

VA Program Matrix									
Transaction Type	Occupancy	VA Advantage				VA Portfolio			
		FICO	Maximum LTV/CLTV		AUS	FICO	Maximum LTV/CLTV		AUS
Purchase	O/O	620	100.00%	100.00%	Approve or Accept/Eligible	580	100.00%	100.00%	Approve or Accept/Eligible or Manual Underwrite
						540/No Score	90.00%	90.00%	Approve or Accept/Eligible or Manual UW Max 50% DTI
Cash Out	O/O	620	100.00%	100.00%	Approve or Accept/Eligible	580	100.00%	100.00%	Approve or Accept/Eligible or Manual Underwrite
						540/No Score	90.00%	90.00%	Approve or Accept/Eligible or Manual UW Max 50% DTI
IRRL	O/O	620	100.00%	100.00%	Not Applicable	580	100.00%	100.00%	No Score IRRLs Allowed - must provide 0x30 Mortgage Only Credit Report - Loan will be priced as a 580 Credit Score
	2nd Home					540/No Score	90.00%	90.00%	
	N/O/O								

VA Loan Limits					
Maximum Loan Amounts (See Below)			Maximum Guarantee		
Units	Conforming	High Cost	Loan Amount	Maximum Potential Guarantee	
1	\$766,550	\$1,149,825	≤ \$45,000	50% of Loan Amount	
2	\$981,500	\$1,472,250	\$45,001 - \$56,250	\$22,500	
3	\$1,186,350	\$1,779,525	\$56,251 - \$144,000	40% of the loan amount or maximum \$36,000	
4	\$1,396,800	\$2,211,600	\$144,001 - Conf Loan Limit	25% of the Loan Amount	
See County Loan Limits for High Balance Eligibility			> Conforming Loan Limit	Lesser of: 25% of 1 unit county limit or 25% of Loan Amt	

VA County Loan Limits	Maximum base loan amounts do not include the funding fee. See link below to see if property is eligible for high balance loan limits. If the veteran does not have full entitlement, a down payment may be required and the LTV will be reduced accordingly.
	All VA loans require a 25% guaranty. VA does not impose maximum statutory loan limits however, VA does publish county loans limits <a href="http://www.benefits.va.gov/homeloans/purchaseco_loan_limits.asp">http://www.benefits.va.gov/homeloans/purchaseco_loan_limits.asp</a> . 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 or appraisal then the borrower must bring a down payment for the difference. If the loan amount exceeds agency loan limits, then the high balance product pricing must be selected.
	Minimum Loan Amount \$50,000 - Maximum Loan Amount \$1,500,000

VA Funding Fee Table							
First Time Use				Subsequent Use			
Loan Type	Downpayment	Veteran	Reservist/Nat't Guard	Loan Type	Downpayment	Veteran	Reservist/Nat't Guard
Purchase	Less than 5%		2.15%	Purchase	Less than 5%		3.30%
	Over 5% but less than 10%		1.50%		Over 5% but less than 10%		1.50%
	Over 10%		1.25%		Over 10%		1.25%
Cash-out	Not Applicable		2.15%	Cash-out	Not Applicable		3.30%
IRRL		0.50%		IRRL		0.50%	

Residual Income Matrix									
Loan Amounts < \$80,000					Loan Amounts ≥ \$80,000				
Family Size	Northeast	Midwest	South	West	Family Size	Northeast	Midwest	South	West
1	\$390	\$382	\$382	\$425	1	\$450	\$441	\$441	\$491
2	\$654	\$641	\$641	\$713	2	\$755	\$738	\$738	\$823
3	\$788	\$772	\$772	\$859	3	\$909	\$889	\$889	\$990
4	\$888	\$868	\$868	\$967	4	\$1,025	\$1,003	\$1,003	\$1,117
5	\$921	\$902	\$902	\$1,004	5	\$1,062	\$1,039	\$1,039	\$1,158
Over 5	Add \$75 for each additional member up to a family of seven				Over 5	Add \$80 for each additional member up to a family of seven			
Northeast	CT, MA, ME, NH, NJ, NY, PA RI, VT								
Midwest	IL, IN, IA, KS, MI, MN, MO, NE, ND, OH, SD, WI								
South	AL, AR, DE, DC, FL, GA, KY, LA, MD, MI, NC, OK, PR, SC, TN, TX, VA, WV								
West	AK, AZ, CA, CO, HI, ID, MT, NV NM, OR, UT, WA WY								

Program Notes									
<b>Borrower Eligibility</b>	<ul style="list-style-type: none"> <li>• US Citizens</li> <li>• Permanent Resident and Non-Permanent Resident Aliens with a valid Social Security Card</li> <li>• At least one applicant must be an eligible veteran as established by the Certificate of Eligibility (COE)</li> </ul>								
<b>Joint Loans/Split Entitlement</b>	Joint or Split Entitlement Loans are allowed as defined under Chapter 7,1.A of the VA 26-7. Please add an additional 30 days to COE as loan must be submitted and approved at the local regional center prior to CTC.								
<b>Underwriting</b>	<ul style="list-style-type: none"> <li>• 620 Credit Score Advantage/ 540 Credit Score Portfolio - Borrower's with no credit score allowed with NTMCR at submission</li> <li>• Minimum Loan Amount \$50,000 - Maximum Loan Amount \$2,000,000</li> </ul>								
<b>2-1 Buydown</b>	2-1 Buydown Option Available for 30-Year Fixed Rate Standard and High Balance Loans - Borrower must qualify at Note Rate Purchase Only: Seller or Builder paid buydowns allowed - borrower paid buydown are not permitted Buydown included in the 6% interested party contribution limit - borrower must meet MRI requirement of 3.5% Single Wide Manufactured Homes and Manual Underwrites not permitted								
<b>Residual Income</b>	<p><b>Calculating Residual Income:</b></p> <ul style="list-style-type: none"> <li>• Calculate the total gross monthly income of all occupying borrowers</li> <li>• Deduct from gross monthly income the following items:                             <table style="width: 100%; border: none;"> <tr> <td style="width: 50%;">▫ Federal and State income taxes</td> <td style="width: 50%;">▫ Proposed total monthly fixed payment (i.e. PITIA + MIP)</td> </tr> <tr> <td>▫ Debt showing on credit report (including NBS debt)</td> <td>▫ Estimated maintenance and utilities</td> </tr> <tr> <td>▫ Municipal or other income taxes</td> <td>▫ Job related expenses (e.g. childcare)</td> </tr> <tr> <td>▫ Retirement or Social Security</td> <td>▫ Gross up of any Non-Taxable Income</td> </tr> </table> </li> <li>• Subtract the sum of the deductions from the table above from the total gross monthly income of all members of the household of the occupying borrowers</li> <li>• The balance is residual income</li> </ul> <p><b>Calculating Gross Monthly Income:</b></p> <ul style="list-style-type: none"> <li>• Gross monthly income should be calculated only for the occupying borrowers consistent with the requirements of HUD Handbook.</li> <li>• Do not include bonus, part-time or seasonal income that does not meet the requirements for effective income as stated in HUD Handbook.</li> <li>• Do not include income from non-occupying co-borrowers, co-signers, non-borrowing spouses, or other parties not obligated on the mortgage.</li> </ul> <p><b>Calculating Monthly Expenses:</b></p> <ul style="list-style-type: none"> <li>• If available, mortgagees must use Federal and state tax returns from the most recent tax year to document state and local taxes, retirement, Social Security and Medicare. If tax returns are not available, mortgagees may rely upon current pay stubs.</li> <li>• For estimated maintenance and utilities in all states, mortgagees should multiply the living area of the property (square feet) by \$0.14.</li> </ul> <p><i>To use residual income as a compensating factor, count all members of the household of the occupying borrowers without regard to the nature of their relationship and without regard to whether they are joining on title or the note. Exception: As stated in the VA Guidelines, the mortgagee may omit any individuals from "family size" who are fully supported from a source of verified income which is not included in effective income in the loan analysis. These individuals must voluntarily provide sufficient documentation to verify their income to qualify for this exception.</i></p>	▫ Federal and State income taxes	▫ Proposed total monthly fixed payment (i.e. PITIA + MIP)	▫ Debt showing on credit report (including NBS debt)	▫ Estimated maintenance and utilities	▫ Municipal or other income taxes	▫ Job related expenses (e.g. childcare)	▫ Retirement or Social Security	▫ Gross up of any Non-Taxable Income
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<b>Appraisals</b>	Appraisals are ordered through VA and must be completed by a VA appraiser. NOV is valid for 6 months and must be issued at the value reflected on the appraisal report. Must meet VA's Minimum Property Requirements (MPRs).								
<b>Eligible Properties</b>	Single Family Detached Single Family Attached 2-4 Unit Detached/Attached Planned Unit Developments VA (or FHA Approved prior to 12/7/2009) Project Approved Low-rise and High-rise Condominiums (including manufactured homes zoned as a condo) Rural Properties Double Wide Manufactured Homes (if located in flood zone - subject to elevation certification)								
<b>Ineligible Properties</b>	Condotels/Hotel Condominiums Mobile Homes Single-Wide and Multi-Unit Manufactured Homes Timeshares Unimproved Land Income Producing Properties								
<b>Ineligible Transactions</b>	<ul style="list-style-type: none"> <li>• VA Renovation</li> <li>• Energy Efficient Mortgage</li> <li>• Bond and DPA Programs</li> </ul>								
<b>State Restrictions</b>	Texas 50 (a) (6) Refinance Mortgages are allowed to a maximum LTV of 80%								

Program Notes				
VA Refinance Requirements	Cash Out			IRRRL
	Requirement	Type I (Loan Amt ≤ Payoff)	Type II (Loan Amt > Payoff)	All VA IRRRL Transactions
	LTV Cannot Exceed 90% (Including Funding Fee)	Yes	Yes	No
Establish Net Tangible Benefit (See Below)	Yes	Yes	No	
Loan Seasoning: 210 Day and 6 Payments on Existing Loan	Yes	Yes	Yes	
Maximum 36 Month Recoupment	Yes	No	Yes	
Interest Rate/Discount Point Requirement	Yes	No	Yes	
<b>Net Tangible Benefit</b>	<p><b>Net Tangible Benefit:</b> The new loan must meet at least one of the following:</p> <ul style="list-style-type: none"> <li>• The new loan eliminates monthly mortgage insurance (public or private) or monthly guaranty insurance;</li> <li>• The term of the new loan is shorter than the term of the loan being refinanced;</li> <li>• The interest rate on the new loan is lower than the interest rate on the loan being refinanced. Note: The current rate must be used to determine NTB rate reduction, including ARMs and modified loans. (See additional requirements for Type I Interest Rate Reduction below);</li> <li>• The monthly (principal and interest) payment on the new loan is lower than the monthly (principal and interest) payment on the loan being refinanced;</li> <li>• The new loan results in an increase in the borrower's monthly residual income. Residual income, includes monthly PITIA (principal, interest, taxes, insurance and HOA) payment. When taxes and insurance amounts are changing between the application date and the closing date, the new taxes and insurance amount will be used in determining residual income for both the new and current loan;</li> <li>• The new loan refinances an interim loan to construct, alter, or repair the home;</li> <li>• The new loan amount is equal to or less than 90% percent of the reasonable value of the home; or</li> <li>• The new loan refinances an adjustable rate loan to a fixed rate loan.</li> </ul>			
<b>IRRRL/Cash Out Seasoning Requirements</b>	<ul style="list-style-type: none"> <li>• Seasoning requirement applies when current loan that is being paid off is FHA, VA or USDA.</li> <li>• The Note date of the refinance loan must be on or after the later of:                             <ul style="list-style-type: none"> <li>▫ The date that is 210 days after the date on which the 1st payment is made on the loan being refinanced, and</li> <li>▫ The date on which the 6 full monthly payments have been made on the loan being refinanced.</li> </ul> </li> <li>• <b>Note:</b> The date on which "the 1st payment is made on" must be verified. Advance/prepaid payments to meet the 6 scheduled payment requirement is not permitted.</li> </ul>			
<b>Fee Recoupment</b> (Type 1 Cash Out)	<p>The recoupment period of all fees, closing costs, expenses (other than prepaids), and incurred costs must not exceed 36 months from the date of the note.</p> <ul style="list-style-type: none"> <li>• A certification confirming the loan meets the 36 months fee recoupment period is required in the loan file.</li> </ul> <p><b>Fee Recoupment Calculation</b> Number of Months to Recoup: Divide the Total Closing Costs by the Monthly Savings Payment</p> <p><b>Note:</b> If the loan being refinanced has been modified, the principal and interest reduction must be computed/compared to the modified principal and interest monthly payments</p>			
<b>Interest Rate Reduction</b> (Type 1 Cash Out)	<p>If refinancing an existing VA guaranteed loan that has a fixed rate and using the interest rate reduction NTB option for a Type I Cash-out, must meet one of the following:</p> <p><b>Fixed Rate to Fixed Rate</b></p> <ul style="list-style-type: none"> <li>• The interest rate on the new loan must be lower than the interest rate for the loan being paid off by at least 0.50%</li> </ul> <p><b>Fixed Rate to Adjustable Rate</b></p> <ul style="list-style-type: none"> <li>• The interest rate on the new loan must be lower than the interest rate on the loan being paid off by at least 2.00%                             <ul style="list-style-type: none"> <li>▫ For loans in which the lower interest rate is due solely to discount points</li> <li>▫ The discount points must be paid at closing;</li> </ul> </li> </ul>			

VA Program Matrix Extenuating Circumstances		
Extenuating Circumstances Defined	<p>Extenuating circumstances are events that were beyond the control of the borrower, such as a serious illness or death of a wage earner, such as unemployment, prolonged strikes, medical bills not covered by insurance. The applicant or spouse has reestablished good credit since the bankruptcy or foreclosure. Divorce is not considered an extenuating circumstance.</p> <p>If the bankruptcy or foreclosure was caused by failure of the business of a self-employed applicant, it may be possible to determine that the applicant is a satisfactory credit risk if (1) the applicant obtained a permanent position after the business failed, (2) there is no derogatory credit information prior to self-employment, (3) there is no derogatory credit information subsequent to the bankruptcy, and (4) failure of the business was not due to the applicant's misconduct.</p>	
	VA Advantage/Standard VA	VA Advantage/Standard VA - Manual
<b>Chapter 7 Bankruptcy</b>	<p><b>AUS Approve or Accept/Eligible</b> 2 Years from the discharge date to case assignment</p>	<p><b>Extenuating Circumstance:</b> An elapsed period of less than two years since discharge, but not less than 12 months, may be acceptable, if the applicant: (1) can show that the bankruptcy was caused by extenuating circumstances beyond the Borrower's control; and (2) the applicant or spouse has obtained consumer items on credit subsequent to the bankruptcy and has satisfactorily made the payments over a continued period.</p>
<b>Chapter 13 Bankruptcy</b>	<p><b>AUS Approve or Accept/Eligible - Manual Downgrade Guidelines Apply</b> Completion of the Chapter 13 with Satisfactory Payments</p>	<p><b>Extenuating Circumstance:</b> An elapsed period of less than two years since discharge, but not less than 12 months, may be acceptable, if the applicant: (1) can show that the bankruptcy was caused by extenuating circumstances beyond the Borrower's control; and (2) the applicant has satisfactorily made at least 12 months worth of the payments and the Trustee or the Bankruptcy Judge approves of the new credit, the lender may give favorable consideration.</p>
<p><b>Foreclosure Deed-in-Lieu of Foreclosure Short Sale Pre-Foreclosure</b></p>	<p><b>Total Scorecard (AUS Approve/Eligible)</b> 2 Years from date of the DIL or the date that the Borrower transferred ownership of the Property to the foreclosing Entity/designee to case assignment</p>	<p><b>Extenuating Circumstance:</b> An elapsed period of less than two years since discharge, but not less than 12 months, may be acceptable, if the applicant: (1) can show that the bankruptcy was caused by extenuating circumstances beyond the Borrower's control; and (2) the applicant or spouse has obtained consumer items on credit subsequent to the bankruptcy and has satisfactorily made the payments over a continued period.</p>
<b>Loan Modifications</b>	<p>A mortgage that has been modified must utilize the payment history in accordance with the modification agreement for the time period of modification in determining late housing payments.</p>	
<b>Consumer Credit Counseling</b>	<p>The applicant has satisfactorily made at least 12 months worth of the payments and the counseling agency approves of the transaction.</p>	

VA Manual Underwriting Matrix (All Programs)		
<b>VA Manual Underwriting</b>	All standard VA purchases and refinances (not including IRRRLs) are subject to VA Manual Underwriting Rules in the following instances: <ul style="list-style-type: none"> <li>▪ AUS Refer findings</li> <li>▪ Manual downgrade is required by underwriter if additional information is identified in the loan file that was not considered in the AUS "Approve or Accept" findings and to ensure compliance with all VA requirements</li> <li>▪ Any mortgage debt more than 1x30 day late payment in the past 12 months</li> <li>▪ Significant non-mortgage debt (not on credit report) with more than 1x30 day late payment in the past 12 months</li> <li>▪ Any past due mortgage or past due other significant debt listed on the credit report that was last updated <math>\geq</math> 90 days. The current status of the past due debt must be documented</li> </ul> <p><b>NOTE:</b> Significant means that the debt has a monthly payment exceeding 2% of the stable monthly income for all borrowers circumstance.</p>	
Credit Score	Max DTI	DTI Requirements
<b>580+</b>	<b>AUS Approve or Accept Eligible</b>	Not applicable unless UW downgrades file for cause. Max DTI per AUS allowed with one or more Compensating Factors and 120% of Residual Income or upon approval of SVP of Credit. Otherwise maximum DTI 50%.
<b>580+ (Refer)</b>	<b>50%</b>	Max DTI 50% lowed with one or more Compensating Factors and 120% of Residual Income or upon approval of SVP of Credit. Otherwise maximum DTI 41%.
Other Requirements		
<b>VA Manual UW Comp Factors</b>	<ul style="list-style-type: none"> <li>▪ Excellent credit history</li> <li>▪ Conservative use of consumer credit</li> <li>▪ Minimal consumer debt</li> <li>▪ Long-term employment</li> <li>▪ Significant liquid assets</li> <li>▪ Sizable down payment</li> <li>▪ The existence of equity in refinancing loans</li> <li>▪ Little or no increase in shelter expense</li> <li>▪ Military benefits</li> <li>▪ Satisfactory homeownership experience</li> <li>▪ High residual income</li> <li>▪ Tax credits for child care</li> <li>▪ Tax benefits of home ownership</li> </ul>	
<b>Derogatory Credit</b>	Manual underwriting requires that all derogatory credit must be evaluated and addressed. Derogatory credit includes late payments on mortgage, installment and revolving accounts. Derogatory credit also includes collections, charge-offs, judgments and liens. The borrower must provide a satisfactory letter of Explanation (LOE) for all derogatory credit.	
<b>Required Reserves</b>	If rental income is used for qualification: <ul style="list-style-type: none"> <li>▪ 2-4 Unit Subject Property: 6 Months PITIA Reserves</li> <li>▪ Non-Subject Rental Property: 3 Months PITIA Reserves for Each Additional Property</li> </ul>	