

Bulletin 20-05

Prepayment Penalty Option on Simple Access Investor Cash Flow

Homebridge will begin offering a prepayment penalty option, with a pricing improvement, on the Investor Cash Flow (ICF) option of Simple Access. This new option will be available for ICF loans currently in the pipeline and ICF loans submitted on or after March 10, 2020.

The following applies to the prepayment penalty option:

- Eligible on the Investor Cash Flow option of Simple Access **only**
- **Only** eligible for properties located in one of the states listed below:
 - California,
 - Florida,
 - New York, and
 - Texas
- A 1 year, 2 year, and 3 year prepay is available
- The prepayment penalty applies when:
 - There is a full prepayment, **or**
 - Any payment within the preceding 12 months exceeds 20% of the original principal loan amount
- The prepayment charge will equal 2.5% of the amount of the prepayment that **exceeds** 20% of the original principal loan amount
- LLPAs are determined by the length of the prepayment period:
 - 12 Months: 0.2500
 - 24 Months: 0.5000
 - 36 Months: 1.2500

Broker/Emerging Banker Requirements in P.A.T.H.

PATH will default to “No Prepayment” on all Investor Cash Flow new submissions. **Brokers/EB must select the applicable prepayment option from the dropdown menu if choosing a prepay.**

The screenshot shows a portion of the P.A.T.H. application form. The 'Program Type' dropdown is set to 'Simple Access Investor Cash Flow'. Below it, 'Purpose of Loan' is 'Refinance' and 'Refinance Purpose' is 'Cash Out'. The 'Prepayment' dropdown is highlighted with a blue box, and its menu is open, showing options: 'No Prepayment', '1 Year Prepayment', '2 Year Prepayment', and '3 Year Prepayment'. Red arrows point to the '1 Year Prepayment', '2 Year Prepayment', and '3 Year Prepayment' options.

Disclosure Requirements

The following disclosure requirements apply:

- The Loan Estimate (LE) and the Closing Disclosure (CD) **must reflect** the prepayment penalty
- Homebridge will include a prepayment rider to the Deed and prepayment addendum to the Note with closing documents

The rate sheet will reflect the prepayment LLPAs today, March 10, 2020.

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