

IRRRL REFINANCE			
Occupancy	Units	FICO	LTV/CLTV
Primary Residence	1-4	<u>680</u>	<u>105/105</u>
Second Home	1	<u>680</u>	<u>105/105</u>
Investment	1-4	<u>680</u>	<u>105/105</u>

Product Guidelines	
ATR/QM Rule	<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.
Age of Documents	<ul style="list-style-type: none"> All credit documents must be dated within 120 days of the note date, including credit reports and employment, income and asset documents.
Appraisal	<ul style="list-style-type: none"> No Appraisal or AVM required when no discount points are charged. When refinancing from Fixed Rate to ARM and Discount Points are used to reduce the interest rate, a valuation product may be required. See Net Tangible Benefit section for LTV and valuation product requirements. <ul style="list-style-type: none"> Acceptable Valuation Products: <ul style="list-style-type: none"> Exterior-Only Inspection Residential Appraisal Report (Fannie Mae 2055) URAR (Fannie Mae 1004) Exterior-Only Inspection Individual Condominium Unit Appraisal Report (Fannie Mae 1075) Individual Condominium Unit Appraisal Report (Fannie Mae 1073)
Borrower Eligibility	<ul style="list-style-type: none"> Must be a veteran with eligibility documented with a Certificate of Eligibility (COE), which will also indicate the Veteran's Entitlement. Resident Alien permitted as long as primary borrower is a veteran. Joint loans are allowed in accordance with VA's requirements. A loan involving a veteran and his or her spouse will not be treated as a "joint loan" if the spouse: <ul style="list-style-type: none"> is not a veteran, or is a veteran who will not be using his or her entitlement on the loan. Borrowers may be removed in accordance with VA guidelines.
Condominiums	<ul style="list-style-type: none"> Condos must be approved by VA.

<p>Comparison Statement Disclosure</p>	<ul style="list-style-type: none"> • Comparison Statement Disclosure Requirements <ul style="list-style-type: none"> ○ <i>Requirement:</i> A Comparison Statement Disclosure is required for all IRRRLs. ○ <i>Timing:</i> The Veteran must be provided with a disclosure comparing the refinance loan to the loan being refinanced twice: <ul style="list-style-type: none"> ▪ Within 3 business days from the initial date of the loan application, and ▪ Again at loan closing. ○ <i>Veterans Certification:</i> The Veteran must communicate to the lender that he/she received the comparison statements, e.g. via written letter, e-signature, email from the Veteran certifying receipt, system time/date stamp where the Veteran certified receipt, etc. • Comparison Statement Disclosure Content <ul style="list-style-type: none"> ○ See <u>Exhibit C</u> to <i>Circular 26-19-22</i> for a sample Comparison Statement, including the information that must be provided relating to the loan being refinanced and the refinance loan.
<p>Credit</p>	<ul style="list-style-type: none"> • <u>All borrowers must return at least 1 credit score via three-in-file merged credit report.</u> • <u>Non-traditional credit is not allowed.</u> • <u>Must have a subject mortgage history of 0x30 for the last 6 payments.</u>
<p>Employment Verification</p>	<ul style="list-style-type: none"> • The following Income and Employment documentation are required at a minimum: <ul style="list-style-type: none"> ○ Salaried borrowers require a verbal VOE. ○ Self-employed borrowers require verification of the business through a 3rd party source.
<p>Escrow Accounts</p>	<ul style="list-style-type: none"> • All loans must have an escrow/impound account for taxes and insurance (or additional items).
<p>Exclusionary Lists</p>	<ul style="list-style-type: none"> • All borrowers must be screened by CAIVRS to determine there have been no late payments on Federal debt obligations
<p>Funding Fee</p>	<ul style="list-style-type: none"> • The Funding Fee may be financed in the loan. Maximum LTV based on base loan amount. • The following Veterans are exempt from paying the funding fee: <ul style="list-style-type: none"> ○ Veterans receiving VA compensation for service connected disabilities. ○ Veterans who would be entitled to receive compensation for service connected disabilities if they did not receive retirement pay. ○ Veterans who are rated by VA as eligible to receive compensation as a result of pre-discharge disability exam and rating. ○ Veterans entitled to receive compensation, but who are not presently in receipt of the compensation because they are on active duty.
<p>Fee Recoupment Requirements</p>	<ul style="list-style-type: none"> • 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"> ○ IRRRLs with P&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 under Chapter 37 (e.g., VA funding fee collected under 38 U.S.C. § 3729)). • See VA Circular 26-19-22 for recoupment calculation requirements. Comparison statement form showing 36 months or less recoupment is acceptable. If comparison shows more than 36 months, provide evidence the statutory recoupment calculation results in 36 months or less. <ul style="list-style-type: none"> ○ <i>Comparison Statement Calculation:</i> Include all fees, expenses, and closing costs, (including taxes, amounts held in escrow, and fees paid under Chapter 37 (e.g., VA Funding Fee)), whether included in the loan or paid outside of closing. ○ <i>Statutory Calculation:</i> Exclude the VA funding fee, escrow, and prepaid expenses, such as, insurance, taxes, special assessments, and homeowners' association (HOA) fees, from the recoupment calculations.

High Cost	<ul style="list-style-type: none"> • Not Eligible
High Priced Mortgage Loans (HPML)	<ul style="list-style-type: none"> • Higher Priced Mortgage Loans (HPML) transactions are eligible for purchase. • HPML guidelines require: <ul style="list-style-type: none"> ○ Establishment of an escrow account for taxes and insurance premiums on any transaction secured by a principal residence. ○ Must meet all applicable state and/or federal compliance requirements.
Loan Limits	<ul style="list-style-type: none"> • VA Loan Limits by geographic region can be located at http://www.benefits.va.gov/homeloans/loan_limits.asp • <u>Maximum base loan amount cannot exceed \$1,000,000.</u>
Loan Purpose	<ul style="list-style-type: none"> • VA to VA refinance. • Borrowers may not receive any cash from the loan proceeds. However, the veteran can receive up to \$500 due to changes in final payoff figures, minor computational errors, or reimbursement of out-of-pocket expense (i.e. credit report). It is not acceptable to calculate the loan amount with the intention of returning cash to the veteran.
Minimum Loan Amount	<ul style="list-style-type: none"> • \$50,000
Net Tangible Benefit	<ul style="list-style-type: none"> • Fixed Rate to Fixed Rate <ul style="list-style-type: none"> ○ <i>Interest Rate:</i> The refinance loan's interest rate must be at least 0.50 percent lower than the interest rate of the loan being refinanced. ○ <i>Discount Points:</i> No more than two discount points can be included in the IRRRL loan amount, (3.b.(2)(a)(iii)). ○ To ensure compliance, a copy of the note from the refinanced loan must be provided • Fixed Rate to ARM <ul style="list-style-type: none"> ○ <i>Interest Rate:</i> The refinance loan's interest rate must be at least two percent lower than the interest rate of the loan being refinanced, and ○ <i>Discount Points:</i> Discount points may be added to the principal loan amount only if one of the following circumstances exist, <ul style="list-style-type: none"> ▪ The lower interest rate is not produced solely from discount points, or ▪ The lower interest rate is produced solely from discount points; ≤ 1 discount point are added to the loan amount, and; the resulting loan balance after any fees and expenses is ≤ 100 LTV*, or ▪ The lower interest rate is produced solely from discount points; > 1 discount point is added to the loan amount, and; the resulting loan balance after any fees and expenses is ≤ 90 LTV*. ○ Note: No more than two discount points can be included in the IRRRL loan amount. ○ *Valuation Required for Fixed-to-ARM IRRRL – See Appraisal section for eligible valuation product types. • ARM to Fixed Rate or ARM to ARM <ul style="list-style-type: none"> ○ No Net Tangible Benefit interest rate requirements apply. No more than two discount points can be included in the loan amount of an IRRRL.
Occupancy	<ul style="list-style-type: none"> • Owner-occupied • Second Home/Investment – Veteran must certify that he or she previously occupied the property as his or her home.
Power of Attorney	<ul style="list-style-type: none"> • Power of Attorney must be approved by CenterState prior to closing.

Property, Eligible Types	<ul style="list-style-type: none"> • Single Family Residence • 2–4 Unit • PUDs • Low-rise and High-rise Condominiums (must be VA eligible)
Property, Ineligible Types	<ul style="list-style-type: none"> • <u>Manufactured homes. This includes on-frame modular homes built on a permanent chassis.</u> • Mobile Homes • Cooperatives • Condotels • Hotel Condominiums • Timeshares • <u>Working Farms and Ranches</u> • Unimproved Land and property currently in litigation • Commercial Enterprises (e.g. Bed and Breakfast, Boarding House, Hotel)
Ratios	<ul style="list-style-type: none"> • DTI ratios are not calculated.
Reserves/Funds to Close	<ul style="list-style-type: none"> • Reserves are not required. Source of funds to close are not required on an IRRRL.
Seasoning	<ul style="list-style-type: none"> • The note date of the refinance loan must be on or after the later of the date: <ul style="list-style-type: none"> ○ on which the borrower has made at least six monthly payments on the loan being refinanced; and ○ the date that is 210 days after the first payment due date of the loan being refinanced.
Tax Transcripts	<ul style="list-style-type: none"> • A signed 4506-T must be obtained as required by FHA guidelines. • Tax Transcripts are not required for non-credit qualifying IRRRL transactions.
Underwriting Method	<ul style="list-style-type: none"> • Manual Underwriting Only • There must be a net tangible benefit to the borrower that meets the requirements of the Net Tangible Benefit.