

Elite Plus Program

Fixed Rate, 7/1 and 5/1 ARM

The Elite Plus program has four documentation options: Full Doc, Alt-Doc 24 & 12 (Bank Statements) and Alt-Doc Limited

FULL DOC					
1-4 Unit Owner-Occupied and 1-Unit Second Home ^{1,3}					
Transaction Type	Property Type	Credit Score	LTV ¹	CLTV	Maximum Loan Amount ²
Purchase and Rate/Term Refinance	SFR/PUD and 2-4 units ⁶	720	85%	85%	\$2,500,000
		620	80%	80%	\$2,500,000
		660	90% ⁶	90% ⁶	\$1,500,000
		620	85%	85%	\$1,500,000
	Condominium	720	85%	85%	\$2,500,000
		620	75%	75%	
Cash-Out ⁴	SFR/PUD/Condo and 2-4 units	660	75%	75%	\$2,500,000
		620	70%	70%	\$2,500,000
		660	80%	80%	\$1,500,000
		620	75%	75%	\$1,500,000
1-4 Unit Investment					
Transaction Type	Property Type	Credit Score	LTV ¹	CLTV	Maximum Loan Amount ²
Purchase and Rate/Term Refinance	SFR/PUD/Condo and 2-4 units	640	75%	75%	\$2,500,000
		620	80%	80%	\$1,500,000
Cash-Out ⁵	1-unit SFR/PUD/Condo & 2-4 units	720	70%	70%	\$2,500,000
		640	65%	65%	
		720	80%	80%	\$1,500,000
		640	75%	75%	
		620	70%	70%	

Footnotes:

- Interest-only eligible; maximum 80% LTV/CLTV
- Minimum loan amount \$100,000
- Second home transactions 1-unit only
- Owner-occupied and second homes:** Maximum cash-out \$1,000,000 subject to:
 - Cash-out up to \$500,000 no LTV reduction required
 - Cash-out \$500,001 - \$1,000,000 with 5% LTV reduction
- Investment/non-owner:** Maximum cash-out \$500,000
- 2-4 units limited to a maximum of 85% LTV/CLTV**



Elite Plus Program Guidelines

ALT-DOC 24, 12, & Alt-Doc Limited ^{1,2}					
1-4 Unit Owner-Occupied and 1-Unit Second Home					
Transaction Type	Property Type	Credit Score	LTV ^{3,4}	CLTV	Maximum Loan Amount ⁵
Purchase and Rate/Term Refinance	1-unit SFR/PUD/ 2-4 units ³	680	85%	85%	\$2,500,000
		620	80%	80%	\$2,500,000
		680	90% ³	90% ³	\$1,500,000
		640	85%	85%	\$1,500,000
	Condominium	620	80%	80%	\$1,500,000
		680	85%	85%	\$2,500,000
Cash-Out ⁷	1-unit SFR/PUD/ Condominium 2-4 units ⁶	620	75%	75%	\$2,500,000
		620	70%	70%	\$2,500,000
		680	85%	85%	\$1,500,000
		620	80%	80%	\$1,500,000
1-4 Unit Investment Property					
Transaction Type	Property Type	Credit Score	LTV ^{3,4}	CLTV	Maximum Loan Amount ⁵
Purchase and Rate/Term Refinance	1-unit SFR/PUD/ Condominium 2-4 units	640	70%	70%	\$2,500,000
		680	80%	80%	\$1,500,000
		620	75%	75%	
Cash-Out ⁸	1-unit SFR/PUD/ Condominium 2-4 units	720	70%	70%	\$2,500,000
		660	65%	65%	\$1,500,000
		680	75%	75%	
		620	70%	70%	

Footnotes:

- Alt-Doc 24, 12 is available for self-employed borrowers with 25% or more ownership interest in a business. Refer to the [Alt-Doc 24 and Alt-Doc 12](#) topic on page 6 for detailed Alt-Doc requirements.
- Alt-Doc Limited is available to salaried, wage earner, and/or commissioned borrowers and self-employed borrowers. Refer to the Income topic for documentation requirements
- Alt-Doc 12, Alt-Doc Limited maximum 85% LTV/CLTV. 2-4 units using Alt-Doc 24 also limited to maximum 85% LTV/CLTV**
- Interest-only eligible: **Maximum 80% LTV/CLTV**
- Minimum loan amount \$100,000
- Second home transactions 1-unit only
- Maximum cash-out \$1,000,000 for **owner-occupied and second home** properties subject to:
 - Cash-out ≤ 500,000 no LTV reduction required
 - Cash-out >\$500,001 - \$1,000,000 with 5% LTV reduction
- Maximum cash-out for **investment properties** is \$500,000

Elite Plus Program Guidelines

Full Documentation Eligibility and Summary	
Full Doc	
Overview	<ul style="list-style-type: none"> The Full Doc program is available for both salaried and self-employed borrowers. With the exception of what is stated below in the Full Doc Eligibility and Summary topic, and the Elite Plus Guidelines section, Fannie Mae guidelines apply.
Borrowers Income Type Eligibility	<ul style="list-style-type: none"> Wage earner/salaried borrowers. Self-employed borrowers (defined as an individual who has a 25% or greater ownership interest in a business. Self-employed borrower must have a minimum of 2 years self-employment. The following must be considered when analyzing self-employed borrowers: <ul style="list-style-type: none"> The stability of the income The location and nature of the business The demand for the product or service offered by the business The financial strength of the business, and The ability of the business to continue generating and distributing sufficient income that will allow the borrower to meet ATR requirements
4506-T/Tax Returns	<p>Self-Employed Borrowers</p> <ul style="list-style-type: none"> A signed 4506-T and 1040 tax transcripts covering the most recent 2 years is required. 4506-T results must be validated against the income documentation Broker provided processed 4506-T results are not eligible
Assets	<p>Minimum of 2 months most recent bank statements (all pages). Additional months may be required at underwriter discretion. Refer to the Assets topic for detailed requirements.</p>
Documentation of Income	<p>The following requirements apply for documenting income however if DU Findings allow for less documentation, DU Findings may be followed.</p> <p>Wage Earner/Salaried Borrower Requirements</p> <ul style="list-style-type: none"> A pay stub covering at least 1 months' YTD earnings, and The most recent 2 years W-2s, and W-2 transcripts for 2 years <p>Salaried Borrowers with Commission/Bonus or OT Income > 25% of Base Income</p> <ul style="list-style-type: none"> A pay stub covering a minimum of 1 months' YTD earnings, and W-2s for previous 2 years, and Personal tax returns for previous 2 years tax, and 1040 tax transcripts for previous 2 years <p>Salaried Borrowers with Commission/Bonus or OT Income < 25% of Base Income</p> <ul style="list-style-type: none"> A pay stub covering at least 1 months' YTD earnings, and The most recent 2 years W-2s, and W-2 transcripts for previous 2 years, and A written VOE to confirm a 2 year average and proof of continuance <p>Second Job Income</p> <ul style="list-style-type: none"> A pay stub covering a minimum of 1 months YTD earnings, and The most recent 2 years W-2s, and W-2 transcripts for previous 2 years, and Second job income used for qualifying will be based on a 2 year average of the W-2s <p>Self-Employed Borrower Requirements</p> <ul style="list-style-type: none"> Two (2) years most recent tax returns, both personal and business, including all schedules. Additionally, the following is required: <ul style="list-style-type: none"> If more than 120 days has passed since the filing of the latest Schedule C or business tax return, a dated year-to-date unaudited profit and loss statement is required Evidence of the existence of the business for the previous 2 years. Acceptable documentation includes a copy of the business license, business credit report and/or CPA letter.

Elite Plus Program Guidelines

Full Documentation Eligibility and Summary	
Full Doc (cont.)	
Income – Capital Gains and Losses	<p>Capital gains for like assets may be considered as effective income. The earnings trend or loss must be considered in the overall analysis of this income type. If the trend results in a gain, it may be added as effective income. If the trend consistently shows a loss, it must be deducted from the total income.</p> <ul style="list-style-type: none"> An average of the gain or loss for the previous 2 years, as disclosed on the borrowers 1040 Schedule D, will be used to calculate the income When the income from this source represents a substantial portion of the borrower's income, tax returns for the previous 2 years must be reviewed (regardless of documentation type) to determine an accurate estimated average of the earnings (e.g. an asset sold during the year might be an income-producing asset, which could result in a reduction in future income) Borrowers must have an asset base in order to use capital gains on an on-going basis. <p>NOTE: A one-time capital gain or loss will not be considered as a gain or loss in determining income available to the borrower.</p>
Income – Farm	<p>Net farm income reported on the borrower's income tax return (as reported on Schedule F) is eligible with the addition of depreciation, pension, amortization and depletion.</p> <p>NOTE: Farm income cannot be generated by the subject property; income producing properties are ineligible under the Elite Plus program.</p>
Income – Fixed	<p>Fixed income includes alimony/child support, retirement/pension, social security (including dependent's social security), temporary/permanent disability, and VA disability.</p> <p>Fixed income is an eligible source of income subject to the following:</p> <ul style="list-style-type: none"> Evidence of the borrower's receipt of the income and the probability the income will continue for a minimum of 3 years past the application date must be provided. <p>NOTE: Borrowers on temporary leave (e.g. maternity, short-term disability, etc.) will be considered on a case-by-case basis subject to HomeBridge management approval. If allowed, the income will be subject to Fannie Mae's Temporary Leave Income requirements.</p> <ul style="list-style-type: none"> Fixed income that is verified as non-taxable, may be adjusted or "grossed-up" by 125% subject to: <ul style="list-style-type: none"> - Only the net income will be used for determining disposable/residual income (Medicare and insurance payments are excluded), - The borrower must clearly benefit as a result of the income being grossed-up to qualify, and - The borrower's net income (before being grossed-up) is sufficient to pay all debts. <p>The following non-taxable income is ineligible to be grossed up:</p> <ul style="list-style-type: none"> Foreign earned income, Foster care income, and Housing allowance
Income – Interest and Dividend	<p>Interest and dividend income is eligible subject to the following:</p> <ul style="list-style-type: none"> Verified through 2 years tax returns as a stable source of income, and Proof the funds are still on deposit in the financial institution and/or investment portfolio account(s) is required. <p>NOTE: Income must be proportionately reduced if funds from the account(s) are used for closing in a purchase money transaction</p>
Income – Military	<ul style="list-style-type: none"> Income received for clothing and quarter's allowance, hardship and/or hazard may be included as stable income if there is a likelihood of continuance. The non-taxable income received for Basic Allowance for Housing (BAH) and Basic Allowance for Subsistence (BAS) may be grossed up 125% Other allowances may be grossed up if documentation is provided evidencing the allowance is non-taxable

Elite Plus Program Guidelines

Full Documentation Eligibility and Summary	
Full Doc (cont.)	
Income - Note	Note income is eligible as qualifying income subject to the following: <ul style="list-style-type: none"> A complete copy of all pages of the Note that outlines the terms and conditions of repayment, The repayment period must extend at least 3 years past the application date of the loan.
Income – Rental	Rental income is eligible; refer to the Income - Rental topic in the Underwriting section for requirements
Income - Trust	Income derived from an irrevocable or revocable trust is eligible subject to all of the following: <ul style="list-style-type: none"> The borrower, who is the beneficiary of the trust is also the person who established the trust, and A complete copy of the trust agreement, showing the terms and conditions of the income that will be received, is provided, or A certification letter is obtained from the trust administrator that outlines the following: <ul style="list-style-type: none"> - Total income paid to the borrower, - The method of payment, - The duration of the trust, and - If there is any non-taxable portion Current receipt of the income must be documented and the income must be expected to continue for a minimum of 3 years after the date of the application.
Unreimbursed Business Expenses	Borrowers with commission income that is $\geq 25\%$ of the borrower's qualifying income the unreimbursed business expenses must be deducted from the borrower's qualifying income.

Elite Plus Program Guidelines

Alternative Documentation Eligibility and Summary	
Alt-Doc 12 or 24	
Overview	<ul style="list-style-type: none"> Alt-Doc 12 and 24 are available for self-employed borrowers only. Alt-Doc 12/24 borrowers may have a full doc co-borrower on the loan Income is verified using 12 or 24 months personal or business bank statements (as applicable) Borrower must have a 50% ownership interest in the business or be a sole proprietor to use business bank statements for qualifying Borrowers classified as investors (e.g. day traders, real estate investors who do not have ownership in a company) are not considered self-employed and are not eligible for the Alt-Doc 12 or 24 option; the Full Doc option must be used
4506-T/Tax Returns	Not required. If tax returns are provided the loan is ineligible and must be re-submitted as a Full Doc loan.
Assets	Refer to the Assets topic for requirements.
Borrower Eligibility	<ul style="list-style-type: none"> Self-employed borrowers (defined as an individual who files Schedule C or corporate tax returns) with 25% or greater ownership in business Borrower must have a 50% ownership interest in the business or be a sole proprietor to use business bank statements for qualifying Borrower must have a minimum of two (2) years self-employment in the same business
Documenting the Business	<p>Evidence of Business and Acceptable Documentation</p> <ul style="list-style-type: none"> The borrower must provide evidence of the existence of the business for a minimum of 2 years. Acceptable evidence includes: <ul style="list-style-type: none"> - Copy of the Business License, or - Business credit report, or - A CPA or tax preparer attestation of the borrower's percentage of ownership in the business and the borrower has been self-employed in the same business for a minimum of two (2) years is required, or - Confirmation from the State's Corporation website
Documentation of Income	<p>Income can be verified using either personal or business bank statements meeting the requirements below.</p> <p><u>Personal Bank Statements: 12 or 24 Months</u></p> <p>If personal bank statements are used to document income the following is required:</p> <ul style="list-style-type: none"> 12 or 24 months (as applicable) most recent consecutive personal bank statements (all pages) from the same bank account. Multiple accounts are not allowed, and Initial signed 1003 that includes the borrower's monthly income, and Documentation that verifies the business has been in existence for a minimum of 2 years <p>The following applies when personal bank statements are used for qualifying:</p> <ul style="list-style-type: none"> Personal bank statements only (cannot combine personal and business), and 100% of deposits used for income are averaged over 24/12 months (as applicable), and Transfers between personal accounts are excluded, and Transfers from a business account to a personal account are acceptable <p>Qualifying Income Using Personal Bank Statements</p> <p>The qualifying income is 100% of the eligible deposits</p>

Documentation of Income

Business Bank Statements: 12 or 24 months

If business bank statements are used to document income the following is required:

- Business bank statements may only be used by sole proprietors or borrowers with a minimum of **50% ownership** in the business (cannot combine business and personal)
- **12 months** most recent consecutive business bank statements (all pages) from the same bank account. Multiple accounts are not allowed, **OR**
- **24 months** most recent consecutive business bank statements (all pages) from the **same bank account**. Multiple accounts are not allowed, **and**
- Initial signed 1003 that includes the borrower's monthly income, **and**
- Documentation that verifies business has been in existence for a minimum of 2 years

The following applies when business bank statements are used for qualifying:

- Business bank accounts, personal bank accounts using a DBA, or personal bank accounts with evidence of business expenses are acceptable, **and**
- Wire transfers and transfers from other accounts require documentation and a letter of explanation from the borrower, **and**
- The statements should show a trend of ending balances that are stable or increasing over time; decreasing or negative ending balance require a letter of explanation from the borrower, **and**
- Business expenses must be reasonable for the type of business

Business Bank Statement Documentation Requirements

- **Option 1: A Profit and Loss (P&L):**
 - **The P&L may be prepared and signed by the borrower or a 3rd party (CPA or licensed tax preparer)** and cover the same period as the bank statements (12 or 24 months as applicable)
 - The P&L gross earnings should be within 15% of the bank statement gross deposits (minus any ineligible deposits) to be considered a reasonable validation of the income
 - The borrower's monthly income (averaged over 12 or 24 months as applicable) is determined using the **lower of:**
 - The net income from the P&L, **OR**
 - Total deposits from the bank statements
 - The qualifying income is determined by multiplying the borrower's ownership percentage the **lower of:**
 - Net income from the P&L, **or**
 - Total eligible deposits from the bank statements
 - Remaining owners that are not on the loan must provide a signed and dated an access letter acknowledging the loan and confirming the borrower has access to the account for income purposes
- **Option 2: Third-Party Expense Statement:**
 - **The Expense Statement must be prepared and signed by a 3rd party (CPA or licensed tax preparer)**
 - Expense statement must specify business expenses as a percentage of the gross annual sales/revenue (must be reasonable for type of business),
 - Net income from the Expense Statement is calculated by determining the total eligible deposits per the bank statements multiplied by the expense percentage provided by the CPA/tax preparer on the Expense Statement

Alternative Documentation Eligibility and Summary	
Alt-Doc 12 or 24 (cont.)	
Income	<ul style="list-style-type: none"> • Income is considered to be: <ul style="list-style-type: none"> - Transfers or deposits from business accounts to personal accounts through ATM or payroll check deposits • Income is averaged over 12 or 24 months (as applicable) • Income deposited from other sources (social security, tax refunds, transfers from non-business accounts, income from a known employer, etc.) must be deducted from the 12/24 month (as applicable) total • The borrower(s) must be the only account holder(s) unless the other person is a spouse (access letter required) • Large deposits, that are not typical for the account, may be included with a satisfactory explanation from the borrower. Supporting documentation may be required • The 12/24 month history (as applicable) must be represented by the same account; changing of accounts require a valid explanation and documentation • Bank statements that reflect any instance of the following will require a satisfactory letter of explanation from the borrower: <ul style="list-style-type: none"> - Non-sufficient funds, - Wire funds, - Overdraft protections transfers, - Negative ending balances, or - Transfers from other accounts <p style="margin-left: 40px;">If the explanation received from the borrower is determined to be unsatisfactory by the Homebridge underwriter the loan is ineligible under Alt-Doc12/ 24 as the above indicate cash-flow issues.</p> • Rental income is eligible; refer to the Income - Rental topic in the Underwriting section for requirements.

Elite Plus Program Guidelines

Alternative Documentation Eligibility and Summary	
Alt-Doc Limited	
Overview	<p>Alt-Doc Limited is available for:</p> <ul style="list-style-type: none"> Salaried/wage earner borrowers and/or salaried plus commissioned borrowers NOTE: Borrowers who work for a family member are not eligible under Alt-Doc Limited Self-employed borrowers (defined as an individual who files Schedule C or corporate tax returns) with 25% or greater ownership in business. Borrower must have a minimum of two (2) years self-employment in the same business.
4506-T/Tax Returns	<p>Processed 4506-T and IRS transcripts required for most recent 1 year. For wage earner borrower's the transcripts must be in line with the W-2</p>
Assets	<p>Two (2) months most recent personal bank statements (all pages). Refer to the Assets topic for requirements</p>
Documentation for Income	<p>Wage Earner/Salaried Borrowers and Borrowers with Commission/Bonus Income < 25% of Base Income</p> <ul style="list-style-type: none"> Most recent W-2 (income shown on 1003) with current paystub showing YTD income, and Written VOE reflecting the income for the same period as the single year tax return W-2. The VOE must also reflect the total amount of time the borrower has been employed with that employer. <p>Wage Earner/Salaried Borrower with Commission Income > 25% of Base Income</p> <ul style="list-style-type: none"> Most recent W-2 (income shown on 1003) with current paystub showing YTD income, and Written VOE reflecting the income for the same period as the single year tax return W-2. The VOE must also reflect the total amount of time the borrower has been employed with the employer, and 1 year tax returns <p>Self Employed Borrowers</p> <ul style="list-style-type: none"> Most recent 1-year tax return (personal and/or business as applicable), and Year to date Profit and Loss and/or paystub showing YTD income, and The borrower must provide evidence of the existence of the business for a minimum of 2 years. Acceptable evidence includes: <ul style="list-style-type: none"> - Copy of the Business License, or - Business credit report, or - A CPA or tax preparer attestation of the borrower's percentage of ownership in the business and the borrower has been self-employed in the same business for a minimum of two (2) years is required. <p>Rental Income</p> <p>Rental income is eligible; refer to the Income - Rental topic in the Underwriting section for requirements.</p>
Unreimbursed Business Expenses	<p>Borrowers with commission income that is $\geq 25\%$ of the borrower's qualifying income the unreimbursed business expenses must be deducted from the borrower's qualifying income.</p>

Elite Plus Program Guidelines

Elite Plus Underwriting Guidelines									
Ability to Repay	<ul style="list-style-type: none"> All loans must meet Ability to Repay (ATR) requirements. All of the following criteria must be considered when determining if the borrower has sufficient income and assets to repay the loan. <ul style="list-style-type: none"> - Current or reasonable expected income or assets, - Current employment status, - Monthly payment on the covered transaction, - Monthly payment on any simultaneous loan, - Monthly payment for mortgage-related obligations, - Current debt obligations, alimony and child support, - Credit history, and - Debt-to-income ratio The loan file must include documentation of the borrower's ability to repay. 								
Age of Documents	<ul style="list-style-type: none"> All credit, income and asset documentation cannot be more than 90 days old at funding Appraisal documents cannot be more than 120 days old at funding. A new appraisal will be required if the original appraisal exceeds 120 days at funding; appraisal updates are not eligible. Title commitment cannot be more than 90 days old at funding 								
Appraisals	<ul style="list-style-type: none"> All transactions require a new appraisal Appraisal requirements are as follows: <table border="1" style="margin-left: 40px; border-collapse: collapse; width: 80%;"> <thead> <tr> <th colspan="2" style="background-color: #0070C0; color: white; text-align: center; padding: 2px;">Appraisal Requirements</th> </tr> <tr> <th style="background-color: #D3D3D3; padding: 2px;">Loan Amount</th> <th style="background-color: #D3D3D3; padding: 2px;">Requirement</th> </tr> </thead> <tbody> <tr> <td style="padding: 2px; text-align: center;">≤ \$1,500,000</td> <td style="padding: 2px;">One (1) full appraisal with 3 comps sold within past 6 months</td> </tr> <tr> <td style="padding: 2px; text-align: center;">> \$1,500,000</td> <td style="padding: 2px;">Two (2) full appraisals with 5 comps sold within past 12 months</td> </tr> </tbody> </table> <p style="margin-left: 20px;">NOTE: When two appraisals are required, the lowest of the original appraisal, second appraisal, or sales price must be used to determine value</p> <ul style="list-style-type: none"> Properties purchased within the previous 6 months, the lesser of the purchase price or current appraised value will be used to determine value. If the property value has increased by ≥ 10% in the previous 7-12 months a second appraisal is required. Properties flipped within 180 days of the loan application, refer to the Property Flips topic for requirements The subject property must conform to the neighborhood in terms of age, design and materials used for construction. The appraiser must comment on and describe any items that might impact the marketability and make applicable adjustments based on those comments HomeBridge requires properties to be, at minimum, in average condition. 	Appraisal Requirements		Loan Amount	Requirement	≤ \$1,500,000	One (1) full appraisal with 3 comps sold within past 6 months	> \$1,500,000	Two (2) full appraisals with 5 comps sold within past 12 months
Appraisal Requirements									
Loan Amount	Requirement								
≤ \$1,500,000	One (1) full appraisal with 3 comps sold within past 6 months								
> \$1,500,000	Two (2) full appraisals with 5 comps sold within past 12 months								

Elite Plus Program Guidelines

Appraisals

- All factors that negatively impact the property's condition must be considered including:
 - **Deferred Maintenance:** "Subject to" items must be described in detail. The nature of the repairs must be identified and the cost to cure. Deferred maintenance > 2.5% of the property value or that affects the basic habitability will require a Satisfactory Completion Certificate (Fannie Mae Form 1004D/Freddie Mac Form 442)
 - **Debris, Graffiti, or Trash:** Property with excessive amount of debris, graffiti or trash may require clean-up. When clean-up required, a Satisfactory Completion Certificate (Fannie Mae Form 1004D/Freddie Mac Form 442) and photos will be required
 - **Infestation:** Any indication of termites or other infestation, must be investigated, treated, and remedied.
 - **Roof Damage:** Any evidence of roof leaks and/or interior water damage (ceiling stains) must be addressed by the underwriter even if not identified on the appraisal. If any of these conditions exist, a roof certification must be obtained, indicating a remaining useful and physical life of at least 3 years.
- Properties with any of the following conditions are ineligible:
 - Boarded-up,
 - Inadequate foundation that does not meet code,
 - Any property that poses an imminent threat to the health and safety of the occupant
 - Inadequate heating (must be a permanently affixed legal heating system) Exceptions may be made on a case-by-case basis subject to HomeBridge management approval
 - No water or public electricity
 - Cantilevered or properties on stilts, posts or piers,
 - Shared services for well, septic, or utilities that are private agreements,
 - Properties showing evidence of mold,
 - Environmental hazards or nuisances

Refer to the [Properties - Ineligible](#) topic for a complete list of ineligible properties.
- Room additions must be permitted
- The appraisal must include all of the following:
 - Street map showing the location of the subject property and all comparable sales used,
 - Exterior building sketch of the improvements indicating dimensions,
 - A floor plan sketch is required along with calculations demonstrating how the estimate for the gross living area was determined,
 - A sketch of the unit that indicates the interior perimeter unit dimensions instead of exterior building dimensions for a condo located in a condominium project,
 - Original color photographs or digital color images of the front, street and rear view of the subject property,
NOTE: Original digital black and white photographs/pictures are permitted if the appraisal clearly documents the subject property meets HomeBridge guidelines.
 - Interior photos of the subject property that include all of the following:
 - Kitchen,
 - All Bathrooms,
 - The main living area,
 - Any area with physical deterioration, and
 - Any renovations/improvements.
 - Any other information necessary to provide an adequately supported estimate of the market value must be attached or an addendum to the report
 - An analysis of all agreements of sale, options or listing for the subject property, that are effective as of the date of the appraisal,
 - An analysis of all sales of the subject property that occurred within the 3 years prior to the effective date of the appraisal,

Elite Plus Program Guidelines

Appraisal (cont.)

- A completed Sales Comparison Approach section of the Fannie Mae 1004 Appraisal when any comparable sales used have more than one sale or transfer in the 12 months prior to the effective date of the appraisal,
- Appraiser comments on any unfavorable conditions (e.g. adverse environmental or economic factors) and how those conditions impact the market value of the property. If such conditions exist the appraiser must include comparable sales that are similarly affected, and
- A Certification and Statement of Limiting Conditions (Fannie Mae Form 1004B/Freddie Mac Form 439) signed by the appraiser.

Comparable Sales

- Comparable sales should be located within 1 mile of the subject property in urban/suburban areas. If 2 of the 3 comparable sales used by the appraiser are > 5 miles from the subject property the property will be considered rural. The appraiser must provide an explanation for using any comparable outside the subject property neighborhood.
- The comparable sales must represent the best market data available to support the property's estimated value and should be as similar to the subject property as possible.
- Comparable sales for a new subdivision or condominium project require a minimum of 1 comparable sale from inside the new subdivision/ project and 1 comparable sale from outside the subdivision/project.
- Comparable sales used must have a recent sales date, preferably within 6 months of the subject property's sale date. Any comparable sales > 6 months old require comment from the appraiser on market conditions. If necessary to use older comparable sales the appraiser must supplement them with pending sales and/or current listing in the subject property neighborhood. The source of the closed comparable sales used in the appraisal must be from one of the following or a desk review will be required:
 - A Multiple Listing Service ([MLS](#)), or
 - MRIS ([www.mris.com](#)), or
 - Midwest Real Estate Dated (MRED) ([www.mredllc.com](#)), or
 - North Texas Real Estate Information Systems, Inc. (NTREIS) at ([www.ntreis.net](#)), or
 - San Antonio Board of Realtors ([www.sabor.com](#)), or
 - GeoData at ([www.geodataplus.com](#)), or
 - Comps Inc. at ([www.compsny.com](#)).

NOTE: Comparables from a public independent source are only eligible in the states of Maine, New Hampshire, and Vermont

- Comparable sales used for new construction properties are subject to the following:
 - If all three of the comparable sales used to support the value of the subject property were obtained from one of the above sources (public source eligible in Vermont and Maine only) no further action is required.
 - If the comparable sales are not all obtained from a MLS, MRIS, MRED, NTREIS, or from an independent source (Vermont and Maine only), the appraiser must comment that the subject property development is being marketed in an "open" or "public" environment (i.e. newspaper advertisements, bill board signs, website, etc.).
 - Additionally, the following applies:
 - One of the comparable sales must be outside the project the subject property is located in and be from an MLS, MRIS, MRED, NTREIS, SABOR, GeoData, or Comps Inc. or public source (public source Maine/New Hampshire/Vermont only).
 - Two of the comparable sales must be from sources other than the subject property builder.

NOTE: The appraiser is always allowed to provide more than three comparable sales in order to support the property value.

Elite Plus Program Guidelines

Appraisals (cont.)	<ul style="list-style-type: none"> • The appraisal must identify and address properties located within a declining market. • Land value subject to Fannie Mae guidelines. The appraiser must comment if typical for the area and current use is highest and best use • Maximum 5 acres – no exceptions • Appraisal transfers ineligible • A new appraisal will be required when the appraisal is dated more than 120 days from the funding date. A re-certification is not allowed. • Properties located in a FEMA Disaster Declaration area will be subject to additional appraisal review as follows: <ul style="list-style-type: none"> - Appraisal Completed Prior to the Disaster: <ul style="list-style-type: none"> - An interior and exterior inspection of the property is required - Inspection must be completed by a licensed third-party professional to certify the condition of the property and identify any impact to habitability or marketability - Inspection report must include photographs of the front, rear, and street view of the property, - Any damage must be repaired and a re-inspection completed - A copy of the inspection report and the inspectors license must be included in the loan file, - An appraisal update or final inspection from the appraiser must also be obtained. The appraiser must also comment on the adverse event and certify that there has been no decline in value. Any existing damage must meet the Deferred Maintenance guidance. - Appraisal Completed After the Disaster: <ul style="list-style-type: none"> - The appraiser must comment on the adverse event and any effect it had on the marketability or value of the property - Any existing damage must meet the Deferred Maintenance guidance.
Appraisal Management Companies (AMC)	<p>Appraisal must be ordered from one of the following HomeBridge approved AMCs:</p> <ul style="list-style-type: none"> • ACT Appraisal Management: ACT Appraisal • AMC Settlement Services: AMC Settlement Services • Xome (formerly Assurant) at: Xome • Axis Management Solutions: Axis • Golden State AMC: Golden State AMC • Mortgage Management Consulting (MMC): MMC • Nationwide Appraisal Network: Nationwide Appraisal Network • Nationwide Property & Appraisal Services: Nationwide Property & Appraisal Services

Elite Plus Program Guidelines

Assets	<p>The borrower must have sufficient liquid assets available for down payment, closing costs, and reserves.</p> <ul style="list-style-type: none"> • Acceptable assets include cash in the bank, stocks, bonds, IRAs, 401Ks, mutual funds or retirement accounts • Two (2) months most recent consecutive statements (all pages) or the most recent quarterly statement required to document assets required for down payment, closing costs, prepaid items and reserves. Refer to the following for additional requirements by topic: <ul style="list-style-type: none"> - Alt-Doc 24/12 topic for letter of explanation requirements if bank statements indicate NSF, overdraft, etc. - Down Payment topic for specific requirements for down payment funds. • Stocks and bonds: 70% of the value may be considered to meet reserve requirements • Vested retirement funds: 60% of the value may be considered to meet reserve requirements (borrowers \geq 59 ½ may use 70% of the value) <ul style="list-style-type: none"> - Borrowers who are not of retirement age must document that they have unrestricted access to all retirement-based funds used for down payment, closing costs and reserves. • Foreign funds eligible if seasoned in U.S. depository for 6 months • Any significant disparity between the current account balance and the opening balance may require additional explanation. • Large or irregular deposits (defined as more than 50% of the borrower's gross monthly income) will require sourcing. • Business funds may be considered an acceptable source for down payment, closing costs and reserves when the borrower is self-employed subject to the following: <ul style="list-style-type: none"> - The borrower must be an owner of the account and ownership must be verified - No more than 50% of business funds may be used for down payment and closing costs. The unused balance may be used to meet reserve requirements, OR - A CPA letter must be provided to confirm withdrawal of funds will not have a negative impact on the business • The following sources of funds may not be used to meet asset requirements: <ul style="list-style-type: none"> - Proceeds from unsecured or personal loans - Gift funds that require full or partial repayment - Sweat equity - Cash-on-hand - Cash advances from a credit card or other revolving account - Salary/bonus advances receive against future earnings - 1031 exchange proceeds on owner-occupied or second home property - Seller funded DPA programs - Funds for closing from disaster relief loans or grants - Commission from the sale of the subject property - Assets from margin accounts - Stock options - Non-vested restricted stock - Loan proceeds - Funds that have not been vested
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Elite Plus Program Guidelines

Assumptions	Allowed
AUS	<ul style="list-style-type: none"> • All loans must be run through DU to ensure borrower does not qualify for a Qualified Mortgage (QM). Eligible DU Findings: <ul style="list-style-type: none"> - “Approve/Ineligible”, or - “Refer”, or - “Approve/Eligible” (the underwriter must document reason not eligible as a QM loan) • After AUS submission the loan must be manually underwritten. Compliance with Ability to Repay (ATR) requirements must be documented and included in the loan file along with the loan approval. Refer to the Ability to Repay topic for ATR requirements.
Available Markets	<ul style="list-style-type: none"> • Eligible in all states except: <ul style="list-style-type: none"> - Alaska, - Massachusetts, - New York, - West Virginia <p style="margin-left: 20px;">NOTE: Cash-out transactions ineligible in Texas; purchase and rate/term eligible</p> • Guam, Puerto Rico and the Virgin Islands are also ineligible
Borrowers – Eligible	<ul style="list-style-type: none"> • U.S. citizens • Permanent Resident Aliens: Must provide documentation to verify they are legally present in the U.S. Must be employed in the U.S. for the previous two (2) years. The following documentation is eligible to verify legal presence: <ul style="list-style-type: none"> - Alien Registration Receipt Card I-151 (Green Card) - Alien Registration Receipt I-551 (Resident Alien Card that does not have an expiration date on the back (i.e. Green Card) - Alien Registration Receipt Card I-551 that has an expiration date on the back (Conditional Resident Alien Card) accompanied by a copy of the filed INS Form I-751 (Petition to Remove Conditions on Residence) - Non-expired foreign passport that contains a non-expired stamp that is valid for a minimum of 3 years reading “Processed for I-551 Temporary Evidence of Lawful Admission for Permanent Residence. Valid until mm-dd-yyyy. Employment Authorized • First Time Homebuyers (borrowers who have not owned a property in the past 3 years). Borrowers who are currently living rent free may be considered provided there are compensating factors to offset the lack of housing history. • Non-Occupant Co-Borrowers – The income and liabilities of the non-occupant co-borrower on a primary residence transaction are considered in the DTI calculation. Eligible subject to the following: <ul style="list-style-type: none"> - Must be disclosed on the initial loan application (cannot be added later to qualify), and - Must be related to the primary borrower on the loan <p style="margin-left: 20px;">NOTE: Blended ratios allowed</p> • Non-Permanent Resident Aliens: Eligible subject to the following: <ul style="list-style-type: none"> - Must have U.S. credit, and - A copy of the borrower’s passport and unexpired visa. Acceptable visa types: <ul style="list-style-type: none"> - A-1, A-2, A-3, E-1, E-2, E-3, G1 through G-5, H-1, L-1, NATO, O-1, R-1, or TN <p style="text-align: center;">OR</p> - An I-797 Notice of Action form with valid extension dates and an I-94 Arrival/Departure Record form. • All borrowers are required to have social security number <p style="text-align: center;">NOTE: Any inconsistency in the social security number(s) reported require a signed, written explanation from the borrower.</p>

Elite Plus Program Guidelines

Borrowers – Ineligible	<ul style="list-style-type: none"> • Borrowers with diplomatic immunity • Land Trusts • Limited partnerships, general partnerships, corporations and LLCs • Borrowers without a social security number or a number that cannot be validated with the SSA. • Borrowers with non-traditional credit • Life Estates, • Inter-vivos and non-revocable trusts – no exceptions • Guardianships • Borrower using a POA – no exceptions • Borrowers previously convicted of mortgage fraud
Borrower – Ownership Interest	<ul style="list-style-type: none"> • Title must be in the borrower’s name at time of application for refinance transactions and at the time of closing for all transactions. • Borrowers may hold title as follows: <ul style="list-style-type: none"> - Fee Simple with vesting in the name of individuals only <p>NOTE: Title may not be held in the name of a trust, LLC, etc.</p>
Construction to Perm	<p>The conversion of construction-to-permanent financing involves the granting of a long-term mortgage to a borrower for the purpose of replacing interim construction financing that the borrower has obtained to fund the construction of a new residence.</p> <ul style="list-style-type: none"> • Construction-to-permanent financing can be structured as a transaction with one or two separate closings; however HomeBridge will not provide the construction financing (a one closing transaction). The borrower must hold title to the lot, which may have been previously acquired or be purchased as part of the transaction. • All construction work, including any work that could entitle a party to file a mechanics’ lien or materialmen’s lien, must be completed and paid for, and all mechanics’ liens, and any other liens and claims that could become liens relating to the construction must be satisfied before the loan is closed with HomeBridge. HomeBridge will retain the appraiser’s certificate of completion and a photograph of the completed property in the loan file. When a construction-to-perm mortgage loan provides funds for acquisition or refinancing of an unimproved lot and the construction of a residence on the loan, HomeBridge will retain a certificate of occupancy or an equivalent from the applicable government authority. • Units in a condo project are not eligible for construction-to-permanent financing. <p>Two-Closing Transactions</p> <ul style="list-style-type: none"> • The first closing is to obtain the interim construction financing (and may include the purchase of the lot). Construction financing is not eligible through HomeBridge. • The second closing (aka “end” loan) is to obtain the permanent financing upon completion of the improvements and is eligible through HomeBridge. • A modification may not be used to update the original Note; a new Note must be completed and signed by the borrowers. • The borrower is underwritten based on the terms of the permanent mortgage. • Transactions are subject to the limited cash-out and cash-out refinance maximum LTV/CLTV/HCLTV ratios, as applicable. • Cash-out refinance transactions require the borrower to have held legal title to the lot for at least 6 months prior to the closing of the permanent mortgage. • All other standard cash-out refinance eligibility and underwriting requirements apply.

Elite Plus Program Guidelines

<p>Conversion of Principal Residence to Second Home, Investment or Pending Sale</p>	<p>Pending Sale</p> <ul style="list-style-type: none"> If the borrower's current primary residence is pending sale but the transaction will not close and title transferred prior to the subject property closing, both the current and proposed PITIA mortgage payments must be used when qualifying the borrower <p>Conversion to Second Home</p> <ul style="list-style-type: none"> If the borrower wishes to convert their current primary residence to a second home the borrower must have a 30% equity position in their current residence or the current residence is ineligible for the conversion or the subject transaction is ineligible. An AVM or 2055 may be used to document equity. If an AVM is used the AVM is subject to underwriter review and acceptance (e.g. acceptable confidence level). Additional documentation may be required at underwriter discretion. The current and proposed PITIA mortgage payments must be used for qualifying the borrower <p>Conversion to Investment Property</p> <ul style="list-style-type: none"> If the borrower wishes to convert their current primary residence to an investment property the borrower must have a 30% equity position in their current residence or the current residence is ineligible for the conversion or the subject transaction is ineligible. An AVM or 2055 may be used to document equity. If an AVM is used the AVM is subject to underwriter review and acceptance (e.g. acceptable confidence level). Additional documentation may be required at underwriter discretion. If the current residence is eligible for conversion to an investment property, rental income from the converted property can be used to qualify, using 75% of the current lease minus the full PITIA payment. The following is required: <ul style="list-style-type: none"> A copy of the fully executed lease agreement, and Copy of security deposit check from the tenant, and A copy of the borrower's bank statement indicating the security deposit funds have been deposited into the borrowers account
<p>Credit History</p>	<ul style="list-style-type: none"> Two (2) open and active tradelines seasoned for a minimum of 24 months with activity in the most recent 12 months required Tradelines may be installment or revolving <p>Owner-occupied and Second Home Transactions:</p> <ul style="list-style-type: none"> Only the primary wage-earners must meet the minimum tradeline requirement <p>Investment/Non-Owner Transactions</p> <ul style="list-style-type: none"> All borrowers must meet the minimum tradeline requirement

Elite Plus Program Guidelines

Credit Report/Scores	<ul style="list-style-type: none"> • Minimum credit score is 620; refer to the applicable matrix for credit score requirements. • Each borrower must have a valid credit score from at least 2 of the 3 repositories (Experian, TransUnion, and Equifax) • An individual borrower's representative credit score is determined as follows: <ul style="list-style-type: none"> - If there are three (3) valid scores, the middle score is used. If two of the three scores are a duplicate, the duplicate score is used. - If there are two (2) valid scores, the lower of the two is used <p>The representative score for the loan is the lowest representative score for all borrowers.</p> <ul style="list-style-type: none"> • HomeBridge will accept a credit report, in the broker's name, from any Fannie Mae acceptable credit vendor. • A tri-merged credit report or Residential Mortgage Credit Report (RMCR) is required for all borrowers. • The credit report should include verification of all credit references provided on the loan application • Any inconsistency in the social security number(s) reported require a signed, written explanation from the borrower. • The credit report must certify the results of public record searches for each city the borrower has resided in during the last 2 years. • The borrower(s) must address, in writing, all credit inquiries indicated on the credit report within the previous 120 days and indicate the reason for and result of the inquiry (i.e. was new credit obtained or not). If new credit was obtained, a verification of that debt must be provided and the borrower must be qualified with the monthly payment. <p>Examples:</p> <ul style="list-style-type: none"> - Acceptable Response: Chase, Wells & Bank of America credit pulled while searching for a mortgage on property located at 123 Main Street; no credit was obtained. - Unacceptable Response: "We did not accept any credit for the inquiries listed on our credit report: or "We did not accept any credit from Chase, Wells & Bank of America" (neither response specifically addresses both the inquiry and disposition). <ul style="list-style-type: none"> • If additional debt was obtained or discovered or the borrower's income is reduced after the underwriting decision was made the following applies: <ul style="list-style-type: none"> - The additional debt(s) and reduced income must be applied and determined if the loan still qualifies, - If there is new subordinate debt on the subject property, the loan must be re-underwritten, and - The final loan application signed by the borrower(s) must include all income and debt verified, disclosed or identified • The credit report cannot be more than 90 days old at funding. • Court Ordered Assignment of Debt <ul style="list-style-type: none"> - Debt that has been assigned by order of the court is not required to be included in the borrower's DTI calculations if the following is provided: <ul style="list-style-type: none"> - Copy of the court order, and - Mortgage debt requires a copy of the document transferring ownership of property, and - If transfer of ownership has not taken place, any late payments associated with the repayment of the debt owing on the mortgage property should be considered when reviewing the borrower's credit profile. <p>Fraud Alerts All fraud alerts must be resolved prior to loan closing</p> <p>Letter of Explanation (LOE) A signed LOE is required for:</p> <ul style="list-style-type: none"> • All address, employment and/or name variation and/or social security inconsistencies • When the credit report indicates the borrower may not manage credit effectively (e.g. recently opened revolving accounts at or near account limit, and/or a delinquent payment history indicates the borrower may overly rely on credit) • All credit inquiries within previous 120 days
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Debt-to-Income (DTI) Ratios

The DTI is calculated by dividing the borrower's total monthly obligations by the borrower's total monthly qualifying income.

The maximum DTI (except first time homebuyers) is as follows:

- > 65% LTV: 50% DTI
- ≤ 65% LTV: 55% DTI

First Time Home Buyers:

- The maximum DTI is as follows:
 - **Full Doc Option:**
 - > 65% LTV: 50% DTI
 - ≤ 65% LTV: 55% DTI
 - **Alt-Doc 24/12 and Limited:**
 - 43% DTI regardless of LTV

Residual Income Requirement

Residual income may be required based on the borrower's DTI as follows:

- Loans with DTI ratio ≤ 43% **no** residual income required
- Loans with a DTI ratio > 43% require residual income. Refer to the [Residual Income Requirements](#) topic for details.

Alimony and Child Support

Monthly alimony, child support or separate maintenance fees must be included in the borrower's DTI ratio. Documentation of the obligation (e.g. final divorce decree, court order, signed legal separation agreement etc.) must be included in the loan file. If < 10 months remaining follow installment debt guidance below.

Business Debt

Business debt that is reflected on the borrower's personal credit report must be included in the borrower's DTI calculation. Debts paid by the borrower's business can be excluded from the DTI with any of the following documentation:

- Most recent 6 months cancelled checks drawn on the business account, or
- Tax returns reflect the business expense deduction, or
- Business bank account statement showing assets remain after funds to close and reserve requirements are with a balance greater than or equal to the balance of the debt.

NOTE: Any business debt that is seasoned < 6 months, the payment **must be included** in the DTI calculation.

Co-Signed Debt

- Co-signed debt is **not required** to be included in the borrower's DTI calculation if all of the following applies:
 - Documentation is provided that the borrower is not primarily responsible for payment of the debt, and
 - The credit report indicates no late payments on the account, and
 - 12 months most recent consecutive cancelled checks are provided documenting the primary party obligated on the debt has been making the payments (the checks cannot be from an account co-owned with the borrower).
- Co-signed debt must **be included** in the borrower's DTI calculation if:
 - It cannot be properly documented that the primary party obligated on the loan is making the payments, **or**
 - A 12 month pay history, by the primary party, cannot be established, **or**
 - The credit report indicates there have been late payments on the debt, **or**
 - Another party is making the payments but the borrower is the only party responsible for the debt.

HELOCs

- The payment on the amount of the line currently being used must be included in the DTI calculation;
- If there is a balance, but no payment indicated on the credit report a statement indicating the payment amount is required or 1% of the total line amount will be used for DTI calculation
- HELOCs with a zero balance, no payment calculation is required.
- The applicable CLTV/HCLTV cannot be exceeded

Elite Plus Program Guidelines

Debt-to-Income (DTI) Ratios (cont.)	<p>Installment Debt</p> <ul style="list-style-type: none"> • Installment debt must be included in the borrower’s DTI calculation when there are more than 10 months payments remaining. • Installment debt with ≤ 10 months of payments remaining may be excluded, however, if the payment is substantial (> 5% of the borrower’s qualifying income) the underwriter must ensure the remaining payments will not impact the borrower’s ability to make the mortgage payment • Installment debt that will be paid in full prior to closing may be excluded from the DTI calculation. Documentation (credit supplement or direct verification from the creditor) must be obtained to evidence the debt has been paid in full is required. • Past due installment accounts can be no more than 30 days past due at the time of closing. Rolling lates are considered delinquent for each late occurrence. <p>Revolving</p> <p>Revolving debt is considered part of the borrower’s recurring monthly debt. Revolving debt includes credit cards and personal lines of credit. Revolving debt is subject to the following:</p> <ul style="list-style-type: none"> • The minimum required payment stated on the credit report or current account statement should be used in DTI calculations. • If no payment stated on the credit report or current statement is unavailable use the greater of \$10 or 5% of the current balance to determine the monthly payment • Past due revolving accounts can be no more than 30 days past due at the time of loan closing. Rolling lates are considered delinquent for each late occurrence. <p>If the revolving account is to be paid off prior to or at closing, a monthly payment is not required to be included in the debt ratio. The account does not need to be closed as a condition of excluding the payment from the borrower’s debt ratio.</p> <ul style="list-style-type: none"> • If the revolving account is to be paid off prior to closing, documentation that the debt was paid in full and source of funds must be provided and verified. <p>If the revolving account is to be paid off at closing, the payoff must be shown on the Closing Disclosure</p> <p>Student Loans (Deferred/Forbearance or in Repayment)</p> <p>Student loan payments, regardless of payment status, must be included in the DTI calculation. The payment amount included in the DTI calculation is the greater of:</p> <ul style="list-style-type: none"> • 1% of the outstanding balance, or • The actual documented payment (documented on the credit report, from documentation obtained from the lender/servicer of the student loan, or from documentation provided by the borrower) <p style="padding-left: 40px;">NOTE: If the actual payment amount cannot be documented then 1% of the outstanding balance must be used</p> <p>Timeshare</p> <p>Timeshare payments are considered installment loans and installment guidelines should be followed</p>
Deed / Resale Restrictions	<p>Properties with age related restrictions (55+ communities) are eligible subject to Fannie Mae requirements. All other properties subject to deed/resale restrictions are ineligible.</p>
Derogatory Credit	<p>Any derogatory credit that will impact title must be paid off prior to or at close</p> <p>Bankruptcy (7, 11, and 13)</p> <p>Must be seasoned at least 12 months, no exceptions (measured from dismissal/discharge date to application date)</p> <p>Foreclosure/Deed-in-Lieu/Short Sale /Modification</p> <p>Twelve months from finalization date to application date</p> <p>Collections/Charge-offs/Judgments/Tax Liens</p> <ul style="list-style-type: none"> • Judgments and tax liens must be paid off at or before loan closing • Collections or charge-offs may remain open when they are: <ul style="list-style-type: none"> - < 24 months old with a maximum balance of ≤ \$2,000 - ≥ 24 months old with a maximum balance of \$2,500 per occurrence <p style="padding-left: 40px;">NOTE: Collections/charge-offs that exceed the above must be paid off at or before loan closing</p> <ul style="list-style-type: none"> - Medical collections <p>Consumer Credit Counseling</p> <p>Borrowers who have participated in CCC are eligible with 12 months seasoning (12 months from completion of CCC program to application date)</p>

Elite Plus Program Guidelines

<p>Derogatory Credit (cont.)</p>	<p>Disputed Accounts Disputed accounts are subject to DU Findings.</p> <ul style="list-style-type: none"> • If DU Findings do not indicate any action required none is required. However, the payment for the tradeline, if any, must be included in the DTI ratio if the account belongs to the borrower. • If DU requires action on a disputed account the loan cannot close until the dispute has been resolved and an updated credit report, without the disputed account, is submitted to DU. <p>Delinquent Child Support Delinquent child support must be paid current or in a payment plan. On a case-by-case basis this requirement may be waived subject to underwriter review.</p> <p>Litigation Any litigation involving the borrower, including BKs, foreclosure, judgments tax liens, collection accounts, etc. will be evaluated.</p> <p>Extenuating Circumstances</p> <ul style="list-style-type: none"> • A signed letter of explanation will be required from the borrower when extenuating circumstances led to a bankruptcy, foreclosure/foreclosure related action, etc. and why the borrower had no other reasonable option rather than to default on their financial obligations. Examples of acceptable documentation include, but are not limited to, insurance papers, claim settlements, property listing agreements, tax returns, lease agreements, etc. • Details and documentation of the extenuating circumstance must be provided. Examples of documentation include, but are not limited to, copy of the divorce decree, notice of layoff, job severance papers, official records, etc. • Derogatory information that were the result of extenuating circumstances must be supported with appropriate documentation and an explanation of the relevance of the documentation provided. <p>Adverse and Derogatory Credit</p> <ul style="list-style-type: none"> • A signed letter of explanation will be required from the borrower that details the circumstances that caused the derogatory credit, how the problem was resolved and that the circumstances that caused the adverse/derogatory credit is not likely to recur. • The underwriter must address any derogatory credit and confirm the explanation provided by the borrower is consistent with the information contained in the loan file. • Additionally the underwriter must document that the borrower represents an acceptable credit risk and the borrower exhibits the ability and willingness to repay the mortgage.
<p>Down Payment/ Earnest Money Deposit</p>	<p>Owner-Occupied and Second Home Transactions</p> <ul style="list-style-type: none"> • A minimum 10% must be borrower own funds <p>Investment/Non-Owner Occupied Transactions</p> <ul style="list-style-type: none"> • A minimum 20% borrower own funds required <p>Seasoning Down payment/earnest money deposit funds must be sourced and seasoned for a minimum of 60 days prior to the application date. Bank statement requirements to document down payment/earnest money deposit seasoning are as follows:</p> <ul style="list-style-type: none"> • Alt-Doc 24/12 <ul style="list-style-type: none"> - If funds for down payment/ earnest money deposit are from the same account as the funds used for income qualifying the bank statements provided for income are acceptable. - If funds for down payment are from a different account than the funds used for income qualifying the bank statements must cover the 60 day time period prior to the application date. • Full Doc and Alt-Doc Limited <ul style="list-style-type: none"> - Bank statements documenting funds for the required down payment/earnest money deposit must cover the 60 day time period prior to the application date

Elite Plus Program Guidelines

Employment/Income	<p>Income and employment must be considered stable. Income must also be considered likely to continue and sufficient for the borrower to repay the debt.</p> <ul style="list-style-type: none"> • A 2 year work history is required in the same job or same line of work. • Self-employed borrowers must have been in business for at least 2 consecutive years. <p>Gaps in Employment</p> <ul style="list-style-type: none"> • The borrower must provide a signed letter of explanation for an employment gap that exceeds 1 month • Borrowers must currently be employed • Declining income sources should be closely reviewed to determine if the income can be used for qualifying. A letter of explanation detailing the reason(s) for the decline is required. If sufficient information to support the use of the income is provided, the most recent lower income must be used for qualification. • Refer to the individual documentation topics for more detailed income requirements. <ul style="list-style-type: none"> - Full Doc - Alt Doc 24/12 - Alt-Doc Limited
Escrow Holdbacks	Not allowed
Escrow/Impound Account	Not required unless HPML. If an HPML a minimum escrow period of 5 years is required.
Financed Properties	<ul style="list-style-type: none"> • Borrower is allowed a maximum of 15 financed properties, including subject. • Two (2) months P&I reserves for each financed property is required in addition to subject property reserve requirements. Refer to the Reserves topic for complete reserve requirements. • HomeBridge limits its exposure to maximum of 4 loans per borrower and/or a maximum of \$2,500,000 <p>Calculating the Number of Financed Properties</p> <p>The number of financed properties is cumulative for all borrowers (jointly owned are only counted once) and the count includes the actual number of properties that are financed.</p> <ul style="list-style-type: none"> • When determining the number of financed properties the following is included: <ul style="list-style-type: none"> - All 1-4 unit residential properties where the borrower is personally obligated on the loan, and - The borrower's principal residence if it is financed • Properties owned in the name of an LLC are not included in the calculation unless the borrower is personally obligated on the loan. • The following property types are not included in the calculation even when the borrower is personally obligated on the mortgage: <ul style="list-style-type: none"> - Commercial real estate, - Multifamily property consisting of 5 or more units, - Ownership in a timeshare, - Ownership of a vacant lot (residential or commercial, or - Ownership of a manufactured home on a leasehold estate not titled as real property

Elite Plus Program Guidelines

Gift Funds	<p>Gift funds from an immediate family member are eligible for down payment, closing costs, or reserve requirements subject to the following:</p> <ul style="list-style-type: none"> • Owner-occupied and Second Home Transactions: Gift funds eligible after minimum 10% borrower own funds requirement met • Investment Transactions: Gift funds eligible after minimum 20% borrower own funds requirement met • Immediate family member is defined as: <ul style="list-style-type: none"> - Borrower's spouse, or - Child or other dependent, or - A fiancé, fiancée, or domestic partner, or - Any other individual who is related to the borrower by blood (including cousins), marriage, adoption, or legal guardianship. • The gift fund donor cannot be affiliated with the builder, developer, real estate agent, broker, or any other interested party to the transaction. • The gift must be evidenced by a gift letter, signed by the donor and it must: <ul style="list-style-type: none"> - Specify the dollar amount, - Be signed by the donor and the borrower, - Specify the date the funds were transferred, - Indicate the donor(s) name, address, phone number, relationship to the borrower, and - Include a statement by the donor that no repayment of the gift funds is expected. • The transfer of the gift funds must be documented. Acceptable documentation includes: <ul style="list-style-type: none"> - Copy of the donor's cancelled check and the borrower's deposit slip - Copy of the donor's withdrawal slip and the borrower's deposit slip - Copy of the donor's check to the closing agent, or - The settlement statement showing receipt of the donor's check. <p>If funds not transferred prior to settlement, documentation the donor gave the closing agent the gift funds in the form of a certified/cashier's check or other official check.</p>
Gift of Equity	Ineligible

Income – Rental	<p>Refer to the applicable documentation option for rental income requirements.</p> <p>Alt-Doc 24/12</p> <ul style="list-style-type: none"> • Rental Income Deposited into Personal or Business Bank Account Used for Qualifying Income <ul style="list-style-type: none"> - Obtain copies of current lease agreement, and - The rents received will be averaged with the self-employment income. The full PITIA of the rental property will be included in the borrower's DTI, OR - Obtain copies of 24 or 12 months cancelled rent checks and a standard rental income cash flow analysis will be used to qualify (75% of gross rents) • Rental Income Deposited into Account Not Used for Qualifying Income <ul style="list-style-type: none"> - Obtain current lease agreement, and - Obtain 12 or 24 months bank statements, as applicable, from account receiving rental income deposits and a standard rental income cash flow analysis will be used to qualify (75% of gross rents) <p>Full Documentation/Alt-Doc Limited</p> <p>Rental income derived from a 2-4 unit primary residence and all investment properties is eligible subject to the following:</p> <ul style="list-style-type: none"> • A rental income analysis to determine a positive or negative cash flow is required • One of the following is required to support the rent stated on the lease(s) or the rental income stated on the 1003: <ul style="list-style-type: none"> - Single Family Comparable Rent Schedule (Fannie Mae Form 1007) and Operating Income Statement (Fannie Mae Form 216), or - Federal Income Tax Returns including Schedule E • Copies of signed lease agreements must be provided to document actual rents • Net cash flow for properties other than the subject property, will be calculated using Schedule E from the borrower's federal tax returns for the previous 2 years. • A positive cash flow will be added to gross income • Negative cash flow will be added to the borrower's total liabilities • Rental income received from a family member may only be used for qualifying income when a minimum of 6 months' copies of cancelled rent checks are provided • Any investment property with negative cash flow requires HomeBridge management review and approval • Rental income is calculated based on length of ownership: <ul style="list-style-type: none"> - Owned ≥ 1 tax year(s) <ul style="list-style-type: none"> - 75% of actual rents as established by copies of signed leases, or - Net income from Schedule E plus depreciation. - Owned < 1 tax year <ul style="list-style-type: none"> - Cash flow based on 75% of the lesser of: <ul style="list-style-type: none"> - The actual rent(s), or - Market rent(s). <p>Ineligible Qualifying Income (all document options)</p> <ul style="list-style-type: none"> • The following income is ineligible to use as qualifying income: <ul style="list-style-type: none"> - Any rental income received on a second home transaction, and - Funds received for renting out a room, and - Short-term rental income, and - Rental income received on the subject investment property purchase transaction when the borrower is a first time homebuyer
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Elite Plus Program Guidelines

Income – Residual	Refer to the Residual Income Requirements topic for details.						
Inspections	<ul style="list-style-type: none"> Septic inspections are only required when the appraiser indicates there is evidence the septic system be failing. Termite inspections are only required when the purchase contract requires one, or the appraiser indicates there is evidence of active infestation. Well inspections are only required when state or local regulations require, or if there is indication the well may be contaminated. 						
Interest –Only	Eligible						
Interested Party Contributions	<p>Interested Party Contributions</p> <ul style="list-style-type: none"> Interested party contributions (IPC) include funds contributed by the property seller, builder, real estate agent/broker, mortgage lender, or their affiliates, or any other party with an interest in the real estate transaction. IPC's may only be used for closing costs and prepaid items. IPC's cannot be used to make the borrower's down payment, reserve requirements or to meet the minimum borrower contribution requirement. Interested party contributions are limited as follows: <table border="1" style="margin-left: 40px;"> <thead> <tr> <th style="background-color: #ADD8E6;">Occupancy Type</th> <th style="background-color: #ADD8E6;">Maximum Allowable Contribution</th> </tr> </thead> <tbody> <tr> <td>Primary Residence/Second Home</td> <td style="text-align: center;">6%</td> </tr> <tr> <td>Investment/Non-Owner</td> <td style="text-align: center;">3%</td> </tr> </tbody> </table> <p>Seller Concessions</p> <ul style="list-style-type: none"> Seller concessions are defined as any interested party contribution beyond the limits stated above or any amounts not being used for closing costs or prepaid expenses (e.g. fund for repairs not completed prior to closing) If a seller concession is present, both the appraised value and the sales price must be reduced by the concession amount when calculating the LTV/CLTV All seller concessions must be addressed in the sales contract, appraisal, and HUD-1/CD <p>Personal Property</p> <p>Any personal property transferred with the sale must indicate zero transfer value on the sales contract and the appraisal. If any value is associated with the personal property, the sales price and appraised value must be reduced by the personal property value for purposes of calculating the LTV/CLTV.</p>	Occupancy Type	Maximum Allowable Contribution	Primary Residence/Second Home	6%	Investment/Non-Owner	3%
Occupancy Type	Maximum Allowable Contribution						
Primary Residence/Second Home	6%						
Investment/Non-Owner	3%						
LDP/GSA	<ul style="list-style-type: none"> LDP / GSA All of the following parties to the transaction, as applicable, must be checked against HUD's Limited Denial of Participation list and the General Service Administration's Excluded Parties List System. <ul style="list-style-type: none"> - Borrower(s), - Seller, - Real Estate Listing and Selling Agent(s), - Appraiser, - AMC, - Broker, - Loan Officer, - Loan Processor, - Underwriter, - Closing Agent, and - Title Company Any transaction where any of the interested parties to the transaction have been convicted of mortgage fraud will require review and approval by HomeBridge management. 						

Elite Plus Program Guidelines

Mortgage Insurance	Not applicable
Mortgage/Rental History	<ul style="list-style-type: none"> • 0x30 in the previous 12 months (no exceptions). Applies to all borrowers on the loan. • Mortgage must be current for the month closing. • Rental history must be documented by a direct verification of rent (VOR) by a professional management company or private party. If VOR provided by private party 12 months most recent cancelled checks or 12 months most recent bank statements to document payment is required. • Borrowers who are currently living rent free may be considered provided there are compensating factors to offset the lack of housing history.
Non-Arm's Length or Identity of Interest Transactions	Ineligible
Occupancy	<ul style="list-style-type: none"> • 1-4 unit owner-occupied • 1-unit second home. The following applies: <ul style="list-style-type: none"> - Must be suitable for year round use, - Must be occupied by the borrower for some portion of the year - Must be a reasonable distance from the borrower's primary residence (e.g. at least 50 miles) - Cannot be subject to any timeshare arrangements, rental pools, or other agreements that gives a management company control over the occupancy; the borrower must have exclusive control over the property,
Owner-Occupied Residency Requirements for Purchase Transactions	<p>All of the following is required to satisfy owner-occupancy requirements on a purchase transaction.</p> <ul style="list-style-type: none"> • The borrower must occupy all or part of the subject property within 30 days of the Note date, and • The borrower must occupy the subject property as their primary residence for a minimum of 12 consecutive months from the Note date, and • The homeowner's insurance policy must show the same mailing address as the subject property address (if the borrower uses a P.O. Box and occupancy cannot be verified, a formal occupancy inspection is required), and • If the subject property is 2-4 family, the appraisal must indicate the unit the borrower intends to occupy and the information indicating the unit to be occupied by the borrower must be consistent with all other documentation in the file, and • If the borrower currently owns other properties (not being sold as part of the subject transaction) documentation must be included in the loan file that provides a reasonable level of assurance the borrower intends to occupy the subject property, and • The purchase agreement must show the borrower's intent to occupy the subject property, and • The borrower may not receive any cash-back on the purchase transaction except for reimbursement of out-of-pocket fees, if applicable

Elite Plus Program Guidelines

<p>Points and Fees</p>	<ul style="list-style-type: none"> • Total points and fees, paid to the broker or HomeBridge, are limited as follows: <ul style="list-style-type: none"> - Owner-occupied and second home: 3% - Non-owner occupied: 5% NOTE: The maximum points and fees are calculated based on the loan amount (not the amount financed) • Broker compensation is limited to borrower paid; lender paid broker compensation is ineligible on this program
<p>Power of Attorney</p>	<p>Ineligible</p>
<p>Prepayment Penalty</p>	<p>Not permitted</p>
<p>Products</p>	<p>Fixed Rate</p> <ul style="list-style-type: none"> • 30 year loan term • Interest only available for the first 10 years of the loan. Qualify based on 20 year amortization <p>5/1 LIBOR ARM (fully amortizing 30 year term)</p> <ul style="list-style-type: none"> • Index: 1 Year LIBOR • Caps 5/2/5; Margin 3.75% • Floor rate equals Margin • Qualify at the greater of the start rate or fully indexed rate (fully indexed rate equals current index plus margin) <p>5/1 LIBOR ARM Interest-Only</p> <ul style="list-style-type: none"> • Index: 1 year LIBOR • Caps: 5/2/5; Margin 3.75% • Floor rate equals Margin • Qualify at the greater of the start rate or fully indexed rate (fully indexed rate equals current index plus margin) amortized over 20 years • Interest-only period is for the first ten (10) years of the loan. Principal and interest payments begin in year 11. <p>7/1 LIBOR ARM</p> <ul style="list-style-type: none"> • Index: 1 Year LIBOR • Caps 5/2/5; Margin 3.75% • Floor rate equals Margin • Qualify at the greater of the start rate or fully indexed rate (fully indexed rate equals current index plus margin) <p>7/1 LIBOR ARM Interest-Only</p> <ul style="list-style-type: none"> • Index: 1 year LIBOR • Caps: 5/2/5; Margin 3.75% • Floor rate equals Margin • Qualify at the greater of the start rate or fully indexed rate (fully indexed rate equals current index plus margin) amortized over 20 years • Interest-only period is for the first ten (10) years of the loan. Principal and interest payments begin in year 11
<p>Properties – Eligible</p>	<ul style="list-style-type: none"> • 1-unit SFR (attached/detached) • 2-4 units • PUDs (attached/detached) • Condominiums (attached/detached) Fannie Mae warrantable. Project review follows DU Findings (i.e. Full or Limited as determined by DU. The applicable HomeBridge Questionnaire will be required). The underwriter is required to complete the HomeBridge Condo/PUD Warranty form. • Modular/prefabricated • Properties with leased solar panels are eligible subject to Fannie Mae guidelines

Elite Plus Program Guidelines

Properties – Ineligible

- Leasehold properties
- **Non-warrantable condominiums**
- New or newly converted condominium projects in Florida **without** a PERS approval
- Newly converted that was **not** a gut rehab **without** a PERS approval.
- Condominiums < 600 square feet
- Detached properties < 700 square feet
- Cooperative projects
- Manufactured/mobile homes. Manufactured housing is defined as any dwelling built on a permanent chassis. **Manufactured homes are ineligible even if the towing hitch, wheels and axles have been removed.**
- Condo Hotels (projects managed or operated as hotel/motel, hotel/motel conversions)
- Condominium conversion
- Mixed use
- Properties located in Hawaii Lava Zones 1 & 2
- Log homes
- Unique properties
- Unimproved land
- Timeshare units
- Properties > 5 acres
- Residential property zoned commercial
- Agricultural-type properties e.g. farms, orchards, ranches
- Income producing properties (bed and breakfast, assisted living, etc.)
- Commercial property
- Boarded-up properties
- Properties with inadequate foundations that do not meet code
- Any property that poses an imminent threat to the health and safety of the occupant
- Properties with inadequate heating (must be a permanently affixed legal heating system)
Exceptions may be granted on case-by-case basis
- Properties with no water or public electricity
- Cantilevered or properties on stilts, posts or piers,
- Properties with shared services for well, septic, or utilities that are private agreements,
- Properties with environmental hazards or nuisances
- Properties showing evidence of mold, environmental hazards or nuisances

Elite Plus Program Guidelines

<p>Property with an Accessory Unit</p>	<p>Legal Accessory Unit Eligible on 1- unit single family properties only provided the following requirements are met:</p> <ul style="list-style-type: none"> • The appraisal must indicate the improvements are typical for the market. • A minimum of one (1) comparable sale with the same use is required. • The borrower must qualify for the mortgage without considering any rental income for the legal accessory unit. <p>Illegal Accessory Unit Eligible on a case-by case-basis only with HomeBridge management review and approval. Properties with an accessory unit does not comply with zoning may be considered subject to the following applies:</p> <ul style="list-style-type: none"> • The use conforms to the subject neighborhood and market, and • The property is appraised based upon its current use, and • The appraisal must indicate that the improvements represent a use that does not comply with zoning, and • The appraisal must indicate that the improvements are typical for the market through an analysis of at least three (3) comparable properties that have the same illegal use, and • The accessory unit cannot jeopardize any future hazard insurance claim that could be filed against the property, and • The borrower must qualify for the mortgage without considering any rental income from the illegal accessory unit.
<p>Property with an Addition without Permits</p>	<p>Eligible on a case-by-case basis only with HomeBridge management review and approval. When the appraiser identifies an addition that does not have the required permits HomeBridge will consider the property subject to the following requirements:</p> <ul style="list-style-type: none"> • The appraiser must comment on the quality and appearance of the work, and • The impact the addition might have, if any, on the market value of the subject property.
<p>Property with an Illegal Conversion</p>	<p>Properties with an illegal conversion (e.g. garage converted to office/bedroom, screened in porch converted to laundry room, etc.) are eligible on a case-by-case basis only subject to the “Property with an Addition Without Permits” topic requirements unless the illegal conversion includes the amenities to make it a self-contained living space (e.g. a garage converted to a living space that includes a bathroom and kitchen). In cases where the illegal conversion would be considered an accessory unit (living space, bathroom and kitchen) the conversion is subject to HomeBridge management approval and to the guidelines under the “Illegal Accessory Unit” topic above.</p>

Elite Plus Program Guidelines

Property Flips

When the property is being resold within 180 days of acquisition (measured from date seller became the legal owner to the day the purchase contract was signed by both parties of the new transaction) **and** the sales **price has increased more than 10%** the following applies:

- Transaction must be arm's length, with no identity of interest between the buyer, seller, or other parties participating in the sales transaction
- No pattern of previous flipping in the previous 12 months. Exceptions to ownership transfers include newly constructed properties, sales by government agencies, properties inherited or acquired through divorce, and sales by the holder of a defaulted loan.
- The property must have been marketed openly and fairly through a multiple listing service, auction, documented for sale by owner, or developer marketing.
- No assignments of the contract to another buyer
- If the property is being purchased for more than 5% above the appraised value, a signed letter of acknowledgement from the borrower must be obtained.
- Flip transactions must comply with HPML appraisal rules in Reg Z

Second Appraisal Requirement

A second appraisal will be required when:

- A > 10% increase in sales price if the seller acquired the property in the previous 90 days, **or**
- A > 20% increase in the sales price if the seller acquired the property in the previous 91-180 days

Second Appraisal Requirement Waiver

The requirement for a second appraisal will be waived subject to **all** of the following:

- The loan is a **not** an HPML transaction, **and**
- The LTV is \leq 40%, **and**
- The loan amount is \leq \$1,000,000

Elite Plus Program Guidelines

Properties with Solar Panels

- Properties with solar panels that are owned by the borrower are eligible without additional requirements.
- Properties with solar panels that are not owned by the borrower (i.e. leased from or owned by a third party under a power purchase agreement or other similar arrangement, whether applicable to the original agreement or as subsequently amended) are subject to HomeBridge management prior approval and all of the following:
 - The solar panels cannot be included in the appraised value,
 - The property must maintain access to an alternate source of electric power that meets community standards.
 - **The monthly lease payment must be included in the debt-to-income (DTI) ratio calculation, unless the lease is structured to:**
 - Provide delivery of a specific amount of energy at a fixed payment during a given period, and
 - Has a production guarantee that compensates the borrower on a prorated basis in the event the solar panels fail to meet the energy output required for in the lease for that period.
 - **Payments under power purchase agreements where the payment is calculated solely based on the energy produced and used may be excluded from the DTI ratio.**
 - The lease or a power purchase agreement must indicate that:
 - Any damage that occurs as a result of installation, malfunction, manufacturing defect, or the removal of the solar panels is the responsibility of the owner of the equipment and the owner must be obligated to repair the damage and return the improvements to their original or prior condition (for example, sound and watertight conditions that are architecturally consistent with the home); and
 - The owner of the solar panels agrees not to be named loss payee (or named insured) on the property owner's property insurance policy covering the residential structure the panels are attached to; and
 - In the event of foreclosure, HomeBridge as the lender has the discretion to either:
 - Terminate the lease/agreement and require the third-party owner to remove the equipment;
 - Become, without payment of any transfer or similar fee, the beneficiary of the borrower's lease/agreement with the third-party; or
 - Enter into a new lease/agreement with the third-party, under terms no less favorable than the prior owner.
 - Title exceptions due to the solar panels (e.g. easement) are acceptable provided the interest is not superior to HomeBridge.
- Additionally, title cannot reflect any liens related to the ownership or maintenance of the solar panels that will result in a lien superior to HomeBridge.

Elite Plus Program Guidelines

Refinance Transactions

All Refinance Transactions

The information below applies to both rate/term and cash-out refinance transactions

- **Refinance transactions (rate/term and cash-out) do not have a seasoning requirement.**
- Properties currently listed for sale are ineligible.
- Properties previously listed for sale require the property to have been taken off the market and the listing cancelled a **minimum of 1 day prior to the loan application date**. The following is required:
 - Obtain a copy of the cancelled listing agreement ,
 - Document that a search of the MLS was performed to ensure the property is not listed with a different realtor
 - Documentation that confirms the borrower is currently occupying the subject property (owner-occupied only), and
 - A letter from the borrower that addresses all of the following:
 - The borrower intends to occupy the subject property (owner-occupied only), and
 - The reason the home was listed for sale, and
 - An explanation for the refinance of the property
- All refinance transactions must provide a bona fide benefit to the borrower. The benefit must be calculated based on the qualifying housing payment. Acceptable benefits include:
 - Lower P&I payment,
 - Lower interest rate,
 - Pay-off of balloon payment,
 - Consolidation of debt,
 - Resolution of loss mitigation actions,
 - Pay-off of tax lien(s),
 - Cash-out proceeds to borrower in excess of the costs/fees required to refinance,
 - Pay-off of construction loan, or
 - Pay-off of property taxes

If the only benefit is monthly savings, closing costs/fees must be considered and must be recouped within the time frame specified by the state where the property is located

Rate/term Refinance

The following applies to rate/term refinance transactions.

- A rate/term refinance is limited to the following:
 - Payoff of the existing first lien,
 - Closing costs and prepaids (interest, taxes, insurance),
 - The amount of any subordinate mortgage lien(s) used in their entirety to acquire the subject property (**regardless of seasoning**),
 - The amount of a home equity line of credit (HELOC) in first or subordinate lien position that was used in its entirety to acquire the subject property (**regardless of seasoning**),
 - Any subordinate financing that was **not** used to purchase the subject property provided:
 - **Closed End Seconds:** The loan is seasoned a minimum of 1 year (measured from date of subordinate Note date to application date)
 - **HELOCs and other open ended lines of credit:** The loan is seasoned a minimum of 1 year and there have been < \$2,000 in total draws in the 12 months prior to the application date.
 - Cash-back to the borrower on a rate/term refinance limited to the **lesser of:**
 - 2% of the principal balance of the new loan, **or**
 - \$2,000.

NOTE: Principal reductions (aka principal curtailments) are **not** allowed

Elite Plus Program Guidelines

Refinance Transactions (cont.)

Cash-Out Transactions

A cash-out refinance is a refinance that does not meet the rate/term definition and would include a refinance where the borrower receives cash or when an open ended subordinate lien that does not meet the rate/term seasoning requirement is refinanced.

- If the existing mortgage on the subject property was a cash-out transaction closed within the previous 6 months (measured from Note date to Note date) the transaction is **ineligible** for cash-out; only a rate/term refinance is eligible.
- Properties owned free and clear are always considered a cash-out refinance.
- A cash-out transaction may include the following:
 - Payoff of the existing first mortgage,
 - Closing costs and prepaid items (interest, taxes, insurance),
 - The amount of any subordinate mortgage lien being paid off,
 - Any cash-in-hand to the borrower as indicated on the Closing Disclosure.
- **A letter, signed by the borrower, disclosing the purpose of the cash-out is required on all transactions.** Additionally, the purpose of the cash-out must be indicated on the loan application.
- Maximum cash-in-hand to the borrower is \$1,000,000 and is subject to the following LTV reductions:
 - **Cash-out up to \$500,000:** No reduction to LTV is required
 - **Cash-out of \$500,001 to \$1,000,000:** 5% LTV reduction required (not eligible for investment property; **max cash-out is \$500,000 for investment transactions**)

Delayed Financing

Delayed financing transactions are eligible subject to cash-out transactions guidelines.

Inherited Properties

- Inherited properties are eligible for rate/term and cash-out refinance transactions.
- Properties inherited < 12 months from the date of the loan application are subject to the following:
 - Transaction is considered a cash-out refinance, **and**
 - Equity owners must be paid through settlement. A written agreement s, signed by all parties, that states the terms of the buy-out and property transfer, is required, **and**
 - Subject property must be out of probate and the property is vested in the borrower's name, **and**
 - Current appraised value is used to determine LTV.

Buying Out a Co-Owners Interest

A refinance transaction resulting from a divorce settlement and/or dissolution of a domestic partnership, and the borrower is required to buy-out the interest of the other co-owner will be considered a rate/term refinance when the following applies:

- Documentation is obtained that confirms the subject property was jointly owned by the parties for a minimum of 12 months prior to the funding of the new loan, **and**
- A copy of the fully executed written agreement or court approved divorce decree that details the terms of the property settlement and the proposed disbursement of the refinance proceeds, **and**
- The borrower who will be acquiring sole ownership of the subject property does not receive any funds from the transaction.

Elite Plus Program Guidelines

<p>Refinance Transactions (cont.)</p>	<p>Continuity of Obligation</p> <ul style="list-style-type: none"> A continuity of obligation is required on refinance transactions. Continuity of obligation is met when any of the following are present: <ul style="list-style-type: none"> When at least one borrower on the existing mortgage is also a borrower on the new refinance transaction and is measured from the date of the event (such as transfer of title) to the disbursement date of the new refinance transaction, or At least one borrower has been on title and residing in the property for a minimum of 6 months and has either paid the mortgage for the last 6 months or can demonstrate a relationship (spouse, domestic partner) with the current obligor, or At least one borrower has recently inherited or was legally awarded the property through a divorce or separation. <p>Financing Real Estate Taxes – the following applies when real estate taxes are financed:</p> <ul style="list-style-type: none"> Limited Cash-out Refinance: A loan is ineligible as a limited cash-out refinance and must be considered a cash-out transaction when: <ul style="list-style-type: none"> The borrower finances the payment of real estate taxes for the subject property in the loan amount but does not establish an escrow account unless requiring an escrow account is not permitted under applicable state law or regulation <p>NOTE: As a reminder, CA loans do not require an escrow/impound account unless the LTV is $\geq 90\%$</p> <ul style="list-style-type: none"> The borrower finances the payment of real estate taxes that are more than 60 days delinquent for the subject property in the loan amount. Cash-out Refinance: <ul style="list-style-type: none"> A loan with financed real estate taxes that are more than 60 days delinquent is eligible as long as an escrow account is established. If an escrow account is not established the loan is ineligible unless requiring an escrow account is not permitted under applicable state law or regulation. 								
<p>Reserves</p>	<p>Subject Property</p> <p>Reserve requirements for the subject property are determined by the loan amount as detailed below:</p> <table border="1" data-bbox="597 1066 1369 1207"> <thead> <tr> <th>Loan Amount</th> <th>Required Reserves</th> </tr> </thead> <tbody> <tr> <td>\$60,000 - \$650,000</td> <td>6 months verified PITIA</td> </tr> <tr> <td>\$650,001 - \$1,500,000</td> <td>9 months verified PITIA</td> </tr> <tr> <td>\$1,500,001 - \$2,500,000</td> <td>12 months verified PITIA</td> </tr> </tbody> </table> <p>Additional Financed Properties</p> <p>In addition to the above reserve requirements the following additional reserves apply if borrower owns additional financed properties:</p> <ul style="list-style-type: none"> If the borrower has additional financed properties (other than the subject property) two (2) months PITIA is required for each additional property in addition to the applicable reserve requirement stated above for the subject property. <p>Cash-Out</p> <ul style="list-style-type: none"> Cash-out from the subject property cannot be used to meet reserve requirements <p>Business Funds</p> <ul style="list-style-type: none"> The unused portion (if business funds used for down payment and closing costs) of business funds may be considered an acceptable source for reserves when the borrower is self-employed subject to the following: <ul style="list-style-type: none"> The borrower must be 100% owner of the account and ownership must be verified. Business funds from an account where the borrower is not 100% owner may be considered on a case-by-case basis subject to HomeBridge management approval. Refer to the Business Funds topic in the Assets section for complete requirements when using business funds for down payment and/or closing costs Refer to the Alt-Doc 24/12 section for letter of explanation requirements if bank statements indicate NSF, overdraft, etc. 	Loan Amount	Required Reserves	\$60,000 - \$650,000	6 months verified PITIA	\$650,001 - \$1,500,000	9 months verified PITIA	\$1,500,001 - \$2,500,000	12 months verified PITIA
Loan Amount	Required Reserves								
\$60,000 - \$650,000	6 months verified PITIA								
\$650,001 - \$1,500,000	9 months verified PITIA								
\$1,500,001 - \$2,500,000	12 months verified PITIA								

Elite Plus Program Guidelines

<p>Residual Income Requirements</p>	<p>Residual income is defined as qualifying income minus total monthly obligations.</p> <ul style="list-style-type: none"> • Loans with DTI ratio ≤ 43% no residual income required • Loans with a DTI ratio > 43% require residual income. To determine the amount of required residual income: <ul style="list-style-type: none"> - Subject loan amount is multiplied by .45% (i.e. loan amount x .0045 = required residual income) Example: \$800,000 x .45% = \$3600.00 In this example the required residual income is \$3600 (or more) per month
<p>Seller Contributions</p>	<p>Refer to the Interested Party Contributions topic for seller contribution limits.</p>
<p>Subordinate Financing</p>	<p>Eligible as follows:</p> <ul style="list-style-type: none"> • Institutional financing only up to the maximum CLTV/HCLTV allowed. Seller subordinate financing is not allowed. • If existing subordinate financing is a HELOC, the full amount of the available credit must be used to determine the HCLTV. • Unacceptable subordinate financing terms include: <ul style="list-style-type: none"> - Mortgages with negative amortization - Subordinate financing that does not fully amortize under a level monthly payment plan where the maturity or balloon payment date is less than 5 years after the Note date of the new fist mortgage - Subordinate financing that has a prepayment penalty
<p>Temporary Buydowns</p>	<p>Not allowed</p>
<p>Texas Section 50(a)(6) (Texas Equity)</p>	<p>Not allowed</p>
<p>Transactions – Eligible</p>	<ul style="list-style-type: none"> • Purchase <ul style="list-style-type: none"> - A copy of the fully executed purchase contract and all attachments/addendums are required - The lesser of the purchase price or appraised value of the subject property is used to calculate the LTV. - The borrower may not be on title prior to the loan closing. - The seller that is on title (vested owner of record) must be the individual who executes the sales contract and be on title prior to when the settlement statement and closing docs are executed. <p>NOTE: For sale by owner transactions must be closed through escrow with an executed real estate sales contract included in the loan file.</p> • Limited cash-out refinance (rate/term) • Cash-out refinance (ineligible in Texas) • Interest-only

Elite Plus Program Guidelines

Transactions – Ineligible

- Loans with a prepayment penalty
- Investment transactions
- High cost mortgage loan
- Negative amortization
- Convertible ARMs
- Temporary Buydowns
- Balloon payments
- Texas Equity Section 50(a)(6) aka Texas cash-out
- Graduated payments
- Terms > 30 years
- Non-traditional credit
- Non-arm's length transactions
- Cash-out refinance paying off a cash-out refinance seasoned < 6 months
- A refinance transaction where the property is currently listed for sale
- Transactions where the property securing the loan is subject to a private transfer fee covenant created on or after Feb. 8, 2011 and the fee collected does not directly benefit the property.
- Transactions with CA HERO program subordinate financing
- Cash-out transactions in Texas