ONE ★ TEAM
One Dream

NATIONS DIRECT
MORTGAGE

VA Loan Fundamentals: Supporting our Veterans

Your Hosts

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Disclaimer

- This training is for Mortgage Professional Use Only
- Information contained within this training is subject to change

You will receive a link to the recording of the training, as well as a link to the presentation deck, tomorrow.

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Agenda

- VA Loan Benefits
- Eligibility
- Required Documents
- Entitlement/Guaranty
- Basic Guideline Information
- Manual Underwriting
- VA Funding Fee
- Multiple Veterans on a Loan
- Closing Costs / Concessions
- How to Become an Approved Partner
- Q&A

VA Loan Benefits

- No Down Payment*
- No Private Mortgage Insurance
- Competitive Interest Rates
- Flexible Credit Requirements
- Limited Closing Costs
- No Prepayment Penalty
- Lifetime Benefit

** While VA loans typically do not require a down payment, there are a few situations where that does not apply.*

Eligibility

- **Available to the following:**
  - Veteran
  - Active-Duty Service Members
  - Current or former National Guard Member
  - Current or former Reserve Member
  - Surviving Spouse of a Veteran who died on active duty or who had a service-related disability

Minimum active-duty service requirements

Required VA Documents

Certificate of Eligibility

- Shows how much guarantee the borrower has, and
- Exempt status for Funding Fee
- Provided by the Borrower (obtained on VA.gov or at their local VA office)

DD214

- Only required if the Borrower has been discharged from duty
- Shows status of discharge and eligibility
- Provided by the Borrower (obtained on VA.gov or at their local VA office)

Request a COE online

FHFA Conforming Loan Limits

- Not applicable when the borrower has full entitlement
- If they have partial entitlement, typically because there is another VA loan, then they will be subject to FHFA county loan limits

- As of 2026, the baseline conforming loan limit is $806,500 in most counties
- In high-cost areas, limits can go up to $1,209,750
- This amount changes every year

FHFA Conforming Loan Limits

Entitlement / Guaranty

- ***25% Guaranty is required***
- For loan amounts $144,000 and below, only the first $36,000 of basic entitlement may be used to guaranty the loan
- For loan amounts over $144,000
  - Veterans with full entitlement will be guaranteed to 25% regardless of the County Conforming Loan Limit
  - Veterans with partial entitlement will receive a guaranty of 25% based on the lesser of the loan amount or the County Conforming Loan Limit less any entitlement that has been used

Scenario for Partial Entitlement

Borrower is purchasing a property in Los Angeles County, CA which is a high-cost county. Required Guaranty for all loans is 25% of the loan amount.

Loan Amount	$900,000 x 25% Guaranty	$225,000
County Loan Limit = **Bonus Entitlement Available**	$1,209,750 x 25% Guaranty	$302, 437

Bonus Entitlement Available	$302, 437
Previously Used Entitlement	Subtract $75,000
Net Entitlement	**$227,437**

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Scenario for Partial Entitlement

Borrower is purchasing a property in Los Angeles County, CA which is a high-cost county. Required Guaranty for all loans is 25% of the loan amount.

Loan Amount	$900,000 x 25% Guaranty	$225,000
County Loan Limit = **Bonus Entitlement Available**	$1,209,750 x 25% Guaranty	$302, 437

Bonus Entitlement Available	$302, 437
Previously Used Entitlement	Subtract $90,000
Net Entitlement	**$212,437**
Down Payment Required ***($225,000 - $212,437)***	**$12,563**

Loan Types

Purchase Loan

Cash-out Refinance Loan

- **VA Cash Out Type I** – Rate and Term Refinance with no cash out
- **VA Cash Out Type II** – Cash Out Refinance

Interest Rate Reduction Refinance Loan (IRRRL)

Comparison of VA Cash Out Type I and Type II

	VA Cash Out Type I	VA Cash Out Type II
New Loan Amount	Does not exceed the payoff amount of the original loan.	Larger than the payoff amount of the original loan, allowing the borrower to receive cash out
Purpose	Refinance an existing mortgage (VA or non-VA) into a new VA loan	Access the home's equity as cash
Cash Received at Closing	No cash is given to the borrower at closing. Any costs/fees must meet a 36-month recoupment period	Receives cash at closing minus closing costs and fees
Primary Benefit	Secure more favorable loan terms	Gaining access to liquid funds from home's equity

VA

Highlights

- Refer/Eligible Manual UW Allowed
- W2 & Paystub Only
- No DTI cap with AUS
- IRRRLs: No AVM / No Appraisal
- IRRRLs: 2nd Home / Non-Owner Allowed
- Manufactured Homes Allowed

Products

Standard Balance

30/25yr Fixed

15yr Fixed

High Balance

30/25yr Fixed

15yr Fixed

Property Types

- Single Family Residence
- Planned Unit Development
- VA Approved Condominiums
- 2-4 Unit Properties
- Multi-Wide Manufactured Homes

Manual Underwriting

AUS Refer → Downgraded due to negative circumstances within the information or documentation provided

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Manual Underwriting

MINIMUM CREDIT SCORE IS 550

MAXIMUM DTI IS 41%

We will allow up to 50% if the borrower has 150% of the residual requirement or sufficient compensating factors – Underwriter to use their discretion

VA Funding Fee for Non-Exempt

Transaction	Down Payment	% for First Time Use	% of Subsequent Use
Purchase	Zero Down	2.15%	3.30%
	5% Down	1.50%	1.50%
	10% Down	1.25%	1.25%
Cash-Out	NA	2.15%	3.30%
Loan Assumptions	NA	.50%	.50%

Multiple Veterans on the Loan

- Both veterans must qualify for the loan
- Entitlement can be combined, if needed
  - VA will divide the entitlement charge equally between the Veterans if possible, or, if only unequal entitlement is available, unequal charges may be made with the Veterans' written agreement
  - ***Exception:*** VA will make the entitlement charge for husband-and-wife Veterans according to their preference
- Funding Fee Information
  - Loan amount is split in half
  - The funding fee percentage that is applicable to each individual will be applied multiplied by their ½ of the loan

> Example. On a no-downpayment loan to two Veterans; on a first-time homebuyer; and on a subsequent user; the funding fee percentages of 2.15 percent and 3.3 percent respectively would each be applied to one-half of the loan amount.

Closing Costs

✅ **Allowable Borrower Costs**

- VA Funding Fee (unless exempt for disability)
- MAXIMUM of 1% Origination Fee (which includes all your settlement, processing and underwriting fees)
- Appraisal Fee (Must be VA approved appraiser)
- Third Party Fees such as Credit, Title, Recording, Flood, Survey (if required)
- Prepaid Items such as Property taxes, insurance, interest due at closing

Closing Costs

❌ Non-Allowable Borrower Costs

The veteran **cannot** pay for certain “junk fees,” including:

- Attorney fees charged by the lender
- Prepayment penalties
- Fees for property inspections not required by VA
- Escrow closing fees (in some cases)
- Settlement or underwriting fees beyond the 1% cap

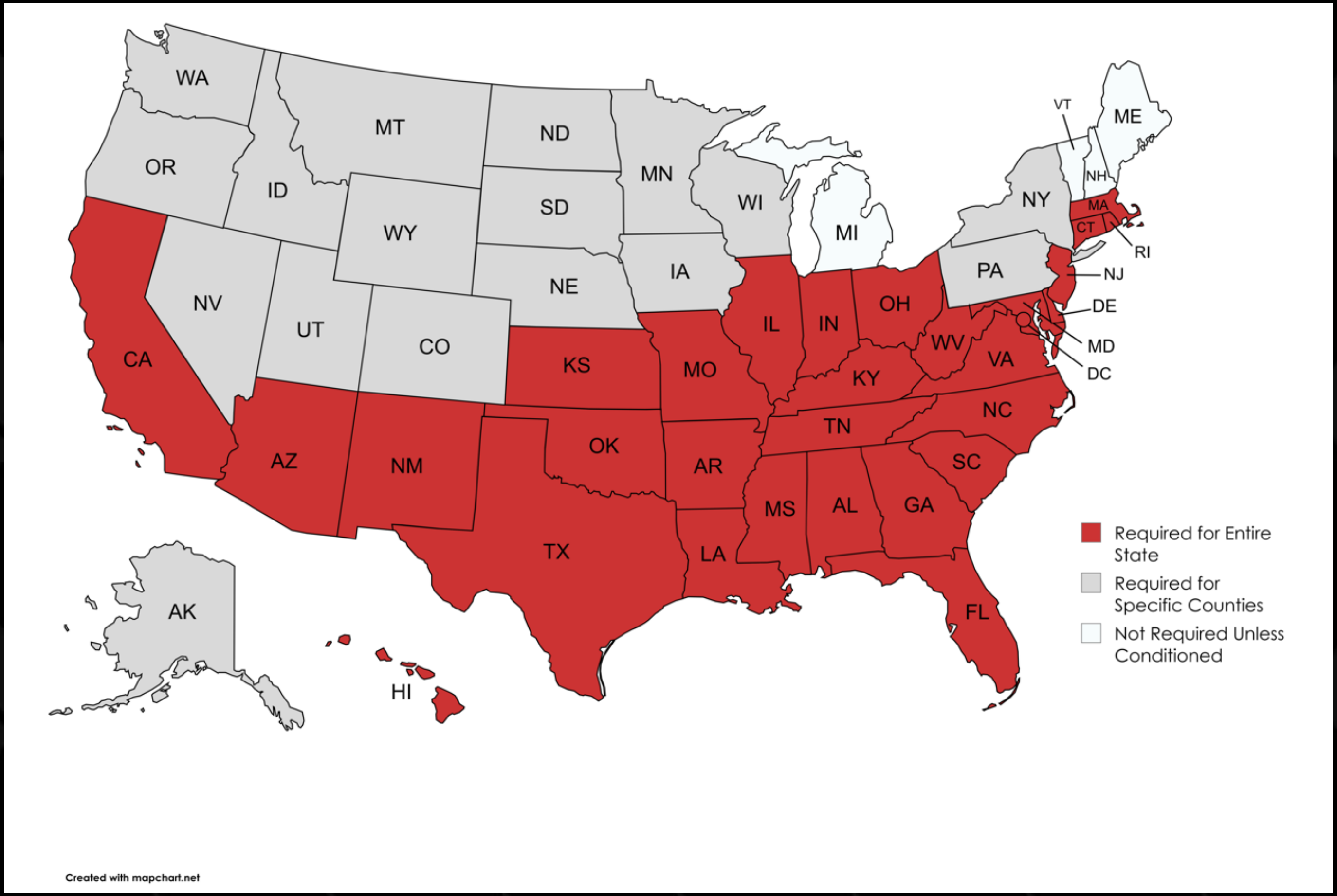
Permitted Sales Concessions

Up to 4% of the Sales Price to pay for:

- Payment of the buyer's VA funding fee
- Prepayment of the buyer's property taxes and insurance
- Payment of extra points to provide permanent interest rate buydowns, and
- Payoff credit balances or judgments on behalf of the buyer.

Seller concessions DO NOT include payment of the buyer's closing costs.

Termite Report and Clearance



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Resources

- NDM VA Matrix
- Minimum active-duty service requirements
- How to Request a COE
- Request a COE Online
- Wood-Destroying Insect Information

How to Become an Approved Partner

Our Website: myndm.com

Get Approved

STEP 01

Please complete these two forms, so we can create your logins.

Once this is completed, you will be able to start submitting.

Compensation Form

Contact Form

Send Forms once complete to: ApprovalDesk@myndm.com

If your company wishes t… rtner, we welcome you to complete our application … g Nations Direct Mortgage.

Broker Package

Branch Addition Form

Express DSCR Addendum

Annual Recertification Agreement

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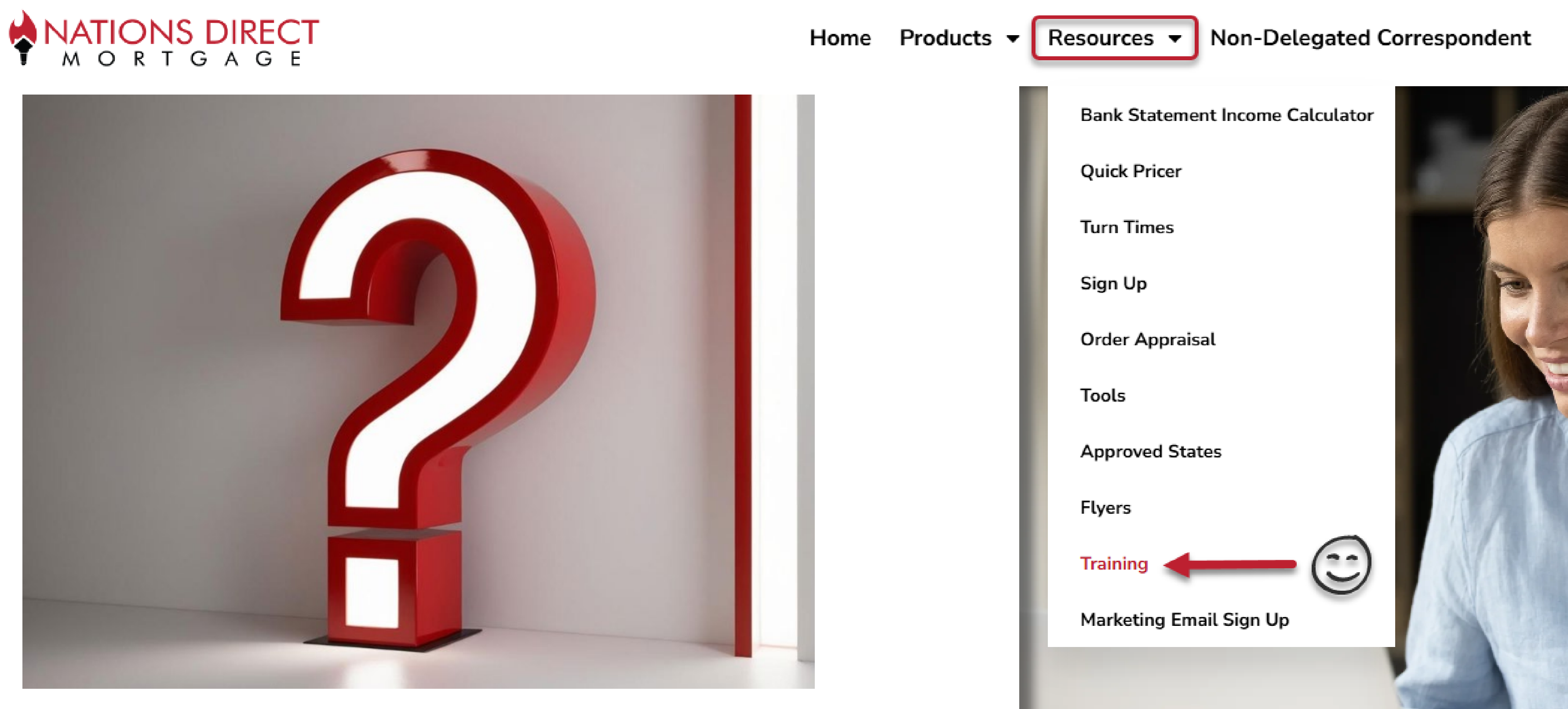

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Thank you for joining us today!