



VA STANDARD PROGRAM GUIDELINES

Last Updated 6/30/2020

Overlays to VA guidelines are underlined

PURCHASE			
Occupancy	Units	FICO	LTV/CLTV
Primary Residence	1-4	<u>620</u>	100/ <u>100</u>
CASH-OUT REFINANCE			
Occupancy	Units	FICO	LTV/CLTV
Primary Residence	1-4	<u>660</u>	<u>90/90</u>

Product Guidelines	
AUS and Underwriting	<ul style="list-style-type: none"> Desktop Underwriter Approve/Eligible or Loan Prospector Accept is required.
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 (180 days for new construction) of the note date, including credit reports and employment, income and asset documents.
Appraisal	<ul style="list-style-type: none"> All appraisals must be ordered through VA WebLGY, which will assign the order to a VA approved Appraiser. A notice of value for property appraised as existing or new construction is valid for six months. Rapidly fluctuating real estate market conditions may temporarily dictate the use of a shorter validity period. No new Appraisal can be requested on a property which already has a valid VA value determination (No duplicate appraisals). Appraisal transfers are allowed. Appraisal transfers must be executed in accordance with the <i>VA Lender's Handbook</i>.
Borrower Eligibility	<ul style="list-style-type: none"> Must be a veteran with eligibility documented with a Certificate of Eligibility (COE), which will also indicates the Veteran's Entitlement. Resident Alien permitted as long as primary borrower is a veteran. Joint loans are not allowed. 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. All borrowers must have a social security number.
Condominiums	<ul style="list-style-type: none"> Condos must be approved by VA. The approval condo list is available at https://vip.vba.va.gov/portal/VBAH/VBAHome/condopudsearch.

Cash-Out Refinance (Type I and Type II)

- All Cash-Out (non-IRRRL) Refinance Transactions:
 - Max 90% LTV, including financed funding fee.
 - The refinancing loan satisfied at least one of the following eight Net Tangible Benefit:
 - The new loan eliminates monthly mortgage insurance, whether public or private, or monthly guaranty insurance;
 - The term of the new loan is shorter than the term of the loan being refinanced;
 - The interest rate on the new loan is lower than the interest rate on the loan being refinanced;
 - The P&I payment on the new loan is lower than the P&I payment on the loan being refinanced;
 - The new loan results in an increase in the borrower’s monthly residual income;
 - The new loan refinances an interim loan to construct, alter, or repair the home;
 - The new loan amount is equal to or less than 90 percent of the reasonable value of the home, or;
 - The new loan refinances an adjustable rate loan to a fixed rate loan
 - Comparison of key loan characteristics or terms for existing and refinancing loan is provided to the borrower including:
 - Refinancing loan amount vs. the payoff amount of the loan being refinanced.
 - Loan type (i.e., fixed, adjustable) of the refinancing loan vs. the loan being refinanced.
 - Interest rate of the refinancing loan vs. the loan being refinanced.
 - Loan term of the refinancing loan vs. the loan being refinanced.
 - The total the Veteran will have paid after making all payments (principal and interest), and mortgage insurance, as scheduled, for both the refinancing loan and the loan being refinanced.
 - LTV of the refinancing loan vs. the loan being refinanced
 - An estimate of the home equity being removed from the home as a result of the refinance and explain how the removal of home equity may affect the Veteran.
 - Loan seasoning is met, see Seasoning section.
- **Type I Cash-Out**
 - Loan amount (including VA Funding Fee) does not exceed the payoff amount of the loan being refinanced. Must meet the requirements for “All Cash-Out Refinance Transactions” above.
 - The recoupment period of all fees, closing costs, expenses (other than taxes, escrow, insurance, and like assessments), and incurred costs must not exceed 36 months from the date of loan closing.
 - Rate Reduction required:
 - Fixed to Fixed – Minimum reduction of 0.5%
 - Fixed to ARM – Minimum reduction of 2%
- **Type II Cash-Out**
 - Loan amount (including VA Funding Fee) exceeds the payoff amount of the loan being refinanced. Must meet the requirements for “All Cash-Out Refinance Transactions” above.

Credit

- See LTV/CLTV grid for minimum FICO scores.
- A full tri-merge credit report is required for all borrowers on all transactions.
- All Borrowers must generate a valid, traditional credit score from at least one repository.
- Non-traditional credit not allowed.
- Borrowers cannot be delinquent on any Federal Debt unless the delinquent account has been brought current or a satisfactory arrangement has been made.
- VA requires that in community property states, the spouse’s debts and obligations must be considered, even if the veteran wishes to

	obtain the loan in his or her name only.
Derogatory Credit	<ul style="list-style-type: none"> All judgments must be paid in full or subject to a repayment plan with a history of timely payments. For other adverse credit, including bankruptcy, collections, disputed accounts, or foreclosures, or for Borrowers participating in prior or current Consumer Credit Counseling plans, refer to VA HB CH 4.7, Credit History.
Documentation	<ul style="list-style-type: none"> Automated Underwriting – As determined by AUS.
Down Payment Assistance	<ul style="list-style-type: none"> Down payment assistance and homebuyer assistance programs from government entities are permitted if they meet all VA requirements. Evidence of VA approval must be provided in loan file. Mortgage Credit Certificates (MCCs) are not allowed.
Employment/Income	<ul style="list-style-type: none"> Active Military income must be documented with a Leave and Earnings Statement (LES).
Escrow Accounts	<ul style="list-style-type: none"> <u>All loans must have an escrow/impound account for taxes and insurance (or additional items) unless prohibited by Applicable Laws.</u>
Entitlement	<ul style="list-style-type: none"> Certificate of Eligibility (COE) is required for all non-IRRRL loans. VA loans must conform to GNMA secondary market guidelines which include the minimum 25% coverage requirement. Coverage is a combination of VA provided entitlement plus cash down payment/equity.
Escrow Holdbacks	<ul style="list-style-type: none"> <u>Reviewed on a case-by-case basis and subject to CenterState approval prior to closing.</u> Escrow holdbacks must be in accordance with VA guidelines, including but not limited to: <ul style="list-style-type: none"> A post funding stipulation for a copy of a 1004D confirming completion will be placed on loans where the appraisal is "subject to" improvements. A post funding stipulation for a final title policy endorsement that ensures the priority of the first lien will be required on any loan where the appraisal is "subject to" improvements. <u>Max allowable cannot exceed the lesser of 10% of the value of the property or \$5000.</u>
Exclusionary Lists	<ul style="list-style-type: none"> All borrowers must be screened by CAIVRS. CAIVRS alerts must be satisfactorily resolved and supporting documentation must be included in the loan file.
Funding Fee	<ul style="list-style-type: none"> The Funding Fee may be financed in the loan. 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.
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 • Maximum base loan amount cannot exceed \$1,000,000.
Loan Purpose	<ul style="list-style-type: none"> • Purchase • Cash-Out Refinance <ul style="list-style-type: none"> ○ There must be an existing lien against the property per VA requirements. <ul style="list-style-type: none"> ▪ See Seasoning section for requirements on age of loan being paid off. ▪ See Cash-Out Refinance (Type I and Type II) section, applicable to all VA full documentation refinances. • <u>No Energy Efficient Mortgage Loans</u> • <u>No Graduated Payment Mortgages</u>
Minimum Loan Amount	<ul style="list-style-type: none"> • \$50,000
Occupancy	<ul style="list-style-type: none"> • Primary Residence • Second Homes and Investment Properties not allowed.
Power of Attorney	<ul style="list-style-type: none"> • Power of Attorney must be approved by CenterState prior to closing. • The Veterans Administration has additional, specific requirements that must be met, including lender certification that the Borrower is alive and not MIA and written evidence of veteran’s consent to use a Power of Attorney. See <i>VA Lender’s Handbook, CH 9.7, Power of Attorney</i>.
Property, Eligible Types	<ul style="list-style-type: none"> • Single Family Attached/ Detached • 2–4 Unit Attached/Detached • PUDs • Condominiums (must be approved by the VA) • Rural Properties (in accordance with Agency Guidelines, properties must be residential in nature)
Property, Ineligible Types	<ul style="list-style-type: none"> • <u>Manufactured homes. This includes on-frame modular homes built on a permanent chassis.</u> • <u>Mobile Homes</u> • <u>Cooperatives</u> • Condotels • Hotel Condominiums • Timeshares • <u>Working Farms and Ranches</u> • Unimproved Land and property currently in litigation

Ratios	<ul style="list-style-type: none"> • DTI ≤ 50%: <ul style="list-style-type: none"> ○ follow program credit score and LTV maximum • <u>DTI > 50%:</u> <ul style="list-style-type: none"> ○ <u>Credit score ≥ 640</u>
Seasoning	<ul style="list-style-type: none"> • The new note date must be on or after the later of: <ul style="list-style-type: none"> ○ the date that is 210 days after the date on which the first monthly payment was made on the mortgage being refinanced, and ○ the date on which 6 full monthly payments have been made on the mortgage being refinanced.
Recently Listed Properties	<ul style="list-style-type: none"> • <u>Cash-Out Transactions – The listing must have been expired or been withdrawn 180 days prior to the application date.</u>
Reserves	<ul style="list-style-type: none"> • SFR – Reserves are not required. • If using rental income from the subject 2-4 unit property, 6 months reserves required for multi-unit properties.
Residual Income	<ul style="list-style-type: none"> • Residual Income is the borrower's net effective income minus monthly shelter expenses and is a required calculation in addition to DTI. • Residual Income must meet or exceed the amount required in the <i>VA Lender's Handbook, CH. 4, Residual Income Tables</i>. • Child Care Cost and/or Job related expenses must be included in the debt section of the Loan Analysis. Significant debt or obligations must be included in the DTI for loan qualifying, <i>VA Lender's Handbook, CH. 4.9</i>. • If applicable, the loan file must include a Child Care statement, stating who cares for the children and at what cost, if any. (Includes daycare or after school care. Does not apply to private school cost).
Sales Concessions	<ul style="list-style-type: none"> • Maximum seller concession is 4% of established reasonable value of the property (NOV). Does not include normal discount points and payment of buyer's closing costs.
Tax Transcripts	<ul style="list-style-type: none"> • A signed 4506-T must be obtained as required by VA guidelines, • If all qualifying income is W-2 income and/or fixed-income typically reported on a 1099, tax and W-2 transcripts are not required. • <u>If all qualifying income is not W-2 income and/or the type of fixed-income typically reported on a 1099, a transcript must be obtained for each tax year covered by the income documentation used to qualify the Borrower(s). If tax transcripts are not available (due to a recent filing for the current year) a copy of the IRS notice showing "No record of return filed" is required along with documented acknowledgement receipt (such as IRS officially stamped tax returns or evidence that the return was electronically received) from the IRS and transcripts from the previous year.</u>