

VA Product Guidelines

Purchase

Occupancy	Units	LTV	CLTV	Minimum Credit Score
Primary	1-4	100	100	620

Rate/Term Refinance

Occupancy	Units	LTV	CLTV	Minimum Credit Score
Primary	1-4	100	100	620

IRRRL

Occupancy	Units	LTV	CLTV	Minimum Credit Score
Primary	1-4	N/A	N/A	620

*Cash-Out Refinance

Occupancy	Units	LTV	CLTV	Minimum Credit Score
Primary	1-4	100	100	620

* Cash out transactions are not allowed in TX.

Loan Limits

Property Location	Units	Maximum Loan Amount
Continental US	1	\$417,000
	2	\$533,850
	3	\$645,300
	4	\$801,950
Property Location	Units	Maximum Loan Amount
Alaska & Hawaii	1	\$625,500
	2	\$800,775
	3	\$967,950
	4	\$1,202,925

High Balance Loan Limits

Property Location	Units	Loan Amount Exceeding
Continental US	1	\$417,000
	2	\$533,850
	3	\$645,300
	4	\$801,950
Property Location	Units	Loan Amount Exceeding
Alaska & Hawaii	1	\$625,500
	2	\$800,775
	3	\$967,950
	4	\$1,202,925

- Maximum loan amount may not exceed the VA statutory loan limits for each county.
- Fixed 15 and 30 year terms only.
- Secondary financing not allowed except for IRRRL with existing secondary financing the will be re-subordinated to the new first mortgage.
- Buy downs not allowed.
- No foreclosure or bankruptcy in the last 7 years.

High Balance Loan Amount and Credit Score Requirements

Transaction Type	Loan Amount	Minimum Credit Score
Purchase Rate/Term IRRRL	\$417,001 to \$1,000,000	640
	\$1,000,001 to \$1,500,000	700
Transaction Type	Loan Amount	Minimum Credit Score
Cash Out	\$417,001 to \$700,000	640
	\$700,001 to \$1,000,000	660
	\$1,000,001 to \$1,500,000	700

Eligible Borrowers

- Military personnel (active duty)
- Veterans that meet minimum service requirements
- National Guard
- Reserves
- Spouse of veteran who is listed as MIA or POW
- Spouse of veteran who perished from a service related disability

All eligible borrowers must meet entitlement requirements and provide a Certificate of Eligibility (COE).

Ineligible Borrowers

- Non veteran applicant (except spouse of veteran)
- Insufficient time served in the military
- Veterans with CAIVRS issues that cannot be resolved
- Veterans with insufficient entitlement
- Corporations, partnerships, Limited Liability and fictitious name entities
- Investors (exception, N/O/O IRRRLs)

Eligible Borrowers

Status	Qualifying wartime and peacetime periods	Qualifying active duty dates	Minimum active duty service requirements
Veteran	WWII	9/16/1940 - 7/25/1947	90 total days
	Post WWII	7/26/1947 - 6/26/1950	181 continuous days
	Korean War	6/27/1950 - 1/31/1955	90 total days
	Post Korean War	2/1/1955 - 8/4/1964	181 continuous days
	Vietnam War	8/5/1964 - 5/7/1964	90 total days
		*For Veterans who served in the Republic of Vietnam, the beginning date is 2/28/1961	
	Post-Vietnam War	5/8/1975 - 8/1/1990	181 continuous days
	24-month rule	9/8/1980 - 8/1/1990 *The beginning date for officers is 10/16/1981	24 continuous months, OR The full period (181 days) when called or ordered for active duty
Gulf War	8/2/1990 - Present	24 continuous months, OR The full period (at least 90 days) when called or ordered for active duty	
Currently On Active Duty	Any	Any	90 days of active service
National Guard and Reserve	Gulf War	8/2/1990 - Present	90 days of active service

For National Guard and Reserve:

Six years of service Selected Reserve or National Guard, AND

- Were honorably discharged, OR
- Were placed on the retired list, OR
- Transferred to the Standby Reserve or an element of the Ready Reserve other than the Active Reserve after service characterized as honorable, OR
- Continue to serve in the selective reserve

Eligible Properties

- 1-4 unit properties
- Primary residence
- Non primary residence (IRRRL only)

Ineligible Properties

- Non warrantable condos, condotels, Co-Ops, manufactured homes and Florida condos.
- Borrowers may not own more than one VA mortgage with maximum entitlement.
- Energy efficient mortgage

Credit

- When significant adverse credit is identified in a borrower's credit history, documentation must be provided evidencing whether the derogatory information was due to extenuating circumstances or financial mismanagement, and that an acceptable credit history has been re-established.

Mortgage

- Late payments of 30 days or more within the prior 12 months are ineligible.

Short Sales

- Borrower in default at the time of short sale
- A borrower in default on the mortgage at the time of the short sale is not eligible for a new VA insured mortgage for 2 years from the date of the pre-foreclosure sale.

Bankruptcy

Chapter 7 Bankruptcy

- At least 2 years must have elapsed since the date of the discharge of the bankruptcy. In addition, the borrower must have re-established an acceptable credit history.

Chapter 13 Bankruptcy

- One full year of the payout period of the bankruptcy has elapsed.
- The borrower has made all scheduled payments on time and is current on their obligation.
- The borrower must receive written permission from the bankruptcy court to enter into a new mortgage transaction.

Foreclosure and Deed in Lieu of Foreclosure

- A minimum of 2 years must have elapsed since the satisfaction and release of a previous foreclosure.

Consumer Credit Counseling

- One full year of the payout period has elapsed.
- The borrower has made all scheduled payments on time and is current on their obligation.

Divorce

- Delinquent payments made after assignment of responsibility to the ex-spouse will not be considered as adverse to the borrower.

Judgments

- Judgments must be either paid in full or on an acceptable payment plan with a satisfactory payment history.

Collections

- A collection account may remain open if the debt is not significant and will not impact the borrower's financial capacity. A history of collection activity or numerous collections may be cause for denial for credit risk.

Non Traditional Credit and Insufficient Credit

- Non-traditional credit sources may be considered when the borrower has a sufficient credit score to qualify.

Trade Lines in Dispute

- Disputed trade lines which derogatory activity occurred within the last 24 months that are reported must be updated to show dispute resolution or acceptable settlement. Disputed collection accounts with zero balance are acceptable.

Liabilities

- Accounts may not be "paid down" to 10 months or less to allow the borrower to qualify. However, accounts with less than 10 months remaining may be excluded at an Underwriter's discretion if they are not significant and will not adversely impact the borrower's ability to qualify for the mortgage within acceptable ratio tolerance. If a debt is deemed significant it must be included in the borrower's ratios or paid in full.

Co-signed Loans

- The monthly payment on a co-signed loan may be excluded from long term debt only with evidence of timely payments being made by the primary obligor for a period of 12 months or longer.

Projected Obligations

- Debt payments such as student loans or balloon notes scheduled to begin or come due within 12 months of the mortgage loan closing must be included as monthly obligations. Debt Payments do not have to be classified as projected obligations if the borrower provides evidence that the debt will be deferred to a period outside the 12 month time frame.

Income: The borrower must have a 2 year history of income.

Overtime and Bonus Income

- Must be received for a period of no less than 2 years and likely to continue.
- Declining income requires a written explanation and a review of the previous 3 year period.

Part Time Income

- Borrower must document a 2 year history of uninterrupted part time employment.

Seasonal Income

- Borrower must be employed in the same job for the past 2 years and expect to be rehired in the next season.

Commission Income

- Must be received a minimum of 2 years. Commission income showing a decrease in the current year requires a letter of explanation and significant compensating factors.

Retirement Income

- Must be verified that the income will continue for a minimum of 3 years if not of retirement age. Annuities require verification that sufficient assets allow for planned distributions. Social Security income must be verified via tax returns or award letter.

Auto Allowance and Expense Payments

- Only the amount that exceeds the actual expense may be considered income. Verification is required from the employer that the expense payments will continue.

Family Business Income

- Must verify the borrower is not an owner of the business via 2 years tax returns.

Self-Employment Income

- Borrowers with 25% or greater ownership in a business are considered self-employed. Income must be received for a minimum of 2 years to be eligible for consideration and verified by the most recent 2 years tax returns and a profit and loss statement. If the borrower has ownership interest in a corporation or partnership then the most recent 2 years business tax returns must also be provided.

Alimony, Child Support, and Maintenance Income

- Must be received for a minimum of 12 months prior to the loan closing and guaranteed to continue for 3 years thereafter.

Investment Income

- Interest and dividend income must be received for a minimum of 2 years prior to loan closing.

Trust Income

- Income must be guaranteed to continue for a minimum of 3 years.

Rental Income

- Must be verified by a current lease, agreement to lease, or 2 year history via tax returns.

Non Taxable Income

- Must be verified as being exempt from federal income tax and may be grossed up using the same tax rate from the borrower's previous tax year.

Debt to Income

- Standard debt to income ratios are 31/41.
- Expanded ratios may be considered when the AUS renders findings as "Accept" and strong compensating factors exist.

Residual Income

Table of Residual Income by Region

Loan amounts <=\$79,999

Family Size	Northeast	Midwest	South	West
1	\$390	\$382	\$382	\$425
2	\$654	\$641	\$641	\$713
3	\$788	\$772	\$772	\$859
4	\$888	\$868	\$868	\$967
5	\$921	\$902	\$902	\$1,004
> 5	Add \$75 for each family member up to a family of 7			

Loan amounts > \$79,999

Family Size	Northeast	Midwest	South	West
1	\$450	\$441	\$441	\$491
2	\$755	\$738	\$738	\$823
3	\$909	\$889	\$889	\$990
4	\$1,025	\$1,003	\$1,003	\$1,117
5	\$1,062	\$1,039	\$1,039	\$11,158
> 5	Add \$80 for each family member up to a family of 7			

The residual income figures may be reduced by 5% if the active duty borrower or spouse will continue to have access to nearby military base facilities. The reduction also applies to retired military personnel when the property is located near a military base or installation.

Funds for Closing

The following assets are permissible:

Savings and Checking Account

- Verification must be provided by the most recent bank statement as requested by AUS findings.

Investment Accounts

- Up to 60% of the value of the assets may be used in a 401K, IRA, Thrift Savings Plan and KEOGH accounts.

Stocks and Bonds

- Up to 100% of the value of the asset may be used and verified by a monthly or quarterly statement from the financial institution.

Savings Bonds

- Up to 100% of the original purchase price may be used.

Sale of Personal Property

- A borrower may sell personal property and use the funds for closing if:
- A valid appraisal was made, documented and provided to the lender as proof of value.
- Borrower can provide a valid receipt with proof of sale.

Seller Contributions

- Maximum seller contribution is 4%.

Seller contributions include:

- Funding fee
- Prepaid expenses
- Credit balances or judgments on the borrowers behalf

Reserves

- Determined by AUS.
- Note: 2-4 unit properties require 6 months reserves if rental income is being used to qualify.

Maximum Guaranty

Loan Amount	Maximum Potential Guaranty	Special Provisions
<=\$45,000	50% of loan amount	25% on IRRRL's
\$45,001 - \$56,250	\$22,500	25% on IRRRL's
\$56,251 - \$144,000	40% of loan amount with a maximum of \$36,000	25% on IRRRL's
\$144,001 - \$417,000	25% of the loan amount	25% on IRRRL's
>\$417,000	The lesser of: 25% of the county limit or 25% of the loan amount	25% on IRRRL's

Funding Fee

Purchase

Type of Veteran	Down Payment	First Time Use	Subsequent Use
Regular Military	None	2.15%	3.30%
	5%-9.99%	1.50%	1.50%
	>10%	1.25%	1.25%
Reserves National Guard	None	2.40%	3.30%
	5%-9.99%	1.75%	1.75%
	>10%	1.50%	1.50%

Cash-Out

Type of Veteran	First Time Use	Subsequent Use
Regular Military	2.15%	3.30%
Reserves National Guard	2.40%	3.30%

IRRRL

Type of Loan	Funding Fee First Time or subsequent Use
IRRRL	0.50%

Borrowers may be exempt from the funding fee under the following circumstances:

- Borrower has a service related disability and is being compensated by the VA.
- Borrower is a surviving spouse of a veteran who perished in service or from a service related disability.

Fees and Charges the Borrower Can Pay

The borrower may pay a 1% flat fee to cover all costs associated with the loan which includes:

- Processing fee
- Application fee
- Lender inspection fee
- Underwriting fee
- Wire fee
- Mortgage Broker fee
- Commitment fee
- Lock extension fee

The flat fee consists of 1% of the loan amount and is included in “our origination charge” on the GFE.

Fees and Charges the Borrower is Not Permitted to Pay (Non allowables)

- Appraisal requested by the lender or seller for a reconsideration of value.
- Appraisals requested by parties other than the borrower or lender.
- Flood zone determination requested by the lender or appraiser.
- Pest inspection (purchase only).
- Duplicate fees for services that have been paid by another party.
- Fees or commissions charged by a Real Estate Agent.

Appraisal

- Purchase loans – 1004
- Standard Refinance loans – determined by AUS
- IRRRL – initial AVM to determine value. If value exceeds 95% a 2055 exterior only is required.

Refinance Loans

Cash-Out

- Pay off existing and subordinate liens.
- Borrower may use excess cash for home improvements, debt consolidation or other matters.
- Maximum cash to borrower is limited by LTV.

IRRRL

- Manually underwritten
- No income documentation
- No appraisal if internal AVM value is <95%
- No maximum CLTV
- Subordinate liens must be re-subordinated
- No cash back to borrower
- Property does not have to be a primary residence.
- Loan must be seasoned a minimum of 6 months.

Additional Overlay Requirements

The following section describes the required and permissible documentation on all loan types.

Employment

- A verbal verification of employment must be completed three days prior to the note date and prior to loan QC.

Income

- A signed 4506-T must be processed for all borrowers when tax returns are used to calculate income and the IRS transcripts must be obtained for the most recent two years available prior to final approval.
- Tax transcripts may not be substituted for the borrower's tax returns.

Assets

- A verification of deposit is not permitted as a sole verification of assets. Borrowers must provide current statements from the institution managing or holding the asset. Any non payroll deposits must be sourced.

Short Payoff

- The loan must fund no later than the 5th day of the month to receive the interest credit.

The guidelines contained herein are general product guidelines and are in no way intended to imply an approval of any particular borrower or transaction. All loans are subject to final approval of United Fidelity Funding Corp.

For additional information or clarification of guidelines, policies and procedures, contact your Account Executive

Guidelines are subject to change without notice. United Fidelity Funding Corp. is an Equal Housing Lender.