

REMN WHOLESALE VA PRODUCT GUIDELINES



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FULL DOC – (1-4 Family)				
Purpose	Max LTV	Max CLTV	Loan Amount	Min Credit Score
Purchase	100.00% ⁵	100.00%	VA Limit	580 ^{1,6,7}
Cash-Out	100.00% ^{4 5 *}	100.00% ^{2 4}	VA Limit	580 ^{1,6,7}
IRRRL Credit Qualifying	Unlimited ³	Unlimited	VA Limit	580 ^{1,6,7}
IRRRL Non-Credit Qualifying	Unlimited ³	Unlimited	VA Limit	580 ^{1,6,7}
http://www.benefits.va.gov/homeloans/purchaseco_loan_limits.asp				
Footnotes:	<p>¹ See REMN’s rate sheet for LLPAs</p> <p>² VA allows unlimited CLTV; Secondary must be notified for special pricing if CLTV > 100.00%</p> <p>³ When discount points are charged AND the loan type is converting from a fixed rate to an adjustable rate product, appraisals are REQUIRED. LTVs are capped as follows:</p> <ul style="list-style-type: none"> » Discount Points > 1% - Max LTV is 90% (does not include funding fee) » Discount Points ≤ 1% - Max LTV is 100% (does not include funding fee) <p>⁴ All VA Cash-Out Refinances >90% LTV must have a 360-month term.</p> <p>⁵ See VA 100% Financing Options section for qualifying criteria.</p> <p>⁶ Borrowers with no credit score are eligible with manual underwriting only. See VA 100% Financing Options and Absence of Credit History sections for additional details. A credit score is required for IRRRL transactions.</p> <p>⁷ Minimum credit score for properties located in the state of New York is 600</p> <p>*LTV Calculation on VA non-IRRRL refinance loans: Divide the total loan amount (including VA funding fee, if applicable) by the reasonable value on the Notice of Value of the property determined by the appraiser (Appraised Value).</p>			

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PROGRAM OVERVIEW	
Program Overview	REMN WS follows the Lenders Handbook VA Pamphlet 26-7 except as stated in these guidelines. When the guidelines are silent, follow <i>Lenders Handbook Pamphlet 26-7</i> .
Eligible Transactions	<ul style="list-style-type: none"> » Per the Lenders Handbook Pamphlet 26.7. » EEM
Eligible Properties	<ul style="list-style-type: none"> » 1 – 4 Unit Properties » Condominiums (must be VA approved) » Townhomes – PUD’s (attached/detached) » Manufactured Homes – See Manufactured Home Product Compare (Exception: No Manufactured Homes allowed in the State of New York) » TBD (To Be Determined) Properties » New Construction (completed less than 1 year and never occupied) <ul style="list-style-type: none"> – Builder must be VA approved; and, – 1 Year VA Builder Warranty OR enrolled in a 10-year protection plan; and, – Only customer preference left (meaning construction >95.00% completed).
Estate of Veteran in Real Property	<ul style="list-style-type: none"> » A fee simple estate therein, legal or equitable, or » A leasehold estate running or renewable at the option of the lessee for a period of not less than 14 years from the maturity of the loan, or to any earlier date at which the fee simple title will vest in the lessee, which is assignable or transferable, if the same be subjected to the lien; however, a leasehold estate which is not freely assignable and transferrable will be considered an acceptable estate if it is determined: <ul style="list-style-type: none"> – That such type of leasehold is customary in the area where the property is located – That a veteran or veterans will be prejudiced if the requirement for free assignability is adhered to, and – That the assignability and other provisions applicable to the leasehold estate are sufficient to protect the interests of the veteran and the Government and are otherwise acceptable; » A life estate, provided that the remainder and reversionary interests are subjected to the lien, or » A beneficial interest in a revocable Family Living Trust that ensures that the veteran, or veteran and spouse, have an equitable life estate, provided the lien attaches to any remainder interest and the trust arrangement is valid under State Law.
Lava Zone Properties	<ul style="list-style-type: none"> » Properties in Lava Zone 1 and 2 are eligible only if lava insurance equaling the lesser of the loan amount or state minimum can be obtained. » No restrictions for properties located in Lava Zone 3 or higher.
Occupancy	<ul style="list-style-type: none"> » Owner Occupied » Second Home & Investment eligible on IRRRL transactions only.
Ineligible Transactions	<ul style="list-style-type: none"> » Permanent Buydown » MCC (Mortgage Credit Certificates) allowed after closing; cannot be used to qualify. » Land Trusts and Community Land Trusts » Properties located within electrical line easements are not eligible for VA financing » Manufactured homes located in the State of New York » Joint transactions that result in < 25.00% Guaranty » Joint transaction where a veteran is the primary borrower and non-veteran/co-borrower is anyone other than the veteran’s spouse. <ul style="list-style-type: none"> – This type of transaction is not eligible as the VA will only guaranty half of the loan or 12.50%. – See Number of Properties Owned/Financed with REMN WS » Loans with PACE or HERO programs as a secondary/subordinate financing option (all states). » Loans with qualifying income earned from state-legalized marijuana businesses, as this is not considered as legally-derived income based on Federal law. » Loans where a borrower(s) has a Deferred Action for Childhood Arrivals (DACA) status » Loans where title is in the name of a Trust, except for a revocable Family Living Trust as detailed in Estate of Veteran in Real Property.

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Loans Ineligible for Automatic Approval by REMN WS	<ul style="list-style-type: none"> » Loans to veterans in receipt of VA non-service connected pension. » Veterans rated incompetent by the Veterans Administration. » Joint loan to Veteran and one or more non-Veterans (not spouse). » Joint loan to Veteran and one or more Veterans (not spouse) who will not be using entitlement » Proposed Construction - 95.00% or less complete (property should be at veteran preference). (Appraisal only – not credit underwriting) » IRRRL’s to refinance loans 30 days or more past due (assuming you have received a credit exception with REMN WS). » Properties involving less than fee simple ownership (i.e. leaseholds, cooperatives, ground rental arrangements) is not eligible for appraisal without prior VA approval. (Appraisal only – not credit underwriting)
Assumptions	» Permitted
Prepayment Penalties	» Not permitted
Escrow/Impound	» Required
Subordinate Financing	<ul style="list-style-type: none"> » See Full Doc – Primary (1-4 Family) matrix for full details. » From an underwriting standpoint, the veteran must not be placed in a substantially worse position than if the entire amount borrowed had been guaranteed by the VA. » Subordinate financing CANNOT be used to meet the veteran’s CASH investment to achieve the minimum 25% Guarantee required by GNMA.

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Temporary Buydowns

- » VA will guaranty loans involving temporary interest rate buydowns, if otherwise eligible
- » A temporary interest rate buydown can be used in conjunction with any type of VA-guaranteed loan, except a GPM
- » REMN must use the Note Rate when calculating principal and interest for Mortgages that involve a temporary interest rate buydown
- » 1/0, 1/1, 1/1/1, 2/1 or 3/2/1 buydown is available
- » **All temporary buydowns must be Lender, Listing Agent, Seller, Selling Agent, or Borrower funded – No Exceptions**
 - Borrower funded buydowns are not eligible for loans with a Note Date before July 19, 2024
- » Buydown agreement is required
- » An escrow account must be established for temporary buydowns
- » Buydowns are not permitted with:
 - Refinance transactions with a Note Date before July 19, 2024
 - ARM programs
- » Buydowns must be funded by only one eligible party. Buydowns may not be split or funded by multiple parties.
- » Temporary Buydowns are considered a seller's concession

Escrow Requirements

- » Funds must be safely escrowed with an independent third-party escrow agent beyond the reach of prospective creditors of the builder, seller, lender, and the borrower
- » **Exception:** If Fannie Mae is the holder, it may take custody of the funds
- » The escrow agent must make the payments directly to the lender or servicer. The funds may be used only for payments due on the note. The funds may not be used to pay past-due monthly loan payments. If the loan is foreclosed or prepaid, the funds must be credited against the veteran's indebtedness.
- » Escrowed funds may not revert to the party that established the escrow. If the property is sold subject to, or on an assumption of the loan, the escrow must continue to pay out on behalf of the new owner.

Borrower Qualification

- » The loan application must be underwritten based on the full payment amount
- » The buydown arrangement can be considered a compensating factor. If the residual income and/or debt-to-income ratio is marginal, the buydown plan (used to offset a short-term debts), along with other compensating factors, may support the approval of the loan. See "Compensating Factors"
- » Provide a statement signed by the underwriter giving reasons for approval
- » The terms of the buydown arrangement are not limited to specific criteria such as minimum or maximum number of years for application of the assistance payments
- » It is REMN's responsibility to review and determine the acceptability of the buydown

Other Requirements

- » The veteran/borrower must be provided with a clear, written explanation of the buydown agreement

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VA Loan Limits

- » VA “loan limits” for 2024 have been announced & are the same as Agency conforming limits for the 2024 calendar year.
- » Note that for purposes of determining the VA guaranty for loans involving Veterans with partial entitlement, REMN must reference only the One-Unit Limit column in the FHFA Table “Loan Limits for Calendar Year 2024 – All Counties”. While a Veteran may use the VA home loan guaranty benefit to acquire a property up to 4 units, VA’s max guaranty amount will be based on the One-Unit limit.
 - e.g. If a Veteran purchases a 4unit dwelling for \$1.2M in a county where FHFA One-Unit limit is \$1,149,825, then VA’s maximum guaranty amount would be 25% of the \$1,149,825.
 - The note date must be on or after January 1, 2024
- » The county limits do NOT apply to IRRRL’s.
- » In instances where the county loan limit has decreased, VA will honor the previous higher limit on all loan types, except IRRRL. Note that VA will only permit the use of the previous year’s higher limit for loan applications signed by all parties prior to January 1, 2024.
- » If the Veteran is originating a non-IRRRL refinance loan, the URLA must be signed by REMN WS and the Veteran prior to January 1, 2024 and provided to VA with a time stamp substantiating the date the URLA was printed.
 - After receiving the Loan Guaranty Certificate, REMN WS is required to upload a copy of the ratified contract, URLA and HUD/CD into the WebLGY system. REMN WS must then contact the VA Regional Loan Center of jurisdiction to request an adjustment to the loan limit.

BLUE WATER NAVY VIETNAM VETERANS ACT OF 2019 (CIRCULAR 26-19-30)

- » The Act adjusts the maximum amount of guaranty entitlement available to Veterans for loans above \$144,000 for purchase and cash-out refinance transactions.
 - Adjustment of Maximum Entitlement Amounts:
 - Full Entitlement – For Veterans with full entitlement, the maximum amount of guaranty entitlement available to the Veteran for a loan > \$144,000 shall be 25% of the loan amount.
 - Partial Entitlement – For Veterans who have previously used entitlement and such entitlement has not been restored, the maximum amount of guaranty entitlement available to the Veteran, for a loan > \$144,000 shall be 25% of the Freddie Mac conforming loan limit (CLL), reduced by the amount of entitlement previously used (not restored) by the Veteran.
 - Adjustment of Maximum Guaranty Amounts:
 - Full Entitlement – for loans > \$144,000, the maximum amount of guaranty may not exceed 25% of the loan amount.
 - Partial Entitlement – for loans > \$144,000, the maximum amount of guaranty may not exceed the lesser of 25% of the loan amount or 25% of the Freddie Mac CLL.
 - Married Veterans – When a Veteran and the Veteran’s spouse, who is also a Veteran, use dual entitlement to guaranty a loan > \$144,000, the maximum amount of guaranty shall be 25% of the loan amount so long as one of the Veterans has full entitlement. VA will charge entitlement for married Veterans according to their preference. If both Veterans have partial entitlement, the maximum amount of guaranty may not exceed the lesser of 25% of the loan amount or 25% of the Freddie Mac CLL.
 - Joint Loans – When more than one (1) Veteran (Vet-Vet) seeks to use their entitlement on a loan > \$144,000, if at least one (1) Veteran has partial entitlement, the maximum amount of guaranty may not exceed the lesser of 25% of the loan amount OR 25% of the Freddie Mac CLL. VA will charge entitlement to each Veteran equally. However, unequal charge of entitlement may be made with a signed written agreement from the Veterans if provided to VA prior to the issuance of the VA guaranty. If all Veterans seeking to use their entitlement on a loan > \$144,000 have full entitlement, then the maximum amount of guaranty shall be 25% of the loan amount. All other existing VA policies regarding joint loans, such as Veteran/Non-Veteran joint loans, remain the same.

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VA 100% Financing Options

After consideration of all factors outlined in Circular 26-19-13 for VA and GNMA, REM N WS's position on the VA 100% financing option is as outlined below:

- » **Loan Amounts from \$0 - \$144,000 – OR – Any Loan Amount Where The Veteran Has Only Partial Eligibility**
 - Maximum loan amount is calculated as was done previously, based on the 2024 Freddie Mac Conforming Loan Limits. The Note Date must be on or after January 1st, 2024.
 - These loans are subject to the Freddie Mac county-by-county loan limit list. All property types, including 2-4 units, will be subject to the 1-unit county limit where the property is located.
- » **Loan Amount from \$144,001 - \$2,000,000 – AND – The Veteran Has Full Eligibility**
 - Refer to the below chart for maximum loan amount and FICO requirements (**NOTE:** this chart applies to all loan amounts and LTV's for VA – not specific to 100% financing)
 - For 2-4 unit properties, the applicable 2-4 unit county limit can be utilized, based on the property's location (no longer restricted to the 1-unit county limit, as noted above for loans ≤ \$144,000).

	580+ FICO	680 FICO	700 FICO
1 unit	\$1,149,825	\$1,149,826 - \$1,250,000	\$1,250,001 - \$2,000,000*
2 unit	<u>Applicable 2-4 Unit Conforming Limit Only (By County)</u>		
3 unit			
4 unit			

General Requirements:

- » The Credit Score overlay is based upon the “total” loan amount
- » When the borrower or co-borrower has a credit score, the minimum FICO score is 580 – subject to the loan amount restrictions above.
- » When the borrower or co-borrower has NO score, they must build alternative credit following VA guidelines.
- » For transactions 580-639 FICO, refer to REM N's rate sheet for LLPAs
- » All loans must have a minimum 25% guarantee. Refer to the VA Entitlement Worksheet for additional information.
- » *1-unit properties have a maximum loan amount of \$2,000,000, subject to the credit score restrictions noted above. Loans over \$1,500,000 must be reviewed case-by-case by the Chief Credit Officer.
- » 2-4 unit properties are limited to the specific County loan limit for loans > \$144,000 AND the Veteran has fully eligibility. The loan limits noted in the above chart are the “ceiling” and not necessarily the limit for the subject property's county. You must refer to the County-by-County list for the specific conforming limit for the subject property:
<https://www.fhfa.gov/DataTools/Downloads/Pages/Conforming-Loan-Limit.aspx>

Joint Loans

- » “Joint loan” generally refers to a loan for which the
 - Veteran and other person(s) are liable, and
 - Veteran and the other obligor(s) own the security
- » A joint loan is a loan made to the:
 - Veteran and one or more non-Veterans (not spouse)
 - Veteran and one or more Veterans (not spouse) who will not be using their entitlement
 - Veteran and Veteran's spouse who is also a Veteran, and both entitlements will be used; or
 - Veteran and one or more other Veterans (not spouse), all of who will use their entitlement.
- » A loan involving a Veteran and his or her spouse will not be treated as a “joint loan” if the spouse is:
 - Not a Veteran, or
 - A Veteran who will not be using his or her entitlement on the loan
- » A loan to a Veteran and fiancé who intend to marry prior to loan closing and take title as Veteran and spouse will be treated as a loan to a Veteran and spouse (conditioned upon their marriage), and not a joint loan.
- » The following underwriting considerations apply to joint loans:

Type of Joint Loan	Underwriting Considerations Function
Two Veteran Joint Loan	Consider the credit and combined income and assets of both parties. Strengths of one Veteran related to income and/or assets may compensate for income/asset weaknesses of the other. However, satisfactory credit of one Veteran cannot compensate for the other's poor credit.

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	Veteran/Non-Veteran Joint Loan	<p>Veteran’s credit must be satisfactory and Veteran’s income must be sufficient to repay that portion of the loan allocable to the non-Veteran. The credit of the non-Veteran must be satisfactory. However, the combined income of both borrowers can be considered in evaluating repayment ability.</p> <p>In other words:</p> <ul style="list-style-type: none"> – Income strength of the Veteran may compensate for income weakness of the non-Veteran, but – Income strength of the non-Veteran cannot compensate for income weakness of the Veteran in analyzing the Veteran’s ability to repay his or her allocable portion of the loan.
		<ul style="list-style-type: none"> » Guaranty is limited to that portion of the loan allocable to the Veteran’s equal interest in the property. » Percentage of the entitlement has no bearing on the amount of the funding fee to be paid. » REMN WS must satisfy itself that the requirements of its investor or the secondary market can be met with the limited guaranty.

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High Cost Counties	<ul style="list-style-type: none"> » The below web site should be used to verify VA’s maximum guaranty for a specific county. » https://www.veteransunited.com/education/tools/va-loan-limit-calculator/ » See IRRRL for REMN WS Credit Score and appraisal requirements.
Loan Amounts Exceeding VA County Limits	<ul style="list-style-type: none"> » The loan may exceed the county limit if over \$144,000 and fully eligible. » Funding Fee must be paid in cash for loan amounts greater than the limit set by the VA. Please refer to VA 25% Guaranty Worksheet to calculate maximum loan amount, minimum down payment and minimum 25% VA Guaranty.
Excluded Party Lists	<ul style="list-style-type: none"> » REMN WS requires that a DataVerify DRIVE report be generated and analyzed for all loans at approval and updated prior to underwriting clearance.
CAIVRS	<ul style="list-style-type: none"> » VA’s guidance on FHA CAIVRS claim numbers only requires that REMN WS investigate the reason, and with the FHA hits, VA understands that since the borrower paid the mortgage insurance premiums that the CAIVRS claim number becomes more of a documentary issue for FHA purposes in their attempts to track liquidation, than it is a deterrent for moving forward with a VA home loan. If two (2) years have passed since the short sale and the borrower now qualifies, REMN WS may proceed. » The VA default information included on the database relates to; <ul style="list-style-type: none"> – Overpayments on education cases, Overpayments on disability benefits income; and, Claims paid due to home loan foreclosures. » CAIVRS must be ordered for all FHA, VA, and USDA loans. » Required on IRRRL transactions.
Specially Adapted Housing (SAH) – VA Loans	<ul style="list-style-type: none"> » If a Veteran is determined to be eligible for the Specially Adapted Housing benefit, they can apply grant funds towards the purchase of a home. The veteran must work with their local VA office to obtain the approval and the funds before the loan closing. Homebridge is not involved in the approval process in any manner. There are no unique requirements regarding the appraisal of the property.
More than one VA Loan	<ul style="list-style-type: none"> » Entitlement previously used in connection with a VA home loan may be restored under certain circumstances. Once restored, it can be used again for another VA loan. » Restoration of previously used entitlement is possible; if, <ul style="list-style-type: none"> – The property which secured the VA Guaranteed loan has been sold; and, – Loan has been paid in full; or, – An eligible veteran-transferee has agreed to assume the outstanding balance on the VA loan and substitute his/her entitlement for the same amount originally used on the loan. The assuming veteran must also meet occupancy, income and credit requirements of the law. » In addition to the basic restoration criteria outlined above, a veteran may obtain restoration of the entitlement used on a prior VA loan under any of the following: <ul style="list-style-type: none"> – The prior VA loan has been paid in full and the veteran has made application for a refinance loan to be secured by the same property which secured the prior VA loan. – This includes refinancing situations in which the prior loan will be paid off at closing from a VA refinancing on the same property; or, – The prior VA loan has been paid in full, but the veteran has not disposed of the property securing the loan. The veteran may obtain restoration of the entitlement used on the prior loan in order to purchase a different property, <i>one time only</i>. Once such restoration is affected, the veteran’s Certificate of Eligibility will indicate the one-time restoration. It will also advise that any future restoration will require disposal of all property obtained with a VA loan. Once the one-time restoration is used, it will NOT be permissible to obtain restoration for a cash-out refinance.

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PROGRAM OVERVIEW		
Compensating Factors	» Excellent credit history	» Significant liquid assets
	» Conservative use of consumer credit	» Sizable down payment
	» Minimal consumer debt	» The existence of equity in refinance loans
	» Long-term employment	» Little or no increase in shelter expense
	» Military benefits	» Satisfactory homeownership experience
	» High residual income	» Tax credits for child care
	» Low debt-to-income ratio	» Tax benefits of home ownership
Tax Exemptions / Abatements	<p>» There can be no uncertainty about whether the borrower qualifies for the homestead, abatement or other tax exemption or reduction.</p> <p>» In order for the lower amount to be used for qualifying purposes; the abatement, homestead or exception must remain in place for a minimum of three (3) years after closing.</p> <p>Note: If the Underwriter has knowledge that a “Homestead” is considered “Permanent” (example: Florida – OR – Single Family in IL), the time period does not need to be documented and the UW can note the same on the VA 26-6393 Loan Analysis.</p>	
Texas Home Equity	» Texas Home Equity (a)(6) loans are not eligible for VA financing.	
Power of Attorney	<p>» VA will allow a veteran to use an attorney-in-fact to execute any documents necessary to obtain a VA-guaranteed loan. This enables active duty servicepersons stationed overseas, and other veterans who cannot be present to execute loan documents, to obtain VA loans.</p> <p>» The veteran must execute a power of attorney which is valid and legally adequate. The veteran’s attorney-in-fact may use this power of attorney to apply for a Certificate of Eligibility and initiate processing of a loan on behalf of the veteran.</p> <p>» To complete the loan transaction using an attorney-in-fact, ensure that the power of attorney complies with state law to the extent that; the mortgage can be legally enforced in that jurisdiction; and clear title can be conveyed in the event of foreclosure.</p> <p>» To complete the loan transaction using an attorney-in-fact, VA also requires the veteran’s written consent to the specifics of the transaction. This requirement can be satisfied by either:</p> <ul style="list-style-type: none"> – The veteran’s signature on both the sales contract and the Uniform Residential Loan Application, as long as the veteran’s intention to obtain a VA loan on the particular property is expressed somewhere in those documents, or – The specific power of attorney, which encompasses the following elements: <ul style="list-style-type: none"> ▪ Entitlement—A clear intention to use all or a specified amount of entitlement. ▪ Purpose—A clear intention to obtain a loan for purchase, construction, repair, alteration, improvement, or refinancing. ▪ Property Identification—Identification of the specific property. ▪ Price and Terms—Sales price, if applicable, and other relevant terms of the transaction. ▪ Occupancy—Veteran’s intention to use the property as a home to be occupied by the veteran (or other applicable VA occupancy requirement). <p>» In addition, at the time of loan closing, REMN WS must:</p> <ul style="list-style-type: none"> – Verify that the veteran is alive, and, if on active military duty, not missing in action (MIA), and – Make the following certification: “The undersigned lender certifies that written evidence in the form of correspondence from the veteran or, if on active military duty, statement of his or her commanding officer (including statement of person authorized to act for said officer), affirmatively indicating that the veteran was alive and, if the veteran is on active military duty, not missing in action status on (date), was examined by the undersigned and that the said date is subsequent to the date the note and security instruments were executed on the veteran’s behalf by the attorney-in-fact.” <p>» REMN WS must always verify that the veteran is alive at the time of loan closing, whether the veteran is still in the military or not.</p> <p>» If REMN WS has difficulty obtaining verification that a service person in a combat area is alive and not in MIA status, REMN WS may request that VA obtain the necessary information on its behalf.</p> <p>» VA may deny guaranty on a loan if REMN WS failed to properly verify the veteran’s status and the veteran was deceased (or MIA) at the time the loan was closed.</p> <p>» VA will issue a Certificate of Commitment only if the veteran has executed a valid and legally adequate power of attorney and consented to the specific transaction (as described under above). If VA has information that the veteran is MIA or deceased, VA will not issue a commitment.</p>	

REM N WHOLESALE VA PRODUCT GUIDELINES

VA Funding Fee	Regular Military - Active Duty & Retired		
	Down Payment	% for First Time Use	% for Subsequent Use
	None	2.15%	3.30%
	5% or more (up to 10%)	1.50%	1.50%
	10% or more	1.25%	1.25%
	Reserves / National Guard / Coast Guard		
	Down Payment	% for First Time Use	% for Subsequent Use
	None	2.15%	3.30%
	5% or more (up to 10%)	1.50%	1.50%
	10% or more	1.25%	1.25%
	Refinance Transactions		
	Type of Veteran	% for First Time Use	% for Subsequent Use
	Regular Military - Active Duty & Retired	2.15%	3.30%
	Reserves / National Guard/Coast Guard		
	Type of Loan		% for Any type of Veteran
Interest Rate Reduction Refinance Loan		0.50%	
Manufactured Homes (Not Permanent Affixed)		1.00%	
Loan Assumptions		0.50%	
Native American Direct Loan (Non-IRRRL)		1.25%	
Payment of VA Funding Fee	» Although VA allows payment of the Funding Fee to be split, REMN's LOS does not have the functionality to do this therefore REMN WS does not allow.		
VA Funding Fee Exception Status	<p>» All veterans must pay the VA funding fee, except for the following:</p> <ul style="list-style-type: none"> - A Veteran who is receiving disability compensation (or who, but for the receipt of retirement pay or active service pay, would be entitled to receive compensation). - A surviving spouse of any Veteran (including a person who died during active military, naval or air services) who died from a service-connected disability. The surviving spouse must be in receipt of Dependency and Indemnity Compensation (DIC). - Veteran who is rated eligible to receive compensation resulting from a pre-discharge disability examination or rating, or based on a pre-discharge review of existing medical evidence that results in the issuance of the memorandum rating before the loan closing takes place. - As per Circular 26-19-30, a waiver of the VA funding fee has been added for members of the Armed Forces who are serving on active duty and provide, on or before the date of loan closing, evidence of having been awarded the Purple Heart <p>» COE will include a new field entitled "FUNDING FEE" near the top of the COE. The exemption status (either "EXEMPT", "NON-EXEMPT" or "CONTACT RCL" will appear to the right of the new field title.</p> <ul style="list-style-type: none"> - EXEMPT status indicates the veteran is exempt from paying the funding fee. - NON-EXEMPT status indicates the veteran is not exempt from paying the funding fee. - CONTACT RCL indicates a system generated determination is not available. <p>» Regardless of the new funding fee status shown on the COE, REMN WS must still be sure to read any and all statements appearing in the CONDITIONS field, which appears near the middle portion of the COE.</p> <p>» REMN WS may rely on "EXEMPT" status appearing next to the Funding Fee field for verification of funding fee exemption. Additionally, on COEs with EXEMPT status, REMN WS may treat any service-connected disability income amount appearing in the CONDITIONS section as verified income. There is no need to fax in VA Form 26-8937 to confirm the status or amount showing on the COE.</p>		

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	<p><u>Funding Fee Guidance, as per VA Circular 26-19-17</u></p> <ul style="list-style-type: none"> » <u>Funding Fee Exemption Determination:</u> REMN WS must not advise Veterans who believe they are exempt from paying the funding fee to close on a loan without first establishing their funding fee exemption status and request a funding fee refund at a later date. The Veteran’s funding fee exemption status must be established before closing. » For IRRRL’s, the standard funding fee of 0.50% will apply for veterans who are <u>not</u> exempt. » For all loans, if the COE does not show that the Veteran is exempt from paying the funding fee, REMN WS must ask the Veteran if he/she has a claim for compensation pending with VA. If so, REMN WS must obtain an updated COE no earlier than three (3) days before the loan closing using the COE “Correct” function in WebLGY. » REMN WS must ask the Active Duty Servicemember if he/she has a pre-discharge claim pending. If so, REMN WS must contact the Regional Loan Center (RLC) immediately to request assistance in obtaining a proposed or memorandum rating to determine if the Servicemember may be exempt from paying the funding fee as noted above. While Form 26-8937, Verification of VA Benefits, may be submitted, an alert to the RLC by email is also required to ensure the RLC is aware of the need for the proposed or memorandum rating. If a proposed or memorandum rating is not obtained and a closing takes place, the Servicemember is not eligible for funding fee exemption. » <u>Funding Fee Correction Request:</u> REMN WS must initiate a request in the Funding Fee Payment System (FFPS) within three (3) days of being notified by VA or the Veteran of an overpayment of the funding fee to include a request for a retroactive refund. Necessary corrections may be made in FFPS by utilizing the “Correct” function at any time. A detailed explanation must be provided, together with the name, phone number & e-mail address of the person requesting the correction/waiver on behalf of the waiver. » Funding Fee Refunds: Funding fee refunds must be paid to the Veteran by VA through FFPS. The refund destination must be changed from “Lender/Vendor” to “Primary Veteran” in the refund setting section of FFPS. If the loan is in default, the Veteran will be advised that he/she may wish to use the refund to bring the loan current. When a funding fee refund does not involve a Veteran, for example, REMN WS paid a funding fee to VA in error which was not charged to the Veteran, or REMN WS paid a funding fee before the Veteran decided not to close on the loan, the refund destination will be “Lender/Vendor” in FFPS and the RLC will refund the funding fee to REMN WS. REMN WS should add notes describing the reason for refund, otherwise, if the notes are unclear, it may appear that REMN WS failed to change the refund destination and the refund should be paid to the Veteran. If a refund is requested to be REMN WS on a closed loan, a copy of the final closing disclosure must be uploaded into WebLGY. 															
<p>Conditions Listed on COEs</p>	<table border="1"> <thead> <tr> <th data-bbox="386 1241 971 1276">Conditions</th> <th data-bbox="971 1241 1555 1276">What to Do</th> </tr> </thead> <tbody> <tr> <td data-bbox="386 1276 971 1402">Valid unless discharged or released subsequent to date of this certificate. A certification of continuous active duty as of the date of note is required.</td> <td data-bbox="971 1276 1555 1402">Ensure the veteran is still on active duty before closing the loan. If the veteran is discharged or released prior to closing, request a new eligibility determination from the VA.</td> </tr> <tr> <td data-bbox="386 1402 971 1528">Excluded entitlement previously used for VA loan Identification Number (LIN) as shown herein is available only for use in connection with the property that secured the loan.</td> <td data-bbox="971 1402 1555 1528">If the entitlement used for the prior loan identified in this condition is needed for the proposed loan, ensure the proposed loan will secure the same property as the prior loan (cash-out refinanced on prior VA loan).</td> </tr> <tr> <td data-bbox="386 1528 971 1619">Entitlement has been used for manufactured home purposes. Remaining entitlement for additional manufactured home use is \$ [amount].</td> <td data-bbox="971 1528 1555 1619">If the proposed loan involves a manufactured home, adhere to the entitlement limit indicated.</td> </tr> <tr> <td data-bbox="386 1619 971 1745">Not eligible for any loan to purchase a manufactured home unit until veteran disposes of unit purchased with manufactured home loan number VA LIN [number].</td> <td data-bbox="971 1619 1555 1745">If the proposed loan involves a manufactured home, ensure that the veteran has disposed of the unit indicated.</td> </tr> <tr> <td data-bbox="386 1745 971 1898">Entitlement previously used for VA LIN [number] has been restored without disposal of the property, under provisions of 38 U.S.C. 3702b (4). Any future restoration requires disposal of all property obtained with a VA loan.</td> <td data-bbox="971 1745 1555 1898">This is information for the veteran. REMN WS need not be concerned if this condition is applicable, as long as the available entitlement shown on the COE is sufficient for REMN WS’s purposes.</td> </tr> <tr> <td colspan="2" data-bbox="386 1898 1555 1959"> <ul style="list-style-type: none"> » Other conditions may indicate that a higher funding fee is due. For example; “Subsequent Use Funding Fee”, indicates the veteran has used their home loan benefit, so a higher fee is required. </td> </tr> </tbody> </table>	Conditions	What to Do	Valid unless discharged or released subsequent to date of this certificate. A certification of continuous active duty as of the date of note is required.	Ensure the veteran is still on active duty before closing the loan. If the veteran is discharged or released prior to closing, request a new eligibility determination from the VA.	Excluded entitlement previously used for VA loan Identification Number (LIN) as shown herein is available only for use in connection with the property that secured the loan.	If the entitlement used for the prior loan identified in this condition is needed for the proposed loan, ensure the proposed loan will secure the same property as the prior loan (cash-out refinanced on prior VA loan).	Entitlement has been used for manufactured home purposes. Remaining entitlement for additional manufactured home use is \$ [amount].	If the proposed loan involves a manufactured home, adhere to the entitlement limit indicated.	Not eligible for any loan to purchase a manufactured home unit until veteran disposes of unit purchased with manufactured home loan number VA LIN [number].	If the proposed loan involves a manufactured home, ensure that the veteran has disposed of the unit indicated.	Entitlement previously used for VA LIN [number] has been restored without disposal of the property, under provisions of 38 U.S.C. 3702b (4). Any future restoration requires disposal of all property obtained with a VA loan.	This is information for the veteran. REMN WS need not be concerned if this condition is applicable, as long as the available entitlement shown on the COE is sufficient for REMN WS’s purposes.	<ul style="list-style-type: none"> » Other conditions may indicate that a higher funding fee is due. For example; “Subsequent Use Funding Fee”, indicates the veteran has used their home loan benefit, so a higher fee is required. 		
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Transaction Types	<p>Purchase – <i>Mortgage Amount Limited to:</i></p> <ul style="list-style-type: none"> » 100% of the lesser of the Sale Price, NOV or VA High Cost County Limit » If the subject property is purchased at auction, the buyer’s premium may be included in the calculation of the final sales price, so long as the amount of the buyer’s premium is reasonable and customary (i.e. amount that is consistent with a typical auction transaction in the area). <ul style="list-style-type: none"> – Veteran is NOT allowed to pay buyer’s premium as closing costs (premium cannot be included in closing costs). <p>Cash-Out Refinance</p> <ul style="list-style-type: none"> » TYPE I Cash-Out Refinance: a refinancing loan in which the loan amount (including VA funding fee) does not exceed the payoff amount of the loan being refinanced. » TYPE II Cash-Out Refinance: a refinancing loan in which the loan amount (including VA funding fee) exceeds the payoff amount of the loan being refinanced. <p><i>Mortgage Amount Limited to:</i></p> <ul style="list-style-type: none"> » The mortgage amount must be used to pay the current unpaid principal of the existing first mortgage, allowable closing costs, points, pre-paid items, subordinate liens, including Property Assessed Clean Energy (PACE) loans, and cash to the veteran. » The loan must be secured by a first lien on the property (minimum of \$1.00 lien required). » Whenever a large increase in value exists, it is the REMN WS SAR Underwriter’s discretion to require additional supporting documentation. <p>LTV Calculation for Cash-Out Refinance</p> <ul style="list-style-type: none"> » Divide the total loan amount (<u>including VA funding fee</u>, if applicable) by the reasonable value on the Notice of Value (Appraised Value) of the property determined by the appraiser. » Per <i>GNMA APM 19-05</i>, for VA Cash-Out Refinance loans with LTV/CLTV of 90.01% and greater, the loan must have a Note Date on or before September 30, 2019 in order to retain the current pricing structure. For VA Cash-Out Refinance loans with LTV/CLTV > 90% and the Note Date is on or after October 1st, 2019, the loan will be subject to a different pricing structure, which will incorporate an additional loan level price adjustment (LLPA) of 2.00 points. <p>Seasoning Requirements for Cash-Out Refinance</p> <ul style="list-style-type: none"> » A loan is considered seasoned if both of the following conditions are met as of the date of the loan closing: <ul style="list-style-type: none"> ▪ The Note date on subject refinance must be no less than 210 calendar days after the 1st payment <u>due date</u> of the existing loan being refinanced (the refinance is eligible to close on or after the 211th day); and ▪ Six monthly payments have been made on the loans being refinanced. The 6th payment cannot be paid at closing, included in mortgage payoff or made in advance to meet requirement. <ul style="list-style-type: none"> ○ If there is a private mortgage, there must be 6 payments made. If there are no payments due, the loan is not eligible. ▪ NOTE: In cases where the loan being paid-off has been officially modified by the existing servicer (as reflected by the mortgage only credit report or the mortgage payment history), the 210 day seasoning test must be based off GNMA guidelines, which require that the seasoning test start with the LATER OF: <ul style="list-style-type: none"> ○ The 1st payment due date on the loan being paid off, OR ○ The 1st payment due date, based upon the modification documents, when the loan has been formally modified by the Servicer » If the credit report shows that the existing lien is twelve (12) months or less, the following documentation must be provided in order to determine the first payment due date for the 210-day seasoning requirement: <ul style="list-style-type: none"> ▪ A copy of the Note; OR ▪ The payment history from the existing servicer that shows when the first payment was due; OR ▪ A credit supplement that specifically addresses the credit reporting agency has confirmed the first payment due date on the existing lien with the servicer, including the contact info. » The seasoning requirement applies to 1st liens for all loan types being paid off – Conv, Gov, Construction*, etc. » A mortgage that has NO scheduled monthly payments (except construction/perm) is not subject to seasoning. Examples would be reverse mortgages for which no payment is due or a balloon
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mortgage (not a construction loan), where NO payments are due. If “interest only” payments were due (other than a construction loan) those are payments due and therefore subject to the seasoning requirement.

- » As per GNMA, subject properties that are owned free and clear (no liens) are not eligible for cash-out refinance, due to inability to measure the GNMA seasoning requirement.
- » *Permanent Financing Construction Loans may or may not be subject to seasoning requirements:
 - If the new subject loan is structured as a refinance, it is subject to seasoning. HOWEVER, if the construction loan called for INTEREST ONLY payments (no principal), it is not subject to the seasoning requirements.
 - If the new subject loan is structured as purchase, it is NOT subject to seasoning.

Other Refinancing Loans

- » Other Refinancing Loans are defined as;
 - Construction loans,
 - Installment Land Sales Contracts; and
 - Loans assumed by veterans at an interest rate higher than that for the proposed refinance.
- » Land Contract
 - Are treated as a Refinance transaction, must be recorded, seller on contract must be owner of record, no liens can be on title except for lien to be paid with proceeds of transaction and, proof of monthly payments at 0x30x12 required via canceled checks.
- » These **loans** may not exceed the lesser of: VA reasonable value plus the VA funding fee; or, the sum of the outstanding balance of the loan to be refinanced plus allowable closing costs (including the funding fee) and discounts.
- » The cost of energy efficiency improvements can also be added to the loan.
NOTE: Payoff of a Property Assessed Clean Energy (PACE) loan is considered a Cash-Out transaction
- » Maximum guaranty for Other Refinancing Loans is limited to \$36,000.

LTV Calculation for Other Refinance Loans

- » Divide the total loan amount (including VA funding fee, if applicable) by the reasonable value on the Notice of Value (Appraised Value) of the property determined by the appraiser.

Seasoning Requirements for Other Refinance Loans

- » A loan is considered seasoned if both of the following conditions are met as of the date of the loan closing:
 - The Note date on subject refinance must be no less than 210 calendar days after the 1st payment due date of the existing loan being refinanced (the refinance is eligible to close on or after the 211th day); and

(Continued on following page)

- Six monthly payments have been made on the loans being refinanced. The 6th payment cannot be paid at closing, included in mortgage payoff or made in advance to meet requirement.
 - If there is a private mortgage, there must be six (6) payments made. If there are no payments due, the loan is not eligible.
- » For loans being refinanced within 1 year from the date of closing, REMN WS must obtain a payment history/ledger from the servicing lender documenting all payments unless a credit bureau supplement clearly identifies all payments made in that timeframe.
- » The seasoning requirement applies to 1st liens for all loan types being paid off – Conv, Gov, Construction*, etc.
- » A mortgage that has NO scheduled monthly payments (except construction/perm) is not subject to seasoning. Examples would be reverse mortgages for which no payments are due or a balloon mortgage (not a construction loan), where NO payments are due. If “interest-only” payments were due (other than a construction loan) those are payments due and therefore subject to the seasoning requirement.
- » *Permanent Financing Construction Loans may or may not be subject to seasoning requirements:
 - If the new subject loan is structured as a refinance, it is subject to seasoning. HOWEVER, if the construction loan called for INTEREST ONLY payments (no principal), it is not subject to the seasoning requirements.
 - If the new subject loan is structured as a purchase, it is NOT subject to seasoning.

IRRRL VA to VA Refinance – Mortgage Amount Limited to:

- » Lesser of the existing VA loan payoff (borrower must be current at time of closing) + Allowable VA Closing Costs + VA Funding Fee + up to 2 points to obtain interest rate reduction = Total Loan; **OR**,

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- » Appraised Value + Allowable VA Closing Costs + VA Funding Fee + up to 2 points to obtain interest rate reduction (discount) = Total Loan Amount.
NOTE: VA loan payoff = Any charges (miscellaneous fees) from the current lender required to pay the loan in full and release the lien.
- » An IRRRL is a VA-guaranteed loan made to refinance an existing VA-guaranteed loan, generally at a lower interest rate than the existing VA loan, and with lower P&I payments.
- » The maximum loan term is the original term of the VA loan being refinanced plus 10 years, but not to exceed 30 years and 32 days (i.e. if the old loan was made with a 15-year term, the term of the new loan cannot exceed 25 years).
- » The IRRRL must replace the existing VA loan as the first lien on the same property. Any second lien holder would have to agree to subordinate to the new first lien.
- » VA Loan Limits do NOT apply to IRRRL's.
- » As per VA Circular 26-19-17, a Certificate of Eligibility (COE) is required on IRRRL transactions.
- » REMN to REMN IRRRL's follow VA guidelines (no REMN WS Overlays apply) you must verify loan is serviced by REMN/HomeBridge; do not assume Cenlar is a REMN WS loan.
- » When refinancing from FIXED (current mtg) to ARM (new mtg) AND Discount Points are charged:
 - An Appraisal is ALWAYS required
 - LTV is capped as follows:
 - Discount Points > 1% - Max LTV is 90% (does not include funding fee)
 - Discount Points ≤ 1% - Max LTV is 100% (does not include funding fee)

Seasoning Requirements for IRRRLs

- » A minimum of 6 consecutive payments must have been made by the veteran and posted by the servicer on the loan being refinanced. The 6th payment cannot be paid at closing, included in mortgage payoff or made in advance to meet requirement.
- » The Note date on subject refinance must be no less than 210 calendar days after the date the 1st payment due date of the existing loan being refinanced (the refinance is eligible to close on or after the 211th day);
 - **NOTE:** In cases where the loan being paid-off has been officially **modified** by the existing servicer (as reflected by the mortgage only credit report or the mortgage payment history), the 210 day seasoning test must be based off **GNMA** guidelines, which require that the seasoning test start with the **LATER OF:**
 - The 1st payment due date on the loan being paid off, OR
 - The 1st payment due date, based upon the modification documents, when the loan has been formally modified by the Servicer.
- » If the credit report shows that the existing lien is twelve (12) months or less, the following documentation must be provided in order to determine the first payment due date for the 210-day seasoning requirement:
 - A copy of the Note; OR
 - The payment history from the existing servicer that shows when the first payment was due; OR
 - A credit supplement that specifically addresses the credit reporting agency has confirmed the first payment due date on the existing lien with the servicer, including the contact info.
 -

IRRRL Interest Rate Decrease Requirement

- » An IRRRL (which can be a fixed rate, hybrid Adjustable Rate Mortgage (ARM) or traditional ARM) must bear a lower interest rate than the loan it is refinancing unless the loan it is refinancing is an ARM to Fixed.
 - Fixed to Fixed: Refinanced loan must have an interest rate that is at least .50% less in interest rate than the previous loan.
 - Fixed to ARM: Refinanced loan must have an interest rate that is at least 2.00% less in interest rate than the previous loan
 - ARM to Fixed: No reduction required
 - ARM to ARM: No reduction required.

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IRRRL Payment Decrease/Increase Requirements

- » The principal and interest payment on an IRRRL must be less than the principal and interest payment on the loan being refinanced – **UNLESS**
 - An ARM loan is being refinanced to a Fixed Rate IRRRL – **OR**
 - Term of the IRRRL is 6 months shorter than the term of the loan being refinanced - **OR**
 - Energy efficiency improvements are included in the IRRRL
 - A significant increase in the veteran’s monthly payment may occur with any of these three exceptions, especially if combined with one or more of the following:
 - Financing of closing costs,
 - Financing of up to two discount points,
 - Financing of the funding fee; and/or,
 - Higher interest rate when an ARM is being refinanced.
- » If the monthly payment (PITI) increases by 20% or more, REMN WS must:
 - Fully credit qualify the veteran – determine that the veteran qualifies for the new payment from and underwriting standpoint; such as, determine whether the borrower can support the proposed shelter expense and other recurring monthly obligations when income is established as reliable; and,
 - Include a certification that the veteran qualifies for the new monthly payment which exceeds the previous payment by 20% or more.

IRRRL Veteran’s Statement & Lender’s Certification

- » For IRRRLs the veteran must sign a statement acknowledging the effect of the refinancing loan on the veteran’s loan payments and interest rate.
- » The statement must show the interest rate and monthly payments for the new loan versus that for the old loan. The statement must also indicate how long it would take to recoup ALL closing costs (both those included in the loan and those paid outside of closing).
- » If the monthly payment (PITI) increases by 20% or more, REMN WS must include a certification that the veteran qualifies for the new monthly payment which exceeds the previous by 20% or more.

What Closing Costs can be Included in the IRRRL Loan

- » The following fees and charges may be included in an IRRRL:
 - The VA Funding Fee; and,
 - Any allowable fees and charges as indicated in Fees & Charges section of this guideline.
- » However, there is one (1) limitation; while the veteran may pay any reasonable amount of discount points in cash, only up to two (2) discount points can be included in the loan amount.

Any customary and reasonable credit report or appraisal expense incurred by REMN WS to satisfy our underwriting guidelines may be charged to the borrower and included in the loan. Credit report and appraisal charges must be included in recoupment calculation.

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PROGRAM OVERVIEW																																															
IRRRL Non-Credit Qualifying vs. Credit Qualifying		Non-Credit Qualifying	Credit Qualifying																																												
	Qualification Criteria	<ul style="list-style-type: none"> ▪ Per VA guidelines ▪ Permitted if PITI is increasing < 20% 	<u>REM N to REM N</u> <ul style="list-style-type: none"> ▪ Per VA guidelines ▪ Required if PITI is increasing \geq 20%, <u>Non-REM N to REM N</u> <ul style="list-style-type: none"> ▪ REM N credit score overlays will apply – see FHA/VA/Bond/USDA overlay grid. ▪ Required if PITI is increasing \geq 20% 																																												
	Ability to Delete Spouse from IRRRL	Per VA Guidelines	Per VA Guidelines																																												
	Minimum Credit Score	\geq 580	\geq 580																																												
	Second Home/Investment	All eligible property types (Second Home is 1 unit only)	All eligible property types (Second Home is 1 unit only)																																												
Credit Qualifying to Non-Credit Qualifying	» There is no restriction or prohibition for converting a Credit Qualifying IRRRL loan to a Non-Credit Qualifying loan, so long as the loan file meets Non-Credit Qualifying eligibility criteria.																																														
REM N WS to REM N WS Refinance Transactions	» REM N WS Overlays do not apply on REM N to REM N TYPE I Cash-Out Refinances; they do apply on REM N to REM N TYPE II Cash-Out Refinances. » Note: If at any time prior to the loan closing for a TYPE I Cash-Out Refinance, Global Teller reflects the loan was sold and REM N WS is no longer the servicer, then the loan is no longer a REM N to REM N refinance and the underwriter must underwrite the loan using REM N WS credit overlays. For all other purposes (LOS entry, netting of escrows, etc.), the loan should not be considered a REM N to REM N refinance as REM N WS is not the existing servicer. » Non-Credit Qualifying IRRRL – Credit report is not required; therefore, options are: <ul style="list-style-type: none"> ➢ Mortgage Only Credit Report with scores that meet FICO overlay requirements – OR – ➢ Satisfactory payment history and loan information from Cenlar. 																																														
Underwriting of IRRRLs When Obligors Have Changed	» For death or divorce cases, obtain a statement from the obligor(s) on the ability to make payments on the new loan without the co-obligor’s income.																																														
	» Obtain a statement about the addition of a different spouse, change in number of dependents, as applicable.																																														
	<table border="1"> <thead> <tr> <th colspan="2">Parties Obligated on Old VA Loan</th> <th>Parties to be Obligated on new IRRRL</th> <th>Is IRRRL Possible?</th> </tr> </thead> <tbody> <tr> <td>1</td> <td>Unmarried veteran</td> <td>Veteran and new spouse</td> <td>Yes</td> </tr> <tr> <td>2</td> <td>Veteran and spouse</td> <td>Divorced veteran alone</td> <td>Yes</td> </tr> <tr> <td>3</td> <td>Veteran and spouse</td> <td>Veteran and different spouse</td> <td>Yes</td> </tr> <tr> <td>4</td> <td>Veteran alone</td> <td>Different veteran who has substituted entitlement</td> <td>Yes</td> </tr> <tr> <td>5</td> <td>Veteran and spouse</td> <td>Spouse alone (veteran died)</td> <td>Yes</td> </tr> <tr> <td>6</td> <td>Veteran and nonveteran joint loan obligors</td> <td>Veteran alone</td> <td>Yes</td> </tr> <tr> <td>7</td> <td>Veteran and spouse</td> <td>Divorced spouse alone</td> <td>No</td> </tr> <tr> <td>8</td> <td>Unmarried veteran</td> <td>Spouse alone (veteran died)</td> <td>No</td> </tr> <tr> <td>9</td> <td>Veteran and spouse</td> <td>Different spouse alone (veteran died)</td> <td>No</td> </tr> <tr> <td>10</td> <td>Veteran and nonveteran joint loan obligors</td> <td>Nonveteran alone</td> <td>No</td> </tr> </tbody> </table>			Parties Obligated on Old VA Loan		Parties to be Obligated on new IRRRL	Is IRRRL Possible?	1	Unmarried veteran	Veteran and new spouse	Yes	2	Veteran and spouse	Divorced veteran alone	Yes	3	Veteran and spouse	Veteran and different spouse	Yes	4	Veteran alone	Different veteran who has substituted entitlement	Yes	5	Veteran and spouse	Spouse alone (veteran died)	Yes	6	Veteran and nonveteran joint loan obligors	Veteran alone	Yes	7	Veteran and spouse	Divorced spouse alone	No	8	Unmarried veteran	Spouse alone (veteran died)	No	9	Veteran and spouse	Different spouse alone (veteran died)	No	10	Veteran and nonveteran joint loan obligors	Nonveteran alone	No
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PROGRAM OVERVIEW			
IRRRL Submissions	Loan Amount	≤ \$510,400	High Balance (≥ \$510,401)
	AUS	Do <u>NOT</u> run through DU	
	Maximum LTV/CLTV	Unlimited	
	Discount Points	<p>On IRRRL transactions, if refinancing from a Fixed Rate (current mortgage) to an ARM (new mortgage) AND discount points are being charged:</p> <ul style="list-style-type: none"> ▪ An Appraisal is ALWAYS required ▪ LTV is capped as follows: <ul style="list-style-type: none"> – Discount Points > 1% - Max LTV is 90% (does not include funding fee) – Discount Points ≤ 1% - Max LTV is 100% (does not include funding fee) <p>If the IRRRL transaction is anything other than a Fixed to an ARM, an appraisal is not required.</p> <p>If the IRRRL transaction is a fixed to an ARM and NO discount points are charged, an appraisal is not required.</p>	
	Appraisal	<ul style="list-style-type: none"> » Appraisals are <u>required</u> when the loan is going from Fixed Rate to an ARM AND discounts points are being charged and the LTV must be calculated. » Appraisals are not ordered through VA WebLGY <ul style="list-style-type: none"> – Ordered thru approved AMC following same process as Conventional – Veteran to pay cost of appraisal – Appraisal cost must be included in recoupment requirement. <p>NOTE: Appraisal charge must be properly disclosed on the initial LE or with a proper change of circumstance LE.</p> <ul style="list-style-type: none"> – Only 1 appraisal is allowed, and the cost must be reasonable & customary. – Acceptable Appraisal forms include: FNMA 2055, FNMA 1004, FNMA 1075 or FNMA 1073 	
	Credit Qualification	Both Credit Qualified & Non-Credit Qualified options are available, subject to eligible criteria	
	Minimum Credit Score	580 – Credit Qualifying and Non-Credit Qualifying	
	Eligible Property Types	1-4 units – Credit Qualifying & Non-Credit Qualifying	
	Eligible Occupancy	<ul style="list-style-type: none"> » Owner Occupied » Second Home » Investment 	
	Seasoning	<p>The following seasoning requirement will apply to all VA IRRRL loans:</p> <ul style="list-style-type: none"> » A minimum of 6 consecutive payments must have been made by the veteran and posted by the servicer on the loan being refinanced. The 6th payment cannot be paid at closing, included in mortgage payoff or made in advance to meet requirement. » The Note date on subject refinance must be no less than 210 calendar days after 1st payment <u>due date</u> of the existing loan being refinanced (the refinance is eligible to close on or after the 211th day); <ul style="list-style-type: none"> – NOTE: In cases where the loan being paid-off has been officially modified by the existing servicer (as reflected by the mortgage only credit report or the mortgage payment history), the 210 day seasoning test must be based off GNMA guidelines, which require that the seasoning test start with the LATER OF: <ul style="list-style-type: none"> ○ The 1st payment due date on the loan being paid off, OR ○ The 1st payment due date, based upon the modification documents, when the loan has been formally modified by the Servicer. » If the credit report shows that the existing lien is twelve (12) months or less, the following documentation must be provided in order to determine the first payment due date for the 210-day seasoning requirement: <ul style="list-style-type: none"> ▪ A copy of the Note; OR 	

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		<ul style="list-style-type: none"> ▪ The payment history from the existing servicer that shows when the first payment was due; OR ▪ A credit supplement that specifically addresses the credit reporting agency has confirmed the first payment due date on the existing lien with the servicer, including the contact info.
	Cash back at closing	Maximum \$500
	Funds to close	<p><u>Credit Qualified IRRRL</u>: Any funds used to close the loan must be verified to be available in the veteran’s account. Sourcing of these funds is not required.</p> <p><u>Non-Credit Qualified IRRRL</u>: Assets do not have to be verified at all.</p>
	REM N WS to REM N WS	<p>No AVM or Appraisal required with REM N to REM N IRRRL UNLESS discount points are charged.</p> <p>When refinancing from FIXED (current mtg) to ARM (new mtg) AND Discount Points are charged:</p> <ul style="list-style-type: none"> ▪ An Appraisal is ALWAYS required ▪ LTV is capped as follows: <ul style="list-style-type: none"> Discount Points > 1% - Max LTV is 90% (does not include funding fee) Discount Points ≤1% - Max LTV is 100% (does not include funding fee)

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IRRRL vs. Cash-Out	IRRRL	Cash-Out
Purpose	To refinance an existing VA loan at a lower interest rate	To pay off lien(s) of any type; can also provide cash to the borrower
Interest Rate	Rate must be lower than on existing VA loan (unless existing loan is an ARM)	Any negotiated rate
Monthly Payment Amount	Payment must be lower than on the existing VA loan unless one of the following exceptions apply: <ul style="list-style-type: none"> - The IRRRL is refinancing an ARM, - Term of the IRRRL is shorter than the term of the loan being refinanced; or, - Energy efficiency improvements are included in the IRRRL. 	No requirement* *Must provide the Veteran or borrower a net tangible benefit test (NTB)
Discount Points	Reasonable points can be paid; only 2 of these points can be included/financed in the loan amount	Reasonable points can be paid; if paid from loan proceeds
Maximum Loan	Existing VA loan balance plus allowable fees & charges, plus up to 2 discount points, plus VA Funding Fee	100% of the reasonable value on the NOV (including VA Funding Fee, if applicable)
Maximum Guaranty	Guaranty is at least 25% in all cases	Maximum guaranty is the same as for purchases
Entitlement	Veteran re-uses the entitlement used on the existing VA loan; the IRRRL does not impact the amount of entitlement the veteran has used	Must have sufficient available entitlement; if existing VA loan on same property is being refinanced, entitlement can be restored for the refinance
Fees & Charges	All allowable fees and charged, including up to 2 discount points may be included in the loan amount	Allowable fees and charges and points may be paid from the loan proceeds
Cash to Borrower	Maximum \$500	Borrower can receive cash for any purpose acceptable to REMN WS
Lien Ownership	Must be secured by first lien Veteran must own the property	Must be secured by a first lien Veteran must own the property
Refinance of Other Liens	<u>Cannot</u> refinance other liens	Can refinance any type of lien
Maximum Loan Term	Existing VA loan term + 10 years	30 years + 32 days
Occupancy	Veteran or spouse of active duty service member must certify to prior occupancy	Veteran or spouse of an active duty service member must certify intent to occupy
Automatic Authority	All lenders can close IRRRLs automatically	Only lenders with Automatic Authority - REMN WS can close these loans

REMN WHOLESALE VA PRODUCT GUIDELINES

PROGRAM OVERVIEW		
Fees & Charges	<ul style="list-style-type: none"> » Charge 1% origination fee based on total loan amount; CANNOT pay any unallowable fees; OR » Charge 1% unallowable fees based on total loan amount; CANNOT pay an origination fee; OR » Blend the origination fee and unallowable fees based on the total loan amount; not to exceed a total of 1% maximum. » IRRRL's must use VA Form 26-8923 IRRRL worksheet for calculation (not applicable to IRRRL loans). 	
	Allowable Fees	
	The following fees are always allowed regardless of the 1% origination fee being charged:	
	» Appraisal Fee (per allowable maximum fee schedule for that state)	» Reasonable discount points
	» Compliance Inspection (only if required by the NOV)	» Hazard Insurance – if it was not paid directly out of pocket by veteran outside of closing
	» Credit Report (in most cases should not exceed \$50) – Actual Amount ONLY	» Prorated tax and insurance escrow.
	» Recording Fees, taxes & stamps	» Environmental protection lien endorsement
	» Express mail fees (only for cash-out refinances and IRRRL's) – actual cost should be reasonable. If not question it (over \$50 should be questioned – ask for actual invoices)	» Title insurance, title policy, title exam, title search, title endorsement and any fees required to prepare title work
	» Flood Determination	» Flood Insurance
	» Survey/Plot Plan	» MERS registration
	» Closing Protection Letter (should not exceed \$35, except in PA it is \$75)	» VA Funding Fee
	» 1% origination fee	» Well and Septic inspection fees
	» Pest Inspection Fee	
	1% Origination Fee Charged (Unallowable Fees)	
	The following fees are always un-allowed if the 1% origination fee is charged:	
	» Lender's Inspection – if it is not required on the NOV, it cannot be charged to the veteran	» Lender's Appraisal – unless VA deemed a second appraisal mandatory
	» Settlement fee, escrow fee, closing fee	» Doc Prep Fees
	» Conveyance Fee	» Underwriting Fee
	» Mortgage Broker Fee	» Photographs
	» Underwriting fee	» Notary Fees
	» Commitment Fee	» Trustee Fee
	» Interest Rate Lock Fee	» Postage/Mail charges – if not a cash-out refinance or IRRRL
	» Amortization Schedule	» Tax Service Fee
	» Attorney's services other than title work	» Loan Application Fee – a veteran can be charged up front the cost of the appraisal and credit report to ensure the LO is not stuck with those fees if the veteran walks away from the deal
	» Fees for preparing Truth-In-Lending	» Fees to Loan Brokers, Finders or other 3 rd party fees
	» Prepayment penalties (refinance)	» Any other fee not listed as allowable by VA
	» Assignment Fee	» Copying Fee / Email Fee
» Fax Fee		
<ul style="list-style-type: none"> » The above list of unallowable fees is not all inclusive. These fees cannot be charged by REMN WS, the Title Company or the Investor. » Unless a fee is mandated by a city, county or state, and it is not on the allowable fee list, it cannot be charged to the veteran if a 1% origination fee was charged. » If the 1% origination fee was not charged, the above list of unallowable fees can be charged to the veteran provided they do not exceed 1%. 		

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VA IRRRL – Safe Harbor QM

Under VA’s Interim Final Rule for Qualified Mortgages (QM), an IRRRL loan must meet three (3) requirements for it to be considered a Safe Harbor QM and not required for credit underwriting by REMN WS.

- » The loan being refinanced was originated at least six (6) months before the closing of the new loan, at least six (6) payments have been made on the original loan, and the Veteran has not been more than thirty (30) days past-due during the six (6) months preceding the new loan’s closing date; AND
- » All fees and charges financed as part of the loan or paid at closing (i.e. all expenses associated with the cost of the refinance) must comply with 38 C.F.R. | 36.4313, and such fees are shown to be recouped within thirty-six (36) months of the new loan’s closing. **(NO EXCEPTIONS TO THIS RULE FOR IRRRL’S!!)**
- » VA requirements for exemption of income verification based on Dodd-Frank Act conditions are met:
 - The Veteran is not thirty (30) or more days past-due on the loan being refinanced;
 - The proposed IRRRL does not increase the principal balance outstanding on the prior existing residential mortgage loan, except energy-efficient mortgages and to the extent of fees and charges outlined in 38 C.F.R. | 36.4313;
 - Total points and fees payable in connection with the proposed IRRRL do not exceed 3% of the total proposed principal amount;
 - The interest rate on the proposed IRRRL is lower than the interest rate on the loan being refinanced, unless the borrower is refinancing from an adjustable-rate to a fixed-rate loan;
 - The proposed IRRRL is subject to a payment schedule that will fully amortize the IRRRL in accordance with VA regulations.
 - The terms of the proposed IRRRL do not result in a balloon payment, as defined in the Truth-in-Lending Act (TILA), and
 - Both the residential mortgage loan being refinanced and the proposed IRRRL satisfy all other VA requirements.

VA did not exercise discretion in applying these conditions to the IRRRL program. VA merely recited the criteria required under the Dodd-Frank Act.

Underwriters should note that if the IRRRL cannot be exempted from income verification, the loan can still be deemed a Safe Harbor QM if REMN WS verifies the borrower’s income in accordance with VA’s underwriting requirements found at 38 C.F.R. | 36.4340 (i.e. loan would need to be credit-qualified). If the loan is not exempted from verification and REMN WS does not verify the borrower’s income in accordance with 38 C.F.R. | 36.4340, then the new IRRRL loan cannot be considered as a Safe Harbor QM. It will instead be considered a Rebuttable Presumption QM by VA.

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VA IRRRL - Net Tangible Benefit

REMN WS must provide the Veteran or borrower a net tangible benefit test (NTB). See requirements below:

- » A minimum of 6 months payments must have been made by the veteran and posted by the servicer. The payments cannot be paid in advance to meet this test.
- » A minimum of 210 days exists between the 1st payment due date of the existing loan being refinanced to the Note date of the subject refinance (the refinance is eligible to close on or after the 211th day)
- » A satisfactory payment history pursuant to VA guidelines exists.
- » When discount points are charged the maximum LTV is 100% or less (when points are equal to or less than 1%) and 90% (when discount points are greater than 1%).
- When the loan type is converting from a fixed rate to an adjustable rate product AND discount points are being charged in an IRRRL transaction, an appraisal is **REQUIRED**.
 - If the IRRRL transaction is anything other than a Fixed Rate to an ARM with discount points being charged, an appraisal is not required.
 - If discount points are being charged, THEN LTV's are capped as follows:
 - Discount Points > 1% - Max LTV is 90% (does not include funding fee)
 - Discount Points ≤ 1% - Max LTV is 100% (does not include funding fee)

In addition, all 3 of the following tests must be met in order to pass net tangible benefit requirements:

- » Fee Test:
 - Recoup all fees in 36 months or less
 - **With respect to the Fee Recoupment Test, the veteran must recoup all closing costs within 36 months of the closing date. THERE IS NO EXCEPTION TO THIS RULE FOR EITHER TERM REDUCTION OR AMORTIZATION TYPE CHANGE (i.e. ARM to Fixed). See [Recoupment of Fees Required on IRRRLs AND Type I Cash-Out VA to VA Refi's](#) section for more details.**
- » Payment Increase/Decrease Test:
 - The P&I payment must be decreased – OR
 - Existing loan converted from an ARM to a Fixed – OR
 - Energy efficient improvements included
 - NOTE: If the PITI increases by more than 20%, the loan must be credit qualified
- » Interest Rate Decrease:
 - Fixed to Fixed must be 0.50% less
 - Fixed to ARM must be 2.00% less
 - ARM to ARM – no reduction required
 - ARM to Fixed – no reduction required

REMN WHOLESALE VA PRODUCT GUIDELINES

Non-IRRRL Refinances - Net Tangible Benefit

REMN WS must ensure that all non-IRRRL refinance loans pass NTB, which includes providing the Veteran with the following information no later than the third business day after receiving the Veteran's loan application, and again at loan closing:

The refinancing loan must satisfy at least one of the following NTB:

- » 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 payment on the new loan is lower than the 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.

Provide a comparison of key loan characteristics or terms for the existing and refinancing loan, 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

Provide 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.

NOTE: Loan term reduction is not considered a net tangible benefit. Term reduction is only applicable to Fee Recoupment.

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Recoupment of Fees required on IRRRLs AND Type I Cash-Out VA to VA Refi's

Fee recoupment describes the length of time it takes for a Veteran to pay for certain fee, closing costs and expenses that were necessitated by the refinance loan. The recoupment standard applies to all IRRRL's. This includes but is not limited to IRRRL's where the principal balance is increasing, the term of the loan is decreasing, or where the loan being refinanced is an adjustable rate mortgage (ARM).

- » REMN WS must certify that:
 - For an IRRRL that results in a lower monthly principal & interest (P&I) payment, the recoupment period of fees, closing costs and expenses (other than taxes, amounts held in escrow, fees paid under Chapter 37 [e.g. VA funding fee collected under 38 U.S.C.3729]), incurred by the Veteran, does not exceed thirty-six (36) months from the date of the loan closing. **(NO EXCEPTIONS TO THIS RULE FOR IRRRL'S!!)**
 - Only those expenses the veteran incurs as a cost of the loan must be included in the 36-month recoupment period.
 - For an IRRRL that results in the same or higher monthly P&I payment, the Veteran has incurred no fees, closing costs or expenses (other than taxes, amounts held in escrow, fees paid under Chapter 37 [e.g. VA funding fee collected under 38 U.S.C.3729])
 - Lender credits can be used to offset the cost to the Veteran
 - Veteran can pay impounds for taxes & insurance, per diem, and HOA fees
 - VA funding fee can be financed or paid by the Veteran and is not included in the test.
- » REMN WS must upload the following documentation during the Loan Guaranty Certification (LGC) process to certify that fee recoupment has been met:
 - If the recoupment period shown on the final loan disclosure is 36 months or less, this disclosure may be uploaded.
 - If the recoupment period shown on the final loan disclosure is more than 36 months, REMN WS must provide documentation showing the recoupment calculation evidenced below.
- » **Calculating Statutory Recoupment:** Fee recoupment is calculated by dividing all fees, expenses and closing costs, whether included in the loan or paid outside of closing (i.e. appraisal fee, pest inspections, credit report, etc., as applicable), by the reduction of the monthly P&I payment. The VA funding fee, escrow, and prepaid expenses, such as insurance, taxes, special assessments and homeowners' association (HOA) fees, are excluded from the statutory fee recoupment calculations. Lender credits may be used to offset allowable fees and charges.
 - Energy Efficient Mortgage (EEM) – If a Veteran is refinancing with an EEM, the portion of the funds dedicated towards EEM shall be excluded from the statutory fee recoupment calculation. Lenders must still include the EEM amount when providing the loan comparison statement to the Veteran.
 - Adjustable Rate Mortgages (ARMs) – If the original P&I payment changed due to a loan modification or ARM, the monthly P&I payment reduction should be based on the current P&I payment. Note that if the monthly P&I payment is not reduced as a result of the IRRRL, the lender must close the loan at no cost to the Veteran.
- » VA does not believe it is necessary to include the costs the Borrower(s) would have paid under the loan being refinanced in the recoupment period.
- » The purpose of the recoupment calculation is to demonstrate the difference in out-of-pocket or financed expenses between the original loan and the new IRRRL or Type I Cash-Out VA to VA Refinance loan.
 - Consequently, if expenses like homeowners' insurance premiums, taxes, special assessments, and homeowner's association (HOA) fees were, or would have been, payable under the original loan, those are excluded from the recoupment calculation.

For more details regarding REMN WS-specific policies & procedures on this topic, underwriters should reference

REMN's Fee Recoupment Worksheet

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BORROWERS

Eligible Borrowers

- » Veteran or Veteran & Spouse
- » Same Sex Marriages
 - As noted in the VA Circular 26-15-10, the VA Administration will process claims and applications involving same-sex marriage in the same manner as claims and applications based on opposite-sex marriage, without any additional scrutiny or development.
 - VA instructions will identify that VA will generally accept a claimant’s or applicant’s assertion that he or she is married as sufficient evidence to establish the Veteran’s marriage.
 - The section 103c standard is satisfied for VA Home Loan benefit purposes if:
 - the marriage was legal in the place where the Veteran or the Veteran’s spouse resided at the time of the marriage,
 - legal in the place where the Veteran or Veteran’s spouse resided at the time of the VA Form 26-1802a, HUD/VA Addendum to Uniform Residential Loan Application, were submitted, OR
 - legal in the place where the Veteran or Veteran’s spouse resided at the time of closing.
 - If the applicant asserts a spousal relationship in item 19 (VA Form 26-1802a) and signs the form, which includes a certification by the applicant that “the information...is true and complete to the best of (the applicant’s) knowledge and belief,” the loan may be processed per normal practices without submitting a loan package to VA for approval of spousal status.
 - If the applicant is uncertain as to whether the marriage may be recognized for VA purposes, the loan file may be submitted to VA for a determination as to whether the marriage will be recognized. However, there is no obligation to request a VA determination, or to request additional information to verify the spousal assertion (unless requested by REMN WS). Consistent with current policy (applicable to all marriage-based benefits), if an assertion concerning marriage appears unreliable, the file should be submitted to VA for determination as to whether the marriage will be recognized. Neither VA nor REMN WS will treat assertions regarding same-sex marriages as inherently suspect for this purpose.
 - If the applicant or REMN WS requests that VA make a determination regarding marriage recognition, the following information must be sent to the VA Regional Loan Center by the VA Underwriter;
 - Date and State of marriage,
 - State of residence at time of marriage,
 - State where subject property is located,
 - Current State of residence; and,
 - Estimated date of loan closing.
 - Whether VA has previously recognized the marriage for the purpose of a different VA benefit or service.
 - VA staff will then notify the applicant of their decision. As you know, REMN WS requires a guaranty of at least 25% and will not close a loan with a partial guaranty.
 - Potential applications that need VA determination of marriage recognition must allow adequate time for the VA to make their decision regarding the acceptability to insure a full guaranty.
- » The only acceptable co-borrower(s) and title holder(s) are either the veteran’s spouse or another veteran.
 - Rules regarding the Note extend to who can be on title (another individual cannot be added to title).
- » The percentage of guaranty is based upon “eligible” borrowers. HomeBridge must always have a minimum 25% guaranty.
 - Additional down payment can be used to achieve minimum guaranty.
- » Guaranty is limited to that portion of the loan allocable to the veteran’s interest in the property. (i.e., if a veteran is the only individual on the Note but had someone other than their spouse or another veteran on title, the final Loan Guaranty Certificate would be half the entitlement).
- » REMN WS will only close loans with a minimum 25% Guaranty and will not allow loans with partial eligibility.

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<p>VA Guarantee Calculation - GNMA</p>	<ul style="list-style-type: none"> » While VA has neither a maximum mortgage amount or a minimum guarantee percentage when they issue the Loan Guaranty Certificate (LGC), GNMA, with whom REMN WS securitizes all VA loans, requires a minimum guarantee percentage of no less than 25.00% (as noted in other sections of this guide) » GNMA calculation when determining their guarantee percentage is met is different from VA <ul style="list-style-type: none"> – GNMA determines their own percentage by considering the veteran’s remaining eligibility with the base loan amount only. Even though the Note will reflect the total loan amount (when the funding fee is financed), GNMA excludes the funding fee from the calculation. » Until the VA Entitlement Worksheet is updated to reflect the GNMA calculation, REMN WS VA-authorized underwriters are permitted to perform this calculation manually to validate that the applicable 25% guarantee has been obtained.
<p>Prior Mortgage Fraud</p>	<ul style="list-style-type: none"> » REMN WS will not lend to any borrower(s) who has been previously convicted of mortgage fraud. » For all other interested parties in the transaction, if any one of the parties has been previously convicted of mortgage fraud, REMN WS will not provide financing for the transaction. » There are NO exceptions to the aforementioned criteria.

REM N WHOLESALE VA PRODUCT GUIDELINES

CREDIT & UNDERWRITING									
Age of Credit Documents	<ul style="list-style-type: none"> » Credit, Income and Assets – 120 days (180 days for new construction) » Appraisal – VA Appraisals, referred to as a "Notice of Value", are valid for 6 months on both existing and new construction. Recertifications are not permitted. 								
Credit Scores	<ul style="list-style-type: none"> » Tri-merge credit report required on all borrowers. » Credit decision score method used on each borrower is; middle of 3, lower of 2 or 1 score (per AUS). » If "NA" or "No Score" displays, this is not considered a credit score. » If credit report returns scores from 3 repositories and 2 of the 3 scores are the same, use the duplicate score. » See REMN's rate sheet for < 660 overlays for LLPA 								
Determining Representative Credit Score	<table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th colspan="2" style="text-align: center;">Determining the Individual Borrower Representative Score when duplicate scores exist from three (3) repositories</th> </tr> <tr> <th style="width: 50%;">Scores Received:</th> <th style="width: 50%;">VA Representative Score: (use the duplicate score)</th> </tr> </thead> <tbody> <tr> <td>700, 700, 680</td> <td>700</td> </tr> <tr> <td>» 700, 640, 640</td> <td>640</td> </tr> </tbody> </table>	Determining the Individual Borrower Representative Score when duplicate scores exist from three (3) repositories		Scores Received:	VA Representative Score: (use the duplicate score)	700, 700, 680	700	» 700, 640, 640	640
Determining the Individual Borrower Representative Score when duplicate scores exist from three (3) repositories									
Scores Received:	VA Representative Score: (use the duplicate score)								
700, 700, 680	700								
» 700, 640, 640	640								
Credit Inquiries	<ul style="list-style-type: none"> » The borrower(s) must address all inquiries listed on their credit report within the past 90 days. » All inquiries listed on the credit report must be addressed by the borrower, specifically stating the creditor(s) and verifying no extension of credit. <ul style="list-style-type: none"> – Acceptable response: The inquiries by Chase, Wells & Bank of America have not resulted in any extension of credit. – Unacceptable response: We have not obtained any additional credit as a result of the inquiries listed on our credit report. (Does not name the creditors - Chase, Wells & Bank of America). 								
Soft Pull Credit Reports	<ul style="list-style-type: none"> » Please reference the REMN WS Undisclosed Liabilities policy for complete details on soft-pull credit report requirements. 								
Absence of Credit History	<ul style="list-style-type: none"> » Borrower(s) with no established credit history are permitted to provide alternative credit. The borrower's payment history on utilities, rent, automobile insurance, or other paid expenses can be used in the credit decision. Absence of credit history is not generally considered an adverse factor. 								
Underwriting Consistency	<ul style="list-style-type: none"> » Inquiry explanation REMN WS credit report <ul style="list-style-type: none"> – If a credit report shows an inquiry from REMN WS; and the inquiry date is the same date as the credit report, we are utilizing, and the Processor completes a Processor Certification that there are no other applications – no further explanation is required from the borrower. 								
Borrower Debt Certification	<ul style="list-style-type: none"> » Borrowers will be required to sign an affidavit at closing attesting that no new debt has been taken out since the initial 1003 and that the final 1003 is accurate. <ul style="list-style-type: none"> – The closing document will not be required on Non-Credit Qualifying IRRRL transactions. 								
Multiple Social Security Numbers	<p>Underwriters must review the loan file for any variance in social security numbers; the social security number (SSN) on all loan file documents must match. In addition, associates must review the additional social security number(s) section located on the borrower's credit report.</p> <p>If there is any variance of SSN within the loan file or if there are any additional SSNs appearing on the credit report, the REMN WS policy & procedure for Multiple Social Security Numbers Review must be followed to determine if the loan can proceed.</p>								
Child Support Delinquency	<p>REM N WS OVERLAY: Delinquent child support must be paid current or in a repayment plan; or Management Approval required.</p>								

REMN WHOLESALE VA PRODUCT GUIDELINES

CREDIT & UNDERWRITING	
Debt to Income (DTI) Ratios	<ul style="list-style-type: none"> » When completing the DTI, the following must be included; <ul style="list-style-type: none"> – Monthly housing expenses, – Additional recurring charges extending 10 months or more, such as; <ul style="list-style-type: none"> ▪ Installment accounts ▪ Child support or separate maintenance payments ▪ Child Care and/or Job Expenses ▪ Revolving account » Tax free income may be “grossed up” for purposes of calculating the DTI ratio only (cannot be grossed up for purposes of calculating residual income). This is a tool that may be used to lower the debt ratio for veterans who clearly qualify for the loan. Income may be grossed up to 125%. » A debt ratio > 41.00% requires close scrutiny unless; <ul style="list-style-type: none"> – The ratio if > 41.00% solely due to the existence of tax-free income; or, – Residual income exceeds the guideline by at least 20%. – Loan file must include justification; listing all compensating factors for loan approval. » Debts lasting less than 10 months must be included if the amount of the debt will affect the borrower’s ability to pay the mortgage during the months immediately after loan closing, especially if the borrower will have limited or no cash assets after loan closing. Note: Monthly payments on revolving or open-end accounts, regardless of the balances, are counted as liabilities for qualifying purposes even if the accounts appear likely to be paid off within 10 months or less.
Mortgage (Housing) History	<ul style="list-style-type: none"> » Manual downgrade required for any mortgage debt with more than 1x30x12; and Management Approval required. » Mortgage must be current and due for the month of closing. » VOM/VOR required if Approval/Eligible Findings are <u>not</u> received.
Installment Debt	<ul style="list-style-type: none"> » Must be included in borrower debt ratio if; <ul style="list-style-type: none"> – > 10 months remaining; or, – ≤ 10 months remaining, AND payment is > \$100 and/or at Underwriter discretion. – DU should be run with all debts allowing the AUS to determine which debts can be excluded.
Revolving Debt	<ul style="list-style-type: none"> » A Revolving Debt refers to a credit arrangement that requires the Borrower to make periodic payments but does not require full repayment by a specified point of time. <ul style="list-style-type: none"> – REMN WS must include the monthly payment shown on the credit report for the Revolving Charge Account. – Where the credit report does not include a monthly payment for the account, REMN WS must use the payment shown on the current account statement or five percent (5%) of the outstanding balance.
Debts Paid Prior to Closing or At Closing	<p>Paid-in-Full by Borrower Prior to Closing</p> <ul style="list-style-type: none"> » Evidence must be in the file that the account is paid in full. » REMN WS must source the funds to close the account with assets updated to reflect funds available for closing. <p>Paid-in-Full by Borrower at Closing</p> <ul style="list-style-type: none"> » Current balance as reported on the Borrower’s credit report will be used to determine the payoff amount. If Borrower indicates that the current balance is lower than what is reported on the credit report, a current statement, dated within 30 days of the closing, can be provided to verify the balance. <ul style="list-style-type: none"> – Must be shown on CD if paid at closing. » REMN WS must source the funds to close the account with assets updated to reflect funds available for closing. (Note – if the account is being paid off with cash-out proceeds from the subject property cash-out refinance transaction, then sourcing-of-funds is not required). » REMN WS must document that the funds used to pay off debts prior to closing came from an acceptable source, and the Borrower did not incur new debts that were not included in the DTI ratio. » If debt is revolving, the account does not need to be closed, so long as the payoff balance provided is accurate and all other qualifying factors listed above are met. » REMINDER: The Borrower may not pay down the balance of an installment debt to less than 10 months in order to omit the payment from the DTI ratio.

REM N WHOLESALE VA PRODUCT GUIDELINES

Student Loans

- » If the borrower(s) provides written evidence that the student loan debt will be deferred at least twelve (12) months beyond the date of closing, a monthly payment does not need to be considered.
- » If a student loan is in repayment or scheduled to begin within twelve (12) months from the date of VA loan closing, REMN WS must consider the anticipated monthly obligation in the loan analysis and utilize the payment established by calculating each loan at a rate of five percent (5%) of the outstanding balance divided by twelve (12) months.
- » **Example:** A borrower has a \$25,000 student loan balance and you multiply it by 5%, which equals \$1,250. This amount (\$1,250) is divided by 12 months to equal a monthly payment of \$104.17.
- » If the payment(s) reported on the credit report for each student loan(s) is greater than the threshold payment calculation above, REMN WS **must** use the payment recorded on the credit report.
- » If the payment(s) reported on the credit report is less than the threshold payment calculation above, in order to count the lower payment, the loan file must contain a statement from the student loan servicer that reflects the actual loan terms and payment information for each student loan(s).
- » The statement(s) must be dated within sixty (60) days of VA loan closing and may be an electronic copy from the student loan servicer's website or a printed statement provided by the student loan servicer.

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<p>Non-Purchasing Spouse</p>	<ul style="list-style-type: none"> » Except for obligations specifically excluded by state law; the debts of the non-purchasing spouse <u>must</u> be included in the borrower’s qualifying ratios, if the; <ul style="list-style-type: none"> – Veteran resides in a community property state; or, – Property being insurance is located in a community property state. » The non-purchasing spouse’s credit history is not considered a reason to deny a loan; however, the obligations must be considered in the DTI ratio unless excluded by state law. A credit report that complies with the requirements of the Lenders Handbook VA Pamphlet 26-7 must be provided. » In Louisiana we have the ability to provide an exemption subject to the following two (2) conditions: <ul style="list-style-type: none"> – An Intervention Affidavit, is properly witnessed, notarized and executed by the non-purchaser. It must also be recorded with the Mortgage. (The local title agent should be able to provide this affidavit). – The Title Insurance Company and Agent must acknowledge their responsibility to record the document. In addition, they will be responsible to fully comply with the State requirements such as the Separate Property Declaration & Acknowledgement Form which must also be obtained.
<p>Contingent Liability (Debt paid by others)</p>	<ul style="list-style-type: none"> » The borrower may have a contingent liability based on co-signing a loan. The lender may exclude the loan payments from the monthly obligations factored into the net effective income calculation in the loan analysis if: <ul style="list-style-type: none"> – There is evidence that the loan payments are being made by someone else, and – There is no reason to believe that the applicant will have to participate in repayment of the loan
<p>Contingent Liability (Business Debt)</p>	<ul style="list-style-type: none"> » Sole Proprietorship or Partnership <ul style="list-style-type: none"> – The business is not an entity that can borrow – Any debt used by the business is a personal obligation regardless of how the debt is paid – These debts must be included in the DTI ratios – When included in the DTI ratios, they may be added back to the business income so as to not hit the borrower for the debt(s) twice. » Corporations (Includes Sub-S and most LLC’s) <ul style="list-style-type: none"> – A corporation is a legal entity that can be obligated for debts – Often officers of the corporation or members of an LLC are required to personally sign as additional guarantors for debts owed by the Corporation or LLC – Debts may be excluded from DTI Ratio <ul style="list-style-type: none"> ▪ At least 12 consecutive months (most recent) canceled checks are provided by the Corporation/LLC for payment on the loan
<p>Collection/Charge Off/Judgment</p>	<ul style="list-style-type: none"> » VA does not require that collection or charge off accounts be paid off as a condition of loan approval. <ul style="list-style-type: none"> – However, VA requires the borrower to explain in writing all collection, charge off and judgment accounts. – If the collection/charge-off is for a federal debt, it CANNOT be excluded. » Follow DU Findings if payoff is required. » Judgments must be paid off or in a repayment plan for 12 months verifying 0x30x12. » Borrowers with a history of collection or charge off accounts should have reestablished a twelve (12) month satisfactory credit history in order to be considered and satisfactory credit risk. <p>REM N WS OVERLAY: At Underwriter discretion based upon the type and amount of the collection or charge off, payoff may be required.</p>

REM N WHOLESALE VA PRODUCT GUIDELINES

Borrowers with Delinquent Federal Tax Debt	<ul style="list-style-type: none">» Standard<ul style="list-style-type: none">– Borrowers with delinquent Federal Tax Debt are ineligible.– Tax liens may remain unpaid if the Borrower has entered into a valid repayment agreement with the federal agency owed to make regular payments on the debt and the borrower has made timely payments per payment schedule. Three (3) months on time payments preferred – per UW discretion, 1 month may be acceptable.– The Borrower cannot prepay scheduled payments in order to meet the required minimum payments.– REMN WS must include the payment amount stated in the agreement when calculating Debt-to-Income (DTI) ratio.» Verification<ul style="list-style-type: none">– REMN WS must check public records and credit information to verify that the Borrower is not presently delinquent on any Federal Debt and does not have a tax lien placed against their Property for a debt owed to the federal government.» Required Documentation<ul style="list-style-type: none">– REME WS must include documentation from the IRS evidencing the repayment agreement and verification of payments made.
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REM N WHOLESALE VA PRODUCT GUIDELINES

CREDIT & UNDERWRITING	
AUS	<ul style="list-style-type: none"> » AUS approval recommendations through Fannie Mae DU or Freddie Mac LPA are eligible, except for instances where a downgrade to a manual underwriting review is required. See AUS (Downgrading the recommendation) section below for further details.
AUS (Downgrading the recommendation)	<ul style="list-style-type: none"> » An AUS “Approve” recommendation must be downgraded to a Refer/Manual underwrite review (files must be documented without the AUS reduced documentation), when; <ul style="list-style-type: none"> – Mortgage history with more than 1x30x12 – Management Approval will also be required. » Derogatory disputed information is defined as: <ul style="list-style-type: none"> – Disputed collection accounts – OR – Disputed charge off accounts – OR – Disputed accounts with late payments in the last 24 months » Excluded from the calculation are: <ul style="list-style-type: none"> – Disputed medical accounts. – Accounts that are the result of identity theft; credit card theft and/or unauthorized use. However, there must be appropriate documentation, such as a police report, to substantiate the theft and/or unauthorized use claim. If proper documentation cannot be obtained, then the accounts are included in the calculation. » Cumulative outstanding balances from all borrowers are \$1,000 or higher the file must be downgraded to a “Refer”. (Note: If borrower A total is \$500 and B total is \$600 the sum is over \$1000 guidance applies.) <ul style="list-style-type: none"> – The Underwriter will then consider the derogatory disputed information in the credit analysis as a manual underwrite. – If the disputed information is isolated and the overall credit profile of the borrower is acceptable, the DE underwriter may leave the file with an open dispute. – If the disputed information is not isolated and/or the overall credit profile of the borrower is not acceptable, the DE underwrite may require that the dispute be satisfactorily resolved before the loan can be closed. – Cumulative outstanding balances from all borrowers are \$999 or less, a downgrade is NOT required. » Modified Mortgage <ul style="list-style-type: none"> – Mortgages in default at time of loan modification must meet standard VA credit guidelines. – Borrower must verify a minimum of twelve (12) months timely payments (0x30x12) on the mortgage.
Payment Shock – REM N WS Policy	<ul style="list-style-type: none"> » In order to provide clarity and consistency on both the calculation and how the result is displayed, REM N WS will adopt the following calculation: Proposed housing payment/present housing payment. Take the result and subtract “1.00” and then multiply by 100. The result will show the actual percentage. Example: Assumption & Calculation – Within Guidelines Proposed Housing Payment = \$1,400 Present Housing Payment = \$950 $\\$1400/\\$950 = 1.46$ $1.47 - 1.00 = .47$ $.47 \times 100 = 47$ (or a 47% increase) Example: Assumption & Calculation – Outside Guidelines Proposed Housing Payment = \$1,400 Present Housing Payment = \$650 $\\$1,400/\\$650 = 2.15$ $2.15 - 1.00 = 1.15$ $1.15 \times 100 = 115$ (or a 115% increase) It is not necessary to calculate “payment shock” when the borrower’s proposed housing payment is <u>less than</u> their present housing payment.

REMN WHOLESALE VA PRODUCT GUIDELINES

CREDIT & UNDERWRITING

Adverse Data

Re-established Credit – In circumstances not involving bankruptcy, satisfactory credit is generally considered to be re-established after the veteran or veteran and spouse, have made satisfactory payments for twelve (12) months after the date of the last derogatory credit item was satisfied. For example; assume a credit report reveals several unpaid collections, including some which have been outstanding for many years. Once the borrower has satisfied the obligations and then makes timely payments on subsequent obligations for at least twelve (12) months, satisfactory credit is re-established.

Medical Collection and Charge-Off Accounts – REMN may disregard all identifiable medical collections, including charge-off accounts, that have not been reduced to a judgment or lien. Identifiable medical collection accounts that have not been reduced to a judgment or lien do not have to be paid off as a condition for loan approval and should not impact the overall acceptability of a borrower's credit. REMN does not need to obtain explanations for medical collections or charge-offs and do not need to otherwise address such accounts.

Non-Medical Collection Accounts – Isolated collection accounts do not necessarily have to be paid off as a condition of the loan approval. For example; a credit report may show numerous satisfactory accounts and one (1) or two (2) unpaid medical (or other) collections. In such instances, while it would be preferable to have collections paid, it would not necessarily be a requirement of loan approval. However, non-medical collection accounts must be considered part of the veteran's overall credit history and unpaid collection accounts should be considered open, recent credit. These unpaid accounts must therefore be considered in the debt-to- income ratio and residual income calculation. If such accounts are listed on the credit report with a minimum payment, then the debt should be recognized at the minimum payment amount.

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. Borrowers with a history of such accounts should have re-established satisfactory credit in order to be considered a satisfactory credit risk. While such accounts are not required to be paid-off prior to closing if the borrower's overall credit is acceptable, an underwriter must address the existence of the account(s) with an explanation and justify why positive factors outweigh the negative credit history such accounts represent.

Non-Medical Charge-Off Accounts – These accounts are typically collections in which the creditor is no longer pursuing collection of the account. The underwriter must address the circumstances regarding the negative credit history when reviewing the overall credit of the borrower(s). This does not apply to identifiable medical charge-offs, as described above.

Disputed Accounts – REMN WS may consider a veteran's claim of bona fide or legal defenses regarding unpaid debts except when the debt has been reduced to judgment. Account balances reduced to a judgment by a court must be either paid in full or subject to a repayment plan with a history of timely payments. For unpaid debts that have not been paid timely, payoff of these debts after the acceptability of the veterans' credit is questioned does not alter the unsatisfactory record of payment. An AUS "approve" recommendation must be downgraded to a "refer/manual" when the file contains disputed accounts.

Summary – The above guidance is not meant to address every possible scenario. REMN WS should carefully review the complete credit history and use judgment. For example; if a borrower has numerous unpaid collections – no matter when they were established – it's not unreasonable to question the ability and willingness to honor obligations. If the borrower and/or spouse are determined satisfactory credit risks despite derogatory credit information, the loan file should include an explanation from the borrower(s) and REMN WS's Underwriter on the basis for the determination.

- » An explanation from the borrower(s) must be accompanied with documentation of the circumstances alleged to have caused the credit problem, judgment or bankruptcy.
 - If unsure about a particular situation, REMN WS will contact the appropriate VA Regional Loan Center for guidance.

REM N WHOLESALE VA PRODUCT GUIDELINES

Bankruptcy / CCCS

Chapter 13

- » This type of filing indicates an effort to pay creditors. Regular payments are made to a court-appointed trustee over a two (2) to three (3) year period or, in some cases, up to five (5) years, to pay off scaled down or entire debts.
- » If the veteran has finished making all payments satisfactorily, REMN WS may conclude the veteran has re-established satisfactory credit.
- » If the veteran has satisfactorily made at least twelve (12) months' worth of payments and the trustee or bankruptcy judge approves of the new credit, REMN WS may give favorable consideration.

Chapter 7

- » REMN WS may disregard a bankruptcy that was discharged more than two (2) years ago.
- » If the bankruptcy was discharged within one (1) to two (2) years, it is probably **not** possible to determine the veteran or spouse is a satisfactory credit risk unless both of the following are met:
 - The veteran or spouse has obtained consumer items on credit subsequent to the bankruptcy and has satisfactorily made the payments over a continued period; and,
 - The bankruptcy was caused by circumstances beyond the control of the veteran or spouse; such as unemployment, prolonged strikes, medical bills not covered by insurance, and so on, and the circumstances are verified. Divorce is not generally viewed as beyond the control of the veteran and/or spouse.
- » If the bankruptcy was caused by failure of the business of a self-employed veteran, it may be possible to determine that the veteran is a satisfactory credit risk, if;
 - The veteran has obtained a permanent position after the business failed,
 - There is no derogatory credit information prior to self-employment,
 - There is no derogatory credit information subsequent to the bankruptcy; and,
 - Failure of the business was not due to the veterans' misconduct.
- » If the veteran or spouse has been discharged in bankruptcy within the past twelve (12) months, it will **not** generally be possible to determine that the veteran or spouse is a satisfactory credit risk.

CCCS

- » If a veteran, or veteran and spouse, have prior adverse credit and are participating in a Consumer Credit Counseling plan, they may be determined to be a satisfactory credit risk if they demonstrate twelve (12) months' satisfactory payments and the counseling agency approved the new credit.
- » If a veteran, or veteran and spouse, have good prior credit and are participating in a Consumer Credit Counseling plan, such participation is to be considered a neutral factor, or even a positive factor, in determining creditworthiness. Do not treat this as a negative credit item if the veteran entered the Consumer Credit Counseling plan before reaching the point of having bad credit.

REM N WHOLESALE VA PRODUCT GUIDELINES

<p>Foreclosure</p>	<ul style="list-style-type: none"> » The fact that a home loan foreclosure (or deed-in-lieu of foreclosure) exists in the veterans (or spouses) credit history does not in itself disqualify the loan. <ul style="list-style-type: none"> – Develop complete information on the facts and circumstances of the foreclosure. – Apply the guidelines provided for Chapter 7 bankruptcies. » You may disregard a foreclosure, deed-in-lieu completed greater than two (2) years ago. » If the foreclosure was completed within the last one (1) to two (2) years, it is probably not possible to determine that the veteran or spouse is a satisfactory credit risk unless both of the following: <ul style="list-style-type: none"> – The veteran or spouse has obtained consumer items on credit subsequent to the foreclosure and has satisfactorily made the payments over a continued period; and, – The foreclosure was caused by circumstances beyond the control of the veteran or spouse such as; unemployment, prolonged strikes, medical bills not covered by insurance, and so on, and the circumstances are verified. Divorce is not generally viewed as beyond the control of the veteran and/or spouse. » If a foreclosure, deed-in-lieu, or short sale process is in conjunction with a bankruptcy, use the latest date of either the discharge of the bankruptcy or transfer of title for the home to establish the beginning date of re-established credit. If there is a significant delay in transfer of title, the RLC of jurisdiction should be contacted for guidance. » Must have re-established credit. » No late mortgage or installment payments after foreclosure; and, » Must provide letter of explanation as to the reason for foreclosure as well as why it is not likely to reoccur in the future. » If the foreclosure was on a VA loan, the veteran may not have full entitlement available for the new loan. Ensure that the veteran’s Certificate of Eligibility reflects sufficient entitlement to meet any secondary requirements (25% Guaranty). » See AUS (Downgrading the recommendation) for Modified Mortgage Loans.
<p>Deed in Lieu or Short Sale</p>	<ul style="list-style-type: none"> » For a Deed-in-Lieu or short sale, develop complete information on the facts and circumstances in which the borrowers voluntarily surrendered the property. » If the borrower’s payment history on the property was not affected before the short sale or deed in lieu and was voluntarily communicating with the servicer or holder, then a waiting period from the date transfer of the property may not be necessary. » If the foreclosure, deed in lieu or short sale was on a VA-guaranteed loan, then a Borrower may not have full entitlement available for the new VA loan. Ensure that the Borrower’s COE reflects sufficient entitlement to meet any secondary marketing requirements. » If a foreclosure, deed-in-lieu, or short sale process is in conjunction with a bankruptcy, use the latest date of either the discharge of the bankruptcy or transfer of title for the home to establish the beginning date of re-established credit. If there is a significant delay in transfer of title, the RLC of jurisdiction should be contacted for guidance.
<p>Borrower with Prior Foreclosure with REMN WS – REMN WS Policy</p>	<ul style="list-style-type: none"> » In the event a Borrower(s) on the loan application has a prior foreclosure with REMN WS, the following will apply: <ul style="list-style-type: none"> – The loan must be elevated to REMN WS Chief Credit Officer for consideration. A detailed memo explaining the reason(s) for the foreclosure will be required, including, but not limited to the following: <ul style="list-style-type: none"> • Factors that are considered the reasons for the foreclosure, as well as the monetary loss incurred by REMN WS, • Explanation should be for ‘extraordinary’ situations, such as prolonged serious medical condition and/or death of a household wage-earner. » The loan must otherwise meet all Agency/Investor guidelines that apply for foreclosure.

REMN WHOLESALE VA PRODUCT GUIDELINES

INCOME & EMPLOYMENT	
Verbal VOE	<ul style="list-style-type: none"> » A Verbal Verification of Employment is required ten (10) business days of the Note date; Business License, CPA Letter or Federal Tax ID Certificate is required for all self-employed borrowers (3rd party verification required). » Minimum of 2-year employment history must be verified.
Income Documentation	<ul style="list-style-type: none"> » Most recent paystub showing year-to-date earnings of at least thirty (30) days; and, » W2's for prior two (2) years or as per DU recommendation. <ul style="list-style-type: none"> – If less than thirty (30) days employment on current job; copies of all paystubs are required. <p>NOTE: REMN WS will only accept a fully completed VOE as a <u>supplement</u> to further explain the type of income earned (example: breakdown of income; Base, OT, Bonus, Commission, etc.).</p> <p>NOTE: Income derived from a State legalized marijuana business is expressly prohibited for qualifying, including a W2 wage earner.</p>
Income Analysis	<ul style="list-style-type: none"> » Analyze the probability of continued employment (that is, whether income is stable and reliable) by: <ul style="list-style-type: none"> – Past employment record, – Training, education and qualifications for his/her position, – Type of employment; and, – Employer's confirmation of continued employment, if provided. » If the borrower's current position, 2 years of employment is a positive indicator of continued employment. It is not a required minimum and not always sufficient by itself to reach a conclusion on the probability of continued employment. <p>Employed Less than 12 Months</p> <ul style="list-style-type: none"> » Generally, employment less than twelve (12) months is not considered stable and reliable. However, it may be considered stable and reliable if the individual facts warrant such a conclusion. Carefully consider the employer's evaluation of the probability of continued employment. » Assess whether the borrower's training and/or education equipped him/her with particular skills that relate directly to the duties of his/her current position. This generally applies to skilled positions (i.e., nurse, medical technician, lawyer, paralegal, computer analysis, etc.). <ul style="list-style-type: none"> – If the probability of continued employment is high based on these factors, the REMN WS may give favorable consideration to including the income in the total effective income. – If the probability of employment is good, but not as well supported, REMN WS may still consider the income if the applicant has been employed at least six (6) months to partially offset debts of 10 to 24 months duration. – Determine the amount which can be used, based on such factors as; the employer's evaluation of the probability of continued employment, if provided; and, the length of employment (for example 10 months versus 6 months). <p>NOTE: An explanation from the Underwriter of why income less than twelve (12) months was used must accompany the file.</p>
Underwriter's Objective	<ul style="list-style-type: none"> » Identify and verify income available to meet: <ul style="list-style-type: none"> – The mortgage payment, – Other shelter expenses, – Debts and obligations; and, – Family living expenses. » Evaluate whether verified income is: <ul style="list-style-type: none"> – Stable and reliable, – Anticipated to continue during the foreseeable future; and, – Sufficient in amount.

REMNM WHOLESALE VA PRODUCT GUIDELINES

Projected Income from a new job	<ul style="list-style-type: none">» VA does not have specific guidelines on this topic; REMNM WS will use the same logic provided by FHA.» Projected income is acceptable for qualifying purposes for a borrower scheduled to start a new job within sixty (60) days of loan closing, if there is a guaranteed, non-revocable contract for employment. REMNM WS must verify that the borrower will have sufficient income or cash reserves to support the mortgage payment and any other obligations between the loan closing and the start of the new employment. Example; A teacher whose contract begins with the new school year or a physician beginning his/her residency.» Any loan where projected income will be used must be countersigned by the Underwriting or Operations Manager.
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REMN WHOLESALE VA PRODUCT GUIDELINES

INCOME & EMPLOYMENT	
Income of a Spouse	<ul style="list-style-type: none"> » Verify and treat the income of a spouse who will be contractually obligated on the loan the same as the veteran’s income. » To ensure compliance with ECOA, do not ask questions about the income of a spouse unless: <ul style="list-style-type: none"> – Spouse will be contractually liable, – Borrower is relying on the spouse’s income to qualify, – Borrower is relying on alimony, child support or separate maintenance payments from the spouse or former spouse; or, – Borrower resides in a community property state.
Fax & Internet Documentation	<ul style="list-style-type: none"> » Fax and internet documentation may be submitted in place of a VA of REMN WS concludes the borrower’s income is stable, reliable and anticipated to continue during the foreseeable future; that is, if the borrowers income qualifies as effective income. » Fax and internet documentation consists of; <ul style="list-style-type: none"> – The same information contained in a standard VOE, – Clear identification of the employer and source of information; and, – Name and telephone number of a person who can verify faxed information. » REMN WS is response for ensuring the authenticity of the documents. <ul style="list-style-type: none"> – Faxed documents- review the “banner” information provided at the top of each page of the fax. – Internet documents- review the information contained on any headers/footers and the banner portion of the downloaded webpage(s). These pages must contain the uniform resource locator (URL) along with date and time printed. The documents should also be reviewed for errors; such as incorrect area codes, unreadable names or income, etc.
Alimony, Child Support and Maintenance Payments	<ul style="list-style-type: none"> » Verify the income if the borrower wants it to be considered. The payments must be likely to continue in order to include them in effective income. » Factors used to determine whether the payments will continue include, but are not limited to: <ul style="list-style-type: none"> – Whether the payments are received pursuant to a written agreement or court order decree, – The length of time the payments have been received, – The regularity of receipt; and, – The availability of procedures to compel payment.
Automobile or Similar Allowances	<ul style="list-style-type: none"> » Generally, automobile allowances are paid to cover specific expenses related to the borrower’s employment, and it is appropriate to use such income to offset a corresponding car payment. » However, in some instances, such an allowance may exceed the car payment. With proper documentation, income from a car allowance which exceeds the car payment can be counted as effective income. Likewise, any other similar type of allowance which exceeds the specific expenses involved may be added to gross income to the extent it is documented to exceed the actual expense.
Other Types of Income	<ul style="list-style-type: none"> » If it is reasonable to conclude that other types of income will continue in the foreseeable future, include it in effective income. Otherwise, consider whether it is reasonable to use the income to offset obligations of 10 to 24 months duration. » “Other” types of income which may be considered as effective income include, but are not limited to: <ul style="list-style-type: none"> – Pension or other retirement benefits, – Disability income, – Dividends from stocks, – Interest from bonds, savings accounts, and so on; and, – Royalties. » REMN WS may include verified income from public assistance programs in effective income if evidence indicates it will probably continue for three (3) years or more. » REMN WS may include verified income received specifically for the care of any foster children. Generally, foster care income is to be used only to balance the expenses of caring for foster children against any increased residual income requirements. » Do not include temporary income items such as VA educational allowances and unemployment compensation in effective income. » Exception: If unemployment compensation is a regular part of the applicant’s income due to the nature of his or her employment (for example, seasonal work), it may be included.

REMN WHOLESALE VA PRODUCT GUIDELINES

INCOME & EMPLOYMENT

<p>Self-Employed</p>	<ul style="list-style-type: none"> » DU Findings <ul style="list-style-type: none"> – Follow AUS documentation requirements. – With an Approved/Eligible Decision, REMN does not automatically require an unaudited year to date P&L. » Manual Underwriting <ul style="list-style-type: none"> – Two (2) years signed personal tax returns – Two (2) years signed business/corporate tax returns; if the business is a corporation or partnership – Year-to-Date Profit/Loss and Balance Sheet (may be prepared by the borrower) • For loans that receive a Refer decision, an unaudited year to date profit and loss statement with balance sheet is required, unless less than 7 months have passed from the most recent business’ fiscal year end (for which tax returns were provided). • If income used to qualify the Borrower exceeds the two (2) year average of tax returns, an <u>audited</u> P&L or signed quarterly tax return must be obtained from the IRS. <ul style="list-style-type: none"> – Can only use income from tax returns unless the P&L is audited by CPA – Income must not be declining by more than ten percent (10%) per year or must use lowest income to qualify <ul style="list-style-type: none"> – Depreciation and/or depletion may be added back; and, – If the business is a corporation or partnership • Copies of the signed federal business income tax returns for the previous 2 years plus all applicable schedules, and • A list of all stockholders or partners showing the interest each holds in the business. » May not add back business use of home, except in the case of a Schedule C (sole proprietorship), where the business space < 25% of the total square footage. Only in that case can business use of home be added back. » Additional 50% meals & entertainment exclusion (that is not tax deductible) is NOT included in the borrower’s income calculation.
<p>Documentation Requirements for Income from SSA</p>	<ul style="list-style-type: none"> » All income from the Social Security Administration (SSA) including, but not limited to, Supplemental Security Income (SSI), Social Security Disability (SSDI) and Social Security (SS) income can be used to qualify the borrower if the income has been verified and is likely to continue for at least a three (3) year period from the date of the mortgage application with REMN WS. » REMN WS must verify income by obtaining from the borrower any one (1) of the following: <ul style="list-style-type: none"> – Federal Tax Returns, – The most recent bank statement evidencing receipt of income from the SSA, – Proof of Income Letter, also known as “Budget Letter” or “Benefits Letter” that evidences income from the SSA; or, – Copy of the borrowers Social Security Benefits Statement (SSA 1099/1042S). » In addition to verification of income, REMN WS must document the continuance of this income by obtaining from the borrower; 1) a copy of the last Notice of Award letter which states the SSA’s determination on the borrower’s eligibility for SSA income; or 2) equivalent documentation that establishes award benefits to the borrower. If any income from the SSA is due to expire within three (3) years from the date of the mortgage application with REMN WS, that income may <u>only</u> be considered as a compensating factor. » If the Notice of Award or equivalent documentation does not have a defined expiration date, REMN WS shall consider the income effective and likely to continue. REMN WS should not request additional documentation from the borrower to demonstrate continuance of SSA income. Under no circumstances should REMN WS inquire into or request documentation concerning the nature of the disability or medical condition of the borrower. » Pending or current re-evaluation of medical eligibility for benefit payments is not considered an indication that the benefit payment is not likely to continue. » An initial Notice of Awards letter (or its equivalent) may specify a start date for receipt of income in the future. REMN WS may consider this income as effective income as of the start date specified in the Notice of Award. The borrower must have other income to qualify for the mortgage until the start date of receipt of income. » Other forms of long-term disability (such as workers’ compensation or private insurance) may be considered for qualifying income with a reasonable expectation of continuance. REMN WS should use procedures similar to those noted above to verify such income.

REM N WHOLESALE VA PRODUCT GUIDELINES

Additional Documentation for Union Workers or Other Seasonal/Climate-Dependent Work	<ul style="list-style-type: none">» In addition to the standard documentation (VOE and paystub), REMN WS must obtain:<ul style="list-style-type: none">– Documentation evidencing the borrower’s total earnings, year-to-date– Signed and dated individual federal income tax returns for the previous two (2) years, and– If borrower works out of a union, evidence of the union’s history with the borrower must be obtained.
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REM N WHOLESALE VA PRODUCT GUIDELINES

Short Term Disability

- » Temporary leave from work is generally short in duration and for reasons of maternity or parental leave, short-term medical disability or other temporary leave types that are acceptable by law or the borrower's employer. Borrowers on temporary leave may or may not be paid during their absence from work.
- » If REMN WS is made aware that a borrower will be on temporary leave at the time of the loan closing and the borrower's income is needed to qualify for the loan, REMN WS must determine allowable income and confirm employment as described below.
 - The borrower's employment and income history must meet standard eligibility requirements.
 - Borrower must provide written confirmation of his/her intent to return to work and the agreed upon date of return as evidenced by documentation provided by the employer.
 - REMN WS cannot receive evidence or information from the borrower's employer indicating that the borrower does not have the right to return to work after the leave period.
 - REMN WS must obtain a verbal VOE. If the employer confirms that the borrower is currently on temporary leave, REMN WS must consider the borrower employed.
- » REMN WS must verify the borrower's income in accordance with standard legibility requirements:
 - The amount and duration of the borrower's "temporary leave income" which may require multiple documents or sources depending on the type and duration of the leave period; and,
 - The amount of the "regular employment income" the borrower received prior to the temporary leave. Regular employment income includes, but is not limited to, the income the borrower receives from employment on a regular basis that is eligible for qualifying purposes (i.e. base pay, commissions and bonus).

Calculating Qualifying Income

- » Requirements for Calculating Income Used to Qualify
 - If the borrower **will** return to work as of the first mortgage payment date, REMN WS can consider the borrower's regular employment income in qualifying.
- » If the borrower will **not** return to work as of the first mortgage payment date, REMN WS must use the lesser of the borrower's temporary income (if any) or regular employment income.

REMN WHOLESALE VA PRODUCT GUIDELINES

Commissions

- » Verify commission income by obtaining the VOE or other written verification which provides the following:
 - the actual amount of commissions paid year-to-date,
 - the basis for payments (salary plus commission, straight commission, or draws against commission, or other), and
 - when commissions are paid bi-weekly, monthly, quarterly, semiannually, annually, or other.
 - individual income tax returns signed and dated, plus all applicable schedules for the previous 2 years (or additional periods if needed to demonstrate a satisfactory earnings record).
- » Analyze Income Derived from Commissions
 - Generally, income from commissions is considered stable when the borrower has obtained such income for at least 2 years. Employment for less than 2 years cannot usually be considered stable unless the borrower has had previous related employment and/or specialized training. Employment of less than 1 year can rarely qualify; however, in-depth development is required for a conclusion of stable income on less than 1-year cases.
 - For a borrower who will qualify using commission income of less than 25 percent of the total annual employment income, IRS Form 2106 expenses are not required to be deducted from income even if they are reported on IRS Form 2106. Additionally, the expenses are not required to be added as a monthly liability for the borrower.
 - For a borrower earning commission income that is 25 percent or more of annual employment income, IRS Form 2106 expenses must be deducted from gross commission income regardless of the length of time the borrower has filed the expenses with the IRS.
- » One exception is an automobile lease or loan payment. An automobile lease or loan payments are not subtracted from the borrower's income; they are considered part of the borrower's recurring monthly debts/obligations

REM N WHOLESALE VA PRODUCT GUIDELINES

INCOME & EMPLOYMENT

Residual Income	<ul style="list-style-type: none"> » VA has two (2) residual income charts categorized by the loan amount, family size and region the property is located in. <ul style="list-style-type: none"> – Residual income can be reduced by 5% if active duty. » Residual income is the net income remaining after deducting the following; <ul style="list-style-type: none"> – Federal & State Tax, Social Security & Medicare <ul style="list-style-type: none"> ▪ Social Security & Medicare deductions do not need to be considered for social security and/or retirement income as it is not considered “earned income” for purposes of Social Security deductions. – Installment and revolving debt, – Child support or alimony obligations, – Child care of job expenses (must be shown as a liability and reduction of residual income), – Home maintenance @ .14¢ per square foot. » Cannot used grossed-up income to meet residual requirements. 				
Residual Income Chart	Loan Amounts of \$79,999 and below				
	Family Size	Northeast	Midwest	South	West
	1	\$390	\$382	\$382	\$425
	2	\$654	\$641	\$641	\$713
	3	\$788	\$772	\$772	\$859
	4	\$888	\$868	\$868	\$967
	5	\$921	\$902	\$902	\$1004
	Over 5	Add \$75 for each additional member up to a family of 7			
	Loan amounts of \$80,000 and above				
	Family Size	Northeast	Midwest	South	West
	1	\$450	\$441	\$441	\$491
	2	\$755	\$738	\$738	\$823
	3	\$909	\$889	\$889	\$990
	4	\$1025	\$1003	\$1003	\$1117
	5	\$1062	\$1039	\$1039	\$1158
	Over 5	Add \$80 for each additional member up to a family of 7			
	EXCEPTION				
	<ul style="list-style-type: none"> » REMN WS may omit any individuals from “family size” who are fully supported from a source of verified income which, for whatever reason, is not included in the effective income in the loan analysis. <ul style="list-style-type: none"> – A spouse not obligated on the note who has stable and reliable income sufficient to support his/her living expenses; or, – A child for who sufficient foster care payments or child support is regularly received. 				

REMN WHOLESALE VA PRODUCT GUIDELINES

INCOME & EMPLOYMENT	
Rental Income	<p>Multi-Unit Property Securing the VA Loan – Verify:</p> <ul style="list-style-type: none"> – The Veteran/Borrower must occupy one (1) unit as his/her residence. – Cash reserves totaling at least six (6) months mortgage payments (PITI); and, – VA prefers 2 years’ experience of the veteran’s prior experience managing rental units or other background involving both property maintenance and rental. This should be documented with tax returns. While VA prefers 2 years landlord history, 1 year may be acceptable by exception. <p>» Analysis – Include the prospective rental income in effective income, only if;</p> <ul style="list-style-type: none"> – Evidence indicates the veteran has a reasonable likelihood of success as a landlord; and, – Cash reserves totaling at least six (6) months are available. – Equity in the property cannot be used as reserves to meet PITI requirements. This must be the borrower’s own funds, not a gift. – Cash proceeds from a VA refinance cannot be counted as the required PITI on a rental property. The reserve funds must in the borrower’s account before the new VA loan closes. <p>» The amount of rental income to include in effective income is based on 75% of;</p> <ul style="list-style-type: none"> – The amount indicated on the lease or rental agreement unless a greater percentage can be documented (existing property); or, – The appraiser’s opinion of the property’s fair monthly rental (proposed construction). <p>Rental of Property Veteran Occupied Prior to New Loan – Verify:</p> <ul style="list-style-type: none"> – Obtain a copy of the rental agreement on the property, if any, <p>» Analysis – Use the prospective rental income only to offset the mortgage payment on the rental property and only if there is no indication that the property will be difficult to rent.</p> <ul style="list-style-type: none"> – This rental income may not be included in effective income. – Obtain a working knowledge of the local rental market. If there is no lease on the property, but the local rental market is very strong, REMN WS may still consider the prospective rental income for offset purposes. – Reserves are not needed to offset the mortgage payment on the property the Veteran occupies prior to the new loan. <p>Rental of Other Property Not Securing the VA Loan – Verify:</p> <ul style="list-style-type: none"> – Obtain documentation of cash reserves totaling at least three (3) months mortgage payments (PITI); and, – Individual tax returns signed and dated, plus all applicable schedules for the previous two (2) years, which show rental income generated by the property. – If the borrower has multiple properties, the borrower must have three (3) months PITI documented for each property to consider the rental income. – 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(s). – Equity in the property cannot be used as reserves. – Cash proceeds from a VA refinance cannot be counted as the required PITI on a rental property. The reserve funds must in the borrower’s account before the new VA loan closes. – Gift funds cannot be used to meet reserve requirements. <p>» Analysis – Each property(s) must have a two (2) year rental history itemized on the borrower’s tax return.</p> <ul style="list-style-type: none"> – Property depreciation claimed as a deduction on the tax returns may be included in effective income. – If after adding depreciation to the negative rental income, the borrower still has a rental loss, the negative income should be deducted from the overall income, as it reduces the borrower’s income. – 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.
IRS 4506C Requirements	<p>» For VA loans, REMN’s LOS has been programmed to randomly indicate if tax transcripts are required on a pre-closing basis (i.e. “Order Tax Transcripts” field will indicate “Yes” or “No” as to whether the transcripts must be ordered).</p>

REMN WHOLESALE VA PRODUCT GUIDELINES

ASSETS	
Earnest Money Deposit	<p>REMN WS must verify and document the deposit amount and source of funds required if the amount of the earnest money deposit exceeds one percent (1%) of the sales price; or is excessive based on the borrower's history of accumulated savings, by obtaining:</p> <ul style="list-style-type: none"> » Copy of the Borrower's cancelled check, » Certification from the deposit holder acknowledging receipt of funds, or » A Verification of Deposit (VOD) or bank statement showing that the average balance was sufficient to cover the amount of earnest money deposit at the time of deposit. <ul style="list-style-type: none"> ▪ VOD's alone are not acceptable as the primary source of verification <p>NOTE: On an exception basis only, REMN WS Operations and/or UW Managers may approve the use of a completed Verification of Deposit (VOD) in lieu of bank statements as described below. This VOD is only allowed in cases where the bank statements have not yet been received. If bank statements have been received, the exception allowance for the VOD is NOT available.</p>
Funds to Close	<ul style="list-style-type: none"> » Follow DU Findings for number of months (all pages) required. » Joint Access Letter <ul style="list-style-type: none"> – File should include letter stating veteran has full access to the funds from spouse. – If other party is not a spouse, a written explanation regarding who that person is and if they will be occupying the property must be in the loan file. » IRRRL <ul style="list-style-type: none"> – <u>Credit Qualified</u> - Any funds used to close the loan must be verified to be available in the veteran's account. Sourcing of these funds is not required. – <u>Non-Credit Qualified</u> – Assets/Funds to close are not required to be verified at all.
Down Payment	<ul style="list-style-type: none"> » VA does not require a minimum down payment on purchase transactions unless the value is less than the sales price or the loan amount exceeds the VA County Loan Limits.
Reserves	<ul style="list-style-type: none"> » 1 Unit Dwelling <ul style="list-style-type: none"> – No minimum reserves » 2 – 4 Unit Dwelling (applies to subject property securing loan) when rental income used for qualifying the Veteran <ul style="list-style-type: none"> – 6 months PITI » Other rental real estate owned <ul style="list-style-type: none"> – 3 months PITI for each additional property owned when rental income used for qualifying the Veteran
Cash on Hand	<ul style="list-style-type: none"> » REMN WS does not allow cash on hand as acceptable source of funds.
Joint Access Letters	<ul style="list-style-type: none"> » When individuals, other than the borrowers, are on a bank account, if the bank account specifically says "AND", a joint access letter is required. » When individuals, other than the borrowers, are on a bank account, if the bank account specifically says "OR" – or is "silent" a joint access letter is not required. <p>EXAMPLE: John Smith AND Mary Smith - letter required EXAMPLE: John Smith OR Mary Smith - letter not required EXAMPLE: John Smith Mary Smith - letter not required</p>
Large Deposits	<ul style="list-style-type: none"> » A VOD, along with the most recent bank statement, may be used to verify checking and savings accounts. » If there is a large increase in an account, or the account was recently opened, REMN WS must obtain from the borrower a credible explanation and documentation of the source of funds. <ul style="list-style-type: none"> – Obtain an explanation and documentation for recent large deposits in excess of 1% of the property sales price; or, – 1% of the adjusted value on refinance transactions when the borrower is to bring funds to closing; and, – Verify that any recent debts were not incurred to obtain part, or all, of the required cash investment on the property being purchased. » Large deposits are not required to be addressed when the transaction is a VA IRRRL Refinance transactions.

REMN WHOLESALE VA PRODUCT GUIDELINES

ASSETS	
Seller Contributions	<ul style="list-style-type: none"> » For the purpose of this topic, a seller concession is anything of value added to the transaction by the builder or seller for which the buyer pays nothing additional and which the seller is not customarily expected or required to pay or provide. » Seller concession include; but are not limited to, the following; <ul style="list-style-type: none"> – Payment of buyer’s VA funding fee, – Prepayment of the buyer’s property taxes and insurance, – Gifts such as a television set or microwave oven, – Payoff of credit balances or judgments on behalf of the buyer. » Seller concessions do not include payment of the buyer’s closing costs or payment of points as appropriate to the market. Example: If the market dictates an interest rate of 7½% with 2 discount points, the seller’s payment of 2 discount points would not be a seller concession. If the seller paid 5 discount points, 3 of these would be considered as a seller concession. » The problem – In some localities, builders or sellers offer concessions as a competitive tool. In extreme cases, the concessions may entice unwary and unqualified veterans into home mortgages they cannot afford. The concessions may disguise the Veteran’s inability to qualify for the loan. » Four Percent (4%) Limit <ul style="list-style-type: none"> – Any seller concession in combination of concessions which exceeds four percent (4%) or the established reasonable value of the property is considered excessive and unacceptable for VA-guaranteed loans. – Do not include normal discount points and payment of the buyer’s closing costs in total concession for determining whether concession exceed the four percent (4%) limit.
Use of Real Estate Commission for Subject Transaction	<ul style="list-style-type: none"> » If the borrower is a licensed realtor who will earn a commission on the subject property, then the borrower is permitted to use the commission as assets for both closing costs as well as any down payment
Gift Letter	<p>The gift letter must:</p> <ul style="list-style-type: none"> » Specify the dollar amount of the gift, » Be signed by the donor and the borrower, » Specify the date the funds were transferred, » Include donor’s statement that no repayment is implied or required; and, » Indicate donor name, address, phone number and relationship to the borrower.
Gift Funds	<ul style="list-style-type: none"> » In order for funds to be considered a gift there must be no expected or implied repayment of the funds to the donor by the borrower. The portion of the gift not used to meet closing requirements may be counted as reserves. » An outright gift of cash investment is acceptable, provided the donor is; <ul style="list-style-type: none"> – The borrower’s relative, – The borrower’s employer or credit union, – A close friend with a clearly defined and documented interest in the borrower, – A charitable organization, – A government agency or public entity that has a program providing home ownership assistance to low and moderate-income families or first-time homebuyers. » The gift donor may not be a person or entity with an interest in the sale of the property such as; <ul style="list-style-type: none"> – Seller, Real Estate Agent or Broker, Builder; or Associated Entity Gifts from these sources are inducements to purchase and must be subtracted from sales price.
Gifts of Equity	<ul style="list-style-type: none"> » Gifts of Equity are allowed, but are not considered cash and therefore cannot be used for the following: <ul style="list-style-type: none"> – Down Payment – Assets – Reserves – Funds to Close – Funding Fee Reduction – Consideration with Seller Concessions. » If the seller is providing a gift of equity, the only occurrence is that the sales price is reduced. » See Gift Funds section for eligible donors.

REMN WHOLESale VA PRODUCT GUIDELINES

Gift Funds Transfer

- » Donor ability and transfer of funds documentation:
 - Copy of donor’s check and borrower’s deposit slip; OR
 - Copy of donor’s withdrawal slip and borrower’s deposit slip; OR
 - Copy of donor’s check/electronic transfer to the closing agent; OR
 - Settlement statement showing receipt of the donor’s check.
 - A full bank statement from the donor is NOT required.

Note: Regardless of when the gift funds are made available to the borrower, REMN WS **must** be able to determine that the gift funds were not provided by an unacceptable source and were the donor’s own funds and trace the gift transfer from the donor to the borrower.
- » When the transfer occurs at closing, REMN WS is responsible for verifying the closing agent received the funds from the donor for the amount of the gift and that the funds were from an acceptable source.

REM N WHOLESALE VA PRODUCT GUIDELINES

OTHER REAL ESTATE OWNED	
<p>Number of Properties Owned/Financed with REMN WS</p>	<ul style="list-style-type: none"> » Borrowers who own more than four (4) properties (including the subject property) are not eligible for financing with REMN Wholesale. Exceptions may be granted on a case-by-case basis with REMN Wholesale executive management approval. A price adjustment may apply. » No multiple simultaneous loan submissions allowed if contingent to qualify. REMN limits its exposure to a maximum of 4 loans per borrower. The preferred method for processing multiple mortgages for the same borrower, but on different properties is to process, underwrite and close them at the same time. Essentially once all the mortgages are closed, they would “mirror” one another, with each property reflecting the new mortgages on the other properties.
<p>Properties Owned Free & Clear</p>	<p>If a borrower indicates a property they own is owned free and clear the following is required.</p> <ul style="list-style-type: none"> » IRS Transcript to verify no mortgage interest taken. <ul style="list-style-type: none"> – If the property was purchased with the current calendar year (so transcript not available), a copy of the HUD/CD showing it was purchased with no mortgage PLUS one (1) of the following additional documents: <ol style="list-style-type: none"> 1. Copy of hazard insurance declaration page showing no mortgagee listed; or, 2. Copy of MERS report for property showing no mortgage listed; or, 3. Copy of Data Verify report showing no mortgage listed.

REM N WHOLESALE VA PRODUCT GUIDELINES

APPRAISAL, PROPERTY, SALES CONTRACT	
Appraisal	<ul style="list-style-type: none"> » VA will not allow appraisals to be ordered through WebLGY before a Certificate of Eligibility (COE) is in “Active” or “Pending” status. » Appraisal must include interior photographs of the subject property, which at a minimum, show; <ul style="list-style-type: none"> – Kitchen, all bathrooms and main living area, – Examples of physical deterioration, if present, – Examples of recent updates, such as restoration, remodeling and renovation, if present, » Appraisal reports must include clear, illustrative, original photographs showing the front, rear view (preferably including a different side view in each photograph) and a street scene of the subject property and the front of each comparable sale. <ul style="list-style-type: none"> – Photographs of comparable listings are not required but are encouraged. – Include photographs of any improvement, site feature or view affecting value. – Acceptable photographs include clear, illustrative images. Copies from photographs of multiple listing services are acceptable only with an explanation why original photos are not available (i.e. gated communities where access may require trespass to photograph, etc.) » Preferred Lender Address on appraisal should be the River Edge Office. » Appraisals are good for 180 Days – after six (6) months a new appraisal is required. Recert of value is not acceptable. <p>Exterior-Only and Desktop Appraisals</p> <ul style="list-style-type: none"> » When the following conditions exist, an Exterior-Only or Desktop Appraisal will be acceptable <ul style="list-style-type: none"> – Purchase price does not exceed the current calendar year conforming loan limit for the property jurisdiction – The dwelling is a single-family home that is not manufactured or condominium, not located on a leasehold estate, and not undergoing renovation <p>The veteran is making a down payment of at least 20% of the purchase price OR more than 7 business days have elapsed since the lender requested an appraisal and the case remains unassigned in VA’s system.</p>
NOV	<ul style="list-style-type: none"> » REMN WS must provide the veteran borrower the NOV and a copy of the reviewed appraisal report within five (5) business days of receipt of the appraisal report in WebLGY. » SAR’s must issue the NOV at the appraised value reflected on the appraisal report and may no longer issue an NOV that deviates from the fee appraiser’s value estimate. <ul style="list-style-type: none"> – An AVM is not automatically required on VA loans (Underwriter option to substantiate value). » Proposed Construction – VA will use a six (6) month validity period (VA Circular 26-14-28)
Repair Inspections	<ul style="list-style-type: none"> » Effective with Circular 26-14-8 VA Fee Appraisers may use FNMA Form 1004D, Part B, Certification of Completion, to certify satisfactory completion of the required repairs identified on the NOV’s in lieu of using their own letterhead.

REMNM WHOLESALE VA PRODUCT GUIDELINES

Minimum Property Requirements

- » Space Requirements – Each living unit must have the space necessary to assure suitable:
 - Living,
 - Sleeping,
 - Cooking and dining accommodations; and,
 - Sanitary facilities.
- » Mechanical Systems – Must:
 - Be safe to operate,
 - Be protected from destructive elements,
 - Have reasonable future utility, durability and economy; and,
 - Have adequate capacity and quality.
- » Heating – Must be adequate for healthful and comfortable living conditions.
 - Homes with wood burning stoves as primary heating source must have a permanently installed conventional heating system that will maintain a temperature of 50° Fahrenheit in areas where there is plumbing.
- » Water Supply and Sanitary Facilities – Each unit must have the following;
 - Domestic hot water,
 - A continuous supply of safe and potable water for drinking and other household uses; and,
 - Sanitary facilities and safe method of sewage disposal.
 - Effective November 8, 2013 - Connection to public water and/or public sewer will only be mandatory when such connection is required by the local building, planning or health authorities.
 - For properties on individual water and/or sewer systems where well water or septic tests or certifications were required, the validity of those tests or certifications is 90 days unless the local health authority indicates otherwise.
- » An MPR for existing construction can be waived by the VA Field Office, if;
 - A veteran is under contract to purchase the property; and,
 - The veteran and REMNM WS request the exemption in writing; and,
 - The property is habitable from the standpoint of safety, structural soundness and sanitation; and,
 - VA is satisfied that the nonconformity has been fully taken into account by depreciation of VA value.

REMN WHOLESALE VA PRODUCT GUIDELINES

APPRAISAL, PROPERTY, SALES CONTRACT	
Condo Approval	<ul style="list-style-type: none"> » Condo's must be VA approved prior to submission (REMN WS does not approve individual units). » Site Condos <u>require</u> project approval through VA.
Detached PUD Units	<ul style="list-style-type: none"> » REMN WS will no longer require any type of project and/or insurance review for detached single family homes in a Planned Unit Development (PUD). » Although HOA insurance policies for these units will not be reviewed, the dwelling must be covered by the proper level of insurance and otherwise meet dwelling coverage guidelines.
Termite / Septic / Well	<ul style="list-style-type: none"> » Termite Inspection is required in all states where probability of termite infestation is "very heavy" or "moderate to heavy" and when the appraiser has indicated need for termite review. Below is a CABO Termite Infestation Probability Map. If there is a question about the location of an infestation probability boundary line in relation to the subject property, contact the VA office of jurisdiction to determine if the termite inspection requirement is applicable. » VA will require the use of the current National Pest Management Association (NPMA) Department of Housing and Urban Development (HUD) Forms NPMA-99-A <i>Subterranean Termite Protection Builder's Guaranty</i> and NPMA-9-B <i>New Construction Subterranean Termite Service Record</i>, for new and proposed construction properties in areas where wood-destroying insect information is required. <ul style="list-style-type: none"> – Prior forms NPCA-99-A and NPCA-99-B will be obsolete and should no longer be used after January 1, 2015. <div style="text-align: center; margin: 10px 0;"> <p>NOTES: Lines defining areas are approximate only. Consult local conditions.</p> </div> <ul style="list-style-type: none"> » Septic Inspection is required when appraiser has indicated need for septic inspection. <ul style="list-style-type: none"> – The validity of the tests or certifications is good for 90 days unless local health authority indicates otherwise. » Well Inspection is required in all instances when private and/or shared. <ul style="list-style-type: none"> – Connection to public water and/or sewer will only be mandatory when such connection is required by local building, planning or health authorities. » The below link provides further detailed state specific requirements. http://www.benefits.va.gov/homeloans/appraiser_cv_local_req.asp
Continuity of Obligation	<ul style="list-style-type: none"> » A refinance transaction used to pay off an existing real estate debt with the proceeds of a new loan for borrowers with legal title; and on the same property. Note: The borrower is eligible to refinance the loan, as long as he/she has legal title, even if he/she is not on the original note.
Property Flips	<ul style="list-style-type: none"> » VA does not have any requirement pertaining to property flips; however, prudent underwriting policies of REMN WS must be maintained. » Appraisal must sufficiently support appraised value increases. » Underwriter has option to require two (2) appraisals. » Strong borrower (i.e. excellent credit history, employment history, savings pattern, etc).

REM N WHOLESALE VA PRODUCT GUIDELINES

APPRAISAL, PROPERTY, SALES CONTRACT		
<p>Sales Contract Provided to Appraiser</p>		<ul style="list-style-type: none"> » REMN WS must provide a copy of the agreement of sale / sales contract and all addenda to the appraiser immediately upon assignment, but not later than one (1) business dater after the date of assignment. <ul style="list-style-type: none"> – Should REMN WS fail to provide the agreement of sale / sales contract to the appraiser, the appraiser will, upon notice to REMN WS, hold the assignment and notify the VA of the delay. » If the agreement of sales/sales contract is amended during the appraisal process (prior to Effective Date of the appraisal), REMN WS must provide the updated contract to the appraiser to ensure the appraiser has the opportunity to consider any changes and their potential impact on value. » If the agreement of sale/sales contract is amended subsequent to the Effective Date of the appraisal, but prior to loan closing, REMN WS must use due diligence in determining whether the amendment(s) could reasonably be thought to affect the estimated value of the property being used as security for the loan. If so, REMN WS must forward the amended agreement of sale/sales contract to the VA fee appraiser for consideration. The appraiser will be responsible for determination of the impact of the amended sales agreement and compliance with all provisions of the USPAP in developing and reporting credible assignment results. Depending on the amount of time and/or the extent of any change to the originally considered agreement of sale/sales contract, the circumstances may warrant the appraiser considering such change to constitute a new assignment under USPAP and an additional fee may be warranted up to the full amount of a new fee. Such determination by the appraiser may result in an additional fee which may be paid by the Veteran. Disputes regarding any such additional fee should be referred to the Regional Loan Center of jurisdiction. » If REMN WS fails to perform said due diligence in reviewing any subsequent agreement of sale/sales contract amendment(s), and/or fails to forward the contract amendment appropriately, said loan may be subject to review for indemnification agreement, or any claim against the guaranty may be subject to adjustment.
<p>Purchase Agreements</p>		<ul style="list-style-type: none"> » REMN Wholesale must disclose to the appraiser all information about the subject property of which we are aware, if the information could affect either the marketability of the property or the Appraiser’s opinion of the market value of the property.
<p>Property Ownership Not Fee Simple</p>		<ul style="list-style-type: none"> » Property involving a less than fee simple ownership (i.e. leaseholds, cooperatives, ground rental arrangements) is not eligible for appraisal without prior VA approval of the specific legal arrangement or project. » Submissions to the VA Central Office must include; <ul style="list-style-type: none"> – Details of the ownership arrangement, – Copies of leases or other instruments creating the estate; and, – Recommendation of the VA office of jurisdiction.
<p>Leased Mechanical Systems and Equipment</p>	<p>No Value to Leased Equipment</p>	<ul style="list-style-type: none"> » The appraiser must not include the value of any leased mechanical systems or any other leased equipment in the estimated market value as leased items are not suitable security for a loan. » This includes but is not limited to fuel or propone storage tanks, solar or wind systems (including power purchase agreements) and other alternative energy equipment.
	<p>Leased Equipment to be Noted in the Appraisal</p>	<ul style="list-style-type: none"> » The appraiser must identify leased items in the appraisal report. » Some leases may encumber the title making the property less than fee simple. » The appraiser must consider any detrimental effect on the value of the property if the leased items are removed by the lessor.

REM N WHOLESALE VA PRODUCT GUIDELINES

APPRAISAL, PROPERTY, SALES CONTRACT

Comparable Selection – REMN WS Policy	<p>The appraiser is responsible for determining which comparables are the best and most appropriate for the appraisal assignment. The source of the closed comparable sales utilized to establish value on an appraisal report must be from a Multiple Listing Service (MLS) entity. Click here to read the REM N WS Appraisal Review – Source of Comparable Sales policy.</p>
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Escrow Holdback (HomeFixer)	<ul style="list-style-type: none"> » The maximum amount of the repairs is limited to \$5,000. » Repairs <u>cannot</u> impact the habitability or safety of the subject property. » Escrow Holdbacks on bond loans are not permitted. » An estimate from a licensed contractor (or other qualified professional) listing all repairs required. » One and one half (1.5) times the amount of the estimate will be held in escrow. » If the borrower is using their own funds to establish the escrow account, they must have sufficient verified assets in addition to those assets needed for the down payment and closing costs. » The repairs must be completed within two (2) weeks (14 calendar days) of the loan disbursement; final inspection within 72 hours of completion. » The Underwriter must approve the escrow request and list it as a condition of the loan approval. » If the request is made, the loan must be re-disclosed within 72 hours of the receipt as a Changed Circumstances and a final inspection fee added to the LE. » The Closer is responsible for having the Escrow Agreement completed and sent to the closing table. » The Closer is responsible for sending an email to Secondary Marketing and the Renovation Concierge Department advising of the escrow. The Escrow Agreement should be attached to the email. » Upon completion of the repairs, the Processor will be responsible for ordering the final inspection from the appraiser. » Final inspection must be uploaded to <i>eFolder</i>. » At the same time the Processor will notify the Renovation Concierge Department via email, that the repair(s) have been completed. » The escrow funds will be released according to the terms and conditions of the Escrow Agreement. » At this time; there is no premium or add on for this feature offered by REM N WS.
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REM N WHOLESALE VA PRODUCT GUIDELINES

PROPERTY INSURANCE

Insurance Coverage Requirements	<ul style="list-style-type: none">» Standard insurance requirements apply. Underwriters may reference the REM N Insurance Coverage Requirements job aid for complete details on insurance requirements.» In lieu of matching the mailing address with the subject address on an owner-occupied purchase, REM N will accept a letter from the Agent Stating:<ul style="list-style-type: none">○ The company’s internal policy does not permit the subject property address to be used prior to the effective date, and○ The mailing address will automatically change to the subject property on (or shortly after) the effective date.
Mortgagee Clauses	<p><u>For Homeowners Insurance (including Hazard, Flood, Wind, Hail, etc.):</u> ServiceMac, LLC ISAOA/ATIMA P.O. Box 29411 Phoenix, AZ 85038-9411</p> <p><u>For Title Insurance and Closing Protection Letter (all states except for New York):</u> Homebridge Financial Services, Inc., DBA Real Estate Mortgage Network its successors and/or assigns as their interest may appear 99 Wood Avenue South, Suite 301 Iselin, NJ 08830</p> <p><u>For Title Insurance and Closing Protection Letter (New York ONLY)</u> HomeBridge Financial Services, Inc. D/B/A REM N Wholesale ISAOA/ATIMA 99 Wood Avenue South, Suite 301 Iselin, NJ 08830</p>