicable FHA or VA HomeBridge overlays apply.

The FHA and VA program matrices have been updated with this information and posted on the HomeBridge website at www.homebridgewholesale.com.

This enhancement applies to loans submitted on or after April 21, 2014 and to loans currently in the pipeline.

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