

## Bulletin 20-53

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### Simple Access Non-QM Program

Homebridge is excited to announce the return of the Simple Access non-QM program

Simple Access will be available for new submissions on and after November 9, 2020

Brokers should carefully review this communication and the full guidelines for program updates.

Highlights are detailed below:

- Maximum 85% LTV/CLTV 1-4 unit owner-occupied properties
    - Connecticut, New Jersey, and New York transactions limited to maximum 75% LTV/CLTV
  - Maximum 75% LTV/CLTV 1-unit second home and 1-4 unit investment properties
  - Minimum credit score 620
  - Maximum loan amount \$2,000,000. As a reminder, New York owner-occupied transactions require the minimum loan amount to be \$1 more than the conforming/high-cost loan amount for the number of units in the county where the proper is located
  - Purchase, rate/term and cash-out available
  - Cash-out transactions require 6 months seasoning
  - Maximum cash-out is \$500,000
  - Maximum DTI subject to the following:
    - Primary Residence Purchase and Rate/Term Refinance Transactions: Maximum 50%
    - Primary Residence Cash-Out and Second Home/Investment Purchase, Rate/Term and Cash-out Transactions:
      - ≤ 70% LTV: Maximum 50% DTI
      - > 70% LTV: Maximum 43%
    - All Transactions: DTI 43.01% to 50% requires residual income of \$1500 per month
  - Significant derogatory credit includes foreclosure/pre-foreclosure, deed-in-lieu, short sale, short payoff, 7,11,13 bankruptcy, and modification. All derogatory credit events must be completed **prior to the application date**
  - Significant derogatory credit events require 4 year seasoning, measured from the event end date to the application date, except as noted below:
    - **All documentation options:** A 2-4 year waiting period is eligible with an LTV restriction. The maximum LTV is the **lesser of**:
      - 75% LTV, **or**
      - The maximum allowed per the applicable program matrix
    - **Full Doc ONLY:** A 0-2 year waiting period is eligible with an LTV restriction. The maximum LTV is the **lesser of**:
      - 70% LTV, **or**
      - The maximum allowed per the applicable program matrix
- NOTE: The 2-4 year waiting period guidance applies to any derogatory credit event that is exactly 2-years removed

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- Borrowers with **any** mortgage tradeline in a forbearance plan are subject to the following:
    - **No missed payments:** There is no waiting period if all mortgage payments were made on time with no missed payments while in the forbearance plan. Evidence must be provided the forbearance plan has been withdrawn, closed, or cancelled **prior to the loan application date**
    - **Missed payments:** If the borrower missed any payments on any mortgage while in a forbearance plan the following applies:
      - **1-3 consecutive missed payments during forbearance:**
        - Borrower is eligible, **and**
        - Documentation must be obtained confirming the forbearance plan has been withdrawn, closed, or cancelled, **and**
        - A minimum of three (3) monthly payments have been made on time after completion of the forbearance **and prior to the loan application date**
      - **More than 3 consecutive missed payments during forbearance:**
        - Borrower is **ineligible**
  - Borrowers with a non-mortgage account(s) in forbearance will be considered on a case-by-case basis **subject to Homebridge management review and approval**
  - 5% borrower own funds required on all transactions except for below:
    - Owner-occupied or second home purchase transactions utilizing a gift of equity do not require borrower own funds
  - Gift funds eligible from an immediate family member after borrower own funds requirement met.
  - Housing history requirements for all options are as follows (cumulative):
    - 0x30 in previous 12 months
    - 0x60 in previous 24 months
    - 0x120 in previous 4 years
  - Foreign nationals are ineligible
  - First time home buyers eligible on all documentation options with the exception of the Investor Cash Flow (ICF) option; **ineligible on ICF**
  - The credit report must be dated  $\leq 90$  days from the Note date
  - As a reminder, a collateral desktop analysis (CDA) is required as follows (see guidelines for exception):
    - Transactions where only one appraisal is required (loan amount  $\leq$  \$1,500,000), or
    - Transactions where two appraisals are required and one of the appraisals is a transferred appraisal
    - The cost of the CDA is \$150 and it must be reflected on the Loan Estimate under Section B "Services You Cannot Shop For"
  - Borrowers living rent free are ineligible

- Reserves are required on **ALL** documentation options

Reserve Requirements	
Loan Amount	Required Reserves
≤ \$1,000,000	6 months PITIA
> \$1,000,000 to ≤ \$2,000,000	9 months PITIA
Other Financed Properties*	2 months PITIA
<b>Investor Cash Flow Option ONLY</b> Vacant Property (includes multi-family with 1 or more vacant units)	6 months PITIA

NOTE: ICF option has an alternative calculation to determine reserves if the borrower has other financed properties; see guides for details

- Cash-out proceeds are eligible for closing costs or for the payoff/paydown of debt
- Cash-out proceeds are eligible to meet reserve requirements on Full Doc, Bank Statement, and Investor Cash Flow options subject to the following:
  - LTV is ≤ 65%: **Eligible**
  - LTV is > 65%: **Ineligible**
- Cash-out proceeds are ineligible to satisfy reserve requirements on Asset Qualifier option unless it is a delayed financing transaction
- Gift funds are ineligible to satisfy reserve requirements on all documentation options
- Texas Equity transactions (aka Texas cash-out) are now eligible (N/A ICF option)
- Investor Cash Flow Option:**
  - The minimum DSCR is 1.000
  - At least one borrower on the transaction must have a documented 12 month history of owning and managing rental properties
- 15 and 30 year fixed rate, 7/1 and 10/1 ARM available. Interest-only eligible on a 30 year fixed rate and 7/1 or 10/1 ARM
- A prepayment penalty applies on the Simple Access program for **investment transactions only** in **specific** states, as detailed below:
  - All documentation options, Full Doc, Bank Statement, ICF, and Asset Qualifier investment transactions, **ONLY** in the states listed below, **will automatically be priced to a 3-year prepayment penalty**
    - California,
    - Florida,
    - New York, and
    - Texas
  - Brokers have the option to change the prepayment penalty to no prepayment, 1 year, or 2 year prepayment with the following LLPA adjustments:
    - No prepay: 1.750
    - 12 months: 1.000
    - 24 months: 0.750
    - 36 months: 0.000

- The prepayment penalty applies when:
  - There is a full prepayment, **or**
  - Any payment within the preceding 12 months that **exceeds** 20% of the original principal loan amount
- The prepayment charge will equal 2.5% of the amount of the prepayment that **exceeds** 20% of the original loan amount
- The LE and CD **must reflect** the prepayment penalty. A Prepayment Rider to the Deed and Prepayment Addendum to the Note will be included in the closing documents
- If a Change of Circumstance is issued to add or remove a prepayment penalty, a mandatory 3-day waiting period, as required by TRID, applies
- **Investment properties located in CA, FL, NY, and TX only:**
  - **Brokers must select the applicable prepayment option from the “Prepayment” dropdown located in the “Mortgage Type” section on the Registration Screen in P.A.T.H. prior to loan registration (i.e. prior to clicking on the “Register” button).** Available prepayment options:
    1. No Prepayment
    2. 1 Year Prepayment
    3. 2 Year Prepayment
    4. 3 Year Prepayment
  - **If the prepayment field is not completed prior to loan registration, P.A.T.H. will automatically default to a 3 year prepayment**
  - **No action** is required for investment properties not located in CA, FL, NY, and TX; P.A.T.H. will automatically default those transactions to “No Prepayment”

**Example:**

“Mortgage Type” Section in P.A.T.H.

The screenshot displays the 'Mortgage Type' section of the P.A.T.H. registration screen. The 'Program Type' dropdown is set to 'Simple Access Investor Cash Flow'. Other fields include 'Purpose of Loan' (Refinance), 'Refinance Purpose' (Cash Out), 'Refinance Type' (empty), and 'Documentation Type' (Alternative). The 'Prepayment' dropdown is highlighted with a blue box, and its menu is open, showing options: 'No Prepayment' (highlighted in yellow), '1 Year Prepayment', '2 Year Prepayment', and '3 Year Prepayment'. Red arrows point to the '1 Year Prepayment', '2 Year Prepayment', and '3 Year Prepayment' options.

The Simple Access guidelines, Submission Form and Overview will be posted on the Homebridge website at [www.HomebridgeWholesale.com](http://www.HomebridgeWholesale.com)

The Homebridge rate sheet will reflect Simple Access pricing and the prepayment LLPAs on November 9, 2020

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