



VA Standard Product

Maximum LTV / CLTV and FICO Requirements

Purchase		Cash Out Refinance	
Maximum LTV ¹ / <u>CLTV</u> ¹	Min FICO ²	Maximum LTV / CLTV	Min FICO ²
100%	580	100%	680
		90%	620

¹Exclusive of Financed VA Guaranty Funding Fees

²See the Underwriting and the Loan Limit sections for additional FICO requirements

COVID-19	<ul style="list-style-type: none"> - Please refer to the following for all updates related to COVID-19: <ul style="list-style-type: none"> o VA website for Circulars and additional information https://www.benefits.va.gov/HOMELOANS/resources_circulars.asp - All COVID specific requirements and flexibilities have ended. Follow standard VA underwriting guidelines.
Appraisals	<ul style="list-style-type: none"> - All appraisals must be ordered through VA WeBLGY, which will assign the order to a VA approved appraiser - All loan files must have a COE in "Active or Pending" status prior to ordering an appraisal through WeBLGY - A notice of value for property appraised as existing or new construction is valid for six months. Rapidly fluctuating real estate market conditions may temporarily dictate the use of a shorter validity period. - No new appraisal can be requested on a property which already has a valid VA value determination (No duplicate appraisals) - Properties must meet HUD and VA Minimum Property Requirements (MPRs) - Properties with evidence of commercial production of marijuana, including but not limited to grow rooms, or hydroponic equipment, are ineligible.
Borrowers	<ul style="list-style-type: none"> - Must be a veteran or served as an Officer for the U.S. Public Health Service (PHS) or National Oceanic & Atmospheric Administration with eligibility documented with a Certificate of Eligibility (COE), which will also indicate the veteran's entitlement. - Resident Alien permitted as long as primary borrower is a veteran. - Veterans with DACA status are eligible - All Joint loan types are eligible <ul style="list-style-type: none"> o VA prior approval may be required in some instances. - See the Entitlement section for information when multiple entitlements are being used. - VA considers a veteran and a non-spouse who is on title but not on the loan to be a joint loan. - A loan involving a veteran and his or her spouse will not be treated as a "joint loan" if the spouse: <ul style="list-style-type: none"> o is not a veteran, or o Is a veteran who will not be using his or her entitlement on the loan.

Cash Out: Type I

- Type I cash out is a refinancing loan in which the loan amount (including VA funding fee) does not exceed the payoff amount of the loan being refinanced.
- Max 100% LTV, including financed funding fee.
 - The refinancing loan satisfied at least one of the following eight Net Tangible Benefit:
 - o The new loan eliminates monthly mortgage insurance, whether public or private, or monthly guaranty insurance;
 - o The term of the new loan is shorter than the term of the loan being refinanced;
 - o The interest rate on the new loan is lower than the interest rate on the loan being refinanced;
 - o The P&I payment on the new loan is lower than the P&I payment on the loan being refinanced;
 - o The new loan results in an increase in the borrower's monthly residual income;
 - o The new loan refinances an interim loan to construct, alter, or repair the home;
 - o The new loan amount is equal to or less than 90 percent of the reasonable value of the home, or;
 - o The new loan refinances an adjustable rate loan to a fixed rate loan
 - Rate Reduction required:
 - o Fixed to Fixed: Minimum reduction of 0.5%
 - o Fixed to ARM: Minimum reduction of 2%
 - Comparison of key loan characteristics or terms for existing and refinancing loan is provided to the borrower including:
 - o Refinancing loan amount vs. the payoff amount of the loan being refinanced.
 - o Loan type (i.e., fixed, adjustable) of the refinancing loan vs. the loan being refinanced.
 - o Interest rate of the refinancing loan vs. the loan being refinanced.
 - o Loan term of the refinancing loan vs. the loan being refinanced.
 - o The total the veteran will have paid after making all payments (principal and interest), and mortgage insurance, as scheduled, for both the refinancing loan and the loan being refinanced.
 - o LTV of the refinancing loan vs. the loan being refinanced
 - o An estimate of the home equity being removed from the home as a result of the refinance and explain how the removal of home equity may affect the veteran.
 - The recoupment period of all fees, closing costs, expenses (other than taxes, escrow, insurance, and like assessments), and incurred costs must not exceed 36 months from the date of loan closing.
 - Loan seasoning is met, see seasoning section.

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<p>Cash Out: Type II</p>	<p>Type II cash out is a refinancing loan in which the loan amount (including VA funding fee) exceeds the payoff amount of the loan being refinanced.</p> <ul style="list-style-type: none"> - Max 100% LTV, including financed funding fee. - The refinancing loan satisfied at least one of the following eight Net Tangible Benefit: <ul style="list-style-type: none"> o The new loan eliminates monthly mortgage insurance, whether public or private, or monthly guaranty insurance; o The term of the new loan is shorter than the term of the loan being refinanced; o The interest rate on the new loan is lower than the interest rate on the loan being refinanced; o The P&I payment on the new loan is lower than the P&I payment on the loan being refinanced; o The new loan results in an increase in the borrower’s monthly residual income; o The new loan refinances an interim loan to construct, alter, or repair the home; o The new loan amount is equal to or less than 90 percent of the reasonable value of the home, or; o The new loan refinances an adjustable rate loan to a fixed rate loan - Comparison of key loan characteristics or terms for existing and refinancing loan is provided to the borrower including: <ul style="list-style-type: none"> o Refinancing loan amount vs. the payoff amount of the loan being refinanced. o Loan type (i.e., fixed, adjustable) of the refinancing loan vs. the loan being refinanced. o Interest rate of the refinancing loan vs. the loan being refinanced. o Loan term of the refinancing loan vs. the loan being refinanced. o The total the veteran will have paid after making all payments (principal and interest), and mortgage insurance, as scheduled, for both the refinancing loan and the loan being refinanced. <ul style="list-style-type: none"> o LTV of the refinancing loan vs. the loan being refinanced o An estimate of the home equity being removed from the home as a result of the refinance and explain how the removal of home equity may affect the veteran. - Loan seasoning is met, see seasoning section.
<p>Condominiums</p>	<ul style="list-style-type: none"> - Condos must be approved by VA. The approved condo list is available at https://vip.vba.va.gov/portal/VBAH/Home under “Featured Items” in “Condo Reports”. - Air condos that do not have a homeowners association are not eligible for VA approval - <u>Condo-hotels properties are not eligible for VA approval</u>
<p>Credit</p>	<ul style="list-style-type: none"> - All borrowers must return at least 1 credit score via three-in-file merged credit report. Non-traditional credit is not allowed. If the subject property is located in a community property state and the borrower has a non- purchasing spouse, a credit report for the non-purchasing spouse must also be ordered - Frozen Credit: No credit Bureaus may be frozen. Borrowers must unfreeze all bureaus, and the AUS rerun with the updated credit - Cannot be delinquent on any Federal Debt unless the delinquent account has been brought current or a satisfactory arrangement has been made - The credit of a spouse who will not be contractually obligated on the loan does not need to be considered, except: <ul style="list-style-type: none"> o if the applicant is relying on alimony, child support, or maintenance payments from the spouse (or former spouse), or o In community property states, whether or not the spouse will be personally liable on the note.

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<p>Derogatory Credit</p>	<ul style="list-style-type: none"> - Chapter 7 BK <ul style="list-style-type: none"> o 2 years seasoning with no additional requirements o 1-2 years seasoning requires <ul style="list-style-type: none"> * 2 trade lines re-established with satisfactory credit history (0x30x12) and * BK must be due to a documented extenuating circumstance o Divorce is not an extenuating circumstance o Less than 12 months seasoning is not allowed - Chapter 13 BK <ul style="list-style-type: none"> o 12 months under payment plan with BK judge approval OR plan is completed - Deed in lieu or Short Sale develop complete information on the facts and circumstances in which the borrowers voluntarily surrendered the property. If the borrower's payment history on the property was not affected before the short sale or deed in lieu and was voluntarily communicating with the servicer or holder, then a waiting period from the date transfer of the property may not be necessary - Foreclosure <ul style="list-style-type: none"> o 2 years seasoning with no additional requirements o 1-2 years seasoning requires <ul style="list-style-type: none"> * 2 trade lines re-established with satisfactory credit history (0x30x12) and * Foreclosure must be due to a documented extenuating circumstance. Divorce is not an extenuating circumstance - If a foreclosure, deed in lieu, or short sale process is in conjunction with a bankruptcy, use the latest date of either the discharge of the bankruptcy or transfer of title for the home to establish the beginning date of re- established credit. If there is a significant delay in the transfer of title, the lender should contact the RLC of jurisdiction for guidance. - All judgments must be paid in full or subject to a repayment plan with a history of timely payments. <ul style="list-style-type: none"> o History of timely payments is generally considered as making 12 payments.
<p>Disaster Policy</p>	<ul style="list-style-type: none"> - A post-disaster inspection when the appraisal occurred before the incident end date of the disaster.
<p>Documentation Type</p>	<ul style="list-style-type: none"> - Determined by AUS - Income or assets derived from the following sources are ineligible for qualifying: <ul style="list-style-type: none"> o The production or sale of marijuana o Bitcoin or other cryptocurrencies - Private mortgages may be verified with cancelled checks or bank statements.
<p>DTI</p>	<ul style="list-style-type: none"> - Any allotments reflected on the LES (Leave and Earnings Statement) or paystubs must be investigated to determine if the allotment has an affiliated debt. - In community property states, the spouse's debts and obligations must be considered even if the veteran wishes to obtain the loan in his or her name only. - Maximum DTI per AUS approval. For manually underwritten loans, see Underwriting Method section below.

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Eligible Mortgage Products	<ul style="list-style-type: none"> - Fixed Rate: 10, 15, 20, 25 and 30 year terms. High Balance allowed on all terms. Note: Cash Out Refinances > 90% LTV are limited to 30 year terms. - Loans for Alterations and Repairs or Single Close Construction-To-Perm are ineligible. - No Energy Efficient Mortgage Loans - Two-time close construction to perm refinances are eligible up to 100% LTV
Employment/Income	<ul style="list-style-type: none"> - Active Military income must be documented with an LES. - Provide an acceptable VVOE for all borrowers that are a source of repayment.
Entitlement/Guaranty	<ul style="list-style-type: none"> - Entitlement is the amount of VA Guaranty available to a veteran for use on a loan. The amount of entitlement will be displayed near the center of the COE. - VA loans must conform to GNMA secondary market guidelines which include the minimum 25% coverage requirement. Coverage is a combination of VA provided entitlement plus cash down payment/equity. - The COE will never reflect any additional specific entitlement amount over \$36,000 for loans greater than \$144,000, but will reflect "Available*" - Multiple Entitlements: If more than one veteran is involved, the entitlement charge is divided equally between them. If a veteran does not have enough entitlement then unequal entitlement charges may be made with the written agreement of the veterans. - For veterans with full entitlement, the maximum amount of guaranty for a loan above \$144,000 is 25 percent of the loan amount, regardless of the Freddie Mac CLL. - For veterans who have previously used entitlement and such entitlement has not been restored, the maximum amount of guaranty is the lesser of 25 percent of the loan amount OR the maximum amount of guaranty entitlement available. The maximum amount of guaranty entitlement is 25 percent of the Freddie Mac CLL, reduced by the amount of entitlement previously used (not restored) by the Veteran.
Escrow / Impounds	<ul style="list-style-type: none"> - An impound account for collection of taxes and insurance (or additional escrow items) is required.
Exclusionary Lists	<p>All borrowers must be screened by CAIVRS to determine there have been no late payments on federal debt obligations</p>

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<p>Funding Fee</p>	<ul style="list-style-type: none"> - The funding fee may be financed in the loan. - The following veterans are exempt from paying the funding fee: <ul style="list-style-type: none"> o Veterans receiving VA compensation for service connected disabilities o Veterans who would be entitled to receive compensation for service connected disabilities if they did not receive retirement pay o Veterans who are rated by VA as eligible to receive compensation as a result of pre-discharge disability exam and rating o Veterans entitled to receive compensation, but who are not presently in receipt of the compensation because they are on active duty o Surviving spouses of veterans who died in service or from service-connected disabilities, whether or not such surviving spouses are veterans with their own entitlement and whether or not they are using their own entitlement on the loan. <ul style="list-style-type: none"> * The surviving spouse must be in receipt of Dependency and Indemnity Compensation (DIC) before the loan closing takes place. o Members of the armed forces who are serving on active duty and provide, on or before the date of loan closing, certificate or military orders of having been awarded the Purple Heart.
<p>High-Cost / Higher-Priced Mortgage</p>	<ul style="list-style-type: none"> • <u>High-Cost Loans are ineligible</u> • Higher-Priced Mortgage Loans (HPML) are eligible subject to: <ul style="list-style-type: none"> o Establishing and maintaining an escrow account o Meeting all applicable state and/or federal compliance requirements.
<p>Loan Limits</p>	<ul style="list-style-type: none"> - Freddie Mac Conforming Loan Limits (CLL) can be found at: http://www.fhfa.gov/datatools/downloads/pages/conforming-loanlimits.aspx - Maximum base loan amount cannot exceed \$2,000,000. - Base loan amounts greater than \$1,000,000 to \$1,500,000 must have a minimum FICO of 700. - Base loan amounts greater than \$1,500,000 to \$2,000,000 must have a minimum FICO of 720 and <ul style="list-style-type: none"> o The 25% guarantee must be composed entirely of the veteran's entitlement. The use of cash down payment or equity may not be used to meet the 25% guarantee requirement. o Borrowers must have a primary mortgage or primary housing history of 0x30x12 for the most recent consecutive 12-month period, ending with the application date. Gaps in history or less than 12 months will not be acceptable. o AUS approval required. o Maximum 45% DTI regardless of AUS approval. <ul style="list-style-type: none"> * DTIs above 41% must meet VA's additional requirements. o Purchase specific requirements <ul style="list-style-type: none"> * Maximum 90% LTV/CLTV, calculated from the base loan amount o Cash-Out specific requirements <ul style="list-style-type: none"> * Maximum 80% LTV/CLTV, calculated from the base loan amount * Maximum of \$500,000 cash-out, excluding any second lien pay offs - Consumer debt pay offs or cash in hand is included in the maximum amount allowed.

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<p>Loan Purpose</p>	<ul style="list-style-type: none"> - Purchase - VA IRRRL - See VA IRRRL Product Profile. - Rate & Term - payoff of an existing non-VA loan (and purchase money second, if applicable) <ul style="list-style-type: none"> o Disbursed cash out to the borrower cannot exceed \$500 o See Seasoning for requirements on age of loan being paid off o This is a classification for pricing purposes only. See Cash out: Type I and Cash out: Type II Sections for additional requirements on Type I and Type II refinances, applicable to all VA full doc refinances. - Cash Out <ul style="list-style-type: none"> o There must be an existing lien against the property per VA requirements. o See Seasoning for requirements on age of loan being paid off o See Cash out: Type I and Cash out: Type II Sections for additional requirements on Type I and Type II refinances, applicable to all VA full doc refinances. <p>Notes:</p> <ul style="list-style-type: none"> - Removing or adding borrowers will not make the transaction eligible. - When a HELOC is paid through closing, the current transaction is only considered cash out for this requirement if there were any draws in the last 12 months. - Loan may be defined as cash-out by the Agency and be excluded from this requirement.
<p>Loan Purpose: Ineligible Transactions</p>	<p>Intra-family purchases as a means to obtain cash-out for the seller while avoiding cash-out qualifications and pricing are not eligible transactions. These types of transactions may seem to meet Agency guidelines, they are not bonafide purchase transactions. Unacceptable transactions of this type may have some or all of the following characteristics:</p> <ul style="list-style-type: none"> - Gift of equity from the seller - Large amount of seller credits - Family member remaining in the home and on title after the “purchase” - Seller unable to qualify for a cash-out transaction of their own
<p>Occupancy</p>	<ul style="list-style-type: none"> - Owner-occupied only - Second Homes not allowed - Investment Properties not allowed

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<p>Power of Attorney</p>	<ul style="list-style-type: none"> - Can be general or specific. 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: <ul style="list-style-type: none"> o 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 o a specific power of attorney or other document(s) signed by the veteran, 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—the sales price, if applicable, and other relevant terms of the transaction. * Occupancy—the veteran's intention to use the property as a home to be occupied by the veteran (or other applicable VA occupancy requirement). 			
<p>Property; Eligible Types</p>	<ul style="list-style-type: none"> - Single Family Attached/Detached - 2-4 Units - PUDs - Condominiums - Leaseholds with proof of prior VA approval 			
<p>Property: Ineligible Types</p>	<p>In addition to the ineligible property types identified in VA Lender's Handbook, the following property types are ineligible:</p> <ul style="list-style-type: none"> - Mobile and manufactured Homes - Single-width manufactured homes - Cooperatives - Condotels - Hotel Condominiums - Timeshares - Geodesic Domes - Working Farms and Ranches - Unimproved Land and property currently in litigation - Commercial Enterprises (e.g. Bed and Breakfast, Boarding House, Hotel) 			
<p>Recently listed properties</p>	<ul style="list-style-type: none"> - Rate & Term: The listing must have been expired or been withdrawn on or before the application date. <p>Note: if the property was listed in the prior 30 days to the application date, the Early EPO provision will be extended to one year.</p> <ul style="list-style-type: none"> - Cash-Out Transaction: The listing must have been expired or been withdrawn 180 days prior to the application date. 			
	<ul style="list-style-type: none"> - Refer to the below table for reserve requirements when rental income is being used: <table border="1" data-bbox="583 1395 1640 1463"> <thead> <tr> <th data-bbox="583 1395 909 1463">Rental Property Scenario</th> <th data-bbox="909 1395 1289 1463">Reserve Requirements</th> <th data-bbox="1289 1395 1640 1463">Comments</th> </tr> </thead> </table>	Rental Property Scenario	Reserve Requirements	Comments
Rental Property Scenario	Reserve Requirements	Comments		

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Reserves	Rental Income from the property occupied prior to new home i.e. departing residence	Reserves are not required on the property the veteran occupied prior to the new loan.	May <i>only</i> use the prospective rental income to offset the mortgage payment on the rental property.
	Rental Income from non-subject property(ies)	Cash reserves totaling at least three months mortgage payments (PITI) are required.	If the veteran has multiple properties, they must have three months PITI documented for <i>each</i> property to consider the rental income.
	Multi-Unit (2-4 unit) subject property	Cash reserves totaling at least six months mortgage payments (PITI) are required	Veteran/borrower must occupy one unit as their residence. Note: If each unit is separate and not under one mortgage, six months PITI must be verified for each separate unit.
	Temporary Boarder Rental Income from a Single Family Residence (SFR) or SFR without rental income.	Reserves are not required	
	<ul style="list-style-type: none"> - Equity in the property, cash-out proceeds and gift funds cannot be used to meet reserve requirements. - Any required reserve funds must be in the borrower's account before the new VA loan closes. - See VA lender Handbook Chapter 4, Topic 2: <i>Income – Required Documentation & Analysis</i> (n. and o. <i>Rental Income</i>) for additional documentation requirements 		
Residual Income	<ul style="list-style-type: none"> - Residual Income is the borrower's net effective income minus monthly shelter expenses - Residual Income must be in accordance with regional table and is a required calculation in addition to DTI - Net Effective Income is taken from Line 41 of VA Form 26-6393 - Monthly Shelter Expense is taken from Line 21 of VA Form 26-6393 - When DTI exceeds 41%: <ul style="list-style-type: none"> o Include a statement justifying the reasons for approval, signed by the underwriter's supervisor, unless residual income exceeds the guideline by at least 20 percent. o The statement must include the reason(s) for approving the loan and list the compensating factors justifying approval of the loan 		

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Sales Concessions	<ul style="list-style-type: none"> - Sales concessions cannot exceed 4% of the established reasonable value of the property (NOV). - Does not include normal discount points and payment of the buyer's closing costs.
Seasoning	<ul style="list-style-type: none"> - Seasoning is applicable to all VA refinances (IRRRL and non-IRRRL) regardless of the type of loan paid off (exception for construction to permanent loans) through the transaction. - The new note date must be on or after the later of: <ul style="list-style-type: none"> o the date that is 210 days after the date on which the first monthly payment was due on the mortgage being refinanced, and o The date on which 6 full monthly payments have been made on the mortgage being refinanced. - For modified loans, the new note date must be on or after the later of: <ul style="list-style-type: none"> o The date that is 210 days after the date on which the first modified monthly payment was due on the mortgage being refinanced, and o The date on which 6 modified payments have been made on the mortgage being refinanced.
State Restrictions	<ul style="list-style-type: none"> - Texas 50 (a)(6) and Texas 50 (a)(4) loans are not allowed.
Title Insurance	<ul style="list-style-type: none"> - Title insurance is required
Temporary Buydown	<p>Temporary buydowns are eligible subject to</p> <ul style="list-style-type: none"> - Max total interest rate reduction of 3%, max increase per year of 1% (only 1/0, 1/1, 2/1, and 3/2/1 buydowns allowed) - Maximum 3 years to reach standard note rate - Minimum 660 credit score - Must qualify at the standard note rate without benefit of the buydown - Must meet all other applicable VA requirements, including but not limited to qualification, documentation of buydown, and funding of buydown. - Seller and lender paid only
Underwriting Method	<ul style="list-style-type: none"> - Loans can be submitted and approved through DU or LP. - Manual underwriting on non IRRRL transactions are permitted under the following conditions: <ul style="list-style-type: none"> o 660 FICO on purchase & rate/term transactions; 700 for cash out transactions o 0 x 30 in the most recent 12 months for all prior mortgages o Maximum DTI of 45% o loan must comply with all VA requirements for manual underwriting o Include a copy of the AUS Refer/Eligible in the loan file

For guidance not addressed in this Product Profile, Refer to the VA Selling Guide posted in AllRegs or direct at: http://www.benefits.va.gov/warms/pam26_7.asp