

Impac will temporarily <u>not</u> be accepting applications for VA cash-out refinancing loans effective for applications taken on or after February 15, 2019. Please check back periodically for updates.

This matrix is intended as an aid to help determine whether a property/loan qualifies for certain financing. It is not intended as a replacement for VA guidelines. Users are expected to know and comply with VA requirements. Loans must meet the new guidance in VA Circular 26-18-13 dated May 25, 2018, and Ginnie Mae APM 18-04 dated May 30, 2018.

NOTE: This matrix includes overlays, which may be **more restrictive** than VA requirements. A thorough reading of this matrix is recommended.

Program Qualifications

- Impac's VA Cash Out Refinance loan is designed for the cash out refinance of an owner occupied primary residence using VA insured financing. There must be an existing lien on the property and it may be from any source.
- Important new GNMA Loan Seasoning Requirements: See Guaranty/Entitlement APM18-04
- Important new requirements per VA Circular 26-18-13 dated May 25, 2018.
 - Applies to applications dated May 25, 2018 and later. Loans that do not meet these requirements will not be eligible for guaranty by VA.

Eligibility Matrix Loan Amount & LTV Limitations

VA Refinance – Cash Out Primary Residence Only

Units	Maximum Base LTV		
1.4	100% of the VA reasonable value (NOV)		
1-4 * All VA refinance loans that fall under Section 50(a)(6) of the Texas Constitution are ineligible			

- Basic Entitlement is \$36,000
- Bonus Entitlement is available for loans closed on or after 1/1/09.
- Important: Ginnie Mae's required minimum 25% guaranty must be met. This may be satisfied by a combination of VA
 entitlement and equity. It may not consist of only equity in the property.
- Maximum 100% CLTV for existing subordinate financing
- New subordinate financing is not permitted
- The maximum LTV is 100% of the value shown on the VA Notice of Value plus the VA funding fee, not to exceed the limitations set by the maximum guarantee allowed by VA.
- Maximum LTV for Manufactured Housing is 85% of the value shown on the VA Notice of Value plus the VA funding fee, not
 to exceed the limitations set by the maximum guarantee allowed by VA. See Property Types for additional MFH Restrictions.
- The maximum entitlement is 25% of the VA County Loan Limit. The maximum loan amount is limited to the lesser of 100% of the appraised value (NOV) plus funding fee or the **maximum allowable total loan amount**, providing there is sufficient entitlement plus equity to meet the required minimum guarantee percentage of 25%. The veteran must have entitlement to use toward the new transaction. The 25% cannot consist of only equity in the property.

Refinance of Installment Land Sales Contracts

- Loan amount may not exceed the lesser of:
 - VA reasonable value excluding VA funding fee OR
 - The sum of the outstanding balance of the loan to be refinanced plus allowable closing costs (excluding VA funding fee) and discount points
- Process as a cash-out refinance transaction and maximum LTV is 100%, excluding VA funding fee
- No cash back to borrowers

Maximum Loan Amount

Continental US, Alaska and Hawaii			
Units	Highest Maximum Total Loan Amount	Credit Score	
1 – 4 Units	> \$1,250,000 ≤ \$1,500,000	680	
	> \$1,000,000 ≤ \$1,250,000	640	
	≤ \$1,000,000	580	

Product Description

VA Fixed Rate 15 and 30 year term; fully amortized

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- VA Fixed Rate 15 and 30 year term, high balance; fully amortized
- VA 3/1 and 5/1 ARMs, including high balance

Product Codes

15 Years	Product Code	
VA 15 Years	VF15	
VA 15 Years High Balance	VF15HB (base loan amount above \$484,350; Exception: base loan above \$726,525 in Alaska and Hawaii)	

30 Years	Product Code	
VA 30 Years	VF30	
VA 30 Years High Balance	VF30HB (base loan amount above \$484,350; Exception: base loan above \$726,525 in Alaska and Hawaii)	

Hybrid ARM	Product Code
VA 3/1 ARM	VA31
VA 3/1 High Balance	VA31HB (base loan amount above \$484,350;
	Exception: base loan above \$726,525 in Alaska and Hawaii)
VA 5/1 ARM VA51	
VA 5/1 High Balance VA51HB (base loan amount above \$484,350;	
_	Exception: base loan above \$726,525 in Alaska and Hawaii)

Eligibility Requirements

Adjustable Rate		
Details	Interest rate adjustment caps	3/1 and 5/1 ARM = 1/1/5 Initial: 1% up/down; Subsequent: 1% up/down; Lifetime : 5% up
	Margin	2.00%
	Index	1-Year CMT, defined as the weekly average yield on United States (U.S.) Treasury securities adjusted to a constant maturity of one year
	Interest rate Floor	The interest rate Floor is equal to the Margin
	Change dates	3/1 - Initial interest rate change date will occur within 36 to 42 months, depending on disbursement date. Interest rate will adjust every 12 months thereafter. 5/1 - Initial interest rate change date will occur within 60 to 66 months, depending on disbursement date. Interest rate will adjust every 12 months thereafter. Must meet GNMA requirements. Government ARM initial change dates are the first day of January, April, July, or October, depending on disbursement date.
	Conversion Option	None
	Assumption	Permitted after the first adjustment for qualified borrowers.
	Temporary Buydowns	Temporary Buydowns may not be used with an ARM product
	Qualification	Borrowers qualify at the note rate

Appraisal Requirements

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- A new appraisal completed by a VA approved or VA fee panel Appraiser is always required.
- VA LAPP approved Underwriting Consultant will issue the Notice of Value
- Copy of the signed Notice of Value must remain in the loan file

Note: Appraisers must look for and report evidence of wood destroying insect infestation, fungus growth, and dry rot. This is in addition to any VA requirement for an inspection of the property by a wood destroying insect inspector (Lender Manual 12.06)

Natural Disasters

 Loans secured by properties located in areas federally declared as major disaster areas must have additional inspections, contact Account Executive to review.

Note: The ECOA Valuations Rule requires copies of appraisals and other written valuations be delivered to borrower promptly upon completion, or three (3) business days before consummation, whichever is earlier.

Site Condos

VA appraisals for site condos must be on condo appraisal form (1073)

Value Adjustments and Photographs (Circular 26-17-05, dated 2-10-17)

SAR's may only issue the NOV at the appraised value reflected in an appraisal report that is acceptable to VA.



	Interior photographs are required for all VA appraisals and should include the following: The kitchen All bathrooms Main living area Examples of physical deterioration, if present Examples of recent updates, such as restoration, remodeling, and renovation, if preset. Exterior photographs should include photos showing the front view, rear view (preferable including a different side view in each photograph), and street scene of the subject property. The front view of each comparable sale is also required. Photos of comparable listings are encouraged, but not required. Clarification of Locational Requirements of Comparable Sale Properties (Circular 26-17-14, dated 5-19-17) Comparable sales should be located as close to the subject as practical. In suburban or rural communities, the market areas may be greatly expanded and suitable comparable sales may be many miles away from the subject. In such cases, the appraiser should specify why those comparable sales were used and how they compare/compete with the subject. The appraiser should evaluate whether extended distances are normal for this market, submit a description of the market area, and determine whether the comparable sales are within the subject's market. The appraiser should also indicate whether or not any adjustments were made for locality or proximity. If there are any other recent comparable sales closer to the subject, include a discussion regarding why they were not used.
Appraiser Requirements	Appraisal ordered through and appraiser assigned at the VA Portal at the time the case number is ordered.
Assets	Two months bank statements to cover any funds necessary to close AUS Approve – may follow reduced documentation
Assumptions	Permitted – Credit worthy borrowers only
Borrower Eligibility	Certificate of Eligibility must have sufficient entitlement to meet minimum 25% guarantee Joint loans involving a veteran and a non-veteran who is not the veteran's spouse (VA prior approval required. Refer to Special Requirements/Restrictions for more details) Joint loans involving two unmarried veterans (VA prior approval required. Refer to Special Requirements/Restrictions for more details) Ineligible Non-Permanent Resident Aliens are ineligible Inter Vivos Revocable Trust is not allowed as borrower or vested owner at closing
Ossilianta of	 Loan must close with the veteran (as individual) and ownership may be transferred into an inter vivos trust at a separate later time in accordance with the VA Lender Manual. (Impac overlay)
Certificate of Eligibility (COE)	A Certificate of Eligibility (COE) is required.
Co-borrowers	All borrowers must occupy the subject property Exception: In cases where a veteran is unable to occupy the property because of his/her active duty status as a member of the Armed Forces, certification of occupancy by the veteran's spouse is sufficient. Under P.L. 112-154, the occupancy requirement is also considered met if a dependent child occupies, or will occupy, the property as a home and the veteran's attorney-in-fact or the dependent child's legal guardian makes the occupancy certification.
Credit	Housing (Mortgage/Rental) Payment History Requirements • It may be necessary to verify the current and previous mortgage to establish a 12-month payment history.
	 Housing (Mortgage/Rental) Payment History (PITIA) is inclusive of all liens regardless of position, as well as all occupancy types. All loans must be current Regardless of AUS Decision – 12 month payment history or life of loan if property is owned less than 12 months via a credit report, cancelled checks, or VOM to reflect no more than 0x30 during the previous 12 months.
	Minimum Fico Score Requirements See matrix page one, AUS or manual underwriting due to Refer/downgrade Manually underwritten files < 620 score must be reviewed by an Impac Underwriting Manager
	Non-traditional credit is ineligible
	Credit reports charged to veterans are limited to the actual invoice price charged to the lender, not to exceed a

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	maximum combined total of \$100. Charge must be substantiated with an invoice
	AUS fees charged to veterans are limited to the <u>actual evaluation fee charged to the lender</u> in lieu of a credit report charge not to exceed a maximum total of \$100. Charge must be substantiated with an invoice.
	The only time where both a credit report and an AUS can be charged to the veteran is on AUS "Refer" cases. A maximum total of \$100 still applies for the combined total of the credit report and AUS charges. See Circular 26-14-36, dated 11-18-14).
	Collections For an AUS Approve/Eligible loan, collections can be ignored so long as they are not manually omitted when running the AUS.
Documentation	Important – Review Circular 26-17-11 and Exhibits A and B, Instructions Regarding Documentation of Allowable Fees and Charges on the TILA-RESPA TRID-CD Form (dated 4-11-17)
	VA no longer accepts an itemized list of credits and charges. Lenders must document all allowable fees and charges assessed against the borrower, in accordance with 38 C.F.R. 36.4313, as well as any lender credits on the TRID-CD.
	Fees charged to the veteran must be listed in the "Borrower Paid" column of the TRID-CD. Lender credits are to be listed in the "Paid by Others" column. Borrower closing costs, paid for by the lender, should be placed in the "Paid by Others" column. This eliminates the need to provide a separate itemized list of fees and charges.
	Clarification of Third-Party Verification Requirements (26-17-43) VA accepts third-party verifications, subject to 38 C.F.R. § 36.4340(j) which states, in relevant part,: Lenders are fully responsible for developing all credit information; i.e., for obtaining verifications of employment and deposit, credit reports, and for the accuracy of the information contained in the loan application. Verifications of employment and deposits, and request for credit reports, and/or credit information must be initiated and received by the lender. In cases where the real estate broker/agent, or any other party request any of this information the report(s) must be returned directly to the lender. This fact must be disclosed by appropriately completing the required certification on the loan application, or report and the parties mast be identified as agents of the lender. Where the lender relies on other parties to secure any of the credit, or employment information, or otherwise accepts such information obtained by any other party, such parties shall be construed for purposes of the VA submitted loan documents to be authorized agents of the lender, regardless of the actual relationship between such parties and the lender, even if disclosure is not provided to VA under paragraph (j)(3) of this section. Any negligent or willful misrepresentation by such parties shall be imputed to the lender as if the lender had processed those documents, and the lender shall remain responsible for the quality, and accuracy of the information provided to VA. All such relationships must be disclosed on VA form 26-1820, Report and Certification of Loan Disbursement, section II, 24, j. Under 38 C.F.R. § 36.4313, lenders may not charge to a Veteran the cost of obtaining third-party verifications of borrower income, employment and asset information. Clarification and Reminder per Circular 26-18-4 (February 23, 2018) VA does not allow charges to the Veteran for unallowable costs, like cash advances on principal. A charge made to a Veteran on
Employment / Income	Employment documentation Verification of employment Paystubs covering at least the most recent 30 day period Most recent W-2 2 years tax returns for self-employed borrowers OR Paystubs covering at least the most recent 30 day period 2 years W2s 2 years w2s 2 years tax returns for self-employed borrowers Completed Telephone VOE If telephone VOE does not verify income, full documentation is required Form 4506-T must be processed prior to closing.
	A new IRS Form 4506-T is required to be signed with the closing package as well as at application even when the form has been processed.
Escrow Holdback	Ineligible

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Escrow Waivers	Ineligible
Financing Types	 Cash-Out Subject property must have an existing lien 6 months seasoning required if the loan being refinanced is a government loan (i.e., FHA, USDA, VA) – See <i>Guaranty/Entitlement</i> section for GNMA seasoning requirements New loan amount may include the following. Payoff of existing liens Reasonable discount points Allowable fees and charges (other than funding fee) Premium pricing permitted All VA refinance loans that fall under Section 50(a)(6) of the Texas Constitution are ineligible
Geographic	Eligible states are as follows:
Locations/ Restrictions, as applicable	Wholesale: All states (including DC) are eligible except: DE, ME, MA, RI, WY Although Impac is licensed in New York, we are not currently taking applications. Please check back periodically.
	Additional restrictions as follows: Hawaiian Lava-Flow Hazard Zones – The U.S. Geological Survey (USGS) categorizes the island of Hawaii into nine "lava zones" based on each zone's probability of exposure to lava flows caused by volcanic eruption. Properties in lava zones 1 and 2 are not eligible for loans funded or purchased by Impac Mortgage Corp. due to increased risk of property destruction from lava flows within these areas. The Hawaii Lava-Flow Hazard Zone Map can be accessed at: http://hvo.wr.usgs.gov/hazards/FAQ LavaFlowHazardZone/ and http://pubs.usgs.gov/mf/1992/2193/
	Texas Cash-out 50(a)(6) is ineligible
	State specific regulatory requirements supersede all underwriting guidelines set forth by Impac.
Guaranty/ Entitlement	Must meet both VA and GNMA requirements. If the prior loan being refinanced is a government loan (i.e., FHA, VA, USDA), GNMA requires: The borrower made at least six consecutive monthly payments on the loan being refinanced, referred to hereinafter as the Initial Loan, beginning with the payment made on the first payment due date; and The first payment due date of the new refinance loan occurs no earlier than 210 days after the first payment due date of the initial loan. (APM17-06)
	Per APM18-04 the following additional guidelines are effective immediately:
	The note date of the new refinance loan must be on or after the <u>later</u> of: • The date that is 210 days after the date on which the first monthly payment was made on the mortgage being refinanced, or
	The date on which 6 full monthly payments have been made on the mortgage being refinanced.
	Regardless of the LTV, the veteran must have sufficient entitlement to guaranty the loan. Link to county loan limits for VA guaranty: http://www.benefits.va.gov/homeloans/purchaseco_loan_limits.asp
	Effective January 1, 2015, VA's effective guaranty limits have been reset to FHFA's limits. Use the One-Unit maximum loan amount for all VA loans on 1-4 unit properties. Note: The VA county loan limits (for guaranty purposes) do not apply to IRRRLs. VA will guarantee 25 percent of the principal balance on an IRRRL, regardless of whether the loan exceeds the limit for the particular county.
	Financing above the VA county loan limits is permissible but will require the borrower to make a down payment or to have equity, which when added to the amount of their available VA guaranty, equals at least 25% of the gross loan amount, including the funding fee.
	VA loans with partial entitlement are allowed per VA guidelines. Must meet VA guaranty and GNMA guaranty requirements.
High-Cost Mortgage Loans	Impac does not originate or purchase high-cost mortgage loans (12 CFR 1026.32)

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	This applies to all types of employment and income, including:
	Self-employed owners of farms, shops, dispensaries, etc.
	Workers/wage earners paid from businesses above Pagendless of state laws filing of tay returns, receipt of 1000e/W 20.
	Regardless of state laws, filing of tax returns, receipt of 1099s/W-2s
Internet Links	The Appraisal System. Order Case Numbers, Appraisals and obtain Automated Certificates of Eligibility at
	VA Portal https://vip.vba.va.gov/portal/VBAH/Home
	VA Lenders Handbook http://www.benefits.va.gov/warms/pam26 7.asp
	VA Lender Resources http://benefits.va.gov/homeloans/lenders.asp
	VA Regional Loan Centers http://www.homeloans.va.gov/rlcweb.htm VA Forms http://www.va.gov/vaforms/
	VA FOILIS III.D.//WWW.Va.gov/vaioriiis/
Liabilities	Student Loans (Lender's Handbook Ch. 4, section 5, para G) (VA Circular 26-17-02)
	If the veteran or other borrower provides written evidence that the student loan debt will be deferred at least 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 12 months from the date of VA loan closing, the
	lender must consider the anticipated monthly obligation in the loan analysis and utilize the payment established
	in (1) or (2) below. Calculate each loan at a rate of 5 percent of the outstanding balance divided by 12 months
	(example: \$25,000 student loan balance x 5% = \$1,250 divided by 12 months = \$104.17 per month is the monthly payment for debt ratio purposes).
	(1) The lender must use the payment(s) reported on the credit report for each student loan(s) if the reported
	payment is greater than the threshold payment calculation above.
	(2) If the payment reported on the credit report is less than the threshold payment calculation above, 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 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.
Limitations on	None
Other Real Estate	
Owned	
Loan Amount	No minimum loan amount
Loan Seasoning	Certain VA-guaranteed loans must be seasoned for a period of time before doing a cash-out refinance. This applies to
_can coaconing	cash-out refinances when the principal amount of the new loan is less than the loan being refinanced.
	Seasoning shall not apply to a VA cash-out or "regular" refinance if the principal amount of the new cash-out loan will
	exceed the amount of the loan being refinanced.
	The required econoning is the later of:
	The required seasoning is the later of: • The date that is 210 days after the date on which the first payment is made on the loan, or
	 The date that is 210 days after the date off which the first payment is made on the loan, of The date on which the sixth monthly payment is made on the loan.
	The date on which the sixtif monthly payment is made on the loan.
Mortgage	Refer to VA Funding Fee for specifics
Insurance Occupancy	Primary Residence
Occupancy	Trimary Residence
Prepayment	None
Penalty Property Types	Eligible Properties
. reporty Types	• 1 – 4 units
	Condos - VA approved
	All condos must be VA approved, even 2 unit condos require VA approval
	 The list of VA approved Condo Projects may be found on VA's Condo/Builder Website located
	at: https://vip.vba.va.gov/portal/VBAH/VBAHome/condopudsearch
	o Impac will not submit condo projects for VA approval
	• PUDs
	Modular housing
	Manufactured Housing acceptable to VA that is classified as real estate and subject to the following restrictions:
	o Primary Residence Only
	Multi-width property only – no single wide
	 No High Balance Loans Fixed Rate only, no ARMs
	Maximum 85% LTV
	 Maximum 85% LTV Exception: A refinance transaction where borrower is financing a new manufactured

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with minimal cash back to borrower. No Manufactured Homes in Condo Projects 0 MFH may not have been re-sited 0 No MFH on leased land 0 0 Built after June 15, 1976 as evidenced by HUD labels Permanently affixed to a foundation (see VA Lender Manual 12.10) Contiguous parcels are allowed so long as the parcels are a single marketable real estate entity. Properties divided by a road or waterway will be analyzed on a case by case basis. Property must be residential in character and any commercial use may not exceed 25%. Individual Condominium Loan Processing (26-17-34) Condominium identification (Condo ID) fields were removed from sections of WebLGY used for ordering a VA Loan Identification Number (LIN)/Appraisal, as well as when issuing a Notice of Value (NOV). While the fields have been removed, requesters can still order VA LINs/Appraisals without inputting this data. Likewise users with proper authority can still issue an NOV without having a Condo ID associated with that LIN. Reguestors should ensure that the Condo Project is on the list of VA approved Condo Projects. **Ineligible Properties** Condo Hotels Co-ops Leasehold properties Properties with greater than 25 acres Uniquely designed properties such as dome homes, log cabins, earth berms, and underground homes Properties located in a Coastal Barrier Resources System (CBRS) area Properties on which Cannabis (aka marijuana) is grown, stored, or dispensed regardless of state laws. Qualifying Rate **Qualifying Ratios** Qualify at note rate for all fixed and hybrid ARMs (e.g., 3/1, 5/1) and Ratios AUS Approve loans - Ratios evaluated by AUS AUS Refer loans - 41% - manual underwrite The DTI ratio of 41% may be exceeded provided this ratio does not exceed 50% DTI Ratios >41% <=50% require residual income exceeding 120% in addition to significant documented compensating factors such as: Conservative use of consumer credit Excellent credit history Existence of equity in refinancing loans High residual income Little or no increase in shelter expense Long-term employment Military benefits Minimal consumer debt Satisfactory homeownership experience Significant liquid assets Secondary New subordinate/secondary financing is not permitted. Financing Existing subordinate financing is limited to a maximum of 100% CLTV. The second lien should not restrict the veteran's ability to sell the property (i.e. assumability feature) New combo seconds, if used, must be assumable. Existing resubordinated seconds are not required to be assumable. Special Documents required in order to underwrite the full file are as follows. . Documentation VA Case Number Assignment Screen to confirm new case number Requirements Automated Certificate of Eligibility printed from the VA ACE system VA Form 26-1880, Request for Certificate of Eligibility for VA Home Loan Benefits, with supporting evidence of service All veteran applicants whose income is being used to qualify for the loan transaction must complete and sign a VA Reserves or National Guard Certification. The VA Underwriter must then use this information to determine the veteran-borrower's true monthly qualifying income and service pay Verification of VA Benefit (VA Form #26-8937) required if borrower or co-borrower is:

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- Receiving VA disability benefits
- Would receive benefits but for the receipt of retired pay
- Has received VA disability benefits in the past
- A surviving spouse of a veteran who died on active duty or as a result of a service connected disability
 - Submit form to the VA Regional Loan Center having jurisdiction over property state.
 - Cannot issue final loan approval until VA completes and returns the form
 - Cannot submit loan to the VA for prior approval unless completed form is received from the VA
- If automated Certificate of Eligibility shows the veteran is exempt from paying the funding fee, VA Form 26-8937 is not required.
- Original, signed and fully completed Uniform Residential Loan Application (FNMA 1003)
- Original HUD/VA Addendum to the URLA (VA Form 26-1802a)
- VA Loan Analysis Worksheet (VA Form 26-6393)
- VA Loan Summary Sheet (VA Form 26-0286)
- Notice of Value completed and signed by LAPP Approved Underwriter or issued by the VA
- CAIVRS information must be checked
- Residual income requirements must be met
- · Nearest living relative Information
- Initial Good Faith Estimate and Truth in Lending Disclosures
- Affiliated Business Disclosure
- Child Cared Letter
- Provide all other applicable VA related forms

The following documents will be required at closing

- Federal Collection Policy Notice (VA Form 26-0503) or the HUD/VA addendum to the URLA
- VA Transmittal List VA Form 26-0285
- Counseling Checklist for Military Homeowners VA Form 26-0592
- Report and Certification of Loan Disbursement VA Form 26-1820

Special Requirements/ Restrictions

- All VA refinance loans that fall under Section 50(a)(6) of the Texas Constitution are ineligible
- If the loan being paid off through the refinance is an existing VA loan, this must be the same loan indicated on the COE. In some cases a copy of the note may be required to verify the case number.
- Entitlement is the guaranty or insurance benefit available to an eligible veteran.
 The percentage and amount of guaranty is based on the loan amount including the funding fee portion when the fee is paid from loan proceeds.
- Ginnie Mae Guaranty of at least 25% is required.
 - The 25% guaranty may be satisfied through a combination of available entitlement plus equity in the property.

CAIVR System

Access the FHA Connection to check CAIVRS for all borrowers on the transaction: Borrowers, co-borrowers and co-signors if applicable

'A' in front of the CAIVRS number deems the authorization acceptable

'C' in front of CAIVRS number means the borrower has an open federal debt. Debt must be documented as:

- Paid in full, or
- Payment plan established (documented payments)

FHA'C' CAIVRS numbers can be ignored because FHA loans require monthly mortgage insurance and there is no debt. FHA posts these 'C' claims to track their own foreclosure time frames.

Access to property / Private Road Maintenance Agreement (Ch. 12, Sec 12.05)

Private streets must be

- Protected by a permanent easement, and
- Maintained by a homeowners association or joint maintenance agreement

All streets must have an all-weather surface (Dirt is not acceptable; gravel is acceptable with maintenance agreement)

Properties Subject to Flooding

Proposed or new construction that is located in a Special Flood Hazard Area or where there is an indication that the property is subject to regular flooding is not eligible.

Water/Sewer Connection Requirements (VA Circular 26-13-24)

For properties served by individual water and/or sewer systems, 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 (septic) systems where well water or septic tests or certifications are required, the validity of those tests or certifications is 90 days unless the local health authority indicates otherwise.

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All Notices of Value (NOVs) issued on properties served by individual water and/or sewer systems will require NOV Item #6 to be checked for connection to public water or public sewer **ONLY** if the local building, planning, or health authority requires such connection.

Water Quality (Ch. 12, Sec 12.08)(NOV #5)

A water quality test is required anytime there is a well present, and hookup to public water is not available.

Water quality for an individual water supply must meet the requirements of the health authority having jurisdiction. If the local authority does not have specific requirements, the maximum contaminant levels established by the Environmental Protection Agency (EPA) will apply.

Clarification of Individual Water Supply System Testing (Circular 26-17-19, dated 7-19-17)

- All testing must be performed by a disinterested third party. This includes the collection and transport of the
 water sample collected at the water supply source. The sample may be collected and tested by the local
 health authority, a commercial testing laboratory, a licensed sanitary engineer, or other party that is
 acceptable to the local health authority. At no time will the veteran or other interested party collect and/or
 transport the sample.
- For VA purposes the test is valid for 90 days from the date certified by the local health authority. After 90 days, another sample must be taken and test completed.
- The water supply must meet the requirements established by the local health authority. If the local health authority has not established specific requirements, then requirements established by the State health authority will be used. In the case where there are no state requirements, then requirements established by the Environmental Protection Agency (EPA) will be used. For further information please see:
 https://www.epa.gov/privatewells/private-drinking-water-well-programs-your-state or
 https://www.cdc.gov/healthywater/drinking/private/wells/testing.html

Generally septic inspections are not required unless the appraiser notes specific issues with the septic (usually an odor or seepage). Some states do require septic inspections regardless if the appraiser notes issues or not.

- This generally is only for purchase transactions
- Refer to local requirements page for states where this may apply: http://www.benefits.va.gov/HOMELOANS/appraiser_cv_local_reg.asp

Wood Destroying Insect Information

Underwriter must check the appropriate items in the NOV if the property is located in an area where the probability of termite infestation is "very heavy" or "moderate to heavy" according to the Termite Infestation Probability Map published in The Council of American Building Officials (CABO) One and Two Family Dwelling Code.

Link to TIP Zones map: http://www.npmapestworld.org/techresources/hud.cfm

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 this requirement is applicable. Inspection reports are valid for VA purposes for 90 days from the date of inspection.

When required, the inspection must be performed by a qualified pest control operator (inspector must be affiliated with pest control company) who meets all requirements for pest control operators with the state in which the property is located

Inspection reports are valid for VA purposes for 90 days from the date of inspection.

New required pest forms for new and proposed construction (Circular 26-17-07 dated 2/14/17)

VA requires the use of the current HUD-NPMA-99A and HUD-NPMA-99B. Prior forms NPCA-99-A and NPCA-99-B are obsolete and should not be used.

Underwriting

- Eligible for submission to DU/LP AUS
- Manual underwriting allowed

Standard Waiting Periods for Derogatory Events

Shortened time periods due to mitigating / extenuating circumstances are not allowed.

A copy of the divorce decree is required when the loan file indicates income or liability due to divorce.

VA Prior Approval Required For

- Joint loans involving a veteran and non-veteran who is not the veteran's spouse (not on IRRRL loans)
 - A non-veteran on a joint VA loan is not required to certify occupancy. Any borrower on a joint loan who
 does not use entitlement for the loan (such as a non-veteran), does not have to intend to occupy the
 property.
- · Joint loans involving two or more veterans who intend to use their entitlement and take title jointly (not on



	 IRRRL loans) Note: A loan made to a married couple in which both applicants are veterans using their Certificates of Eligibility (COEs) is not required to be sent to VA for prior approval. Loans to veterans in receipt of VA non-service related pension (not on IRRRL loans) Loans to veterans rated incompetent by VA (Not on IRRRL loans) Prior approval loans must be uploaded through WebLGY See the Prior Approval Reference Guide at: http://www.benefits.va.gov/homeloans/documents/docs/prior_approval_LP_lenders.pdf Lenders must follow the guidelines in Chapter 5 of VA's Lender's Handbook for prior approval procedures including the stacking order in topic 4, section c. The lender must furnish a cover letter with the upload, that states the reasons for the prior approval and explains any unique circumstances. In addition, the cover letter must include the submitting underwriter's name, phone number, e-mail address and his or her manager's name, phone number and e-mail address. A joint loan with a veteran and a non-veteran will require a down payment. Only the veteran's portion (half) of the loan is covered by VA guaranty. The non-veteran's portion will require a minimum 25% down payment. As with all VA loans, GNMA requirements must be met as well.
VA Case Number	Order the case from the VA Portal
VA Funding Fee	VA Funding Fee applies unless veteran is exempt. See VA Funding Fee Table for specific percentages.
	VA Funding Fee may be split with part paid in cash and part financed.

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From Circular 26-11-19 (Funding Fee Table) November 22, 2011 P.L. 112-154 extended the Funding Fee structure through September 30, 2017 See VA Circular 26-12-9

(Note: Continue to use this table throughout 2018 or until VA publishes any changes)

VA Funding Fee Table - Loan Fee Structure for VA-Guaranteed Loans - Refinance			
	Veteran / Active Duty	Reservist/National Guard	
First Time Use – Cash Out			
November 22, 2011 through September 30, 2017	2.15%	2.40%	
Second and Subsequent Use – Cash Out			
November 22, 2011 through September 30, 2017	3.30%	3.30%	
Refinancing Loans - IRRRL			
Interest Rate Reduction Refinancing Loan (IRRRL)	0.50%	0.50%	
Other			
Service-connected disabled Veterans	0.00%	0.00%	