



FULL DOC – (1-4 Family).....	3
Footnotes:.....	3
Program Overview	3
Eligible Transactions	3
Eligible Properties	3
Lava Zone Properties	3
Occupancy.....	3
Ineligible Transactions	3
Loans Ineligible for Automatic Approval by REMN WS.....	3
Assumptions	3
Prepayment Penalties	3
Temporary Buydown	3
Escrow/Impound.....	3
Subordinate Financing	3
PROGRAM OVERVIEW	4
VA Loan Limits.....	4
High Cost Counties.....	4
Loan Amounts Exceeding VA County Limits	4
LDP / GSA (SAM)	4
CAIVRS.....	4
More than one VA Loan	4
PROGRAM OVERVIEW	5
Compensating Factors	5
Tax Exemptions / Abatements.....	5
Texas Home Equity	5
Power of Attorney	5
VA Funding Fee	6
VA Funding Fee Exception Status	6
Conditions Listed on COE's	6
PROGRAM OVERVIEW	7
Transaction Types	7
Purchase	7
Cash-Out Refinance	7
Other Refinancing Loans	7
IRRRL.....	7
Interest Rate Decrease Requirement.....	7
PROGRAM OVERVIEW	8
Payment Decrease/Increase Requirements.....	8
Veteran's Statement & Lender's Certification	8
What Closing Costs can be Included in the Loan.....	8
IRRRL Non-Credit Qualifying vs. Credit Qualifying	8
Credit Qualifying to Non-Credit Qualifying.....	8
REMN WS to REMN WS Refinance Transactions	8
IRRRL Submissions	9
IRRRL vs. Cash-Out	9
Fees & Charges	10
Allowable Fees	10
1% Origination Fee Charged (Unallowable Fees).....	10
VA IRRRL – Safe Harbor QM.....	11
VA IRRRL - Recoupment of Fees.....	11
Eligible Borrowers.....	12
Prior Mortgage Fraud	12

Age of Credit Documents.....	13
Credit Scores.....	13
Credit Inquiries	13
Underwriting Consistency	13
Borrower Debt Certification	13
Multiple Social Security Numbers	13
Child Support Delinquency	13
Debt to Income (DTI) Ratios	14
Mortgage (Housing) History	14
Installment Debt	14
Revolving Debt.....	14
Debts Paid Prior to Closing or At Closing.....	14
Student Loans - Applications on or before 1/24/2017	14
Student Loans – Applications on or after 1/25/2017	15
Non-Purchasing Spouse	15
Contingent Liability (Debt paid by others).....	15
Contingent Liability (Business Debt)	15
Collection/Charge Off/Judgment.....	15
Short Sale.....	15
AUS	16
(Downgrading the recommendation)	16
Payment Shock – REMN WS Policy.....	16
Adverse Data	17
Re-established Credit	17
Collections	17
Disputed Accounts	17
Summary	17
Bankruptcy / CCCS	18
Chapter 13.....	18
Chapter 7.....	18
CCCS	18
Foreclosure	18
Borrower with Prior Foreclosure with REMN WS –	18
REMN WS Policy	18
Verbal VOE.....	19
Income Documentation.....	19
Income Analysis	19
Employed Less than 12 Months	19
Underwriter's Objective	19
Projected Income from a new job	19
Income of a Spouse	20
Fax & Internet Documentation.....	20
Alimony, Child Support and Maintenance Payments	20
Automobile or Similar Allowances	20
Other Types of Income	20
Self-Employed.....	21
Documentation Requirements for Income from SSA	21
Additional Documentation for Union Workers or Other	21
Seasonal/Climate-Dependent Work.....	21
Short Term Disability	22
Calculating Qualifying Income.....	22
Residual Income	23
Residual Income Chart.....	23
INCOME & EMPLOYMENT	24
Rental Income.....	24
Multi-Unit Property Securing the VA	24

REMN WHOLESALE VA PRODUCT GUIDELINES

Rental of Property Veteran Occupied Prior to New Loan..	24	Days off Market / Properties Listed for Sale	29
Rental of Other Property Not Securing the VA Loan	24	Termite / Septic / Well	29
Unreimbursed Employee Business Expenses.....	24	Continuity of Obligation	29
IRS 4506T Requirements	24	Property Flips.....	29
Earnest Money Deposit	25	Sales Contract Provided to Appraiser	30
Funds to Close	25	Purchase Agreements (Amended / Re-Negotiated)	30
Down Payment	25	Property Ownership Not Fee Simple	30
Reserves	25	Corporate Resolution	31
Cash on Hand	25	Comparable Selection.....	32
Large Deposits.....	25	Escrow Holdback (HomeFixer).....	32
Seller Contributions	26	Hazard Insurance Coverage	33
Gift Letter	26	Coverage Requirements	33
Gift Funds.....	26	Maximum Deductible	33
Gift Funds Transfer	26	Completion of the HUD1	33
Number of Properties Owned/Financed with REMN WS	27	Policy Period	34
Properties Owned Free & Clear	27	Paid Receipt	34
Appraisal	28	Insurance Company Rating	34
NOV	28	Other Acceptable Insurance Underwriters.....	34
Repair Inspections	28	Insured Name & Property Address	34
Minimum Property Requirements	28	Mortgagee Clauses	34
Condo Approval	29		

REMN WHOLESALE VA PRODUCT GUIDELINES

FULL DOC – (1-4 Family)				
Purpose	Max LTV	Max CLTV	Loan Amount	Min Credit Score
Purchase	90% (FICO < 600)	100.00%	VA Limit	550 ¹
	100.00%			
Cash-Out	90% (FICO < 600)	100.00% ²	VA Limit	550 ¹
	100.00%			
IRRRL Credit Qualifying	90% (FICO < 600)	Unlimited	VA Limit	550 ¹
	125.00% ³			
IRRRL Non-Credit Qualifying	125.00% ³	Unlimited	VA Limit	580 ¹
http://www.benefits.va.gov/homeloans/purchaseco_loan_limits.asp				
PROGRAM OVERVIEW				
Footnotes:	¹ See FHA/VA/USDA Credit Score Overlay grid www.REMNWholesale.com ; fico < 660 overlays for DTI, LTV, Housing History, Payment Shock, Property Type and Occupancy. ² VA allows unlimited CLTV; Secondary must be notified for special pricing if CLTV > 100.00% ³ Maximum 100.00% LTV with loan amounts ≥ \$424,101			
Program Overview	REMN WS follows the Lenders Handbook VA Pamphlet 26-7 except as stated in these guidelines. When the guidelines are silent, follow <i>Lenders Handbook Pamphlet 26-7</i> .			
Eligible Transactions	» Per the Lenders Handbook Pamphlet 26.7. » EEM			
Eligible Properties	» 1 – 4 Unit Properties » Condominiums (must be VA approved) » Townhomes – PUD's (attached/detached) » New Construction (completed less than 1 year and never occupied) – Builder must be VA approved; and, – 1 Year VA Builder Warranty OR enrolled in a 10-year protection plan; and, – Only customer preference left (meaning construction >95.00% completed).			
Lava Zone Properties	» Not eligible for properties located in Lava Zone 1 » Properties in Lava Zone 2 are eligible only if lava insurance equaling the amount of the mortgage can be obtained. » No restrictions for properties located in Lava Zone 3 or higher.			
Occupancy	» Owner Occupied » Second Home & Investment eligible on IRRRL transactions only.			
Ineligible Transactions	» MCC (Mortgage Credit Certificates) allowed after closing; cannot be used to qualify. » Temporary buydown » Properties located within electrical line easements are not eligible for VA financing » Transactions that result in < 25.00% Guaranty – See HomeBase for VA 25% Guaranty Worksheet » Joint transaction where a veteran is the primary borrower and non-veteran/co-borrower is anyone other than the veteran's spouse. – This type of transaction is not eligible as the VA will only guaranty half of the loan or 12.50%. – See Number of Properties Owned/Financed with REMN WS » Loans with PACE or HERO programs as a secondary/subordinate financing option (all states). » Loans with qualifying income earned from state-legalized marijuana businesses, as this is not considered as legally-derived income based on Federal law. » Loans where a borrower(s) has a Deferred Action for Childhood Arrivals (DACA) status			
Loans Ineligible for Automatic Approval by REMN WS	» Joint transaction (two veteran's NOT married) – This also includes a transaction where two married veterans are using their own VA Home Loan Entitlement (joint = more than 1 COE to be used to obtain guaranty). » Loans to veterans in receipt of VA non-service connected pension. » Veterans rated incompetent by the Veterans Administration. » Proposed Construction - 95.00% or less complete (property should be at veteran preference). » IRRRL's to refinance loans 30 days or more past due (assuming you have received a credit exception with REMN WS). » Properties involving less than fee simple ownership (i.e. leaseholds, cooperatives, ground rental arrangements) is not eligible for appraisal without prior VA approval.			
Assumptions	» Permitted			
Prepayment Penalties	» Not permitted			
Temporary Buydown	» Not permitted			
Escrow/Impound	» Required			
Subordinate Financing	» See Full Doc – Primary (1-4 Family) matrix for full details. » From an underwriting standpoint, the veteran must not be placed in a substantially worse position than if the entire amount borrowed had been guaranteed by the VA.			

REM N WHOLESALE VA PRODUCT GUIDELINES

PROGRAM OVERVIEW									
VA Loan Limits	<ul style="list-style-type: none">» VA Circular 26-16-36 announced VA's loan limits for calendar year 2017.» VA Circular 26-16-36 clarified the maximum loan limits for 1 unit properties applies to up to 4 units.<ul style="list-style-type: none">– “Please note: for purposes 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 for Mortgages Acquired in Calendar year 2017 and Originated after 10/1/2011 or before 7/1/2007.”» The county limits do NOT apply to IRRRL's.» In instances where the county loan limit has decreased, VA will honor the previous higher limit on a purchase loan provided the sales contract was ratified by all parties and the URLA (1003) is signed by both parties prior to January 1, 2017.» If the Veteran is originating a non-IRRRL refinance loan, the URLA must be signed by REMN WS and the Veteran prior to January 1, 2017 and provided to VA with a time stamp substantiating the date the URLA was printed.<ul style="list-style-type: none">– After receiving the Loan Guaranty Certificate, REMN WS is required to upload a copy of the ratified contract, URLA and HUD-1 into the WebLGY system. REMN WS must then contact the VA Regional Loan Center of jurisdiction to request an adjustment to the loan limit.								
High Cost Counties	<ul style="list-style-type: none">» The below web site should be used to verify VA's maximum guaranty for a particular county.» http://www.benefits.va.gov/homeloans/documents/circulars/26_13_28.pdf» See Retail IRRRL for REMN WS Credit Score and appraisal requirements.								
Loan Amounts Exceeding VA County Limits	<ul style="list-style-type: none">» Borrower must pay a down payment only on the amount greater than the county limit set by the VA. Funding Fee must be paid in cash for loan amounts greater than the limit set by the VA. Please refer to VA 25% Guaranty Worksheet to calculate maximum loan amount, minimum down payment and minimum 25% VA Guaranty on HomeBase.								
LDP / GSA (SAM)	<div>The following parties must be checked against the LDP & GSA (SAM) list (first, middle, last name);</div> <table><tr><td>Borrower(s)</td><td>Seller(s)</td><td>Loan Officer & Broker Company</td></tr><tr><td>Listing Realtor/Agent</td><td>Selling Realtor/Agent</td><td>Appraiser</td></tr></table> <ul style="list-style-type: none">» The LDP list can be found at: https://www5.hud.gov/ecpcis/main/ECPCIS_List.jsp» The GSA (SAM) list can be found at: https://www.sam.gov/portal/public/SAM/» FHFA's Suspended Counterparty Program List can now be verified within the DataVerify report.			Borrower(s)	Seller(s)	Loan Officer & Broker Company	Listing Realtor/Agent	Selling Realtor/Agent	Appraiser
Borrower(s)	Seller(s)	Loan Officer & Broker Company							
Listing Realtor/Agent	Selling Realtor/Agent	Appraiser							
CAIVRS	<ul style="list-style-type: none">» VA's guidance on FHA CAIVRS claim numbers only requires that REMN WS investigate the reason, and with the FHA hits, VA understands that since the borrower paid the mortgage insurance premiums that the CAIVRS claim number becomes more of a documentary issue for FHA purposes in their attempts to track liquidation, than it is a deterrent for moving forward with a VA home loan. As long as two (2) years have passed since the short sale and the borrower now qualifies, REMN WS may proceed.» The VA default information included on the database relates to;<ul style="list-style-type: none">– Overpayments on education cases, Overpayments on disability benefits income; and, Claims paid due to home loan foreclosures.» CAIVRS can be found on FHA Connection or at: https://entp.hud.gov/caivrs/public/home.html» Required on IRRRL transactions.								
More than one VA Loan	<ul style="list-style-type: none">» Entitlement previously used in connection with a VA home loan may be restored under certain circumstances. Once restored, it can be used again for another VA loan.» Restoration of previously used entitlement is possible; if,<ul style="list-style-type: none">– The property which secured the VA Guaranteed loan has been sold; and,– Loan has been paid in full; or,– An eligible veteran-transferee has agreed to assume the outstanding balance on the 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 of the law.» In addition to the basic restoration criteria outlined above, a veteran may obtain restoration of the entitlement used on a prior VA loan under any of the following:<ul style="list-style-type: none">– 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.– This includes refinancing situations in which the prior loan will be paid off at closing from a VA refinancing on the same property; or,– 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, <u>one time only</u>. Once such restoration is effected, the veteran's Certificate of Eligibility will indicate the one-time restoration. It will also advise that any future restoration will require disposal of all property obtained with a VA loan. Once the one-time restoration is used, it will NOT be permissible to obtain restoration for a cash-out refinance.								

REM N WHOLESALE VA PRODUCT GUIDELINES

PROGRAM OVERVIEW		
Compensating Factors	» Excellent credit history	» Significant liquid assets
	» Conservative use of consumer credit	» Sizable down payment
	» Minimal consumer debt	» The existence of equity in refinance loans
	» Loan-term employment	» Little or no increase in shelter expense
	» Military benefits	» Satisfactory homeownership experience
	» High residual income	» Tax credits for child care
	» Low debt-to-income ratio	» Tax benefits of home ownership
Tax Exemptions / Abatements	<p>» There can be no uncertainty about whether the borrower qualifies for the homestead, abatement or other tax exemption or reduction.</p> <p>» In order for the lower amount to be used for qualifying purposes; the abatement, homestead or exception must remain in place for a minimum of three (3) years after closing.</p> <p>Note: If the Underwriter has knowledge that a “Homestead” is considered “Permanent” (example: Florida – OR – Single Family in IL), the time period does not need to be documented and the UW can note the same on the VA 26-6393 Loan Analysis.</p>	
Texas Home Equity	» Texas Home Equity (a)(6) loans are not eligible for VA financing.	
Power of Attorney	<p>» VA will allow a veteran to use an attorney-in-fact to execute any documents necessary to obtain a VA-guaranteed loan. This enables active duty servicepersons stationed overseas, and other veterans who cannot be present to execute loan documents, to obtain VA loans.</p> <p>» The veteran must execute a power of attorney which is valid and legally adequate. The veteran’s attorney-in-fact may use this power of attorney to apply for a Certificate of Eligibility and initiate processing of a loan on behalf of the veteran.</p> <p>» To complete the loan transaction using an attorney-in-fact, ensure that the power of attorney complies with state law to the extent that; the mortgage can be legally enforced in that jurisdiction; and clear title can be conveyed in the event of foreclosure.</p> <p>» To complete the loan transaction using an attorney-in-fact, VA also requires the veteran’s written consent to the specifics of the transaction. This requirement can be satisfied by either:</p> <ul style="list-style-type: none"> – The veteran’s signature on both the sales contract and the Uniform Residential Loan Application, as long as the veteran’s intention to obtain a VA loan on the particular property is expressed somewhere in those documents, or – The specific power of attorney, which encompasses the following elements: <ul style="list-style-type: none"> ▪ Entitlement—A clear intention to use all or a specified amount of entitlement. ▪ Purpose—A clear intention to obtain a loan for purchase, construction, repair, alteration, improvement, or refinancing. ▪ Property Identification—Identification of the specific property. ▪ Price and Terms—Sales price, if applicable, and other relevant terms of the transaction. ▪ Occupancy—Veteran’s intention to use the property as a home to be occupied by the veteran (or other applicable VA occupancy requirement). <p>» In addition, at the time of loan closing, REMN WS must:</p> <ul style="list-style-type: none"> – Verify that the veteran is alive, and, if on active military duty, not missing in action (MIA), and – Make the following certification: “The undersigned lender certifies that written evidence in the form of correspondence from the veteran or, if on active military duty, statement of his or her commanding officer (including statement of person authorized to act for said officer), affirmatively indicating that the veteran was alive and, if the veteran is on active military duty, not missing in action status on (date), was examined by the undersigned and that the said date is subsequent to the date the note and security instruments were executed on the veteran’s behalf by the attorney-in-fact.” <p>» REMN WS must always verify that the veteran is alive at the time of loan closing, whether or not the veteran is still in the military.</p> <p>» If REMN WS has difficulty obtaining verification that a service person in a combat area is alive and not in MIA status, REMN WS may request that VA obtain the necessary information on its behalf.</p> <p>» VA may deny guaranty on a loan if REMN WS failed to properly verify the veteran’s status and the veteran was deceased (or MIA) at the time the loan was closed.</p> <p>» VA will issue a Certificate of Commitment only if the veteran has executed a valid and legally adequate power of attorney and consented to the specific transaction (as described under above). If VA has information that the veteran is MIA or deceased, VA will not issue a commitment.</p> <p>» Please follow this link to reference the complete REMN WS Policy & Procedure for Power of Attorney.</p>	

REM N WHOLESALE VA PRODUCT GUIDELINES

PROGRAM OVERVIEW			
VA Funding Fee	Regular Military		
	Down Payment	% for First Time Use	% for Subsequent Use
	None	2.15%	3.30%
	5% or more (up to 10%)	1.50%	1.50%
	10% or more	1.25%	1.25%
	Reserves / National Guard		
	Down Payment	% for First Time Use	% for Subsequent Use
	None	2.40%	3.30%
	5% or more (up to 10%)	1.75%	1.75%
	10% or more	1.50%	1.50%
	Refinance Transactions		
	Type of Veteran	% for First Time Use	% for Subsequent Use
	Regular Military	2.15%	3.30%
	Reserves / National Guard	2.40%	3.30%
VA Funding Fee Exception Status	Type of Loan		% for Any type of Veteran
	Interest Rate Reduction Refinance Loan		0.50%
	Loan Assumptions		0.50%
Conditions Listed on COE's	Conditions		What to Do
	Valid unless discharged or released subsequent to date of this certificate. A certification of continuous active duty as of the date of note is required.		Ensure the veteran is still on active duty before closing the loan. If the veteran is discharged or released prior to closing, request a new eligibility determination from the VA.
	Excluded entitlement previously used for VA loan Identification Number (LIN) as shown herein is available only for use in connection with the property that secured the loan.		If the entitlement used for the prior loan identified in this condition is needed for the proposed loan, ensure the proposed loan will secure the same property as the prior loan (cash-out refinanced on prior VA loan).
	Entitlement has been used for manufactured home purposes. Remaining entitlement for additional manufactured home use is \$ [amount].		If the proposed loan involves a manufactured home, adhere to the entitlement limit indicated.
	Not eligible for any loan to purchase a manufactured home unit until veteran disposes of unit purchased with manufactured home loan number VA LIN [number].		If the proposed loan involves a manufactured home, ensure that the veteran has disposed of the unit indicated.
	Entitlement previously used for VA LIN [number] has been restored without disposal of the property, under provisions of 38 U.S.C. 3702b(4). Any future restoration requires disposal of all property obtained with a VA loan.		This is information for the veteran. REMN WS need not be concerned if this condition is applicable, as long as the available entitlement shown on the COE is sufficient for REMN WS's purposes.
	» Other conditions may indicate that a higher funding fee is due. For example; "Subsequent Use Funding Fee", indicates the veteran has used their home loan benefit, so a higher fee is required.		

REM N WHOLESALE VA PRODUCT GUIDELINES

PROGRAM OVERVIEW

Transaction Types

Purchase – Mortgage Amount Limited to:

- » 100% of the lesser of the Sale Price, NOV or VA High Cost County Limit
- » If the subject property is purchased at auction, the buyer's premium may be included in the calculation of the final sales price, so long as the amount of the buyer's premium is reasonable and customary (i.e. amount that is consistent with a typical auction transaction in the area).
 - Veteran is **NOT** allowed to pay buyer's premium as closing costs (premium cannot be included in closing costs).

Cash-Out Refinance – Mortgage Amount Limited to:

- » The mortgage amount must be used to pay the current unpaid principal of the existing first mortgage, allowable closing costs, points, pre-paid items, subordinate liens and cash to the veteran.
- » The loan must be secured by a first lien on the property (minimum of \$1.00 lien required).
- » REMN WS SAR Underwriter discretion whenever large increase in value exists to require additional supporting documentation.

Other Refinancing Loans

- » Other Refinancing Loans are defined as;
 - Construction loans,
 - Installment Land Sales Contracts; and
 - Loans assumed by veterans at an interest rate high than that for the proposed refinance.
- » Land Contract
 - Treated as a Refinance transaction, must be recorded, seller on contract must be owner of record, no liens can be on title except for lien to be paid with proceeds of transaction; and, proof of monthly payments at 0x30x12 required via canceled checks.
- » These **loans** may not exceed the lesser of: VA reasonable value plus the VA funding fee; or, the sum of the outstanding balance of the loan to be refinanced plus allowable closing costs (including the funding fee) and discounts.
- » The cost of energy efficiency improvements can also be added to the loan.
- » Maximum guaranty for Other Refinancing Loans is limited to \$36,000.

IRRRL VA to VA Refinance – Mortgage Amount Limited to:

- » Lesser of the existing VA loan payoff (borrower must be current at time of closing) + Allowable VA Closing Costs + VA Funding Fee + up to 2 points to obtain interest rate reduction = Total Loan; **OR**,
 - » Appraised Value + Allowable VA Closing Costs + VA Funding Fee + up to 2 points to obtain interest rate reduction (discount) = Total Loan Amount.
- NOTE: VA loan payoff = Any charges (miscellaneous fees) from the current lender required to pay the loan in full and release the lien.
- » An IRRRL is a VA-guaranteed loan made to refinance an existing VA-guaranteed loan, generally at a lower interest rate than the existing VA loan, and with lower P&I payments.
 - » The maximum loan term is the original term of the VA loan being refinanced plus 10 years, but not to exceed 30 years and 32 days (i.e. if the old loan was made with a 15 year term, the term of the new loan cannot exceed 25 years).
 - » The IRRRL must replace the existing VA loan as the first lien on the same property. Any second lien holder would have to agree to subordinate to the new first lien.
 - » VA Loan Limits do NOT apply to IRRRL's.
 - » HomeBridge to HomeBridge IRRRL's follow VA guidelines (no REMN WS Overlays apply) you must verify loan is services by HomeBridge, do not assume Cenlar is a REMN WS loan.

Interest Rate Decrease Requirement

- » An IRRRL (which can be a fixed rate, hybrid Adjustable Rate Mortgage (ARM) or traditional ARM) must bear a lower interest rate than the loan it is refinancing unless the loan it is refinancing is an ARM.

(Continued on following page)

REM N WHOLESALE VA PRODUCT GUIDELINES

PROGRAM OVERVIEW

Payment Decrease/Increase Requirements

- » The principal and interest payment on an IRRRL must be less than the principal and interest payment on the loan being refinanced unless one of the following exception applies:
 - The IRRRL is refinancing an ARM,
 - Term of the IRRRL is shorter than the term of the loan being refinanced; or,
 - Energy efficiency improvements are included in the IRRRL.
- » A significant increase in the veteran's monthly payment may occur with any of these three exceptions, especially if combined with one or more of the following:
 - Financing of closing costs,
 - Financing of up to two discount points,
 - Financing of the funding fee; and/or,
 - Higher interest rate when an ARM is being refinanced.
- » If the monthly payment (PITI) increases by 20% or more, REMN WS must:
 - Fully credit qualify the veteran – determine that the veteran qualifies for the new payment from and underwriting standpoint; such as, determine whether the borrower can support the proposed shelter expense and other recurring monthly obligations in light of income established as reliable; and,
 - Include a certification that the veteran qualifies for the new monthly payment which exceeds the previous payment by 20% or more.

Veteran's Statement & Lender's Certification

- » For IRRRL's the veteran must sign a statement acknowledging the effect of the refinancing loan on the veteran's loan payments and interest rate.
- » The statement must show the interest rate and monthly payments for the new loan versus that for the old loan. The statement must also indicate how long it would take to recoup ALL closing costs (both those included in the loan and those paid outside of closing).
- » If the monthly payment (PITI) increases by 20% or more, REMN WS must include a certification that the veteran qualifies for the new monthly payment which exceeds the previous by 20% or more.

What Closing Costs can be Included in the Loan

- » The following fees and charges may be included in an IRRRL:
 - The VA Funding Fee; and,
 - Any allowable fees and charges as indicated in Fees & Charges section of this guideline.
- » However, there is one (1) limitation; while the veteran may pay any reasonable amount of discount points in cash, only up to two (2) discount points can be included in the loan amount.
- » Although VA does not require an appraisal or credit underwriting on IRRRLs, any customary and reasonable credit report or appraisal expense incurred by REMN WS to satisfy our underwriting guidelines may be charged to the borrower and included in the loan.

IRRRL Non-Credit Qualifying vs. Credit Qualifying	Non-Credit Qualifying		Credit Qualifying
	Qualification Criteria	<ul style="list-style-type: none"> ▪ Per VA guidelines ▪ Permitted if PITI is increasing < 20% 	<u>REM N to REM N</u> <ul style="list-style-type: none"> ▪ Per VA guidelines ▪ Required if PITI is increasing $\geq 20\%$,
	Ability to Delete Spouse from IRRRL	REM N to REM N only	<u>Non-REM N to REM N</u> <ul style="list-style-type: none"> ▪ REM N credit score overlays will apply – see FHA/VA/Bond/USDA overlay grid. ▪ Required if PITI is increasing $\geq 20\%$
	Minimum Credit Score	≥ 580	REM N to REM N & Non-REM N to REM N allowed ≥ 550
	Second Home/Investment	All eligible property types (Second Home is 1 unit only)	REM N to REM N & Non-REM N to REM N allowed All eligible property types (Second Home is 1 unit only)
Credit Qualifying to Non-Credit Qualifying	» There is no restriction or prohibition for converting a Credit Qualifying streamline loan to a Non-Credit Qualifying loan, so long as the loan file meets Non-Credit Qualifying eligibility criteria.		
REM N WS to REM N WS Refinance Transactions	» REM N WS Overlays do not apply on rate/term REM N to REM N refinances; they do apply on cash out REM N to REM N refinances. » Note: If, for a rate/term refinance, the credit report reflects the servicer as REM N WS, yet the loan has been subsequently sold and REM N WS is no longer the servicer, the underwriter may underwrite the loan without using REM N WS credit overlays. For all other purposes (Encompass entry, netting of escrows, etc.), the loan should not be considered a REM N to REM N refinance as REM N WS is not the existing servicer. » Non-Credit Qualifying Streamline – Credit report is not required; therefore options are: <ul style="list-style-type: none"> ➢ Mortgage Only Credit Report – OR – ➢ Satisfactory payment history and loan information from Cenlar. 		

REM N WHOLESALE VA PRODUCT GUIDELINES

PROGRAM OVERVIEW		
IRRRL Submissions	Loan Amount	≤ \$424,100
	AUS	Do NOT run through DU
	Maximum LTV/CLTV	125% / Unlimited
	Valuation Requirement	100% / Unlimited » One of the following valuations: – ProTeck AVM with confidence score of 90. The AVM must be ordered through an approved AMC – OR – 2055 appraisal OR – Full appraisal.
	Credit Qualification	Both Credit Qualified & Non-Credit Qualified options are available, subject to eligible criteria
	Minimum Credit Score	550 – Credit Qualifying 580 – Non-Credit Qualifying
	Eligible Property Types	1-4 units – Credit Qualifying & Non-Credit Qualifying
	Eligible Occupancy	Owner Occupied Second Home Investment (min 680 FICO for LTV > 100% (AVM req'd)
	Seasoning	The following seasoning requirement will apply to all VA IRRRL loans: – The loan being refinanced must have had a minimum of six (6) payments made – The Note date of the new (subject) loan must be at least six (6) months after the first payment date of the loan being refinanced – The borrower/veteran cannot prepay the loan in order to meet the six (6) month requirement.
	Cash back at closing	Maximum \$500
	Funds to close	Credit Qualified IRRRL: Any funds used to close the loan must be verified to be available in the veteran's account. Sourcing of these funds is not required. Non-Credit Qualified IRRRL: Assets do not have to be verified at all.
	REM N WS to REM N WS	No AVM or Appraisal required with REM N WS to REM N WS IRRRL
IRRRL vs. Cash-Out	IRRRL	Cash-Out
Purpose	To refinance an existing VA loan at a lower interest rate	To pay off lien(s) of any type; can also provide cash to the borrower
Interest Rate	Rate must be lower than on existing VA loan (unless existing loan is an ARM)	Any negotiated rate
Monthly Payment Amount	Payment must be lower than on the existing VA loan (unless an ARM is being refinanced or the term is shortened)	No requirement
Discount Points	Reasonable points can be paid; only 2 of these points can be included in the loan amount	Reasonable points can be paid; if paid from loan proceeds
Maximum Loan	Existing VA loan balance; plus allowable fees & charges, plus up to 2 discount points, plus VA Funding Fee	100% of the reasonable value on the NOV plus VA Funding Fee
Maximum Guaranty	Guaranty is at least 25% in all cases	Maximum guaranty is the same as for purchases
Entitlement	Veteran re-uses the entitlement used on the existing VA loan; the IRRRL does not impact the amount of entitlement the veteran has used	Must have sufficient available entitlement; if existing VA loan on same property is being refinanced, entitlement can be restored for the refinance
Fees & Charges	All allowable fees and charged, including up to 2 discount points may be included in the loan amount	Allowable fees and charges and points may be paid from the loan proceeds
Cash to Borrower	Not permitted	Borrower can receive cash for any purpose acceptable to REM N WS
Lien Ownership	Must be secured by first lien Veteran must own the property	Must be secured by a first lien Veteran must own the property
Refinance of Other Liens	Cannot refinance other liens	Can refinance any type of lien
Maximum Loan Term	Existing VA loan term + 10 years	30 years + 32 days
Occupancy	Veteran or spouse of active duty service member must certify to prior occupancy	Veteran or spouse of an active duty service member must certify intent to occupy
Automatic Authority	All lenders can close IRRRL's automatically	Only lenders with Automatic Authority REM N WS can close these loans

REMN WHOLESALE VA PRODUCT GUIDELINES

PROGRAM OVERVIEW	
Fees & Charges	<ul style="list-style-type: none"> » Charge 1% origination fee based on total loan amount; CANNOT pay any unallowable fees; OR » Charge 1% unallowable fees based on total loan amount; CANNOT pay an origination fee; OR » Blend the origination fee and unallowable fees based on the total loan amount; not to exceed a total of 1% maximum. » IRRRL's must use VA Form 26-8923 IRRRL worksheet for calculation (not applicable to IRRRL loans).
	Allowable Fees
	The following fees are always allowed regardless of the 1% origination fee being charged:
	<ul style="list-style-type: none"> » Appraisal Fee (per allowable maximum fee schedule for that state) » Reasonable discount points
	<ul style="list-style-type: none"> » Compliance Inspection (only if required by the NOV) » Hazard Insurance – if it was not paid directly out of pocket by veteran outside of closing
	<ul style="list-style-type: none"> » Credit Report (in most cases should not exceed \$50) – Actual Amount ONLY » Prorated tax and insurance escrow.
	<ul style="list-style-type: none"> » Recording Fees, taxes & stamps » Environmental protection lien endorsement
	<ul style="list-style-type: none"> » Express mail fees (only for cash-out refinances and IRRRL's) – actual cost should be reasonable. If not question it (over \$50 should be questioned – ask for actual invoices) » Title insurance, title policy, title exam, title search, title endorsement and any fees required to prepare title work
	<ul style="list-style-type: none"> » Flood Determination » Flood Insurance
	<ul style="list-style-type: none"> » Survey/Plot Plan » MERS registration
	<ul style="list-style-type: none"> » Closing Protection Letter (should not exceed \$35, except in PA it is \$75) » VA Funding Fee
	<ul style="list-style-type: none"> » 1% origination fee » Well and Septic inspection fees
	1% Origination Fee Charged (Unallowable Fees)
	The following fees are always un-allowed if the 1% origination fee is charged:
	<ul style="list-style-type: none"> » Lender's Inspection – if it is not required on the NOV, it cannot be charged to the veteran » Lender's Appraisal – unless VA deemed a second appraisal mandatory
	<ul style="list-style-type: none"> » Settlement fee, escrow fee, closing fee » Doc Prep Fees
	<ul style="list-style-type: none"> » Conveyance Fee » Underwriting Fee
	<ul style="list-style-type: none"> » Pest Inspection Fee » Photographs
	<ul style="list-style-type: none"> » Underwriting fee » Notary Fees
	<ul style="list-style-type: none"> » Commitment Fee » Trustee Fee
	<ul style="list-style-type: none"> » Interest Rate Lock Fee » Postage/Mail charges – if not a cash-out refinance or IRRRL
	<ul style="list-style-type: none"> » Amortization Schedule » Tax Service Fee
	<ul style="list-style-type: none"> » Attorney's services other than title work » Loan Application Fee – a veteran can be charged up front the cost of the appraisal and credit report to ensure the LO is not stuck with those fees if the veteran walks away from the deal
	<ul style="list-style-type: none"> » Fees for preparing Truth-In-Lending » Fees to Loan Brokers, Finders or other 3rd party fees
	<ul style="list-style-type: none"> » Prepayment penalties (refinance) » Any other fee not listed as allowable by VA
	<ul style="list-style-type: none"> » Assignment Fee » Copying Fee / Email Fee
	<ul style="list-style-type: none"> » Fax Fee » Mortgage Broker Fee
	<ul style="list-style-type: none"> » The above list of unallowable fees is not all inclusive. These fees cannot be charged by REMN WS, the Title Company or the Investor. » Unless a fee is mandated by a city, county or state, and it is not on the allowable fee list, it cannot be charged to the veteran if a 1% origination fee was charged. » If the 1% origination fee was not charged, the above list of unallowable fees can be charged to the veteran provided they do not exceed 1%.

REMN WHOLESALE VA PRODUCT GUIDELINES

PROGRAM OVERVIEW	
VA IRRRL – Safe Harbor QM	<p>Under VA’s Interim Final Rule for Qualified Mortgages (QM), an IRRRL loan must meet three (3) requirements in order for it to be considered a Safe Harbor QM and not required for credit underwriting by REMN WS.</p> <ul style="list-style-type: none"> » The loan being refinanced was originated at least six (6) months before the closing of the new loan, at least six (6) payments have been made on the original loan, and the Veteran has not been more than thirty (30) days past-due during the six (6) months preceding the new loan’s closing date; AND » All fees and charges financed as part of the loan or paid at closing (i.e. all expenses associated with the cost of the refinance) are in compliance with 38 C.F.R. 36.4313, and such fees are shown to be recouped within thirty-six (36) months of the new loan’s closing. Please note: VA excepts the following three (3) types of IRRRL’s from the recoupment requirement: <ul style="list-style-type: none"> ▪ Mortgages that include energy-efficient improvements ▪ Loans that are being refinanced from an adjustable rate mortgage (ARM) to a fixed-rate mortgage ▪ Loans that are refinancing a fixed-rate mortgage to a fixed-rate mortgage with a shorter term (e.g. refinancing an existing 30 year Fixed Rate loan to a new 15 year Fixed Rate loan). » VA requirements for exemption of income verification based on Dodd-Frank Act conditions are met: <ul style="list-style-type: none"> – The Veteran is not thirty (30) or more days past-due on the loan being refinanced; – The proposed IRRRL does not increase the principal balance outstanding on the prior existing residential mortgage loan, except energy-efficient mortgages and to the extent of fees and charges outlined in 38 C.F.R. 36.4313; – Total points and fees payable in connection with the proposed IRRRL do not exceed 3% of the total proposed principal amount; – The interest rate on the proposed IRRRL is lower than the interest rate on the loan being refinanced, unless the borrower is refinancing from an adjustable-rate to a fixed-rate loan; – The proposed IRRRL is subject to a payment schedule that will fully amortize the IRRRL in accordance with VA regulations. – The terms of the proposed IRRRL do not result in a balloon payment, as defined in the Truth-in-Lending Act (TILA), and – Both the residential mortgage loan being refinanced and the proposed IRRRL satisfy all other VA requirements. <p>VA did not exercise discretion in applying these conditions to the IRRRL program. VA merely recited the criteria required under the Dodd-Frank Act.</p> <p>Underwriters should note that if the IRRRL cannot be exempted from income verification, the loan can still be deemed a Safe Harbor QM if REMN WS verifies the borrower’s income in accordance with VA’s underwriting requirements found at 38 C.F.R. 36.4340 (i.e. loan would need to be credit-qualified). If the loan is not exempted from verification and REMN WS does not verify the borrower’s income in accordance with 38 C.F.R. 36.4340, then the new IRRRL loan cannot be considered as a Safe Harbor QM. It will instead be considered a Rebuttable Presumption QM by VA.</p> <p>For more details regarding REMN-specific policies & procedures on this topic, please reference the link to the REMN WS VA IRRRL Safe Harbor & Rebuttable Presumption Guidelines.</p>
VA IRRRL - Recoupment of Fees	<ul style="list-style-type: none"> » Only those expenses the veteran incurs as a cost of the IRRRL must be included in the thirty-six (36) month recoupment period. » VA does not believe it is necessary to include the costs the Borrower(s) would have paid under the loan being refinanced in the recoupment period. » The purpose of the recoupment calculation is to demonstrate the difference in out-of-pocket or financed expenses between the original loan and the new IRRRL loan. <ul style="list-style-type: none"> – Consequently, if expenses like homeowners’ insurance premiums, taxes, special assessments, and homeowner’s association (HOA) fees were, or would have been, payable under the original loan, those are excluded from the recoupment calculation. » Lender credits and/or premium pricing may be excluded from the recoupment calculation only to the extent they offset specific closing costs allowed in 38 C.F.R. 36.4313. » For more details regarding REMN-specific policies & procedures on this topic, please reference the link to the REMN WS VA IRRRL Safe Harbor & Rebuttable Presumption Guidelines.

REMN WHOLESALE VA PRODUCT GUIDELINES

BORROWERS	
Eligible Borrowers	<ul style="list-style-type: none"> » Veteran or Veteran & Spouse » Same Sex Marriages <ul style="list-style-type: none"> – As noted in the VA Circular 26-15-10, the VA Administration will process claims and applications involving same-sex marriage in the same manner as claims and applications based on opposite-sex marriage, without any additional scrutiny or development. – VA instructions will identify that VA will generally accept a claimant's or applicant's assertion that he or she is married as sufficient evidence to establish the Veteran's marriage. – The section 103c standard is satisfied for VA Home Loan benefit purposes if: <ul style="list-style-type: none"> ▪ the marriage was legal in the place where the Veteran or the Veteran's spouse resided at the time of the marriage, ▪ legal in the place where the Veteran or Veteran's spouse resided at the time of the VA Form 26-1802a, HUD/VA Addendum to Uniform Residential Loan Application, were submitted, OR ▪ legal in the place where the Veteran or Veteran's spouse resided at the time of closing. – If the applicant asserts a spousal relationship in item 19 (VA Form 26-1802a) and signs the form, which includes a certification by the applicant that "the information...is true and complete to the best of (the applicant's) knowledge and belief," the loan may be processed per normal practices without submitting a loan package to VA for approval of spousal status. – If the applicant is uncertain as to whether the marriage may be recognized for VA purposes, the loan file may be submitted to VA for a determination as to whether the marriage will be recognized. However, there is no obligation to request a VA determination, or to request additional information to verify the spousal assertion (unless requested by REMN WS). Consistent with current policy (applicable to all marriage-based benefits), if an assertion concerning marriage appears unreliable, the file should be submitted to VA for determination as to whether the marriage will be recognized. Neither VA nor REMN WS will treat assertions regarding same-sex marriages as inherently suspect for this purpose. – If the applicant or REMN WS requests that VA make a determination regarding marriage recognition, the following information must be sent to the VA Regional Loan Center by the VA Underwriter; <ul style="list-style-type: none"> ▪ Date and State of marriage, ▪ State of residence at time of marriage, ▪ State where subject property is located, ▪ Current State of residence; and, ▪ Estimated date of loan closing. ▪ Whether VA has previously recognized the marriage for the purpose of a different VA benefit or service. – VA staff will then notify the applicant of their decision. As you know, REMN WS requires a guaranty of at least 25% and will not close a loan with a partial guaranty. – Potential applications that need VA determination of marriage recognition must allow adequate time for the VA to make their decision regarding the acceptability to insure a full guaranty. » The only acceptable co-borrower(s) and title holder(s) are either the veteran's spouse or another veteran. <ul style="list-style-type: none"> – Rules regarding the Note extend to who can be on title (another individual cannot be added to title). » The percentage of guaranty is based upon "eligible" borrowers. HomeBridge must always have a minimum 25% guaranty. <ul style="list-style-type: none"> – Additional down payment can be used to achieve minimum guaranty. » Guaranty is limited to that portion of the loan allocable to the veteran's interest in the property. (i.e., if a veteran is the only individual on the Note, but had someone other than their spouse or another veteran on title, the final Loan Guaranty Certificate would be half the entitlement). » REMN WS will only close loans with a minimum 25% Guaranty and will not allow loans with partial eligibility.
Prior Mortgage Fraud	<ul style="list-style-type: none"> » REMN WS will not lend to any borrower(s) who has been previously convicted of mortgage fraud. » For all other interested parties in the transaction, if any one of the parties has been previously convicted of mortgage fraud, REMN WS will not provide financing for the transaction. » There are NO exceptions to the aforementioned criteria.

REMN WHOLESALE VA PRODUCT GUIDELINES

CREDIT & UNDERWRITING	
Age of Credit Documents	<ul style="list-style-type: none"> » Credit, Income & Asset Documentation – 120 Days » Appraisal – 180 Days
Credit Scores	<ul style="list-style-type: none"> » Tri-merge credit report required on all borrowers. » Credit decision score method used on each borrower is; middle of 3, lower of 2 or 1 score (per AUS). » If “NA” or “No Score” displays, this is not considered a credit score. » See FHA/VA/USDA Credit Score Overlay grid www.REMNWholesale.com; fico < 640 overlays for DTI, LTV, Housing History, Payment Shock and Occupancy.
Credit Inquiries	<ul style="list-style-type: none"> » The borrower(s) must address ALL inquiries listed on their credit report within the past 120 days. » All inquiries listed on the credit report must be specifically addressed by the borrower with the disposition of each inquiry; <ul style="list-style-type: none"> – Acceptable response; Chase, Wells Fargo and Bank of America credit pulled while searching for a mortgage on property located at 123 Main Street and no credit was obtained. – Unacceptable response: We did not accept any credit for the inquiries listed on our credit report, OR; – We did not accept any credit from Chase, Wells Fargo or Bank of America. Neither of the two unacceptable responses above is acceptable as they do not specifically address both the inquiry and disposition of the inquiry).
Underwriting Consistency	<ul style="list-style-type: none"> » Inquiry explanation REMN WS credit report <ul style="list-style-type: none"> – If a credit report shows an inquiry from REMN WS; and the inquiry date is the same date as the credit report we are utilizing and the Processor completes a Processor Certification that there are no other applications – no further explanation is required from the borrower.
Borrower Debt Certification	<ul style="list-style-type: none"> » Borrowers will be required to sign an affidavit at closing attesting that no new debt has been taken out since the initial 1003 and that the final 1003 is accurate. <ul style="list-style-type: none"> – The closing document will not be required to on Non-Credit Qualifying IRRRL transactions.
Multiple Social Security Numbers	<ul style="list-style-type: none"> » As soon as the credit report is received, but no later than the time of loan approval, the additional social security number(s) section located on the borrower’s credit report must be reviewed. If any additional social security numbers (SSN) appear on the credit report, a clear CAIVRS search on the additional SSN(s) is required. <ul style="list-style-type: none"> – If there are multiple additional SSN’s appearing, a CAIVRS report must be obtained for each SSN. – If there are multiple borrowers with additional SSN’s appearing, a CAIVRS report must be obtained for each SSN appearing for each borrower. » W-2 Discrepancy: If a borrower’s W-2 reflects a SSN other than the SSN legally issued to the borrower, the Underwriter should adequately document the file prior to proceeding with the loan (standard underwriting practice). If the Underwriter/Team Lead/Underwriting Manager is not able to sufficiently resolve and document the W2 SSN discrepancy, the matter may be elevated to QC for review. <p>Procedure</p> <ol style="list-style-type: none"> 1. Review the credit report for additional SSN’s. 2. If there are additional SSN’s, order a CAIVRS report for each SSN. <p>CAIVRS Results</p> <ul style="list-style-type: none"> » <u>Clear CAIVRS</u> <ul style="list-style-type: none"> – The file may proceed. – Upload the clear CAIVRS report to BlitzDocs, Social Security – Multiple Number » <u>CAIVRS Hit (Reflects Claim or Default) – Confirmation Received that it is Not the Borrower</u> <ul style="list-style-type: none"> – Confirm with HUD the CAIVRS hit is not against the borrower – Follow internal procedure to send to REMN QC Department, CC: the Chief Credit Officer for the respective division and Operations Manager. Provide the following: <ul style="list-style-type: none"> ▪ Borrower Name and Loan Number ▪ CAIVRS report ▪ Evidence from HUD that the CAIVRS is not associated with the borrower – Upload the CAIVRS report and evidence from HUD that the CAIVRS is not associated with the borrower to BlitzDocs, Social Security – Multiple Number. » <u>CAIVRS Hit (Reflects Claim or Default) – Confirmation Not Received that it is Not the Borrower</u> <ul style="list-style-type: none"> – The loan may not proceed.
Child Support Delinquency	<p>REMN WS OVERLAY: Delinquent child support must be paid current or in a repayment plan; or Management Approval required.</p>

REM N WHOLESALE VA PRODUCT GUIDELINES

CREDIT & UNDERWRITING																	
Debt to Income (DTI) Ratios	<ul style="list-style-type: none"> » When completing the DTI, the following must be included; <ul style="list-style-type: none"> – Monthly housing expenses, – Additional recurring charges extending 10 months or more, such as; <ul style="list-style-type: none"> ▪ Installment accounts ▪ Child support or separate maintenance payments ▪ Child Care and/or Job Expenses ▪ Revolving account » Tax free income may be “grossed up” for purposes of calculating the DTI ratio only (cannot be grossed up for purposes of calculating residual income). This is a tool that may be used to lower the debt ratio for veterans who clearly qualify for the loan. Income may be grossed up to the level of the borrower’s current tax liability (i.e. if borrower currently in the 10% tax bracket you may gross up 110% with the maximum tax bracket to gross up to 125%). » A debt ratio > 41.00% requires close scrutiny unless; <ul style="list-style-type: none"> – The ratio if > 41.00% solely due to the existence of tax free income; or, – Residual income exceeds the guideline by at least 20%. – Loan file must include justification; listing all compensating factors for loan approval. » Debts lasting less than 10 months must be included if the amount of the debt will affect the borrower’s ability to pay the mortgage during the months immediately after loan closing, especially if the borrower will have limited or no cash assets after loan closing. Note: Monthly payments on revolving or open-end accounts, regardless of the balances, are counted as liabilities for qualifying purposes even if the accounts appear likely to be paid off within 10 months or less. 																
Mortgage (Housing) History	<ul style="list-style-type: none"> » Manual downgrade required for any mortgage debt with more than 1x30x12; and Management Approval required. » Mortgage must be current and due for the month of closing. » VOM/VOR required if Approval/Eligible Findings are <u>not</u> received. 																
Installment Debt	<ul style="list-style-type: none"> » Must be included in borrower debt ratio if; <ul style="list-style-type: none"> – > 10 months remaining; or, – ≤ 10 months remaining AND payment is > \$100 and/or at Underwriter discretion. – DU should be run with all debts allowing the AUS to determine which debts can be excluded. 																
Revolving Debt	<ul style="list-style-type: none"> » A Revolving Debt refers to a credit arrangement that requires the Borrower to make periodic payments but does not require full repayment by a specified point of time. <ul style="list-style-type: none"> – REMN WS must include the monthly payment shown on the credit report for the Revolving Charge Account. – Where the credit report does not include a monthly payment for the account, REMN WS must use the payment shown on the current account statement or five percent (5%) of the outstanding balance. 																
Debts Paid Prior to Closing or At Closing	<p>Paid-in-Full by Borrower Prior to Closing</p> <ul style="list-style-type: none"> » Evidence must be in the file that the account is paid in full. » REMN WS must source the funds to close the account with assets updated to reflect funds available for closing. <p>Paid-in-Full by Borrower At Closing</p> <ul style="list-style-type: none"> » Current balance as reported on the Borrower’s credit report will be used to determine the payoff amount. If Borrower indicates that the current balance is lower than what is reported on the credit report, a current statement, dated within 30 days of the closing, can be provided to verify the balance. <ul style="list-style-type: none"> – Must be shown on HUD1/CD if paid at closing. » REMN WS must source the funds to close the account with assets updated to reflect funds available for closing. (Note – if the account is being paid off with cash-out proceeds from the subject property cash-out refinance transaction, then sourcing-of-funds is not required). » REMN WS must document that the funds used to pay off debts prior to closing came from an acceptable source, and the Borrower did not incur new debts that were not included in the DTI ratio. » If debt is revolving, the account does not need to be closed, so long as the payoff balance provided is accurate and all other qualifying factors listed above are met. » REMINDER: The Borrower may not pay down the balance of an installment debt to less than 10 months in order to omit the payment from the DTI ratio. 																
Student Loans - Applications on or before 1/24/2017	<ul style="list-style-type: none"> » Payments deferred > 12 months or more from the note date may be excluded from the DTI ratio. » If a student loan is due to begin payments within twelve (12) months of the closing date, the loan must be qualified with one of the following payments: <ul style="list-style-type: none"> – If the borrower is able to obtain a statement from the servicer confirming the upcoming payment, the actual payment can be used - OR – Estimating the payment based upon the balance/interest rate schedule from the Department of Education site: https://studentaid.ed.gov/sa/types/loans/interest-rates#rates <table border="1"> <thead> <tr> <th colspan="2">Calculating a Student Loan Repayment</th></tr> <tr> <th>Total Outstanding Balance of All Student Loans</th><th>Repayment Period</th></tr> </thead> <tbody> <tr> <td>\$1 - \$7,499</td><td>10 years</td></tr> <tr> <td>\$7,500 - \$9,999</td><td>12 years</td></tr> <tr> <td>\$10,000 - \$19,999</td><td>15 years</td></tr> <tr> <td>\$20,000 - \$39,999</td><td>20 years</td></tr> <tr> <td>\$40,000 - \$59,999</td><td>25 years</td></tr> <tr> <td>\$60,000 +</td><td>30 years</td></tr> </tbody> </table> <ul style="list-style-type: none"> » Payments in forbearance due to financial hardship must be included in the monthly DTI ratio. 	Calculating a Student Loan Repayment		Total Outstanding Balance of All Student Loans	Repayment Period	\$1 - \$7,499	10 years	\$7,500 - \$9,999	12 years	\$10,000 - \$19,999	15 years	\$20,000 - \$39,999	20 years	\$40,000 - \$59,999	25 years	\$60,000 +	30 years
Calculating a Student Loan Repayment																	
Total Outstanding Balance of All Student Loans	Repayment Period																
\$1 - \$7,499	10 years																
\$7,500 - \$9,999	12 years																
\$10,000 - \$19,999	15 years																
\$20,000 - \$39,999	20 years																
\$40,000 - \$59,999	25 years																
\$60,000 +	30 years																

REM N WHOLESALE VA PRODUCT GUIDELINES

CREDIT & UNDERWRITING	
Student Loans – Applications on or after 1/25/2017	<ul style="list-style-type: none"> » Payments deferred twelve (12) months or more from the note date may be excluded from the DTI ratio. » If a student loan is due to begin payments within twelve (12) months of the closing date, complete the following calculations: <ul style="list-style-type: none"> – Step 1: <ul style="list-style-type: none"> ▪ Student loan balances x 5%, divided by 12. Example: \$25,000 x 5% = \$1,250/12 = \$104.71 monthly payment. – Step 2: <ul style="list-style-type: none"> ▪ Review the payment listed on the credit report. If the payment on the credit report is HIGHER than the calculation in Step 1, qualify the loan using the higher payment listed on the credit report. If the payment on the credit report is LOWER than Step 1, then proceed to Step 3. – Step 3: <ul style="list-style-type: none"> ▪ If the payment on the credit report is lower than the 5% calculated payment (Step 1), the veteran must get a letter from the student loan servicer listing the terms and conditions of the student loan(s), including the payment due. VA will honor the payment quoted by the servicer, including “income based” repayment schedules. If the servicer cannot provide an actual payment, then the 5% calculated payment must be used. » Although it would seem that the credit report should be sufficient, VA has confirmed that a statement from the servicer is required, pursuant to VA Circular 26-17-02, if the payment used is lower than the 5% calculation.
Non-Purchasing Spouse	<ul style="list-style-type: none"> » Except for obligations specifically excluded by state law; the debts of the non-purchasing spouse <u>must</u> be included in the borrower’s qualifying ratios, if the; <ul style="list-style-type: none"> – Veteran resides in a community property state; or, – Property being insurance is located in a community property state. » The non-purchasing spouse’s credit history is not considered a reason to deny a loan; however, the obligations must be considered in the DTI ratio unless excluded by state law. A credit report that complies with the requirements of the Lenders Handbook VA Pamphlet 26-7 must be provided.
Contingent Liability (Debt paid by others)	<ul style="list-style-type: none"> » A contingent liability exists when an individual is held responsible for a payment of a debt if another party; jointly or severally obligated, defaults on the payment. » If someone else is making a payment, that only our borrower is legally obligated on, you cannot exclude the debt even if you have evidence someone else is making the payment. Payments can only be excluded when the person making the payment is also legally obligated to do so. » Personal debt where the borrower is a co-signer may be excluded from the DTI ratios; if, <ul style="list-style-type: none"> – Documentation is provided verifying another borrower is responsible for the loan; and, – 12 consecutive canceled checks (most recent) are provided from the other party making the payment (cannot be a joint account with our borrower); and, – The account on the credit report verifies no late payments. – If unable to provide the above required documentation; Management approval will be required to exclude the debts from the monthly DTI ratio.
Contingent Liability (Business Debt)	<ul style="list-style-type: none"> » Sole Proprietorship or Partnership <ul style="list-style-type: none"> – The business is not an entity that can borrow – Any debt used by the business is a personal obligation regardless of how the debt is paid – These debts must be included in the DTI ratios – When included in the DTI ratios, they may be added back to the business income so as to not hit the borrower for the debt(s) twice. » Corporations (Includes Sub-S and most LLC’s) <ul style="list-style-type: none"> – A corporation is a legal entity that can be obligated for debts – Often officers of the corporation or members of an LLC are required to personally sign as additional guarantors for debts owed by the Corporation or LLC – Debts may be excluded from DTI Ratio <ul style="list-style-type: none"> ▪ At least 12 consecutive months (most recent) canceled checks are provided by the Corporation/LLC for payment on the loan
Collection/Charge Off/Judgment	<ul style="list-style-type: none"> » VA does not require that collection or charge off accounts be paid off as a condition of loan approval. <ul style="list-style-type: none"> – However, VA requires the borrower to explain in writing all collection, charge off and judgment accounts. – If the collection/charge-off is for a federal debt, it CANNOT be excluded. » Follow DU Findings if payoff is required. » Judgments must be paid off or in a repayment plan for 12 months verifying 0x30x12. » Borrowers with a history of collection or charge off accounts should have reestablished a twelve (12) month satisfactory credit history in order to be considered and satisfactory credit risk. <p>REM N WS OVERLAY: At Underwriter discretion based upon the type and amount of the collection or charge off, payoff may be required.</p>
Short Sale	<ul style="list-style-type: none"> » VA is currently “silent” on this issue; however, REM N WS has been given the following guidance from the Atlanta Regional Loan Center as general policy on short sales. <ul style="list-style-type: none"> – If a veteran’s overall credit record is good, VA does not think the fact that he/she sold his/her property at less than what was owed, should be a bar to obtaining new credit. Nor does VA think a mandatory waiting period is necessary, similar to the waiting period after a foreclosure or bankruptcy. – A short sale just reflects the almost historical collapse of the real estate market. If the borrowers overall credit is satisfactory, a lender can still determine the veteran is a satisfactory credit risk. Hopefully, the payments on the mortgage were paid timely, but even if there were some delinquent payments, they should just be viewed from the perspective of the entire borrowers’ credit.

REMN WHOLESALE VA PRODUCT GUIDELINES

CREDIT & UNDERWRITING	
AUS (Downgrading the recommendation)	<p>» An AUS “Approve” recommendation must be downgraded to a Refer/Manual underwrite review (files must be documented without the AUS reduced documentation), when;</p> <ul style="list-style-type: none"> – Mortgage history with more than 1x30x12 – Management Approval will also be required. <p>» Derogatory disputed information is defined as:</p> <ul style="list-style-type: none"> – Disputed collection accounts – OR – Disputed charge off accounts – OR – Disputed accounts with late payments in the last 24 months <p>» Excluded from the calculation are:</p> <ul style="list-style-type: none"> – Disputed medical accounts. – Accounts that are the result of identity theft; credit card theft and/or unauthorized use. However, there must be appropriate documentation, such as a police report, to substantiate the theft and/or unauthorized use claim. If proper documentation cannot be obtained, then the accounts are included in the calculation. <p>» Cumulative outstanding balances from all borrowers are \$1,000 or higher the file must be downgraded to a “Refer”. (Note: If borrower A total is \$500 and B total is \$600 the sum is over \$1000 guidance applies.)</p> <ul style="list-style-type: none"> – The Underwriter will then consider the derogatory disputed information in the credit analysis as a manual underwrite. – If the disputed information is isolated and the overall credit profile of the borrower is acceptable, the DE underwriter may leave the file with an open dispute. – If the disputed information is not isolated and/or the overall credit profile of the borrower is not acceptable, the DE underwrite may require that the dispute be satisfactorily resolved before the loan can be closed. – Cumulative outstanding balances from all borrowers are \$999 or less, a downgrade is NOT required. <p>» Modified Mortgage</p> <ul style="list-style-type: none"> – Mortgages in default at time of loan modification must meet standard VA credit guidelines. – Borrower must verify a minimum of twelve (12) months timely payments (0x30x12) on the mortgage. <p>REMN WS OVERLAY: Loan must be downgraded to a manual underwrite when verification of a modification on current mortgage exists. Mortgage history of 1x30x12 will not be allowed if mortgage was in default at time of loan modification.</p>
Payment Shock – REMN WS Policy	<p>» In order to provide clarify and consistency on both the calculation and how the result is displayed, REMN WS will adopt the following calculation:</p> <p>Proposed housing payment/present housing payment. Take the result and subtract “1.00” and then multiply by 100. The result will show the actual percentage.</p> <p>Example: Assumption & Calculation – Within Guidelines (Government Loans Under 620)</p> <p>Proposed Housing Payment = \$1,400 Present Housing Payment = \$950 $\\$1400/\\$950 = 1.46$ $1.47 - 1.00 = .47$ $.47 \times 100 = 47$ (or a 47% increase)</p> <p>Example: Assumption & Calculation – Outside Guidelines (Government Loans Under 620)</p> <p>Proposed Housing Payment = \$1,400 Present Housing Payment = \$650 $\\$1,400/\\$650 = 2.15$ $2.15 - 1.00 = 1.15$ $1.15 \times 100 = 115$ (or a 115% increase)</p> <p>It is not necessary to calculate “payment shock” when the borrower’s proposed housing payment is <u>less than</u> their present housing payment.</p>

REM N WHOLESALE VA PRODUCT GUIDELINES

CREDIT & UNDERWRITING

Adverse Data

Re-established Credit – In circumstances not involving bankruptcy, satisfactory credit is generally considered to be re-established after the veteran or veteran and spouse, have made satisfactory payments for twelve (12) months after the date of the last derogatory credit item was satisfied. For example; assume a credit report reveals several unpaid collections, including some which have been outstanding for many years. Once the borrower has satisfied the obligations and then makes timely payments on subsequent obligations for at least twelve (12) months, satisfactory credit is re-established.

Collections – Isolated collection accounts do not necessarily have to be paid off as a condition of the loan approval. For example; a credit report may show numerous satisfactory accounts and one (1) or two (2) unpaid medical (or other) collections. In such instances, while it would be preferable to have collections paid, it would not necessarily be a requirement of loan approval. However, collection accounts must be considered part of the veterans overall credit history and unpaid collection accounts should be considered open, recent credit. Borrowers with a history of collection accounts should have re-established credit (as indicated above) in order to be considered a satisfactory credit risk.

Disputed Accounts – REMN WS may consider a veteran's claim of bona fide or legal defenses regarding unpaid debts except when the debt has been reduced to judgment. Account balances reduced to a judgment by a court must be either paid in full or subject to a repayment plan with a history of timely payments. For unpaid debts that have not been paid timely, payoff of these debts after the acceptability of the veterans' credit is questioned does not alter the unsatisfactory record of payment.

Summary – The above guidance is not meant to address every possible scenario. REMN WS should carefully review the complete credit history and use judgment. For example; if a borrower has numerous unpaid collections – no matter when they were established – it's not unreasonable to question the ability and willingness to honor obligations. If the borrower and/or spouse are determined satisfactory credit risks in spite of derogatory credit information, the loan file should include an explanation from the borrower(s) and REMN WS's Underwriter on the basis for the determination.

- » An explanation from the borrower(s) must be accompanied with documentation of the circumstances alleged to have caused the credit problem, judgment or bankruptcy.
 - If unsure about a particular situation, REMN WS will contact the appropriate VA Regional Loan Center for guidance.

REM N WHOLESALE VA PRODUCT GUIDELINES

CREDIT & UNDERWRITING	
Bankruptcy / CCCS	<p>Chapter 13</p> <ul style="list-style-type: none"> » This type of filing indicates an effort to pay creditors. Regular payments are made to a court-appointed trustee over a two (2) to three (3) year period or, in some cases, up to five (5) years, to pay off scaled down or entire debts. » If the veteran has finished making all payments satisfactorily, REMN WS may conclude the veteran has re-established satisfactory credit. » If the veteran has satisfactorily made at least twelve (12) months' worth of payments and the trustee or bankruptcy judge approves of the new credit, REMN WS may give favorable consideration. <p>Chapter 7</p> <ul style="list-style-type: none"> » REMN WS may disregard a bankruptcy that was discharged more than two (2) years ago. » If the bankruptcy was discharged within one (1) to two (2) years, it is probably not possible to determine the veteran or spouse is a satisfactory credit risk unless both of the following are met: <ul style="list-style-type: none"> – The veteran or spouse has obtained consumer items on credit subsequent to the bankruptcy and has satisfactorily made the payments over a continued period; and, – The bankruptcy was caused by circumstances beyond the control of the veteran or spouse; such as unemployment, prolonged strikes, medical bills not covered by insurance, and so on, and the circumstances are verified. Divorce is not generally viewed as beyond the control of the veteran and/or spouse. » If the bankruptcy was caused by failure of the business of a self-employed veteran, it may be possible to determine that the veteran is a satisfactory credit risk , if; <ul style="list-style-type: none"> – The veteran has obtained a permanent position after the business failed, – There is no derogatory credit information prior to self-employment, – There is no derogatory credit information subsequent to the bankruptcy; and, – Failure of the business was not due to the veterans' misconduct. » If the veteran or spouse has been discharged in bankruptcy within the past twelve (12) months, it will not generally be possible to determine that the veteran or spouse is a satisfactory credit risk. <p>CCCS</p> <ul style="list-style-type: none"> » If a veteran, or veteran and spouse, have prior adverse credit and are participating in a Consumer Credit Counseling plan, they may be determined to be a satisfactory credit risk if they demonstrate twelve (12) months' satisfactory payments and the counseling agency approved the new credit. » If a veteran, or veteran and spouse, have good prior credit and are participating in a Consumer Credit Counseling plan, such participation is to be considered a neutral factor, or even a positive factor, in determining creditworthiness. Do not treat this as a negative credit item if the veteran entered the Consumer Credit Counseling plan before reaching the point of having bad credit.
Foreclosure	<ul style="list-style-type: none"> » The fact that a home loan foreclosure (or deed-in-lieu of foreclosure) exists in the veterans (or spouses) credit history does not in itself disqualify the loan. <ul style="list-style-type: none"> – Develop complete information on the facts and circumstances of the foreclosure. – Apply the guidelines provided for Chapter 7 bankruptcies. » You may disregard a foreclosure, deed-in-lieu completed greater than two (2) years ago. » If the foreclosure was completed within the last one (1) to two (2) years, it is probably not possible to determine that the veteran or spouse is a satisfactory credit risk unless both of the following: <ul style="list-style-type: none"> – The veteran or spouse has obtained consumer items on credit subsequent to the foreclosure and has satisfactorily made the payments over a continued period; and, – The foreclosure was caused by circumstances beyond the control of the veteran or spouse such as; unemployment, prolonged strikes, medical bills not covered by insurance, and so on, and the circumstances are verified. Divorce is not generally viewed as beyond the control of the veteran and/or spouse. » If included in a Chapter 7 – bankruptcy discharge date is used to determine foreclosure date. » Must have re-established credit. » No late mortgage or installment payments after foreclosure; and, » Must provide letter of explanation as to the reason for foreclosure as well as why it is not likely to reoccur in the future. » If the foreclosure was on a VA loan, the veteran may not have full entitlement available for the new loan. Ensure that the veteran's Certificate of Eligibility reflects sufficient entitlement to meet any secondary requirements (25% Guaranty). » See AUS (Downgrading the recommendation) for Modified Mortgage Loans.
Borrower with Prior Foreclosure with REMN WS – REMN WS Policy	<ul style="list-style-type: none"> » In the event that a Borrower(s) on the loan application has a prior foreclosure with REMN WS, the following will apply: <ul style="list-style-type: none"> – The loan must be elevated to REMN WS Chief Credit Officer for consideration. A detailed memo explaining the reason(s) for the foreclosure will be required, including, but not limited to the following: <ul style="list-style-type: none"> • Factors that are considered the reasons for the foreclosure, as well as the monetary loss incurred by REMN WS, • Explanation should be for 'extraordinary' situations, such as prolonged serious medical condition and/or death of a household wage-earner. » The loan must otherwise meet all Agency/Investor guidelines that apply for foreclosure.

REM N WHOLESALE VA PRODUCT GUIDELINES

INCOME & EMPLOYMENT	
Verbal VOE	<ul style="list-style-type: none"> » A Verbal Verification of Employment is required ten (10) calendar days of the Note date; Business License, CPA Letter or Federal Tax ID Certificate is required for all self-employed borrowers (3rd party verification required). » Minimum of 2 year employment history must be verified.
Income Documentation	<ul style="list-style-type: none"> » Most recent paystub showing year-to-date earnings of at least thirty (30) days; and, » W2's for prior two (2) years or as per DU recommendation. <ul style="list-style-type: none"> – If less than thirty (30) days employment on current job; copies of all paystubs are required. <p>NOTE: REMN WS will only accept a fully completed VOE as a <u>supplement</u> to further explain the type of income earned (example: breakdown of income; Base, OT, Bonus, Commission, etc.).</p>
Income Analysis	<ul style="list-style-type: none"> » Analyze the probability of continued employment (that is, whether income is stable and reliable) by: <ul style="list-style-type: none"> – Past employment record, – Training, education and qualifications for his/her position, – Type of employment; and, – Employer's confirmation of continued employment, if provided. » If the borrower's current position, 2 years of employment is a positive indicator of continued employment. It is not a required minimum and not always sufficient by itself to reach a conclusion on the probability of continued employment. <p>Employed Less than 12 Months</p> <ul style="list-style-type: none"> » Generally, employment less than twelve (12) months is not considered stable and reliable. However, it may be considered stable and reliable if the individual facts warrant such a conclusion. Carefully consider the employer's evaluation of the probability of continued employment. » Assess whether the borrower's training and/or education equipped him/her with particular skills that relate directly to the duties of his/her current position. This generally applies to skilled positions (i.e., nurse, medical technician, lawyer, paralegal, computer analysis, etc.). <ul style="list-style-type: none"> – If the probability of continued employment is high based on these factors, the REMN WS may give favorable consideration to including the income in the total effective income. – If the probability of employment is good, but not as well supported, REMN WS may still consider the income if the applicant has been employed at least six (6) months to partially offset debts of 10 to 24 months duration. – Determine the amount which can be used, based on such factors as; the employer's evaluation of the probability of continued employment, if provided; and, the length of employment (for example 10 months versus 6 months). <p>NOTE: An explanation from the Underwriter of why income less than twelve (12) months was used must accompany the file.</p>
Underwriter's Objective	<ul style="list-style-type: none"> » Identify and verify income available to meet: <ul style="list-style-type: none"> – The mortgage payment, – Other shelter expenses, – Debts and obligations; and, – Family living expenses. » Evaluate whether verified income is: <ul style="list-style-type: none"> – Stable and reliable, – Anticipated to continue during the foreseeable future; and, – Sufficient in amount.
Projected Income from a new job	<ul style="list-style-type: none"> » VA does not have specific guidelines on this topic; REMN WS will use the same logic provided by FHA. » Projected income is acceptable for qualifying purposes for a borrower scheduled to start a new job within sixty (60) days of loan closing, if there is a guaranteed, non-revocable contract for employment. REMN WS must verify that the borrower will have sufficient income or cash reserves to support the mortgage payment and any other obligations between the loan closing and the start of the new employment. » REMN WS must obtain from the borrower a paystub or other acceptable evidence indicating that he/she has started the new job. At time of closing borrower must submit a certification verifying they will supply evidence of their first paystub upon receipt. Example; A teacher whose contract begins with the new school year or a physician beginning his/her residency. » Any loan where projected income will be used must be countersigned by the Operations Manager, Underwriting Manager or Retail Helpdesk Manager.

REMN WHOLESALE VA PRODUCT GUIDELINES

INCOME & EMPLOYMENT	
Income of a Spouse	<ul style="list-style-type: none"> » Verify and treat the income of a spouse who will be contractually obligated on the loan the same as the veteran's income. » To ensure compliance with ECOA, do not ask questions about the income of a spouse unless: <ul style="list-style-type: none"> – Spouse will be contractually liable, – Borrower is relying on the spouse's income to qualify, – Borrower is relying on alimony, child support or separate maintenance payments from the spouse or former spouse; or, – Borrower resides in a community property state.
Fax & Internet Documentation	<ul style="list-style-type: none"> » Fax and internet documentation may be submitted in place of a VA of REMN WS concludes the borrowers income is stable, reliable and anticipated to continue during the foreseeable future; that is, if the borrowers income qualifies as effective income. » Fax and internet documentation consists of; <ul style="list-style-type: none"> – The same information contained in a standard VOE, – Clear identification of the employer and source of information; and, – Name and telephone number of a person who can verify faxed information. » REMN WS is response for ensuring the authenticity of the documents. <ul style="list-style-type: none"> – Faxed documents- review the "banner" information provided at the top of each page of the fax. – Internet documents- review the information contained on any headers/footers and the banner portion of the downloaded webpage(s). These pages must contain the uniform resource locator (URL) along with date and time printed. The documents should also be reviewed for errors; such as incorrect area codes, unreadable names or income, etc.
Alimony, Child Support and Maintenance Payments	<ul style="list-style-type: none"> » Verify the income if the borrower wants it to be considered. The payments must be likely to continue in order to include them in effective income. » Factors used to determine whether the payments will continue include, but are not limited to: <ul style="list-style-type: none"> – Whether the payments are received pursuant to a written agreement or court order decree, – The length of time the payments have been received, – The regularity of receipt; and, – The availability of procedures to compel payment.
Automobile or Similar Allowances	<ul style="list-style-type: none"> » Generally, automobile allowances are paid to cover specific expenses related to the borrower's employment, and it is appropriate to use such income to offset a corresponding car payment. » However, in some instances, such an allowance may exceed the car payment. With proper documentation, income from a car allowance which exceeds the car payment can be counted as effective income. Likewise, any other similar type of allowance which exceeds the specific expenses involved may be added to gross income to the extent it is documented to exceed the actual expense.
Other Types of Income	<ul style="list-style-type: none"> » If it is reasonable to conclude that other types of income will continue in the foreseeable future, include it in effective income. Otherwise, consider whether it is reasonable to use the income to offset obligations of 10 to 24 months duration. » "Other" types of income which may be considered as effective income include, but are not limited to: <ul style="list-style-type: none"> – Pension or other retirement benefits, – Disability income, – Dividends from stocks, – Interest from bonds, savings accounts, and so on; and, – Royalties. » REMN WS may include verified income from public assistance programs in effective income if evidence indicates it will probably continue for three (3) years or more. » REMN WS may include verified income received specifically for the care of any foster children. Generally, foster care income is to be used only to balance the expenses of caring for foster children against any increased residual income requirements. » Do <u>not</u> include temporary income items such as VA Educational allowances and unemployment compensation in effective income. Unemployment compensation is not allowed for qualification, including for borrowers with seasonal employment.

REM N WHOLESALE VA PRODUCT GUIDELINES

INCOME & EMPLOYMENT	
Self-Employed	<ul style="list-style-type: none"> » DU Findings <ul style="list-style-type: none"> – Follow AUS documentation requirements. » Manual Underwriting <ul style="list-style-type: none"> – Two (2) years signed personal tax returns – Two (2) years signed business/corporate tax returns; if the business is a corporation or partnership – Year-to-Date Profit/Loss and Balance Sheet (may be prepared by the borrower) – Can only use income from tax returns unless P&L audited by CPA – Income must not be declining by more than ten percent (10%) per year or must use lowest income to qualify – Depreciation and/or depletion may be added back; and, » May not add back business use of home.
Documentation Requirements for Income from SSA	<ul style="list-style-type: none"> » All income from the Social Security Administration (SSA) including, but not limited to, Supplemental Security Income (SSI), Social Security Disability (SSDI) and Social Security (SS) income can be used to qualify the borrower if the income has been verified, and is likely to continue for at least a three (3) year period from the date of the mortgage application with REMN WS. » REMN WS must verify income by obtaining from the borrower any one (1) of the following: <ul style="list-style-type: none"> – Federal Tax Returns, – The most recent bank statement evidencing receipt of income from the SSA, – Proof of Income Letter, also known as “Budget Letter” or “Benefits Letter” that evidences income from the SSA; or, – Copy of the borrowers Social Security Benefits Statement (SSA 1099/1042S). » In addition to verification of income, REMN WS must document the continuance of this income by obtaining from the borrower; 1) a copy of the last Notice of Award letter which states the SSA’s determination on the borrower’s eligibility for SSA income; or 2) equivalent documentation that establishes award benefits to the borrower. If any income from the SSA is due to expire within three (3) years from the date of the mortgage application with REMN WS, that income may <u>only</u> be considered as a compensating factor. » If the Notice of Award or equivalent documentation does not have a defined expiration date, REMN WS shall consider the income effective and likely to continue. REMN WS should not request additional documentation from the borrower to demonstrate continuance of SSA income. Under no circumstances should REMN WS inquire into or request documentation concerning the nature of the disability or medical condition of the borrower. » Pending or current re-evaluation of medical eligibility for benefit payments is not considered an indication that the benefit payment is not likely to continue. » An initial Notice of Awards letter (or its equivalent) may specify a start date for receipt of income in the future. REMN WS may consider this income as effective income as of the start date specified in the Notice of Award. The borrower must have other income to qualify for the mortgage until the start date of receipt of income. » Other forms of long-term disability (such as workers’ compensation or private insurance) may be considered for qualifying income with a reasonable expectation of continuance. REMN WS should use procedures similar to those noted above to verify such income.
Additional Documentation for Union Workers or Other Seasonal/Climate-Dependent Work	<ul style="list-style-type: none"> » In addition to the standard documentation (VOE and paystub), REMN WS must obtain: <ul style="list-style-type: none"> – Documentation evidencing the borrower’s total earnings, year-to-date – Signed and dated individual federal income tax returns for the previous two (2) years, and – If borrower works out of a union, evidence of the union’s history with the borrower must be obtained. – VA does not permit the allowance of unemployment compensation for qualification, including for borrowers with seasonal employment.

REM N WHOLESALE VA PRODUCT GUIDELINES

INCOME & EMPLOYMENT	
Short Term Disability	<p>» Temporary leave from work is generally short in duration and for reasons of maternity or parental leave, short-term medical disability or other temporary leave types that are acceptable by law or the borrower's employer. Borrowers on temporary leave may or may not be paid during their absence from work.</p> <p>» If REMN WS is made aware that a borrower will be on temporary leave at the time of the loan closing and the borrower's income is needed to qualify for the loan, REMN WS must determine allowable income and confirm employment as described below.</p> <ul style="list-style-type: none"> – The borrower's employment and income history must meet standard eligibility requirements. – Borrower must provide written confirmation of his/her intent to return to work and the agreed upon date of return as evidenced by documentation provided by the employer. – REMN WS cannot receive evidence or information from the borrower's employer indicating that the borrower does not have the right to return to work after the leave period. – REMN WS must obtain a verbal VOE. If the employer confirms that the borrower is currently on temporary leave, REMN WS must consider the borrower employed. <p>» REMN WS must verify the borrower's income in accordance with standard legibility requirements:</p> <ul style="list-style-type: none"> – The amount and duration of the borrower's "temporary leave income" which may require multiple documents or sources depending on the type and duration of the leave period; and, – The amount of the "regular employment income" the borrower received prior to the temporary leave. Regular employment income includes, but is not limited to, the income the borrower receives from employment on a regular basis that is eligible for qualifying purposes (i.e. base pay, commissions and bonus). <p>Calculating Qualifying Income</p> <p>» Requirements for Calculating Income Used to Qualify</p> <ul style="list-style-type: none"> – If the borrower will return to work as of the first mortgage payment date, REMN WS can consider the borrower's regular employment income in qualifying. <p>» If the borrower will not return to work as of the first mortgage payment date, REMN WS must use the lesser of the borrower's temporary income (if any) or regular employment income.</p>

REM N WHOLESALE VA PRODUCT GUIDELINES

INCOME & EMPLOYMENT																																																																										
Residual Income	<ul style="list-style-type: none"> » VA has two (2) residual income charts categorized by the loan amount, family size and region the property is located in. <ul style="list-style-type: none"> – Residual income can be reduced by 5% if active duty. » Residual income is the net income remaining after deducting the following; <ul style="list-style-type: none"> – Federal & State Tax, Social Security & Medicare, – Installment and revolving debt, – Child support or alimony obligations, – Child care of job expenses (must be shown as a liability and reduction of residual income), – Home maintenance @ .14¢ per square foot. » Cannot used grossed-up income to meet residual requirements. 																																																																									
Residual Income Chart	Loan Amounts of \$79,999 and below <table> <tr> <th>Family Size</th><th>Northeast</th><th>Midwest</th><th>South</th><th>West</th></tr> <tr> <td>1</td><td>\$390</td><td>\$382</td><td>\$382</td><td>\$425</td></tr> <tr> <td>2</td><td>\$654</td><td>\$641</td><td>\$641</td><td>\$713</td></tr> <tr> <td>3</td><td>\$788</td><td>\$772</td><td>\$772</td><td>\$859</td></tr> <tr> <td>4</td><td>\$888</td><td>\$868</td><td>\$868</td><td>\$967</td></tr> <tr> <td>5</td><td>\$921</td><td>\$902</td><td>\$902</td><td>\$1004</td></tr> <tr> <td>Over 5</td><td colspan="4">Add \$75 for each additional member up to a family of 7</td></tr> </table> Loan amounts of \$80,000 and above <table> <tr> <th>Family Size</th><th>Northeast</th><th>Midwest</th><th>South</th><th>West</th></tr> <tr> <td>1</td><td>\$450</td><td>\$441</td><td>\$441</td><td>\$491</td></tr> <tr> <td>2</td><td>\$755</td><td>\$738</td><td>\$738</td><td>\$823</td></tr> <tr> <td>3</td><td>\$909</td><td>\$889</td><td>\$889</td><td>\$990</td></tr> <tr> <td>4</td><td>\$1025</td><td>\$1003</td><td>\$1003</td><td>\$1117</td></tr> <tr> <td>5</td><td>\$1062</td><td>\$1039</td><td>\$1039</td><td>\$1158</td></tr> <tr> <td>Over 5</td><td colspan="4">Add \$80 for each additional member up to a family of 7</td></tr> </table> EXCEPTION <ul style="list-style-type: none"> » REMN WS may omit any individuals from “family size” who are fully supported from a source of verified income which, for whatever reason, is not included in the effective income in the loan analysis. <ul style="list-style-type: none"> – A spouse not obligated on the note who has stable and reliable income sufficient to support his/her living expenses; or, – A child for who sufficient foster care payments or child support is regularly received. 				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	\$1004	Over 5	Add \$75 for each additional member up to a family of 7				Family Size	Northeast	Midwest	South	West	1	\$450	\$441	\$441	\$491	2	\$755	\$738	\$738	\$823	3	\$909	\$889	\$889	\$990	4	\$1025	\$1003	\$1003	\$1117	5	\$1062	\$1039	\$1039	\$1158	Over 5	Add \$80 for each additional member up to a family of 7			
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	\$1004																																																																						
Over 5	Add \$75 for each additional member up to a family of 7																																																																									
Family Size	Northeast	Midwest	South	West																																																																						
1	\$450	\$441	\$441	\$491																																																																						
2	\$755	\$738	\$738	\$823																																																																						
3	\$909	\$889	\$889	\$990																																																																						
4	\$1025	\$1003	\$1003	\$1117																																																																						
5	\$1062	\$1039	\$1039	\$1158																																																																						
Over 5	Add \$80 for each additional member up to a family of 7																																																																									

REMN WHOLESALE VA PRODUCT GUIDELINES

INCOME & EMPLOYMENT	
Rental Income	<p>Multi-Unit Property Securing the VA Loan – Verify:</p> <ul style="list-style-type: none"> – Cash reserves totaling at least six (6) months mortgage payments (PITI); and, – Documentation of the veteran’s prior experience managing rental units or other background involving both property maintenance and rental. <p>» Analysis – Include the prospective rental income in effective income, only if;</p> <ul style="list-style-type: none"> – Evidence indicates the veteran has a reasonable likelihood of success as a landlord; and, – Cash reserves totaling at least six (6) months are available. <p>» The amount of rental income to include in effective income is based on 75% of;</p> <ul style="list-style-type: none"> – Verified prior rent collected on the units (existing property); or, – The appraiser’s opinion of the property’s fair monthly rental (proposed construction). <p>Note: A percentage greater than 75% may be used if the basis for such percentage is adequately documented.</p> <p>Rental of Property Veteran Occupied Prior to New Loan – Verify:</p> <ul style="list-style-type: none"> – Obtain a copy of the rental agreement on the property, if any, <p>» Analysis – Use the prospective rental income only to offset the mortgage payment on the rental property and only if there is no indication that the property will be difficult to rent.</p> <ul style="list-style-type: none"> – This rental income may not be included in effective income. – Obtain a working knowledge of the local rental market. If there is no lease on the property, but the local rental market is very strong, REMN WS may still consider the prospective rental income for offset purposes. <p>Rental of Other Property Not Securing the VA Loan – Verify:</p> <ul style="list-style-type: none"> – Obtain documentation of cash reserves totaling at least three (3) months mortgage payments (PITI); and, – Individual tax returns, signed and dated, plus all applicable schedules for the previous two (2) years, which show rental income generated by the property. <p>» Analysis – Rental income verified as stable and reliable may be included in effective income.</p> <p>» If there is little or no prior rental on the property, make a determination based on review of;</p> <ul style="list-style-type: none"> – Documentation of the veteran’s prior experience managing rental units or other background involving both property maintenance and rental. – Any leases on the property; and, – The strength of the local rental market. <p>Note: Property depreciation claimed as a deduction may be included in effective income.</p> <p>Note: If rental income is not being used to qualify the Veteran, reserves as indicated above are not required.</p>
Unreimbursed Employee Business Expenses	<p>» For a borrower who qualified using commission income of less than 25% of the total annual employment income:</p> <ul style="list-style-type: none"> – IRS Form 2106 expenses are not required to be deducted from income even if they are reported on IRS Form 2106 and are not required to be added as a monthly liability. – Tax returns are not required to document the source of income or deductions <p>» For a borrower earning commission income that is 25% or more of annual employment income, IRS Form 2106 expenses must be deducted from gross commission income regardless of the length of time the borrower has filed the expenses with the IRS.</p> <ul style="list-style-type: none"> – One exception to the policy clarification concerns an automobile lease or loan payment. Automobile lease or loan payments are not subtracted from the borrower’s income; they are considered part of the borrower’s recurring monthly debt obligations in Section D on the VA Form 26-6393. – Tax returns are required to document the source of income and deductions. <p>» If the borrower reports an automobile allowance as part of the monthly qualifying income, HBFS must determine if the automobile expenses reported on IRS Form 2106 should be deducted from income or treated as a liability.</p> <ul style="list-style-type: none"> – If the reported expense exceeds the automobile allowance, the amount must be deducted as a net calculation in Section D on the VA Form 26-6393. – If the reported expense is less than the automobile allowance, the amount must be treated as net income and added to the Veteran’s monthly income.
IRS 4506T Requirements	<p>» Loans where DU recommendation requires evidence of the “most recent tax returns”; if a loan is closing on or after October 15, 2017 REMN WS will need evidence of 2016 1040 being filed. This is for all loans in which DU requires the tax return</p>

REM N WHOLESALE VA PRODUCT GUIDELINES

ASSETS	
Earnest Money Deposit	<p>REM N WS must verify and document the deposit amount and source of funds required if the amount of the earnest money deposit exceeds one percent (1%) of the sales price; or is excessive based on the borrower's history of accumulated savings, by obtaining:</p> <ul style="list-style-type: none"> » Copy of the Borrower's cancelled check, » Certification from the deposit holder acknowledging receipt of funds, or » A Verification of Deposit (VOD) or bank statement showing that the average balance was sufficient to cover the amount of earnest money deposit at the time of deposit. <ul style="list-style-type: none"> ▪ VOD's alone are not acceptable as the primary source of verification <p>Note: REM N WS will only accept a fully completed VOD to <u>supplement</u> asset accounts where only an annual or semi-annual report is issued, in order to verify the current balance.</p>
Funds to Close	<ul style="list-style-type: none"> » Follow DU Findings for number of months (all pages) required. » Joint Access Letter <ul style="list-style-type: none"> – File should include letter stating veteran has full access to the funds from spouse. – If other party is not a spouse, a written explanation regarding who that person is and if they will be occupying the property must be in the loan file. » IRRRL <ul style="list-style-type: none"> – <u>Credit Qualified</u> - Any funds used to close the loan must be verified to be available in the veteran's account. Sourcing of these funds is not required. – <u>Non-Credit Qualified</u> – Assets/Funds to close are not required to be verified at all. » Gift of Equity is NOT an acceptable asset for VA Loans.
Down Payment	<ul style="list-style-type: none"> » VA does not require a minimum down payment on purchase transactions unless the value is less than the sales price or the loan amount exceeds the VA County Loan Limits.
Reserves	<ul style="list-style-type: none"> » 1 Unit Dwelling <ul style="list-style-type: none"> – No minimum reserves » 2 – 4 Unit Dwelling (applies to subject property securing loan) when rental income used for qualifying the Veteran <ul style="list-style-type: none"> – 6 months PITI » Other rental real estate owned <ul style="list-style-type: none"> – 3 months PITI for each additional property owned when rental income used for qualifying the Veteran
Cash on Hand	<ul style="list-style-type: none"> » REM N WS does not allow cash on hand as acceptable source of funds.
Large Deposits	<p>Below is guidance on REM N WS's philosophy on large deposits. The guidance is just that, "guidance", every loan is unique and ultimately the Underwriter is responsible for using good sound judgment on all loans.</p> <ul style="list-style-type: none"> » In general, a large deposit is; <ul style="list-style-type: none"> – Any single deposit of combination of deposits that are not readily explained (i.e. payroll, asset transfer, gift, etc.) that exceed 15% of the combined gross monthly income of the borrower(s). » Scenario <ul style="list-style-type: none"> – Borrowers gross monthly income is \$10,000 – 15% = \$1,500 – Underwriter will require sourcing on combined unexplained large deposits of \$1,501 for the statement period. » REM N WS does not require sourcing of deposits when it is apparent that; <ul style="list-style-type: none"> – There is no reason to believe the funds from an unacceptable source. – There is no reason to believe the funds were borrowed. – The sum of the deposits is consistent with the borrower(s) overall earnings – and/or – the borrower is in a line of work where frequent cash deposits can be considered common. » Any loan that cannot be priced for securitization cannot follow this guidance (i.e. LP, Bond Loans, Jumbo, Co-Op) and each unexplained deposit must be sourced. » Underwriting must advise Secondary when using the above guidance so that the loan can be coded for sale to FNMA or securitized.

REMN WHOLESALE VA PRODUCT GUIDELINES

ASSETS	
Seller Contributions	<ul style="list-style-type: none"> » For the purpose of this topic, a seller concession is anything of value added to the transaction by the builder or seller for which the buyer pays nothing additional and which the seller is not customarily expected or required to pay or provide. » Seller concession include; but are not limited to, the following: <ul style="list-style-type: none"> – Payment of buyer's VA funding fee, – Prepayment of the buyer's property taxes and insurance, – Gifts such as a television set or microwave oven, – Payment of extra points to provide permanent interest rate buydowns, – Provision of escrowed funds to provide temporary interest rate buydowns;; and, – Payoff of credit balances or judgments on behalf of the buyer. » Seller concessions do not include payment of the buyer's closing costs or payment of points as appropriate to the market. Example: If the market dictates an interest rate of 7½% with 2 discount points, the seller's payment of 2 discount points would not be a seller concession. If the seller paid 5 discount points, 3 of these would be considered as a seller concession. » The problem – In some localities, builders or sellers offer concessions as a competitive tool. In extreme cases, the concessions may entice unwary and unqualified veterans into home mortgages they cannot afford. The concessions may disguise the Veteran's inability to qualify for the loan. » Four Percent (4%) Limit <ul style="list-style-type: none"> – Any seller concession in combination of concessions which exceeds four percent (4%) or the established reasonable value of the property is considered excessive and unacceptable for VA-guaranteed loans. – Do not include normal discount points and payment of the buyer's closing costs in total concession for determining whether concession exceed the four percent (4%) limit.
Gift Letter	<p>The gift letter must:</p> <ul style="list-style-type: none"> » Specify the dollar amount of the gift, » Be signed by the donor and the borrower, » Specify the date the funds were transferred, » Include donor's statement that no repayment is implied or required; and, » Indicate donor name, address, phone number and relationship to the borrower.
Gift Funds	<ul style="list-style-type: none"> » In order for funds to be considered a gift there must be no expected or implied repayment of the funds to the donor by the borrower. The portion of the gift not used to meet closing requirements may be counted as reserves. » An outright gift of cash investment is acceptable, provided the donor is; <ul style="list-style-type: none"> – The borrower's relative, – The borrower's employer or credit union, – A close friend with a clearly defined and documented interest in the borrower, – A charitable organization, – A government agency or public entity that has a program providing home ownership assistance to low and moderate income families or first-time homebuyers. » The gift donor may not be a person or entity with an interest in the sale of the property such as; <ul style="list-style-type: none"> – Seller, Real Estate Agent or Broker, Builder; or Associated Entity <p>Gifts from these sources are inducements to purchase and must be subtracted from sales price.</p> » Gift of Equity is NOT an acceptable asset for VA Loans.
Gift Funds Transfer	<ul style="list-style-type: none"> » Donor ability and transfer of funds documentation: <ul style="list-style-type: none"> – Copy of donor's check and borrower's deposit slip; OR – Copy of donor's withdrawal slip and borrower's deposit slip; OR – Copy of donor's check to the closing agent; OR – Settlement statement showing receipt of the donor's check. <p>Note: Regardless of when the gift funds are made available to the borrower, REMN WS must be able to determine that the gift funds were not provided by an unacceptable source and were the donor's own funds and trace the gift transfer from the donor to the borrower.</p> » Donors may borrow gift funds from any other acceptable source, provided the mortgage borrowers' are not obligors to any note to secure money borrowed to give the gift. » When the transfer occurs at closing, REMN WS is responsible for verifying the closing agent received the funds from the donor for the amount of the gift and that the funds were from an acceptable source.

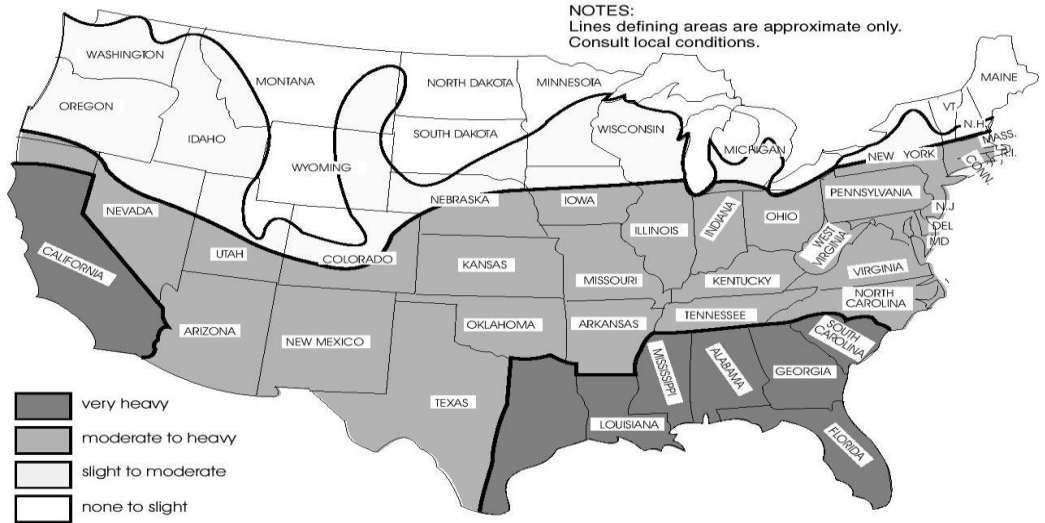
REM N WHOLESALE VA PRODUCT GUIDELINES

OTHER REAL ESTATE OWNED	
Number of Properties Owned/Financed with REM N WS	<ul style="list-style-type: none"> » 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 executive management approval. A price adjustment may apply. » No multiple simultaneous loan submissions allowed if contingent to qualify. REM N limits its exposure to a maximum of 4 loans per borrower. The preferred method for processing multiple mortgages for the same borrower, but on different properties is to process, underwrite and close them at the same time. Essentially once all of the mortgages are closed, they would “mirror” one another, with each property reflecting the new mortgages on the other properties.
Properties Owned Free & Clear	<p>If a borrower indicates a property they own is owned free and clear the following is required.</p> <ul style="list-style-type: none"> » IRS Transcript to verify no mortgage interest taken. <ul style="list-style-type: none"> – If the property was purchased with the current calendar year (so transcript not available), a copy of the HUD showing it was purchased with no mortgage PLUS one (1) of the following additional documents: <ol style="list-style-type: none"> 1. Copy of hazard insurance declaration page showing no mortgagee listed; or, 2. Copy of MERS report for property showing no mortgage listed; or, 3. Copy of Data Verify report showing no mortgage listed.

REM N WHOLESALE VA PRODUCT GUIDELINES

APPRAISAL, PROPERTY, SALES CONTRACT	
Appraisal	<ul style="list-style-type: none"> » Appraisal must include interior photographs of the subject property, which at a minimum, show; <ul style="list-style-type: none"> – Kitchen, all bathrooms and main living area, – Examples of physical deterioration, if present, – Examples of recent updates, such as restoration, remodeling and renovation, if present, » Appraisal reports must include clear, illustrative, original photographs showing the front, rear view (preferably including a different side view in each photograph) and a street scene of the subject property and the front of each comparable sale. <ul style="list-style-type: none"> – Photographs of comparable listings are not required, but are encouraged. – Include photographs of any improvement, site feature or view affecting value. – Acceptable photographs include clear, illustrative images. Copies from photographs of multiple listing services are acceptable only with an explanation why original photos are not available (i.e. gated communities where access may require trespass to photograph, etc.) » Preferred Lender Address on appraisal should be the River Edge Office. » VA requires appraisers to include FNMA Form 1004MC (Market Conditions Addendum) in all VA appraisal reports.
NOV	<ul style="list-style-type: none"> » REMN WS must provide veteran NOV within 3 business days of receipt of the appraisal. » SAR's must issue the NOV at the appraised value reflected on the appraisal report and may no longer issue an NOV that deviates from the fee appraiser's value estimate. <ul style="list-style-type: none"> – An AVM is not automatically required on VA loans (Underwriter option to substantiate value). » Proposed Construction – VA will use a six (6) month validity period (VA Circular 26-14-28)
Repair Inspections	<ul style="list-style-type: none"> » Effective with Circular 26-14-8 VA Fee Appraisers may use FNMA Form 1004D, Part B, Certification of Completion, to certify satisfactory completion of the required repairs identified on the NOV's in lieu of using their own letterhead.
Minimum Property Requirements	<ul style="list-style-type: none"> » Space Requirements – Each living unit must have the space necessary to assure suitable: <ul style="list-style-type: none"> – Living, – Sleeping, – Cooking and dining accommodations; and, – Sanitary facilities. » Mechanical Systems – Must: <ul style="list-style-type: none"> – Be safe to operate, – Be protected from destructive elements, – Have reasonable future utility, durability and economy; and, – Have adequate capacity and quality. » Heating – Must be adequate for healthful and comfortable living conditions. <ul style="list-style-type: none"> – Homes with wood burning stoves as primary heating source must have a permanently installed conventional heating system that will maintain a temperature of 50° Fahrenheit in areas where there is plumbing. » Water Supply and Sanitary Facilities – Each unit must have the following; <ul style="list-style-type: none"> – Domestic hot water, – A continuous supply of safe and potable water for drinking and other household uses; and, – Sanitary facilities and safe method of sewage disposal. – Effective November 8, 2013 - Connection to public water and/or public sewer will only be mandatory when such connection is required by the local building, planning or health authorities. – For properties on individual water and/or sewer systems where well water or septic tests or certifications were required, the validity of those tests or certifications is 90 days unless the local health authority indicates otherwise. » An MPR for existing construction can be waived by the VA Field Office, if; <ul style="list-style-type: none"> – A veteran is under contract to purchase the property; and, – The veteran and REMN WS request the exemption in writing; and, – The property is habitable from the standpoint of safety, structural soundness and sanitation; and, – VA is satisfied that the nonconformity has been fully taken into account by depreciation of VA value.

REM N WHOLESALE VA PRODUCT GUIDELINES

APPRAISAL, PROPERTY, SALES CONTRACT	
Condo Approval	<ul style="list-style-type: none"> » Condo's must be VA approved prior to submission (REM N WS does not approve individual units). » Site Condo's <u>require</u> project approval through VA.
Days off Market / Properties Listed for Sale	<p>REM N WS OVERLAY: If the property was listed for sale within the prior twelve (12) months but is not currently listed for sale;</p> <ul style="list-style-type: none"> » May be considered for a Cash-Out Refinance if the listing has been canceled, expired or withdrawn 180 days prior to the application date with REM N WS. » The appraised value should be at least ten percent (10%) below the lowest listing price. If the appraised value is not at least ten percent (10%) less than the lowest price, the Underwriter will consider the relationship between the previous list price and current appraised value. Any variance must be satisfactorily addressed. » Satisfactory explanation/motivation letter to be considered as primary residence required.
Termite / Septic / Well	<ul style="list-style-type: none"> » Termite Inspection is required in all states where probability of termite infestation is "very heavy" or "moderate to heavy" and when the appraiser has indicated need for termite review. Below is a CABO Termite Infestation Probability Map. If there is a question about the location of an infestation probability boundary line in relation to the subject property, contact the VA office of jurisdiction to determine if the termite inspection requirement is applicable. » Effective January 1, 2015, VA will require the use of the current National Pest Management Association (NPMA) Department of Housing and Urban Development (HUD) Forms NPMA-99-A <i>Subterranean Termite Protection Builder's Guaranty</i> and NPMA-9-B <i>New Construction Subterranean Termite Service Record</i>, for new and proposed construction properties in areas where wood-destroying insect information is required. <ul style="list-style-type: none"> – Prior forms NPCA-99-A and NPCA-99-B will be obsolete and should no longer be used after January 1, 2015.  <p>NOTES: Lines defining areas are approximate only. Consult local conditions.</p> <ul style="list-style-type: none"> » Septic Inspection is required when appraiser has indicated need for septic inspection. <ul style="list-style-type: none"> – The validity of the tests or certifications is good for 90 days unless local health authority indicates otherwise. » Well Inspection is required in all instances when private and/or shared. <ul style="list-style-type: none"> – Connection to public water and/or sewer will only be mandatory when such connection is required by local building, planning or health authorities. » The below link provides further detailed state specific requirements. http://www.benefits.va.gov/homeloans/appraiser_cv_local_req.asp
Continuity of Obligation	<ul style="list-style-type: none"> » A refinance transaction used to pay off an existing real estate debt with the proceeds of a new loan for borrowers with legal title; and on the same property. Note: The borrower is eligible to refinance the loan, as long as he/she has legal title, even if he/she is not on the original note.
Property Flips	<ul style="list-style-type: none"> » VA does not have any requirement pertaining to property flips; however, prudent underwriting policies of REM N WS must be maintained. » Appraisal must sufficient support appraised value increases. » Underwriter has option to require two (2) appraisals. » Strong borrower (i.e. excellent credit history, employment history, savings pattern, etc).

REM N WHOLESALE VA PRODUCT GUIDELINES

APPRAISAL, PROPERTY, SALES CONTRACT	
Sales Contract Provided to Appraiser	<ul style="list-style-type: none"> » REMN WS must provide a copy of the agreement of sale / sales contract and all addenda to the appraiser immediately upon assignment, but not later than one (1) business dater after the date of assignment. <ul style="list-style-type: none"> – Should REMN WS fail to provide the agreement of sale / sales contract to the appraiser, the appraiser will, upon notice to REMN WS, hold the assignment and notify the VA of the delay. » If the agreement of sales/sales contract is amended during the appraisal process (prior to Effective Date of the appraisal), REMN WS must provide the updated contract to the appraiser to ensure the appraiser has the opportunity to consider any changes and their potential impact on value. » If the agreement of sale/sales contract is amended subsequent to the Effective Date of the appraisal, but prior to loan closing, REMN WS must use due diligence in determining whether the amendment(s) could reasonably be thought to affect the estimated value of the property being used as security for the loan. If so, REMN WS must forward the amended agreement of sale/sales contract to the VA fee appraiser for consideration. The appraiser will be responsible for determination of the impact of the amended sales agreement and compliance with all provisions of the USPAP in developing and reporting credible assignment results. Depending on the amount of time and/or the extent of any change to the originally considered agreement of sale/sales contract, the circumstances may warrant the appraiser considering such change to constitute a new assignment under USPAP and an additional fee may be warranted up to the full amount of a new fee. Such determination by the appraiser may result in an additional fee which may be paid by the Veteran. Disputes in regard to any such additional fee should be referred to the Regional Loan Center of jurisdiction. » If REMN WS fails to perform said due diligence in reviewing any subsequent agreement of sale/sales contract amendment(s), and/or fails to forward the contract amendment appropriately, said loan may be subject to review for indemnification agreement, or any claim against the guaranty may be subject to adjustment.
Purchase Agreements (Amended / Re-Negotiated)	<ul style="list-style-type: none"> » REMN WS must disclose to the appraiser any and all information about the subject property of which we are aware, if the information could affect either the marketability of the property or the appraiser's opinion of the market value of the subject property. » If the purchase agreement is re-negotiated after the completion of the appraisal, the LTV will be based off the lower of the original purchase price and the appraised value; UNLESS <ul style="list-style-type: none"> – A re-negotiation of only seller paid closing costs and/or pre-pays occurs where the seller paid closing costs and/or pre-pays are common and customary for the market and is supported by the comparables; OR, – Amended purchase agreement for new construction property is obtained due to improvements that have been made that impact the tangible value of the property. In the event of such changes an updated appraisal must be obtained to verify the value of the modifications. » If the sales price is re-negotiated AFTER the appraisal was completed, REMN WS must provide the updated contract to the appraiser. <ul style="list-style-type: none"> – Appraisal must be <u>VERY well supported</u> at the higher amount; and, – The appraiser MUST comment on the increased sales price.
Property Ownership Not Fee Simple	<ul style="list-style-type: none"> » Property involving a less than fee simple ownership (i.e. leaseholds, cooperatives, ground rental arrangements) is not eligible for appraisal without prior VA approval of the specific legal arrangement or project. » Submissions to the VA Central Office must include; <ul style="list-style-type: none"> – Details of the ownership arrangement, – Copies of leases or other instruments creating the estate; and, – Recommendation of the VA office of jurisdiction.

REMN WHOLESALE VA PRODUCT GUIDELINES

APPRAISAL, PROPERTY, SALES CONTRACT

Corporate Resolution

There have been discrepancies and inconsistencies regarding what documentation should be requested by an underwriter to verify who is authorized to sign the contract of sale on behalf of a seller, when the seller is not an individual. When the seller of a property is a “business” and not an individual person, the following guidance is provided.

The following groups do not require any unique documentation:

- » HUD, VA, FNMA, FHLMC, USDA and any other Government agencies
- » Banks
- » Relocation firms
- » Builders

All other institutions, including LLC’s, partnerships and/or corporations:

- » If you have the articles of incorporation or other public record obtained from the state.gov site reflecting the sole member’s name, and that is the person who signed the contract as seller, no additional information is needed. Please print that page and upload it into Blitz. You can label it as part of the Contract of Sale and in the comments section note that it is the seller’s signature authorization.
- » If you have the articles of incorporation or other public record obtained from the state.gov site reflecting several members’ name and the person who signed the contract as seller is designated within the articles as authorized to sign on behalf of the business, no additional information is needed. Follow the same Blitz instructions noted for a sole owner.
- » If these two options are not available, then you need the corporate resolution verifying the person who signed the contract of sale is authorized to do so.

REM N WHOLESALE VA PRODUCT GUIDELINES

APPRAISAL, PROPERTY, SALES CONTRACT	
Comparable Selection	<ul style="list-style-type: none"> » The source of the closed comparable sales utilized to establish value must be from the Multiple Listing Service (MLS), Metropolitan Regional Information Systems, Inc. (MRIS), Midwest Real Estate Data (www.mredllc.com) and North Texas Real Estate Information System (www.ntreis.net), San Antonio Board of Realtors (www.sabor.com), Geo Data or Comps Inc. <ul style="list-style-type: none"> – MLS/MRIS will provide additional information on the property not found on other public sources (i.e. Days on Market, Interior Conditions and/or any specific terms or conditions to the transaction that are all found within the MLS/MRIS data and not found in other public sources such as a HUD1 and/or tax records). – This applies to all of the comparable sales used to establish value, not just the first three (3). If the appraiser is providing more than three (3) comparable sales to support the value, those additional comparable sales are subject to the same rule. » There are three (3) states; Vermont, Maine & New Hampshire, where MLS is not common and customary and therefore it will be acceptable to accept comparable sales from a public source other than MLS/MRIS. <ul style="list-style-type: none"> – Although the comparable sales do not need to be through MLS, they do need to be through a public independent source. » If the appraiser elects to use comparable sales not verified through MLS, the appraisal report must be elevated to REMN WS's Chief Appraiser, Mike Turriziani, for his review and approval. <ul style="list-style-type: none"> a. Mike's review and approval of the appraisal must occur BEFORE an approval decision can be communicated. This cannot be a "condition" of loan approval. » In the case of new construction, it is not uncommon that the builder may not list sales on the MLS/MRIS. The use of builder supplied comparable sales will be acceptable provided; <ul style="list-style-type: none"> a. The appraiser comments in the appraisal report that the builder marketed the project in an "open" or "public" environment such as newspaper advertising, bill-boards near the project, builder, website, etc. b. At least one (1) of the comps must be outside of the subject property and from MLS or MRIS. c. At least two (2) of the comps must be sources other than the builder. The appraiser is permitted to provide more than three (3) comparable sales in order to support value.
Escrow Holdback (HomeFixer)	<ul style="list-style-type: none"> » The maximum amount of the repairs is limited to \$5,000. » Repairs cannot impact the habitability or safety of the subject property. » An estimate from a licensed contractor (or other qualified professional) listing all repairs required. » REMN will hold 1.5 times the amount of the estimate. The borrower must use their own funds (or approved gift) to establish the escrow account and complete the repairs. Consequently, they must verify assets of 2.5 times the amount of the estimate in addition to those assets needed for the down payment and closing costs. » The repairs are not paid for with the funds in the escrow account, the borrower must pay for the repairs directly. » The repairs must be completed within 14 calendar days of loan disbursement - and the final inspection within 72 hours of completion. » The underwriter must approve the escrow request, list it as a closing condition of loan approval & properly complete the repair escrow form in encompass. » If the request is made, the loan must be re-disclosed within 72 hours of the request as a "changed circumstances" and a final inspection fee added to the LE. » The underwriter is responsible for having the escrow agreement completed by an UW Team Lead and sent to the closing table to be executed. » Upon completion of the repairs, the borrower may contract RenoDraw@Homebridge.com to schedule a final inspection and with questions regarding release of escrow funds.

REM N WHOLESALE VA PRODUCT GUIDELINES

PROPERTY INSURANCE																										
Hazard Insurance Coverage	Single Family & Individual PUD Unit	Flood Insurance	Condominium & PUD (Common Areas)																							
	<p>Amount of Coverage (1, 2, 3 or 4) Adequate insurance coverage would be ONE of the following:</p> <p>(1) ≥ total loan amount OR (2) ≥ total estimate cost-new from appraisal OR (3) 100% replacement cost OR (4) ≥ cost estimator from insurance company showing maximum insurable value.</p> <table><tr><td colspan="2">OPINION OF SITE VALUE</td><td>= \$</td><td>20,000</td></tr><tr><td>DWELLING</td><td>1,419 Sq.Ft. @ \$ 100.00</td><td>= \$</td><td>141,900</td></tr><tr><td></td><td>693 Sq.Ft. @ \$ 25.00</td><td>= \$</td><td>17,325</td></tr><tr><td>Open Porch/Fireplace</td><td></td><td>= \$</td><td>5,500</td></tr><tr><td>Garage/Carport</td><td>Sq.Ft. @ \$</td><td>= \$</td><td></td></tr><tr><td colspan="2">Total Estimate of Cost-New</td><td>= \$</td><td>164,725</td></tr></table>	OPINION OF SITE VALUE		= \$	20,000	DWELLING	1,419 Sq.Ft. @ \$ 100.00	= \$	141,900		693 Sq.Ft. @ \$ 25.00	= \$	17,325	Open Porch/Fireplace		= \$	5,500	Garage/Carport	Sq.Ft. @ \$	= \$		Total Estimate of Cost-New		= \$	164,725	<p>Amount of Coverage (A or B) A. LESSER of 100% replacement cost of insured value – OR – B. Loan Amount.</p>
OPINION OF SITE VALUE		= \$	20,000																							
DWELLING	1,419 Sq.Ft. @ \$ 100.00	= \$	141,900																							
	693 Sq.Ft. @ \$ 25.00	= \$	17,325																							
Open Porch/Fireplace		= \$	5,500																							
Garage/Carport	Sq.Ft. @ \$	= \$																								
Total Estimate of Cost-New		= \$	164,725																							
Coverage Requirements	<p>HURRICANE, WIND, HAIL A. VA does not have specific requirements regarding this topic. Therefore if hurricane, wind and/or hail are excluded, HomeBridge will require the borrower to specifically acknowledge this and sign a "hold harmless" i. <i>The following States do not allow for an exclusion. Therefore it is not necessary to check for an exclusion in the following States: AR, MA, NY, NC, RI, SC, TX & WA.</i> ii. Sometimes the issue of hurricane, wind and/or hail will be listed on the "dec" page as to whether it is included or not. In other instances it will not be on the "dec" page and therefore a review of the actual policy will be required.</p>																									
Maximum Deductible	<p>A. 5% of the face value of the policy; including any separate or endorsement policy. NOTE: Some investors (such as Bond Loans through US Bank) require either a maximum of \$1,000 deductible OR 1% face value of the policy.</p>	<p>A. 1-4 Family: \$10,000 B. Condo / PUD: \$25,000</p>	<p>A. 5% of the face value of the policy; including any separate or endorsement policy.</p>																							
Completion of the HUD1	<p>a. The only premium(s) noted in the "900" series of the HUD <u>are those premium that will be PAID at or prior to closing.</u> Funds noted in this area of the HUD are not transferred to the Servicing Departments as they are not escrowed and are disbursed at or prior to closing. b. Any premiums that are being collected and NOT disbursed at or prior to closing should be placed in the "1000" series of the HUD. This includes any anticipated new premium (based upon 100% of the existing premium) if the closing/operation manager has approved an exception to the 45 day rule noted in item # 3 above.</p>																									

REMN WHOLESALE VA PRODUCT GUIDELINES

Policy Period	Single Family & Individual PUD Unit	Flood Insurance	Condominium & PUD (Common Areas)
	<p>A. Purchases: coverage can begin no later than date of closing (Wet State) or loan disbursement date (Dry State). The coverage must be for a minimum of 12 months from the effective date.</p> <p>B. Refinances: coverage should end no earlier than when the second mortgage payment is due. On an exception basis, the closing manager can approve a policy that has a minimum of 45 days remaining. In no event can a loan close with less than 45 days coverage from the closing date (Wet State) or loan disbursement date (Dry State), unless an exception has been approved by the Closing Manager or Operations Manager.</p> <p>ii. If the closing manager approves the exception, they must notify servicinghelpdesk@homebridge.com so that servicing can manually track the loan.</p> <p>iii. An e-mail must always be sent to servicing help desk (e-mail address noted below) specifically explaining the circumstances.</p> <p>iv. Exceptions can only be approved by either the Closing Manager or the Operations Manager.</p> <p>v. The closer should collect the anticipated new premium (based upon 100% of the existing premium) and not paying it at closing. The amount should be entered in the "1000" series of the HUD as appropriate AND – the anticipated disbursement date entered on the aggregate escrow screen.</p>		<p>A. Purchase & Refinance – Master Policy cannot expire earlier than 14 calendar days prior to the loan disbursement date.</p>
Paid Receipt	<p>A. Purchases: Where possible, policies should be paid in full prior to closing. If the market area dictates that it is common and customary for the premium to be paid at settlement, this is permitted. In all instances the premium must be properly reflected on the HUD-1 Settlement Statement. In addition, even if the policy is by the closing agent at time of closing, it must be reviewed and approved by REMN WS prior to settlement.</p> <p>B. Refinances: A paid receipt through the policy period (as defined in 3b above) is required.</p> <p>ii. If the premium is due sooner than when the second payment is due, the closer should NOT PERMIT the premium to be paid based upon last year's invoice. The closer should escrow a sufficient amount of funds (consistent with standard aggregate escrow policy) so that Servicing can pay the premium when the new bill is due. Since Servicing would have already been made aware of the exception (policy period) they can manually track the loan.</p> <p>iii. If the existing policy will end before the second payment is due, but a new policy and invoice has been made available, then the closer should have the <u>new</u> premium paid at closing.</p>		<p>A. Master Policy – Paid through policy period.</p> <p>B. Individual Coverage on purchase and refinance transactions (as applicable) – same as single family requirements.</p>
Insurance Company Rating	<p>A. A.M. Best & Company: "B" or "6" Rating</p> <p>B. Demotech: "A" Rating</p> <p>C. Lloyds of London</p> <p>D. FAIR Plan (only if coverage is available)</p>	Not Applicable	<p>A. A.M. Best & Company: "B" or "6" Rating</p> <p>B. Demotech: "A" Rating</p> <p>C. Lloyds of London</p> <p>D. FAIR Plan (only if coverage is available)</p>
Other Acceptable Insurance Underwriters	<p>A. Policies underwritten by a state's Fair Access to Insurance Requirements (FAIR) plan, if it is the only coverage that can be obtained,</p> <p>B. Policies obtained through state insurance plans – such as the Hawaii Property Insurance Association (HPIA), Florida's Citizens Property Insurance Corporation, or other state-mandated windstorm and beach erosion insurance pools – if that is the only coverage that is available; and,</p> <p>C. A separate hurricane insurance policy issued by the Hawaiian Hurricane Relief Funds (for properties located in Hawaii), as long as the companion non-catastrophic fire and extended coverage (or homeowner's) policy is obtained from a property insurer that satisfies the Insurance Company Rating as indicated above..</p>		
Insured Name & Property Address	<p>A. All names on Title must be on policy.</p> <p>B. Legal address must match appraisal and title. If a/k/a is used due to mailing address; zip code must match.</p>		<p>A. Master Policy – Homeowners Association.</p> <p>B. Individual - All names on Title must be on policy.</p>
Mortgagee Clauses	<p><u>For Homeowners Insurance (including Hazard, Flood, Wind, Hail, etc.):</u> Homebridge Financial Services, Inc., DBA Real Estate Mortgage Network its successors and/or assigns as their interest may appear P.O. Box 7047 Troy, MI 48007-7047</p> <p><u>For Title Insurance and Closing Protection Letter:</u> Homebridge Financial Services, Inc., DBA Real Estate Mortgage Network its successors and/or assigns as their interest may appear 194 Wood Avenue South, 9th Floor Iselin, NJ 08830</p>		