

## Bulletin 20-55

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### Jumbo Program Updates

Homebridge is pleased to announce improvements to the Jumbo program. Additionally the guidelines have been updated to include updates and clarifications to current policy.

Highlights of the updates are detailed below:

- 90% LTV/CLTV is now available subject to the following:
  - **All** borrowers on the transaction must be a wage earner/W-2 borrower; self-employed borrowers **are not eligible** > 80% LTV/CLTV
  - 1-unit primary residence **purchase transactions only**
    - 85.01% - 90%: **SFR only; condos ineligible**
    - 80.01% to 85%: SFR or condo
  - Loan amount \$1,000,000 with a minimum credit score of 720 and 18 months PITIA reserves
  - Loan amount \$1,500,000 with a minimum credit score of 740 and 24 months PITIA reserves
  - Maximum DTI:
    - 85.01% - 90%: 40% DTI
    - 80.01% to 85% 43% DTI
- The minimum credit score has been lowered on owner-occupied and second home cash-out transactions and purchase and rate/term refinance investment. Refer to the matrices on page 2 to view the improved scores
- The maximum loan amount is \$2,000,000 (previously \$3,000,000)
- 75% LTV/CLTV is now available for 1-4 unit investment purchase and rate/term refinance transactions (previously 70%)
- The credit report must be dated  $\leq 90$  days from the Note date (previously  $\leq 60$  days)
- The COVID-19 appraisal flexibilities topic has been updated as follows:
  - A full appraisal is required (previously an exterior-only was an option)
- Clarified that New York refinance CEMA transactions are eligible subject to Fannie Mae requirements
- If the transaction involves an inter vivos revocable trust, a copy of the trust agreement, and all related trust documents, must be provided
- When converting a primary residence to an investment property, 75% of the rental income may be used for qualifying when the borrower has a documented 30% equity in the property (currently 25%)

- Collection Accounts have been updated as follows:
  - Collection Accounts (Medical AND Non-Medical) 1-4 Unit Owner-Occupied Primary Residence and 1-unit Second home**
    - If the cumulative total of **all** collection accounts (medical **and** non-medical) is > \$5,000, the accounts must be paid in full prior to or at closing
    - Collection accounts (medical **and** non-medical) with a cumulative total of ≤ \$5,000 may remain open
  - Collection Accounts 1-4 Unit Investment Property**
    - Medical Collections:** May remain open when the cumulative total of all accounts are ≤ \$5,000
    - Non-Medical Collection Accounts:** Individual accounts greater than or equal to \$250.00 or, if the combined balance of all accounts is greater than \$1000.00, the accounts must be paid in full prior to or at closing.
- Capital gains income that consistently shows a loss must be deducted from the total income; the topic was updated to clarify when analyzing the income, if the earnings trend reflects a carryover of a one-time capital loss, the one-time loss is not considered a “trend” and is not required to be included in the analysis

### Updated Matrices

Owner-Occupied Primary Residence						
Transaction Type	Units	LTV/CLTV	Maximum Loan Amount <sup>1,2,5</sup>	Credit Score <sup>3</sup>	Maximum DTI <sup>4</sup>	Required Reserves
Purchase Only (Wage earner/W-2 borrowers only) <sup>8</sup>	1	90% SFR	\$1,000,000	720	≥ 85% - 90% LTV: 40%	18 months
		85% Condo			80.01% - 85% LTV: 43%	
	1	90% SFR	\$1,500,000	740	≥ 85% - 90% LTV: 40%	24 months
		85% Condo			80.01% - 85% LTV: 43%	
Purchase and Rate/Term Refinance	1-4 <sup>6</sup>	80% <sup>6</sup>	\$1,000,000 <sup>2</sup>	700	43%	1-unit: 6 months 2-4 units: 12 months
	1-4 <sup>6</sup>	80% <sup>6</sup>	\$1,500,000 <sup>2</sup>	700	43%	12 months
	1-4 <sup>6</sup>	80% <sup>6</sup>	\$2,000,000 <sup>1,2</sup>	700	43%	12 months
Cash-Out <sup>7</sup>	1-4 <sup>6</sup>	80% <sup>6</sup>	\$1,000,000	700	38%	1-unit: 6 months 2-4 units: 12 months
	1-4 <sup>6</sup>	80% <sup>6</sup>	\$1,500,000	720	38%	12 months
	1-4 <sup>6</sup>	75% <sup>6</sup>	\$2,000,000 <sup>1</sup>	740	38%	12 months

  

Second Home						
Transaction Type	Units	LTV/CLTV	Maximum Loan Amount <sup>1,4</sup>	Credit Score <sup>2</sup>	Maximum DTI <sup>3</sup>	Required Reserves
Purchase and Rate/Term Refinance	1	80%	\$1,000,000	720	43%	12 months
	1	80%	\$1,500,000	740	43%	12 months
	1	75%	\$2,000,000 <sup>1</sup>	720	43%	12 months
Cash-Out <sup>5,6</sup>	1	70% <sup>6</sup>	\$1,000,000	720	38%	12 months
	1	70% <sup>6</sup>	\$1,500,000	740	38%	12 months
	1	70% <sup>6</sup>	\$2,000,000 <sup>1</sup>	740	38%	18 months

  

Investment <sup>7</sup>						
Transaction Type	Units <sup>7</sup>	LTV/CLTV <sup>7</sup>	Maximum Loan Amount <sup>1,4</sup>	Credit Score <sup>2</sup>	Maximum DTI <sup>3</sup>	Required Reserves
Purchase and Rate/Term Refinance	1-4	75%	\$1,000,000	700	43%	12 months
	1-4	70%	\$1,500,000	720	43%	12 months
	1-4	70%	\$2,000,000 <sup>1</sup>	740	43%	12 months
	1-4	60%	\$2,000,000 <sup>1</sup>	720	43%	12 months

These updates are effective immediately and apply to new submissions and loans currently in the pipeline **except for the loan amount change:**

- New Submissions:** Loans submitted on or after November 17, 2020 the maximum loan amount is \$2,000,000
- Pipeline Transactions:** Loans currently in the pipeline, both floating and locked, that were submitted prior to November 17, 2020 will be honored even if the loan amount exceeds \$2,000,000

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The Jumbo guidelines have been updated and posted on the Homebridge website at [www.HomebridgeWholesale.com](http://www.HomebridgeWholesale.com)

If you have any questions, please contact your Account Executive