

## VA High LTV Cash-Out Fixed

Primary Residence			
Cash-Out Refinance			
Property Type		Maximum Base Loan Amount	Minimum Credit Score
1-4 Units	Standard	(non HI): ≤ Conforming Loan Limits (HI): ≤ Conforming Loan Limits	660
	High Balance	(non HI): \$1 > Conforming Loan Limits - \$1,000,000 (HI): \$1 > Conforming Loan Limits - \$1,000,000	
1 Unit	Super Max	\$1,000,001 - \$2,000,000	660
			100%

Funding Fee Table - Effective 1/1/2020			
Type of Loan	Down Payment	% for First Time Use	% for Subsequent Use <sup>1</sup>
Cash-Out Refinance	N/A	2.30%	3.60%

<sup>1</sup>The subsequent use fee does not apply if the veteran's only prior use of entitlement was for a manufactured home loan.

- All VA loans require a VA funding fee unless the veteran is exempt from paying the funding fee. Exempt status includes veterans with service-connected disabilities, surviving spouses of veterans who died in service or from service-connected disabilities as well as other exemptions determined by the VA. The exempt status is reflected on the Certificate of Eligibility.
- All or part of the funding fee may be paid in cash at loan closing or may be fully or partially financed in the loan amount.

Entitlement/Guaranty	Loan Amount	Maximum Potential Guaranty
	\$125,000 - \$144,000	40% of the loan amount or maximum \$36,000
	≥ \$144,001	25% of the loan amount

- In cases where a surviving spouse is also a veteran, entitlement for the surviving spouse must be used (not the entitlement for the deceased veteran/spouse).
- Note:** While a Veteran may use the VA Home Loan Guaranty benefit to acquire a property up to 4 units in size, VA's maximum guaranty amount will be based on the 1 unit (single family residence) limit allowed for the subject property's county.
- Partial Entitlement for loan amounts ≥ \$144,001: the maximum amount of guaranty may not exceed the lesser of 25% of the *Loan Amount* OR *Freddie Mac Conforming Loan Limit*.

**Entitlement/Guaranty on Joint Loans:**

- Guaranty is limited to that portion of the loan allocable to the veteran's interest in the property.

### Temporary Guidance Due to COVID-19 - Refer to COVID-19 Communications for additional guidance.

**Income Verification Guidelines** – Effective April 1, 2021 Circulars [26-20-10](#) and [26-20-10 Change 1](#) Lender Guidance for Borrowers Affected by COVID-19 have been rescinded:

Follow Verification of Employment (VOE) and income verification guidelines as outlined on this matrix, VA Pamphlet 26-7 Lender's Handbook and VA Lending Guide.

#### Appraisal Valuation Practices –

Effective April 1, 2021 Circulars [26-20-13](#) and [26-20-13 Change 1](#) Valuation Practices during COVID-19 have been rescinded:

- All appraisals ordered on or after April 3, 2021, follow guidelines outlined in VA Pamphlet 26-7 Lenders Handbook and YODA VA Lending Guide.

Effective for all loans closed on, or after **March 13, 2020** with appraisals ordered prior to April 3, 2021:

VA is allowing temporary flexibility to their appraisal inspection and reporting requirements. VA appraisers are still required to follow the same procedures of the VA appraisal process and meet USPAP/State requirements. VA will allow either:

- Exterior-Only appraisal with enhanced assignment conditions, or
- A Desktop appraisal, in limited instances

#### Requirements

Appraiser must indicate "Exterior-Only" or "Desktop" on page 1 of the Uniform Residential Appraisal Report (URAR), in the Subject section "Map Reference" line.

- Appraisers must boldly and inconspicuously state "Per Department of Veterans Affairs, no interior inspection was provided due to COVID-19".
  - When the appraiser believes the assignment is too complex to be completed by a Desktop or Exterior-Only appraisal, the appraiser is to contact the Regional Loan Center (RLC) and loanDepot to place the assignment on hold.
- The use of Exterior-only valuations will be limited for financed loan amount (i.e. unpaid principal loan amount) that will not be more than one and a half times the maximum 2021 Federal Housing Finance Agency (FHFA) Conforming Loan Limit for 1-unit limit for the county.
  - The appraiser is in control of the Scope of Work and the type of report will be used based on upon safety.
- The use of Desktop valuations will be limited for financed loan amount (i.e. unpaid principal loan amount) that will not be more than the maximum 2020 Freddie Mac Conforming Loan Limit for 1-unit limit for the county.

#### Exterior-Only Appraisal

Exterior-only appraisals can be conducted for geographic areas with no restrictions or mandatory quarantine imposed by authorities. Appraisers must refer to their state/local authorities to determine if they are deemed an essential part of the financial transaction for mortgage lending.

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The Exterior-Only appraisal report options must be completed for:

- Enhanced assignment condition on FNMA 2055/1075 URAR form

The appraiser must make every effort to complete the enhanced assignment conditions or document in the narrative why one or more conditions could not be met:

- Review full exterior of the property.
- Provide photos of all property sides with detailed notes of exterior and any visible MPRs.
- If obstructed/restricted view, accessibility is not granted or allowed, MLS photos may be utilized and explained in the appraisal report.
- Measurement of the footprint of home must be provided if accessible. It is not to determine gross living area (GLA) but for the appraiser to reconcile with public records.
- Conduct a detailed interview over the phone with the occupant, veteran or real estate professional regarding the property. Any key items that impact market value must be noted in the appraisal report detailing what was provided and by whom.
- Utilize any and all photos available from MLS, provided by the occupant, veteran or real estate professional.
- Comparables must still be viewed and photos provided when possible.

### Desktop Appraisal

Desktop appraisals can be conducted for geographic areas with restrictions of mandatory quarantine imposed by authorities or not deemed as an essential part of the financial transaction for mortgage lending. loanDepot must confirm acceptance of Desktop appraisal via public notes in WebLGY and by email to the appraiser.

If Desktop appraisal will not be accepted, the appraiser must advise the RLC to place assignment on hold for 30 days, subsequently cancel when status has not changed and annotate public notes in WebLGY with updates on all communication between parties.

- Purchase transactions – appraiser defines scope of work and annotate appraisal report for the source of information provided.
- Cash-out Refinance transactions – appraisers are not required to proceed if information is not available to provide a credible report.

The Desktop appraisal report options must be completed:

- FNMA 1004, 1073, 1004C, and 2025 form, and
- Included in all reports, the appraiser will be required to attach a copy of the [Scope of Work \(SOW\), Exhibit A, Certifications, and Assumptions](#).

Appraisers are not required to accept Desktop valuation order. The use of Assisted Appraisal Processing Program (AAPP) is not eligible for Desktop appraisals. The appraiser may contact the RLC to place assignment on hold when the scope of work is not capable to develop a credible report.

### Interior Inspection Appraisal

The appraiser will continue to gain access to view the interior of the property for:

- Purchase Transaction (vacant property) – The interior inspection is allowed, when the appraiser poses no harm to themselves or others.

### Water System Acceptability

The Well water test for refinance transactions will be waived when the home is already encumbered by a VA loan.

In areas where water testing is suspended due to COVID-19, the Veteran must provide an acknowledgement of awareness that testing cannot be completed for purchase transactions and on refinances that are not already encumbered by a VA loan. The following is also required:

- The water test must be completed within 180 days from the closing date,
- Prior to loan closing, the Veteran must acknowledge the acceptance of responsibility to install a filtration system at their own expense to correct the issue should the water test fail, and
- The SAR underwriter must annotate in NOV Condition #16, "Other Conditions":
  - Veteran acknowledgement, and
  - 180-day requirement.

Refer to the Appraisal Valuation Practices – COVID-19 Update Bulletin for additional requirements pertaining to the following topics:

- Reconsideration of Value
- Repair Inspections
- Termite Inspection
- Additional NOV Conditions
- Appraisal Fees



## VA High LTV Cash-Out Fixed

<b>VA Lending Resources</b>	<ul style="list-style-type: none"> <li>All loans must be underwritten to the standards contained within this matrix and the loanDepot VA Lending Guide.</li> <li>Any guidance published on this matrix supersedes any guidance referenced within the loanDepot VA Lending Guide.</li> <li>Refer to LDW Loan Program Overlay Matrix for additional restrictions.</li> <li>If guidance is not provided on this matrix, overlay matrix or within the loanDepot VA Lending Guide, please refer to the <a href="#">VA Lenders Handbook</a>.</li> </ul>
<b>Ineligible Transactions</b>	<ul style="list-style-type: none"> <li>VA Cash-Out Type I Loans</li> <li>Bond, Down Payment Assistance (DPA) and Mortgage Credit Certificate (MCC)</li> <li>AUS Refer / Eligible and/or Manual Underwritten Loans</li> <li>Non-Traditional Credit</li> </ul>
<b>Geographic Restrictions</b>	<ul style="list-style-type: none"> <li>Hawaii Lava Zones 1 and 2 are ineligible.</li> <li>Texas 50(a)(6) loans not permitted.</li> </ul>
<b>Max Cash-Out</b>	<ul style="list-style-type: none"> <li>No limit to cash out amount.</li> </ul>
<b>Minimum Loan Amount</b>	<ul style="list-style-type: none"> <li>\$125,000</li> </ul>
<b>Minimum LTV</b>	<ul style="list-style-type: none"> <li>90.01% LTV</li> </ul>
<b>Debt-To-Income (DTI)</b>	<ul style="list-style-type: none"> <li>Max 45% with AUS approval, provided VA Residual Income requirements are also met.</li> </ul>
<b>AUS Requirements</b>	<ul style="list-style-type: none"> <li>All loans must be submitted through AUS and receive Approve / Accept findings.</li> </ul>
<b>Documentation</b>	<ul style="list-style-type: none"> <li>Per AUS requirements.</li> <li>All borrowers must have a valid social security number.</li> <li>Refer to IRS Form 4506-C and Tax Transcripts for additional guidance.</li> </ul>
<b>Qualifying Rate</b>	<ul style="list-style-type: none"> <li>Qualify at the Note Rate.</li> </ul>
<b>Appraisal</b>	<ul style="list-style-type: none"> <li>Appraisals are ordered through VA and must be completed by a VA appraiser.</li> <li>NOV is valid for 6 months and must be issued at the value reflected on the appraisal report.</li> <li>Must meet VA's Minimum Property Requirements (MPRs).</li> </ul>
<b>Income/Employment</b>	<ul style="list-style-type: none"> <li>The following is general guidance and subject to AUS approval.</li> <li>Income documents may be subject to additional document requests at the underwriter's discretion.</li> </ul>
	<b>Salaried Borrowers</b>
	<ul style="list-style-type: none"> <li>A current paystub dated within 120 days from the Note date; and</li> <li>A verbal VOE must be obtained no more than 10 calendar days prior to loan closing, or</li> <li>LES allowed in lieu of VOE if borrower is on active duty; and</li> <li>W-2's: Per AUS or document most recent 2 years.</li> </ul>
	<b>Rental Income</b>
	<ul style="list-style-type: none"> <li>Refer to Rental Income in the loanDepot VA Lending Guide.</li> <li>Individual income tax returns, signed and dated, plus all applicable schedules for the previous 2 years, which show rental income generated by the property.</li> </ul>
	<b>Self-Employed Borrower</b>
	<ul style="list-style-type: none"> <li>Business must have been in existence for at least two years (as stated on application).</li> <li>Verify the existence of the borrower's business within 30 calendar days prior to the note date.</li> </ul>
	<b>Personal Tax Returns</b>
	<ul style="list-style-type: none"> <li>Complete signed individual tax returns covering the most recent 2 years including all W-2 forms and schedules.</li> </ul>
	<b>Business Tax Returns</b>
	<ul style="list-style-type: none"> <li>Complete signed corporate or partnership tax returns covering the most recent 2 years, including all schedules. However, this requirement may be waived on AUS Accept / Approved loans when the borrower can document ownership of the business for at least five years, income has increased over the last two years and the borrower is using his/her own funds for closing costs.</li> </ul>
	<b>Profit &amp; Loss (P&amp;L) Statements</b>
	<ul style="list-style-type: none"> <li>Follow AUS approval.</li> </ul>
<b>Gaps in Employment</b>	
<ul style="list-style-type: none"> <li>An explanation is <u>required</u> for gaps in employment of 60 days or more.</li> </ul>	
<b>Asset Documentation</b>	<ul style="list-style-type: none"> <li>Follow AUS requirements or 2 months banks statements. Must include all pages.</li> </ul>
<b>Reserves</b>	<ul style="list-style-type: none"> <li>Per AUS. <b>Note:</b> If using rental income to qualify the veteran: 2-4 Unit properties require 6 months PITIA; multi-ownership properties requires 3 months PITIA for each property.</li> </ul>
<b>Borrower Eligibility</b>	<p><b>An eligible borrower is:</b></p> <ul style="list-style-type: none"> <li>a veteran; <ul style="list-style-type: none"> <li>who currently is serving or served on active duty in the Army, Navy, Air Force, Marine Corps, 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;</li> <li>is a member of the Reserves, eligible upon completion of 6 creditable years of service (<a href="#">National Guard-Reserve</a>); and/or</li> <li>is a member of the Army or Air National Guard, eligible: <ul style="list-style-type: none"> <li>➤ Upon Completion of 6 creditable years of service (<a href="#">National Guard-Reserve</a>), or</li> <li>➤ A minimum of 90 cumulative days of full-time National Guard duty and at least 30 of those days must have been consecutive; or</li> </ul> </li> </ul> </li> </ul>



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	<ul style="list-style-type: none"> <li>an unmarried surviving spouse of a veteran who died as a result of service or service-connected causes; or any other person who has been granted veteran status and has a valid Certificate of Eligibility.</li> </ul> <p><b>An eligible co-borrower is a:</b></p> <ul style="list-style-type: none"> <li>veteran-spouse that may (joint loan) or may not use their entitlement; or</li> <li>non-veteran spouse; or</li> <li>non-spouse (joint loan) who is or will be jointly obligated on the loan with the veteran borrower(s). Refer to <a href="#">Joint Loans</a> in Chapter 7 of the VA Handbook.</li> </ul>																				
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<sup>1</sup> Site condominiums in MI are treated as SFR.																					
<b>Community Property States</b>	<ul style="list-style-type: none"> <li>A credit report is required for the non-borrowing spouse in a community property state.</li> <li>The debts of the non-borrowing spouse must be included in qualifying on the Loan Analysis unless specifically excluded by state law: AZ, CA, ID, LA, NV, NM, TX, WA, WI.</li> <li>The non-borrowing spouse's payment history does not affect the veteran's ability to qualify for the loan.</li> </ul>																				
<b>Certificate of Eligibility</b>	<ul style="list-style-type: none"> <li>loanDepot must ensure the applicant is an eligible veteran. VA loans must never be closed before eligibility has been established. The COE is the only reliable proof of eligibility for loanDepot.</li> </ul>																				
<b>Credit</b>	<b>Credit Score</b>																				
	<ul style="list-style-type: none"> <li>Minimum credit score is required for all borrowers.</li> </ul>																				
	<b>Mortgage History</b>																				
	<ul style="list-style-type: none"> <li>Mortgage Payment History must be 0x30 in the last 12 months.</li> </ul>																				
	<b>Installment/ Revolving</b>																				
	<ul style="list-style-type: none"> <li>Obtain direct verification for significant debts not reported on the credit report.                             <ul style="list-style-type: none"> <li>The debt has a monthly payment exceeding 2% of the monthly income for all borrowers.</li> </ul> </li> </ul> <p><b>Note:</b> Direct verification must not reveal more than 1x30 day late payment in the past 12 months.</p>																				
	<b>Foreclosure, Bankruptcy, Deed-in-Lieu, Short Sale, or Consumer Credit Counseling</b>																				
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<p><sup>1</sup>If a foreclosure, deed in lieu, pre-foreclosure or short sale process is in conjunction with a bankruptcy, use the latest date of either the discharge of the bankruptcy or transfer of title for the home to establish the beginning date of re-established credit.</p> <p><sup>2</sup>Ensure that the veteran's Certificate of Eligibility reflects sufficient entitlement for the subject transaction, and if federal debt is owed it must be resolved.</p>																					
<b>Refinance Transactions</b>	<ul style="list-style-type: none"> <li><b>Net Tangible Benefit Requirements:</b> <ul style="list-style-type: none"> <li>Every refinance transaction must offer a documented, demonstrable, <b>Net Tangible Benefit</b> (NTB) to the borrower, and</li> <li>VA specific NTB requirements must be met, refer to Cash-Out Refinance Net Tangible Benefit Test Requirements.</li> </ul> </li> </ul>																				
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**Note:** VA Cash-Out Refinance Net Tangible Benefit Disclosure and Certification must be signed/acknowledged at initial (within 3 days of application) and final. Follow business operational process:

- o Initial – veteran’s signature is required prior to final approval.
- o Final – veteran’s signature required with closing documents.

### TYPE II Requirements Summary Table<sup>1</sup>

Requirement	TYPE II (Loan > Payoff)
LTV Cannot Exceed 100% (Including Funding Fee)	✓
Net Tangible Benefit Test (Eight Options)	✓
Loan Seasoning (210 Days and 6 Payments) <sup>2</sup>	See Ginnie Mae Refinance Seasoning Requirements

<sup>1</sup>Refer to Eligible Transactions in the loanDepot VA Lending Guide for complete details.

<sup>2</sup>Loan seasoned less than or equal to 12 months from the date of closing, obtain a payment history/ledger from the servicing lender and/or credit bureau supplement documenting all payments were made within that timeframe.

### Ginnie Mae / VA Refinance Seasoning Requirements

- Seasoning requirement applies when current loan that is being paid off is a government and/or **non-government lien(s)**. Except for loans refinancing:
  - o Non-mortgage debts,
  - o Mortgages without scheduled monthly payments (i.e. reverse mortgages), or
  - o Permanent financing construction loans with less than 6 monthly payments required per the loan note.

- The new Note date of the refinance loan must be on or after the later of:
  - o The date on which the borrower has made 6 consecutive full monthly payments on the loan being refinanced, and;
  - o 210 days after the verified first payment due date (GNMA) or first payment made date whichever is later.

**Note:** Advance/ prepaid payments to meet the 6 scheduled payment requirement is not permitted. Loan must not be in forbearance (except for CARES Act on or after 6/30/2020 refer to below guidance).

CARES Act forbearance for all VA loans closed on or after 6/30/2020 are successfully satisfied if:

#### Prior to the application date

- An explanation for the delinquency/forbearance is provided by the Veteran, and
- The new loan qualifies for a VA Purchase/Cash-out transaction under the qualifying standards set by VA, and
- The new loan meets all Loan Seasoning, Fee Recoupment, Discount Points & Net Tangible Benefit Standards, and
- The Veteran can document that the cause of delinquency/forbearance has been cured and corrected.

#### After the application date, but prior to note date

- An explanation for the delinquency/forbearance must be provided by the Veteran, and
- The new loan qualifies for a VA Purchase/Cash-out transaction under the qualifying standards set by VA, and
- The new loan meets all Loan Seasoning, Fee Recoupment, Discount Points & Net Tangible Benefit Standards, and
- The Veteran can document that the cause of delinquency/forbearance has been cured and corrected, and
- Any funds used to cure the delinquency/forbearance must be sourced as required under the qualifying standards set by VA.

#### At Closing

- An explanation for the delinquency/forbearance must be provided by the Veteran, and
- The new loan qualifies for a VA Purchase/Cash-out transaction under the qualifying standards set by VA, and
- The new loan meets all Loan Seasoning, Fee Recoupment, Discount Points & Net Tangible Benefit Standards, and
- The Veteran can document that the cause of any delinquency/forbearance has been cured and corrected.

Refer to CARES Act on or after 6/30/2020 in the VA Lending Guide for complete details.

#### CARES Act on or after 6/30/2020

#### CARES Act Loss Mitigation / Servicer Solution – On or after 6/30/2020

- The loan being refinanced cured the CARES Act Forbearance through a loss mitigation solution for loans closed on or after 6/30/2020:
  - o Veteran must provide an explanation for the delinquency/forbearance, and
  - o The new loan qualifies for a transaction under the credit qualifying and program standards set by VA and under the CARES Act on or after 6/30/2020 restrictions.
- Refer to CARES Act Loss Mitigation/Servicer Solution on or after 6/30/2020 in the VA Lending Guide for complete details.

#### Subordinate Financing

- Subordinate Financing allowed. CLTV cannot exceed the eligible LTV/CLTV limits above.

## VA - Eligible Terms & Plan Codes

	Standard	High Balance / Super Max
Fixed	Product Description / Terms	Product Description / Terms
	30 Year	30 Year

