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# VA

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## VA STANDARD

<b>Minimum Credit Score</b>	Follow VA requirements
<b>Maximum DTI</b>	Follow VA requirements.
<b>LTV Requirements</b>	Purchase: <ul style="list-style-type: none"> <li>100% of the lesser sales price or reasonable value, excluding the VA Funding Fee.</li> </ul> Cash-Out Refinance <ul style="list-style-type: none"> <li>100% of the reasonable value, including the VA Funding Fee.</li> </ul>
<b>Income Documentation</b>	<ul style="list-style-type: none"> <li>Each file must contain a fully completed 4506-C (version Rev. 10-22); a separate 4506-C must be completed for each self-employed income source.</li> <li>IRS Validation will be required if necessitated by the AUS findings, program specific guidelines, or subject to underwriter discretion to resolve income/employment discrepancies.</li> </ul>
<b>Credit</b>	<ul style="list-style-type: none"> <li>At the time of underwriting, a tri-merge credit report with score(s) required.</li> <li>Follow Agency guidance in relation FICO requirements, no-score borrower(s) and non-traditional credit.</li> </ul>
<b>Community Property State</b>	<ul style="list-style-type: none"> <li>Credit Report for a non-borrowing spouse is required.</li> <li>Monthly obligations must be included in DTI.</li> <li>Credit history is not considered.</li> </ul>
<b>Verification of Employment</b>	<ul style="list-style-type: none"> <li>Every loan for which income from a wage-earner and/or self-employed borrower is utilized must contain a valid verification of employment (VOE) performed and dated within the time frame stipulated by VA Guidelines.</li> <li>Each source of self-employment income requires that the existence of the business is independently verified through a disinterested third party.</li> </ul>
<b>Property Eligibility</b>	<ul style="list-style-type: none"> <li>Single Family Detached</li> <li>Single Family Attached</li> <li>2–4 Unit Detached/Attached</li> <li>PUDs</li> <li>Condominiums (must be VA eligible)</li> <li>Manufactured (must be titled as real property and constructed on or after 06/15/1976).</li> <li>Rural Properties (in accordance with agency Guidelines, loans must be residential in nature)</li> </ul>

<b>Loan Purpose</b>	<ul style="list-style-type: none"> <li>- <b>Purchase</b></li> <li>- <b>Cash-out</b></li> <li>- <b>The veteran must have sufficient available entitlement for the loan. If an existing VA loan on the same property will be paid off by the refinancing loan, the entitlement used for that existing loan can be restored for purposes of obtaining the new loan.</b></li> <li>- All VA cash-out refinance transactions (Type I and Type II) must pass the Net Tangible Benefit test as detailed in <a href="#">Circular 26-19-05</a>.</li> <li>- The Note Date of the refinance loan must be on, or after, the later of:             <ul style="list-style-type: none"> <li>• The date on which the borrower has made at least six (6) consecutive monthly payments on the loan being refinanced; and</li> <li>• The date that is 210 days after the first payment due date of the loan being refinanced.</li> </ul> </li> <li>- <b>For all refinance transactions aged less than 12 months, A&amp;D Mortgage will require a copy of the Promissory Note, Security Instrument or other documentation for the underlying mortgage with evidence of the first payment due date, when the subject property is secured by an existing mortgage lien. The additional documentation will not be required when the mortgage being refinanced is aged 12 months or more unless there are red flags within the loan documents that indicate a modification or partial claim may have occurred with the transaction.</b></li> <li>- <b>Any and all subsequent loan modification documents must be provided when an existing mortgage has been modified from the original terms.</b></li> <li>- <b>A refinance with indication of a partial claim on the lien being paid off will require the most recent mortgage statement for comparison of the current terms to the original loan documents. In the event the interest rate, P&amp;I and/or remaining unpaid principal balance do not reconcile from the current statement to the original loan documents, A&amp;D will require that the Borrower has met the 210 day rule from the date the first payment after the partial claim is due and that the borrower has made at least six (6) consecutive timely payments.</b></li> </ul>
<b>Seasoning Requirements</b>	<ul style="list-style-type: none"> <li>- The Note Date of the refinance loan must be on, or after, the later of:             <ul style="list-style-type: none"> <li>○ The date on which the borrower has made at least six (6) consecutive monthly payments on the loan being refinanced; and</li> <li>○ The date that is 210 days after the first payment due date of the loan being refinanced.</li> </ul> </li> <li>- GNMA <a href="#">APM 19-05</a> specifically requires that any VA-guaranteed refinance loan that is used to pay off another mortgage loan must meet these seasoning requirements to be eligible collateral.</li> <li>- Per GNMA <a href="#">APM 21-06</a>, when refinancing a modified loan, the refinance transaction must be qualified based on the loan terms at the time of the note modification. All NTB and seasoning requirements must be based on the modification documentation and payment history.</li> </ul>

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	<ul style="list-style-type: none"> <li>- Reference Chapter 24 of the Ginnie Mae MBS Guide for the only acceptable seasoning exemptions.</li> </ul>
<b>Age of Documents</b>	<ul style="list-style-type: none"> <li>• Credit documents must be no more than 120 days old on the note date, including credit reports and employment, income and asset documents.</li> <li>• Preliminary Title Policies must be no more than 120 days old on the date the Note is signed</li> </ul>
<b>Secondary financing</b>	<ul style="list-style-type: none"> <li>• Secondary financing from family members and all other sources must meet VA's requirements. Downpayment Assistance programs that require a designated servicer are not eligible.</li> </ul>
<b>Appraisals</b>	<ul style="list-style-type: none"> <li>• A full appraisal completed by a VA approved appraiser is required for all submissions</li> <li>• Notice of Value (NOV) must be issued to the borrower within five (5) days of receipt of appraisal and is valid for six (6) months.</li> </ul>
<b>Geographic restrictions</b>	<ul style="list-style-type: none"> <li>• Properties located in New York are not eligible.</li> <li>• Texas 50 (a) (6) is not eligible</li> </ul>
<b>Purchase Contract</b>	<ul style="list-style-type: none"> <li>• An assignment of a purchase contract is not acceptable</li> </ul>
<b>Temporary Buydowns</b>	<ul style="list-style-type: none"> <li>• Must be funded by the Seller/Builder; funding of the buydown, as well as any additional seller concessions, must be within the VA interested party contribution limit.</li> <li>• 3-2-1 option</li> <li>• 2-1 option</li> <li>• Purchase Only</li> <li>• Fixed Rate</li> <li>• Borrower is qualified at the Note Rate</li> <li>• Considered as seller concession, must not exceed 4% cap</li> </ul>
<b>Escrow Holdback</b>	<ul style="list-style-type: none"> <li>• A repair item that poses a health or safety hazard is not eligible for an Escrow Holdback.</li> <li>• The subject property must be habitable, sound, and safe for occupancy at the time of loan closing.</li> <li>• The completion escrow may not adversely affect the mortgage insurance or title insurance.</li> <li>• The final inspection must be provided to A&amp;D once repairs are complete.</li> <li>• The following must be provided:             <ul style="list-style-type: none"> <li>○ An itemized bid for the outstanding repair(s) must be provided; the bid must include:                 <ul style="list-style-type: none"> <li>▪ The cost to repair;</li> <li>▪ Who will complete the repair(s); and</li> <li>▪ A reasonable time frame for completing the repair(s).</li> </ul> </li> </ul> </li> <li>• Acceptability of the holdback request and the amount of the contingency will be determined on a</li> </ul>

	<p>case-by-case basis.</p> <ul style="list-style-type: none"> <li>• <b>For purchase transactions:</b> <ul style="list-style-type: none"> <li>○ The property seller must fund the escrow account, including the required contingency.</li> <li>○ VA <a href="#">Form 26-1849</a>, Escrow Holdback Agreement for Postponed Exterior Onsite Improvements must be completed by the seller(s).</li> <li>○ The escrow account must be established with the greater of \$500 or 150% of the estimated cost to complete the improvement(s)/repair(s).</li> <li>○ All repairs must be completed within 120 days of the Note Date; extension requests must be escalated to management.</li> </ul> </li> <li>• As Chapter 12.44 of the VA Handbook restricts lenders from obtaining the Guaranty on a <b>refinance transaction</b> until the escrow holdback is complete, the following will be required: <ul style="list-style-type: none"> <li>○ The file must include evidence the repairs are 100% complete and include the Guaranty prior to funding.</li> <li>○ All repairs must be completed within 30 days of the Note Date.</li> </ul> </li> <li>• An escrow account is not required when: <ul style="list-style-type: none"> <li>○ The incomplete work is limited to the installation of landscaping features (lawns, shrubbery, etc.) due to inclement weather,</li> <li>○ The estimate of the cost to complete the work is ≤ \$2,500, and</li> <li>○ There is adequate assurance that the work will be completed timely and satisfactorily (usually 90 to 120 days).</li> </ul> </li> <li>• Energy Efficient Mortgages are acceptable as outlined in Chapter 7 of the VA Handbook.</li> <li>• The improvements must be completed within six (6) months of the Note Date.</li> </ul>
<b>Escrows</b>	All loans must have escrow for taxes/insurance.
<b>Power of Attorney</b>	<ul style="list-style-type: none"> <li>• A POA should only be used in extraordinary circumstances, such as a hardship or emergency situation.</li> <li>• The POA may be used for closing documents only; it is not acceptable for loan application and/or credit verification purposes.</li> <li>• A POA is not permitted when the loan is closing in an Inter Vivos Revocable Trust.</li> <li>• The attorney-in-fact may not have any direct or indirect financial interest in the transaction.</li> <li>• Authorization is for the attorney-in-fact to perform specific functions related to the real estate financing, or the POA must be specific to the subject property.</li> <li>• The POA must be in full-force and effect on the date of the closing, must survive subsequent disability (durable), and has to be revoked in writing, unless a specific expiration date is stated which survives the closing date.</li> <li>• All requirements stated in <a href="#">Chapter 9</a> of the VA Lender's Handbook must be followed.</li> </ul>



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<b>Maximum Loan Limits</b>	Max loan amount \$2 MM. In all situations, the amount of entitlement plus the amount of downpayment/equity must equal at least 25% of the purchase price or appraisal value, whichever is less.
<b>Closing Documentation</b>	<ul style="list-style-type: none"><li>• A&amp;D will accept electronic signatures on all documents other than the Note, Security Instrument, any related riders/addendums, Power of Attorney, Modification Agreement, Right to Rescind and Name Affidavit Disclosure.</li><li>• A&amp;D is unable to accept documentation notarized by a Remote Online Notary (RON).</li></ul>
<b>HPML</b>	A&D Mortgage will not originate High-Cost loans. HPML are allowed so long as the mortgage loan complies with all requirements under Regulation Z and applicable state law.

## VA IRRRL

<b>Occupancy</b>	The veteran need only certify that he or she previously occupied the property as his or her home.
<b>LTV Requirements</b>	The Original Loan Amount reflected on the IRRRL Case Number is to be utilized as the Estimated Value for LTV purposes. If discount points are added to the principal balance of the loan, appraisal and LTV restrictions apply (reference <a href="#">VA Circular 26-19-22</a> ).
<b>Borrower Eligibility</b>	Generally, the borrower(s) on the original loan must be the same on the new loan and the veteran must still own the property. A spouse may be added to the application if the veteran was unmarried at the time of the original loan. Reference <a href="#">Chapter 6.1.k.</a> of the Lender's Handbook for examples of acceptable change in obligors.
<b>Refinance Transactions</b>	<ul style="list-style-type: none"> <li>For all refinance transactions aged less than 12 months, A&amp;D will require a copy of the Promissory Note, Security Instrument or other documentation for the underlying mortgage with evidence of the first payment due date, when the subject property is secured by an existing mortgage lien. The additional documentation will not be required when the mortgage being refinanced is aged 12 months or more unless there are red flags within the loan documents that indicate a modification or partial claim may have occurred with the transaction.</li> <li>Any and all subsequent loan modification documents must be provided when an existing mortgage has been modified from the original terms.</li> <li>A refinance with indication of a partial claim on the lien being paid off will require the most recent mortgage statement for comparison of the current terms to the original loan documents. In the event the interest rate, P&amp;I and/or remaining unpaid principal balance do not reconcile from the current statement to the original loan documents, A&amp;D will require that the Borrower has met the 210 day rule from the date the first payment after the partial claim is due and that the borrower has made at least six (6) consecutive timely payments.</li> </ul>
<b>Seasoning Requirements</b>	<p>The Note Date of the refinance loan must be on, or after, the later of:</p> <ul style="list-style-type: none"> <li>The date on which the borrower has made at least six (6) consecutive monthly payments on the loan being refinanced; and</li> <li>The date that is 210 days after the first payment due date of the loan being refinanced.</li> </ul> <p>GNMA APM 19-03 specifically requires that any VA-guaranteed refinance loan that is used to pay off another mortgage loan must meet these seasoning requirements to be eligible collateral. Per GNMA APM 21-06, when refinancing a modified loan, the refinance transaction must be qualified based on the loan terms at the time of the note modification. All NTB and seasoning requirements must be based on the modification documentation and payment history. Reference Chapter 24 of the Ginnie Mae MBS Guide for the only acceptable seasoning exemptions.</p>

<b>Cash-Back</b>	\$500, as a result of incidental changes at closing
<b>Net Tangible Benefit</b>	<p>The principal and interest payment on an IRRRL must be less than the principal and interest payment on the loan being refinanced unless one of the following exceptions applies:</p> <ul style="list-style-type: none"> <li>• The IRRRL is refinancing an ARM,</li> <li>• Term of the IRRRL is shorter than the term of the loan being refinanced, or</li> <li>• Energy efficiency improvements are included in the IRRRL.</li> </ul> <ul style="list-style-type: none"> <li>• For refinances in which the original loan being refinanced and the new refinance both have a fixed interest rate, the interest rate must be reduced by a minimum of 0.50%.</li> <li>• For refinances in which the original loan being refinanced had a fixed interest rate and the new refinance has an adjustable interest rate, the interest rate must be reduced by a minimum of 2.0%.</li> </ul> <p>If a state-specific net tangible benefit disclosure form is required, it must be included in the loan file.</p>
<b>Property Eligibility</b>	1-4 Unit, Condominium, PUD, Manufactured Home, Rural
<b>Loan Terms</b>	The maximum loan term is the original term of the loan being refinanced plus 10 years, not to exceed 30 years and 32 days.
<b>Credit Requirements</b>	<ul style="list-style-type: none"> <li>• For non credit-qualifying transactions, a mortgage only credit report (with or without FICO scores, hard pull or soft pull) is acceptable.</li> <li>• For credit-qualifying transactions, a tri-merge credit report with score(s) is required at the time of underwriting.</li> </ul>
<b>Mortgage history</b>	<ul style="list-style-type: none"> <li>• The existing loan must be current at the time of loan closing.</li> <li>• Documentation must evidence that the borrower has made at least six (6) consecutive monthly payments on the loan being refinanced</li> </ul>
<b>Impounds</b>	<ul style="list-style-type: none"> <li>• Escrow accounts for property taxes, homeowner's insurance, flood insurance, etc. are required on all government loan products.</li> </ul>
<b>Community Property State</b>	<p>Credit Qualifying Refinance:</p> <ul style="list-style-type: none"> <li>• Credit Report for a non-borrowing spouse is required.</li> <li>• Monthly obligations must be included in DTI.</li> <li>• Credit history is not considered.</li> </ul>
<b>Fee Recoupment</b>	<ul style="list-style-type: none"> <li>• For an IRRRL that results in a lower monthly PI payment, the recoupment period of fees, closing costs, and expenses (other than the VA Funding Fee, taxes and prepaids) must not exceed 36 months.</li> <li>• For an IRRRL that results in the same or higher monthly PI payment, the Veteran must incur no fees, closing costs, or expenses (other than the VA Funding Fee, taxes and prepaids).</li> </ul> <p>Reference <a href="#">Circular 26-19-22</a> and <a href="#">Change 1</a> for complete details.</p>



<b>IRS Transcripts / 4506-C</b>	Credit Qualifying Refinance: <ul style="list-style-type: none"> <li>• Each file must contain a fully completed 4506-C (version Rev. 10-22) for each qualifying income source.</li> <li>• IRS Validation will be required if necessitated by the AUS findings, program specific guidelines, or subject to underwriter discretion to resolve income/employment discrepancies.</li> </ul>
<b>Appraisal</b>	Not required unless discount points are added to the principal balance of the loan (reference <a href="#">VA Circular 26-19-22</a> for complete details).
<b>FEMA Disaster Inspections</b>	Property inspection required when: <ul style="list-style-type: none"> <li>• Loan has a Loan Disbursement Date prior to the date the subject property county was impacted by the natural disaster; or</li> <li>• Loan has a Loan Disbursement Date on or within 90 days after the date the subject property county was impacted by the natural disaster.</li> </ul> Compliance with the <a href="#">VA Guidance on Natural Disasters</a> is mandatory.
<b>State Restrictions</b>	Properties located in New York are not eligible.
<b>High Cost Loans</b>	High Cost Loans under the Home Ownership and Equity Protection Act (HOEPA) are prohibited.
<b>HPML Transactions</b>	High Priced Mortgage Loans (HPML) are considered for purchase review with no additional overlays, so long as the mortgage loan complies with all requirements under Regulation Z and applicable state law.
<b>Temporary Buydowns</b>	Not permitted
<b>Power of Attorney</b>	<ul style="list-style-type: none"> <li>• A POA should only be used in extraordinary circumstances, such as a hardship or emergency situation.</li> <li>• The POA may be used for closing documents only; it is not acceptable for loan application and/or credit verification purposes.</li> <li>• A POA is not permitted when the loan is closing in an Inter Vivos Revocable Trust.</li> <li>• The attorney-in-fact may not have any direct or indirect financial interest in the transaction.</li> <li>• Authorization is for the attorney-in-fact to perform specific functions related to the real estate financing, or the POA must be specific to the subject property.</li> <li>• The POA must be in full-force and effect on the date of the closing, must survive subsequent disability (durable), and has to be revoked in writing, unless a specific expiration date is stated which survives the closing date.</li> </ul> All requirements stated in <a href="#">Chapter 9</a> of the VA Lender's Handbook must be followed.
<b>Closing Documentation</b>	<ul style="list-style-type: none"> <li>• A&amp;D will accept electronic signatures on all documents other than the Note, Security Instrument, any related riders/addendums, Power of Attorney, Modification Agreement, Right to Rescind and Name Affidavit Disclosure.</li> <li>• A&amp;D is unable to accept documentation notarized by a Remote Online Notary (RON) at this time.</li> </ul>