

## VA Program Conforming and High Balance

Fixed Rate and ARMs

Primary Residence Full Documentation					
Transaction Type	Units	LTV	CLTV	Loan Amount	Credit Score
Purchase	1	90%	90%	VA Limit <sup>1,2</sup>	580 <sup>5</sup>
Purchase	1-4 <sup>4</sup>	100%	100%	VA Limit <sup>1,2</sup>	600
Cash-Out	1	90%	90%	VA Limit <sup>1,2</sup>	580 <sup>5</sup>
Cash-Out	1-4	90%	115%	VA Limit <sup>1,2</sup>	600
Cash-out	1-4	100% <sup>3</sup>	115%	VA Limit <sup>3</sup>	680

Refer to REMN's VA IRRRL matrix for IRRRL guidelines.

**Footnotes:**

1. VA loan limits can be found at [VA Loan Limits](#)
2. Maximum loan amount \$1,000,000 excluding Hawaii; maximum loan amount in Hawaii \$1,500,000. Loan amounts that exceed the county limit established by VA will require a down payment from the borrower.
3. Maximum loan amount \$417,000 (Alaska/ Hawaii \$625,500 or \$750,000 in Honolulu county, HI). Refer to the [Transaction Types](#) topic for specific requirements for cash-out > 90% LTV.
4. 2-4 unit properties subject to a Short Sale Agreement must have been listed on the MLS for a minimum of 30 days prior to the execution of the sales contract. Properties designated as an "Exclusive Listing" are **ineligible**.
5. Borrowers with a credit score of 580-599 are subject to specific guideline restrictions. Refer to the [Credit Score 580-599](#) topic to view requirements.

VA Funding Fee*		
Regular Military		
Down Payment	First Time Use	Subsequent Use
None	2.15%	3.30%
≥ 5%	1.50%	1.50%
≥ 10%	1.25%	1.25%
Reserves / National Guard		
Down Payment	First Time Use	Subsequent Use
None	2.40%	3.30%
≥ 5%	1.75%	1.75%
≥ 10%	1.50%	1.50%
Refinance Transactions		
Type of Veteran	First Time Use	Subsequent Use
Regular Military	2.15%	3.30%
Reserves / National Guard	2.40%	3.30%
Type of Loan	% for All Veterans	
Loan Assumptions	0.50%	

\*The Certificate of Eligibility (COE), issued by VA, will indicate if the veteran is exempt or non-exempt from paying the VA Funding Fee and the amount of the veteran's entitlement.

VA guidelines can be found at: [VA Lenders Handbook - VA Pamphlet 26-7](#)



## VA Program Guidelines

Topic	Guideline
4506-T	<ul style="list-style-type: none"> <li>Signed 4506-T required prior to closing for both personal and business tax returns (if applicable)</li> <li>Tax transcripts for personal tax returns are processed per DU findings or for 2 years on manual underwrite.</li> <li>4506-T results must be validated against the income documentation</li> <li>Broker provided processed 4506-T results are <b>not</b> eligible.</li> </ul>
Age of Documents	<ul style="list-style-type: none"> <li>All credit, income and asset documentation must be ≤ 120 days from the Note date</li> <li>Appraisal must be dated with 180 days of the Note date.</li> </ul>
Appraisals	<ul style="list-style-type: none"> <li>Appraisal must be performed by a VA appraiser. Appraisals are ordered through VA.</li> <li>The Notice of Value (NOV) must be provided to the veteran within 3 business days.</li> <li>The NOV must be issued at the appraised value reflected on the appraisal report.</li> <li>The appraisal must include clear, illustrative, original photographs showing the front and rear view (preferably including a different side view in each photograph) and a street scene of the subject property.</li> <li>The interior photos must include the following: <ul style="list-style-type: none"> <li>- Kitchen,</li> <li>- All bathrooms,</li> <li>- Main living area,</li> <li>- Examples of any physical deterioration, if present, and</li> <li>- Examples of any recent updates, such as restoration, remodeling, and renovation if present.</li> </ul> </li> <li>Modular/prefabricated homes: The appraiser must address the marketability of the property.</li> <li>A photograph of the front of each comparable is required. Photographs of the comparable listings are not required.</li> <li>The source of the closed comparable sales used in the appraisal must be from one of the following or a desk review will be required: <ul style="list-style-type: none"> <li>- A Multiple Listing Service (MLS), or</li> <li>- MRIS (<a href="http://www.mris.com">www.mris.com</a>), or</li> <li>- Midwest Real Estate Dated (MRED) (<a href="http://www.mredllc.com">www.mredllc.com</a>), or</li> <li>- North Texas Real Estate Information Systems, Inc. NTREIS) at (<a href="http://www.ntreis.net">www.ntreis.net</a>), or</li> <li>- San Antonio Board of Realtors (<a href="http://www.sabor.com">www.sabor.com</a>), or</li> <li>- GeoData at <a href="http://www.geodataplus.com">www.geodataplus.com</a> , or</li> <li>- Comps Inc. at <a href="http://www.compsny.com">www.compsny.com</a></li> </ul> </li> </ul> <p>NOTE: Comparables from a public independent source are only eligible in the states of Vermont and Maine.</p> <p style="padding-left: 40px;">Copies of photographs from the multiple listing service are acceptable only with an explanation of why original photos are not provide, i.e. gated communities where access may require trespass to photograph, etc.</p> <ul style="list-style-type: none"> <li>Comparable sales used for new construction properties are subject to the following: <ul style="list-style-type: none"> <li>- If all three of the comparable sales used to support the value of the subject property were obtained from one of the above sources (public source eligible in Vermont and Maine only) no further action is required.</li> <li>- If the comparable sales are not all obtained from a MLS, MRIS, MRED, NTREIS, or public source (public source Vermont/Maine only). the appraiser must comment that the subject property development is being marketed in an “open” or “public” environment (i.e. newspaper advertisements, bill board signs, website, etc.). <ul style="list-style-type: none"> <li>- Additionally, the following applies: <ul style="list-style-type: none"> <li>- One of the comparable sales must be outside the project the subject property is located in and be from an MLS or MRIS, MRED, or NTREIS, or public source (public source Vermont/Maine only).</li> <li>- Two of the comparable sales must be from sources other than the subject property builder.</li> </ul> </li> </ul> </li> </ul> </li> </ul> <p>NOTE: The appraiser is always allowed to provide more than three comparable sales in order to support the property value.</p>

## VA Program Guidelines

<b>Appraisals (cont.)</b>	<ul style="list-style-type: none"> <li>Properties that do not meet the “minimum property standards” requirement may be eligible for an escrow holdback. Holdback/repair escrows are subject to REMN Wholesale approval. If approved, the appraiser must confirm the work completed will bring the property up to average condition. Refer to the <a href="#">Escrow Holdbacks</a> topic for more details.</li> <li>The subject and all comparable must be appropriately identified. Refer to the <a href="#">Minimum Property Standards</a> topic for property requirements.</li> </ul>
<b>Assets</b>	<ul style="list-style-type: none"> <li>If assets are required to close the following is required to indicate sufficient funds: <ul style="list-style-type: none"> <li>- 2 months bank statements or per DU Findings (all pages)</li> <li>- <b>Purchase transactions credit score of 580-599:</b> Two (2) months bank statements required to document 10% borrower own funds down payment requirement. Bank statements must be dated for the two months prior to the loan application date. All other asset documentation requirements must also be met.</li> </ul> </li> <li>Verification and documentation of the deposit amount and source of funds is required, if the earnest money: <ul style="list-style-type: none"> <li>- Exceeds 2% of the sales price, or</li> <li>- Appears to be excessive based on the borrower’s history of accumulated savings. <ul style="list-style-type: none"> <li>- Satisfactory documentation includes: <ul style="list-style-type: none"> <li>- Copy of the cancelled check and a copy of the bank statement showing the withdrawal</li> <li>- Certification from the deposit holder acknowledging receipt of the funds</li> <li>- Bank statements (all pages) for the most recent 2 months.</li> </ul> </li> </ul> </li> </ul> <p style="margin-left: 40px;">NOTE: VODs are <b>not</b> acceptable as the primary source of verification.</p> </li> <li>Cash on hand and unsecured funds are ineligible sources for assets.</li> <li>If the veteran will be using funds from a joint account and that person is not on the loan a letter, stating that the veteran has full access to the funds in the account is required. If the other party is not the veteran’s spouse, an explanation of the relationship is required and it must be noted if they will also be occupying the property.</li> <li>Verification and documentation of any recent large deposit(s), a deposit that exceeds 2% of the property’s sales price on a purchase transaction and 2% of the fair market value on a refinance transaction, is required.</li> </ul>
<b>Assumptions</b>	Not allowed
<b>AUS</b>	<ul style="list-style-type: none"> <li>All loans are run through DU. REMN accepts the following Findings on VA loans:</li> <li>“Approve/Eligible”, <b>or</b></li> <li>“Refer/Eligible”. A “Refer/Eligible” will require a manual underwrite which is on an exception basis only.</li> <li>An “Approve/Eligible” Finding must be downgraded to a manual underwrite, subject to REMN management approval, when any of the following are present: <ul style="list-style-type: none"> <li>- The mortgage history has a 1 x 30 in the previous 12 months</li> <li>- There are disputed tradelines <ul style="list-style-type: none"> <li>- A manual downgrade is <b>not</b> required if the disputed tradeline meets <b>all</b> of the following: <ul style="list-style-type: none"> <li>- The disputed account has a zero balance, <b>and</b></li> <li>- The disputed account is marked “paid in full” or “resolved”, <b>and</b></li> <li>- The disputed account is <b>both</b> &lt; \$500.00 <b>and</b> is &gt; 24 months old.</li> </ul> </li> </ul> </li> <li>- Subject loan was a previously restructured/modified mortgage. <ul style="list-style-type: none"> <li>- A minimum of 12 months of 0x30 payments have been made on the restructured/modified loan.</li> <li>- Mortgages in default at time of loan restructure/modification are not eligible.</li> </ul> </li> </ul> </li> </ul>
<b>Available Markets</b>	<ul style="list-style-type: none"> <li>All 50 states with the exception of Massachusetts and Nevada.</li> <li>Guam, Puerto Rico and the Virgin Islands are ineligible.</li> </ul>

## VA Program Guidelines

<b>Borrowers - Eligible</b>	<p>Veteran or veteran and spouse</p> <p>Loans where the borrowers are same-sex married couples are required to be submitted to the VA Regional Loan Center for review. The following information is required:</p> <ul style="list-style-type: none"> <li>• Date and name of the state where the marriage occurred,</li> <li>• The state the borrowers were residing in at the time of the marriage,</li> <li>• State where the subject property is located,</li> <li>• Current state of residence, and</li> <li>• Estimated loan closing date.</li> </ul> <p>VA will review loans for the home loan guaranty benefit and determine if both spouses' income may be used.</p>
<b>CAIVRS/LDP/GSA</b>	<ul style="list-style-type: none"> <li>• <b>CAIVRS at <a href="#">CAIVRS</a></b> <ul style="list-style-type: none"> <li>- All borrowers must be checked against the Credit Alert Interactive Voice Response System (CAIVRS) to determine if they have delinquent federal debt. Borrowers identified with a CAIVRS claim are generally ineligible.</li> </ul> <p>Borrowers with a CAIVRS claim number due to a short sale are eligible for a VA loan if a minimum of two (2) years have passed since the short sale and the borrower otherwise qualifies for the loan. The borrower is required to provide an explanation of the event.</p> </li> <li>• <b>LDP / GSA <a href="#">LDP / GSA</a></b> <ul style="list-style-type: none"> <li>- All of the following parties to the transaction, as applicable, must be checked against HUD's Limited Denial of Participation list and the General Service Administration's Excluded Parties List System. <ul style="list-style-type: none"> <li>- Borrower(s)</li> <li>- Broker</li> <li>- Loan Agent</li> <li>- Seller</li> <li>- Real Estate Listing and Selling Agent(s)</li> <li>- Appraiser</li> </ul> </li> </ul> </li> </ul>
<b>Contingent Liabilities</b>	<p>A contingent liability exists when an individual is responsible for payment of a debt if another party, jointly or severally obligated, defaults on the payment.</p> <ul style="list-style-type: none"> <li>• <b>Co-Signed Debt</b> <ul style="list-style-type: none"> <li>- When the borrower is legally obligated on a debt, the debt must be included in the borrower's DTI ratio, even if another party is making the payment. The payment may only be excluded when the person making the payment is also legally obligated on the debt.</li> <li>- Personal debt, where the borrower is a co-signer, may be excluded from the DTI if: <ul style="list-style-type: none"> <li>- Documentation is provided verifying another borrower is responsible for the debt, and</li> <li>- Copies of the cancelled checks (front and back) are provided from the party paying the debt for the most recent 12 consecutive payments, and</li> <li>- The credit report indicates the account has no late payments.</li> </ul> </li> </ul> <p>NOTE: If required documentation cannot be obtained, management approval is required to exclude debt from the monthly DTI calculation.</p> </li> <li>• <b>Business Debt</b> <ul style="list-style-type: none"> <li>- <b>Sole Proprietorship or Partnership:</b> The business is not an entity that can borrow and any debt used by the business is personal obligations regardless of how the debt is paid. <ul style="list-style-type: none"> <li>- This type of debt must be included in the borrower's DTI. The debt may be added back to the business income so the debt is not counted twice</li> </ul> </li> <li>- <b>Corporations (Includes Sub-S and most LLCs):</b> A corporation is a legal entity that can be obligated for debts. Officers of the corporation or members of an LLC are often required to personally sign as additional guarantors for debts owed by the Corporation or LLC. <ul style="list-style-type: none"> <li>- Debts may be excluded from the DTI, if: <ul style="list-style-type: none"> <li>- A minimum of 12 consecutive most recent cancelled checks are provided by the corporation/LLC for payment on the debt, and</li> <li>- Documentation is provided showing the corporation/LLC is a borrower on the loan.</li> </ul> </li> </ul> </li> </ul> </li> </ul>

## VA Program Guidelines

<b>Compensating Factors</b>	<p>VA considers the following when considering compensating factors:</p> <ul style="list-style-type: none"> <li>• Excellent credit history</li> <li>• Conservative use of consumer credit</li> <li>• Minimal consumer debt</li> <li>• Long-term employment</li> <li>• Military benefits</li> <li>• High residual income</li> <li>• Low DTI ratio</li> <li>• Significant liquid assets</li> <li>• Sizable down payment</li> <li>• The existence of equity in refinance loans</li> <li>• Little or no increase in shelter expense</li> <li>• Satisfactory homeownership experience</li> <li>• Tax credits for child care</li> <li>• Tax benefits of home ownership</li> </ul>
<b>Credit - Installment/Revolving Accounts and Deferred Student Loans</b>	<p>All debts will be run through DU to ensure accurate DU Findings.</p> <ul style="list-style-type: none"> <li>• <b>Installment Debt</b> <ul style="list-style-type: none"> <li>- Included in the DTI if &gt; 10 months remaining, or</li> <li>- Included if ≤ 10 months remaining AND payment is &gt; \$100.00 and/or at underwriters discretion</li> </ul> </li> <li>• <b>Revolving Debt</b> <ul style="list-style-type: none"> <li>- Revolving debt must be included if there is a balance indicated on the credit report. If the monthly payment is not included in the credit report the underwriter will calculate the payment using the greater of \$10.00 or 5% of the outstanding balance. If the actual dollar amount is documented by the creditor or a current monthly statement, that amount may be used for qualifying.</li> <li>- Cash-out refinance transactions <ul style="list-style-type: none"> <li>- If paid off prior to closing, documentation must be included in the loan file that the account was paid off and closed.</li> <li>- Payoff must be indicated on the HUD-1</li> <li>- Closing agent must verify that the account(s) were closed prior to disbursement.</li> </ul> </li> </ul> </li> <li>• <b>Deferred Student Loans</b> <ul style="list-style-type: none"> <li>- Payments deferred or in forbearance &gt; 12 months from the Note date may be excluded from the DTI ratios</li> </ul> </li> </ul>
<b>Credit Report/Scores</b>	<ul style="list-style-type: none"> <li>• A minimum credit score of 580 is required regardless of DU Findings. Credit scores of 580-599 are subject to specific guidelines. Refer to the <a href="#">Credit Score 580-599</a> topic for requirements.</li> <li>• A minimum credit score of 680 is required on cash-out transactions ≥ 95% LTV.</li> <li>• A tri-merged credit report is required for all borrowers.</li> <li>• The veteran must meet the minimum credit score requirement.</li> <li>• The representative credit score is determined as follows: <ul style="list-style-type: none"> <li>- If there are three (3) valid scores, the middle score is used. If two of the three scores are a duplicate, the duplicate score is used.</li> <li>- If there are two (2) valid scores, the lower of the two is used</li> <li>- If there is one (1) valid score, that score is used</li> </ul> </li> <li>• The borrower(s) must address <b>all</b> credit inquiries indicated on the credit report within the previous 120 days and indicate the reason for and result of the inquiry (i.e. was new credit obtained or not). <p><b>Examples:</b></p> <ul style="list-style-type: none"> <li>- <i>Acceptable Response:</i> Chase, Wells &amp; Bank of America credit pulled while searching for a mortgage on property located at 123 Main Street; no credit was obtained.</li> <li>- <i>Unacceptable Response:</i> “We did not accept any credit for the inquiries listed on our credit report: or “We did not accept any credit from Chase, Wells &amp; Bank of America” (neither response specifically addresses both the inquiry and disposition).</li> </ul> </li> </ul>

## VA Program Guidelines

### Credit Score 580-599

The following applies when the borrower's credit score is between 580-599:

- Maximum LTV/CLTV:
  - **Purchase transactions:** 90% LTV/CLTV. Minimum 12 months documented mortgage history, indicating 0x30 in 12 months is required. < 12 months mortgage history is **ineligible**. No gift or DPA funds allowed for down payment; all funds for down payment must be from borrower own funds.
  - **Refinance transactions:** 90% LTV/CLTV. Minimum 2 year payment history on the current loan with 0x30 in previous 24 months is required.
- 1-unit properties only (attached/detached SFR, PUDs, condos)
- Maximum DTI 31%/43%. Maximum applies to both ratios individually (i.e. if the DTI is 34%/42% the loan is ineligible). **No exceptions.**
- No gifts or DPA funds allowed for down payment. Gift funds eligible for closing costs and/or to reduce LTV only after 10% borrower own funds for down payment requirement is met.
  - Two (2) months bank statements required to document borrower own funds requirement. Bank statements provided must be dated for the two months prior to the application date
  - A letter, signed by all borrowers, stating that all funds used for the 10% down payment requirement are borrower own funds, will be required.
- Twelve (12) month mortgage history with 0x30 in previous 12 months, verified by an in-file credit report trade line rating, is required. Borrowers without a mortgage history (currently renting or living rent-free with family) are **ineligible**.
- VA standard residual income requirements apply.
- Maximum payment shock is 100%. Payment shock > 50% - 100% is subject to the following:
  - Standard **residual income requirement must be doubled** (i.e. if VA normally requires residual income of \$350 a minimum of \$700 would be required).
- Property flips (property being re-sold ≤ 90 days from acquisition) are ineligible.

## VA Program Guidelines

### Derogatory Credit

#### Bankruptcy

- **Chapter 13**

- If the veteran has finished making all payments and the payments were paid satisfactorily, the veteran is considered to have re-established credit.
- If the veteran has not finished making payments the veteran is eligible subject to:
  - A minimum of 12-months' payments have been made satisfactorily, and
  - The trustee or bankruptcy judge provides written permission for the veteran to enter into the mortgage transaction.

- **Chapter 7**

- > 2 years since discharge date to application date.
- If bankruptcy was discharged within 1 to 2 years (discharge date to application date) may be considered if both of the following are met:
  - The bankruptcy was due to documented circumstances beyond the borrower(s) control (e.g. unemployment, medical bills not covered by insurance, death, etc. Divorce is generally **not** considered a circumstance beyond control), **and**
  - The borrower(s) have obtained credit subsequent to the bankruptcy and accounts have made satisfactory payments over a continued period.
- Discharged < 12 months is ineligible

- A letter of explanation for any bankruptcy filing is required

#### Collections/Charge-offs/Judgments

- Collection and charge-offs are generally not required to be paid off, however follow AUS Findings if payoff is required.
- Judgments must be paid or in a repayment plan for 12 months with a 0 x 30 in 12 month history.
- A letter of explanation is required for all collection/charge-off/judgment accounts. Letter of explanation at underwriter discretion if DU "Approve/Eligible" Finding received.  
NOTE: At underwriter discretion, payoff may be required regardless of the account balance.
- Borrowers with a history of collection/charge-off accounts should have re-established a 12 month satisfactory credit history.

#### Consumer Credit Counseling

- > 1 year of the payout has elapsed
- All payments have been paid on time as agreed, and
- Written permission from the Counseling Agency to enter into a mortgage transaction is required.

#### Delinquent Child Support

Delinquent child support must be paid current or in a payment plan. On a case-by-case basis this requirement may be waived subject to underwriter review.

#### Foreclosure

- > 2 years since completion to application date
- If foreclosure completed within the past 1-2 years (foreclosure settlement date to application date) the borrower may be eligible subject to the following:
  - The foreclosure was due to documented circumstances beyond the borrower(s) control (e.g. unemployment, medical bills not covered by insurance, death, etc. Divorce is generally **not** considered a circumstance beyond control), **and**
  - The borrower(s) have obtained credit subsequent to the foreclosure and have made satisfactory payments over a continued period.
- Borrower(s) must have re-established credit
- No late housing or installment payments after the foreclosure
- A letter of explanation as to the reason for foreclosure.

NOTE: If the foreclosure was included in a Chapter 7 bankruptcy, the discharge date is used for determining the foreclosure date.

If the foreclosure was on a VA loan, the applicant may not have full entitlement available. REMN requires a minimum 25% guaranty.

## VA Program Guidelines

<b>Derogatory Credit</b> (cont.)	<p><b>Short Sale</b></p> <ul style="list-style-type: none"> <li>A specific waiting period is not required by VA.</li> <li>If the borrower's overall credit record is good, the short sale does not necessarily stop the borrower from obtaining new credit.</li> <li>The borrower's overall credit should be reviewed, including the mortgage payments. Any delinquent mortgage payments should be viewed in the context of the borrower's overall credit.</li> <li>If the borrower's overall credit was not good at the time of the short sale the borrower must:             <ul style="list-style-type: none"> <li>- Have re-established good credit, and</li> <li>- The reason for the short sale must have been due to circumstances beyond the borrower's control, and</li> <li>- Late housing or installment payments after the short sale will be evaluated by the underwriter and considered on a case-by-case basis.</li> </ul> </li> </ul> <p><b>Restructured/Modified</b></p> <p>If the subject loan was a previously restructured/modified mortgage the following applies.</p> <ul style="list-style-type: none"> <li>Loan is subject to a manual downgrade</li> <li>A minimum of 12 months of 0x30 payments have been made on the modified loan</li> </ul> <p>NOTE: If mortgage was in default at the time of modification is <b>not</b> eligible</p>
<b>Down Payment</b>	<p>Not required unless the purchase price exceeds the full reasonable value of the property or if the loan amount exceeds the county limit established by VA then a down payment is required by the borrower from the borrower's own funds. VA also requires a down payment on all GPMs.</p>
<b>DTI</b>	<ul style="list-style-type: none"> <li>Max DTI 31%/43% with a 580-619 credit score.</li> <li>Max DTI 45% with a 620-639 credit score however a DTI &gt; 41% requires additional documentation/justification unless:             <ul style="list-style-type: none"> <li>- The ratio is &gt; 41% is due solely to the existence of tax-free income, or</li> <li>- Residual income exceeds the guidelines by at least 20%</li> </ul> <p>File must include justification including all compensating factors.</p> </li> <li>Per DU Findings with a <math>\geq</math> 640 credit score and an "Approve/Eligible"</li> <li>Illinois 2-4 units, New Jersey and New York 3-4 units maximum 45% DTI.</li> <li>The debt-to income ratio includes the following:             <ul style="list-style-type: none"> <li>- Monthly housing expense, and</li> <li>- Additional recurring charges extending 10 months or more, such as                 <ul style="list-style-type: none"> <li>- Installment accounts,</li> <li>- Child support or separate maintenance payments,</li> <li>- Revolving accounts,</li> <li>- Alimony.</li> </ul> </li> </ul> </li> <li>Tax free income may be "grossed up" for purposes of calculating the DTI ratio only (<b>not</b> for residual income).</li> <li>Debts that will be paid off in &lt; 10 months must be included in the DTI if the amount of the debt will affect the borrower's ability to pay the mortgage during the months immediately after close especially when the borrower will have limited or no cash assets after loan closing.</li> </ul> <p>NOTE: Monthly payments on revolving or open-end accounts, regardless of their balances, are counted as liabilities for qualifying purposes even if the accounts appear likely to be paid off within 10 months or less.</p>

## VA Program Guidelines

<b>Employment/ Income</b>	<ul style="list-style-type: none"> <li>• A two year employment history is required</li> <li>• A verbal verification of employment (VVOE) <b>is required</b> within 10 calendar days of loan closing. NOTE: A written VOE is only allowed as a supplement to a VVOE to further explain the type of income earned (e.g. breakdown of base, OT, bonus, commissions, etc.).</li> <li>• A military Leave and Earnings Statement (LES) is required for active duty military in lieu of a VVOE</li> <li>• A current paystub with YTD of at least one month, and W-2s for prior 2 years</li> <li>• <b>Self-employed borrowers</b> <ul style="list-style-type: none"> <li>- Follow AUS Findings for documentation requirements</li> <li>- Manual underwrite requires:           <ul style="list-style-type: none"> <li>- 2 years signed personal tax returns</li> <li>- 2 years signed business/corporate tax returns, at underwriter discretion</li> <li>- A business credit report if corporation or partnership</li> <li>- YTD Profit and Loss (P&amp;L) and balance sheet (prepared by the borrower is acceptable)</li> <li>- Only income from the tax returns can be used unless P&amp;L audited by CPA</li> <li>- Income must not be declining more than 10% per year or must use lowest income to qualify</li> <li>- Depreciation and /or depletion may be added back, and</li> <li>- Business use of home may not be added back.</li> </ul> </li> </ul> </li> <li>• <b>Rental Income</b> <ul style="list-style-type: none"> <li>- <b>Conversion of Current Residence</b> <ul style="list-style-type: none"> <li>- The prospective rental income may be used to offset the mortgage payment on the rental property. It may not be included in the effective income.</li> <li>- If the borrower has a rental agreement it must be provided. If there is no rental agreement, the prospective rental income may still be considered if the local rental market is determined to be strong and the property will probably not be difficult to rent. Realtors/appraisers are examples of parties who can identify local rental market trends.</li> </ul> </li> <li>- <b>Other Rental Property not Secured by a VA Loan</b> <ul style="list-style-type: none"> <li>- Borrowers with a history of being a landlord may use rental income from other property as follows:           <ul style="list-style-type: none"> <li>- Documented 3 months PITI reserves, and</li> <li>- Previous 2 years' individual tax returns, with all applicable schedules, indicating the rental income generated by the property is required.</li> </ul> </li> </ul> </li> <li>- <b>Rental of Multi-Unit Property Securing the VA Loan</b> <ul style="list-style-type: none"> <li>- The prospective rental income may be included in the veteran's effective income if:           <ul style="list-style-type: none"> <li>- The veteran has a documented history of being a landlord and there is reasonable likelihood of continued success,</li> <li>- There are 6 months PITI cash reserves, and</li> <li>- The amount of rental income included in the effective income is:               <ul style="list-style-type: none"> <li>- Based on 75% of the prior rent collected (existing property), or</li> <li>- The appraiser opinion of the property's fair monthly rent (new construction).</li> </ul> </li> </ul> </li> </ul> </li> </ul> </li></ul>
-------------------------------	--

## VA Program Guidelines

<b>Employment/ Income (cont.)</b>	<p><b>Projected Income from a New Job</b></p> <p>Subject to REMN management approval projected income from a new job that the borrower is scheduled to start is eligible subject to the following:</p> <ul style="list-style-type: none"> <li>The borrower must be scheduled to start the new position within 30 days of loan closing, <b>no exceptions.</b></li> <li>A non-revocable, guaranteed employment contract is required.</li> <li>Borrower must have sufficient other income or cash reserves to pay the mortgage and all other obligations from loan closing to the start of the new job.</li> <li>A letter, signed by the borrower(s) is required, certifying that a paystub or other acceptable documentation to validate the borrower has started employment.</li> </ul> <p><b>Social Security Income Documentation Requirements</b></p> <p>Income received from the Social Security Administration (e.g. social security, Supplemental Security Income (SSI), disability, etc.) is eligible for qualifying the borrower when the income can be verified and it is likely to continue form a minimum of three (3) years from the date of the mortgage application.</p> <p>NOTE: Income that will not continue for a minimum of three (3) years may only be considered as a compensating factor.</p> <p><b>Verifying SSA Income:</b> Any of the following is acceptable:</p> <ul style="list-style-type: none"> <li>Federal tax returns,</li> <li>Social Security Award Letter (aka Benefits Letter/Budget Letter),</li> <li>Social Security Benefits statement (SSA 1099/1042S), or</li> <li>Most recent bank statement evidencing receipt of the income from SSA.</li> </ul> <p><b>Verifying Continuance of SSA Income:</b> To document the continuance of the SSA income for three (3) years obtain the most recent Notice of Award Letter or equivalent documentation.</p> <p>If an expiration date is not stated it can be considered likely to continue. Additional information is <b>not</b> required to establish length of receipt. Additionally, <b>never</b> request documentation concerning the nature of disability or medical condition and evidence of a pending or current re-evaluation of medical eligibility <b>should not</b> be considered an indication the benefits will not continue.</p> <p>The income stated on an initial Notice of Award Letter (or equivalent) ,which indicates the borrower will be receiving benefits, may be used as effective income as of the start date of the income as stated on the Award Letter. The borrower must have other income to qualify for the mortgage until the start date of the benefit.</p> <p><b>Other Long-Term Disability Income:</b> Other long term disability income (workers compensation, private insurance) may also be used for qualifying income following the guidelines above.</p>
<b>Escrow Holdbacks</b>	<p><b>Home Fixer – Repair Escrow Option Program</b></p> <ul style="list-style-type: none"> <li>Maximum amount of repairs is limited to \$5,000</li> <li>Required repairs cannot impact the habitability or safety of the subject property</li> <li>An estimate from a licensed contractor or other qualified professional, listing all repairs required</li> <li>1.5 times the amount of the estimate will be held in escrow</li> <li>Repairs must be completed within 14 days of loan disbursement and the final inspection must be received within 72 hours</li> </ul> <p>NOTE: Properties that do not meet the “minimum property standards” appraisal requirement may be eligible for an escrow holdback. If an escrow holdback is approved, the appraiser must confirm the work completed will bring the property up to average condition.</p>
<b>Escrow/Impound Account</b>	<p>Required on all loans, no exceptions.</p>

## VA Program Guidelines

<b>Fees and Charges</b>	<p>VA allows the following fees and charges:</p> <ul style="list-style-type: none"> <li>• 1% origination fee based on total loan amount. Fees determined by VA as unallowable <b>cannot</b> be charged, <b>or</b></li> <li>• 1% unallowable fees based on the total loan amount. An origination fee <b>cannot</b> be charged, <b>or</b></li> <li>• 1% blend of origination fee and unallowable fees based on the total loan amount. Fees cannot exceed 1% of the total loan amount.</li> <li>• The veteran <b>cannot</b> pay any of the following fees:             <ul style="list-style-type: none"> <li>- Attorney fees (unless the veteran independently retains an attorney)</li> <li>- Pre-payment fees</li> <li>- Real estate broker fees</li> <li>- FHA re-inspection fees</li> <li>- Termite inspection (allowed on refinance transactions only).</li> </ul> </li> </ul> <p><b>Unallowable Fees</b>            The following fees <b>cannot</b> be charged if a 1% origination fee is charged.</p> <ul style="list-style-type: none"> <li>• Lender's Inspection</li> <li>• Lender's Appraisal</li> <li>• Closing/Settlement Fee</li> <li>• Doc Prep Fees</li> <li>• Conveyance Fee</li> <li>• Underwriting Fee</li> <li>• Pest Inspection Fee</li> <li>• Well/Septic Fee</li> <li>• Escrow Fees</li> <li>• Notary Fee</li> <li>• Commitment fee</li> <li>• Trustee Fee</li> <li>• Interest Rate Lock Fee</li> <li>• Postage/Mail Charges</li> <li>• Amortization Schedule</li> <li>• Tax Service Fee</li> <li>• Attorney's Services other than title work</li> <li>• Loan Application/Processing Fee</li> <li>• Fees for preparing Truth-in-Lending</li> <li>• Prepayment Penalties (refinance)</li> <li>• Any other fee not listed as allowable by VA</li> <li>• Fees to Loan Brokers, Finders or other 3rd party fees</li> </ul>
<b>Financed Properties</b>	<p><b>Allowable Closing Costs:</b> The following fees may be charged:</p> <ul style="list-style-type: none"> <li>• Loan Origination Fee</li> <li>• Reasonable Discount Points</li> <li>• Appraisal Fee / Compliance Inspection</li> <li>• Credit Report Fee (actual)</li> <li>• Title examination / Title Insurance Fees</li> <li>• Recording Fees &amp; Taxes</li> <li>• Prorated Taxes</li> <li>• Hazard Insurance</li> <li>• Flood Insurance</li> <li>• Flood Determination</li> <li>• Federal Express / Express Mail (Refi only)</li> <li>• Closing Protection Letter</li> <li>• VA Funding Fee</li> <li>• MERS Registration</li> <li>• Survey / Plot Plan</li> </ul> <p>Refer to the <a href="#">VA Handbook</a> for detailed guidance on allowable fees and charges.</p>
<b>Financed Properties</b>	<p>REM N Wholesale Overlays:</p> <ul style="list-style-type: none"> <li>• Borrowers who own more than four (4) properties (including the subject property) are not eligible for financing with REM N Wholesale. Exceptions may be granted on a case-by-case basis with REM N Wholesale management approval. A price adjustment may apply.</li> <li>• No multiple simultaneous loan submissions allowed if contingent to qualify</li> <li>• REM N limits its exposure to a maximum of 4 loans per borrower.</li> </ul>

## VA Program Guidelines

<b>Gift Funds</b>	<p>Gifts, grants, and down payment assistance programs are eligible per VA guidelines. There must be no expected or implied repayment requirement of the gift funds. . Gift /DPA funds are <b>ineligible</b> with a credit score of 580-599 until the 10% borrower own funds requirement has been met. Gift funds may be used after the borrower meets the 10% down payment from own funds requirement closing costs or to further reduce the LTV.</p> <ul style="list-style-type: none"> <li>• Illinois 2-4 units, New Jersey and New York 3-4 units If &gt; 90% LTV no gifts or grants.</li> <li>• A gift is acceptable if the donor is:             <ul style="list-style-type: none"> <li>- A relative of the borrower,</li> <li>- A government agency or public entity that has a program providing home ownership assistance to low and moderate income families or fist-time homebuyers.</li> </ul> </li> <li>• Gift funds must be evidenced by a gift letter, signed by the donor and it must:             <ul style="list-style-type: none"> <li>- Specify the dollar amount,</li> <li>- Be signed by the donor and the borrower,</li> <li>- Specify the date the funds were transferred,</li> <li>- Indicate the donor(s) name, address, phone number, and relationship to the borrower, and</li> <li>- Include a statement by the donor that no repayment of the gift funds is expected.</li> </ul> </li> <li>• The gift donor may <b>not</b> be a person/entity with an interest in the sale of the property including:             <ul style="list-style-type: none"> <li>- Seller</li> <li>- Real estate agent or broker</li> <li>- Builder or associated entity</li> </ul> <p>Gifts from these sources are considered “inducements to purchase” and must be subtracted from the sales price.</p> </li> <li>• Gift fund availability and transfer of the funds must be documented. Verification of transfer of funds must be documented as noted below:             <ul style="list-style-type: none"> <li>- Gift funds given prior to closing                 <ul style="list-style-type: none"> <li>- Copy of the donor’s cancelled check (front and back) and conclusive evidence that the money was withdrawn from the donor’s account (conclusive evidence might be a withdrawal slip or bank statement and the borrower’s deposit slip and/or bank statement verifying the deposit.</li> </ul> </li> <li>- Gift funds given to closing agent: (<b>cannot</b> be on day of closing and allowed on an exception basis <b>only</b>)                 <ul style="list-style-type: none"> <li>- Must be received at least one day prior to closing to allow for underwriter review; gift funds the day of closing are not allowed.</li> <li>- A copy of donor’s check to the closing agent is required, and</li> <li>- Gift must be reflected on HUD-1.</li> </ul> </li> </ul> <p>NOTE. When a bank statement is used to document funds, the donor <b>may</b> be required to document large deposits to ensure the funds did not come from an interested third party.</p> </li> <li>• Regardless of when gift funds are made available to the borrower, the underwriter must be able to determine that he gift funds were not provided by an unacceptable source and were the donor’s own funds. The transfer from donor to borrower must be fully documented.             <p>NOTE: Donor’s may borrower gift funds from an acceptable source provided the borrowers are not obligors to any Note securing the money borrower to give the gift.</p> </li> </ul>
<b>Gift of Equity</b>	<ul style="list-style-type: none"> <li>• A gift of equity is acceptable from an immediate family member only subject to the following:             <ul style="list-style-type: none"> <li>- A gift letter is required,</li> <li>- The HUD-1 indicates “gift of equity”.</li> </ul> </li> </ul>
<b>Guaranty/ Entitlement</b>	<ul style="list-style-type: none"> <li>• A minimum 25% guaranty is required.</li> <li>• If the Veteran has previously used their entitlement, the entitlement must be restored prior to the closing of the new loan.</li> </ul>
<b>Inspections</b>	<ul style="list-style-type: none"> <li>• A termite inspection is required in all states where termites are present or when the appraiser has indicated a need for a termite review due to wood-destroying insect damage or an active insect infestation. Refer to <a href="#">VA Department - Local Requirements</a> for additional details.</li> <li>• Well inspections are required in all cases (private or shared)</li> <li>• Septic inspection is required when the appraiser indicated the need for one.</li> </ul>

## VA Program Guidelines

<b>Minimum Property Standards (MPR)</b>	<p>VA has minimum property standards (MPR).</p> <ul style="list-style-type: none"> <li>• Each property requires the following to assure a suitable living environment:           <ul style="list-style-type: none"> <li>- Living</li> <li>- Sleeping</li> <li>- Cooking and dining accommodations,</li> <li>- Sanitary facilities</li> <li>- Mechanical systems must:               <ul style="list-style-type: none"> <li>- Be safe to operate</li> <li>- Be protected from destructive elements</li> <li>- Have a reasonable future utility, durability and economy, and</li> <li>- Have an adequate capacity and quality</li> </ul> </li> <li>- Heating must be adequate for healthful and comfortable living conditions               <ul style="list-style-type: none"> <li>- Homes with wood burning stoves as the primary heating source must have a permanently installed conventional heating system that will maintain a temperature of 50° in areas where there is plumbing.</li> </ul> </li> <li>- Each unit must have a water supply and sanitary facilities as follows:               <ul style="list-style-type: none"> <li>- Domestic hot water</li> <li>- A continuous supply of safe and potable water for drinking and other household uses,</li> <li>- Sanitary facilities with a safe method of sewage disposal. A connection to a public or community water/sewage system is required when dictated by local building, planning or health authorities.</li> <li>- Any required well or septic tests/certifications are valid for 90 days unless local health authority indicates differently.</li> </ul> </li> </ul> </li> <li>• An MPR for existing construction can be waived by the VA field office it:           <ul style="list-style-type: none"> <li>- A veteran is under contract to purchase the property, and</li> <li>- The property is habitable from the standpoint of safety, structural soundness and sanitation, and</li> <li>- VA is satisfied the non-conformity has been depreciated accurately in the VA value.</li> </ul> </li> </ul>
<b>Mortgage/Rental History</b>	<ul style="list-style-type: none"> <li>• Credit score of 580-599 requires the following:           <ul style="list-style-type: none"> <li>- <b>Purchase transactions:</b> A minimum 12 month documented mortgage history with 0x30 in previous 12 months, verified by an in-file credit report trade line rating, is required. Borrowers without a 12 month mortgage history (currently renting or living rent-free with family) are <b>ineligible</b>.</li> <li>- <b>Refinance transactions:</b> Minimum 2 year payment history on the current loan with 0x30 in previous 24 months required; &lt; 2 year payment history the loan is ineligible.</li> </ul> </li> <li>• 0 x 30 in 12 months with credit score ≥ 600. A manual downgrade is required for any mortgage debt with 1 x 30 in 12 months. REMN Wholesale management approval is also required.</li> <li>• Mortgage must be current and due for the month closing</li> <li>• Verification of Mortgage (VOM) or Verification of Rent (VOR) are required if an “Approve/Eligible” Finding is not received.</li> <li>• Copies of rent checks are required to document rental history, In lieu of rent checks, at the underwriter’s discretion, the following may be acceptable:           <ul style="list-style-type: none"> <li>- A direct verification of rent (VOR) provided by a professional management company, or</li> <li>- Copies of money orders.</li> </ul> </li> </ul>

## VA Program Guidelines

<b>Multiple VA Loans</b>	<ul style="list-style-type: none"> <li>• The entitlement previously used in connection with a VA home loan may be restored under certain circumstances. Once the entitlement is restored, it may be used again.</li> <li>• A previously used entitlement may be restored if:             <ul style="list-style-type: none"> <li>- The property which secured the VA loan has been sold, <b>and</b></li> <li>- The loan has been paid in full, or</li> <li>- An eligible veteran-transferee has agreed to assume the outstanding balance on a VA loan and substitute his/her entitlement for the same amount originally used on the loan. The assuming veteran must also meet occupancy, income and credit requirements.</li> </ul> </li> <li>• In addition to the basic restoration criteria outlined above, a veteran may obtain restoration of the entitlement used on a prior VA loan as follows:             <ul style="list-style-type: none"> <li>- The prior VA loan has been paid in full and the veteran has made application for a refinance loan to be secured by the same property which secured the prior VA loan (including refinancing situation in which the prior loan will be paid off at closing from a VA refinance of the same property, or</li> <li>- The prior VA loan has been paid in full but the veteran has not disposed of the property securing the loan. The veteran may obtain restoration of the entitlement used on the prior loan in order to purchase a different property, <b>one time only</b>. Once this occurs, the veteran's Certificate of Eligibility will indicate the one-time restoration. Any future restoration will require disposal of the property obtained with a VA loan. A cash-out refinance is not eligible once the one-time restoration is used.</li> </ul> </li> </ul>
<b>Non-Purchasing Spouse</b>	<p>The debts of the non-purchasing spouse must be included in the borrower's qualifying ratios, unless specifically excluded by state law, if:</p> <ul style="list-style-type: none"> <li>• The borrowers reside in a community property state, or</li> <li>• The property being purchased is located in a community property state</li> </ul> <p>The credit history of the non-purchasing spouse is not considered a reason to deny a loan, however, their obligations must be considered in the DTI unless excluded by state law. A credit report, that complies with VA guidelines, for the non-purchasing spouse must be obtained to determine if the obligations should be included in the DTI.</p>
<b>Occupancy</b>	<p>Owner-occupied primary residence. The veteran must certify their intent to occupy the property within a "reasonable time", generally within 60 days of loan closing. Service members, while deployed from their permanent duty station are considered to be in a temporary duty status and able to meet the occupancy requirement.</p>
<b>Power of Attorney</b>	<p>Acceptable as follows:</p> <ul style="list-style-type: none"> <li>• General/Military POA acceptable if veteran signed contract and loan application.</li> <li>• Specific POA required if both contract and application were not signed.</li> <li>• The property must be identified on the POA</li> <li>• A clear intention to use all, or a specified amount, of the entitlement stated</li> <li>• The veteran's intention to use and occupy the property as their primary residence is required.</li> <li>• An "Alive and Well" statement is required if veteran not at closing.</li> </ul>

## VA Program Guidelines

---

<b>Prepayment Penalty</b>	Not permitted
<b>Products</b>	Fixed rate: 15, 20, 25 and 30 year ARM: <b>3/1</b> and 5/1 ARM; Treasury index; 1/1/5 caps; 2.00 margin/floor; Qualify at the Note rate.
<b>Properties – Eligible</b>	<ul style="list-style-type: none"> <li>• 1-4 unit primary residence</li> <li>• Townhomes/PUDs (attached/detached)</li> <li>• Condominiums (VA approved prior to submission). Site condos require VA Project Approval.</li> <li>• New Construction (completed &lt; 1 year and never occupied)               <ul style="list-style-type: none"> <li>- Builder must be VA approved,</li> <li>- 1 year VA Builder Warranty OR enrolled in a 10 year protection plan, and</li> <li>- Construction must be &gt; 95% complete</li> </ul> </li> <li>• Modular/prefabricated properties 1-unit only. Factory built but not built on a permanent chassis; built on-site similar to stick-built homes; permanently affixed to the foundation; must conform to local building codes. Property is legally classified as real property and assumes characteristics of stick-built such as permanent connections to water, electrical and waste disposal systems</li> </ul>
<b>Properties – Ineligible</b>	<ul style="list-style-type: none"> <li>• Manufactured/ mobile homes. Manufactured housing is defined as any dwelling built on a permanent chassis. <b>Manufactured homes are ineligible even if the towing hitch, wheels and axles have been removed.</b></li> <li>• Proposed construction</li> <li>• Non-VA approved condo projects</li> <li>• Leasehold properties (unless prior VA approval is obtained)</li> <li>• Properties located within electrical line easements</li> <li>• Properties subject to regular flooding</li> <li>• Properties located in an unacceptable noise zone (e.g. airport)</li> </ul>
<b>Property Flips</b>	<ul style="list-style-type: none"> <li>• Property flips are subject to additional underwriting review and are subject to the following:               <ul style="list-style-type: none"> <li>- Appraisal must sufficiently support the appraised value increases,</li> <li>- Two full appraisals may be required at underwriter discretion, and</li> <li>- The borrower must have an excellent credit history, employment history, a strong savings pattern, etc.</li> </ul> </li> </ul> <p>NOTE: Property flips (property re-sold ≤ 90 days from acquisition) are ineligible with a 580-599 credit score.</p>

## VA Program Guidelines

---

<b>Properties Listed for Sale Within the Previous 12 months</b>	<ul style="list-style-type: none"> <li>Properties that were listed for sale in the previous 12 months must be taken off the market prior to the application date.</li> <li>A property listed for sale will be considered for a rate/term refinance as long as the listing has been cancelled, expired or withdrawn.</li> <li>A property listed for sale will be considered for a cash-out refinance if the listing was cancelled, expired or withdrawn at least 180 days prior to the application date</li> <li>The appraised value should be, at minimum, 10% below the lowest list price. If the appraised value is not 10% below the lowest list price, the underwriter will consider the relationship between the previous list price and the current appraised value. Any variance must be satisfactorily addressed by the appraiser.</li> <li>A letter of explanation is required for a primary residence.</li> </ul>
<b>Purchase Agreements Amended / Re-negotiated</b>	<ul style="list-style-type: none"> <li>Not eligible if the sales price was increased <b>after</b> the original appraisal was completed if:             <ul style="list-style-type: none"> <li>- The appraised value is higher than the originally contracted sales price that was provided to the appraiser, <b>and</b></li> <li>- The new purchase agreement and/or addendum to the purchase agreement is dated after the appraisal, <b>and</b></li> <li>- The only change to the purchase agreement was the sales price.</li> </ul> </li> <li>If the purchase agreement was renegotiated after the completion of the appraisal, the LTV will be based on the <b>lower</b> of the original purchase price or the appraised value, unless:             <ul style="list-style-type: none"> <li>- The re-negotiation was only for seller paid closing costs and/or pre-pays where the seller paid closing costs/pre-pays are common and customary for the area and are supported by the comparables, or</li> <li>- The purchase contract was amended for a new construction property due to improvements made that impact the tangible value of the property. An updated appraisal report must be obtained to validate the value of the improvements.</li> </ul> </li> </ul>
<b>Refinance Transactions</b>	<ul style="list-style-type: none"> <li>Continuity of obligation requires that at least one of the borrowers on the refinance transaction is currently on the title of the property being refinanced.</li> <li>Refer to the <a href="#">Transaction Types</a> topic for additional requirements for refinance transactions.</li> </ul>
<b>Reserves</b>	<ul style="list-style-type: none"> <li>1-unit property: not required</li> <li>2-4 unit property: 6 months PITI</li> <li>Other rental real estate owned: 3 months PITI for each additional property owned.</li> </ul>

## VA Program Guidelines

### Residual Income

- Residual income is the net income remaining after deducting:
  - Federal and state taxes, Social Security and Medicare
  - Revolving and installment debt,
  - Child support or alimony obligations,
  - Child care or job expenses, and
  - Home maintenance (calculated at 14¢ per square foot)
- Grossed-up income **cannot** be used to meet residual income requirements.
- Residual income requirement can be reduced by 5% if the veteran is on Active Duty.

The following residual income charts detail VA's requirement by loan amount, family size and region.

Loan Amounts ≤ 79,999				
Family Size	Northeast	Midwest	South	West
1	\$390	\$382	\$382	\$425
2	\$654	\$641	\$641	\$713
3	\$788	\$772	\$772	\$859
4	\$888	\$868	\$868	\$967
5	\$921	\$902	\$902	\$1,004
<b>Over 5</b>	Add \$75.00 for each additional family member up to 7.			
Loan Amounts ≥ 80,000				
Family Size	Northeast	Midwest	South	West
1	\$450	\$441	\$441	\$491
2	\$755	\$738	\$738	\$823
3	\$909	\$889	\$889	\$990
4	\$1,025	\$1,003	\$1,003	\$1,117
5	\$1,062	\$1,039	\$1,039	\$1,158
<b>Over 5</b>	Add \$80.00 for each additional family member up to 7			

Exceptions to the above:

- Individuals may be omitted from the “family size” if they are fully supported from a source of verified income that is not included in the effective income analysis. For example:
  - A spouse not obligated on the Note what has stable and reliable income sufficient to support their living expenses, or
  - A child for whom sufficient foster care payments or child support payments are received regularly.

## VA Program Guidelines

<b>Residual Income (cont.)</b>	<table border="1" style="width: 100%; border-collapse: collapse; background-color: #f2f2f2;"> <thead> <tr> <th colspan="4" style="text-align: center; padding: 5px;">Geographic Regions as Defined by VA</th> </tr> </thead> <tbody> <tr> <td style="background-color: #f2f2f2; text-align: center; vertical-align: top; padding: 5px;"><b>Northeast</b></td> <td style="padding: 5px;">Connecticut Maine Massachusetts</td> <td style="padding: 5px;">New Hampshire New Jersey New York</td> <td style="padding: 5px;">Pennsylvania Rhode Island Vermont</td> </tr> <tr> <td style="background-color: #f2f2f2; text-align: center; vertical-align: top; padding: 5px;"><b>Midwest</b></td> <td style="padding: 5px;">Illinois Indiana Iowa Kansas</td> <td style="padding: 5px;">Michigan Minnesota Missouri Nebraska</td> <td style="padding: 5px;">North Dakota Ohio South Dakota Wisconsin</td> </tr> <tr> <td style="background-color: #f2f2f2; text-align: center; vertical-align: top; padding: 5px;"><b>South</b></td> <td style="padding: 5px;">Alabama Arkansas Delaware District of Columbia Florida Georgia</td> <td style="padding: 5px;">Kentucky Louisiana Maryland Mississippi North Carolina Oklahoma</td> <td style="padding: 5px;">Puerto Rico South Carolina Tennessee Texas Virginia West Virginia</td> </tr> <tr> <td style="background-color: #f2f2f2; text-align: center; vertical-align: top; padding: 5px;"><b>West</b></td> <td style="padding: 5px;">Alaska Arizona California Colorado</td> <td style="padding: 5px;">Hawaii Idaho Montana Nevada</td> <td style="padding: 5px;">New Mexico Oregon Utah Washington Wyoming</td> </tr> </tbody> </table>	Geographic Regions as Defined by VA				<b>Northeast</b>	Connecticut Maine Massachusetts	New Hampshire New Jersey New York	Pennsylvania Rhode Island Vermont	<b>Midwest</b>	Illinois Indiana Iowa Kansas	Michigan Minnesota Missouri Nebraska	North Dakota Ohio South Dakota Wisconsin	<b>South</b>	Alabama Arkansas Delaware District of Columbia Florida Georgia	Kentucky Louisiana Maryland Mississippi North Carolina Oklahoma	Puerto Rico South Carolina Tennessee Texas Virginia West Virginia	<b>West</b>	Alaska Arizona California Colorado	Hawaii Idaho Montana Nevada	New Mexico Oregon Utah Washington Wyoming
Geographic Regions as Defined by VA																					
<b>Northeast</b>	Connecticut Maine Massachusetts	New Hampshire New Jersey New York	Pennsylvania Rhode Island Vermont																		
<b>Midwest</b>	Illinois Indiana Iowa Kansas	Michigan Minnesota Missouri Nebraska	North Dakota Ohio South Dakota Wisconsin																		
<b>South</b>	Alabama Arkansas Delaware District of Columbia Florida Georgia	Kentucky Louisiana Maryland Mississippi North Carolina Oklahoma	Puerto Rico South Carolina Tennessee Texas Virginia West Virginia																		
<b>West</b>	Alaska Arizona California Colorado	Hawaii Idaho Montana Nevada	New Mexico Oregon Utah Washington Wyoming																		
<b>Seller Contributions</b>	<ul style="list-style-type: none"> <li>Seller is allowed to pay 100% of the discount points and the borrower's non-recurring closing costs.</li> <li>Maximum seller concession is 4%. Seller can pay an additional 4% of the NOV to use towards buy down, points, gifts (such as a T.V. or microwave), payoff of credit balances or judgments, pre-paid items and the VA Funding Fee.</li> </ul>																				
<b>State Restrictions</b>	<p>Illinois 2-4 units, New Jersey and New York 3-4 units are subject to the following:</p> <ul style="list-style-type: none"> <li>At least one full calendar year must have elapsed between the seller's acquisition of title and the execution of the sales contract (does not apply if the seller is a government agency, bank or bank subsidiary), <b>and</b></li> <li>The subject property must not currently be in foreclosure, <b>and</b></li> <li>The borrower and seller will be required to sign an Identity of Interest Certification stating that there is no relationship between them other than the transaction, <b>and</b></li> <li>Max DTI 45%, <b>and</b></li> <li>If LTV &gt; 90% no gifts or grants permitted.</li> </ul>																				
<b>Subordinate Financing</b>	<ul style="list-style-type: none"> <li>Eligible subject to the CLTV limits on the matrix located on page 1.</li> <li>Eligible at underwriter's discretion. The veteran cannot be placed in a substantially worse position than if the entire amount had been guaranteed by VA.</li> </ul>																				

## VA Program Guidelines

<b>Temporary Buydowns</b>	Not allowed.																
<b>Transactions – Ineligible</b>	<ul style="list-style-type: none"> <li>• EEM (Energy Efficient Mortgage)</li> <li>• MCC (Mortgage Credit Certificates) – Borrower can do an MCC after closing, but MCC cannot be used to qualify.</li> <li>• Second home and investment transactions</li> <li>• Texas Section 50(a)(6)</li> </ul>																
<b>Transaction Types</b>	<ul style="list-style-type: none"> <li>• <b>Purchase</b> <ul style="list-style-type: none"> <li>- Maximum loan amount is calculated based on borrower’s entitlement. When the purchase price does not exceed the county limits established by VA, the total loan amount, including the funding fee, cannot exceed the VA county limit.</li> <li>- When the purchase price exceeds the county limit established by VA, the borrower will be required to make a cash down payment on the amount greater than the county limit to ensure a 25% guaranty is achieved. The funding fee can be financed.</li> </ul> </li> <li>• <b>Land Contracts</b> <ul style="list-style-type: none"> <li>- Maximum mortgage amount is limited to 100% of the lesser of the sales price or Notice of Value (NOV). The following also applies:               <ul style="list-style-type: none"> <li>- Land contract must be recorded,</li> <li>- Seller on contract must be the owner of record,</li> <li>- No liens can be on title except for the lien to be paid with the proceeds of the transaction, and</li> <li>- 0 X 30 in previous 12 months required on the monthly payments. Copies of cancelled checks front and back are required to document payments.</li> </ul> </li> </ul> </li> <li>• <b>Cash-out Refinance</b> <ul style="list-style-type: none"> <li>- Maximum 90% LTV unless the specific guidelines for <a href="#">Cash-Out 90.01% LTV to 100% LTV Refinance</a> topic are met.</li> <li>- All VA refinance transactions not defined under “Other Refinancing Loans” are cash-out.</li> <li>- The cash-out refinance may be used to pay off the current unpaid principal, allowable closing costs, points, prepaids, subordinate liens, debt consolidation, and cash to the veteran.</li> <li>- The loan must be secured by a first lien on the property (min. \$1.00 lien required).</li> <li>- Veteran must occupy the home.</li> </ul> </li> <li>• <b>Cash-out Refinance 90.01% LTV to 100% LTV Requirements</b> <ul style="list-style-type: none"> <li>- Maximum loan amount is \$417,000 (\$625,500 for properties in Alaska/Hawaii or \$750,000 in Honolulu county, HI)</li> <li>- Minimum credit score is 680</li> <li>- 30 year fixed loan term only</li> <li>- Minimum monthly residual income required:               <table border="1" style="margin-left: 20px; width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: left;">Family size</th> <th style="text-align: left;">Minimum Residual Income</th> </tr> </thead> <tbody> <tr> <td>Veteran Only</td> <td>\$1000.00</td> </tr> <tr> <td>Veteran +1</td> <td>\$1500.00</td> </tr> <tr> <td>Veteran +2</td> <td>\$2,000.00</td> </tr> <tr> <td>Veteran +3</td> <td>\$2,250.00</td> </tr> <tr> <td>Veteran +4</td> <td>\$2,500.00</td> </tr> <tr> <td>Veteran +5</td> <td>\$3,000</td> </tr> <tr> <td>Over 6</td> <td>+ \$250.00 for each additional</td> </tr> </tbody> </table> </li> </ul> </li> </ul>	Family size	Minimum Residual Income	Veteran Only	\$1000.00	Veteran +1	\$1500.00	Veteran +2	\$2,000.00	Veteran +3	\$2,250.00	Veteran +4	\$2,500.00	Veteran +5	\$3,000	Over 6	+ \$250.00 for each additional
Family size	Minimum Residual Income																
Veteran Only	\$1000.00																
Veteran +1	\$1500.00																
Veteran +2	\$2,000.00																
Veteran +3	\$2,250.00																
Veteran +4	\$2,500.00																
Veteran +5	\$3,000																
Over 6	+ \$250.00 for each additional																
<p>Refer to the VA Lender's Handbook, Chapter 6, for VA's definition of "Other Refinancing Loans" at: <a href="#">VA Lender's Handbook</a></p>																	