

## Bulletin 20-10

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### **New Minimum Credit Score, DTI, and Reserve Requirements for All Government Transactions**

Due to the impact of the COVID-19 virus on the markets and the challenge in assessing credit risk, Homebridge is increasing the minimum credit score and amending DTI and reserve requirements on government transactions, including Streamlines and IRRRLs.

#### **Credit Score**

The new minimum credit score for **all** FHA, VA, and USDA transactions is 640.

#### **DTI Requirements: Credit Score 640 – 659**

DTI requirements are determined by available verified liquid cash reserves:

- Three (3) months liquid cash PITI reserves **can be verified (cannot be from a gift)**:
  - Maximum 50% DTI or maximum allowed for manual underwrite, whichever is less, **OR**
- Three (3) months liquid cash PITI reserves **cannot be verified**
  - Maximum 43% DTI, or the maximum allowed for a manual underwrite, whichever is less

#### **Credit Score Pricing Adjustor**

- Credit score of 640-659: 1.00 pricing adjustor applies (previously .50)
- Credit score of 660-679: .50 pricing adjustor applies (previously 0)

These changes are effective with loans submitted on or after March 27, 2020 **excluding loans that are locked and registered and pipeline transactions**

#### **Summary of Changes for ALL Government Transactions**

- Minimum credit score 640
- Credit score 640-659 and borrower **has** 3 months **verified** PITI liquid, cash reserves, maximum 50% DTI, or maximum allowed for manual underwrite, **whichever is less**
- Credit score 640-659 and borrower **does not have** 3 months verified PITI liquid, cash reserves maximum 43% DTI, or maximum allowed for manual underwrite, **whichever is less**
- Credit score 640-659 1.00 pricing adjustor applies
- Credit score 660-679: .50 pricing adjustor applies

Effective with loans submitted on or after March 27, 2020 **excluding loans that are locked and registered and pipeline transactions**

Homebridge guidelines and supporting materials will be updated with this information in the near future.

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