

## VA Conforming & High Balance Fixed

VA FIXED RATE PROGRAM MATRIX				
PURCHASE				
Doc Type	Occupancy	Units	Min FICO	Max LTV/CLTV
Full	Primary Residence	1-4	620	100/100%
INTEREST RATE REDUCTION REFINANCE LOAN / IRRRL				
Streamline	Primary Residence	1-4	620	100/100%
Streamline	Second Home	1	620	100/100%
Streamline	Investment Property	1-4	620	100/100%
REGULAR REFINANCE (CASH-OUT)				
Full	Primary Residence	1-4	620	90/90%
Full	Primary Residence	1-4	620	90/90%
Program Matrix Notes:				
<ul style="list-style-type: none"> <li>Condominiums located in state of Florida maximum LTV is 75% for all purchases and refinances</li> <li>VA Purchase and VA IRRRL transactions: LTV Calculated using base loan amount. The LTV may be exceeded by the financed funding fee.</li> <li>VA Cash-Out <ul style="list-style-type: none"> <li>LTV Calculated using combined base loan amount <b>and</b> VA funding fee. The LTV may <b>not</b> be exceeded by the financed funding fee.</li> </ul> </li> </ul>				

PROGRAM DETAILS	
<b>Overview</b>	<ul style="list-style-type: none"> <li>All loans currently in pipeline that do not meet current requirements will be suspended.</li> <li>There will be no exceptions granted.</li> <li>Escrow Holdback/Repair Escrow is not allowed</li> <li>VA IRRRL – VOE required</li> </ul>
<b>AUS</b>	<ul style="list-style-type: none"> <li>* Joint Loans where co-borrower is not the spouse is <u>not</u> allowed</li> <li>DU or LP Approve/Accept recommendations are allowed.</li> <li>Manual downgrades are allowed; however, the Approve/Accept recommendation findings must be included in the file.</li> <li>Manual underwriting is required on IRRRLs.</li> <li>Manual Underwriting is allowed with DU findings of (Refer/Eligible) and ratios cannot exceed 41%.</li> </ul>
<b>Ability to Repay/ Qualified Mortgage Rule</b>	MCFI will purchase only Safe Harbor Qualified Mortgages as defined under HUD and the Dodd-Frank Wall Street Reform and Consumer Protection Act.



<b>Age of Docs</b>	<ul style="list-style-type: none"><li>• 120 days for existing construction from the date the Note is signed.</li><li>• 180 days for new construction.</li><li>• Preliminary Title Policies must be no more than 90 days old on the date the Note is signed..</li><li>• 180 days for all appraisals.</li></ul>
<b>Amortization Type</b>	Fixed only
<b>TRANSACTION TYPES</b>	
<b>Appraisals</b>	<ul style="list-style-type: none"><li>• Appraisal transfers are allowed.</li><li>• All appraisals must be ordered through VA's WebLGY which will assign the order to a VA approved Appraiser<ul style="list-style-type: none"><li>○ include an interior and exterior inspection of the subject property</li></ul></li><li>• 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.</li><li>• No new Appraisal can be requested on a property which already has a valid VA value determination (No duplicate appraisal)</li><li>• Appraisal must reflect the VA case#</li><li>• Appraisal payment is due once the appraiser releases the appraisal in VA portal</li><li>• (1004D) required for all final inspections</li></ul>
<b>Eligible Borrowers</b>	<ul style="list-style-type: none"><li>• Must be a veteran with eligibility documented with a Certificate of Eligibility (COE), which will also indicates the Veteran's Entitlement.</li><li>• Resident Alien permitted as long as primary borrower is a veteran.</li><li>• Joint loans are not allowed. A veteran borrower plus spouse co-borrower is not considered a joint loan.</li></ul>
<b>Condominiums</b>	<ul style="list-style-type: none"><li>• Condos must be approved by VA. The approval condo list is available on WebLGY.</li><li>• IRRRLs do not require a condo approval.</li></ul>



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<b>Credit</b>	<ul style="list-style-type: none"><li>• Each borrower must have at least <u>two</u> credit scores to be eligible.</li><li>• A full tri-merge credit report is required for all borrowers on all transactions. For VA Interest Rate Reduction Refinance Loan (IRRRL) transactions, a mortgage only tri-merge credit report is required to verify a 12-month mortgage history and a credit score for each borrower.</li><li>• Non-traditional credit is not allowed.</li><li>• If the subject property is located in a community property state and the borrower has a non-purchasing spouse, a credit report for the non-purchasing spouse must also be ordered.</li><li>• Cannot be delinquent on any Federal Debt unless the delinquent account has been brought current or a satisfactory arrangement has been made - Check CAIVRS No more than 0x30 for the last 12 month's mortgage payments.</li><li>• Credit report inquiries dated within the previous 90 days: a letter from the creditor, or if such letter is unobtainable, a signed statement from the borrower may be used to determine whether additional credit was obtained.</li></ul>
<b>Derogatory Credit</b>	<ul style="list-style-type: none"><li>• Bankruptcy, Foreclosure, Deed in Lieu/Short Sale: Per AUS or the VA Lender's Handbook for manually downgraded and manually underwritten loans.</li><li>• All judgments must be paid in full or subject to a repayment plan with a history of timely payments.</li><li>• VA IRRRLs: Bankruptcy and foreclosure waiting periods do not apply. VA guidelines may be followed.</li></ul>
<b>Documentation</b>	<ul style="list-style-type: none"><li>• Full</li><li>• Streamline</li><li>• As determined by AUS</li></ul>
<b>Down Payment Assistance</b>	<ul style="list-style-type: none"><li>• Mortgage Credit Certificates (MCCs) are not allowed</li></ul>
<b>Employment/Income</b>	<ul style="list-style-type: none"><li>• Active Military income must be documented with a Leave and Earnings Statement (LES)</li><li>• Marijuana Related Business (MRB) employment and income is not permitted.</li></ul>
<b>Entitlement</b>	<ul style="list-style-type: none"><li>• Entitlement is the amount of VA Guaranty available to a Veteran for use on a loan. The amount of entitlement will be displayed near the center of the COE.</li><li>• On High Balance loan amounts, the VA guaranty plus cash down payment/equity must be equal to at least 25% of the purchase price or Notification of Value (NOV), whichever less.</li><li>• Veterans with partial entitlement are allowed provided both of the following conditions are met:<ul style="list-style-type: none"><li>o The VA Guaranty covers at least 25% of the total loan amount, and</li><li>o There is no evidence VA has suffered a loss from the Veteran (such as a compromised entitlement on the COE or prior VA Loan foreclosure, deed-in-lieu or short sale).</li></ul></li><li>• The COE will never reflect any additional specific entitlement amount over \$36,000 for loans greater than \$144,000, but will reflect "Available"</li></ul>



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<b>Entitlement</b> (continued)		
	<b>Loan Amount</b>	<b>Maximum Potential Guaranty</b>
	\$75k (minimum overlay) to \$144k	40% of the loan amount with a maximum of \$36k
	> \$144k to \$548,250	25% of the loan amount with a maximum of \$104,250
	Any loan amount on an IRRRL	VA will automatically issue guaranty at 25% of the loan amount
<b>Exclusionary List</b>	All borrowers must be screened by CAIVRS to determine there have been no late payments on Federal debt obligations.	
<b>Funding Fee</b>	<ul style="list-style-type: none"><li>• If the Veteran is required to pay the Funding Fee, confirmation of Funding Fee payment must be included in the file.</li><li>• The Funding Fee may be financed in the loan.</li><li>• The following Veterans are exempt from paying the funding fee:<ul style="list-style-type: none"><li>○ Veterans receiving VA compensation for service-connected disabilities</li><li>○ Veterans who would be entitled to receive compensation for service-connected disabilities if they did not receive retirement pay</li><li>○ Veterans who are rated by VA as eligible to receive compensation as a result of pre-discharge disability exam and rating</li><li>○ Veterans with a memorandum rating based on a pre-discharge review of existing medical evidence</li><li>○ Veterans entitled to receive compensation, but who are not presently in receipt of the compensation because they are on active duty</li><li>○ Surviving spouses of veterans who died in service or from service-connected disabilities, whether or not such surviving spouses are veterans with their own entitlement and whether or not they are using their own entitlement on the loan</li></ul></li></ul>	
<b>High Cost / High Priced loan</b>	<ul style="list-style-type: none"><li>• Not allowed</li></ul>	



## IRRRL

- Borrower must have no late payments within the most recent 12-month mortgage history. 0x30x12.
- LTV based upon Total Loan Amount (Base loan amount plus financed VA Funding Fee).
- Value must be supported by an AVM or an Exterior-Only Appraisal on all VA IRRRLs.
- If discount points are included in the loan, then Exterior-Only Appraisal is required.
- Source of funds to close are required if cash to close exceeds new mortgage payment.
  - AVM must support the calculated total loan amount, including cost/fees and funding fee.
  - If using a 2055/1075, it must be changed to an interior and exterior report if any of the following conditions exist:
    - The property does not conform to the neighborhood; or
    - Adverse physical deficiencies or environmental conditions are observed; or
    - Data sources do not provide sufficient information about the property.
    - Appraiser noted repairs impacting safety, health, and hazard must be completed.
    - Property condition rating must be “average” or better.
    - Appraised value must be “equal to” or “better than” the total loan amount including VA Funding Fee.
  - When an AVM is not required, the original loan amount should be used as the appraised value.
- The borrower must be the same except:
  - for the removal of a non-veteran spouse due to death or divorce (provide supporting documentation indicating event occurred at least 12 months before the time of application). There will be no exceptions granted to this requirement.
  - only new spouses can be added.
- 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. \$0 in Texas.
- DTI is not calculated.

### **Benefit to Borrower requirements:**

- The interest rate on the new loan must be lower than the interest rate on the old loan unless the old loan is an ARM and the new loan is a fixed rate.
- The maximum loan term is the original term of the old loan plus 10 years, with the maximum maturity date being 30 years and 32 days from date of closing.
- The P & I payment on the new loan must be less than the P & I payment on the old loan unless one of these exceptions applies:
  - The old loan is an ARM and the new loan is a fixed rate, or
  - The term of the new loan is shorter than the term of the old loan, or
  - Allowable energy efficient improvements are included in the new loan



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<b>IRRRL</b> (continued)	<p>Ability to Repay Requirements for Interest Rate Reduction Refinance Loans/IRRRL:</p> <ul style="list-style-type: none"><li>• <b>Safe harbor: Defined.</b> A safe harbor qualified mortgage meets ATR requirements of sections 129B and 129C of the TILA.<ul style="list-style-type: none"><li>○ In order for an IRRRL to be considered a safe harbor qualified mortgage, the loan must meet all of the following requirements per 38 CFR 36.4300(c)(1):<ul style="list-style-type: none"><li>▪ The loan being refinanced was originated at least 6 months before the new loan's closing date</li><li>▪ The veteran has made 6 payments and has not been more than 30 days past due during the 6 months preceding the new loan's closing date;</li><li>▪ the recoupment period for all allowable fees and charges (see 38 CFR 36.4313) financed as part of the loan or paid at closing does not exceed thirty-six (36) months; and</li><li>▪ All other VA requirements for guaranteeing an IRRRL are met.</li></ul></li><li>○ The following three types of IRRRLs are exempt from the recoupment requirement:<ul style="list-style-type: none"><li>▪ Energy efficient improvement mortgages.</li><li>▪ Loans being refinanced from ARM to Fixed.</li><li>▪ Loans that are refinanced from fixed rate into a fixed rate of shorter duration.</li></ul></li></ul></li></ul>
<b>Loan Limits</b>	<ul style="list-style-type: none"><li>• VA Loan Limits by geographic region can be located at: <a href="http://www.benefits.va.gov/homeloans/loan_limits.asp">http://www.benefits.va.gov/homeloans/loan_limits.asp</a></li><li>• Maximum loan amount cannot exceed the lesser of the VA County Loan Limit or Notice of Value (NOV).</li></ul>
<b>Max Loan Amount</b>	<p>Maximum loan amount \$1,500,000</p> <ul style="list-style-type: none"><li>• Note: Loan amount at or above \$1,000,000 will require a minimum credit score of 700 and ratios cannot exceed 45%</li><li>• Note: If the borrower has a previous entitlement charge reflected on the VA Certificate of Eligibility, the maximum loan amount will need to be calculated using the VA maximum loan amount worksheet.</li></ul>
<b>Minimum Loan Amount</b>	<ul style="list-style-type: none"><li>• Conforming - \$75,000</li><li>• High-Balance – above regular conforming limit</li></ul>
<b>Occupancy</b>	<ul style="list-style-type: none"><li>• Primary</li><li>• Second Home (Not Allowed)</li><li>• Investment (VA IRRRL Only)</li></ul>
<b>Property: Eligible Types</b>	<ul style="list-style-type: none"><li>• Single Family (Detached, Attached)</li><li>• PUD (Detached, Attached)</li><li>• VA-approved Condominium (Detached, Attached)</li><li>• 2-4 Units</li></ul>



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<b>Ineligible Property types</b>	<p>In addition to the ineligible property types identified in VA Lender's Handbook, the following property types are ineligible:</p> <ul style="list-style-type: none"><li>• Manufactured Homes.</li><li>• Mobile Homes</li><li>• Modular Home</li><li>• Cooperatives</li><li>• Condotels</li><li>• Hotel Condominiums</li><li>• Timeshares</li><li>• Geodesic Domes</li><li>• Working Farms and Ranches</li><li>• Unimproved Land and property currently in litigation</li><li>• Commercial Enterprises (e.g. Bed and Breakfast, Boarding House, Hotel)</li><li>• Section 8 housing</li><li>• Property Leasehold</li><li>• Leased Properties</li></ul>
<b>Ratio</b>	<ul style="list-style-type: none"><li>• Any allotments reflected on the LES or paystubs must be investigated, to determine if the allotment has an affiliated debt.</li><li>• 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.</li><li>• Maximum Ratios 59% for Purchase and Cash-out transaction and DU must reflect Approve/Eligible findings.</li></ul>
<b>Recently Listed Properties</b>	<ul style="list-style-type: none"><li>• VA IRRRL - The subject property must not be currently listed for sale. It must be taken off the market on or before the application date.</li><li>• Cash-Out Transaction - the listing must have been expired or been withdrawn 180 days prior to the application date.</li></ul>
<b>Reserves</b>	<ul style="list-style-type: none"><li>• SFR, reserves are not required</li><li>• Verify assets to close</li><li>• If using rental income from the subject 2-4 unit property, 6 months reserves required for multi-unit properties.</li><li>• Follow VA guidelines for all other reserve requirements.</li></ul>
<b>Residual Income</b>	<ul style="list-style-type: none"><li>• Residual Income is the borrower's net effective income minus monthly shelter expenses</li><li>• Residual Income must be in accordance with regional table and is a required calculation in addition to DTI</li><li>• Net Effective Income is taken from Line 41 of VA Form 26-6393</li><li>• Monthly Shelter Expense is taken from Line 21 of VA Form 26-6393</li></ul>
<b>Sales Concessions</b>	<ul style="list-style-type: none"><li>• Sales concessions cannot exceed 4% of the established reasonable value of the property (NOV).</li><li>• Does not include normal discount points and payment of the buyer's closing costs.</li></ul>
<b>Secondary Financing</b>	<ul style="list-style-type: none"><li>• Not permitted</li></ul>



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<b>Tax Transcripts</b>	<ul style="list-style-type: none"><li>• Most recent two year IRS transcripts required when using self-employment income or rental income to qualify</li><li>• All income on borrowers tax returns must match all income figures on IRS transcripts</li><li>• Signed 4506 form is required on all transactions</li><li>• Most recent two year IRS transcripts required when using self-employment income or rental income to qualify</li><li>• All income on borrowers tax returns must match all income figures on IRS transcripts</li><li>• Signed 4506 form is required on all transactions</li><li>• If the most recent tax year was recently filed and IRS tax transcripts reflects no record, then evidence of taxes filed and documentation verifying any debt owed to IRS will need to be verified.<ul style="list-style-type: none"><li>○ Note: Most recent tax year will be (2022) tax returns only. (Example: If borrower recently filed 2022 tax returns and the IRS transcripts come back stating No Record, then documentation will need to be provided verifying 2022 taxes have been filed with the IRS and verification any debt owed to IRS has been paid in full, the 2021 IRS transcripts still needs to be fully processed by the IRS and the 2021 IRS transcripts needs match all income on the tax returns.</li></ul></li></ul>
<b>Temporary Buydown</b>	<p>This is an exclusive 2-1 buydown option only. The rate is 2% points lower during the first year and 1% point lower in the second year. Actual note rate will apply during the third year.</p> <ul style="list-style-type: none"><li>• FHA and VA only</li><li>• Occupancy: <b>Primary residence</b></li><li>• Eligible Transactions: <b>Purchase transactions</b> only</li><li>• Ineligible Property Type: Manufactured Home</li><li>• Offered only for buydown funds <b>provided by interested third parties</b>. Interested-party contribution limits will apply.</li><li>• The buydown plan must be a written agreement between the party providing the buydown funds and the borrower.</li><li>• Must have DU (Approve/eligible) findings</li><li>• Qualify the borrower based on the note rate without consideration of the bought-down rate.</li><li>• If reserves are required, the reserves must be calculated using the Note Rate.</li></ul> <p><b>Buydown Agreements</b></p> <ul style="list-style-type: none"><li>○ Must provide that the borrower is not relieved of his or her obligation to make the mortgage payments required by the terms of the mortgage note if, for any reason, the buydown funds are not available</li></ul> <p><b>Buydown Funds</b></p> <ul style="list-style-type: none"><li>○ Buydown accounts must be established and fully funded by the time the lender submits the mortgage to the investor for purchase</li><li>○ Funds for buydown accounts must be deposited into custodial bank accounts.</li><li>○ The borrower's only interest in buydown funds is to have them applied toward payments as they come due under the note.</li><li>○ Buydown funds are not refundable unless the mortgage is paid off before all the funds have been applied.</li><li>○ Buydown funds cannot be used to pay past-due payments.</li><li>○ Buydown funds cannot be used to reduce the mortgage amount for purposes of determining the LTV ratio.</li></ul>





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	<b><u>Program codes</u></b> <ul style="list-style-type: none"><li>• FHA30-21BD</li><li>• VA30-21BD</li><li>•</li></ul>
<b>Title Insurance</b>	<ul style="list-style-type: none"><li>• Required</li></ul>
<b>Transaction Types</b>	<ul style="list-style-type: none"><li>• Purchase</li><li>• VA IRRRL / Rate &amp; Term of an existing non-VA loan</li><li>• 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.</li><li>• <b>Restructured loans or short payoff</b><ul style="list-style-type: none"><li>○ This transaction may not result in a modified loan, restructured loan or short payoff.</li><li>○ The subsequent refinance of a modified/restructured loan is allowed as long as the loan meets standard</li></ul></li><li>• Cash-out allowed</li><li>• Not allowed:<ul style="list-style-type: none"><li>○ Construction to Perm Loans</li><li>○ Energy Efficient Mortgage Loans</li><li>○ Graduated Payment Mortgages</li></ul></li></ul>



<b>Seasoning</b>	<ul style="list-style-type: none"><li>• All VA Transactions with forbearance reflected on credit report within the most recent 12 months <u>not allowed</u>.</li><li>• All VA Transactions must be current with no late payments in most recent 12 months through close of escrow</li><li>• All VA Transactions require mortgage rating to be updated all the way through close of escrow.</li><li>• VA Cash-out<ul style="list-style-type: none"><li>- No late Mortgage payments in last 12 months prior to date of credit report</li><li>- 210 days must have elapsed from 1<sup>st</sup> payment due date in order to meet seasoning requirements for refinance.</li></ul></li><li>• VA Streamline<ul style="list-style-type: none"><li>- No late Mortgage payments in last 12 months prior to date of credit report</li><li>- 210 days must have elapsed from 1<sup>st</sup> payment due date in order to meet seasoning requirements for refinance.</li><li>- New rate must be decreased by at least .50% compared to current rate.</li><li>- Recoupment costs must not exceed 36 months.</li></ul></li></ul>
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