

<p><b>SECTION 1</b></p>	<p><b>MATRIX:</b></p> <table border="1"> <tr> <th colspan="4"><b>VA Conforming:</b></th> </tr> <tr> <th><b>Transaction</b></th> <th><b>FICO</b></th> <th><b>Number of Units</b></th> <th><b>Maximum LTV/CLTV</b></th> </tr> <tr> <th colspan="4"><b>Primary Residence – Owner Occupied</b></th> </tr> <tr> <td>Purchase</td> <td>550</td> <td>1 - 4 Unit</td> <td>100%</td> </tr> <tr> <td>Cash-Out Refinance</td> <td>550</td> <td>1 - 4 Unit</td> <td>100%</td> </tr> <tr> <td></td> <td></td> <td></td> <td></td> </tr> </table> <table border="1"> <tr> <th colspan="4"><b>VA High Balance:</b></th> </tr> <tr> <th><b>Transaction</b></th> <th><b>FICO</b></th> <th><b>Number of Units</b></th> <th><b>Maximum LTV/CLTV</b></th> </tr> <tr> <th colspan="4"><b>Primary Residence – Owner Occupied</b></th> </tr> <tr> <td>Purchase</td> <td>580</td> <td>1 - 4 Unit</td> <td>100%</td> </tr> <tr> <td>Cash-Out Refinance</td> <td>580</td> <td>1 - 4 Unit</td> <td>100%</td> </tr> <tr> <td></td> <td></td> <td></td> <td></td> </tr> </table>	<b>VA Conforming:</b>				<b>Transaction</b>	<b>FICO</b>	<b>Number of Units</b>	<b>Maximum LTV/CLTV</b>	<b>Primary Residence – Owner Occupied</b>				Purchase	550	1 - 4 Unit	100%	Cash-Out Refinance	550	1 - 4 Unit	100%					<b>VA High Balance:</b>				<b>Transaction</b>	<b>FICO</b>	<b>Number of Units</b>	<b>Maximum LTV/CLTV</b>	<b>Primary Residence – Owner Occupied</b>				Purchase	580	1 - 4 Unit	100%	Cash-Out Refinance	580	1 - 4 Unit	100%				
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<p><b>SECTION 2</b></p>	<p><b>Overlays:</b></p> <p><b>Program:</b></p> <ul style="list-style-type: none"> <li>• Min loan amount \$60,000.</li> <li>• Min loan amount \$75,000 for properties located in NY and TX.</li> <li>• Blended Entitlements (multiple veterans combining their VA entitlements) – Not allowed.</li> <li>• Condos - VA approved only</li> <li>• Deed Restricted Properties (except for Age Restricted properties for ages 55+) – Not Allowed</li> <li>• Non-Traditional Credit – Not Allowed</li> <li>• Properties with solar leases – Not Allowed</li> <li>• Leasehold properties – Not Allowed</li> <li>• Properties classified as C5, C6 or Q6 condition – Not Allowed</li> <li>• Cooperatives – Not Allowed</li> </ul> <p><b>VA 1<sup>st</sup> Advantage:</b></p> <ul style="list-style-type: none"> <li>• All of the above, plus the following:</li> <li>• VA IRRRL's – Not Allowed</li> <li>• Manufactured Homes – Not Allowed</li> <li>• Verbal Verification of Employment (VVOE) – Required: Must be completed within 10 business days of the note date.</li> </ul>																																																

	<ul style="list-style-type: none"> <li>Homebuyer Education – Required                     <ul style="list-style-type: none"> <li>Required for all First Time Homebuyer (FTHB) purchase transactions when and                             <ul style="list-style-type: none"> <li>Representative credit score is less than 580, <b>and</b></li> <li>Borrower is utilizing a Down Payment Assistance Program (DPA) or Gift Funds</li> </ul> </li> </ul> </li> </ul>								
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<b>SECTION 4</b>	<b>Parameters and Underwriting:</b>								
<b>ATR and QM</b>	<ul style="list-style-type: none"> <li>All loans must meet the Ability to Repay (ATR) and Qualified Mortgage (QM) provisions of the Dodd-Frank Act.</li> </ul>								
<b>County Loan Limits</b>	<table border="1"> <thead> <tr> <th><u>Conforming Limits:</u></th> <th><u>Continental US</u></th> <th><u>Alaska / Hawaii</u></th> </tr> </thead> <tbody> <tr> <td>1 – 4 Units Regardless of the number of units – only the county loan limit for one-unit properties can be used. <b>Note:</b> Limits vary by county.</td> <td>\$424,100</td> <td>\$636,150</td> </tr> </tbody> </table> <p>Use the following link to access loan limits for a specific county.</p> <ul style="list-style-type: none"> <li><a href="#">VA County Loan Limits</a></li> </ul>	<u>Conforming Limits:</u>	<u>Continental US</u>	<u>Alaska / Hawaii</u>	1 – 4 Units Regardless of the number of units – only the county loan limit for one-unit properties can be used. <b>Note:</b> Limits vary by county.	\$424,100	\$636,150		
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<b>Cash Out</b>	<ul style="list-style-type: none"> <li>Six months seasoning prior to loan application.</li> </ul>								
<b>Underwriting</b>	<p><b>Underwriting:</b></p> <ul style="list-style-type: none"> <li>AUS and Manual Underwriting Allowed</li> </ul> <p><b>CAIVRS System</b> Provide a clear CAIVRS # on each applicant and any co obligor. An applicant cannot be considered a satisfactory credit risk if he/she has a judgment lien against his/her property for a debt owed to the Government until the judgment is paid or otherwise satisfied. The one exception to this policy is that CAIVRS is <b>not</b> required for non-purchasing spouses in community property states.</p> <p><b>Automated Underwriting:</b> Loans must be underwritten through Fannie Mae’s Desktop Underwriter (DU) and receive an Approve/Eligible recommendation, OR through Freddie Mac’s Loan Prospector (LP) and receive an Accept recommendation.</p>								

	<p>The underwriter must reconcile DU or LP output against the documentation in the loan file to determine if there is any potentially derogatory or contradictory information that is not part of the data analyzed by DU or LP. Deficiencies that may not be within the scope of DU's or LP's analysis include delinquent rent payments, workouts, forbearance, write-offs, judgments and liens appearing on title, etc.</p> <p><b><u>Manual Downgrade Policy</u></b>          Perform manual downgrade to Refer under the following circumstances. Note, manual underwriting is on an exception basis only.</p> <ul style="list-style-type: none"> <li>• For significant debts not reported on the credit report when direct verification reveals more than one 30-day late payment in the past 12 months</li> <li>• For mortgage ratings that are not reported on the credit report when direct verification reveals more than one 30-day late payment in the past 12 months</li> <li>• When a mortgage or other significant debt is listed on the credit report as past due and was last updated &gt; 90 days</li> </ul> <p>Previous mortgage foreclosure (within 3 years of application) and bankruptcy (within 2 years of application).</p>
<p><b>Ratio</b></p>	<p><b>Debt to Income Ratio – DTI:</b></p> <p>Ratios up to 55% are allowed if approved by DU.</p> <p><b>Note:</b> For new construction properties, borrowers should be qualified using the estimated real estate taxes based upon the completed property improvements, not the unimproved lot taxes.</p> <p>Residual income must be sufficient to support the household based on family size and the region of the country in which the subject property is located. Exceptions not permitted.</p> <p>Residual income is the amount of net income remaining after the deduction of Federal/State/Local income taxes, Social Security/Medicare withholding, PITI, installment and revolving debt payments, alimony/child support obligations, child care payments, and property maintenance expenses.</p> <p>Count <b>all</b> members of the household (without regard to the nature of the relationship) when determining “family size,” including:</p> <ul style="list-style-type: none"> <li>• A non-borrowing spouse, and</li> <li>• Any other dependent residing in the household relying on the Veteran for support. For example, children from a spouse’s prior marriage who are not the applicant’s legal dependents.</li> </ul> <p>Family members may be omitted from “family size” if they are fully supported from a source of verified income which is not included in effective income used in the loan analysis. For example:</p> <ul style="list-style-type: none"> <li>• A spouse not obligated on the note who has stable and reliable income sufficient to support his or her living expenses; or</li> <li>• A child for whom sufficient foster care payments or child support is received regularly</li> </ul>

Reduce the residual income figure by a minimum of five percent if:

- the applicant or spouse is an active-duty or retired serviceperson, and
- there is a clear indication that he or she will continue to receive the benefits resulting from use of military-based facilities located near the property

<b>Table of Residual Incomes by Region For loan amounts of \$79,999 and below</b>				
<b>Family Size</b>	<b>Northeast</b>	<b>Midwest</b>	<b>South</b>	<b>West</b>
1	\$390	\$382	\$382	\$425
2	\$654	\$641	\$641	\$713
3	\$788	\$772	\$772	\$859
4	\$888	\$868	\$868	\$967
5	\$921	\$902	\$902	\$1,004
over 5	Add \$75 for each additional member up to a family of seven.			

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<b>Key to Geographic Regions Used in the Preceding Tables</b>			
<b>Northeast</b>	Connecticut Maine Massachusetts	New Hampshire New Jersey New York	Pennsylvania Rhode Island Vermont
<b>Midwest</b>	Illinois Indiana Iowa Kansas	Michigan Minnesota Missouri Nebraska	North Dakota Ohio South Dakota Wisconsin
<b>South</b>	Alabama Arkansas Delaware District of Columbia Florida Georgia	Kentucky Louisiana Maryland Mississippi North Carolina Oklahoma	Puerto Rico South Carolina Tennessee Texas Virginia West Virginia

	<b>West</b>	Alaska Arizona California Colorado	Hawaii Idaho Montana Nevada	New Mexico Oregon Utah Washington Wyoming																			
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<b>Student Loans</b>	<p><b>Student loan payment requirements:</b>                  Deferred, forbearance, in repayment.                  Forbearance, in repayment.</p> <ul style="list-style-type: none"> <li>Actual fully amortized payment – Documented</li> <li>Deferred outside of 12 months from loan closing, debt need not be considered</li> </ul>																						
<b>Texas 50(a)(6)</b>	<ul style="list-style-type: none"> <li>Not Allowed</li> </ul>																						
<b>Non-Occupant Co-Borrower</b>	<ul style="list-style-type: none"> <li>Not Allowed</li> </ul>																						

<p><b>Assets / Reserves</b></p>	<p><b>Down Payment / Reserves:</b>                  Generally, reserves are not required</p> <p>Veteran may borrow up to 100% of the reasonable value of the property as determined by VA (appraised value reflected on the VA appraisal report). If the purchase price or cost is more than VA's reasonable value, the Veteran must certify that he or she has paid or will pay the difference in cash from his or her own resources.</p> <p>Assets will be needed for the following:</p> <ul style="list-style-type: none"> <li>• Closing costs or points which are the applicant's responsibility and are not financed in the loan</li> </ul> <p>The difference between the sales price and the loan amount if the sales price exceeds the reasonable value established by VA</p> <p><b>Gifts / Down Payment</b></p> <ul style="list-style-type: none"> <li>• Gift funds are allowed</li> <li>• The gift letter must list the donor's name, address and phone number, relationship to the Veteran and the dollar amount of gift. The donor and Veteran must sign the gift letter.</li> </ul> <p>If sufficient funds required have not been verified in Borrower's accounts, document transfer.</p>
<p><b>Property</b></p>	<p><b><u>Property / Appraisals</u></b></p> <p><b><u>Eligible Properties</u></b> are attached &amp; detached SFR, 2-4 units, manufactured home, warrantable condo, cooperatives (see Co-op Addendum) and PUD units, rural properties and modular homes.</p> <p><b><u>Agency Warrantable condo projects</u></b> allowed. See condo section for more info.</p> <p><b><u>2<sup>nd</sup> Homes</u></b> must be suitable for year round occupancy. Timeshares, condotels, mandatory rental pools and properties with recreational leases are not allowed. Multi-units and mixed-use properties are not eligible for second homes.</p> <p><b><u>Modular Housing</u></b> is acceptable. Modular housing is prefabricated, panelized or sectional housing that assumes the characteristics of a site built home, meets all local and state building codes, is permanently affixed to the land and is legally classified as real estate.</p> <p><b><u>Leaseholds</u></b> permitted. The term of the lease must extend at least 5 years beyond the term of the loan. All other FNMA requirements must be met.</p> <p><b><u>Listed Properties:</u></b></p> <p><b><u>Rate and Term Refinances:</u></b> For rate and term refinances of properties recently listed for sale, the listing agreement must be cancelled at least one day prior to the date the application is taken.</p> <p><b><u>Cash Out Refinances:</u></b> On cash out refinances, listing agreements on the subject property must be cancelled six months prior to the application date or the loan is subject to a maximum loan-to-value of 70%. In all circumstances, listing agreements must be cancelled at least one day prior to the loan application.</p>
<p><b>Rental Income</b></p>	<p><b><u>Rental Income:</u></b>  <b>Subject Property</b></p> <ul style="list-style-type: none"> <li>• Eligible for 2-4 unit properties only.</li> <li>• Income only used when:                         <ul style="list-style-type: none"> <li>• Veteran has a minimum six months PITI reserves; and</li> </ul> </li> </ul>

	<ul style="list-style-type: none"> <li>• Documentation shows the Veteran has past property management experience.</li> <li>• Use 75% of proposed rental income off lesser of lease or appraiser's estimated rent projection.</li> <li>• Boarder income not permitted.</li> </ul> <p><b>Other Investment property Owned by Borrower</b></p> <ul style="list-style-type: none"> <li>• Obtain individual income tax returns, signed and dated, plus all applicable schedules for the previous two years, showing rental income from the property</li> <li>• Must have a minimum three months' PITI reserves for transaction subject property</li> </ul> <p><b>Previous Principal Residence</b> Departure property guidelines: If the veteran is converting a current principal residence to an investment property upon the purchase of a new principal residence, the following requirements apply: Both the current and proposed monthly housing expenses must be used to qualify.</p> <ul style="list-style-type: none"> <li>• Obtain a copy of the rental agreement on the property, if any.</li> <li>• Use the prospective rental income <u>only to offset</u> the mortgage payment on the rental property.</li> <li>• Obtain a working knowledge of the local rental market. <u>If there is no leas on the property</u>, but the local rental market is very strong, rental income may still be considered <u>for offset purposes</u>.</li> <li>• The rental income may not be included in effective income.</li> </ul>																												
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<p><b>Fee Limitations</b></p>	<p>The veteran can pay a maximum of:</p> <ul style="list-style-type: none"> <li>• reasonable and customary amounts for any or all of the “Itemized Fees and Charges” designated by VA, plus</li> <li>• a one percent flat charge by the lender, plus</li> <li>• reasonable discount points.</li> </ul>																												

**Note:** Some special provisions apply to construction, alteration, improvement, and repair loans.

Charge	Description
Appraisal and Compliance Inspections	<ul style="list-style-type: none"> <li>The veteran can pay the fee of a VA appraiser and VA compliance inspectors.</li> <li>The veteran can also pay for a second appraisal if he or she is requesting reconsideration of value.</li> <li>The veteran <b>cannot</b> pay for an appraisal requested by the lender or seller for reconsideration of value.</li> <li>The veteran <b>cannot</b> pay for appraisals requested by parties other than the veteran or lender.</li> </ul>
Recording Fees	The veteran can pay for recording fees and recording taxes or other charges incident to recordation.
Prepaid Items	The veteran can pay that portion of taxes, assessments, and similar items for the current year chargeable to the borrower and the initial deposit for the tax and insurance account.
Credit Report	<p>The veteran can pay for the credit report obtained by the lender.</p> <p>For Automated Underwriting cases, the veteran may pay the evaluation fee of \$50 in lieu of the charge for a credit report.</p> <p>For "Refer" cases, the veteran may also pay the charge for a merged credit report, if required.</p>
Hazard Insurance	The veteran can pay the required hazard insurance premium. This includes flood insurance, if required.
Flood Zone Determination	<p>The veteran can pay the actual amount charged for a determination of whether a property is in a special flood hazard area, if made by a third party who guarantees the accuracy of the determination.</p> <p>The veteran can pay a charge for a life-of-the-loan flood determination service purchased at the time of loan origination.</p> <p>A fee may <b>not</b> be charged for a flood zone determination made by the lender or a VA appraiser.</p>
Survey	The veteran can pay a charge for a survey, if required by the lender or veteran. Any charge for a survey in connection with a condominium loan must have the prior approval of VA.
Title Examination and Title Insurance	<p>The veteran may pay a fee for title examination and title insurance, if any.</p> <p>If the lender decides that an environmental protection lien endorsement to a title policy is needed, the cost of the endorsement may be charged to the veteran.</p>
Special Mailing Fees for Refinancing Loans	For refinancing loans only, the veteran can pay charges for Federal Express, Express Mail, or a similar service when the saved per diem interest cost to the veteran will exceed the cost of the special handling.



	<p>VA Funding Fee</p>	<p>Unless exempt, each veteran must pay a funding fee to VA.</p>	
	<p>Mortgage Electronic Registration System (MERS) Fee</p>	<p>The veteran may pay a fee for MERS. MERS is a one-time fee for the purpose of electronically tracking the ownership of the beneficial interest in a loan and its servicing rights.</p>	
	<p>Other Fees Authorized by VA</p>	<p>Additional fees attributable to local variances may be charged to the veteran <b>only</b> if specifically authorized by VA. The lender may submit a written request to the Regional Loan Center for approval if the fee is normally paid by the borrower in a particular jurisdiction and considered reasonable and customary in the jurisdiction.</p>	
	<p>Whenever the charge relates to services performed by a third party, the amount paid by the Borrower must be limited to the actual charge of that third party.</p> <p><b>Example:</b> If the lender obtains a credit report at a cost of \$30, the lender may only charge the borrower \$30 for the credit report. The lender may <b>NOT</b> charge \$35, even if it believes that a \$5 handling charge is fair.</p>		
<p><b>VA Lender's Handbook</b></p>	<p>For further information not covered here please proceed to VA Lenders Handbook.</p> <ul style="list-style-type: none"> <li>• <a href="#">VA Lenders Handbook</a></li> </ul>		