



Bulletin 18-39

Introducing Simple Access - Investor Cash Flow Option

HomeBridge is pleased to announce the addition of the Investor Cash Flow (ICF) option to the Simple Access program effective with new submissions on or after August 17, 2018.

The Investor Cash Flow option provides unique opportunity for borrowers purchasing or refinancing investment properties; the borrower is qualified using only the rental income from the subject investment property.

The IFC option requires at least one borrower to have a documented 12 month history of managing rental properties (history is **not** required to be in the most recent 3 years).

Key features of the Investor Cash Flow option include:

- 1-4 unit investment properties only
- SFR, PUDs, and condos (warrantable and non-warrantable) eligible
- DTI not considered; qualification is based on the debt service coverage ratio (DSCR) of the subject property. A DSCR of ≥ 1 is required
- The DSCR is calculated as follows:
 - The subject property gross rent **divided** by the subject property PITIA **equals** the DSCR

Example 1: Gross rent: \$2,000; PITIA: \$1750; $\$2,000/\$1750 = 1.142$ DSCR (acceptable)

Example 2: Gross rent: \$800; PITIA: \$1,000; $\$800/\$1000 = 0.8$ DSCR (unacceptable)
- Rents are determined using 100% of the **lesser of** the current rent **or** market rent as determined by the appraiser. Copies of leases must be provided when applicable.
- Employment and income are **not** verified
- ICF transactions are considered "business purpose" loans and are not subject to ability-to-repay or HPML requirements.
- Gift funds from an immediate family member are eligible for down payment and closing costs; ineligible to satisfy reserve requirements. Use of gift funds requires either 5% borrower own funds or 10% LTV reduction
- Maximum 15 financed properties, including subject, allowed. Additional one month PITIA reserves required for each additional property or, as an alternative, a percentage of the aggregate unpaid principal balance of all outstanding mortgage loans and percentage of value of properties owned free and clear. Refer to guidelines for requirements.

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- Minimum credit score 620. The representative score is the **lowest** middle score of **all** borrowers
 - 4506-T not required
 - Maximum loan amount \$3,000,000
 - New York transactions are not limited to \$1 over the conforming loan amount on the ICF option; **conforming loan amounts eligible** since investment properties are not subject to the New York Subprime test.
 - Cash-out up to \$3,000,000. Cash-out may be used to satisfy reserve requirements
 - Fixed rate, 5/1, and 7/1 ARM available. Interest-only also available.

The Simple Access guidelines, Submission Form, and Overview have been updated to include the Investor Cash Flow option and posted on the HomeBridge website at www.HomeBridgeWholesale.com.

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