



# VETERANS ADMINISTRATION PRODUCT GUIDE

## CORRESPONDENT

PROGRAM OVERVIEW	
A program designed by the Veteran's Administration to facilitate homeownership for eligible Veterans through lower down payment options and lower Mortgage Insurance amounts than traditional FHA and Conventional products. FCM does not currently offer EEMs.	
PROGRAM TERMS	
TERM	<ul style="list-style-type: none"> <li>• 15/30 year terms available</li> </ul>
LOAN TYPE	<ul style="list-style-type: none"> <li>• Fixed Rate</li> </ul>
OCCUPANCY TYPE	<ul style="list-style-type: none"> <li>• Primary Residence</li> </ul>
LOAN-TO-VALUE	<ul style="list-style-type: none"> <li>• For the most recent FCM Credit Score/LTV Matrix please reference the link below: <a href="#">FCM Credit Score/LTV Matrix</a></li> <li>• Regardless of the LTV, the veteran must have sufficient entitlement to guaranty the loan</li> <li>• <b>Non-Arm's Length Transactions are Restricted to 90% LTV</b></li> </ul>
FUNDING FEE	<ul style="list-style-type: none"> <li>• For the latest VA Funding Fee amounts please reference the following website: <a href="#">VA Funding Fee Tables</a></li> </ul>
SELLER CONTRIBUTIONS	<ul style="list-style-type: none"> <li>• Seller contributions are limited to normal discount points and closing costs which are typical for the market area, however, the following items are considered "seller concession" items and, if allowed, are limited to 4% of the purchase price:               <ul style="list-style-type: none"> <li>◊ VA Funding Fee</li> <li>◊ prepayment of the buyer's property taxes and insurance</li> <li>◊ payment of extra points to provide permanent interest rate buydowns</li> <li>◊ provision of escrowed funds to provide temporary interest rate buydowns</li> </ul> </li> </ul>
MAXIMUM LOAN AMOUNT	<ul style="list-style-type: none"> <li>• Depending on available entitlement the borrower can receive financing of up to 100% of the county loan limit for the property. Maximum Loan Amount for standard VA loans is County Loan Limit. For loans greater than the county loan limit please refer to the High Balance section of this guide.</li> <li>• For more detailed information regarding the most recent loan limits please reference: <a href="#">VA Loan Limits</a></li> </ul>
SECONDARY FINANCING	<ul style="list-style-type: none"> <li>• Secondary Financing is allowed</li> </ul>
ESCROWS	<ul style="list-style-type: none"> <li>• Tax and Insurance escrow required</li> </ul>
BORROWER ELIGIBILITY	
GENERAL	<ul style="list-style-type: none"> <li>• Eligible borrowers include any man or woman who has served in the past, or is currently serving in the Armed Services for the period of time as required by VA for eligibility of VA benefits, depending upon the era of their service.</li> <li>• A certificate of eligibility with sufficient entitlement to meet minimum 25% guaranty is required on all loans.</li> <li>• The veteran utilizing VA entitlement must be the "primary" borrower on the application.</li> <li>• Non-occupant co-borrowers are not eligible for VA loans.</li> <li>• Detailed information regarding eligible borrowers is available on the VA web site at <a href="#">VA Borrower Eligibility</a></li> </ul>



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EMPLOYMENT & INCOME	<ul style="list-style-type: none"> <li>• DTI Restrictions:               <ul style="list-style-type: none"> <li>◊ AUS Approve/Accept Maximum DTI is determined by AUS</li> <li>◊ AUS Refer – Max 41% DTI; minimum credit score 660</li> </ul> </li> <li>• 4506-T Requirements: A 4506T must be signed for each tax return type where income from that return was used in qualification</li> <li>• Tax Transcripts:               <ul style="list-style-type: none"> <li>◊ Are not required for those borrowers qualifying with W-2 income and 1099 fixed income (SS and Pensions).</li> </ul> </li> <li>• Income derived from Self Employment, Commissions greater than 25%, Rental Income, Interest and Dividends, Trust Income etc. are required to be supported by tax transcripts matching each year of income used for qualifying.</li> <li>• Residual Income Requirements               <ul style="list-style-type: none"> <li>◊ Residual income is the amount of net income remaining after the deduction of debts, obligations and monthly shelter expenses to cover family living expenses such as food, health care, clothing, and gasoline. VA borrowers must satisfy the residual income requirement in addition to standard DTI requirements. See Chapter 4, Section 9e of the VA Pamphlet 26-7 for more information on calculating residual income and determining specific residual income amounts for each geographic area.</li> <li><a href="#">VA Pamphlet 26-7</a></li> </ul> </li> </ul>
ASSETS & RESERVES	<ul style="list-style-type: none"> <li>• Cash Reserves               <ul style="list-style-type: none"> <li>◊ 1 unit properties - No Reserves Required</li> <li>◊ 2-4 unit when rental income is not being used to qualify - No Reserves Required</li> <li>◊ 2-4 unit when rental income is being used to qualify - 6 Months Reserves Required</li> </ul> </li> <li>• Gift Funds are permitted for closing costs and/or down payment and/or to meet reserve requirements.</li> </ul>
CREDIT	
MINIMUM CREDIT SCORE	<ul style="list-style-type: none"> <li>• For the most recent FCM Credit Score/LTV Matrix please reference the link below:               <ul style="list-style-type: none"> <li><a href="#">FCM Credit Score/LTV Matrix</a></li> </ul> </li> </ul>
CREDIT REPORT REQUIREMENTS	<ul style="list-style-type: none"> <li>• Non-traditional Credit is not allowed</li> <li>• Borrower must have at least one valid credit score</li> </ul>
CAIVRS	<ul style="list-style-type: none"> <li>• Clear CAIVRS is required on all files</li> </ul>
BANKRUPTCY/FORECLOSURE /DEED-IN-LIEU	<ul style="list-style-type: none"> <li>• Chapter 7 generally requires a 2 year seasoning.</li> <li>• Chapter 13 Bankruptcy requires 12 month satisfactory payment history and transaction approval from bankruptcy court.</li> <li>• Foreclosures and Deeds-in-Lieu more than 3 years ago</li> </ul>
MORTGAGE/RENTAL HISTORY	<ul style="list-style-type: none"> <li>• AUS Approve - Evaluated by AUS</li> <li>• AUS Refer and manually underwritten loans - 12 month payment history with no lates</li> </ul>
PROPERTY	
GEOGRAPHICAL RESTRICTIONS	<ul style="list-style-type: none"> <li>• No restrictions other than FCM's <a href="#">standard lending footprint</a>.</li> </ul>
ELIGIBLE PROPERTY TYPES	<ul style="list-style-type: none"> <li>• 1 to 4 unit</li> <li>• Townhomes/PUDs</li> <li>• Condominiums that are approved by VA <a href="https://vip.vba.va.gov/portal/VBAH/VBAHome/condopudsearch">https://vip.vba.va.gov/portal/VBAH/VBAHome/condopudsearch</a></li> </ul>

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	<ul style="list-style-type: none"> <li>• Manufactured Homes</li> </ul>
MANUFACTURED HOME REQUIREMENTS	<p>Manufactured Homes are eligible for financing under the VA program. The following list of restrictions and requirements are in addition to regular program underwriting requirements:</p> <ul style="list-style-type: none"> <li>• 640 minimum Credit Score</li> <li>• 30 Year Fixed Rate Only</li> <li>• No VA Jumbo</li> <li>• Purchase, Refinances with no cash back to borrower and IRRRLS</li> <li>• Properties up to 10 acres</li> <li>• Approve/Accept/Eligible only</li> <li>• Delegated Underwriting Only</li> <li>• Properties with an unexpired right of redemption are ineligible</li> </ul> <p>Property Requirements:</p> <ul style="list-style-type: none"> <li>• Home must have been manufactured in 1994 or later.</li> <li>• Appraiser must be able to verify that the subject has not been removed from original installation site. Verification of wheels, axles, tongue and running lights have been removed.</li> <li>• A structural engineer report must be completed and verification that the property meets all VA guidelines is required.</li> <li>• The manufactured home must have been de-titled, affixed to a permanent foundation and be classified as real property to be eligible for a mortgage. The title policy must identify the manufactured unit as part of real property and contain an ALTA Form 7 or equivalent endorsement.</li> <li>• Original Certificate of title with any lien noted thereon having been marked released. Multiple certificates will be required if more than one unit.</li> </ul>
INELIGIBLE PROPERTY TYPES	<ul style="list-style-type: none"> <li>• Co-ops</li> </ul>
APPRAISAL REQUIREMENTS	<ul style="list-style-type: none"> <li>• An Interior and Exterior Appraisal report is required (1004/70 or 1073)</li> <li>• Appraisals are valid for 6 months from the date of inspection to the date of the Note</li> </ul>
NEW CONSTRUCTION REQUIREMENTS	<ul style="list-style-type: none"> <li>• Builder must have a valid builder identification number prior to a Notice of Value being issued</li> <li>• Properties appraised as new construction must be covered by either:             <ul style="list-style-type: none"> <li>◊ a one year VA Builder's warranty or</li> <li>◊ a ten year insurance backed protection plan</li> <li>◊ soil treatment certificate as required by VA</li> </ul> </li> </ul>



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CASH OUT/REGULAR REFINANCE TRANSACTIONS	
OVERVIEW	An eligible borrower can use a VA-guaranteed non-IRRRL Refinance Loan to refinance either a non-VA loan or a current VA loan where the terms of the new loan do not qualify for a VA IRRRL.
SEASONING	<ul style="list-style-type: none"> <li>The borrower must have made at least six consecutive monthly payments on the existing loan. The first payment due date of the new loan must be at least 210 days after the first payment due date of the loan being refinanced</li> </ul>
BORROWER ELIGIBILITY	<ul style="list-style-type: none"> <li>Any eligible veteran with sufficient entitlement</li> </ul>
SECONDARY FINANCING	<ul style="list-style-type: none"> <li>Existing subordinate financing is allowed</li> <li><b>New subordinate financing is not allowed</b></li> </ul>
CREDIT	<ul style="list-style-type: none"> <li>AUS Accept or Manual Underwriting.</li> <li><b>No mortgage lates in the last 12 months or for duration of mortgage if less than 12 months.</b></li> </ul>
PROPERTY ELIGIBILITY	<ul style="list-style-type: none"> <li>1 to 4 Family Primary Residences only</li> </ul>
IRRRL	
OVERVIEW	An eligible borrower can use this streamline product to refinance an existing VA Loan without an appraisal.
BORROWER ELIGIBILITY	<ul style="list-style-type: none"> <li>Any eligible veteran with an existing VA Loan</li> </ul>
SECONDARY FINANCING	<ul style="list-style-type: none"> <li>Existing subordinate financing is allowed</li> <li>New subordinate financing is not allowed</li> </ul>
CREDIT	<ul style="list-style-type: none"> <li>Manual Underwrites only</li> <li><b>Mortgage must be 0x30x6 months</b></li> <li>Mortgage Only Credit Report, ratios are not calculated</li> </ul>
PROPERTY ELIGIBILITY	<ul style="list-style-type: none"> <li>1 to 4 Family Primary Residences</li> <li>Investment Property</li> <li>Condo approval is NOT required on a VA IRRRL.</li> </ul>
MAX LOAN/LTV CALCULATION	<ul style="list-style-type: none"> <li>Existing VA Loan Balance, plus allowable fees and charges, plus up to 2 discount points and the VA Funding Fee.</li> <li>LTV is not calculated. No property valuation is required.</li> </ul>
REQUIREMENTS & DOCUMENTATION	<ul style="list-style-type: none"> <li>The borrower must have made at least six consecutive monthly payments on the existing loan. The first payment due date of the new loan must be at least 210 days after the first payment due date of the loan being refinanced</li> <li>VVOE within 10 days of closing</li> <li>Must meet the VA QM Rule for Safe Harbor effective 5/9/2014</li> <li>A loan-to-value determination must be provided when discount points on the rate are charged. A conventional appraisal (non-Web LGY) 2055 or 1004/1073 will be required.</li> </ul>

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HIGH BALANCE TRANSACTIONS <sup>3</sup>	
OVERVIEW	<ul style="list-style-type: none"> <li>• A VA Purchase, Cash-out Refinance, or IRRRL loan is considered to fall under the High Balance Transaction category if the total loan amount exceeds the standard conforming loan limits listed below.               <ul style="list-style-type: none"> <li>◊ 1-unit: \$453,100</li> <li>◊ 2-unit: \$580,150</li> <li>◊ 3-unit: \$701,250</li> <li>◊ 4-unit: \$871,450</li> </ul> </li> <li>• Regardless of the loan amount, the VA Guaranty plus cash/equity must be equal to at least 25% of the purchase price or Notification of Value (NOV), whichever is less, on purchases and non-IRRRL refinances.</li> </ul>
MAXIMUM LOAN AMOUNT	<ul style="list-style-type: none"> <li>• Includes any Financed Funding Fee</li> <li>• <b>\$1 Million for all transaction types.</b></li> </ul>
SECONDARY FINANCING	<ul style="list-style-type: none"> <li>• Subordinate financing is not allowed except for IRRRL with existing secondary financing that will be re-subordinated to the new first mortgage.</li> </ul>
CREDIT	<ul style="list-style-type: none"> <li>• Minimum Credit Score: <b>620</b></li> <li>• <b>No mortgage lates in the past 12 months</b></li> <li>• <b>Must have DU Approve/Eligible or LP Accept - no manual underwrites</b></li> </ul>
CASH OUT TRANSACTIONS	<ul style="list-style-type: none"> <li>• <b>Maximum Cash Out is \$100,000 inclusive of secondary liens and debts being paid at closing.</b></li> </ul>