

Investor Solution Program



homebridge
wholesale

- The Federal Housing Finance Agency (FHFA) limits the number of second home and investment property transactions Fannie Mae and Freddie Mac may purchase
- The Investor Solution program is an alternative offering for 1-unit second home and 1-4 unit investment transactions. Primary residence transactions are **not eligible** under this program
- FNMA/FHLMC second home/investment transaction LLPAs **do not** apply to loans originated using Investor Solution
- Loans are run through DU or LPA and a DU “Approve/Eligible” or LPA “Accept/Eligible” required **and FNMA or FHLMC guidelines apply**, as applicable, **unless** stated in the Investor Solution guidelines
- Loans must meet QM, Safe Harbor, and Ability to Repay requirements

- Eligible for purchase, rate/term and cash-out transactions
 - ✓ Cash-Out transactions subject to:
 - Loan amount > \$1,500,000: Maximum 70% LTV
 - Maximum cash-out:
 - ❖ ≤ 65% LTV: Unlimited
 - ❖ > 65% LTV: \$1,000,000
- Maximum 50% DTI (regardless of DU/LPA findings)
- Conforming and high balance/super conforming loan amounts eligible:
 - ✓ Minimum loan amount \$150,000 for conforming loans and \$1 more than the applicable county limit for the number of units where the property is located
 - ✓ Maximum loan amount is subject to the applicable FHFA county conforming or high-cost county limit

- Minimum \$1500 residual income required
- 30 year fixed rate transactions only
- Minimum 680 FICO. All borrowers must have a credit score
- SFR, PUD, Condos (FNMA warrantable), and 2-4 units eligible. Maximum 20 acres
- Manufactured homes, modular/prefabricated homes **ineligible**
- Texas equity, ARMs, temporary buydowns, primary residences and any transaction not receiving a DU Approve/Eligible or LPA Accept Eligible finding **ineligible**

- Eligible borrowers:
 - ✓ U.S. citizens
 - ✓ Permanent resident borrowers
 - ✓ Non-permanent borrowers with the following visa types:
 - E-1 to E-3, H-1B, H-1C, H-4, I, K-1, K-3, L-1A, L-1B, L-2, O-1A, O-1B, O-2, P-1A, NAFTA, V-1 to V-3
- Title vesting eligibility:
 - ✓ Individuals as joint tenants, community property, or tenants in common, or
 - ✓ Inter-vivos revocable trusts meeting FNMA guidelines

- All transactions require a new appraisal and the following applies:

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

- 1-unit properties and one appraisal required:
 - ✓ If FNMA CU or FHLMC LCA risk score is ≤ 2.5 no further action required (risk score is provided on pg. 2 of the FNMA/FHLMC SSR)

- 1-unit properties and one appraisal required (cont.):
 - ✓ If the FNMA CU and FHLMC risk score is > 2.5 a CDA is required and the CDA is subject to the following:
 - If the CDA variance is $\leq 10\%$ of the appraised value, the appraisal is acceptable subject to Homebridge Underwriter review, and the LTV is based on the appraised value
 - If the CDA variance is $> 10\%$ of the appraised value, the appraisal is acceptable subject to Homebridge Underwriter review, and the LTV is based on the CDA value
 - If a CDA is required but cannot be obtained the Homebridge Appraisal Dept. will order an AVM and the Appraisal Dept. will determine AVM acceptability. If an acceptable AVM cannot be obtained, a second appraisal is required, and the value is the lower of the two appraisals

- 1-unit properties and two full appraisals required:
 - ✓ No additional requirements apply and the value is the lower of the two appraisals
- 2-4 unit properties OR 1-unit property with no CU or LCA score: A CDA is required and the CDA requirements on the previous slide apply
- Transferred appraisals are eligible subject to Homebridge Appraisal Dept. review
- Declining market AND LTV is > 65%, the LTV is reduced by 5%
- Appraisal waivers/ACE offers are **not eligible**

- 0x30 mortgage/rental history in previous 12 months required
NOTE: 0x30x12 applies to **all** mortgage tradelines
 - Borrowers with no mortgage/rental history **or** history is less than 12 months the following is required:
 - ✓ Minimum 6 months reserves
 - ✓ Minimum 10% borrower own funds contribution
 - ✓ VOR or VOM for the applicable months reflecting paid as agreed (if applicable)
- NOTE:** Borrowers who have owned their primary residence free and clear for a minimum of 12 months are acceptable

- Asset requirements are per DU/LPA findings
- Gift Funds Eligibility:
 - ✓ **Second Home Transactions:** Eligible after 10% borrower own funds contribution
 - ✓ **Investment Transactions:** Gift funds **ineligible**

- Borrowers with significant derogatory credit events (foreclosure, BK, DIL, collections/charge-offs/judgements, etc.) the following applies:
 - ✓ The applicable FNMA/FHLMC standard waiting period applies (except Chapter 13 bankruptcy; see below). **Extenuating circumstances waiting periods DO NOT apply**
 - ✓ **Chapter 13 Bankruptcy Exception (FNMA and FHLMC):**
 - **A 48-month waiting period applies, no exceptions**
- Borrowers with **non-COVID** related deferred payments are **not eligible**

- Garnishments:
 - ✓ Must be paid off in full prior to or at closing
- Collections/Charge-Off Accounts:
 - ✓ **Second Home:** If the combined total of all collection/charge-off accounts is >\$2,000 the accounts must be paid in full prior to or at closing
 - ✓ **Investment Property:** Follow DU/LPA Findings

- Reserves are determined by loan amount as follows:
 - ✓ **Loan amounts \leq \$1,000,000:**
 - Greater of DU/LPA Findings **or** 3 months PITIA
 - ✓ **Loan amounts \leq \$1,500,000:**
 - Greater of DU/LPA Findings **or** 6 months PITIA
 - ✓ **Loans $>$ \$1,500,000:**
 - Greater of DU/LPA Findings **or** 9 months PITIA
 - ✓ **Rate/Term Refinance Transactions:**
 - If the LTV is \leq 65% reserves are per DU/LPA Findings

Refer to the Homebridge FNMA/FHLMC guidelines located on the [Products and Guidelines](#) page of the Homebridge website for any items not specifically addressed in Investor Solution guidelines and/or this presentation