

PRIMARY RESIDENCE ONLY

Purchase Transaction

Property Type ¹	Maximum Base Loan Amount ²		Minimum Credit Score ¹	Max LTV/CLTV ²
1-4 Units	Standard	≤ Conforming Loan Limits	580	100%
	High Balance	\$1 > Conforming Loan Limits - \$1,000,000	580	
1 Unit	Super Max	\$1,000,001 - \$2,000,000	660	

Cash Out Refinance Transactions³

Property Type ¹	Maximum Loan Amount including FF ²		Min Credit Score ¹	Max LTV/CLTV ²
1-4 Units	Standard	≤ Conforming Loan Limits	580	90%
	High Balance	\$1 > Conforming Loan Limits - \$1,000,000	580	
1 Unit	Super Max	\$1,000,001 - \$2,000,000	660	

Footnotes:

²Subject to Blue Water Navy Act – VA Circular [26-19-23](#) and [26-19-30](#).

³Cashout Transaction Subject to Type I or Type II refinance.
LTV includes VA Funding Fee.

VA ELIGIBLE TERMS

Standard				High-Balance			
Term				Term			
10 Year				10 Year			
15 Year				15 Year			
20 Year				20 Year			
25 Year				25 Year			
30 Year				30 Year			
Standard				High-Balance/Super Max			
Description	Index	Caps	Margin	Description	Index	Caps	Margin
5/1	1-YR CMT	1/1/5	1.75%	5/1	1-YR CMT	1/1/5	1.75%

GUIDELINES

VA Lending Resource	- Loan must be underwritten to the standards contained within this matrix and the VA Handbook, VA Pamphlet 26-7. - Any guide published on this matrix DOES NOT supersede the VA Handbook.
Ineligible Transactions	- Bonds and DPA. - VA Renovation Loan. - Energy Efficient Mortgage.
Assumability	VA-insured loans are assumable.
Geographical Restrictions	- Hawaii - Texas: Texas50(a)(6) not permitted.
Minimum Loan Amount	\$75,000
Documentation	- Per AUS or manual underwriting requirements. - All borrowers must have a valid Social Security number. - Refer to IRS Form 4506-C and Tax Transcripts in the VA Handbook for additional guidance. 4506-C required for each self-employed business (1065, 1120s, 1120).
AUS Requirements	- All loans must be submitted through AUS. - Manual underwriting IS ALLOWED.
Debt-to-Income (DTI)	Per AUS approval, manual underwriting guidelines must be followed only if a required downgrade is present.

	- o > 41% DTI will require the borrower to have at least 120% required residual income. • Manual Underwrite: - o 41% DTI - o Max 45% DTI with compensating factors (Examples- reserves, payment shock, credit use, additional income not used for qualifying) - o > 41% DTI will require the borrower to have at least 120% required residual income (this is not a comp factor)	
Qualifying Rate	• Fixed & ARM: Qualify to Note Rate.	
Borrower Eligibility	Eligible	Eligible Co-borrower
	A Veteran who: • currently is serving or served on active duty in the Army, Navy, Air Force, Marine Corps, or Coast Guard, or Space Force and who (except for a service member on active duty) was discharged or released from active duty under conditions other than dishonorable. • is a member of the Reserves, eligible upon completion of 6 creditable years of service (National Guard-Reserve); and/or is a member of the Army or Air National Guard, eligible: - o Upon Completion of 6 creditable years of service (National Guard-Reserve), or - o A minimum of 90 cumulative days of full-time National Guard duty and at least 30 of those days must have been consecutive; or • an unmarried surviving spouse of a veteran who died because of service or service-connected causes; or any other person who has been granted veteran status and has a valid Certificate of Eligibility.	• veteran-spouse that may (joint loan) or may not use their entitlement; or • non-veteran spouse; or • non-spouse (joint loan) who is or will be jointly obligated on the loan with the veteran borrower(s). Refer to VA Lenders Handbook Chapter 7 Section 1 - Joint Loans. (Prior Approval Required)
Certificate of Eligibility	• Lender must ensure the applicant is an eligible veteran. VA loans must never be closed before eligibility has been established. The COE is the only reliable proof of eligibility. • Name on COE must match the primary borrower's name on URLA. • The veteran whose COE is used for eligibility must be in 1st borrower position on URLA.	
Community Property States	• Non-Borrowing Spouse: A credit report is required for the non-borrowing spouse who resides in a community property state or the subject property is located in a community property state; The debts of the non-borrowing spouse must be included in the qualifying unless specifically excluded by state law: AZ, CA, ID, LA, NV, NM, TX, WA, WI • The non-borrowing spouse's credit history does not affect the veteran's ability to qualify for the mortgage loan.	
Asset Documentation	• Funds to close must be documented. • Two months' bank statements are required, and all funds must be sourced/seasoned. • Deposits that are inconsistent with the borrower's typical transactions must be sourced. • Up to 60% of value can be used from retirement accounts. • For joint accounts with a 3rd party not on the loan transaction, a joint access letter is required.	
Gift Funds	• Permitted - must be documented in accordance with standard VA guidelines. • Cash is not an acceptable source of gift funds. • Gifts of equity are NOT ALLOWED. • Gift cannot be used for reserves.	
Reserves	• 6 months PITI(A) for 2-4-unit subject property where rental income is being used to qualify.	

	3 months PITI(A) when rental income from other REO is being use.		
Credit	Mortgage/Rental History		
	Rental Payment History: - AUS: No verification of rent is required - Manual UW: Provide a 24-month rental history directly from the landlord, through information shown on the credit report or by cancelled checks		
	Mortgage Payment History: - AUS: Max 1x30 day late in past 12 months - Manual UW: Obtain direct verification when ratings are not available on mortgages that are any of the following: (1) Outstanding, (2) Assumed, or (3) Recently retired. A written explanation of mortgage payment history is required for borrowers with more than 1x30 days late for all mortgages for the past 12 months		
	Installment/Revolving		
	Obtain direct verification for significant debts not reported on the credit report. Significant Debt = debt has a monthly payment exceeding 2% of the monthly income for all borrowers.		
	NOTE: Perform manual downgrade to Refer if direct verification reveals more than 1x30-day late payment in the past 12 months for any of the debts not on the credit report.		
	Foreclosure, Bankruptcy, Deed-in-Lieu, Short Sale, or Consumer Credit Counseling – See VA Handbook, Chapter 4		
	All seasoning requirements must be met at date of closing.		
	Derogatory Event ¹	AUS Approve/eligible	Manual
	Bankruptcy Chapter 7	2 years from the discharge date	2 years from discharge date OR, - At least 1 year from discharge date with proof of re-established credit and extenuating circumstance
Bankruptcy Chapter 13	Minimum 12 months of pay-out and court approval for new mortgage debt		
Foreclosure / Deed-in-Lieu / Short Sale ²	2 years from title transfer	2 years from title transfer date OR, - At least 1 year from title transfer with proof of re-established credit and extenuating circumstance	
Pre-foreclosure / Short Sale	- Written explanation and supporting documentation as applicable from borrower. - Underwriter must consider the reason for the pre-foreclosure/short sale and the credit history before and after the event.		
Consumer Credit Counseling	Minimum 12 months of pay-out and counseling agency approval		
Collection Accounts	- AUS: Written explanation required from borrower if not paying off collection. - Manual UW: Written explanation required from borrower. - Payoff of non-isolated collections are at underwriter’s discretion. - Non-medical collection accounts without established		

		payment arrangements are to be included with a calculated monthly payment using 5% of the outstanding balance of the collection. • Medical collection accounts are excluded from qualification and analysis provided the account has not been reduced to a judgment or lien. Written explanation is not required from the borrower.
	Charge-Off	• Underwriter's discretion to determine the creditworthiness of non-medical charge-off. • Non-medical Charge-off accounts: Written explanation is required from borrower. Generally, charge-off does not need to be included in DTI qualification unless there is indication creditor will pursue repayment. • Medical Charge-off accounts are excluded from qualification and analysis provided account has not been reduced to a judgment or lien. Written explanation is not required from borrower.
	Judgments	• Written explanation required from borrower. • Must be paid in full or evidence of an established repayment plan with a history of timely payments for past 12 months. • Any open judgments at closing must confirm subordination behind new mortgage first lien.
	Footnotes: ¹ If a foreclosure, deed in lieu, pre-foreclosure or short sale process is in conjunction with bankruptcy, use the latest date of either the discharge of bankruptcy or transfer of title for the home to establish the beginning date of re-established credit. ² Ensure that the Veteran's Certificate of Eligibility reflects sufficient entitlement for the subject transactions, and if federal debt is owed it must be resolved.	
Extenuating Circumstance	Extenuating circumstances must be documented on manually underwritten transactions when the borrowers do not meet VA's definition of satisfactory credit. A detailed LOE for all derogatory credit indicating the specific extenuating circumstance with supporting documentation will be required. Valid extenuating circumstances are situations that were unforeseen and out of the borrower's control that led to the delinquent payments, collection, etc. NOTE: Divorce, loss of employment, or inability to sell the property due to a job transfer or relocation are NOT considered extenuation circumstances.	
Undisclosed Mortgage Debt	A mortgage not on the borrower's credit report requires a 12-month mortgage payment history directly from the servicer. Provide: • copy of the note and either: ○ bank statement or canceled checks ○ a credit report supplement; or ○ A verification of the Mortgage The mortgage must be downgraded to a refer and manually underwritten if the mortgage history reflects: • Current delinquency, • Any delinquency within 12 months At least one borrower on the refinancing mortgage must hold title to the property being refinanced prior to initial URLA.	
Income/Employment	The following is general guidance and subject AUS approval. Income documents may be subject to additional document requests at the underwriter's discretion.	
	Salaried Borrowers	

	• Pay stubs covering at least 1 full month of employment and contain the following: Year-to-Date (YTD) information, Bonus information, and Overtime information, AND • W-2s documenting the most recent 2 years' income and/or WVOE. (Note: if WVOE is from an automated employment verification service, current paystub is not required). Lender may not charge a fee to obtain the employment verification information. • Telephone verification of the borrower's current employment. • Employment < 12m is not considered stable and reliable. • Frequent changes in employment within last 2 years must be explained. • Active Military service must extend beyond 12 months from the close of escrow. See the VA handbook – Chapter 4 for documentation requirements.
	Rental Income
	• Subject Property: Rental income from the subject 2–4-unit property may only be considered if: ○ Borrower has a reasonable likelihood of success as a landlord. ○ Borrower has prior experience managing rental units and/or use of a property management company to oversee the property. ○ 6 months' reserves are required for the subject property. • Departing Residence: Rental income from departing residence may only be used to offset the current housing payment. Excess income cannot be used for qualifying. Reserves are not needed to offset the mortgage payment on the property the Veteran occupies prior to the new loan. ○ Verify property will not be difficult to rent. ○ Obtain working knowledge of the local rental market with appraisal form 1007. ○ Obtain a copy of the rental agreement for the property, if any. If there is not a lease on the property, but the local rental market is very strong, the lender may still consider the prospective rental income for offset purposes. Provide a justification on VA Form 26-6393, Loan Analysis. • All Other REO: Each property(ies) MUST have a 2-year rental history itemized on the borrower's tax return. Less than 2 years rental income indicates insufficient landlord experience and rental income is ineligible for qualifying. ○ When rental income is used to qualify, 3 months PITIA reserves for each property are required. Equity in the property cannot be used as reserves. Gift funds cannot be used to meet reserve requirements. ○ If there is not a lien on the property, 3 months reserves to cover expenses such as taxes, hazard insurance, flood insurance, homeowner's association fees, and any other recurring fees should be documented for the property(ies). ○ If rental income will not, or cannot be used, then the full mortgage payment should be considered, and reserves do not need to be considered.
	Self-Employed Borrower
	Eligible with at least 2 years of self-employment Personal Tax Returns: • Most recent 2 years signed tax returns with all pages and schedules Business Tax Returns: • Most recent 2 years signed tax returns with all pages and schedules Profit & Loss (P&L) Statements: • Current, signed and dated P&L and balance sheet. • Balance sheet is not required for Sch C business.
	Gaps In Employment
	• Gap in employment ≥ 6 months in the last 2 years requires that the borrower be on the current job for a minimum of 6 months • AUS: No explanation for employment gaps is required if gaps are <60 days. • Manual Underwrite: No explanation for employment gaps is required if the gaps are <30 days.
Occupancy	See VA Handbook – Chapter 3, Topic 5.

	The law requires a Veteran to obtain a VA-guaranteed loan to certify that they intend to occupy the property as their home personally. As of the date of certification, the Veteran must either: - personally live in the property as their home, or - intend, upon completion of the loan and acquisition of the dwelling, to personally move into the property and use it as his or her home within a reasonable time.			
Appraisal	- VA appraisal is required. - Appraisal must meet VA minimum property requirements/standards (MPR/MPS) – See VA Handbook – Chapter 12			
Property Types	Eligible	Ineligible		
	- SFR/PUD (detached/attached) - VA Approved Condo (detached/low/high rise) 1–4-unit properties - Multi-wide Manufactured Homes	- Co-op Properties - Agricultural with income producing properties - Condotel - Single-wide Manufactured Homes		
Purchases	Seller must be owner of record			
Refinance Transactions	Net Tangible Benefit Requirements: - Every refinance transaction must offer a documented, demonstrable Net Tangible Benefit (NTB) to the borrower, and - VA-specific NTB requirements must be met; refer to Cash-Out Refinance Net Tangible Benefit Test Requirements. - See VA Handbook, Chapter 6 for VA NTB requirements.			
	Type I Cash Out Refinance			
	- A Type I cash-out refinance is a refinancing loan in which the new loan amount (including the VA funding fee) does not exceed the payoff amount of the loan being refinanced⁵. A Type I cash-out refinance is distinct from an IRRRL on the basis that it may be a VA guaranteed loan or a non-VA loan that is being paid off through the refinance. - The borrower’s employment documentation or utility bills must evidence the borrower currently occupies the property and evidence the length of time the borrower has occupied the subject property as their principal residence. - Document that the borrower has made all mortgage payments within the month due for the previous 6 months and 210 days have passed since 1st payment date. - A fee recoupment period of certain loan fees, expenses, and closing costs MUST not exceed 36 months. - Cashback is not permitted. An amount of < \$500 is allowed when cash back is due to minor adjustments at closing, except for property located in TX. - Texas Homestead Occupancy: NO EXCEPTIONS - Cashback is not allowed for loans secured by owner-occupied primary residence properties located in the state of Texas.			
	Type II Cash-Out Refinance			
	- A Type II cash-out refinance is a refinancing loan in which the new loan amount (including the VA funding fee) exceeds the payoff amount of the loan and/or lien(s) of record being refinanced. In a Type II cash-out, the Veteran may remove equity from the subject property. - The borrower’s employment documentation or utility bills must be evidenced that the borrower has occupied the subject property as their principal residence. - Document that the borrower has made all mortgage payments within the month due for the previous 6 months and 210 days have passed since 1st payment date. - Payments for all mortgages secured by the subject property must have been paid within the month due to the month prior to mortgage disbursement. Property owned free and clear is ineligible for cash-out transactions. There must be a lien on title to payoff.			
	Type I/Type II requirements Summary Table			
	Requirement		Type I (Loan ≤ Payoff)	Type II (Loan > payoff)
	LTV Cannot Exceed 90% (Including VA Funding Fee) ¹		✓	✓
Net Tangible Benefit Test (Eight Options)		✓	✓	
Loan Seasoning (210 Days and 6 Payments) ²		See Ginnie Mae Refinance Seasoning Requirements		

	Maximum 36-month Fee Recoupment	✓	
	Interest Rate/Discount Points Requirements ³	✓	
	¹ Limited to non-VA first liens only. Refer to the VA IRRRL program for VA-to-VA first liens.		
	² Per GNMA, Chapter 24 : The note date of the refinance loan is on, or after the later of: - the date on which the borrower has made at least 6 payments on the loan being refinanced; and 210 days after the first payment due date of the loan being refinanced. ³ For Type I cash-out refinances that result in an increased principal and interest payment, the lender may not charge the Veteran loan fees, closing costs, or expenses other than taxes, amounts held in escrow, and the VA funding fee.		
Subordinate Financing	Subordinate financing allowed; CLTV cannot exceed the eligible LTV/CLTV limits		
Temporary Interest Rate Buydown	3-2-1, 2-1, 1-1, and 1-0 temporary buydown - If using lender’s credit to cover the buydown cost, only 1-0 temporary buydown is allowed. Only offer on standard conforming loan amount not high balance. - All buydown costs need to be from the following third parties which can be from the seller/builder, listing agent, buying agent. - Split-buydown credit is acceptable from all parties except if using lender’s credit. - The buydown plan must be a written agreement between the party providing the buydown funds and the borrower. - The total closing costs and buydown cannot exceed IPC Limits (4%). - Fixed Rate loans only. - Qualification is on the full note rate. - Purchase Transaction Only, 1 to 4 unit (excluding manufactured homes, and Minimum fico score 620).		
Texas	If prelim indicates any prior Texas 50(a)(6) refinances, property is ineligible for refinance. - Cash out is not permitted in Texas; borrowers may not receive ANY funds back at closing (not even \$0.01). - Any existing secondary financing must be subordinated with a recorded subordination agreement (automatic subordination not permitted). - A copy of the note and deed for the subordinate financing must be provided.		
Funding Fee Table – effective 4/7/2023 ^{1, 2}			
Type of Loan	Down Payment	VAFF% - First Time Use	VAFF% -Subsequent Use
Purchase	Less than 5%	2.15%	3.30%
	5% or more	1.50%	1.50%
	10% or more	1.25%	1.25%
Cash-Out Refinance	N/A	2.15%	3.30%
¹ All VA loans require a VA funding fee unless the veteran is exempt from paying the funding fee. Exempt status includes veterans with service-connected disabilities, surviving spouses of veterans who died in service or from service-connected disabilities as well as other exemptions determined by the VA. The exempt status is reflected in the Certificate of Eligibility.			
² All or part of the funding fee may be paid in cash at loan closing or may be fully or partially financed in the loan amount.			