

VA Product Profile: Wholesale

Matrices

VA Purchase Eligibility Matrix					
Units	Loan Amount ¹	Credit Score	LTV	CLTV	DTI
Approve/Eligible or Accept					
1-4	\$1,000,000	640	100%	100%	55%

¹ All loan amounts require at a minimum, a VA Guaranty, or a combination of a VA Guaranty plus down payment and/or equity that covers 25% of the Sales Price or Appraised Value, whichever is less.

VA Type I and Type II Cash-Out Refinance Eligibility Matrix					
Units	Loan Amount ²	Credit Score	LTV ¹	CLTV	DTI
Approve/Eligible or Accept					
1-4	\$1,000,000	640	90%	90%	50%

¹ Refer to Section 2.7 Cash-Out Refinance and 2.10 Net Tangible Benefits for LTV calculation and 90% LTV requirements.
² Manufactured Housing max loan amount \$510,400

VA Manufactured Housing Eligibility Matrix						
Units	Loan Amount	Credit Score	LTV	CLTV	Mortgage History	DTI
Purchase						
1	\$510,400	640	100%	100%	0x30x12	50%

Follow Cash-out Refinance and IRRRL matrices for manufactured housing

VA IRRRL Eligibility Matrix						
Units	Loan Amount ³	Credit Score	LTV/CLTV ^{1, 2}	Mortgage History ⁴	Non-Credit Qualify	Credit Qualify
					DTI	
Portfolio Primary Residence and Investment (Non-owner Occupied) Properties						
1-4	\$1,000,000	620	Follow VA	0x30x6	NA	55%
Non-Portfolio Primary Residence						
1-4	\$1,000,000	640	Follow VA	0x30x6	NA	50%
Non-Portfolio Investment (Non-owner Occupied) Properties						
1-4	\$1,000,000	640	100%	0x30x6	NA	50%

¹ LTV will be based off the total loan amount and original loan balance.
² Refer to Section 2.8 IRRRLs and 2.10 Net Tangible Benefit for LTV requirements when ARM-to-Fixed Rate and discount points are paid.
³ Manufactured Housing max loan amount \$510,400
⁴ Refer to Section 2.6 concerning mortgage payment requirements for Veterans who have recently deferred mortgage payments under CARES forbearance plan

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VA TYPE I AND TYPE II CASH-OUT REFINANCE ELIGIBILITY

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PRIMARY RESIDENCE

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Section 1: Program Summary	
1.1 Program Summary	
Program Summary	Follow VA Guidelines (VA Lenders Handbook, VA Pamphlet 26-7) except for NewRez Overlays.
1.2 Underwriting	
Underwriting	<ul style="list-style-type: none"> All VA loans, except for IRRRLs, must be run through DU or LPA and receive an Approve or Accept AUS Refer or Manual Underwriting not permitted
1.3 Ineligible Programs	
Ineligible Programs	<ul style="list-style-type: none"> Construction to Permanent (CTP) Financing where the original note is modified. Energy Efficient Mortgages (EEMs) Farm Residence Loans Graduated Payment Mortgage (GPM) Growing Equity Mortgage (GEM) Housing Choice Voucher (HVC) homeownership program (Section 8) Indian Reservations Investment (non-owner occupied) properties (except for IRRRLs) Loans to non-profit organizations Loans with HPML or Section 32 Military Impacted Areas Mortgage Credit Certificates (MCCs) Specially Adapted Housing Temporary Buydowns Texas 50(a)(6) loans Transactions where properties will remain encumbered with a PACE obligation Transactions where the loan originator is acting in another real estate related role except for loan officers who are appropriately licensed in the state of CA or FL who are acting as the buyer's agent. A copy of the FL Disclosure of Conflict of Interest or CA Dual Capacity Disclosure is required to be provided by the broker.
Section 2: Transaction Details	
2.1 Loan Limits	
Loan Limits	<ul style="list-style-type: none"> VA does not impose maximum statutory loan limits however; all VA Purchase and Cash-Out Refinance loans require at a minimum, a VA Guaranty, or a combination of a VA Guaranty plus down payment and/or equity that covers 25% of the Sales Price or Appraised Value, whichever is less. The amount of VA guaranty is based on the Veterans available entitlement. See Section 3.4 Entitlement.

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2.2 Eligible Terms and Programs					
Eligible Terms & Programs	Fixed Rate		ARM		
	Term	Product Name	Term	Product Name	
	10 Year Fixed	VA Fixed 10 yr	5/1 ARM	VA 5/1 ARM 1 yr Trsy	
	15 Year Fixed	VA Fixed 15 yr			
	20 Year Fixed	VA Fixed 20 yr			
	25 Year Fixed	VA Fixed 25 yr			
30 Year Fixed	VA Fixed 30 yr				
Custom Loan Terms <ul style="list-style-type: none"> Available in annual increments for all refinance transaction types Refer to the NTB Worksheet and Custom Loan Term form in the Guidelines & Forms section of the Lending Library. 					
2.3 ARM Adjustments					
ARM Adjustments	Index	1 Yr T-Bill (per WSJ)			
	Margin	2%			
	Life Floor	5% below start rate			
	Change Date	Product	1 st Adjustment	Subsequent Adjustment	Lifetime
		5/1	1%	1%	5%
	5/1	The first Change date is the 61 st payment due date. Subsequent Change Dates are every twelve months thereafter.			
Conversion Option	Not available				
2.4 Eligible Transactions					
Eligible Transactions	<ul style="list-style-type: none"> Purchase Refinance (enter into NewRez systems with “Cash-out” as refi purpose) VA Interest Rate Reduction Refinance Loans (IRRRLs) (enter into NewRez systems with “Rate & Term” as refi purpose) 				
2.5 Principal Curtailments/Reductions					
Principal Curtailments /Reductions	Permitted; curtailments due to excess Lender Credit must be reviewed in order to ensure the borrower’s best interest. For IRRRL, maximum principal curtailment is \$500.				
2.6 Refinances (General)					
Refinances (General)	<p>Net Tangible Benefit (NTB)</p> <ul style="list-style-type: none"> Refer to section 2.10 Net Tangible Benefits for all requirements A Net Tangible Benefit Worksheet must be completed on ALL refinance transactions. Refer to the NewRez Net Tangible Benefit Worksheet <p>Seasoning Requirements</p> <ul style="list-style-type: none"> Borrower must have made at least six (6) consecutive monthly payments on the loan being refinanced (the borrower may not pre-pay the current loan to meet the requirement); and The Note date of the refinance loan occurs no earlier than 210 days after the date on which the first monthly payment was due on the mortgage being refinanced. 				

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	<p>Evaluating Forbearances in Mortgage Payment Histories</p> <p>A Veteran who was granted a forbearance and continues to make payments as agreed under the terms of original note is not considered delinquent or late and will be treated as if not in forbearance status, provided that the forbearance plan is terminated prior to closing.</p> <ul style="list-style-type: none"> • Refinance of mortgages that are in a current forbearance status, where mortgage payments are not being made, including mortgages under the CARES Act forbearance protection program, are not eligible. The forbearance plan must be completed and all mortgages that are to be refinanced must be current at the time of loan application. In addition, NewRez requires the following: <ul style="list-style-type: none"> ○ One (1) payment must have been made in the month due after the date of forbearance completion and prior to loan application. • Missed mortgage payments under the protection of a forbearance plan (such as the CARES Act) are not considered delinquent for the purpose of credit underwriting and evaluating compliance with NewRez mortgage payment history requirements. • Always apply due diligence when reviewing the credit report, servicer payment histories, CAIVRS and payoff statements for evidence of prior forbearance or modification events in the Veteran’s mortgage payment history. <p>Additional Requirements</p> <ul style="list-style-type: none"> • If a 12-month mortgage payment history is required, the current and prior housing payment history may be used to satisfy the 12-month history with 0x30x12. • Loan must have a lien on title to be eligible for a refinance • For primary residence Nonprime (HPML) loan refinances in CT with loan amounts <= \$417,000, If the loan being refinanced is a Special Mortgage, defined as a FHA, VA, USDA loan, or a bond loan provided by a Housing Finance Agency, homeownership counseling is required. • Any outstanding Property Assessed Clean Energy (PACE) obligations must be paid in full at or prior to closing.
<p>2.7 Cash-Out Refinances</p>	
<p>Cash-Out Refinances</p>	<p>Type I Cash-Out Refinance: Loan amount (including VA funding fee) does not exceed the payoff amount of the loan being refinanced.</p> <p>Type II Cash-Out Refinance: Loan amount (including VA funding fee) exceeds the payoff amount of the loan being refinanced.</p> <p>LTV Calculation for all Type I and Type II Cash Out</p> <ul style="list-style-type: none"> • Cash out refinance LTV will be calculated by dividing the total loan amount (including VA funding fee, if applicable) by the value on the Notice of Value of the property determined by the appraiser. <p>Disclosure Requirements</p> <ul style="list-style-type: none"> • Veteran must be presented with two VA Cash-out Refinance disclosures, one at application and one at closing that compare terms of the refinance loan with loan being refinanced and amount of home equity being removed. See VA Circular 26-19-05 for details. Veteran must sign (wet sign or e-sign) to certify receipt of disclosures. <p>Net Tangible Benefit (NTB) for all Type I and Type II Cash Out</p> <ul style="list-style-type: none"> • Refer to section 2.10 Net Tangible Benefits for all requirements

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	<ul style="list-style-type: none"> A Net Tangible Benefit Worksheet must be completed on ALL refinance transactions regardless of AUS score. Refer to the NewRez Net Tangible Benefit Worksheet <p>Recoupment of Fees and Incurred Costs for Type I VA to VA</p> <ul style="list-style-type: none"> All fees and incurred costs (excluding VA Funding Fee, escrows and prepaids) must be recouped on or before the date that is 36 months after the note date of the loan. <p>Seasoning Requirements for Type I and Type II Cash Out</p> <ul style="list-style-type: none"> Borrower must have made at least six (6) consecutive monthly payments on the loan being refinanced (the borrower may not pre-pay the current loan to meet the requirement); and The Note date of the refinance loan occurs no earlier than 210 days after the date on which the first monthly payment was due on the mortgage being refinanced. Any interruption in the monthly payments before the initial six (6) months of seasoning will require the Veteran to reset the minimum loan seasoning time frame. Six (6) consecutive monthly mortgage payments paid within the month due is required after the last missed payment to meet the statutory seasoning requirement. For example, if the Veteran, under a forbearance plan, missed making the sixth payment of the mortgage that was due in August 2020, but was then able to exit from the forbearance and resume regularly scheduled payment in September, 2020, the Veteran would have to wait until March 2021 to refinance after making six (6) consecutive mortgage payments post forbearance. If the mortgage seasoning requirement had already been met prior to the forbearance, a reset would not be needed
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2.8 VA IRRRLs

<p>VA IRRRLs</p>	<p>Disclosure Requirements</p> <ul style="list-style-type: none"> Veteran must be presented with two IRRRL disclosures, one at application and one at closing that compare terms of refinance loan with loan being refinanced. See VA Circular 26-19-22 for details. Veteran must sign (wet sign or e-sign) to certify receipt of disclosures <p>Net Tangible Benefit</p> <ul style="list-style-type: none"> Refer to section 2.10 Net Tangible Benefits for all requirements A Net Tangible Benefit Worksheet must be completed on ALL refinance transactions. Refer to the NewRez Net Tangible Benefit Worksheet <p>Recoupment of Fees and Incurred Costs</p> <ul style="list-style-type: none"> All fees and incurred costs (excluding funding fee, escrows and prepaids) must be recouped on or before the date that is 36 months after the note date of the loan. Calculation is based on requirements outlined in VA Circular 26-19-22. <p>Seasoning Requirements</p> <ul style="list-style-type: none"> Borrower must have made at least six (6) consecutive monthly payments on the loan being refinanced (the borrower may not pre-pay the current loan to meet the requirement); and The note date of the refinance loan occurs no earlier than 210 days after the date on which the first monthly payment was due on the mortgage being refinanced. Any interruption in the monthly payments before the initial six (6) months of seasoning will require the Veteran to reset the minimum loan seasoning time frame. Six (6) consecutive monthly mortgage payments paid within the month due is required after the last missed payment to meet the statutory seasoning requirement. For example, if the
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Veteran, under a forbearance plan, missed making the sixth payment of the mortgage that was due in August 2020, but was then able to exit from the forbearance and resume regularly scheduled payment in September, 2020, the Veteran would have to wait until March 2021 to refinance after making six (6) consecutive mortgage payments post forbearance. If the mortgage seasoning requirement had already been met prior to the forbearance, a reset would not be needed.

Additional Requirements

- A tri-merge credit report is required
- The existing VA mortgage must be current at time of application and closing with evidence that existing mortgage is current for month of IRRRL closing and disbursement.
- Any deferred mortgage payments or late charges covered under a CARES Act forbearance plan may be included in the maximum loan amount calculation and entered as part of Line 1 of the IRRRL Refinancing Worksheet (26-8923).
- Verification of employment or income is not required
- West Virginia State Restriction requires all IRRRLs to be credit-qualified (NCQ not permitted)
- Borrower(s) may not receive cash back more than \$500
- Any outstanding Property Assessed Clean Energy (PACE) obligations must be paid in full at or prior to closing
- If the monthly payment (PITI) increases by 20 percent or more:
 - determine that the Veteran qualifies for the new payment, such as; determine whether the borrower can support the proposed shelter expense and other recurring monthly obligations in light of income established as stable and reliable, and
 - include a certification that the Veteran qualifies for the new monthly payment that exceeds the previous payment by 20% or more.
- Investment (non-owner occupied) Properties
 - The borrower must provide a certification on VA Form 26-1820 that they previously occupied the property as their primary residence.
 - An Interior and Exterior appraisal report (Form 1004) is required when the credit score is below 660

Appraisal Requirements

Fixed Rate to ARM

- An appraisal is not required if the loan does not have discount points (refer to investment property requirements below for exclusion)
- An appraisal is required if the transaction has any discount points and a maximum LTV of 90% or 100% is imposed depending on the amount of discount points paid:
 - Less than or equal to 1% in discount points paid permits LTV maximum of 100% of the appraised value
 - Greater than 1% in discount points paid permits LTV maximum of 90% of the appraised value
- Acceptable appraisal reports to determine property value include:
 - Exterior-Only Inspection Residential Appraisal Report (Fannie Mae 2055)
 - Uniform Residential Appraisal Report (Fannie Mae 1004)
 - Exterior-Only Inspection Individual Condominium Unit Appraisal Report (Fannie Mae 1075)
 - Individual Condominium Unit Appraisal Report (Fannie Mae 1073)
 - Industry accepted appraisal reports for manufactured and multi-unit homes

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2.9 VA IRRRLs- Texas

VA IRRRLs- Texas

Additional Requirements to Above

- Loan amounts on VA IRRRLs in Texas can be increased by up to 5 percent of the current first mortgage balance without treating the loan as a Texas 50(a)(6), to account for fees on the new transaction.
- If there is a second lien, a subordination agreement must be executed and recorded with our new loan amount.
- An IRRRL of a previous Texas 50(a)(6) that will remain a Texas 50(a)(6) is not permitted.
- Borrower cannot receive any cash-out as a result of the transaction, including debt consolidation.

Texas 50(f)(2) loans allow the refinance of a home equity loan into a non-home equity loan.

- Maximum 80% LTV/CLTV;
- New subordinate financing not permitted;
- No additional funds may be rolled into the loan (except closing costs and prepaids).
 - VA funding fee must be treated as a fee and must not be added on top of the base LTV/CLTV. The maximum LTV/CLTV is 80% includes all costs included in the loan amount.
- Loan may not close until:
 - Twelve days after the borrower submits the loan application or all borrowers sign the 12-day notice, whichever is later.
 - One day after the borrowers receive a copy of the Settlement Statement and Closing Disclosure.
 - After the one-year anniversary of the closing of an existing Texas 50 (a)(6) loan.

(f)(2) Determination

New Loan Amount pays off existing lien and....	If existing lien is a non-50(a)(6); then the new lien is....	If existing lien is a 50(a)(6); then the new lien is....
Provides even \$1 cash to the borrower	Texas (a)(6)	Texas (a)(6)
Pays off/down an existing TX (a)(6) lien with no cash to borrower	Texas (a)(6)	Texas (f)(2) – if seasoning requirements are met*
Pays off/down an existing TX (a)(6) lien with cash to borrower	Texas (a)(6)	Texas (a)(6)
The new lien is < existing UPB (no new funds)	Non-Texas (a)(6)	Texas (f)(2) – if seasoning requirements are met*
Funds, prepaids and/or closing costs	Non-Texas (a)(6)	Texas (f)(2) – if seasoning requirements are met*
Pays off/down a purchase money 2nd	Non-Texas (a)(6)	Texas (f)(2) – if seasoning requirements are met*
Pays off/down an existing Secured Home Improvement Loan (mechanic’s lien)	Non-Texas (a)(6)	Texas (f)(2) – if seasoning requirements are met*
Provides funds to satisfy a court ordered Divorce Equity Buyout	Non-Texas (a)(6)	Texas (a)(6)

*Borrower may elect to have loan remain a Texas 50(a)(6), which is not eligible.

Attorney Review:

All Texas 50 (f)(2) loans must be reviewed and certified by a NewRez approved Texas attorney prior to loan closing. NewRez approved firms include:

- Black, Mann and Graham
- PeirsonPatterson

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2.10 Net Tangible Benefit

Net Tangible Benefit

Net Tangible Benefit (NTB)

- A Net Tangible Benefit Worksheet must be completed on ALL refinance transactions. Refer to the [NewRez Net Tangible Benefit Worksheet](#)
- Recoupment of fees and incurred costs must occur within 36 months of the note date for all Interest Rate Reduction Refinance Loans (IRRRL) and Type I Cash-Out VA to VA refinances.

IRRRL	NTB
Fixed Rate to Fixed Rate	<ul style="list-style-type: none"> • The new loan must have an interest rate that is at least 50 basis points (.50) less in interest rate compared to the interest rate on the loan being refinanced. • Recoupment of fees and incurred costs (excludes funding fee, escrows and prepaids) must occur within 36 months of the note date. <p>Example: Interest rate for loan being refinanced is 4.5%. New loan must be no more than 4%.</p>
Fixed Rate to ARM	<ul style="list-style-type: none"> • The new loan must have an interest rate that is at least 200 basis points (2.00) less in interest rate than the interest rate on the loan being refinanced. • Recoupment of fees and incurred costs (excludes funding fee, escrows and prepaids) must occur within 36 months of the note date. <p>Example: Interest rate for loan being refinanced is 6.5%. New loan must be no more than 4.5%.</p> <p>The payment of any discount points requires an appraisal and a maximum LTV of 90% or 100%, depending on the amount of discount points paid:</p> <ul style="list-style-type: none"> • Less than or equal to 1% in discount points paid permits LTV maximum of 100% of the appraised value • Greater than 1% in discount points paid permits LTV maximum of 90% of the appraised value <p>Acceptable Appraisals:</p> <ol style="list-style-type: none"> 1. Exterior-Only Inspection Residential Appraisal Report (Fannie Mae 2055) 2. Uniform Residential Appraisal Report (Fannie Mae 1004) 3. Exterior-Only Inspection Individual Condominium Unit Appraisal Report (Fannie Mae 1075) 4. Individual Condominium Unit Appraisal Report (Fannie Mae 1073) <p>NewRez will require the Veteran to pay for the appraisal. The cost must be included as part of the recoupment cost. The Veteran may only be charged a reasonable and customary amount, and only charged for one appraisal.</p>
ARM to ARM	<ul style="list-style-type: none"> • Reduction in interest rate is not required

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		<ul style="list-style-type: none"> Recoupment of fees and incurred costs (excludes funding fee, escrows and prepaids) must occur within 36 months of the note date
	ARM to Fixed Rate	<ul style="list-style-type: none"> Reduction in interest rate is not required. Recoupment of fees and incurred costs (excludes funding fee, escrows and prepaids) must occur within 36 months of the note date.
	Cash-Out	NTB
	Must meet at least one of the eight net tangible benefits:	<ol style="list-style-type: none"> 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. <p>Refer to the Net Tangible Benefit Worksheet for additional requirements on the above benefits.</p>
	Fixed Rate to Fixed Rate	<p>Type I VA to VA:</p> <ul style="list-style-type: none"> The new loan must have an interest rate that is at least 50 basis points (.50) less in interest rate compared to the interest rate on the loan being refinanced. Recoupment of fees and incurred costs (excludes escrows and prepaids) must occur within 36 months of the note date <p>Type I non-VA to VA and all Type II:</p> <ul style="list-style-type: none"> The new loan must have an interest rate that is at least 25 basis points (.25) less in interest rate compared to the interest rate on the loan being refinanced. <p>Example: (.50) Interest rate for loan being refinanced is 4.5%. New loan must be no more than 4%.</p>

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	Fixed Rate to ARM	<p>Type I VA to VA:</p> <ul style="list-style-type: none"> The new loan must have an interest rate that is at least 200 basis points (2.00) less in interest rate than the interest rate on the loan being refinanced. A maximum LTV of 90% is required if the borrower pays greater than 1% in discount points Recoupment of fees and incurred costs (excludes escrows and prepaids) must occur within 36 months of the note date <p>Type I non-VA to VA and all Type II:</p> <ul style="list-style-type: none"> The new loan must have an interest rate that is at least 100 basis points (1.00) less in interest rate than the interest rate on the loan being refinanced. <p>Example: (2.00) Interest rate for loan being refinanced is 6.5%. New loan must be no more than 4.5%.</p>	
2.11 VA Funding Fee			
VA Funding Fee	<ul style="list-style-type: none"> All VA loans require a VA funding fee, calculated as percentage of the loan amount unless the COE reflects the Veteran as Exempt. The funding fee may be paid in cash or financed into the loan amount. Refer to VA underwriting guidelines for Funding Fee Table. 		
2.12 Down Payment Assistance			
Down Payment Assistance	<ul style="list-style-type: none"> VA permits veteran purchasers to use homebuyer assistance program services when obtaining a VA home loan. Eligible assistance may come from federal, state, local government agencies, or a HUD Approved-Non-Profit. Down payment Assistance/Homebuyer Assistance programs must be approved by NewRez prior to closing/loan purchase. <p>Note: These state and local programs are not the same as the Department of Defense homebuyer assistance program.</p> <p>VA loans involving homebuyer assistance programs must ensure the following:</p> <ul style="list-style-type: none"> The borrower(s) meets VA credit standards. VA appraisal and the property meets VA minimum property standards. If the sales price of the property exceeds the VA reasonable value of the property, VA will only allow homebuyer assistance program assistance in the form of a grant to pay the difference. Otherwise the Veteran must pay the difference of price over value from his or her own funds without borrowing. Homebuyer assistance programs often require buyers to occupy the property for a specified period. At closing, obtain the borrower’s acknowledgement of this requirement, and provide a copy of the signed acknowledgement if VA requests the loan file for review. <p>Consult VA if it is unclear whether the terms of the second mortgage meet VA standards.</p>		
2.13 Subordinate Financing			
Subordinate Financing	<ul style="list-style-type: none"> Subordinate financing is permitted within CLTV limits. A copy of the subordinating Note, Mortgage/Deed and Subordination Agreement is required. 		

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	<ul style="list-style-type: none"> Subordinate financing may not be used to cover any portion of the down payment required by the VA to cover the excess of the purchase price over VA's reasonable value. If there is an outstanding balance at the time of closing, the payment on the subordinate financing must be included in the calculation of the borrower's debt to income ratio. The qualifying payment is the payment evidenced on the credit report or for new draws the periodic payment required under the terms of the plan and the amount of credit to be drawn at or before consummation of the covered transaction.
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Section 3: Borrower Eligibility

3.1 Borrower Eligibility

Borrower Eligibility	<p>Eligible borrower is a Veteran is a US Citizen who:</p> <ul style="list-style-type: none"> Served on active duty in the Army, Navy, Air Force, Marines, or Coast Guard, and who, (except for a service member on active duty) was discharged or released from active duty under conditions other than dishonorable; or Members of the Reserves and National Guard are eligible upon completion of six (6) years of service; or Surviving spouses of certain Veterans who were continuously rated for a service-connected disability, but whose disability may not have been the cause of death are also eligible. Maximum two borrowers per loan.
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3.2 Occupancy

Occupancy	<p>Eligible Occupancy Types</p> <ul style="list-style-type: none"> Primary residences for 1-4-unit properties Investment (non-owner occupied) properties (IRRRLs only)
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3.3 Certificate of Eligibility

Certificate of Eligibility (COE)	<ul style="list-style-type: none"> The COE is required for all loans to determine the Veteran's eligibility and may be obtained through the Automated Certificate of Eligibility (ACE) application in WebLGY at https://lgy.va.gov/lgyhub/. ACE cannot make all determinations. A COE must be ordered prior to requesting and VA appraisal and VA Case Number assignment. Review the COE to determine if Veteran has sufficient entitlement to support LGY requirements. Contact the VA if there is some question as to the accuracy of the data on the COE. If the COE does not show that the Veteran is exempt from paying the funding fee, the lender must ask the Veteran if he or she has a claim for compensation pending with VA or if they are an Active Duty recipient of the Purple Heart Award. If so, the obtain an updated COE no earlier than 3 days before the loan closing using the "COE Correct" function in WebLGY.
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3.4 Entitlement

Entitlement	<p>Entitlement is the amount the VA will guarantee on behalf of the Veteran. A minimum investment of $\geq 25\%$ of the loan amount, which may be made up of one or more of the following is required: Note: Regardless of LTV the veteran must have enough entitlement in order to guaranty the loan.</p> <ul style="list-style-type: none"> Veteran's available entitlement (amount of VA guarantee) Down-payment Equity in property (refinance) <p>The maximum Basic available entitlement that can be shown on the COE is \$36,000. Veterans may be eligible for additional bonus entitlement. See Bonus entitlement below.</p> <p>JOINT LOANS Loans must be submitted for VA Prior approval as follows</p>
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	<ul style="list-style-type: none"> • 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 • Joint loans are not permitted <p>BONUS ENTITLEMENT</p> <ul style="list-style-type: none"> • Bonus entitlement is only available for loan amounts in excess of \$144,000. • Not shown on COE. • For Veterans with Full Entitlement, the maximum amount of bonus guaranty entitlement is 25% of the loan amount, without a cap on the loan amount. • May be used even when borrower has no basic entitlement remaining. • For Veterans with Partial Entitlement, where Veterans have used their VA entitlement and that entitlement has not been restored, the maximum amount of guaranty entitlement is set by the FHFA Conforming Loan Limit minus the amount of entitlement used or not restorable. • Based on VA County loan limits established annually. • VA’s county loan limits are located at the following web address – If county is not listed, maximum loan amount is \$510,400: https://militarybenefits.info/va-loan-limits-by-county/. <p>RESTORATION OF ENTITLEMENT</p> <p>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</p> <ul style="list-style-type: none"> • The property which secured the VA-guaranteed loan has been sold, and the loan has been paid in full; or • An eligible veteran-transferee has agreed to assume the outstanding balance on a VA loan and substitute his or her entitlement for the same amount originally used on the loan. <p>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 circumstances:</p> <ul style="list-style-type: none"> • Refinance of a property where the prior VA loan has been paid in full prior to or at closing; 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, one time only. <p>Borrower who had a previous VA foreclosure must pay the foreclosure in full prior to restoration of entitlement.</p> <p>Borrowers may complete back-to-back VA closings subject to the following:</p> <ul style="list-style-type: none"> • Closings must be held within seven (7) days of one another • Fully executed Request for a COE– VA Form 26-1880 required
3.5 Power of Attorney	
<p>Power of Attorney</p>	<p>POA documents must be approved by NewRez Underwriting and Legal.</p> <p>Veterans may use an attorney-in-fact to execute any documents necessary to obtain a VA guaranteed loan.</p> <ul style="list-style-type: none"> • The Veteran may also execute a valid general or specific power of attorney;

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	<ul style="list-style-type: none"> 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>To complete the loan transaction using an attorney-in-fact, VA also requires the veteran's written consent verifying 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 URLA, as long as the Veteran's intention to obtain a VA loan on the particular property is expressed somewhere in those documents, or A general or specific power of attorney or other document(s) signed by the veteran, 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 - the sales price, if applicable, and other relevant terms of the transaction; or Occupancy - intention of the veteran to occupy the home. <p>An Alive and Well Certificate must be obtained within one (1) day of closing by contacting the veteran or commanding officer.</p>
<p>3.6 Living Trust (Inter Vivos Revocable Trust)</p>	
<p>Living Trust (Inter Vivos Revocable Trust)</p>	<ul style="list-style-type: none"> A living trust is an eligible borrower if it meets investor and State requirements. All trusts must be approved by NewRez Legal prior to loan approval. <p>One of the following is required:</p> <ul style="list-style-type: none"> A copy of the trust document must be included in the file; or Exception: California, where a current (less than 1 year old) trust certification completed by the borrower may be provide din lieu of the full trust document. If this certification is incomplete or contrary to title results, the full trust documentation may still be required.
<p>3.7 Non-Arm's Length Transactions</p>	
<p>Non-Arm's Length Transactions</p>	<p>Follow VA Guidelines</p>
<p>3.8 Ineligible Borrowers</p>	
<p>Ineligible Borrowers</p>	<ul style="list-style-type: none"> Borrowers with Diplomatic Immunity Deferred Action for Childhood Arrivals (DACA) Principals/Owners NewRez Third Party Originators Foreign Nationals Individuals on the LPD/GSA exclusionary lists Limited Partnerships, Corporations and LLCs Non-Revocable Trusts or Guardianships
<p>3.9 Maximum # of Financed</p>	
<p>Maximum # of Financed</p>	<p>Follow VA guidelines</p>
<p>3.10 Multiple Mortgages to the Same Borrower</p>	
<p>Multiple Mortgages to the Same Borrower</p>	<ul style="list-style-type: none"> NewRez will finance no more than four (4) properties for any one borrower NewRez limits its maximum exposure to one borrower at \$1,500,000

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Section 4: Collateral

4.1 Eligible Properties

Eligible Properties	<ul style="list-style-type: none"> Attached/Detached SFRs Attached/Detached PUDs Low/Mid/High-Rise Condos and Site Condos 2-4 Unit Properties Manufactured and Modular Homes Leaseholds and properties with ground rents must be prior approved by the VA
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4.2 Condos

Condos	Condo projects must be VA approved and not expired, except for IRRRLs. https://vip.vba.va.gov/portal/VBAH/VBAHome/condopudsearch .
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4.3 Manufactured Housing

Manufactured Housing	<p>Manufactured housing is a structure that is transportable in one or more sections. The manufactured home must meet the requirements of the Lender’s Handbook unless otherwise noted in this profile:</p> <ul style="list-style-type: none"> is a one-family dwelling; have a floor area of not less than 700 square feet; must be doublewide; be taxed and titled as real estate (on land and dwelling) with manufacturer’s title surrendered as per applicable state requirements; properly affixed to a permanent foundation; substantially conform with VA Minimum Property Requirements (Chapter 12 of the Lender’s Handbook); conform with applicable building code and zoning requirements for real estate; must be served by permanent water and sewer facilities and other utilities in accordance with local and state requirements; have the HUD Certification Label affixed or have obtained a letter of label verification issued on behalf of HUD, evidencing the house was constructed on or after June 15, 1976, in compliance with the Federal Manufactured Home Construction and Safety Standards; be built and remain on a permanent chassis with the towing hitch or running gear removed and is permanently affixed to the foundation in accordance with the manufacturer’s requirements for anchoring, support, stability, and maintenance and with HUD Permanent Foundations Guide for Manufactured Housing (PFGMH); must not have been previously installed or occupied at any other site or location; space beneath the manufactured home must be properly enclosed. The perimeter enclosure must be a continuous wall that is adequately secured to the perimeter of the unit and allows for proper ventilation; and must have been directly transported from the manufacturer or dealership to the site. if the manufactured home was structurally modified (additions or alterations), additional VA requirements apply including a structural engineer’s report. <p>Maximum Loan Amount:</p> <table border="1" style="width: 100%; border-collapse: collapse; margin-top: 10px;"> <thead> <tr> <th style="width: 50%; padding: 5px;">Allowable Loan Purpose</th> <th style="width: 50%; padding: 5px;">Maximum Loan The loan amount is limited to:</th> </tr> </thead> <tbody> <tr> <td style="padding: 5px;">To purchase or refinance (cash-out) an existing, permanently affixed manufactured home and lot.</td> <td style="padding: 5px;">Refer to section 2.1 Loan Limits</td> </tr> </tbody> </table>	Allowable Loan Purpose	Maximum Loan The loan amount is limited to:	To purchase or refinance (cash-out) an existing, permanently affixed manufactured home and lot.	Refer to section 2.1 Loan Limits
Allowable Loan Purpose	Maximum Loan The loan amount is limited to:				
To purchase or refinance (cash-out) an existing, permanently affixed manufactured home and lot.	Refer to section 2.1 Loan Limits				

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	To purchase a manufactured home to be affixed to a lot already owned by the veteran.	The lesser of: <ul style="list-style-type: none"> the sum of the purchase price plus the cost of all other real property improvements, and the VA funding fee, or the VA NOV for the property, plus the VA funding fee.
	To purchase a manufactured home and a lot to which it will be affixed.	The lesser of: <ul style="list-style-type: none"> the total purchase price of the manufactured home unit and the lot, plus the cost of all other real property improvements, plus the VA funding fee, or the purchase price of the manufactured home unit, plus the cost of all other real property improvements, plus the balance owed by the Veteran on a deferred purchase money mortgage or contract given for the purchase of the lot, plus the VA funding fee.
	To obtain a regular “Cash-Out” refinance for an existing loan on a manufactured home and purchase the lot to which the home will be affixed.	The lesser of: <ul style="list-style-type: none"> the sum of the balance of the loan being refinanced, plus the purchase price of the lot, not to exceed its reasonable value, plus the costs of the necessary site preparation as determined by VA, plus a reasonable discount on that portion of the loan used to refinance the existing loan on the manufactured home, plus authorized closing costs plus the VA funding fee, or the total reasonable value of the unit, lot, and real property improvements, plus VA. funding fee.
	An IRRRL to refinance an existing VA loan on a permanently affixed manufactured home and lot.	The sum of: <ul style="list-style-type: none"> the balance of the VA loan being refinanced, plus allowable closing costs, plus up to two discount points, plus the VA funding fee.
Definitions New manufactured home. A manufactured home which, at the time of purchase by the veteran-borrower, has not been previously occupied and was manufactured less than one (1) year prior to the date of application. Used manufactured home. A manufactured home which has been previously occupied, or which was manufactured more than one (1) year prior to date of loan application.		
Manufactured Housing – Required Documentation		
Manufactured Housing– Required Documentation	<ul style="list-style-type: none"> HUD Certification Label <ul style="list-style-type: none"> If the appraisal indicates the HUD Certification Label is missing from the Manufactured Housing unit, the Mortgagee must obtain label verification from the Institute for Building Technology and Safety (IBTS). 	
Manufactured Housing – Ineligible		
Manufactured Housing - Ineligible	<ul style="list-style-type: none"> Condo Leasehold Located in mobile home parks Manufactured homes with subordinate financing Singlewide 	
Manufactured Housing – Appraisal		
Manufactured Housing- Appraisal	<ul style="list-style-type: none"> Appraisal not required for Portfolio IRRRL transactions 	

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	<ul style="list-style-type: none"> • The cost approach to value may only be used to support the sales comparison approach in the final reconciliation. VA does not require the completion of the cost approach unless it is applicable to the appraisal. • The appraiser must enter the manufactured home (MH) unless it is both: <ul style="list-style-type: none"> ○ new, and ○ has not been delivered to the dealer or to the site. • If the appraiser is unable to access and/or inspect the new MH, the appraiser must obtain the following documents to be included in the appraisal: <ul style="list-style-type: none"> ○ MH plans: design or floor plans showing room layout and exterior dimensions for MH unit, and elevation plans; ○ Specifications: information on all standard items of inclusion such as flooring, heating, plumbing, electrical equipment, and appliances; ○ Supplemental information on any selected options or upgrades included in the subject sale; and ○ Foundation plan. • If other MHs classified as real estate on permanent foundations are not available for use as comparable sales, the appraisal report must: <ul style="list-style-type: none"> ○ state that fact, and ○ show in the market analysis grid that the sales prices of the best comparable conventional home sales available were properly adjusted.
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4.4 Ineligible Properties

<p>Ineligible Properties</p>	<ul style="list-style-type: none"> • Airport Noise Zone 3, if proposed or under construction • An area subject to regular flooding for whatever reason, whether or not it is in an SFHA • Areas susceptible to geological or soil instability (earthquakes, landslides, or other history of unstable soils) • Coastal Barrier Resources System areas • Bed and Breakfast • Condotels • Co-ops • Land Trusts • Live-Work Units • Manufactured homes or mobile homes that are not permanently affixed • Non-Warrantable Condos • Properties encumbered with private transfer fee covenants • Properties subject to a right of redemption • Properties that do not meet VA MPRs • Properties where farm or agricultural income from the subject property is claimed on borrower’s tax returns • Properties with a manufactured home on site being used as storage • Special Flood Hazard Area (SFHA) and either <ul style="list-style-type: none"> ○ it is proposed/under/new construction with elevation of the lowest floor below the 100-year flood level, or ○ flood insurance is not available • Transmission line easement involving high-pressure gas or liquid petroleum or high voltage electricity, if any part of the residential structure is located within the easement.
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4.5 Properties Previously Listed for Sale

<p>Properties Previously Listed for Sale</p>	<ul style="list-style-type: none"> • Listing must have been cancelled or expired prior to the Note date, and the borrower must confirm their intent to occupy the subject property. • Careful consideration should be given to the listing price and appraised value to be sure the value is supported.
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4.6 Appraisals	
Appraisals	<p>Required appraisals must be ordered via VA webLGY by NewRez. All appraisals must be ordered and processed in compliance with Appraiser Independence Requirements (AIR).</p> <ul style="list-style-type: none"> • Re-use of an appraisal from a previously closed transaction is not permitted. • A copy of the appraiser's license must be included in all funded loan files.
4.7 Disaster Areas	
Disaster Areas	<p>Refer to the list of affected counties published by FEMA at the following link: https://www.fema.gov/disasters</p> <p>If the county is indicated as being in a declared disaster area:</p> <ul style="list-style-type: none"> • The disasters are referenced with both an incident start date and an incident ending date. The property is considered potentially impacted for 90 days from the incident END date • If a full appraisal was obtained on the property prior to the declared disaster, the inspection must verify the property is sound and habitable and in the same condition as when it was appraised. Any of the following options are acceptable to satisfy this requirement: <ul style="list-style-type: none"> ○ Final Inspection or Appraisal Update signed by the original appraiser (Form 1004D/442) ○ Desktop Underwriter Property Inspection Report (Form 2075) ○ Disaster Area Inspection Report (DAIR) • If the appraisal inspection occurs after the date of the disaster declaration, then the NewRez underwriter must verify the subject property is safe, sound, and structurally secure. The underwriter must also verify the appraisal is made "As Is" • VA IRRRL loans without an appraisal will require an exterior inspection. The report is called a "Disaster Area Inspection" <p>If the VA loan closed prior to the disaster:</p> <ul style="list-style-type: none"> • Any loan closed prior to the date of the declared disaster is eligible for VA Guaranty without regard to the disaster. If the property was appraised prior to the disaster: <ul style="list-style-type: none"> ○ If the property was appraised on or before the date of the declared disaster and not closed prior to that date, the Lender Certification and Veteran Certification must be completed and submitted with the VA Guaranty request; ○ VA Loan Summary Sheet (VA Form 26-0286). The Remarks section of this form must be annotated 'Lender and Veteran Disaster Certifications Enclosed'. Additionally, if local law requires the property to be inspected and approved by the local building inspection authority, a copy of the appropriate local report(s) must be provided. Neither VA nor the Veteran purchaser shall bear the expense of any disaster-related inspection or repairs. ○ Decline in Value. If there is an indication that the property, despite repairs, will be worth less at the time of loan closing than it was at the time of appraisal, the lender must have the VA appraiser update the original value estimate. The payment of the appraiser's fee for that service will be a contractual matter between the buyer and seller. <ul style="list-style-type: none"> ▪ If the property value has decreased, the loan amount must be reduced accordingly. ○ Employment/Income Certification. Lenders must confirm prior to closing that the veteran's employment and income have not changed since the loan application. If at time of closing the veteran or co-borrower is no longer employed or income has been reduced, this information should be reported to VA or the automatic underwriter, as appropriate, for evaluation prior to closing.

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4.8 Geographic Restrictions	
Geographic Restrictions	<p>Connecticut: Primary residence Nonprime (HPML) refinance loans in CT with loan amounts <= \$417,000: Refer to 2.6 Refinances (General)</p> <p>Ineligible States</p> <ul style="list-style-type: none"> • Alaska • Hawaii <p>West Virginia: All VA IRRRLs must be credit qualified. NCQ IRRRLs are not permitted. Refer to 2.8 VA IRRRLs.</p>

Section 5: Income

5.1 Income – General

Income - General	<p>Income Documentation (See VA IRRRLs for specifics on these transactions)</p> <ul style="list-style-type: none"> • Paystub and two years’ W-2s for wage earners and • Two years’ tax returns and a year-to-date profit and loss statement and balance sheet, both dated within 60 days on note date are required for all Self-employed borrowers • For active duty, only a Leave and Earnings Statement (LES) is required • VOE as standalone documentation is not permitted • Future expected income is not permitted, except for Borrower’s Starting New Employment After Note Date <p>Borrowers Starting New Employment After Note Date</p> <ul style="list-style-type: none"> • The employment start date as shown on the employment offer or contract must be within 90 days of the Note date. <p>4506T & Tax Transcript Requirements</p> <ul style="list-style-type: none"> • A fully complete 4506T form must be signed and dated for the number of years of income required for each borrower and for all loans • The 4506T form must be processed and transcripts obtained in the following circumstances. <ul style="list-style-type: none"> ○ Wage Earners <ul style="list-style-type: none"> ▪ Handwritten paystubs are used as verification of income (W-2 transcripts acceptable unless other sources of income utilized) ▪ There is a relationship between the parties (W-2 transcripts acceptable unless other sources of income utilized): <ul style="list-style-type: none"> ○ Borrower and Seller are related ○ Borrower/Seller/Loan Originator are related ○ Borrower is employed by the Third-Party Originator Company ▪ Any of the following are present (1040 transcripts required): <ul style="list-style-type: none"> ○ Additional income for qualifying is derived from sources such as rental properties, dividend/interest, or other income where tax returns is required; or ○ Tax returns are used to document income; or ○ At the underwriter’s discretion ○ Self-Employed <ul style="list-style-type: none"> ▪ Personal tax transcripts are required. Business tax transcripts must be obtained if income from the business does not flow through to the borrower’s personal tax returns or business income appearing on personal transcripts is not consistent with the income on the business tax returns. Tax return transcripts cannot be used in place of the actual tax return documents for qualification.
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	<p>At-Closing 4506-T Requirements</p> <ul style="list-style-type: none"> • 4506-T for each borrower whose income is used to qualify must be signed at closing. • 4506-T for the business tax return transcript(s) must be signed prior to closing when the business returns are used for qualification. <ul style="list-style-type: none"> • Borrower Provided Transcripts <ul style="list-style-type: none"> ○ In certain cases, such as identification theft, transcripts will not be available directly from the IRS, and the borrower will need to obtain. Additional documentation will be required along with the transcripts: <ul style="list-style-type: none"> ▪ Copy of IRS Reject for Identity Theft or “Limitations” message received by vendor from IRS which includes the IRS Cover Letter with fax banner from the IRS ▪ All pages of the transcripts ▪ Document reason for the rejection and need for the borrower provided transcripts
5.2 Rental Income	
Rental Income	<p>Rental Income from Other Real Estate Owned</p> <ul style="list-style-type: none"> • The use of rental income from other real estate owned requires evidence of the most recent two (2) months receipt of rental income for each rental property owned • Three (3) months reserves required for each rental property owned in addition to the standard VA reserve requirements if rental income is used to qualify <p>Income from Rental Properties (2-4 Unit Owner Occupied Subject Property) When rental income is used on a multi-unit subject property, all of the following are required:</p> <ul style="list-style-type: none"> • Cash reserves of six months’ PITIA • If each unit is separate and not under one mortgage, six months’ PITI must be verified for each separate unit. • Documentation of the applicant’s prior experience managing rentals is required • Use 75% of either the verified prior rent collected on the units for an existing property or 75% of the appraiser’s opinion of fair market rents on proposed construction <p>Rental Income from non-subject property (1-4 unit)</p> <ul style="list-style-type: none"> • When rental income is used on the non-subject property that was NOT occupied by the borrower prior to the new loan, all of the following are required: <ul style="list-style-type: none"> • Cash reserves of three months’ PITIA • Two years signed and dated 1040s showing rental income generated by the property <p>Rental income from Veteran’s current primary residence being vacated prior to the new loan:</p> <ul style="list-style-type: none"> • Can be used to offset the mortgage payment on the rental property if there is no indication that the property will be difficult to rent, and an UW reasonability test is completed • Cannot be used as effective income if more than offset • Three (3) months’ PITIA reserves required • Obtain a copy of the rental agreement and evidence of receipt of security deposit and if required by rental agreement, receipt of the first months’ rent
5.3 Residual Income	
Residual Income	<ul style="list-style-type: none"> • Residual Income is required per Chapter 4 of the VA Handbook. For current VA Residual Income Tables, refer to http://www.benefits.va.gov/warms/pam26_7.asp

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	<ul style="list-style-type: none"> For loans with credit scores < 640, the borrower must have 120% of the VA Residual Income requirements to be eligible.
<p>5.4 Verification of Employment</p>	
<p>Verification of Employment</p>	<p>A NewRez Verification of Employment form must be completed on all loan files.</p> <p>Wage Earners and Non-Self-Employed Borrowers</p> <ul style="list-style-type: none"> A Verbal Verification of Employment (VVOE) dated within 10 business days of the Note date is required for all loans and must: <ul style="list-style-type: none"> Include the phone number contacted to complete the verbal, which must be documented as associated with the business; Be completed through the Human Resource Department of the employer, the owner of the company or direct supervisor for small businesses; <ul style="list-style-type: none"> If the VVOE is obtained from The Work Number, the 10-day timeframe is measured from the date of the request to the vendor, not the date the information was updated in the vendor’s database. The date shown in the “Information Current as of” field must be within 35 days of the closing date. <p>Self Employed borrowers</p> <ul style="list-style-type: none"> The existence of the borrower’s business must be validated within 30 calendar days of the Note date. This can be accomplished through a third party, such as: <ul style="list-style-type: none"> a CPA; regulatory agency; or the applicable licensing bureau. AND by verifying a phone listing and address for the borrower’s business using a telephone book, the internet, or directory assistance. <p>If the borrower is employed by a relative or participant to our loan transaction the following documentation must be obtained (in addition to standard program guidelines):</p> <ul style="list-style-type: none"> Most recent YTD paystub documenting at least 30 days of income; Most recent two years’ W-2s; and Most recent two years; personal federal income tax returns. <p>Current income reported on the paystub may be used if it is consistent with W-2 earnings reported on the tax returns. If the tax returns do not include W-2 earnings or income is substantially lower than the current paystub, further investigation is needed to determine whether income is stable.</p>
<p>5.5 Non-Taxable Income</p>	
<p>Non-Taxable Income</p>	<p>Non-taxable income may be grossed up based on borrower(s) tax bracket. If borrower(s) are not required to file taxes, the maximum allowable amount to be used is 15%.</p>
<p>Section 6: Credit</p>	
<p>6.1 Credit</p>	
<p>Credit</p>	<ul style="list-style-type: none"> A Tri-merge credit report is required for every borrower who executes the Note. The credit report should generally include verification of all credit references provided on the loan application and must certify the results of public record searches for each city where the borrower has resided in the past two years. <ul style="list-style-type: none"> For Portfolio Non-Credit Qualifying Streamline Refinances, only the mortgage history will be reviewed. Each borrower must have a valid and usable score from at least two of the following three agencies: Experian (FICO), Trans Union (Empirica), and Equifax (Beacon).

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	<ul style="list-style-type: none"> • Generally, thin, or alternative credit is not allowed, and the borrower's financial position should translate into the borrower's credit profile for analysis. • DU Approve/Eligible or LPA Accept: AUS determines the acceptability of the borrower's depth of credit. • Deferred student loans and Authorized User accounts are ineligible as valid tradelines. • All credit inquiries within 120 days of the credit report are required to be addressed by the customer
6.2 Housing Payment History	
Housing Payment History	Rental and Mortgage Payment History <ul style="list-style-type: none"> • Purchases and Cash-out Refinances: • Approve/Eligible and Accept: Follow AUS (Apply manual downgrade to Refer for any mortgage debt with more than 1x30x12) • VA IRRRLs: See Eligibility Matrix
6.3 Bankruptcy	
Bankruptcy	<ul style="list-style-type: none"> • Chapter 7 must be discharged 24 months preceding application date. • Chapter 13 must have been entered at least 12 months preceding application date and paid as agreed. Plan must be paid out and discharged prior to closing. Proceeds may not be used to pay off BK balance.
6.4 Foreclosure	
Foreclosure	Must be discharged a minimum of 24 months preceding application date.
6.5 Short Sales	
Short Sales	<ul style="list-style-type: none"> • Short Sales with or without mortgage lates that were completed over one year but < two years will require a letter of explanation from the borrower and supporting documentation to establish an extenuating circumstance and to confirm the short sale was not due to credit negligence or taking advantage of a declining market. • Document the following on the VA Loan Analysis: <ul style="list-style-type: none"> ○ Reasoning for accepting the credit profile and compensating factors ○ The extenuating circumstance ○ The documentation received to support the extenuating circumstance
6.6 Qualifying Ratios	
Qualifying Ratios	<ul style="list-style-type: none"> • Qualifying Rate <ul style="list-style-type: none"> ○ Fixed Rate: Note Rate ○ 5/1 ARMs: Note Rate • Loans with a DTI > 41% require a statement justifying the reasons for approval, signed by the underwriter's supervisor, unless residual income exceeds the guideline by at least 20%. <p>Housing Payment Ratio The monthly housing expense is the sum of the following charges as they apply to any properties owned and financed by the borrower:</p> <ul style="list-style-type: none"> • Monthly principal and interest payment as per the qualifying rate • 1/12th of the annual hazard insurance premium and any other insurance required by loan program. • 1/12th of the annual real estate taxes. • 1/12th of the annual flood insurance premium, when applicable. • Monthly leasehold payments, when applicable. • Monthly homeowner association dues, condominium maintenance fees and monthly assessments (when applicable). • Monthly payment for other secured financing (when applicable).

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	<p>Total Debt Ratio</p> <ul style="list-style-type: none"> • Monthly housing expense as per qualifying rate. • Outstanding monthly obligations such as: <ul style="list-style-type: none"> ○ Installment debt ○ Revolving debt payments ○ Alimony, child support or maintenance payments ○ Losses associated with other real estate owned ○ Other obligations where a monthly payment is legally required. • Revolving debt cannot be paid down to qualify. Revolving debt may be paid off to qualify without the requirement of the account(s) to be closed if the credit score is 680 or greater <ul style="list-style-type: none"> ○ Credit score 680 or greater ○ If credit score is less than 680 the account(s) are to be closed upon payoff. Proof of the debt being paid and closed prior to CTC must be provided except in the case of a cash-out refinance where the debt must be closed prior to loan closing, but may be paid-off at closing with loan proceeds as detailed on the Closing Disclosure • Regardless of AUS score revolving debt paid off requires documentation for source of funds used to pay account(s) off.
6.7 Student Loans	
Student Loans	<ul style="list-style-type: none"> • 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 paragraph (1) or (2) below based on the following: <ul style="list-style-type: none"> ○ 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). <ol style="list-style-type: none"> (1) 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 maybe an electronic copy from the student loan servicer’s website or a printed statement provided by the student loan servicer.
Section 7: Assets	
7.1 Assets	
Assets	<ul style="list-style-type: none"> • Follow VA guidelines; assets must be verified as noted by the AUS. • Written Verifications of Deposit (VOD) are not acceptable. Only system generated Verifications of Deposit from the financial institution are acceptable. <p>Business Assets are allowed for down payment and closing costs if the following are met:</p> <ul style="list-style-type: none"> • the borrower must be the majority owner of the business; • business assets may not be used for reserves; • the use of these funds must be documented as having no negative impact on the business’s livelihood.
7.2 Cash Reserves	
Cash Reserves	<ul style="list-style-type: none"> • Cash reserves are required when rental income is used as effective income

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	<ul style="list-style-type: none"> • Three (3) months reserves required for each rental property in addition to the standard VA reserve requirements if rental income is used to qualify
7.3 Gifts	
Gifts	<p>A gift can be provided by a donor that does not have any affiliation with the builder, developer, real estate agent, or any other interested party to the transaction. A gift letter must:</p> <ul style="list-style-type: none"> • specify the dollar amount of the gift; • include the donor's statement that no repayment is expected; and • indicate the donor's name, address, telephone number, and relationship to the borrower. <p>Verify that sufficient funds to cover the gift have been transferred to the borrower's account or will be documented as received by the closing agent at the time of closing. Acceptable documentation includes the following:</p> <ul style="list-style-type: none"> • evidence of the borrower's deposit; • a copy of the donor's funds by check/electronic transfer to the closing agent, or the CD showing receipt of the donor's funds.
7.4 Seller/Interested Party Contributions	
Seller/Interested Party Contributions	<p>The seller, lender or other party may pay closing costs and discount point with no limitation on behalf of the borrower, with the exception of the VA funding fee.</p> <p>In addition, the seller can provide concessions up to 4% of the reasonable value of the property. Seller concessions do not include normal discount points and payment of the buyer's closing costs, however do include items such as the following:</p> <ul style="list-style-type: none"> • Payment of the buyer's VA funding fee • Prepayment of the buyer's property taxes and insurance • Gifts such as a television or microwave • Payoff of credit balances or judgments on behalf of the buyer
7.5 Ineligible Assets	
Ineligible Assets	<ul style="list-style-type: none"> • 1031 Exchanges • Cash on Hand • Cryptocurrency (e.g., Bitcoin) • Custodial accounts (UTMA/UGMA) • Pooled Funds
Section 8: Program Details	
8.1 Age of Documentation	
Age of Documentation	Follow VA Handbook with the exception of income and asset documents, which can be no more than 60 days old as of the Note date.
8.2 Electronic Signatures	
Electronic Signatures	<p>NewRez will accept electronic signatures on third party documents in accordance with Electronic Signatures in Global and National Commerce Act (ESIGN) and the Uniform Electronic Transactions Act (UETA), as applicable.</p> <p>Third party documents are those that are originated and signed outside of the NewRez's direct control, such as sales contracts. The electronic signature and date must be clearly visible when viewed electronically and in a paper copy of the electronically signed document. In addition, with prior approval, TPO partners can submit initial disclosures signed by both the TPO and borrower. To become approved for e-signature, please send the following to your AE:</p> <ul style="list-style-type: none"> • Appropriate e-sign questionnaire (Wholesale or Correspondent/Mini Correspondent) • E-sign authorization to release supporting documentation, • Sample e-sign audit trail from document vendor

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	<ul style="list-style-type: none"> • Copy of signed vendor agreement with “acceptable” vendor listed on questionnaire <p>Once approved, e-signed initial disclosures can be submitted as long as the e-sign audit log for the specific transaction is supplied.</p> <p>NewRez employees may also use electronic signatures on NewRez Verbal Verifications of Employment.</p>
8.3 Escrows	
Escrows	<ul style="list-style-type: none"> • Tax and Insurance escrows are required on all VA loans. • Flood insurance escrows may not be waived.
8.4 Escrow Holdbacks	
Escrow Holdbacks	Follow VA guidelines
8.5 Fees & Charges	
Fees & Charges	<p>The following fees are always allowed regardless of whether the 1% origination fee is charged:</p> <ul style="list-style-type: none"> • 1% Origination Fee • Reasonable Discount Points • VA Appraisal Fee as well as VA Compliance Inspection Reports • Well and septic inspection fees • Credit Report fees – or a \$50 credit evaluation fee may be paid in lieu of the credit report fee for automated underwriting approvals • Prepaid items (taxes, assessments, etc.) • Insurances (hazard and flood) • Flood Certification Fee • Survey, if required by the lender. Not acceptable on condominiums. • Title insurance, title policy, title search, title exam, and required endorsement fees • Environmental protection lien endorsement • Recording fees, taxes, and stamps • Closing Protection Letter • Express mail fees (only for cash-out refinances and IRRRLs) – actual cost should be reasonable. If over \$50, need a copy of the actual invoice. • VA Funding Fee • MERS Fee • Fraud Report fee <p>The following fees cannot be charged as “itemized fees and charges.” Instead, these costs are included in the 1% origination fee:</p> <ul style="list-style-type: none"> • Brokerage fees charged by real estate agents or brokers in connection with a VA loan • Lender’s appraisals (drive-by, field reviews, etc.). The Veteran may only be charged for one appraisal unless VA deems a second appraisal is mandatory. • Lender’s inspections – if it is not required on the appraisal/NOV, it cannot be charged to the Veteran • Loan closing, settlement, or escrow fees • Doc prep, underwriting, loan application or processing fees • Photographs • Postage fees if not a cash-out refinance or IRRRL • Stationery, telephone, or other overhead charges • Fax, email or copying fees • Amortization schedules, etc. • Notary fees • Commitment fees or marketing fees of secondary purchasers • Trustee fees

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	<ul style="list-style-type: none"> • Assignment fees • Truth in lending fees • Fees charged by third parties, regardless of affiliation with lender • Tax service fees • Subordination fee charged by a second lien holder cannot be financed into the loan amount on an IRRRL; the veteran can be charged the fee, but it must be paid out of their own funds <p>These fees can never be charged to the Veteran:</p> <ul style="list-style-type: none"> • Termite/Pest Inspection • Attorney Fee charged as a benefit to the lender • Realtor Commission • Prepayment penalties • HUD/FHA Inspection fees for builders • Subordination prep fees charged by closing agents or other third parties to process subordinations <p>If the above-mentioned fees are charged on a loan, the lender or seller must pay for the fee from their allowable fees and/or concessions. In addition, the borrower may not pay a duplicate fee for services that have already been paid by another party.</p> <p>If no origination fee is charged, the Veteran may pay non-allowable costs up to 1% of the purchase price, except for those listed as “fees that can never be charged.” In addition, if the lender chooses to charge the veteran ½% origination fee, then items from the unallowable list can be charged provided they do not exceed ½% except for the fees that can never be charged to the Veteran.</p>
<p>8.6 Excluded Parties- LDP/GSA Searches</p>	
<p>Excluded Parties- LDP/GSA Searches</p>	<p>VA loans require confirmation that companies or individuals involved in the origination or underwriting of a mortgage transaction are not on the Freddie Mac Exclusionary List, General Services Administration (GSA) excluded party list or the HUD Limited Denial Participation (LDP). Regardless of the reason for the party being excluded, any party to the transaction included on either list will result in the loan being ineligible for delivery.</p> <p>All name variations found throughout the loan file must be run when performing the searches. The search must be run on the following parties in the transaction:</p> <ul style="list-style-type: none"> • Borrowers • Seller • Builder • LO • Broker/Correspondent • Listing Agent & Listing Company • Selling Agent & Selling Company • Title Agent • Title Company • Closing Attorney • Appraiser and Appraisal Company
<p>8.7 CAIVRS</p>	
<p>CAIVRS</p>	<p>If a borrower is presently delinquent on a federal debt or has a lien, including taxes, placed against his property for a debt owed to the US, the borrower is not eligible until the delinquent debt is brought current, satisfied, or a satisfactory repayment plan is made between the borrower and the federal agency owed and is verified in writing. If the tax lien remains unpaid, the lien must be subordinated to the VA mortgage, a copy of the repayment</p>

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	<p>plan must be obtained, as well as a satisfactory twelve month pay history. In addition, the monthly payments must be included in the DTI.</p> <p>Loan proceeds may not be used to clear CAIVRS.</p> <p>Procedure:</p> <ul style="list-style-type: none"> • Enter the CAIVRS confirmation code on VA Form 26-6393, Loan Analysis, as evidence the screening was performed. • Enter the code in the space to the right of the “NO” block in item 47. • For IRRRLs, enter the CAIVRS confirmation code on VA Form 26-8923, IRRRL Worksheet, beside the word “Note” which is located near the bottom of the form
8.8 Flood Insurance	
Flood Insurance	<p>Follow VA Requirements. Flood insurance is required to be escrowed. Exceptions not permitted.</p> <p>Eligibility of New Construction in SFHAs</p> <ul style="list-style-type: none"> • If any portion of the dwelling or related structures essential to the value of the property are located within an SFHA, the property is not eligible unless: <ul style="list-style-type: none"> ○ A final Letter of Map Amendment (LOMA) or final Letter of Map Revision (LOMR) is obtained from FEMA, removing the property from the SFHA; or ○ A FEMA National Flood Insurance Program Elevation Certificate (FEMA Form 81-31) prepared by a licensed engineer or surveyor is obtained. The elevation certificate must document that the lowest floor, including the basement, of the residential building and all related improvements essential to the value of the property, are built at or above the 100-year flood elevation in compliance with the NFIP criteria, and insurance under the NFIP is obtained. If an Elevation Certificate cannot be obtained, the VA must be contacted, and an inspector must evaluate the property as advised in the VA Handbook. <ul style="list-style-type: none"> ▪ A SARs designated underwriter must review and approve the Elevation Certificate.
8.9 Hazard Insurance	
Hazard Insurance	Follow VA Requirements
8.10 Interest Credit	
Interest Credit	Permitted; purchases must fund by the 7 th calendar day and refinances must fund by the 10 th calendar day
8.11 Process to Add or Remove Borrowers	
Process to Add or Remove Borrowers	<p>Adding Borrowers</p> <ul style="list-style-type: none"> • Adding a borrower to a loan at any time during the loan process, unless the loan has received an adverse credit decision, is acceptable. When this occurs a new RESPA package will be sent out and cool off period will be seven (7) days. File should be submitted back to UW for review of additional borrower’s information. <p>Removing Borrowers</p> <ul style="list-style-type: none"> • Removing a borrower from a loan is allowed only in the following scenarios <ul style="list-style-type: none"> ○ No credit decision has been made on the loan and borrower expresses desire to withdraw their name from the application ○ Loan has been approved with both borrowers as submitted and one borrower expresses desire to withdraw their name from the application. <ul style="list-style-type: none"> ▪ In both of the above scenarios - Request in writing from borrower supporting their desire to withdraw their name from the application should be retained in the file.

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	<ul style="list-style-type: none"> ▪ Detailed notes should also be placed in Destiny to eliminate any possible confusion with the file. • Removing a borrower from a loan is NOT allowed in the following scenarios <ul style="list-style-type: none"> ○ Loan is declined by underwriting <ul style="list-style-type: none"> ▪ In this scenario the loan would need to be adversed and a new application would need to be taken with only the one (1) borrower. <p>Exceptions</p> <ul style="list-style-type: none"> • Any exceptions to the above rules or scenarios not explained above should be submitted to NewRez Compliance for review
8.12 Title Insurance	
Title Insurance	<p>All loans must close with an ALTA title insurance policy which will provide evidence of the borrower’s lawful interest in the property to be mortgaged.</p> <p>The title policy must be in the lender’s name and/or its assigns. Title must be vested in the borrower’s name, in the name of an eligible inter vivos trust (if permitted per program guides), or in the case of a purchase money must be currently vested in the seller’s name with a requirement for a deed to be recorded transferring title to our borrower’s name at closing.</p> <p>The insured amount of the policy must be at least for the gross loan amount and the policy must be dated within 45 days of closing.</p> <p>A survey will be required only if an exception appears on the title. ALTA 9 Endorsement, or its equivalent, may be substituted in the event a survey is not commonly required by the property area.</p> <p>A minimum of a twelve-month title chain must be provided on each policy. The chain of title will be reviewed for flips as part of the underwriting process.</p>
Section 9: References	
9.1 References	
References	<ul style="list-style-type: none"> • VA Handbook • VA Circulars • Limited Denial of Participation (LDP) List • General Services Administration (GSA) Exclusionary List
9.2 Regional Loan Centers	
Regional Loan Centers	<p>Below link will provide email addresses for Loan Production and Construction and Valuation units of specific Regional Loan Centers (RLCs)</p> <p>Regional Loan Center Contact Information</p> <p>All RLCs must be contacted by 877-827-3702</p> <ul style="list-style-type: none"> • Atlanta • Cleveland • Denver • Honolulu • Houston • Phoenix • Roanoke • St. Paul • St. Petersburg
9.3 Entitlement Codes	

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Entitlement Codes	01	World War II
	02	Korean War
	03	Post Korean War
	04	Vietnam War
	05	Entitlement Restored
	06	Un-remarried Surviving Spouse
	07	Spouse of POW/MIA
	08	Post World War II
	09	Post Vietnam War
	10	Gulf War
	11	Selected Reserves

9.4 Discharge or Separation Papers

Discharge or Separation Papers	<ul style="list-style-type: none"> The SF180 form is used to request DD214 discharge papers and can be found at http://www.homeloans.va.gov/ To obtain military records: Call 314-801-0800 http://www.archives.gov/veterans/evetrecs/index.html
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Section 10: Version Control

Eligibility Matrices	Updated LTV limit for Cash Refinances with amortization terms <=15 years	January 16, 2020
4.3 Manufactured Housing	Updated minimum square feet for double-wide manufactured home	January 16, 2020
2.6 Refinances (General)	Requirements for Refinances of primary residences for Nonprime (HPML) loans in CT with loan amounts <= \$417,000	January 24, 2020
4.8 Geographic Restrictions	Requirements for Refinances of primary residences for Nonprime (HPML) loans in CT with loan amounts <= \$417,000	January 24, 2020
Eligibility Matrix	VA IRRRL: mortgage payment history 0x30x6 per VA. Removed 0x30x12 requirements.	February 14, 2020
Eligibility Matrix	Removed duplication of seasoning and recoupment requirements located in Refinance section	February 14, 2020
2.7 Cash-Out	Added two disclosure requirements	February 14, 2020
2.8 IRRRL	Added two disclosure requirements	February 14, 2020
2.8 IRRRL	Removed requirement for verbal verification of employment and existence of business.	February 14, 2020
4.5 Properties Previously Listed for Sale	Listing cancellation must be by Note date (no longer application date)	February 14, 2020
Eligibility Matrices	FICO, LTV, Loan Amount and DTI changes. Elimination of manual underwrite	March 30, 2020
1.2 Underwriting	Removed reference to manual underwriting as no longer permitted	March 30, 2020
4.3 Manufactured Housing	Removed reference to IRRRL requirements as no longer permitted	March 30, 2020
6.1 Credit	Removed guidelines pertaining to manual underwriting as no longer permitted	March 30, 2020
6.2 Housing History	Removed requirements for manual underwriting as no longer permitted	March 30, 2020
6.6 Qualifying Ratios	Removed reference to requirements for loans with FICO between 600-619 as minimum FICO now 640. Updated language for payoff of revolving debt	March 30, 2020
8.1 Age of Documentation	Added language requiring credit, income, and asset documentation to be within 60 days of note date	March 30, 2020

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Eligibility Matrices	Minimum Credit Score for Purchase and IRRRL increased to 660 and 2-months PITI reserves for DTI of 45.01-50%	May 7, 2020
2.8 IRRRLs	Added requirement that Borrower cannot have had any mortgage in forbearance within 30 days of the application date	May 7, 2020
4.8 Disaster Areas	Updated incident period end date to 90 days for inspection	May 7, 2020
5.1 Income-General	Self-employed borrowers are now required to provide a year-to-date profit and loss statement and balance sheet dated no more than 30 days prior to the note date	May 7, 2020
5.2 Rental Income	Rental income documentation now requires verification of the receipt of most recent two months' rent and additional reserve requirement of 6 months for each REO providing rental income	May 7, 2020
7.2 Cash Reserves	Six (6) months reserves required for each rental property owned in addition to standard reserve requirements per product if rental income is used to qualify DTI 45.01-50% requires 2 months of additional reserves	May 6, 2020
Matrices	Increased maximum DTI for Purchase and Cash-out	June 16, 2020
6.2 Housing Payment History	Clarified guidance for rental and mortgage payment history requirements to follow AUS	June 16, 2020
2.8 VA IRRRLs and 6.1 Credit	Remove requirement that borrower(s) cannot have had a mortgage in forbearance within 30 days from the application date	July 2, 2020
2.8 VA IRRRLs	Clarified the standard for existing VA mortgage to be current at time of application and closing	July 2, 2020
Eligibility Matrices	Lowered the minimum credit score requirements for Purchase and Refinance transactions and increase maximum DTI limits	July 13, 2020
5.2 Rental Income	Revised the additional reserve requirement for rental income property to three (3) months PITI	July 13, 2020
7.2 Cash Reserves	Revised the additional reserve requirement for rental income property to three (3) months PITI	July 13, 2020
Eligibility Matrices	Adjust LTV/CLTV for Non-Portfolio IRRRL by removing 100% LTV/CLTV cap	July 23, 2020
2.9 VA IRRRLs	Added the West Virginia State Restriction that NCQ IRRRLs are not permitted. All IRRRLs must be credit qualified.	August 11, 2020
4.8 Geographic Restrictions	Added West Virginia State Restriction that NCQ IRRRLs are not permitted. All IRRRLs must be credit qualified.	August 11, 2020
5.1 Income	Revised YTD P&L statement and balance sheet requirement for self-employed borrower to be dated not more than 60 days prior to the Note date (previously 30 days)	September 28, 2020
Eligibility Matrices	Added reference to mortgage payment requirements for Veterans who have recently deferred mortgage payments under CARES forbearance plan	October 15, 2020
2.6 Refinances (General)	Added guidance for evaluating mortgage payment histories with deferred mortgage payments under CARES forbearance plan	October 15, 2020
2.7 Cash-out Refinance	Added guidance for mortgage payment and loan seasoning requirements for Veterans who have recently deferred mortgage payments under CARES forbearance plan	October 15, 2020
2.8 VA IRRRLs	Added guidance for mortgage payment and loan seasoning requirements for Veterans who have recently deferred mortgage payments under CARES forbearance plan	October 15, 2020
6.2 Housing Payment History	Added manual downgrade to Refer for any mortgage debt with more than 1x30x12	October 15, 2020
5.1 Income	Added At-Closing 4506-T signature requirements	November 9, 2020

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