

Bulletin 23-06

Enhancements to Simple Access (Non-QM)

Homebridge is pleased to announce enhancements to the Simple Access (Non-QM) program. These updates include enhancements to FTHB eligibility and calculation of the DSCR using the interest-only payment on the Investor Cash Flow option.

First Time Home Buyer Eligibility

Homebridge will now allow an exception to first time home buyers (FTHB) living rent free subject to the following requirements being met (previously FTHBs living rent free were ineligible):

- Exception eligible on Full Doc, Bank Statement, 1099 Only, and P&L Only options **only**; exception **not** eligible on Asset Qualifier and ICF options (Reminder: ICF FTHB/rent free borrowers **ineligible**)
- Maximum 80% LTV (P&L Only option: Maximum 75% LTV)
- Minimum 680 credit score (P&L Only option: Minimum 700 credit score)
- Primary residence **only**
- Letter of explanation required from the owner/leaseholder of the borrower's current residence documenting rent free status

NOTE: This exception **does not** apply to FTHBs who cannot document a 12 month housing history; it **only** applies to FTHBs living rent free

Calculating the DSCR using the Interest-Only Payment

The interest-only payment is now eligible to calculate the DSCR subject to the following (previously IO transactions required the DSCR to be calculated using the full PITIA payment):

- The taxes, insurance, and HOA payment (if applicable) and any other payment included in the "TIA" portion of the payment **must be included** when calculating the DSCR using the IO payment
- **Maximum 75% LTV**
 - IO transactions with an LTV > 75% requires DSCR to be calculated using the **full PITIA** payment
- 6 months reserve requirement based on the **ITIA** payment (i.e. interest-only 6 months reserves based on the ITIA payment in lieu of 6 months reserves based on PITIA payment)
- Loans with a 30 year loan term are qualified at the start rate, using the ITIA payment, amortized over 20 years
- Loans with a 40 year loan term are qualified at the start rate, using the ITIA payment, amortized over 30 years

Unlicensed MLO State Eligibility: ICF Option Only

The state of Virginia has been **removed** from the ineligible list of states; MLOs unlicensed in the state of Virginia may now submit loans secured by a property in VA as long as they are licensed in at least one state at time of application.

These updates are effective with loans locked on and after Monday, February 6, 2023.

The Simple Access guidelines have been updated and posted on the Homebridge website at www.HomebridgeWholesale.com. If you have any questions, please contact your Account Executive.