

SECTION 1	MATRIX:																		
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SECTION 2	Overlays:																		
<ul style="list-style-type: none"> Min loan amount \$60,000. Min loan amount \$75,000 for properties located in NY and TX. Manual Underwriting (for Purchases and Cash-Out Refinance) – Not Allowed Blended Entitlements (multiple veterans combining their VA entitlements) – Not allowed. Condos - VA approved only Manufactured Homes with accessory dwellings or guest houses – Not Allowed Higher Priced Mortgage Loan (HPML) on IRRRL transactions – Not Allowed Higher Priced Mortgage Loan (HPML) on ARM transactions – Not Allowed Deed Restricted Properties (except for Age Restricted properties for ages 55+) – Not Allowed Non-Traditional Credit – Not Allowed VA IRRRL's require six, 6, months seasoning, from the previous mortgage Properties with solar leases – Not Allowed Leasehold properties – Not Allowed Properties with water purification systems – Not Allowed Native American Indian Trust Lands – Not Allowed Properties classified as C5, C6 or Q6 condition – Not Allowed Cooperatives – Not Allowed Singlewide Manufactured Homes – Not Allowed Manufactured Homes with accessory units or guest houses – Not Allowed 																			

SECTION 3	Products:																																														
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SECTION 4	Parameters and Underwriting:																																														
ATR and QM	<ul style="list-style-type: none"> All loans must meet the Ability to Repay (ATR) and Qualified Mortgage (QM) provisions of the Dodd-Frank Act. 																																														
County Lending Loan Limits	<table border="1"> <thead> <tr> <th data-bbox="499 756 1251 786">Conforming Limits:</th> <th data-bbox="1251 756 1575 786">Continental US</th> <th data-bbox="1575 756 1915 786">Alaska / Hawaii</th> </tr> </thead> <tbody> <tr> <td data-bbox="499 786 1251 880">1 – 4 Units Regardless of the number of units – only the county loan limit for one-unit properties can be used. Note: Limits vary by county.</td> <td data-bbox="1251 786 1575 880">\$453,100</td> <td data-bbox="1575 786 1915 880">\$679,650</td> </tr> </tbody> </table> <p>Use the following link to access loan limits for a specific county.</p> <ul style="list-style-type: none"> VA County Loan Limits 			Conforming Limits:	Continental US	Alaska / Hawaii	1 – 4 Units Regardless of the number of units – only the county loan limit for one-unit properties can be used. Note: Limits vary by county.	\$453,100	\$679,650																																						
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REFINANCE SEASONING REQUIREMENTS	<p>Cash-Out must meet the following seasoning requirements:</p> <ul style="list-style-type: none"> The borrower must have made at least six (6) consecutive monthly payments on the loan being refinanced, beginning with the payment made on the first payment due date. The first payment due date of the new loan must occur no earlier than 210 days after the first payment due date of the loan being refinanced. 																																														
Interest Rate Reduction Refinance Loan (IRRRL)	<p>Requirements:</p> <ul style="list-style-type: none"> Mortgage only credit report reflecting three credit scores GEO AVM ordered through CoreLogic and dated within 60 days of the note, with an FSD Score of 15 or lower 1025 Small Residential Income Property Appraisal Report for a 2-4 unit property If subordinate financing will remain in place the CLTV may not exceed 100% Income does not need to be verified, however, employment must be listed on the application. The borrower must have made at least six (6) consecutive monthly payments on the loan being refinanced, 																																														

	<p>beginning with the payment made on the first payment due date.</p> <ul style="list-style-type: none"> The first payment due date of the new loan must occur no earlier than 210 days after the first payment due date of the loan being refinanced. <p><u>No AVM Option:</u></p> <ul style="list-style-type: none"> Allowed on 30 year fixed, 15 year fixed conforming, and 30 year fixed High Balance products Current primary residence only. Previous homes turned into 2nd homes or investment properties – Not Allowed
<p>Underwriting</p>	<p>Underwriting: <u>Automated Underwriting:</u> 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. Manual underwrite – IRRRL's accepted – All others default to VA 1st Advantage program.</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><u>Manual Downgrade Policy</u> Note: If a manual underwrite is warranted, the file will need to be placed on WesLend's VA 1st Advantage Program. Perform manual downgrade to Refer under the following circumstances.</p> <ul style="list-style-type: none"> 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 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 When a mortgage or other significant debt is listed on the credit report as past due and was last updated > 90 days <p>Previous mortgage foreclosure (within 3 years of application) and bankruptcy (within 2 years of application).</p>
<p>CAIVRS</p>	<p><u>CAIVRS System</u> 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 not required for non-purchasing spouses in community property states.</p>
<p>Ratio</p>	<p>Debt to Income Ratio – DTI:</p> <p>AUS - Ratios up to 55% are allowed if approved by DU.</p> <p>Note: 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>

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.
 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.

Count **all** members of the household (without regard to the nature of the relationship) when determining “family size,” including:

- A non-borrowing spouse, and
- 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.

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:

- A spouse not obligated on the note who has stable and reliable income sufficient to support his or her living expenses; or
- A child for whom sufficient foster care payments or child support is received regularly

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

Table of Residual Incomes by Region For loan amounts of \$79,999 and below				
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	\$1,004
over 5	Add \$75 for each additional member up to a family of seven.			

Table of Residual Incomes by Region For loan amounts of \$80,000 and above				
Family Size	Northeast	Midwest	South	West
1	\$450	\$441	\$441	\$491
2	\$755	\$738	\$738	\$823
3	\$909	\$889	\$889	\$990
4	\$1,025	\$1,003	\$1,003	\$1,117
5	\$1,062	\$1,039	\$1,039	\$1,158
over 5	Add \$80 for each additional member up to a family of seven.			

	<p style="text-align: center;">Key to Geographic Regions Used in the Preceding Tables</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 15%;">Northeast</td> <td style="width: 25%;">Connecticut Maine Massachusetts</td> <td style="width: 25%;">New Hampshire New Jersey New York</td> <td style="width: 35%;">Pennsylvania Rhode Island Vermont</td> </tr> <tr> <td>Midwest</td> <td>Illinois Indiana Iowa Kansas</td> <td>Michigan Minnesota Missouri Nebraska</td> <td>North Dakota Ohio South Dakota Wisconsin</td> </tr> <tr> <td>South</td> <td>Alabama Arkansas Delaware District of Columbia Florida Georgia</td> <td>Kentucky Louisiana Maryland Mississippi North Carolina Oklahoma</td> <td>Puerto Rico South Carolina Tennessee Texas Virginia West Virginia</td> </tr> <tr> <td>West</td> <td>Alaska Arizona California Colorado</td> <td>Hawaii Idaho Montana Nevada</td> <td>New Mexico Oregon Utah Washington Wyoming</td> </tr> </table>	Northeast	Connecticut Maine Massachusetts	New Hampshire New Jersey New York	Pennsylvania Rhode Island Vermont	Midwest	Illinois Indiana Iowa Kansas	Michigan Minnesota Missouri Nebraska	North Dakota Ohio South Dakota Wisconsin	South	Alabama Arkansas Delaware District of Columbia Florida Georgia	Kentucky Louisiana Maryland Mississippi North Carolina Oklahoma	Puerto Rico South Carolina Tennessee Texas Virginia West Virginia	West	Alaska Arizona California Colorado	Hawaii Idaho Montana Nevada	New Mexico Oregon Utah Washington Wyoming	
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<p>Student Loans</p>	<p>Student loan payment requirements: Deferred, forbearance, in repayment. Forbearance, in repayment.</p> <ul style="list-style-type: none"> • Use the payment on the credit report OR 5% of the outstanding balance divided by 12 months. • Deferred outside of 12 months from loan closing, debt need not be considered 																	
<p>Texas 50(a)(6)</p>	<ul style="list-style-type: none"> • Not Allowed 																	
<p>Derogatory Credit Seasoning</p>	<ul style="list-style-type: none"> • The following outlines requirements for DU approval. <table border="1" style="width: 100%; border-collapse: collapse;"> <tr style="background-color: #0070C0; color: white;"> <th colspan="2" style="text-align: left; padding: 2px;">Derogatory Seasoning</th> </tr> <tr> <td style="width: 50%; padding: 2px;">Bankruptcy</td> <td style="padding: 2px;"> <ul style="list-style-type: none"> • CH 7 – 24 months • CH 11 – 24 months • CH 13 – 12 months of the pay-out period has elapsed with satisfactory performance and court approval. </td> </tr> <tr> <td style="padding: 2px;">Foreclosure</td> <td style="padding: 2px;"> <ul style="list-style-type: none"> • 24 Months </td> </tr> <tr> <td style="padding: 2px;">Deed-in-Lieu, Pre-Foreclosure, Charge-off of Mortgage account</td> <td style="padding: 2px;"> <ul style="list-style-type: none"> • 24 Months </td> </tr> </table>	Derogatory Seasoning		Bankruptcy	<ul style="list-style-type: none"> • CH 7 – 24 months • CH 11 – 24 months • CH 13 – 12 months of the pay-out period has elapsed with satisfactory performance and court approval. 	Foreclosure	<ul style="list-style-type: none"> • 24 Months 	Deed-in-Lieu, Pre-Foreclosure, Charge-off of Mortgage account	<ul style="list-style-type: none"> • 24 Months 									
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	Short Sale	No set policy – u/w discretion
	Mortgage Modification	No set policy – u/w discretion
	Foreclosure and Bankruptcy on the same Mortgage (Mortgages not-reaffirmed)	24 months; Manual underwriting required and must demonstrate acceptable mortgage history from bankruptcy discharge – If there was no foreclosure and no reaffirmation of the mortgage, a downgrade to manual u/w is required.
	Judgement / Liens	All Judgements must be paid
	Collections and Charge off	As per AUS – Can be ignored as long as rated in the past 90 days. If last rated more than 90 days ago, a downgrade to manual UW is required.
Assets / Reserves	<p>Down Payment / Reserves: 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"> Closing costs or points which are the applicant's responsibility and are not financed in the loan <p>The difference between the sales price and the loan amount if the sales price exceeds the reasonable value established by VA</p> <p>Gifts / Down Payment</p> <ul style="list-style-type: none"> Gift funds are allowed 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. <p>If sufficient funds required have not been verified in Borrower's accounts, document transfer.</p>	
Non-Occupant Co-Borrower	<ul style="list-style-type: none"> Not Allowed - The only acceptable co-borrower is the borrower's lawful spouse. 	
Property	<p><u>Property / Appraisals</u></p> <p><u>Eligible Properties</u> are attached & detached SFR, 2-4 units, manufactured home, VA approved condos, and PUD units, rural properties and modular homes.</p> <p><u>Modular Housing</u> 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><u>Cash Out Refinances:</u> 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>	
Rental Income	<p><u>Rental Income:</u></p>	

	<p>Subject Property</p> <ul style="list-style-type: none"> • Eligible for 2-4 unit properties only. • Income only used when: <ul style="list-style-type: none"> • Veteran has a minimum six months PITI reserves; and • Documentation shows the Veteran has past property management experience. • Use 75% of proposed rental income off lesser of lease or appraiser's estimated rent projection. • Boarder income not permitted. <p>Other Investment property Owned by Borrower</p> <ul style="list-style-type: none"> • Obtain individual income tax returns, signed and dated, plus all applicable schedules for the previous two years, which show rental income generated by the property • Must have a minimum three months' PITI reserves for transaction subject property • Copies of all lease agreements <p>Previous Principal Residence 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:</p> <ul style="list-style-type: none"> • Obtain a copy of the rental agreement on the property, if any. • Use the prospective rental income <u>only to offset</u> the mortgage payment on the rental property. • 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>. • The rental income may not be included in effective income. 																												
<p>Other Income</p>	<table border="1"> <tr> <td>Alimony or Child Support</td> <td>Allowed</td> <td>Foster-Care Income</td> <td>Not Allowed</td> </tr> <tr> <td>Automobile Allowances</td> <td>Allowed</td> <td>Foreign Income</td> <td>Not Allowed</td> </tr> <tr> <td>Boarder Income</td> <td>Not Allowed</td> <td>Interest/Dividend Income</td> <td>Allowed</td> </tr> <tr> <td>Capital Gains Income</td> <td>Allowed</td> <td>Notes Receivable</td> <td>Allowed</td> </tr> <tr> <td>Expected Income(Future Income)</td> <td>Allowed</td> <td>Royalty Payment Income</td> <td>Allowed</td> </tr> <tr> <td>Housing or Parsonage Allowance</td> <td>Allowed</td> <td>Tip Income</td> <td>Allowed</td> </tr> <tr> <td>Employment Related Assets (Asset Depletion) Some examples: 401(k), IRA, SEP, Keogh.</td> <td>Allowed</td> <td>Trust Income</td> <td>Allowed</td> </tr> </table>	Alimony or Child Support	Allowed	Foster-Care Income	Not Allowed	Automobile Allowances	Allowed	Foreign Income	Not Allowed	Boarder Income	Not Allowed	Interest/Dividend Income	Allowed	Capital Gains Income	Allowed	Notes Receivable	Allowed	Expected Income(Future Income)	Allowed	Royalty Payment Income	Allowed	Housing or Parsonage Allowance	Allowed	Tip Income	Allowed	Employment Related Assets (Asset Depletion) Some examples: 401(k), IRA, SEP, Keogh.	Allowed	Trust Income	Allowed
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<p>Manufactured Home</p>	<ul style="list-style-type: none"> • The property must be located in: AL, AR, CA, CO, DE, FL, GA, HI, IL, IN, KS, KY, LA, MI, MN, NV, NM, NC, ND, NY, OH, OK, OR, SC, TN, TX, UT, VA, WA, or WY. • The property must be a double-wide, or larger. • At least two of the comparable sales, on the appraisal, must be manufactured homes. • The title policy must evidence the following: <ul style="list-style-type: none"> • The manufactured home is attached to the land; 																												

- The manufactured home is classified and taxed as real estate; and
- The title to the manufactured home has been surrendered or purged in accordance with the applicable jurisdictional requirements.
- State's Approaches to Titling:
 - Certificate of title "surrender" states: Certificate of title issued upon purchase of manufactured home, but is surrendered after the home is affixed to the foundation and becomes real property.
 - Ensure that certificate of title is surrendered following state's procedures.
 - Certificate of title "no surrender" states: Certificate of title is issued and remains outstanding (it is not surrendered or canceled).
 - Ensure the MH lien (and no other lien) is indicated on the certificate of title.
 - Retain certificate of title in loan file.
 - Ensure that home and land have the same ownership.
 - Non-certificate of title states: No certificate of title is issued.
 - Retain in loan file evidence that no certificate of title was issued.
 - Ensure that MH is recognized as real property.
- Manufactured home must be covered by standard real estate fee simple title insurance policy.
- Endorsement (ALTA 7, 7.1, or 7.2) or equivalent endorsement is required as insurance that the manufactured home is part of real property that secures the loan.
- One clear title at closing is required that states the manufacture home and land are classified as real estate.
- Affidavit of Affixation, a required recorded signed written statement acknowledging that the manufactured home is attached and classified as real property securing the mortgage.
- Original recorded document ensuring a manufactured home has been converted to real property is required. Manufactured homes that have not been converted to real property are generally considered personal property, not real property, and are ineligible for financing.
- A Structural Engineer's Report is NOT required.

Fee Limitations

The veteran can pay a maximum of:

- reasonable and customary amounts for any or all of the third party “Itemized Fees and Charges” designated by VA, plus
- a one percent flat charge by the lender, plus
- reasonable discount points.

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

<i>Charge</i>	<i>Description</i>
Appraisal and Compliance Inspections	<ul style="list-style-type: none"> • The veteran can pay the fee of a VA appraiser and VA compliance inspectors. • The veteran can also pay for a second appraisal if he or she is requesting reconsideration of value. • The veteran cannot pay for an appraisal requested by the lender or seller for reconsideration of value. • The veteran cannot pay for appraisals requested by parties other than the veteran or lender.
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 not 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>

	<p>Special Mailing Fees for Refinancing Loans</p>	<p>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>	
	<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>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>Example: 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 NOT charge \$35, even if it believes that a \$5 handling charge is fair.</p>		
<p>VA Lenders Handbook</p>	<p>For further information not covered here please proceed to VA Lenders Handbook.</p> <ul style="list-style-type: none"> • VA Lenders Handbook 		