



## Bulletin 15-40

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### Jumbo Program Enhancements

HomeBridge is pleased to announcement enhancements to our Jumbo program.

The following are highlights of the enhancements:

- The maximum LTV has been increased to 85% (previously 80%) on owner-occupied purchase and rate/term transactions. The following applies to LTVs >80%:
  - 1-unit primary residence
  - Maximum loan amount \$1,000,000
  - Minimum credit score 760
  - Maximum DTI for fixed rate and ARM is 36%
  - Subordinate financing not allowed
  - Gift funds not allowed
  - 12 months PITI reserves required with fixed rate; 15 months PITI reserves required with ARM
  - Escrow/impound account **required; no exceptions**
  - Non-permanent resident aliens ineligible
  - Agency High Balance loan amounts ineligible (loan amount must exceed applicable high balance county limit)
  - Mortgage insurance is **not** required
- First time homebuyers in the states of California, Connecticut, New Jersey, and New York, are eligible for up to a \$1,500,000 loan amount when the LTV is **≤ 80%**. The increased loan amount is only eligible for **FTHBs and only in the states listed**
- The maximum LTV has been increased to 80% (previously 75%) on a second home purchase transaction (rate/term refinance remains at 75% LTV). The following applies:
  - Maximum loan amount \$1,000,000.
  - Minimum credit score 720
  - Maximum DTI for fixed rate and ARM is 43%
  - 75.01% to 80% LTV requires 20, 25, or 30 year fixed rate product only

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- Cash-out is now eligible (previously cash-out ineligible) on second home transactions. The following applies:
    - Minimum credit score 740
    - Maximum DTI 43%
    - \$1,000,000 loan amount with maximum 60% LTV. Maximum cash-out \$250,000
    - \$1,500,000 loan amount with maximum 55% LTV. Maximum cash-out \$500,000
    - \$2,000,000 loan amount with maximum 50% LTV. Maximum cash-out \$750,000
    - Borrower cannot have any other financed property except for their primary residence and the subject property
    - There cannot be rental income showing on the Schedule E for the subject property
    - 20, 35, or 30 year fixed rate product only
  
  - Investment properties are now eligible (previously investment ineligible) as follows:
    - 1-4 units
    - Maximum loan amount \$1,000,000
    - Minimum credit score is 740
    - The maximum DTI for fixed rate and ARMs is 43%
    - Purchase and rate/term refinance
    - Purchase transactions, the maximum LTV is 65%
    - Rate/term refinance transactions, the maximum LTV is 60%
    - Gift funds ineligible
    - 18 months PITI reserves required with fixed rate; 21 months PITI with ARM
    - Transaction must be arm's length
    - Appraiser must provide a comparable rent schedule
    - 20, 25, or 30 year fixed rate product only
    - Florida condominiums limited to a maximum 50% LTV/CLTV/HCLTV
    - First time homebuyers ineligible
  
  - Increased the maximum DTI for ARM transactions to 43% (previously max 40%) on loans with an LTV ≤ 80%.
  
  - Updated the asset topic regarding retirement accounts as follows:
    - If the borrower is < 59 ½ years old 60% of the vested value may be used to satisfy reserve requirements
    - If the borrower is > 59 ½ years old 70% of the vested value may be used to satisfy reserve requirements. (previously maximum was 60% regardless of age)
  
  - Non-permanent resident alien requirements reduced and eligible visas were expanded to include:
    - E1, L1, and G series (cannot have diplomatic immunity)
  
  - Loan amounts > \$2M now allowed a 20, 25, or 30 year fixed rate product (previously on 30 year)
  
  - The appraisal expiration has been increased to ≤ 120 days from funding (previously 90 days)

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- Tradeline requirements were enhanced as follows:
    - Minimum three (3) tradelines that meet the following requirements:
      - One must be open for 24 months and active within the most recent six (6) months, **and**
      - The two (2) remaining tradelines must be rated for 12 months and may be open or closed, **OR**
    - Minimum two (2) tradelines are acceptable if the borrower has a satisfactory mortgage rating for at least 12 months (open or closed) within the last 24 months **and** one (1) additional open tradeline.

NOTE: Tradeline requirements apply to each borrower contributing income for qualifying.

- Properties listed for sale in the 6 months prior to loan application are now eligible for a rate/term refinance (previously ineligible) subject to:
  - Primary residence and second home
  - Rate/term refinance only
  - Documentation to show cancellation of listing
  - Letter of explanation from borrower detailing reasons for cancelling listing

NOTE: Properties **currently** listed for sale continue to be ineligible

- Properties subject to existing oil/gas leases are now eligible subject to specific requirements Refer to the Properties – Eligible topic of the Jumbo guidelines for details.
- Delayed financing now allowed on investment properties as long as the borrower is not a builder or in the construction industry and the prior transaction was arm's length (previously only allowed on primary residence and second home transactions)
- Borrowers employed by a family member are eligible with the following documentation:
  - YTD paystub, **and**
  - Two (2) years W-2s, **and**
  - Two (2) years personal tax returns (all schedules), **and**
  - VVOE

Underwriter must address borrower's potential ownership in the business (previously borrowers employed by a family member were subject to self-employment requirements).

- Updated the requirements for the departure residence that is pending sale:
  - No longer required to included current PITIA for qualifying if:
    - A copy of the executed sales contract for the property pending sale is provided, **and**
    - Confirmation is provided that **all** contingencies have been cleared/satisfied, **and**
    - The closing date for the departure residence is within 30 days of the subject transactions Note date, **and**
    - The borrower has 6 months PITIA verified liquid reserves for the departure residence (in addition to meeting reserve requirements for subject property)
  - Added requirements for departure residence that is subject to a Guaranteed Buy-out Corporation Relocation.

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- Updated the requirement when converting a primary residence to a rental property and using rental income to offset the payment, the 25% equity requirement may be documented with:
    - A Fannie Mae 2055 exterior only or full appraisal dated within 6 months of the subject transaction, **or**
    - Evidence of the original sales price and the current unpaid principal balance (previously only appraisal option was allowed)
  - Updated the student loan topic. All student loans, whether deferred, in forbearance, or in repayment, the monthly payment used for qualifying is the **greater** of:
    - 1% of the outstanding balance (previously 2%), **or**
    - The actual documented payment. If < 1% of outstanding balance and will fully amortize with no payment adjustments, the lower actual payment may be used.
  - Updated disputed account guidance to remove the requirement for a new credit report with the disputed account removed. Disputed tradelines will now be included in the DTI unless documentation is provided that authenticates the dispute. Disputed accounts with a zero balance and no late payments may be disregarded.
  - Updated the 30-day charge account topic. If the credit report reflects an open-end or 30-day account, the balance owed must be subtracted from the borrower's liquid assets.
  - Updated the Stock Options & Restricted Stock Grants topic to include calculation requirements.
  - Clarified that mortgage accounts that were settled for less and/or negotiated payoffs or short – payoff are ineligible along with a deed-in-lieu, short sale, pre-foreclosure sale, etc.
  - Clarified that if a power of attorney is used, the attorney-in-fact must be a relative (as defined by Fannie Mae), a fiancé, fiancée, or domestic partner of the borrower.
  - Updated cash-out topic to clarify the maximum cash-out limitation includes the payoff of any unsecured debt, unseasoned liens, and any cash-in-hand.

These changes are effective immediately and apply to new submissions and loans currently in the pipeline.

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

The HomeBridge rate sheet will reflect these changes effective Monday, November 23, 2015.

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