

Occupancy	Transaction Type	Number of Units	Max LTV/CLTV/HCLTV	Minimum Credit Score		
				Standard	High Balance	
Primary Residence	Purchase	1-4 Units	100%	Per AUS*	Per AUS	
	Cash-Out	1-4 Units	100%	Per AUS	Per AUS	
All Occupancy Types	IRRRL	1-4 Units	100%**	N/A***	N/A	
<p>*No Credit Scores are allowed per VA Guidelines **See IRRRL section below for valuation requirements ***See IRRRL section below for mortgage history and credit score requirements</p>						
Helpful VA Links	VA 26-7 Pamphlet Does not include MSF Overlays.	VA Funding Fee Tables	VA Circulars	VA Regional Centers	Request for COE	VA Loan Limits
Guidelines						
Borrower Eligibility	<p>Eligible Borrowers:</p> <ul style="list-style-type: none"> U.S. Citizens w/ valid Social Security Number Lawful permanent or non-permanent residents of the U.S. with a valid U.S. Social Security Number <p>Ineligible Borrowers:</p> <ul style="list-style-type: none"> Any individual without a valid U.S. Social Security Number Individuals with a U.S. Individual Taxpayer Identification Number (ITIN) – An ITIN is formatted like a SSN but begins with “9” Currently incarcerated Foreign Nationals <p>Ch. 2, 2. A.</p>					
MCC's & Down Payment Assistance (DPA)	<p>Mortgage Credit Certificates (MCC) are not permitted.</p> <p>Down Payment Assistance</p> <ul style="list-style-type: none"> Manual underwrites are Ineligible Manufactured homes are Ineligible Down Payment Assistance and or Grants are acceptable if Homeownership Assistance Program is HUD approved for the property city, count, or state MSF Retail Only: <ul style="list-style-type: none"> Refer to MSF Down Payment Assistance guidelines for approved programs 					



	<ul style="list-style-type: none"> • TPO Only <ul style="list-style-type: none"> ○ Only Homeownership Assistance Programs are eligible. <p>Programs requiring MSF to be an approved provider are Ineligible for TPO transactions.</p>
<p>Ineligible Programs</p>	<p>Ineligible programs include but are not limited to:</p> <ul style="list-style-type: none"> • Loans for 'Alteration and Repair' <ul style="list-style-type: none"> ○ Ch.7, 4. A • VA 'Joint Loans' <ul style="list-style-type: none"> ○ Ch. 7, 1. A • Texas 50(a)(6) <ul style="list-style-type: none"> ○ Ch. 6, 3-a
<p>IRRRL's</p>	<p>If there has been a modification on the loan being refinanced, the new interest rate and payment must be lower than the original insured note rate & payment, not the current modified rate & payment. Ch. 6, 1-b and Ch. 6, 1-c</p> <p>A Mortgage Only credit report is allowed to verify the current mortgage history. Credit scores are not required however a Mortgage Only credit report with scores can be provided for pricing purposes.</p> <p>If loan scenario requires a loan to be a credit qualifying IRRRL: Borrower's income and credit report must be provided per VA guidelines, DTI ratios must be considered, and underwriter must determine that the borrower will continue to make mortgage payments. All IRRRL's are all manual underwrites.</p> <p>Recoupment Period:</p> <ul style="list-style-type: none"> • The borrower must recoup the costs of the transaction within the term of the loan <ul style="list-style-type: none"> ○ Costs include: closing costs, discount points, and funding fee ○ Ch. 6, 1-b, Ch. 6, 1-c, and CH. 6, 1-d <p>Seasoning Requirement:</p> <ul style="list-style-type: none"> • Six months mortgage payments are required to be verified <ul style="list-style-type: none"> ○ Borrowers cannot pre-pay the loan to meet the six month requirement ○ Ch. 2, 1. C, Ch. 6, 1-a and Ch. 6, 1-j <p>Value Verification:</p> <ul style="list-style-type: none"> • If the loan being paid off as part of our transaction was originated before January 1, 2010 the value must be verified with one of the following: <ul style="list-style-type: none"> ○ Full Appraisal – Actual Value Listed will be used ○ 2055 Drive-By Appraisal – Actual Value Listed will be used ○ Tax Assessed Value – Value listed will be used with up to a 10% variance of the disclosed value ○ Automated Valuation Model (AVM) – Estimated value listed will be used with up to a 10% variance of the disclosed value • Effective date of the valuation tool must be within 120 days of the note date.

<p>Loan Amount Limits</p>	<p>All VA loans require a 25% guaranty. VA does not impose maximum statutory loan limits however, VA does publish county loans limits (see VA Loan Limit link above). The 25% guaranty may come from the VA or Down payment or a combination of both. The Maximum amount that the VA will insure is 25% of is the published county loan limit. If this amount is greater than or equal to 25% of the VA NOV then no down payment is required. If VA's insuring participation is less than 25% of the purchase price / appraisal then the borrower must bring a down payment for the difference.</p> <p>If a loan amount exceeds Agency loan limits, the high balanced product must be selected.</p>
<p>Manufactured Housing Requirements</p>	<ul style="list-style-type: none"> • Must be multi-wide. Single-wides are Ineligible • IRRRL must have been built in the year 2000 or later • One unit only • Manufactured home must be in original placement. Documentation is required indicating the home has never been moved • At least 3 comparable sales must be manufactured home and support value • Comparable sales must have closed within the past six months <ul style="list-style-type: none"> ○ Sales may exceed six months, but never exceed twelve months <ul style="list-style-type: none"> ▪ Appraiser must provide acceptable commentary for comparable(s) that exceed six months. • Documentation Requirements <ul style="list-style-type: none"> ○ Appraiser to verify home is attached to permanent foundation ○ Title policy to include manufactured housing endorsement ○ Affixation affidavit signed by borrower at closing ○ Title must be purged prior to closing
<p>Loan Terms</p>	<ul style="list-style-type: none"> • Standard Balance Fully Amortizing Fixed Rate: 15, 20, 25, & 30 year terms • High Balance Fully Amortizing Fixed Rate: 15 & 30 year terms • Standard Balance Fully Amortizing Three or Five Year Adjustable Rate Mortgage (3/1 ARM or 5/1 ARM): 30 year term, fully amortizing, 2.25% Margin, 1 year Constant Maturity Treasury Index (CMT Index), 1/1/5 Caps • Buy-downs are Ineligible
<p>Transaction Types</p>	<p>VA offers purchase, cash-out transactions, and Interest Rate Reduction Refinances (IRRRL's). Refinancing any other type of loan to a VA loan is considered a cash-out refinance even if there is no cash back to the borrower(s).</p>
<p>Property Types</p>	<p>1-4 Units, PUD's, Townhomes, Row homes, Manufactured Housing (see requirements above), and Fannie Mae approved condo projects.</p> <p>Ineligible Properties:</p> <ul style="list-style-type: none"> • Manufactured housing in a flood zone • Property that was previously a 'meth house', even if cleaned • Working farms, ranches and orchards • Hero/Pace Liens • Cooperatives
<p>Underwriting</p>	<p>AUS must be run, with the exception of IRRRL's in which manual underwriting is required. Both DU or LP are acceptable.</p>



	<p>Loan receiving Refer/Eligible findings are subject to VA's requirements for manual underwriting.</p> <p>Residual Income:</p> <ul style="list-style-type: none"> • Manual Underwriting: <ul style="list-style-type: none"> ○ If total debt to income ratio (DTI) exceeds 41%, borrower must have 120% of required residual income guideline. Strong compensating factors must be documented in the file. ○ Ch. 4, 9-e, Ch. 4, 10-a and Ch. 4, 10-b <p>Certificate of Eligibility (COE) is required at submission. All eligibility available to be restored.</p> <p>Maximum 65% DTI, even with AUS approval</p>
Vesting	<p>Vesting must match Certificate of Eligibility.</p>
Seller Concessions	<p>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.</p> <p>Seller concessions include, but are not limited to, the following:</p> <ul style="list-style-type: none"> • payment of the 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. <p>Seller concessions do not include payment of the buyer's closing costs, or payment of points as appropriate to the market.</p> <p>Example: If the market dictates an interest rate of 7½ percent with two discount points, the seller's payment of the two points would not be a seller concession. If the seller paid five points, three of these points would be considered a seller concession.</p> <p>Any seller concession or combination of concessions which exceeds four percent of the established reasonable value of the property is considered excessive, and unacceptable for VA-guaranteed loans.</p> <p>Do not include normal discount points and payment of the buyer's closing costs in total concessions for determining whether concessions exceed the four percent limit.</p>

