theLender- VA

Transaction	Number of Units	FICO	Maximum LTV/CLTV
Primary Residence – Owner Occupied			
Purchase	1 - 4 Unit	580	100%/100%
Cash-Out Refinance	1 - 4 Unit	580	100%/100%
VA IRRRL	1 - 4 Unit	580	125%/Unlimited
Manual Underwrites	1 - 4 Unit	620	Per VA Guidelines

Product Highlights

Topic	Guideline
Guidelines	VA Lenders Handbook: https://benefits.va.gov/warms/pam26_7.asp
Loan Limits	**VA Mortgage Limits** https://www.benefits.va.gov/homeloans/purchaseco_loan_limits.asp For purpose of determining the VA guaranty, Lenders are instructed to reference only the One-Unit Limit column in the FHFA table Fannie Mae and Freddie Mac Maximum Loan Limits.
Minimum Loan Amount	• $50,000
4506 Transcripts	• Transcripts are required per income documentation type included in the loan file.
Assets	Cryptocurrency, such as Bitcoin and Ethereum, may NOT be used for down payment funds or closing funds. These types of funds must be backed out of the borrower's assets.
AUS	• DU or LPA is allowed
AVM	An AVM is required on all VA IRRRLs for determination of LTV ratios, unless • The subject property was purchased within the most recent 12 months, original purchase price may be used for determination of LTV ratios, or • If no AVM is used the LTV will be based on the current outstanding loan balance. * Note: Refer to VA IRRRL Net Tangible Benefit section for LTV determination
Borrower Eligibility	• Maximum four borrowers per loan. • All borrowers must be natural persons • Must be a qualified Veteran and spouse • Non-U.S. citizens must provide proof of lawful residency ▪ Permanent Resident Alien: ○ Veteran: Copy of Permanent Resident Alien card and Certificate of Eligibility ○ Spouse: Copy of Permanent Resident Alien Card ▪ Non-Permanent Resident Alien: ○ Veteran: USCIS Employment Authorization Document (EAD Card) and Certificate of Eligibility ○ Spouse: USCIS Employment Authorization Document (EAD Card)
Cash Back to the Borrower – IRRRL	For VA IRRRL transactions: • Maximum $500
Cash-Out & IRRRL Seasoning	Except as noted below, all VA IRRRL and Cash-Out refinance loans, including payoff of a construction loan, the note date of the new refinance loan must be on or after the later of: ▪ The date that is 210 days after the first payment due date of the loan being refinanced, and ▪ The date on which the sixth monthly payment is made on the loan being refinanced. VA loans Refinancing Non-Mortgage Debts secured by the subject property such as tax or mechanic liens are not subject to the seasoning requirements stated above. VA loans refinancing mortgages without scheduled monthly payments such as reverse mortgages, are not subject to the seasoning requirements. Permanent Financing Construction Loans may or may not be subject to the Seasoning Requirements depending on the circumstances. ▪ In cases where the permanent financing is guaranteed under VA's Loan Guaranty Program as a Refinance transaction, the seasoning requirement must be met

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	▪ If the loan is structured and guaranteed as a Purchase transaction, the loan is not subject to the seasoning requirements stated above. Similar to VA loans refinancing mortgages without scheduled monthly payments, certain permanent financing construction loans may be exempt from the seasoning requirements when the construction loan that is being refinanced, by its own terms, doesn't provide for a minimum of six-monthly payments.
Condominiums	• All condominium projects must be VA approved.
Credit Score	• Credit Score Model- Classic FICO® only. VantageScore® 4.0 and FICO® Score 10T are ineligible. • 580 Min - All borrowers must have a valid credit score from at least one repository.
Deed Restrictions	• Age related deed restrictions are allowed
DTI	• No maximum with AUS approval. • 50% for manually underwritten files. • Manual DTIs over 41/41 require compensating factors • VA IRRRL – For credit qualifying transactions, DTIs>41% require residual income that is 120% above the required amount for the Veteran's Family size
Electronic Signatures	The following loan documents may not contain e-signatures: • Notes and Riders to the Note; • Security Instruments and Riders to the Security Instrument; • Notices of Right to Cancel (Rescission); and • Powers-of-Attorney.
Escrow (Impound) Waivers	Not Allowed. Escrows accounts for taxes, insurance and any additional items are required.
Fee Recoupment - IRRRL	For an IRRRL that results in a lower monthly principal and interest payment, all fees except taxes, amounts held in escrow, and fees paid under chapter 8 of the VA lenders Handbook must be recouped by the savings from the lower monthly payments within 36 months of the note date. For an IRRRL that results in the same or higher monthly principal and interest payment, the Veteran must incur no fees, closing costs, or expenses other than taxes, amounts held in escrow, and fees paid under chapter 8 of the VA lenders Handbook.
Geographical Restrictions	Hawaii- Ineligible
Hazard Insurance	• Coverage must be equal to or greater than the loan amount • "Guaranteed" replacement cost is acceptable **Note: a cost estimator from the insurance company must be provided if the above is not met to determine if coverage is adequate**
Ineligible Borrowers	• Foreign Nationals. • Borrowers who are politically exposed. • Borrowers with diplomatic immunity. • Non-Resident Aliens
Ineligible Programs	• VA Supplemental Loans • VA Native American Direct Loans • Farm Residence VA Loans • 1-4 Units with a Business Unit • Land Loans • Graduated Payment Mortgage (GPM) • Growing Equity Mortgage (GEM) • Rural Housing • Loans to Native Americans on Trust lands • Energy Efficient Mortgage (EEM) • Texas Cash Out – A(6)
Ineligible Properties	• Properties with ratings of C5, C6, Q6 • Assisted living facilities • Board and care facilities • Bed and breakfast establishments • Commercial property • Co-ops • Dome or log homes • Hawaii properties in Lava Zones 1 and 2 • Houseboats • Manufactured homes in condo projects or mobile home parks • Mobile homes • Native American lands • Working farmers and ranches • Properties with zoning violations
Joint Loans (Vet/Vet or Vet/Non-Vet)	Require review by the jurisdictional RLC or as required by the RLC

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Leasehold	Not Allowed.
Manual Underwriting	Allowed per VA requirements.
Marijuana Related Business/Employment	Income received from a marijuana related business or employment may not be used as qualifying income.
Maximum Loan Amount	• $1,500,000 for all states • 700 FICO required for all loan amounts over $1,000,000
Net Tangible Benefit	• For refinances in which the original loan being refinanced and the new refinance loan both have a fixed mortgage interest rate, the interest rate must be reduced by a minimum of 0.50%. • The lower interest rate may not be produced solely from discount points unless: ▪ Such points are paid at closing, and ▪ Such points are not added to the principal loan amount, unless: ○ The discount point is less than or equal to one discount point when LTV ratio is less than or equal to 100%. ○ The discount point is less than or equal to two discount point when LTV ratio is less than or equal to 90% ○ A Drive by or full interior/exterior appraisal, or an AVM is required when discount points are added to the principal balance of the loan.
Non-Traditional Credit	Not Allowed.
Occupancy Requirement	**United States law requires a Veteran obtaining a VA loan to occupy the subject property as his/her primary residence.** • Occupancy must occur within 60 days after loan closing. • Occupancy by the Veteran's spouse or dependent children satisfies the occupancy requirements for a Veteran who is on active duty and cannot occupy the property within 60 days. • Single or married service members, while deployed from their permanent duty station, are considered to be on temporary duty status and able to meet the occupancy requirements. • The occupancy requirement is met if the Veteran will retire within 12 months. Retirement must be verified with a specified date and the retirement income must be used to qualify for the loan. **The use of the subject property as a seasonal home does not meet VA requirements.**
Occupancy Type - IRRRL	1-4-unit owner-occupied primary residence (2-4 unit ineligible on high balance). 1 unit second home (ineligible on high balance). 1-4 unit investment (ineligible on high balance).
PACE/HERO Obligations	Not Allowed.
Power of Attorney	• May not be used on cash-out refinance transactions
Reserves	• 1-unit: none • 2-4 units • Rental income used to qualify: 6 months • 3 months reserves if borrower owns other real estate. Reserves are based on PITI of REO property ▪ Reserves not required if rental income not used to qualify
Sales Concessions	Must not exceed 4% of the sales price or appraised value whichever is less
Sales Contract	Assigned sales contracts are ineligible.
Secondary Financing	Not allowed on purchase transactions. Cash-Out Refinance: • New secondary financing is not allowed
Section 8 Vouchers	Not Eligible
State Restrictions	Texas 50(a)(6), not allowed.
Temporary Buy Down	Not Allowed
Termite Reports	• Regardless of the location of the property, a termite inspection is always required if the appraisal report indicates evidence of wood-destroying insect damage or an active infestation. • Termite inspections are required on properties if the property is located in an area where the probability of termite infestation is "very heavy" or "moderate to heavy" as shown on the Termite Infestation Probability (TIP) Map published in The Council of American Building Officials (CABO) one and two family dwelling code. ▪ If there is a question about the location of an infestation or probability boundary line in relation to the subject property, contact the VA Regional Loan Center of jurisdiction to determine if the requirement is applicable. • The pest control operator must meet all requirements of the state where the subject property is located. In states which require the use of a state inspection form, the state form is acceptable for VA purposes. • Inspection reports are valid for VA purposes for 90 days from the date of inspection. • Termite reports must be clear of all active infestation, dry rot, fungus infections and earth to wood contact. Termite reports and clearances are required in the following states: • Alabama, Arizona, California, Connecticut, Delaware, Florida, Georgia, Illinois, Indiana, Iowa, Kansas, Kentucky, Louisiana, Maryland, Missouri, New Jersey, North Carolina, Oklahoma, Ohio, Pennsylvania, Rhode Island, South Carolina, Tennessee, Texas, Utah, Virginia, and West Virginia • *Required on all existing residential properties including condo projects that are five stories or less in height.

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	Termite reports and clearances are required in certain Counties of the following states: • Michigan: Allegan, Barry, Berrien, Branch, Calhoun, Cass, Hillsdale, Ionia, Jackson, Kalamazoo, Kent, Lenawee, Livingston, Macomb, Mason, Monroe, Muskegon, Oakland, Oceana, Ottawa, St. Clair, St. Joseph, Van Buren, Washtenaw, and Wayne. • New Hampshire: Belknap, Cheshire, Hillsborough, Merrimack, Rockingham, Strafford, and Sullivan. Termite reports and clearances are not required in the following states: • Colorado Oregon and Washington
Verification of Employment/Verification of Deposit/Verification of Mortgage/Rent	• The use of a Verification of Employment (VOE) and/or a Verification of Deposit (VOD) only is not allowed. ▪ At a minimum paystubs and bank statements are required. At their discretion, underwriters may require additional income/asset documentation. • When the borrower's current lender or landlord is a private party, the use of a Verification of Mortgage (VOM) or Verification of Rent (VOR) only is not allowed. ▪ Copies of the borrower's most recent, consecutive 12 months cancelled checks are required.

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