

VA and VA IRRRL Program Matrix

April 19, 2019

COE	<p>A COE must be obtained for the borrower before processing and closing a non – IRRRL VA loan.</p> <ul style="list-style-type: none"> If there is a record match, the lender will be able to update the existing COE on file, upload any additional information, and print the COE if necessary. If there is no record match, a link to create a new application will automatically appear. All required fields must be completed, including the Veteran's service dates and branch of service. 			
Eligible Borrowers	<p>A person who 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 or National Guard are eligible upon completion of 6 years of service; or Unmarried surviving spouses of veterans who died as a result of service or service-connected causes.</p>			
VA Refinance Types	<p><i>Interest Rate Reduction Refinancing Loan (IRRRL):</i> a refinancing loan made to refinance an existing VA-guaranteed home loan at a lower interest rate</p> <p><i>TYPE I Cash-Out Refinance:</i> a refinancing loan in which the loan amount (including VA funding fee) does not exceed the payoff amount of the loan being refinanced</p> <p><i>TYPE II Cash-Out Refinance:</i> a refinancing loan in which the loan amount (including VA funding fee) exceeds the payoff amount of the loan being refinanced</p>			
<p>Note: The VA will no longer guarantee refinancing loans with an LTV > 100%. The veteran must pay the amount which exceeds 100% of the property value at loan closing.</p>				
Maximum Loan Amounts	<p>Conforming loan limit maximum BASE loan amount is</p> <ul style="list-style-type: none"> 1 unit = \$484,350 2 unit = \$620,200 <p>High Balance loan limits are:</p> <ul style="list-style-type: none"> 1 unit = \$726,525 2 unit = N/A <p>Maximum \$484,350 (including VA funding fee), subject to VA count loan limits Loan amounts above \$484,350 are allowed, subject to minimum investment requirements and entitlement for down payment by veteran.</p>			
Credit Score Matrix for Conforming Loan Limits	PURCHASE			
	FICO	AUS	DTI	LTV
	600	APPROVE/ELG	50*	100
	620	REFER	41** (43 on EEM)	100
	660	A/E	55	100% - 25% guaranty over 453,100.
	CASH OUT			
	FICO	AUS	DTI	LTV
	640	A/E or Refer	50* (AUS), 41** refer	100
	620	A/E	50* (AUS)	100
	620	REFER	41** refer	90
	600	A/E	45** (AUS)	90
	600	REFER	Not allowed	Not allowed
	<p>*For all loans with a DTI over 41%, regardless of findings, the borrower must have 120% residual income</p> <p>**See DTI & Residual section for DTI over 41% on manual underwrites.</p>			
	VA IRRRL			
	FICO	AVM	Income required	
640	NO	N		
<p>Total closing costs AND prepaids must be recouped (NTB) in the first 36 months or loan is ineligible. The current loan must have been seasoned 6 full payments (210 days) prior to application. The 210 day seasoning is determined by the later of borrower's first payment due date or the documented date the first payment was made or the loan is Ineligible. All payments must have been made on time and the due date of the 7th payment must have passed.</p>				
RATE & TERM REFI (<\$500 cash back * includes incidentals *)				
FICO	AUS	DTI	LTV	
620	AE/ or Refer	50	100	
<ul style="list-style-type: none"> Total cash can't exceed \$499.99 		<ul style="list-style-type: none"> This is not the IRRRL program 		

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	<p>The current loan must have been seasoned 6 full payments (210 days) prior to application. The 210 day seasoning is determined by the <u>later</u> of borrower's first payment due date or the documented date the first payment was made or the loan is Ineligible. All payments must have been made on time and the due date of the 7th payment must have passed.</p> <p>Maximum cash to Borrower on cash-out refinance transactions is \$100,000 above 90% LTV, subject to available entitlement (overlay to VA HB CH 6.3.).</p>																				
<p>VA HIGH BALANCE LOAN MATRIX (OVER \$484,350 for 1 unit only).</p>	PURCHASE (1 unit only)																				
	<table border="1"> <thead> <tr> <th>MIN FICO</th> <th>AUS</th> <th>DTI</th> <th>LTV ****</th> </tr> </thead> <tbody> <tr> <td>640</td> <td>A/E</td> <td>50 MAX</td> <td>100% **</td> </tr> <tr> <td>620</td> <td>AE</td> <td>45 MAX</td> <td>100% **</td> </tr> <tr> <td>600</td> <td>N/A</td> <td>N/A</td> <td>N/A</td> </tr> <tr> <td>660</td> <td>Refer ***</td> <td>41 MAX (no exceptions)</td> <td>100% **</td> </tr> </tbody> </table>	MIN FICO	AUS	DTI	LTV ****	640	A/E	50 MAX	100% **	620	AE	45 MAX	100% **	600	N/A	N/A	N/A	660	Refer ***	41 MAX (no exceptions)	100% **
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IRRRLS ARE NOT ALLOWED AT GVC ON HIGH BALANCE.																					
<p>** To properly calculate the maximum loan amount for a High Balance VA loan: Take the purchase price (1 unit) minus the maximum conforming loan limit (\$484,350). Add the sum x 25%. Then minus that sum back from the purchase price. This will equal your total loan amount:</p> <p>Example: Step 1: 650,000 (purchase price) minus \$484,350 (conforming loan limit 1 unit max) = \$165,650. Step 2: \$165,650 x 25% (veteran self-funded coverage requirement) = \$41,413. Step 3: 650,000 (purchase price) minus \$41,413 (required entitlement down payment) = \$608,587 maximum loan amount.</p> <p>**** Maximum loan limit base is 1 million.</p>																					
<p>*** BK & FORECLOSURE GUIDES ARE 5 & 7 YEARS- WHEN LOAN AMOUNT EXCEEDS 453,100. NO EXCEPTIONS</p>																					
<p>VA Cash-Out refinance applications taken on or after 2/15/2019 must meet guidelines in the following areas to be eligible:</p> <ol style="list-style-type: none"> 1. Loan to value 2. Net Tangible Benefit 3. Loan Seasoning 4. Fee Recoupment 																					
<p>1. Cash-out Refinance LTV</p>	<ol style="list-style-type: none"> 1. Loan-to-value: VA will no longer guarantee refinancing loans when the LTV exceeds 100 percent. If the Veteran chooses to close a loan in which the loan amount exceeds 100 percent of the reasonable value of the property, the Veteran must pay the amount which exceeds 100 percent of the property value at loan closing <ol style="list-style-type: none"> a. LTV calculation includes the VA funding fee, if applicable 																				
<p>2. Cash-Out Refinance Net Tangible Benefit</p>	<ol style="list-style-type: none"> 1. Lenders must ensure that all cash-out refinancing loan pass a NTB, which includes providing the Veteran with the following information no later than the third business day after receiving the Veteran's loan application, and again at loan closing. The refinancing loan must satisfy at least one of the following eight net tangible benefits. <ol style="list-style-type: none"> a. The new loan eliminates monthly mortgage insurance or monthly guaranty insurance; b. The term of the new loan is shorter than the term of the loan being refinanced; c. The interest rate on the new loan is lower than the interest rate on the loan being refinanced; d. The payment on the new loan is lower than the payment on the loan being refinanced; e. The new loan results in an increase in the borrower's monthly residual income; f. The new loan refinances an interim loan to construct, alter, or repair the home; g. The new loan amount is equal to or less than 90 percent of the reasonable value of the home, or; h. The new loan refinances an adjustable rate loan to a fixed rate loan 2. A comparison of key loan characteristics or terms for the existing and refinancing loan. 3. An estimate of the home equity being removed from the home as a result of the refinance and explain how the removal of home equity may affect the Veteran. 																				
<p>3. VA REFINANCE SEASONING REQUIREMENTS (cash out & IRRRL's).</p>	<ol style="list-style-type: none"> 1. Programs Affected defined: <ol style="list-style-type: none"> a. ALL Refinance FHA & VA applications at GVC Mortgage <ol style="list-style-type: none"> i. Regardless if R/T, Streamline, IRRRL, or Cash out ii. Regardless of what type of value method is utilized iii. Regardless if spousal buyout or divorce situation. <p>NOTE: Divorce situations may not circumvent the rules by structuring as a purchase mortgage</p>																				

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	<p>2. Requirements Effective today for closings 1/26/18 or after:</p> <ol style="list-style-type: none"> a. The borrower must have made 6 payments on the previous loan- <u>during the month due.</u> <ol style="list-style-type: none"> i. The borrower must NOT prepay/advance pay the current lien. ii. The loan must be seasoned the greater of the case assignment requirements required by FHA, or 210 <u>days from the 1st payment DUE DATE of the existing loan prior to closing.(not funding)</u> iii. <u>Confirmation of the borrowers first payment due date will be required by obtaining a copy of the note of the existing lien.</u> iv. There must be a documented NTB form completed for all refinances v. Underwriters must have an updated payoff- showing the 6 payment was made before determining final loan amount. You may not roll in the 6th month payment into the new loan. b. The note date showing the 1st payment on the new loan must be: <ol style="list-style-type: none"> i. Greater than 210 days from from the original first payment due date. ii. The GVC new note may not be dated in the same month that the 6th payment was due in on the current loan. (i.e, 6th month due date was Sept, our note must be dated on or after 10/1/18). <p>3. Examples:</p> <ol style="list-style-type: none"> a. Borrower closed on existing mortgage 01/2018. b. First payment due was 3/1/2018 c. New file is VA cash out. <p>Calculation to determine first eligible close date is: Mar, April, May, June, July, August, must all be confirmed to be paid- in the month due (0x30), then 210 days = (31 mar, 30 apr, 31 may, 30 june, 31 july, 31 aug, 30 sept= 214 days). The new note date is eligible to be 10/1/2018 or after.</p> <p>NOTE: There are NO exceptions to this rule- regardless of circumstance. This is a GNMA requirement that is effective immediately.</p>
4. Cash-Out Refinance Fee Recoupment	<p>1. The recoupment period of all fees, closing costs, expenses (other than taxes, escrow, insurance, and the like assessments), and incurred costs must not exceed 36 months from the date of loan closing. The lender must certify the recoupment period to VA to obtain an LGC.</p> <p>Note: This required only applies to <i>TYPE I Cash-Out Refinances</i> made to refinance an existing VA-guaranteed home loan</p> <ol style="list-style-type: none"> a. To calculate: divide all fees, closing costs, expenses, and incurred costs by the reduction of the monthly principal and interest payment as a result of the refinance. If the loan being refinanced has been modified, the principal and interest reduction must be computed/compared to the modified principal and interest monthly payment.
DTI & Residual Income	<p>The VA qualifies the veteran borrower on a single ratio (no housing ratio), as well as residual income. Loans not approved through DU must have a maximum 41% debt-to-income ratio (DTI), unless significant compensating factors are present.</p> <p>See http://va-guidelines.com/va_residual_income.htm for residual income chart.</p> <p>DTI Cap is 50% regardless of findings for fico scores below 680. Above 680 should 2x VA residual, AUS A/E, and 1 additional comp factor to be considered for loan balances under \$484,350 only up to 55% max</p> <p><u>The final decision will be determined by the underwriter.</u></p>
BK	<p>2 year BK for < \$484,350 loan amounts 7 year BK/Foreclosure for >\$484,350 loan amounts is required.</p>
Loan Terms	<p>FIXED RATE ONLY: 15yr, 20yr, 25yr, & 30yr fixed rates HPML: HPML IS NOT ALLOWED ON VA FILES</p>
Cash out Limits	<p>Maximum cash in hand below 90% LTV is determined in underwriting. Large sums requested should be accompanied by an explanation letter signed by the borrower. Over 90% LTV is limited to 50k cash in hand unless a higher amount is approved by management.</p> <p>Property may not be listed within 6 months of date of application for cash out files</p> <p>HIGH BALANCE LOANS (>\$484,350) cash out is NOT allowed, R/T ONLY ALLOWED (\$500 INCIDENTALS).</p>
Funding Fee	<p>Please reference: http://www.benefits.va.gov/homeloans/documents/docs/funding_fee_table.pdf</p>
Property Types	<p>Eligible:</p> <ul style="list-style-type: none"> • Single Family Residence • 1 – 4 Unit (veteran must occupy one of the units) • Condominium (Approved by VA, NO <ul style="list-style-type: none"> • Auxiliary / Accessory dwelling units • Homes with extreme functional obsolescence (i.e. one bedroom). Must be common and typical for the area with like comps.

	EXCEPTIONS) <ul style="list-style-type: none"> • PUD • Townhome / Rowhome 	<ul style="list-style-type: none"> • Log / Dome / Berm homes; Pier foundations • Modular Home
	See guidelines for complete list of ineligible property types HIGH BALANCE REQUIRES SFR – 1 UNIT ONLY, No Unique properties allowed	
Occupancy	Owner-occupied, primary residence only. Max number of borrowers per loan is 4. Acceptable scenarios for meeting owner occupancy status: <ul style="list-style-type: none"> • The spouse may certify occupancy if the veteran is on active duty • Single or married service members deployed from their permanent duty station are considered to be in a temporary duty status and are able to certify intent to occupy 	
Gift Funds	Donor must be a relative, the borrower's employer, or a close friend with a documented interest in the borrower and evidence of relationship must be acceptably documented. Cash gifts are not allowed.	
Escrow Waiver	Not Permitted.	
Repair Escrows	See GVC Repair Escrow Policy for further details and restrictions.	
IRRRL Requirements	A copy of the veteran's current note is required to document who is currently obligated A Certificate of Eligibility is not required New loan must accomplish both a decrease in P&I payment and a decrease in the interest rate <ul style="list-style-type: none"> • If the IRRRL shortens the loan term, only the interest rate must decrease • If the IRRRL refinances an existing ARM into a fixed rate, neither the P&I payment nor the interest rate reduction are required Generally, no cash back to the borrower is permitted at closing. In a limited number of situations, the borrower may receive up to \$500 cash at closing. If, in any circumstance, the borrower is to receive more than \$500 cash back, the loan amount must be recalculated by the underwriter. Income documentation is reduced from standard guidelines, in most cases. See guidelines for detailed information. Repair Escrows are NOT allowed on this program. NO EXCEPTIONS. No HPML's allowed (Fannie APOR + 1.5%) VA HIGH BALANCE MUST BE APPROVED BY SECONDARY – ON A CASE BY CASE BASIS ONLY.	
Seller Contribution	Maximum seller concession is 4%. However, payment of the buyer's closing costs are not considered in the total concessions when determining the 4% limit.	

All loans subject to underwriting review to determine eligibility under agency, investor, and federal/state guidelines

PRODUCT UPDATES	
6-28-17	Added MCC CREDIT section and loan qualifying restriction note
10-5-2017	Lowered Jumbo Min Credit Score to 640 from 660 Added mgmt. exception for cash out over 50k is allowed Lowered 100% Cash out to 640 min fico from 660 Updated repair escrows to see repair escrow policy IRRRL minimum score lowered to 640. Clarified HPML is not allowed on VA files.
12-15-2017	All references to High Balance updated to reflect 453,100 Added section on how to calculate maximum loan amount for VA High Balances. Removed cash out overlay, and detailed LOX for large sums should be submitted for review Removed Budget letter requirement – duplicated process when residual is required. DTI cap 50% lowered to scores below 680. Above 680 if 2x VA residual income + 1 additional comp factor DTI may be allowed up to 55% for conforming loan balances only.
1-15-2018	Added Refinance seasoning requirements to meet Ginnie MBS pooling requirements. Added 210 days must have occurred after the first payment was made to the closing date. – see seasoning section. Corrected BK loan amount overlay from 417k to 453.100 loan amount limit.
1-23-2018	Revamped loan matrix Added high balance section

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	Recoupment for r/t refinances added for loan applications as of 1-23-2018. No unique properties allowed on VA high balance.
1-26-2018	Expanded definitions of seasoning requirements. Removed the 36 months recoupment NTB – as this is not yet law for non-IRRRL files.
1-29-2018	Correct DTI error from 1-26-2018 guide. 640 is refer 41 ratio, not 50 . clarified AUS.
2-19-2018	Corrected DTI to 41%- but allowed to 50% with comp factors & residual per VA guides. . Over 90% LTV is limited to 50k cash in hand unless a higher amount is approved by management. VA HIGH BALANCE EXPANDED TO 660 FICO SCORE FOR CASH OUT (\$500 INCIDENTALS)

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