



## Bulletin 14-29

---

### Jumbo Program Update

HomeBridge is announcing updates to the Jumbo program. These changes are effective immediately.

#### **Investment Property**

Investment properties are no longer eligible. Loans currently in the pipeline secured by an investment property that has been approved will be honored.

#### **Foreign Nationals**

Foreign Nationals are no longer eligible. Loans currently in the pipeline and approved with a borrower who is a foreign national will be honored.

#### **Properties > 5 Acres**

Properties > 5 acres are no longer eligible. Loans currently in the pipeline and approved loans with > 5 acres will be honored.

As a reminder, rural properties are currently **ineligible** and will remain ineligible regardless of acreage.

#### **Self-Employed Borrowers**

A signed YTD balance sheet is required in addition to the signed YTD P&L. The P&L and balance sheet must have an end date within 90 days of the funding date. If an extension was filed the P&L and balance sheets for the prior year (January through December) are required.

NOTE: The signed YTD balance sheet is required for **all** self-employed borrowers regardless of whether income is reported on individual or business tax returns (sole proprietorships, corporations, "S" corporations, and partnerships).

#### **Properties without a Heat Source**

Properties without a heat source are considered on a case-by-case basis subject to the following:

- Must be common and customary for the area where the property is located (e.g. Hawaii)
- Comps must be provided of similar properties without a heat source,
- The appraiser must address that not having a heat source does not violate local building codes, and
- The appraiser must indicate the property is suitable for year round occupancy.

---

## Rental Income

Rental income is eligible for qualifying the borrower subject to review and approval by HomeBridge management.

### ***Residential Property***

If rental income generated from residential property is used for qualifying the following is required:

- Copies of the current signed lease/rental agreement, and
- Copies of the borrower's most recent two years federal tax returns and Schedule E.

Income is calculated using net rents plus allowable add backs (depreciation, mortgage interest, amortization, taxes, insurance, and HOA expenses) minus the verified PITIA payment.

A 24 month average is used to qualify unless income is declining. If income is declining, the most recent 12 month average is used to qualify.

Rental property purchased subsequent to the most recent tax filing year a copy of the signed lease agreement, and a copy of the receipt for the security deposit, including copies of the borrower's bank statements showing the deposit, is required. When using a lease agreement, only 75% of the gross rents, minus the verified PITIA payment, may be used for qualifying.

Borrowers with multiple investment properties must submit documentation of a minimum of 2 years landlord experience managing multiple investment properties. Borrowers without a 2 year history of landlord experience will be considered on an exception basis only subject to HomeBridge management review and approval.

### ***Commercial Property***

If rental income generated from commercial property is used for qualifying the following is required:

- If the property is reported on the 1040 and Schedule E copies of the signed lease agreement(s) are required.

NOTE: If the property is reported on IRS Form 1120 U.S. Corporation Income Tax Return or Form 1065 U.S. Return of Partnership Income, the rent is treated as ordinary business income and lease agreements are **not** required.

At the discretion of HomeBridge evidence may be required to document the property is a commercial property.

The Jumbo matrix has been updated and posted on the HomeBridge website at [www.homebridgewholesale.com](http://www.homebridgewholesale.com)

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