



Bulletin 17-12

Jumbo Programs Updates

HomeBridge is pleased to announce enhancements to our Jumbo and Jumbo Flex programs as detailed below. Enhancements are eligible for new submissions on or after May 8, 2017.

Jumbo Program

- Cash-out is now available on investment transactions subject to the following:
 - 1-4 units eligible
 - Maximum 60% LTV/CLTV
 - Maximum \$1,000,000 loan amount
 - Minimum 740 FICO
 - Maximum DTI 43%
 - Borrower must sign an attestation as to whether the cash-out is for personal or business use. Any personal use of funds the transaction is subject to QM requirements.
- The maximum LTV for investment purchase and rate/term transactions increased to 70% (previously purchase limited to 65% and rate/term 60%)

Jumbo Flex

- The loan amount was increased to \$2,000,000 (from 1.5M) for owner-occupied 1-4 units purchase and rate/term transactions at 70% LTV
- The maximum number of 1-4 unit financed properties was increased to 10 including subject (previously 4). Additional requirements are based on the number of financed properties:
 - **Borrower owns 1-4 financed properties:**
 - Maximum financing allowed for subject
 - Three (3) months PITIA is required on each additional financed property (in addition to subject property reserve requirements)
 - **Borrower owns 5-10 financed properties:**
 - The maximum LTV is 80% or program maximum (whichever is lower)
 - Subject property requires 6 months reserves or the required reserves per guidelines, whichever is greater
 - Additional financed properties require 6 months reserves for each additional property

Jumbo and Jumbo Flex

The following updates apply to both programs:

- Rental income is eligible for qualifying on 2-4 unit properties from the units not occupied by the borrower (previously rental income was ineligible)
- Updated eligible non-arm's length transactions to include:
 - Relative of the property seller acting as the seller's real estate agent,
 - Relative of the buyer/borrower acting as the buyer/borrower's real estate agent,
 - Originator is related to the borrower

Additionally, clarified that the real estate agents may apply their commissions towards closing costs/prepays subject to interested party contribution limits. Gifts from relatives that are interested parties to the transaction are **not** allowed.

- Delayed financing topic updated to allow specific types of borrowed funds that were used to close the original purchase transaction (previously borrowed funds from any source were ineligible on the original transaction). Acceptable borrowed funds used for the purchase transaction:
 - Funds drawn from a HELOC on another property owned by the borrower
 - Funds borrowed against a margin account
 - Funds from a 401(k) loan

Funds must be fully documented and reflected on the CD as a payoff on the new refinance transaction.

- Trust income topic was updated to clarify:
 - The trust must be irrevocable, and
 - If trust fund assets are used for down payment/closing costs documentation must be provided to show withdrawal of the assets will not negatively affect the trust income
- Income from stock options and restricted stock units (RSU) topic updated to clarify:
 - The borrower must currently be employed by the employer issuing the stock option/RSU, and
 - Any additional awards must be similar to the qualifying income and awarded on a consistent basis

The updated Jumbo and Jumbo Flex guidelines have been posted on the HomeBridge website and www.HomeBridgeWholesale.com

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