

## Primary Residence, Second Home and Investment

Loan Purpose	Minimum FICO	Maximum Base Loan Amount	Max LTV/CLTV	Units	Terms Available
VA IRRRL	550	\$1,000,000	NA <sup>1</sup>	1 - 4 Units, Manufactured Ok	15, 20, 25, 30 Year Fixed
	680	\$2,000,000			

<sup>1</sup> When discount points are charged AND the loan type is converting from a Fixed Rate to ARM, appraisal is required. LTV is capped per below:

- Discount points > 1% - Max LTV is 90% excluding funding fee
- Discount Points ≤ 1% - Max LTV is 100% excluding funding fee

Min. Loan Amount	Max Incidental Cash Back	AUS
\$75,000	\$500 ( TX = \$0 )	No AUS. Manual Underwrite Only
Maximum Term Increase		Property Types
The term of the new loan may not exceed the original term by more than 10 years, subject to a maximum of 30 years and 32 days.		VA Financed 1-4 unit, Condo, Manufactured Home
		Occupancy
		Primary, Second Home, Investment

## VA Funding Fee For Non Exempt Veterans

**.50% regardless of Subsequent Use**

<b>IRRRL Borrower Eligibility</b>	Obligated parties on the original loan amount must be the same on the new loan that is being refinanced and the veteran must still own the property. Below is a guidance for when a change of obligor is acceptable per VA.		
	Parties obligated on VA loan being refinanced:	Parties to be obligated on the new IRRRL	Is IRRRL possible?
	Unmarried veteran	Veteran and new spouse	Yes
	Veteran and spouse	Divorced veteran alone	Yes
	Veteran and spouse	Veteran and different spouse	Yes
	Veteran alone	Different veteran who has substituted entitlement	Yes
	Veteran and non-veteran joint loan obligors	Veteran alone	Yes
	Veteran and spouse	Divorced spouse alone	No
	Unmarried veteran	Spouse alone (veteran died)	No
	Veteran and spouse	Different spouse alone (veteran died)	No
Veteran and non-veteran joint loan obligors	Non-veteran alone	No	
<b>Surviving Spouse</b>	VA IRRRL is permitted for veteran's surviving spouse if the surviving spouse was obligated on the original note. <ul style="list-style-type: none"> <li>• Evidence of death certificate for veteran is required</li> <li>• LIN# in the veteran's name</li> <li>• VA Portal will reflect under veteran's social security number</li> <li>• Loan Summary must be completed with veteran's social security for VA guaranty.</li> </ul>		
<b>General Eligibility</b>			
<b>All IRRRL Requirements</b>	<ul style="list-style-type: none"> <li>• Certificate of Eligibility is required</li> <li>• Clear CAIVRS</li> <li>• Must not be presently delinquent in mortgage</li> <li>• Second Home and Investment Occupancy: Veteran must certify the subject property was previously owner occupied in VA 26-1802(a) item 25.2.(c)</li> </ul>		

<b>Credit Qualifying Requirements</b>	Credit analysis and underwriting is required when: <ul style="list-style-type: none"> <li>• The loan to be refinanced is 30 days or more past due (VA Prior Approval Required), or</li> <li>• The monthly payment (PITI) will increase 20 percent more.</li> </ul>
<b>Fee Recoupment</b>	<ul style="list-style-type: none"> <li>• All VA IRRRL transactions require 36 month recoupment. Transactions that do not meet recoupment requirements are ineligible. This includes payment increases due to changing from ARM to fixed rate and term reduction. <ul style="list-style-type: none"> <li>◦ IRRRLs with P&amp;I increases may be eligible if the borrower(s) incur no fees, closing costs, or expenses (other than taxes, amounts held in escrow, and fees paid per VA Handbook.</li> </ul> </li> </ul>
<b>Interest Rate Decrease</b>	The interest rate of the new loan must be less than the interest rate of the existing VA loan unless refinancing an ARM to FIXED.
<b>Loan Comparison Statement</b>	<p>A complete comparison disclosure should be presented to the Veteran <b><i>within 3 business days of initial date of application</i></b> and <b><i>again at loan closing</i></b>.</p> <ul style="list-style-type: none"> <li>• Comparison statement calculation: Include all fees, expenses, and closing costs, (including taxes, amounts held in escrow, VA funding fee), whether included in the loan or paid outside of closing.</li> </ul>
<b>Net Tangible Benefit</b>	<p>Net Tangible Benefit must be met as follows:</p> <ul style="list-style-type: none"> <li>• Fixed to Fixed requires 0.5% rate reduction</li> <li>• Fixed to ARM requires 2.0% rate reduction</li> <li>• ARM to Fixed and ARM to ARM are exempt from rate reduction</li> <li>• To ensure compliance, a copy of the note from the refinanced loan must be provided</li> <li>• ARM-to-Fixed: No rate reduction required, rate may increase.</li> </ul> <p>Costs must be recouped within 36 months; if the PI payment is staying the same or increasing, the veteran may not pay for loan costs other than taxes, amounts held in escrow, and the Funding Fee.</p>
<b>Seasoning</b>	<p>The new <b>Note date</b> of the refinance loan must be on or after the later of:</p> <ul style="list-style-type: none"> <li>• The date on which the sixth monthly payment is made on the loan, AND</li> <li>• The date that is 210 days after the date on which the first payment is due on the original loan being refinanced,*</li> </ul> <p><i>*Note: when the loan being refinanced has been modified, the 210 day of seasoning must be measured from the first payment due date listed on the modification agreement, not from the first payment due date of the original loan which was modified.</i></p>
<b>Credit Requirements</b>	
<b>Age of Documents</b>	<ul style="list-style-type: none"> <li>• 120 Days for Credit Report, Income and Assets</li> <li>• 90 days Title</li> </ul> <p>All items are measured from Disbursement Date</p>
<b>Borrower Eligibility</b>	<p><b>Eligible Borrowers:</b></p> <ul style="list-style-type: none"> <li>• Borrowers obligated on the existing VA refinanced loan</li> <li>• Veteran or the spouse of an active service member with certification that he or she previously occupied the property</li> <li>• Joint loans are allowed in accordance with VA's requirements.</li> </ul> <p><b>Ineligible Borrowers:</b></p> <ul style="list-style-type: none"> <li>• Non Occupying Co-borrowers</li> <li>• Veteran with Unmarried Person</li> <li>• Foreign Nationals</li> <li>• Limited and General Partnerships</li> <li>• Irrevocable Trusts</li> <li>• ITIN borrowers</li> </ul>
<b>Credit Report</b>	<p><u>Non Credit Qualifying:</u></p> <ul style="list-style-type: none"> <li>• Mortgage only credit report with FICOs accepted</li> <li>• Tri-Merge Credit with FICOs allowed. Liabilities other than mortgage does not need to be included in 1003.</li> </ul> <p><u>Credit Qualifying:</u> Tri Merge Credit report with FICO is required with all liabilities included.</p>

<b>Debt Ratios</b>	<p><u>Non Credit Qualifying:</u> NA</p> <p><u>Credit Qualifying:</u></p> <ul style="list-style-type: none"> <li>• Max 41%/50%</li> <li>• &gt; 41% housing ratio requires residual income that exceeds VA guideline by a minimum of 20% and significant documented compensating factors.</li> </ul>																																			
<b>Subordinate Financing</b>	<ul style="list-style-type: none"> <li>• Loans with Subordinate Financing: allowed to remain in place with subordination agreement.</li> <li>• New subordinate financing is not permitted.</li> </ul>																																			
<b>Income / Assets</b>																																				
<b>Assets</b>	<ul style="list-style-type: none"> <li>• Reserves are not required.</li> <li>• Verification of source of funds to close not required.</li> </ul>																																			
<b>Employment Verification</b>	<p><u>Non Credit Qualified:</u></p> <ul style="list-style-type: none"> <li>• The following Income and Employment documentation are required at a minimum: <ul style="list-style-type: none"> <li>o Salaried borrowers require a Verbal VOE</li> <li>o Self-employed borrowers require verification of the business through a 3rd party source</li> </ul> </li> </ul>																																			
<b>Residual Income Charts (Applies if PITI increases exceeds 20%)</b>																																				
<b>Residual Income Requirements when Credit Qualifying</b>	Residual income is calculated on Credit Qualifying Loans only. The residual income calculated should be greater than or equal to the VA requirements below.																																			
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<b>Geographical Regions for Residual Income Guidelines</b>																																				
<b>Northeast:</b> CT, ME, MA, NH, NJ, NY, PA, RI, VT																																				
<b>Midwest:</b> IL, IN, IA, KS, MI, MN, MO, NE, ND, OH, SD, WI																																				
<b>South:</b> AL, AR, DE, DC, FL, GA, KY, LA, MD, MS, NC, OK, PR, SC, TN, TX, VA, WV																																				
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<b>Property</b>																																				
<b>Appraisal Requirements</b>	<ul style="list-style-type: none"> <li>• NDM will use the original loan amount as value in order to determine LTV/CLTV for loans with no appraisal requirement.</li> <li>• No Appraisal is required unless the loan is going from Fixed Rate to an ARM AND discount points are being charged and the LTV must be calculated. When discount points are charged AND the loan type is converting from a Fixed Rate to ARM, appraisals are required.</li> </ul> <p>Appraisals are not ordered through VA WebLGY</p> <ul style="list-style-type: none"> <li>o Ordered thru approved AMC following same process as Conventional</li> <li>o Veteran to pay cost of appraisal</li> <li>o Appraisal cost must be included in recoupment requirement</li> <li>o Exterior-only appraisal is acceptable</li> </ul>																																			
<b>Escrow Accounts / Impounds</b>	Escrow Impound Accounts must be established for taxes and insurance																																			
<b>Maximum Loan Exposure</b>	NDM will not extend more than 4 active loans to any one individual or an aggregate of \$2 million.																																			
<b>State Restrictions</b>	Please see our approved License States. TX (a)(6) refinances are not eligible.																																			