

# Access (Non-QM) Program



homebridge  
wholesale

POWERED BY NFTYDOOR

10/28/25

- Access is a Non-QM program offering Full Doc, Alt Doc which includes Bank Statement, Asset Qualifier, 1099 Only, Investor Cash Flow, and P&L Only options and is designed for loans that are not eligible under Fannie Mae/Freddie Mac guidelines
- The Bank Statement option allows for 12 or 24 months business or personal bank statements. Multiple accounts are acceptable
- Investor Cash Flow (ICF) option is available for investment properties only; the borrower is qualified on the debt service coverage ratio of the subject property
- Asset Qualifier option qualifies borrowers on their liquid assets or assets that can be liquidated without restriction and is eligible for primary residence and second home purchase and rate/term refinance transactions
- 1099 Only option is available for independent contractors receiving a 1099 at year-end or borrowers receiving commission income
- P&L Only option is available for self-employed borrowers with a minimum of 2-years self-employment; 12 month unaudited P&L must be provided

# Program Overview (cont.)

- Purchase, rate/term, and cash-out available
- Eligible in all states
  - ✓ New York transactions must pass the NY Subprime test, if applicable
  - ✓ New York CEMA transactions **ineligible**
  - ✓ **ICF Option:** Short term rental income **ineligible** on transactions secured by a property located in the city of New York **OR** for any property located in any jurisdiction where local/state laws ban/restrict short term rentals
- 1-4 unit primary residence, 1-unit second home, and 1-4 unit investment properties eligible (ICF is available for investment property **only**)
- Maximum DTI: 50%, **no exceptions** (DTI N/A Investor Cash Flow and Asset Qualifier)
- Minimum loan amount \$125,000
- Minimum FICO varies by documentation option:
  - ✓ Minimum 620: Full Doc, Bank Statement, 1099 Only, and ICF
  - ✓ Minimum 660: P&P Only and Asset Qualifier
- Maximum loan amount \$3,500,000; P&L Only option and Foreign Nationals maximum \$3,000,000

- Cash-out transactions are subject to the following:
  - ✓ No seasoning required
    - Properties purchased or refinanced in the previous 6 months **OR** the property was listed for sale in the 6 months prior to the application date a **5% LTV reduction required**
  - ✓ Cash-out limitations include the amount of cash-in-hand to the borrower **PLUS** the payoff of any non-mortgage debt **PLUS** any funds used to pay off unseasoned subordinate liens on the subject property
- Cash-Out (Full Doc, Bank Statement, 1099 Only, and P&L Only options):
  - ✓ **LTV ≤ 60%:** Unlimited cash-out
  - ✓ **LTV > 60%:** Maximum cash-out \$1,000,000
- Cash-Out (ICF option including foreign national borrowers):
  - ✓ **LTV ≤ 60%:** Unlimited cash-out
  - ✓ **LTV > 60%:** Maximum cash-out \$750,000
  - ✓ **Foreign National:** Maximum cash-out \$250,000
- A 1/0 or 2/1 [temporary buydown](#) option is eligible on Full Doc, Bank Statement, 1099 Only and P&L Only options

- Cash-out **not eligible** on Asset Qualifier option
- Residual income required as follows:
  - ✓ Full Doc, Bank Statement, 1099 Only, and P&L Only primary residence transactions **only**
    - **Full Doc:** Minimum \$2,000 per month
    - **Bank Statement/1099 Only/P&L Only:** Minimum \$2,500 per month
  - ✓ Asset Qualifier primary residence and second home
    - \$1300 per month
  - ✓ Investor Cash Flow: Residual income does not apply
- Foreign national borrowers eligible for 1-4 unit investment property using the ICF option only
- ITIN borrowers are eligible on Full Doc and Bank statement option. **2-years income documentation required; 1-year income documentation ineligible**
- Rate/term refinance transactions do not have a seasoning requirement
- Borrower(s) qualified based on product type (fixed rate, 7/6, or 10/6 ARM)

- Interest-only (IO) feature:
  - ✓ Available on all documentation options with a 30 or 40 year loan term
  - ✓ A minimum 700 credit score required
  - ✓ Maximum 85% LTV (ICF and P&L Only max 80% LTV)
  - ✓ **ICF ONLY:**
    - ❖ Interest-only transactions maximum loan amount \$2,000,000
    - ❖ DSCR 0.75 to < 1.00 **and** IO, maximum 70% LTV. IO **ineligible** with DSCR < 0.75
- NOTE:** The 40 year loan term **requires** the interest-only option; there is no stand-alone 40 year loan term
- IO **ineligible** on the following:
  - ✓ Texas Equity transactions,
  - ✓ Transactions involving foreign national borrowers
  - ✓ ICF transactions with DSCR < 0.75
  - ✓ ITIN borrowers
- Borrower(s) required to sign Borrower Affidavit – Full Doc, Bank Statement, Investor Cash Flow, Asset Qualifier, 1099 Only, P&L Only as applicable. Homebridge to complete and provide with loan docs

## Available Products

- Fixed Rate (15 and 30 year terms)
- 7/6 and 10/6 SOFR ARMs
- 30 and 40 year loan terms with interest-only available

NOTE: 40 year loan term requires interest-only; there is no stand-alone 40 year fixed rate term

**Refer to the Products topic in the applicable documentation option in the Access (Non-QM) guidelines, posted on the [Homebridge Wholesale](#) website, for complete product information (caps/margins/qualifying requirements, etc.)**

- Refer to the Access guidelines, located on the [Products and Guidelines](#) page of the Homebridge website, for the Full Doc, Bank Statement, 1099 Only, P&L Only, Asset Qualifier, Investor Cash Flow, and Foreign National LTV/CLTV, FICO, Loan Amount matrices



- **Borrower Eligibility**

- ✓ Wage Earner/Salaried Borrowers
- ✓ Self-Employed Borrowers

**NOTE:** ITIN borrowers eligible using the Full Doc option

- **Income Documentation**

- ✓ **Wage Earner/Salaried Borrowers**

- Pay stub covering 30 consecutive days with YTD earnings
- Most recent 1 or 2 year's W-2s
- 1 or 2 year's W-2s transcripts
- Written VOE (when required to verify variable income sources)

**NOTE:** The most recent paystub(s) must be dated within 120 calendar days of the Note date  
This requirement applies to all wage earner/salaried borrowers paystubs as required on slides 18 and 19

## ✓ **Salaried Borrowers with Commission/Bonus or OT Income**

- A pay stub covering a minimum of 1 months' YTD earnings, **and**
- W-2s for previous 1 or 2 years, **and**
- W-2 transcripts for previous 1 or 2 years, **and**
- **A written VOE to confirm a 2-year average and proof continuance.** Commission/bonus income received for more than 1-year but less than 2-years years may be eligible on a case-by-case basis if documentation indicates continuance likely; **overtime income requires 2-years receipt**

**NOTE:** Homebridge management review and approval required for commission/bonus income received 1-2 years

## ✓ Self-Employed Borrowers:

### ➤ Method One

- ❖ One year most recent personal and business federal tax returns, including all schedules, that covers a 12 month period of self-employment
- ❖ A CPA/EA/licensed tax preparer prepared P&L/balance sheet (not required to be fully audited) covering the time from the end of the time the tax returns covered. A minimum 6 months time frame required **OR** YTD if it has been less than 6 months from the date of the tax returns

**NOTE:** If income trend is not stable or declining, 2-year's tax returns required

## ✓ Self-Employed Borrowers (cont.):

### ➤ **Method Two**

- ❖ Two years most recent personal and business tax returns, including all schedules
- ❖ Declining income will require an LOE and/or additional documentation including a P&L

### ➤ **Method One and Two:** Interim financials eligible for determining income; refer to guides for details

- **Other Income Types:** Refer to guidelines for eligibility
- **Asset Utilization:** Income from regular distributions from retirement and non-retirement accounts eligible. Refer to guides for complete requirements

- Bank Statement option is available for self-employed borrowers with > 25% ownership interest in a business  
**NOTE:** ITIN borrowers are eligible using the Bank Statement option
- 12 or 24 months personal or business bank statements eligible and statements from multiple accounts acceptable. The bank statements must be dated within the 60 days prior to the Note date
- Two (2) year self-employment history is generally required however 1-2 year self-employment history considered on a case-by-case basis when:
  - ✓ The borrower was in the same line of work for a minimum of 2-years prior to their self-employment, **and**
  - ✓ The borrower has an additional 6 months PITIA reserves, **and**
  - ✓ A minimum of 12 months bank statement supporting self-employment income required

## ■ Personal Bank Statements:

- ✓ Qualifying income is divided by 12 or 24 months (as applicable) to determine monthly income
- ✓ Three (3) months most recent **business bank statements** required to verify income is coming from the borrower's business. Transfers from only one (1) business account are eligible for qualifying
- ✓ If the borrower only utilizes a personal account for business activity, the above does not apply and the personal account will be treated as a business account when determining qualifying income
- ✓ Co-mingling of personal and business accounts is **not permitted**

## ■ Business Bank Statements

- ✓ Statements from multiple accounts is **not allowed** to meet the 12/24 month history requirement for a single business.

**NOTE:** Statements from more than one account may be eligible if the borrower switched banks in the prior 12/24 months (as applicable) and can provide documentation to evidence the accounts are for the same business

- ✓ Multiple businesses may be used to qualify provided each business is verified separately and the income is documented; the same calculation method must be applied
- ✓ The borrower(s) combined must own 25% or more of the business to use business bank statements
- ✓ Three methods are available for documenting income:
  - **Method One: Uniform Expense Ratio**
    - ❖ Multiply eligible deposits received by 50%
    - ❖ The result obtained above is multiplied by the borrower's ownership percentage and divide by 12 or 24 (as applicable)
    - ❖ If the expense ratio is reasonable for the borrower's line of work, no addition information required

## ➤ **Method Two: Profit and Loss Statement**

- ❖ A P&L is provided by a CPA/EA/licensed tax preparer for the most recent 12 or 24 months as applicable
- ❖ If the deposits on the business statements support at least 75% of the gross receipts listed on the P&L the P&L may be used for qualifying the borrower using the pro-rata share of ownership

## ➤ **Method Three: CPA Letter for Expense Ratio**

- ❖ A CPA/EA/licensed tax preparer letter is provided that indicates the business expense ratio based on the most recent year's tax return

NOTE: The CPA letter **cannot** include any disclaimers as to the accuracy of the information



- The following applies to both personal and business bank statement options:
  - ✓ **Co-Mingled Accounts:** Co-mingling of personal and business accounts is **not** permitted
  - ✓ **Non-Sufficient Funds (NSF):** Excessive NSFs require a written explanation from the borrower. The following applies:
    - 12 months bank statements:
      - ❖ Maximum 6 NSF **instances\*** in past 12 months
      - ❖ 7 or more NSF **instances\*** in past 12 months, loan is **ineligible**
    - 24 months bank statements:
      - ❖ Maximum 12 NSF **instances\*** in past 24 months
      - ❖ 13 or more NSF **instances\*** in past 24 months, loan is **ineligible**

\*NSF “**instances**” are defined as a time period where the account is overdrawn and subsequently brought current (i.e. funds are deposited to bring the account balance positive) One instance may have multiple NSFs during that period but all occur within the same time period prior to the account being brought current. If the account becomes overdrawn again, that is considered a second “instance”

## ✓ **Income Trend:**

- Bank statements should show a stable or increasing trend
- If the trend is declining and/or irregular a detailed letter of explanation required
- A decline in deposits  $\leq 25\%$  is allowed over the following time periods:
  - ❖ 12 months bank statements: 6 months
  - ❖ 24 months bank statements: 12 months

**NOTE:** A decline in income  $> 25\%$  over the above time periods requires Homebridge management review and approval

Refer to the Income Trend topic in the Bank Statement Option for the deposit trend calculation requirements

- Borrowers who are **not** self-employed and **derive income from their investments** (trusts, distributions from a partnership, dividends, etc.) are also eligible under the bank statement program
  - ✓ Any significant employment generated must come from the co-borrower
  - ✓ 24 months **personal** bank statements required to document income received
  - ✓ The borrower must provide documentation of the source of the income and its continuance:
    - Brokerage statements to document ownership, **and/or**
    - Copy of trust agreement and/or trustee's statements, **and/or**
    - CPA letter confirming borrower owns assets generating income and detailed narrative of the income stream from the borrower

- The Investor Cash Flow (ICF) option uses the rental income from the **subject property** to determine cash flow
- Income and employment are **not** verified and DTI is **not** calculated
- Loans using the ICF option are not subject to ability-to-repay or HPML requirements as they are considered business purpose loans
- Reserves required; refer to slide 67 for requirements
- Qualify on the debt service coverage ratio (DSCR) of the subject property
- Minimum DSCR determined by LTV/Loan Amount/FICO score; refer to the ICF guidelines for complete details
  - ✓ Credit score 620-639 requires 12 months PITIA reserves
  - ✓ Short-term rental transactions minimum 1.15 DSCR required
  - ✓ DSCR < 1.00, 3 months **additional** PITIA reserves required
  - ✓ DSCR 0.75 to 1.00 **and** interest-only maximum 70% LTV; < 0.75 DSCR ineligible when using the IO feature
  - ✓ 2-4 Unit Properties and DSCR < 1.00: Maximum 70% LTV

- First time home buyers (**all** borrowers are FTHB) **ineligible**
  - ✓ Transactions involving a FTHB and a non-FTHB considered on case-by-case basis with Homebridge management review and approval
- At least one borrower must have a documented 12 month history managing rental properties (see exception on next slide)
  - ✓ Ownership/management of commercial property, is acceptable to satisfy the 12 month history requirement if the borrower is a majority owner of the property
  - ✓ The 12 month management history is **not** required to have been in the most recent 3-year period

- 12-month history of owning and managing rental property may be waived subject to:
  - ✓ Borrower must currently own a primary residence, **and**
  - ✓ Purchase transaction only, **and**
  - ✓ Minimum 680 credit score, **and**
  - ✓ Minimum 1.00 DSCR based on a 30 year amortizing payment, **and**
  - ✓ 0x30 in previous 12 months on all housing trade lines as of loan application date, **and**
  - ✓ No mortgage forbearance with a missed payment in the most recent 12 months prior to the application date
  - ✓ At underwriter discretion request a motivation letter or other documentation to establish the loan as a business purpose loan

## NOTES:

1. The above requirements apply to **all** borrowers on the transaction. In the event all borrowers do not meet all the requirements, additional documentation will be required to confirm the transaction is a business purpose loan
2. Foreign National borrowers are **not** eligible for the exception; FN borrowers **must have a 12 month history of owning and managing rental properties**

- Acceptable documentation of 12 month management history includes leases or CPA letter confirming management history
- Borrower may own up to 15 financed properties, including subject; > 15 ineligible
- Reserves not required on **other** financed property on the ICF option

- The debt service coverage ratio (DSCR) is:
  - ✓ The *gross rent* **divided by** the qualifying **PITIA** payment on the subject property which **equals** the DSCR

***Calculation Example of DSCR using PITIA:***

- Gross Rent: \$2,000
  - PITIA (subject): \$1750
  - Calculation: \$2,000 divided by \$1750 = 1.143 DSCR
- ✓ Calculating the DSCR on interest-only transactions:
  - Eligible if the LTV is  $\leq 75\%$ 

**NOTE:** LTV > 75% requires DSCR to be calculated using full PITIA payment
  - The gross rent **divided by** the qualifying **ITIA** payment on the subject property



## ■ Determination of Rents

### ✓ Purchase transactions use 100% of the **lesser of:**

- The current rent (if currently rented, leases must be provided), OR
- Market rent as determined by the appraiser if unit not currently leased

**NOTE:** An expired lease, which either contains language, or per state law, that converts the lease to month-to-month is acceptable

- ✓ In the event a property is subject to an at-will tenancy without a written lease agreement, which will continue after closing, a signed letter **from the seller of the property**, detailing the terms of the agreement, including the tenants name, address, amount of monthly rent is acceptable. The rental income utilized cannot exceed the market rent as determined by the appraiser
- ✓ If a tenant is in place with a lease, which will commence within 60 days of purchase, the lease may be considered when determining the rent. A copy of the executed lease, and proof of receipt of 1 month's rent and/or security deposit is required. The rental income utilized cannot exceed the market rent as determined by the appraiser.

## Determination of Rents (cont.)

### ✓ **Refinance transactions** use 100% of the **lesser of:**

- Current rent (if currently rented, leases must be provided), **OR**
- The market rent as determined by the appraiser, if vacant

#### **NOTES:**

1. A lease is not required if the subject property has completed a recent renovation and/or is listed for rent
  2. An expired lease, which either contains language, or per state law, that converts the lease to month-to-month is acceptable
- 
- ### ✓ In the event a property is subject to an at-will tenancy without a written lease agreement, a signed letter from the borrower, detailing the terms of the agreement, including the tenants name, address, amount of monthly rent, and the length of time the agreement has been active, is acceptable. Documentation that confirms the receipt of the most recent month's rental income required.

## ■ **Determination of Rents (cont.)**

- ✓ If the property is leased for more than the appraiser's opinion of market rents, the lease amount (up to 125% of market rents) may be used provided the lease will continue for at least six (6) months after the Note date **and** the timely receipt of the three (3) months of rents due prior to the application date are documented. Acceptable documentation includes copy of check, bank statements, etc.
- ✓ If a tenant is in place with a lease, which will commence within 60 days of closing, the lease may be considered when determining the rent. A copy of the executed lease, and proof of receipt of 1 month's rent and/or security deposit is required. The rental income utilized cannot exceed the market rent as determined by the appraiser.

## ■ **Determination of Rents: Short Term Rentals** (cont.)

- ✓ Short-term rental income (Airbnb, VRBO, HomeAway, etc.) eligible subject to the following:

### ➤ **Purchase Transactions:**

- ❖ The subject property must be located in a short-term market area  
**NOTE:** Short term rental income is **not eligible** for properties located in any jurisdiction where local/state law bans or restricts
- ❖ Minimum 1.00 DSCR required
- ❖ Minimum 700 credit score
- ❖ Max 75% LTV for borrowers with a minimum 1-year experience operating a short-term rental property
- ❖ Max 70% LTV for borrowers with < 1-year experience operating a short-term rental property
- ❖ Homebridge will obtain an AirDNA Revenue Calculator Rentalizer on all purchase transactions (see next slide for Rentalizer requirements)
- ❖ Escrow/impound account **required**

**NOTE:** Specific AirDNA Revenue Calculator Rentalizer requirements apply; refer to guidelines for complete details

## ■ **Determination of Rents - Purchase Transactions: Short Term Rentals** (cont.)

- ✓ The AirDNA Revenue Calculator Rentalizer must meet the following requirements:
  - Seasonal Revenue Forecast period must cover 12 months from the Note date to report date
  - The occupancy must be > 50%
  - A minimum of 4 comparison/comparable properties are required and the following applies:
    - ❖ The comparables must be within the same submarket, and
    - ❖ They must be similar in size, room count, and occupancy

**NOTE:** 2-4 unit properties require an AirDNA report for each individual unit

- ✓ The income calculation is 80% of the annual revenue divided by 12 months

- **Determination of Rents – Purchase Transactions: Short Term Rentals**  
(cont.)
  - ✓ In the event the AirDNA Rentalizer **does not** meet requirements, a market rent survey, based on short or long term tenancy, will be used to qualify. The market rent survey must be completed by an appraiser
  - ✓ An escrow/impound account **required** (escrow waiver not allowed)

## ■ Determination of Rents: Short Term Rentals (cont.)

### ✓ Refinance Transactions

- Use of AirDNA Revenue Calculator Rentalizer **not allowed**
- Minimum 1.00 DSCR required calculated based on average deposits over 12 months including months with zero deposits
- Maximum 70% LTV
- Minimum 700 credit score
- 12 months documented payment history from a third-party property management provider required
  - ❖ The payment history from the third-party property management provider **must clearly identify the subject property by address**. Statements that only identify the property ID # and property description alone are **not acceptable**
  - ❖ Subject properties that are self-managed **OR** the rental history is > 12 months and a payment history cannot be provided from the third-party property management provider, with a market rent survey based on short or long-term tenancy is acceptable. The market rent survey must be completed by an appraiser.

## ■ Determination of Rents: Short Term Rentals (cont.)

### ✓ Refinance Transactions

- If the rental history is < 12 months, a market rent survey, based on short or long term tenancy, is acceptable. The market rent survey must be completed by an appraiser
- Escrow/impound account required
- Short term rental income **not eligible** for properties located in any jurisdiction where local/state law bans or restricts



- The Asset Qualifier option allows borrower to be qualified based on their liquid assets or assets that may be liquidated without restriction. ATR and HPML requirements apply
- Asset Qualifier is available for purchase and rate/term transactions **only; cash-out ineligible**
  - ✓ Maximum 75% LTV and minimum 700 credit score required
- Primary residence **only**; ineligible on second home and investment properties
- Significant derogatory credit event requires 5 years seasoning
- There are three methods for determining asset qualification:
  - ✓ **Method One:** Total post-closing must equal 125% of all outstanding mortgage debt for which the borrower is personally liable
  - ✓ **Method Two:** Total post-closing assets must equal 120% of the subject property loan amount **plus** 30% of all other outstanding debt (mortgage and consumer)
  - ✓ **Method Three:** The borrower must have total liquid assets the cover the sum of 100% of the loan amount, **plus** 60 months of total debt service (do **not** include PITIA for subject or rental properties) **plus** 60 months of net loss on rental properties
- Income and employment **not** verified, and DTI not calculated; debt service is considered
- Asset balances must be verified within 120 days of the Note date

- Eligible assets include:
  - ✓ Cash and cash equivalents at 100% of face value
  - ✓ Marketable securities (**excluding unvested** RSUs and Stock options) at 80% (minus any outstanding margin loans, if applicable)
  - ✓ Cash surrender value of an Annuity
  - ✓ Retirement funds:
    - Borrower not at retirement age ( $< 59 \frac{1}{2}$ ): 70%
    - Borrower is at retirement age ( $59 \frac{1}{2} +$ ): 80%
  - ✓ Cash value of a vested life insurance policy: 100%
    - If used for reserves, the cash value must be documented but liquidation not required
  - ✓ Cryptocurrency assets eligible subject to **Homebridge management review and approval**. The following applies:
    - Cryptocurrency must be liquidated and deposited into a U.S. bank/financial institution **OR** a bank/financial institution identified on the Acceptable Bank List for Foreign Credit/Assets (see Exhibit A to the Access Guidelines for eligible institutions) **and be seasoned for a minimum of 60 days**
  - ✓ Proceeds from the documented sale of any assets owned by the borrower over the prior 6 months

- Documentation of the liquidation of funds needed for down payment and closing costs, and the ending balance is required
- The borrower may only use their proportionate share of any account held jointly with a person not on the loan. If no percentage stated, it is assumed the account is divided equally among the account holders
- Ineligible assets include:
  - ✓ Business funds (eligible for funds to close only)
  - ✓ Non-liquid assets (cars, artwork, business net worth, etc.)
  - ✓ Face value of life insurance policies
  - ✓ Unvested restricted stock
  - ✓ Stock options, unless exercised

- Gift funds are eligible for down payment and closing costs on purchase transactions. Gift funds may be considered for closing costs on refinance transactions on an exception basis
- Gift funds may **not** be used as an eligible asset to meet Asset Qualifier requirements

- The 1099 Only option is available for borrowers who are an independent contractor and receive a 1099 at year-end or receive income from commission
- One or two years 1099s may be provided.
  - ✓ The 1099(s) must cover a complete calendar year
- The borrower's primary income source (> 50% of qualifying income) must be 1099 income minus the applicable expense ratio
- The 1099 income must be recurring i.e. income that is part of the borrower's normal and recurring income stream
- 1099s issued to an entity, instead of the borrower, the borrower must have **100% ownership** in the entity, documented by an acceptable third party
- Income from a co-borrower who does not utilize 1099s is eligible to supplement the 1099 income

- Other income sources eligible to supplement 1099 income (see guidelines for complete details) but the 1099 income must be the borrower's primary source of income (> 50% )
- Two (2) year's employment history must be verified by one of the following:
  - ✓ Written VOE, or
  - ✓ CPA letter, or
  - ✓ Documentation determined acceptable by Homebridge based on the borrower's circumstances
- YTD income must be documented within 120 calendar days of the Note date by one the following:
  - ✓ A paystub or check(s) showing YTD income, **OR**
  - ✓ Bank statements showing receipt of YTD income

- Transcripts for the number of years of 1099s submitted required
- There are three (3) income calculation methods:
  - ✓ **Method One: Uniform Expense Ratio**
    - Eligible gross receipts are multiplied by 25%
  - ✓ **Method Two: Profit and Loss**
    - A third-party prepared P&L covering the same time period as the 1099s required
    - If the gross income of the 1099s support a minimum of 90% of the gross income listed on the P&L the net income on the P&L is used for qualifying
    - If 2 years 1099s are provided and the gross income shows a declining trend a P&L covering the most recent calendar year must be provided and used for qualifying

## ✓ **Method Three: CPA Letter for Expense Ratio**

- A third-party prepared letter stating the borrower's expense ratio based on the borrower's most recent year's tax return
- The expense ratio is multiplied by the gross income shown on the 1099(s) used for qualification. That figure is subtracted from the gross income listed on the 1099(s) and the resulting number is used to qualify, averaged over the number of months of income provided
- If 2-years 1099s provided, and the gross income shows a declining trend, the income will be calculated using the most recent year's 1099 only minus the stated expense ration

NOTE: For all income calculation methods, the income must be reasonable for the borrower's line of work



- P&L Only is available for self-employed borrowers with a minimum of 2-years self-employment
- Borrower's tax returns/P&L must be prepared by an independent entity; **self-employed borrowers who complete and file their own tax returns/P&L are not eligible**
- **Minimum 660 credit score**
- **Maximum 80% LTV and maximum \$3,000,000 loan amount**
- The most recent 12-month unaudited P&L required and the P&L end date must be  $\leq 90$  calendar days prior to the Note date
- Borrower must have  $\geq 50\%$  ownership in the business. Ownership is cumulative for all borrowers (i.e., if borrower 1 has 25% ownership and borrower 2 has 25% ownership, the  $\geq 50\%$  ownership requirement has been met)
- A letter detailing the nature of the business, signed and dated by the borrower, is required

- Borrower(s) **ownership interest** must be documented by one of the following acceptable individuals (**only** individuals with the below licenses are acceptable):
  - ✓ Certified Public Accountant (CPA), or
  - ✓ IRS Enrolled Agent (EA), or
  - ✓ California Tax Education Council (CTEC), or
  - ✓ The Operating Agreement
- Qualifying income is the **lower of**:
  - ✓ The income based on the 12 month P&L, **OR**
  - ✓ The monthly income disclosed on the **initial**, signed 1003
- The net income is calculated from the P&L based on the borrower(s) percentage of ownership (e.g. if the borrower(s) have 65% ownership interest, the qualifying income is the net income calculated using the P&L multiplied by 65%)

- **P&L must be prepared by an independent entity** (borrower prepared are **not allowed**)

Acceptable entities include:

- ✓ Certified Public Accountant (CPA),
- ✓ Enrolled Agent (EA), or
- ✓ California Tax Education Council (CTEC)\*,

## **NOTES:**

**1. Only entities with the above licenses are acceptable; individuals with only a PTIN are not eligible**

**2. \*See next slide for specific requirements when P&L prepared by CTEC**

- A copy of the CPA/CTEC/EA active license must be included in the loan file. A screen shot from the [IRS EA website](#), validating the enrolled agent credentials is acceptable documentation to include in the loan file
- The P&L must be signed by both the borrowers(s) with an ownership interest **AND** the preparer (non-owner borrowers are **not** required to sign)

- **CTEC Prepared P&L ONLY** (the below **does not apply** to a CPA or EA prepared P&L): **One** of the following will be required:

1. The transaction must meet the following requirements:

- ✓ Maximum 70% LTV, **and**
- ✓ Minimum 720 FICO, **and**
- ✓ Maximum 100% payment shock, **no exceptions, and**
- ✓ Maximum \$2,000,000 loan amount, **and**
- ✓ First time home buyers **ineligible, and**
- ✓ Borrowers currently living rent free **ineligible**

**OR**

2. A minimum of two (2) months' **most recent** bank statements, that support the P&L gross revenue must be provided.

- ✓ The 2 months bank statements must be based off of the last two (2) ending months of the P&L period, **AND**
- ✓ The Homebridge underwriter will complete a Gross Receipts Comparison Worksheet and the total monthly average of **usable\*** deposits **must support at least 90% of the gross revenue on the P&L**
- ✓ If the two most recent bank statements do not support the P&L, older bank statements may be considered to support P&L income provided an acceptable LOE for the discrepancy (e.g. seasonal work) is obtained from the borrower. **Homebridge management review and approval required** when older bank statements are utilized

- Reserves are required; refer to the Reserves topic in guides for requirements
- Residual income required on primary residence transactions ONLY:  
Minimum required residual income is \$2,500
- Gift funds are eligible

- A foreign national borrower is a person who **does not** work **or** reside in the United States
- **General Requirements**
  - ✓ Eligible on Investor Cash Flow option **only**
  - ✓ Purchase, rate/term and cash-out secured by 1-4 unit investment properties
  - ✓ Minimum 12 months PITIA reserves required
  - ✓ Minimum DSCR 1.00 required
  - ✓ Minimum credit score requirements on the Foreign National matrix apply when the borrower has **U.S. credit**; all U.S. liabilities are considered
  - ✓ Foreign debt/liabilities are **not** considered
  - ✓ An escrow/impound account is required
  - ✓ Borrowers who own their home free and clear must provide acceptable documentation confirming the property owned free and clear (see guides for details)
  - ✓ The following are **ineligible**:
    - FTHBs
    - Borrowers with diplomatic immunity
    - Borrowers with a prior forbearance
    - Gift funds
    - Interest-only feature
    - Non-warrantable condos

- The borrower must have a current, valid foreign passport **AND** visa that includes a photograph and signature except as noted under the Visa Exception topic below
  - ✓ The visa must evidence the borrower is legally present in the U.S.; a defined length of stay is **not** required
  - ✓ Acceptable visas: B1, B2, H2, H3, I, J1, J2, O2, P1, P2
- **Visa Exception:** A visa is **not** required for:
  - ✓ Canadian citizens
  - ✓ Borrowers who are citizens of a country listed on the U.S. State Department's Visa Waiver program page. Borrowers eligible under the Visa Waiver program must provide the following:
    - A valid passport, and
    - The applicable paperwork related to the Visa Waiver program
- Citizens of Mexico: Borrowers may provide one of the following to meet visa requirement:
  - ✓ A laser visa card (a border crossing card and a B1/B2 visa), **OR**
  - ✓ A NAFTA treaty visa (TN, TC, E1, or E2)

- Foreign national borrowers are **not** required to have a social security number
  - ✓ A credit report and credit score **not** required if the borrower does not have a SSN
  - ✓ When the borrower does not have a social security number the following applies:
    - Two credit reference letters from a verified institution from the borrower's country of origin, written or translated into English required
    - The letters may include non-traditional credit sources (e.g. utility company)
    - The letters must reference the borrower's time as a customer and that the borrower is in good standing
  - ✓ If the borrower does have a SSN, a U.S. **or** international credit report must be obtained and the borrower's credit must be reviewed
    - The borrower's credit history must meet credit history requirements
- Borrowers with significant derogatory credit events in the most recent 4 years, measured from completion/discharge/dismissal date to application date, are ineligible, no exceptions

**NOTE:** Borrowers with **any** history of forbearance, regardless of seasoning, are **ineligible** Refer to the Foreign National topic in the Access guides for complete credit requirements



## ■ Income

- ✓ Income is **not** verified; follow ICF requirements except as noted below:
  - A minimum DSCR of 1.00 is required, **and**
  - 12 months reserves required, **and**
  - A 12 month history of owning and managing rental property is required, **and**
  - The interest-only payment **cannot** be used to calculate the DSCR; DSCR must be calculated using the **fully amortizing payment**

## ■ Assets

- ✓ On a case-by-case basis Homebridge will consider allowing foreign funds being used to satisfy reserve requirements to remain outside of the U.S. in a foreign financial institution if the institution is listed on the **Acceptable Bank/Financial Institutions for Foreign Credit and Assets** for acceptable foreign institutions (see Exhibit A in guides)

## Documentation and Additional Requirements Specific to Foreign Nationals

- All borrowers must file an IRS Certificate of Foreign Status (IRS form W-8BEN for individuals and W-8BEN-E for entities) which must be maintained in the loan file
- Any documentation provided from the borrower's home country, listing that country's currency, must be provided in its original language.
  - ✓ A certified translation is required and is subject to Homebridge management review and approval
- Borrower must execute an Automated Clearing House (ACH) Agreement tied to a U.S. bank account, to facilitate the electronic transfer of funds
  - ✓ The account must be in the borrower's name or the LLC/partnership/corporation name (proof required)
  - ✓ The borrower must document that the account has, at minimum, funds to cover the first month's loan payment

NOTE: Homebridge will issue an ACH Agreement for borrower signature with loan docs

- A **World Compliance** search is required for all borrowers. The World Compliance search is performed by Homebridge management
  - ✓ Any alerts must be addressed and cleared. If a clear World Compliance search cannot be obtained the loan is **ineligible**
- The borrower cannot be on the U.S. Department of Treasury Sanctions list and must have a clear OFAC search
- All foreign documentation provided must be in its original form
  - ✓ The documentation must be translated to English by a certified translator
  - ✓ The translator's certification documents is required and is subject to Homebridge management review and approval

- Eligible borrowers on the Access program include:
  - ✓ U.S. Citizens
  - ✓ First-time home buyers defined as a borrower who has not owned a property in the previous 3 years. FTHB requirements apply when **ALL** borrowers are FTHBs (see guides)
    - Borrower must be able to document rental history within the previous 3 years with 0x30 over a 12 month period
    - Borrowers living rent free\* **OR** that cannot document a 12 month housing history are **ineligible** (\*see Exception for FTHB rent free borrowers on next slide)
    - Rental history must be most recent
    - Maximum 300% payment shock unless the DTI is  $\leq 36\%$  (see guides for payment shock calculation requirements) excluding P&L Only option

**NOTE: P&L Only option:** Maximum 100% payment shock applies to both FTHBs **AND** non-FTHBs. See guides for complete details

**NOTE:** FTHBs **ineligible** on ICF option

- ✓ Exception to FTHBs living rent-free:
  - FTHBs currently living rent-free are eligible subject to the following:
    - ❖ Exception eligible on Full Doc, Bank Statement, 1099 Only and P&L Only options; exception **not eligible** on ICF and Asset Qualifier
    - ❖ Max 80% LTV/min 680 FICO (P&L Only: Min 700 credit score)
    - ❖ 1-4 unit primary residence **only**
    - ❖ LOE from owner/leaseholder of borrower's current residence documenting rent free status required
  - **P&L Option:** In addition to the above:
    - ❖ The rent-free period must be in the months immediately preceding the loan application or during the loan process, and
    - ❖ The borrower must have a 12-month mortgage or rental payment history ending within the most recent 6 months. P&L payment shock requirements apply
  - **ICF Option:** Borrowers currently living rent-free but have a 12 month mortgage history on an investment property, the investment property payment may be used to satisfy the mortgage history requirement
- ✓ Permanent Resident Aliens (see guides for eligibility)

- ✓ Non-Permanent Resident Aliens (see guides for eligibility)
- ✓ Non-Occupant Co-Borrowers (N/A ICF option). Restrictions apply; refer to guides
- ✓ ITIN Borrowers (individuals who must file tax returns who are not eligible to obtain a SSN; Full Doc/Bank Statement options only. See slide 60 for additional details)
- ✓ Foreign Nationals (borrower lives **and** works **outside** U.S.)
- Title may be held:
  - ✓ Fee Simple
  - ✓ In the name of an Inter Vivos Revocable Trust (subject to FNMA requirements)
  - ✓ In the name of an LLC or Corporation subject to specific requirements and Homebridge management review and approval; refer to the Access guidelines for complete requirements

**NOTE:** Foreign national and ITIN borrowers are **ineligible** to take title in an LLC/Corporation

- ✓ Full Doc and Bank Statement: Blind Trust (case-by-case basis **only** subject to Homebridge management approval)

- Eligible on Full Doc or Bank Statement options only. Standard Full Doc or Bank Statement guidance applies except as detailed below
  - ✓ Cash-out transactions require 2-years income documentation (1-year documentation not eligible)
  - ✓ Interest-only ineligible
  - ✓ 0x30x12 housing history required
  - ✓ Gift funds ineligible on investment transactions
  - ✓ Trusts, LLCs, Corporations, leaseholds **ineligible**
  - ✓ Temporary buydowns not allowed
  - ✓ Escrow/impound account **required**
  - ✓ Transactions involving a non-occupant co-borrower maximum \$1,000,000 loan amount
  - ✓ Delayed financing (aka technical refinance) maximum 60% LTV
  - ✓ Non-arm's length purchase transactions maximum 70% LTV
  - ✓ Non-warrantable condos maximum 75% LTV
  - ✓ Borrowers from OFAC sanctioned countries ineligible

## ■ Documentation Requirements

- ✓ A government photo ID issued by the U.S. or eligible country of origin. (country of origin cannot be an OFAC sanctioned country). Examples include:

- License, passport, matricular consular, etc.

**NOTE:** A visa is **not required**

- ✓ A copy of the borrower's valid, **unexpired** ITIN card or letter from the IRS. **The ITIN must be assigned to the borrower prior to loan application**

- All documentation in the file must support the borrower's ITIN and **cannot** reference a SSN belonging to another individual

- Document the ITIN is unexpired as follows:

- ❖ **Full Doc Option:** Current executed tax transcripts

- ❖ **Bank Statement Option:** **One** of the following must be provided:

- IRS letter dated within the prior 3 years
- Fully executed IRS Form W-7, Application for IRS Individual Taxpayer Identification Number that includes the agent's signature
- Signed letter from borrower's tax preparer stating they have filed the borrower's most recent year's tax return with the IRS



- ✓ Borrowers with deferred action for childhood arrivals (DACA) status are eligible with the following:
  - An ITIN, or SSN, **and**
  - A valid U.S. driver's license, **and**
  - A valid employment authorization document (EAD) evidencing DACA status

- SFR and PUDs (attached/detached)
- Condominiums FNMA/FHLMC warrantable (attached/detached)
  - ✓ Homebridge will provide financing to a maximum of 5% of the units in a condo project (applies to both warrantable and non-warrantable projects)
- Non-warrantable Condominiums (refer to guides for eligibility and complete requirements)
  - ✓ Maximum 80% LTV (ICF option and ITIN Borrowers: Maximum 75% LTV)
- Site Condos (**maximum of 2-units in project**)
- Properties with leased solar panels are eligible subject to meeting Fannie Mae guidelines
- Properties with an accessory dwelling unit (ADU) that meet Fannie Mae/Freddie Mac requirements
  - ✓ Full Doc, Bank Statement, 1099 Only and P&L Only transactions:
    - A 1-unit SFR with 2 legal accessory dwelling units are eligible (refer to guides for eligibility requirements)

- Rural properties eligible for primary residence and second home transactions only
  - ✓ Maximum 75% LTV (see guides for complete requirements)
- Agriculturally zoned properties eligible (see guides for requirements)
- Acreage:
  - ✓ Maximum 20 acres (Full Doc/Bank Statement/1099 Only/Asset Qualifier/P&L Only)
  - ✓ Maximum 2 acres (Investor Cash Flow, including foreign national borrowers)

- Assets: The borrower must have sufficient liquid assets available for down payment, closing costs, and reserves
    - ✓ Minimum one (1) month most recent bank statement (all pages)  
NOTE: Asset statements must cover a minimum of 30 days
    - ✓ Additional months may be required at underwriter discretion
    - ✓ See Assets section of the guidelines for requirements
  - Minimum 3 tradelines and 24 month credit history
    - ✓ One tradeline must have been open and active in previous 6 months
    - ✓ One tradeline must be seasoned 24 months
- NOTE:** Exceptions allowed on case-by-case basis and to U.S. citizens living abroad; refer to guides for requirements

- **Mortgage/Rental History:** The following applies to all mortgages/rental verification and to all borrowers
  - ✓ 0x30 in the previous 12 months OR 1x30 in previous 12 months
- NOTE:** Asset Qualifier transactions, transactions using temporary buydown option, and ITIN borrower transactions **0x30x12 required**
- ✓ **Foreign National Borrowers:**
  - 0x30 in previous 12 months and 0x60 in previous 24 months
- ✓ **Investor Cash Flow Option:**
  - Borrowers currently living rent free but have a 12 month mortgage history on an investment property, the investment property payment may be used to satisfy the mortgage history requirement

- First time home buyer must document a rental history within the previous 3 years with 0x30 over a 12 month (most recent rental period)
  - ✓ Borrowers living rent free\* (see exception below for FTHBs living rent free) or who cannot document 12 months rental history are ineligible (exception **N/A** to borrowers not able to document 12 months rental history)
- \***Exception:** FTHBs currently living rent free are eligible subject to the following:
  - ✓ Exception eligible on Full Doc, Bank Statement, 1099 Only and P&L Only options; exception **not eligible** on ICF and Asset Qualifier OR for borrowers who cannot document a 12-month housing history
  - ✓ Maximum 80% LTV (P&L Only option: Maximum 75% LTV)
  - ✓ Minimum 680 credit score (P&L Only option: Minimum 700 credit score)
  - ✓ 1-4 unit primary residence **only**
  - ✓ LOE from owner/leaseholder of borrower's current residence documenting rent free status

**NOTE:** First time home buyers **ineligible** on ICF option

- Significant derogatory credit is defined as:
  - ✓ Foreclosure, pre-foreclosure, deed-in-lieu of foreclosure
  - ✓ Short sale, short payoff
  - ✓ Bankruptcy (7, 11, or 13) either dismissed or discharged and borrowers currently in bankruptcy proceedings)
  - ✓ Pre-foreclosure including Notice of Default or Lis Pendens where the borrower **is currently delinquent** (NOD is not considered a significant derogatory credit event if payments are current)
  - ✓ Modification

**NOTE:** If multiple derogatory credit events the waiting period requirement begins with the most recent event end date

- **All derogatory credit events must be completed prior to the application date**

- **Full Doc, Bank Statement, 1099 Only, Asset Qualifier, P&L Only:**
  - ✓ A 4-year waiting period is required for all significant derogatory credit measured from event completion/dismissal/discharge date to the application date
- **Asset Qualifier:**
  - ✓ A 5-year waiting period required for all significant derogatory credit, no exceptions
- **Foreign National Borrowers** (below is applicable if the foreign national borrower has U.S. credit history **ONLY**)
  - ✓ A 4-year waiting period required, **no exceptions**
  - ✓ Borrowers with **any** history of forbearance, regardless of seasoning, are **ineligible**



- Mortgage Tradeline(s) in Forbearance:
  - ✓ Borrowers with **any** mortgage tradeline in a forbearance plan are subject to Fannie Mae forbearance plan policy; refer to Forbearance Plan Policy topic within Derogatory Credit for complete requirements
- Non-Mortgage Account(s) in Forbearance:
  - ✓ Borrowers with non-mortgage account(s) in forbearance, the account may remain in forbearance, however the payment must be included in the DTI calculation

- Financed property
  - ✓ Primary residence, no limit
  - ✓ Second Home/Investment: Maximum 15 (cumulative all borrowers)
- Secondary/subordinate financing is eligible up to the maximum CLTV allowed on the matrices. Subordinate financing must be institutional; seller subordinate financing **not allowed**
- Rental income from a legal accessory unit, that is legally rented, is eligible

- Temporary Buydown eligible as follows:
  - ✓ Eligible on Full Doc, Bank Statement, 1099 Only, and P&L Only options only
  - ✓ Fixed rate purchase transactions only
  - ✓ 1-4 primary residence and 1-unit second home eligible
  - ✓ Seller funded or realtor funded eligible
  - ✓ 1/0 or 2/1 buydown available
  - ✓ Maximum 80% LTV
  - ✓ Maximum loan amount \$2,000,000; minimum loan amount \$150,000
  - ✓ **A 0x30 in previous 12 months mortgage/rental history required**
  - ✓ Buydown ineligible on investment properties, transactions with a non-occupant co-borrower, and transactions using the interest-only feature

- Gift funds, from an immediate family member, are eligible on all options for down payment and closing costs. Gift funds cannot be used to satisfy reserve requirements

- ✓ **Gift Fund Requirements**

- 5% borrower own funds required **except** as noted below (borrower own funds requirement may be waived on below):
  - ❖ Primary residence purchase transaction **AND** LTV is  $\leq 80\%$ , **or**
  - ❖ Second home or investment property purchase **AND** LTV is  $\leq 75\%$
  - ❖ Transaction involves a gift of equity (see below)
- Gift funds eligible after borrower own funds requirement met

**NOTES:** Foreign National transactions **ineligible** for gift funds

Funds from a non-borrowing spouse, who is a titleholder, will **not** be considered a gift

- Gift of equity allowed from family member:
  - ✓ Max LTV is the lesser of 75% or applicable product maximum
  - ✓ Owner-occupied and second home transactions utilizing gift of equity **do not** require 5% borrower own funds
  - ✓ Gift of equity **ineligible** on investment transactions

- Reserve requirements apply to Full Doc, Bank Statement, ICF, 1099 Only and P&L Only, documentation options, as applicable

**NOTE:** Asset Qualifier option **does not** have separate reserve requirements

- Minimum Full Doc, Bank Statement, 1099 Only, P&L Only, ITIN reserve requirements are as follows:

Reserve Requirements Full Doc, Bank Statement, 1099 Only, P&L Only, and ITIN	
Loan Amount	Required Reserves
≤ \$1,500,000	6 months PITIA*
> \$1,500,000 to ≤ \$2,000,000	9 months PITIA*
> \$2,000,000 to \$3,500,000 NOTE: P&L Only: Max \$3,000,000 loan amount	12 months PITIA*
Other Financed Properties	2 months of each <u>properties</u> PITIA* (for each additional property)

\* Interest-Only Transactions: The applicable reserve requirement may be based on the ITIA payment. As a reminder, when qualifying the borrower, the full PITIA payment is utilized

- Minimum Investor Cash Flow reserve requirements (including Foreign Nationals):

Reserve Requirements Investor Cash Flow (including Foreign Nationals)	
Loan Amount	Required Reserves
$\leq \$500,000$	3 months PITIA**
$> \$500,000$ to $\leq \$1,500,000$	6 months PITIA**
$> \$1,500,000$ to $\leq \$2,500,000$	9 months PITIA**
$> \$2,500,000$ to $\leq \$3,000,000$	12 months PITIA**
620-639 Credit Score	12 months PITIA**
DSCR $< 1.00$	Additional 3 months PITIA
Foreign National	12 months PITIA

**\*\*NOTE:** Investor Cash Flow transactions using the interest-only feature to calculate the DSCR, the applicable reserve requirement is based on the PITIA payment. As a reminder,  $> 75\%$  LTV requires the borrower to be qualified using the full PITIA payment

- **Cash-Out Proceeds for Reserves Eligibility**
  - ✓ Full Doc, Bank Statement, ICF, 1099 Only, and P&L Only Options:
    - Cash-out proceeds are eligible for closing costs or for the payoff/pay down of debt and to satisfy reserve requirements

- **Investor Cash Flow:**
  - ✓ Residual income requirements do **not** apply
- **Full Doc:** Residual income requirements apply to primary residence transactions **ONLY:**
  - ✓ Minimum \$2,000 residual income required
  - ✓ Residual income is the total gross income **minus** total monthly debt **equals** residual income
- **Bank Statement/1099 Only/P&L Only:** Residual income requirements apply to primary residence transactions **ONLY:**
  - ✓ Minimum \$2,500 residual income required
  - ✓ Residual income is the total gross income **minus** total monthly debt **equals** residual income
- **Asset Qualifier:** Residual income required (including foreign nationals)
  - ✓ A minimum of \$1,300 residual income required
  - ✓ Residual income is calculated based on the total qualifying assets **divided** over 60 months **minus** total monthly debt



- Appraisal requirements are determined as follows:

Appraisal Requirements	
Loan Amount	Requirement
≤ \$2,000,000	One (1) full appraisal
> \$2,000,000	Two (2) full appraisals

- Appraisals are subject to the following:

One Appraisal: 1-Unit Properties		
Transaction Type	IF:	THEN:
<b>ALL</b> transactions <b>excluding:</b> Rate/term refinance transactions if property owned < 12 months <b>OR</b> Cash-out refinance transactions if property owned ≥ 6 months to < 12 months (see below for requirements)	The FNMA CU <b>OR</b> FHLMC LCA risk score is ≤ 2.5 <b>AND</b> the risk flag is <b>not</b> high:	No further action is required
	The FNMA CU <b>OR</b> FHLMC LCA risk score is ≤ 2.5 <b>AND</b> the risk flag is high:	The appraisal requires a review by the Homebridge Appraisal Review Dept. An additional valuation product may be required
	The FNMA CU <b>AND</b> FHLMC LCA risk score are <b>both</b> > 2.5:	A CDA is required and the following applies: <ul style="list-style-type: none"> <li>If the CDA variance is ≤ 10% of the appraised value, the appraisal is acceptable subject to Homebridge UW review</li> <li>If the CDA variance is &gt; 10%, the CDA and appraisal must be sent to the Homebridge Appraisal Review Dept. for review. An additional valuation product may be required</li> </ul>
Transaction Type	REQUIREMENT:	THEN:
Rate/term refinance transactions if property owned < 12 months <b>AND</b> Cash-out refinance transactions if property owned ≥ 6 months to < 12 months	A CDA required. Once obtained:	<ul style="list-style-type: none"> <li>If the CDA variance is ≤ 10% of the appraised value, the appraisal is acceptable subject to Homebridge UW review</li> </ul> <b>EXCEPTION:</b> If the FNMA CU <b>OR</b> FHLMC LCA risk score is ≤ 2.5 <b>AND</b> the risk flag is <b>high</b> the CDA and appraisal must be sent to the Homebridge Appraisal Dept. for review, <b>regardless of variance</b> . An additional valuation product may be required
		<ul style="list-style-type: none"> <li>If the CDA variance is &gt; 10% the appraisal and CDA must be sent to the Homebridge Appraisal Dept. for review. An additional valuation product may be required</li> </ul>

One Appraisal: CU/LCA Risk Score Not Received		
Transaction Type	WHEN:	THEN:
All	CU or LCA score not received or 2-4 unit properties	<p>A CDA required and the following applies:</p> <ul style="list-style-type: none"> <li>If the CDA variance is <math>\leq 10\%</math> of the appraised value, the appraisal is acceptable subject to Homebridge UW review</li> <li>If the CDA variance is <math>&gt; 10\%</math>, the CDA and appraisal will require review by the Homebridge Appraisal Review Dept. An additional valuation product may be required</li> </ul>
Two Appraisals		
No additional valuation required for transactions requiring two appraisals		
Transferred Appraisal		
Transaction Type	IF:	THEN:
All	Transferred appraisal:	A Desk Review completed by the Homebridge Appraisal Review Dept. required

Refer to the Appraisals topic in the guidelines for complete appraisal requirements

# Prepayment Penalty

- **All Documentation Options:** A prepayment option (prepay not required) is available on investment property transactions in the following states **only**:

- Alabama
- Arizona
- Arkansas
- California
- Colorado
- Connecticut
- Delaware
- Florida
- Georgia
- Hawaii
- Idaho
- Illinois\*
- Indiana
- Iowa
- Kansas
- Kentucky
- Louisiana
- Maine
- Maryland
- Massachusetts
- Missouri
- Montana
- New Hampshire
- North Carolina
- North Dakota
- Nebraska
- Nevada
- New Jersey\*
- New York
- Oklahoma
- Oregon
- Pennsylvania\*
- Rhode Island\*
- South Carolina
- South Dakota
- Tennessee
- Texas
- Utah
- Vermont
- Virginia
- Wisconsin
- Washington\*
- Washington D.C.
- Wyoming

*State Specific Limitations	
Illinois	Prepayment penalty only allowed when transaction closing in an LLC or corporation
New Jersey	Prepayment penalty only allowed when transaction closing in a corporation
Pennsylvania	Prepayment penalty only allowed on 1-2 unit properties and minimum loan amount of \$312,159
Rhode Island	Maximum 1-year prepayment period for both purchase and refinance transactions Purchase Transactions: Prepayment penalty charge is 2% balance due Refinance Transactions: Prepayment penalty charged as detailed below
Washington	Prepayment penalty only allowed on fixed rate transactions

- If a state is not listed (see previous slide), a prepay is **not** available.
- **ICF Option:**
  - ✓ DSCR < 1.00 **AND** LTV is > 70%: A minimum 1 year prepayment penalty is REQUIRED
  - ✓ If the state is not listed, a DSCR < 1.00 is NOT eligible and a minimum 1.00 DSCR REQUIRED
- If the prepayment option is exercised, the following prepayment periods are eligible:
  - ✓ 1, 2, 3, 4, or 5 years
- 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 be 6 months of interest on the amount prepaid within a 12 month period that exceeds 20% of the original principal loan amount

Refer to the Access (Non-QM) guidelines, posted on the Products and Guidelines page of the [Homebridge Wholesale](#), website for complete details and requirements