VA Matrix

VA Standard					
Occupancy	Purpose	Units	Loan Amount	FICO	LTV/CLTV
Primary	Purchase	1-4 Units	Conforming/High Balance	640+	100%/Unlimited
	Cash-Out				90%*/Unlimited
Primary/Secondary/Investment	IRRRL			550+,	Unlimited (Refer to IRRRL Net Tangible Benefit limitations below)
VA Advantage					
Primary	Purchase	1-4 Units	Conforming/High Balance	550-639,	100%/Unlimited
	Cash-Out				90%*/Unlimited
* 90% including the upfront funding fee					

Maximum Guaranty	
Loan Amount	Maximum Potential Guaranty
$45,001-$56,250	$22,500
$56,251-$144,000	40% of the loan amount or maximum $36,000
Greater than $144,000	• 25% of the loan amount for borrowers with full entitlement, or • Lesser of 25% VA county limit minus previously used entitlement; or 25% of the loan amount

Funding Fee Table			
Loan Type	**Down Payment**	**First Time Use**	**Subsequent Use**
Purchase	< 5%	2.15%	3.30%

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	> 5% and < 10%	1.50%	1.50%
	> 10%	1.25%	1.25%
Refinance (cash-out)	-	2.15%	3.30%
IRRRL	-	0.50%	0.50%

Guidance	
Minimum Loan Amount	• $50,000 minimum loan amount on all products • $75,000 on Manufactured Singlewide
Maximum Loan Amount	• Maximum Promissory Note loan amount is $1.3 million
Non-IRRRL Refinance LTV	• Maximum LTV ratio is 90% (including the VA funding fee) for all non-IRRRL refinance transactions
Ability to Repay and Qualified Mortgage Rules (ATR/QM)	• The ATR/QM rules require you have made a reasonable, good-faith determination before or when you consummate the mortgage loan that the borrower has a reasonable ability to repay the loan. DMC follows HUD and CFPB guidance with regards to QM. • Safe Harbor and Rebuttal Presumption to QM loans are considered for purchase review with no additional overlays. • Sellers are responsible for providing evidence of compliance with the ATR/QM rules.
High Cost/High Priced Mortgage	• High-cost loans are ineligible for purchase by DMC • Higher priced mortgage loans (HPML) are eligible for purchase review
Funding Fee	• All VA loans require a VA Funding Fee. Exceptions may be made to Veterans with service-related disabilities and to surviving spouses of Veterans who died in service or from service-related disabilities. • All or part of the VA Funding Fee may be paid in cash at the time of closing or may be included in the loan amount without regard to the reasonable value of the property.
Maximum Guaranty	• Calculating the maximum guaranty on a VA loan is the lesser of the Veteran's available entitlement, or the maximum potential guaranty amount indicated above.
Entitlement	• Entitlement is the amount of VA guaranty available to a Veteran for use on a loan. The amount of entitlement will be displayed near the center of the COE. • VA loans must conform to GNMA secondary market guidelines which include the minimum 25% coverage requirement. (Coverage is a combination of VA-provided coverage and down payment.)

	• The borrower using their entitlement must be the main borrower on the loan application for cases where there's a veteran and non-veteran borrower.
Appraisal Requirements	• Appraisal is required for all transactions except on VA IRRRLs • DMC Appraisal Order Dept will order all appraisals through VA's TAS (The Appraisal System), which will assign the order to a VA-approved Appraiser. • 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. • All appraisals must be completed on FNMA Form 1004MC.

VOE on IRRRLs	• Verification of income is not required for VA IRRRL transactions; however, a verbal verification of employment (VOE) must be completed.
AUS	• Loans can be submitted and approved through DU or LP (excluding IRRRLs). • Manual UW is acceptable. • Manual UW with DTI greater than or equal to 50% requires three acceptable compensating factors to be listed on VA loan Analysis. Refer to VA Lender Handbook Chapter 4.10.d for list of acceptable compensating factors. • Loan must comply with all VA requirements for manual underwrite.
Borrower Eligibility/Title Vesting	• U.S. citizens • Permanent resident aliens with proof of lawful permanent residence. • Non-permanent resident alien immigrants with proof of lawful permanent residence. Borrowers may hold title individually, as joint tenants, as tenants in common, or inter vivos (except Texas Home Equity transaction). Titles held in the following are not eligible for purchase consideration: • Corporations • Partnerships • Real estate syndications • Irrevocable trusts are not eligible for purchase consideration

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Condominiums	Condos must be approved by VA. The approval condo list is available on TAS The certificate of insurance policy must contain the Borrower's name and unit number. An individual hazard insurance policy is not required for a condominium unit. Correspondent must verify coverage of $1,000,000 is in-force for the entire project before the mortgage loan is delivered to The Money Source Inc. For attached PUDs and condominiums, the amount of hazard insurance coverage must be at least equal to 100% of the insurable replacement costs of the project improvements, including individual units. A hazard insurance policy which includes a guaranteed replacement cost endorsement, or a replacement cost endorsement satisfies this requirement. If the hazard insurance policy includes co-insurance clause, an agreed amount endorsement waiving the co-insurance clause is required.

	Condominiums and PUDs located in the District of Columbia, and in the following states are exempt: Alabama, Alaska, Colorado, Connecticut, Delaware, Florida, Hawaii, Illinois, Maryland, Massachusetts, Missouri, New Hampshire, New Jersey, Pennsylvania, Rhode Island, Tennessee, Vermont, Washington, West Virginia
Credit	• Minimum FICO 550 • If the subject property is located in a community property state and the borrower has a non-purchasing spouse, a credit report for the non-purchasing spouse must also be ordered • Non-traditional credit history is allowed • Clear CAIVRS is required on all VA loans • Two (2) years elapsed since the discharge of Chapter 7 Bankruptcy • All judgements must be paid in full or subject to a repayment plan with a history of timely payments
Employment and Income	• Manually verified VOE is not acceptable in lieu of paystubs

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VA IRRRL and Cash-Out Seasoning	• Except as provided below, all VA IRRRL and Cash-Out refinance loans, including payoff of a construction loan, the note date of the new refinance loan must be on or after the later of: o The date that is 210 days after the first payment due date of the loan being refinanced, and o The date on which the sixth monthly payment is made on the loan being refinanced. o **Note:** If the prior loan was modified, the above seasoning requirement is calculated from the first payment due date on the loan modification agreement • VA loans Refinancing Non-Mortgage Debts secured by the subject property such as tax or mechanic liens are not subject to the seasoning requirements stated above. • VA loans refinancing mortgages without scheduled monthly payments such as reverse mortgages, are not subject to the seasoning requirements. • Permanent Financing Construction Loans may or may not be subject to the Seasoning Requirements depending on the circumstance(s): o In cases where the permanent financing is guaranteed under VA's Loan Guaranty Program as a Refinance transaction, the seasoning requirement must be met.
	o If the loan is structured and guaranteed as a Purchase transaction, the loan is not subject to the seasoning requirements stated above. o Similar to VA loans refinancing mortgages without scheduled monthly payments, certain permanent financing construction loans may be exempt from the seasoning requirements when the construction loan that is being refinanced, by its own terms, doesn't provide for a minimum of six (6) monthly payments.
VA IRRRL Net Tangible Benefit Requirements	• For refinances in which the original loan being refinanced and the new refinance loan both have a fixed mortgage interest rate, the interest rate must be reduced by a minimum of 0.50%.
VA IRRRL Fee Recoupment	• For an IRRRL that results in a lower monthly principal and interest payment, all fees except taxes, amounts held in escrow, and fees paid under chapter 37 (e.g., VA Funding Fee) must be recouped by the savings from the lower monthly payments within 36 months of the Promissory Note date. • For an IRRRL that results in the same or higher monthly principal and interest payment, the Veteran must not incur any fees, closing costs, or expenses other than taxes, amounts held in escrow, and fees paid under chapter 37 (e.g., VA Funding Fee)

VA Cash-Out Net Tangible Benefit Requirements	Effective for all VA Cash-Out refinances with loan applications taken on or after February 15, 2019, at least one (1) of the following must be met: • The new loan eliminates monthly mortgage insurance; or • Loan term of the new loan is less than the loan term of the loan being refinanced; or • Interest rate of the new loan is less than the interest rate of the loan being refinanced. (Note: If the loan being refinanced had an adjustable interest rate or was modified, the current interest rate must be used when determining if this requirement has been met.); or • The monthly (principal and interest) payment of the new loan is less than the monthly (principal and interest) payment of the loan being refinanced; or • The Veteran's monthly residual income is higher as a result of the new loan. • The new loan is used to pay off the Veteran's interim construction loan; or • The new loan LTV is equal to or less than 90% of the reasonable value of the home, i.e. LTV ≤ 90%; or • Refinance of an adjustable-rate mortgage to a fixed-rate mortgage. For Cash-Out refinances with loan amount not exceeding the previous loan payoff amount, the recoupment period of all fees, closing costs, expenses (other than taxes, escrow, insurance, and fees paid under chapter 37 (e.g., VA Funding Fee)), must not exceed 36 months from the date of loan closing.

Disaster Policy	• If an appraisal was completed on or prior to the incident period date(s) of the disaster, a disaster inspection will be required.
	  o Interior and exterior inspection with photographs verifying the subject property was not damaged in the disaster or has been restored to its pre-disaster condition or better.
	  o Veteran's certification is acceptable. The certification must be signed and dated by the veteran borrower. The sentence pertaining to disaster-related expenses must be omitted for refinance transactions only.
	• If the appraisal was inspected after the disaster incident period date(s), For a period of 90 days from the incident period end date the appraisal must include written certification from the Appraiser that:
	  o The subject property is free from damage and the disaster has had no effect on the value or marketability
	  o If the appraisal indicates damage, the extent of the damage must be addressed. Completion of repairs is required as evidenced by Form 1004D/442, Appraisal Update and/or Completion report (with photos) prior to the closing of the loan.
	• If an appraisal was not required due to product type (VA IRRRL), a disaster inspection is required.
	
	Note: Please refer to the FEMA website for recent updates on disaster areas.

Escrow Holdback	Escrow holdbacks are allowed in accordance with VA guidelines, including but not limited to: • A post funding stipulation for a copy of a 1004D confirming completion will be placed on loans where the appraisal is "subject to" improvements. • A post funding stipulation for a final title policy endorsement that ensures the priority of the first lien will be required on any loan where the appraisal is "subject to" improvements. • A copy of the escrow agreement will be required that states how the escrow account will be managed and how the funds will be disbursed.

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Completed Alteration & Repair Loans	Purchases & Refinances of owner-occupied primary residences only • Single family residences • VA approved condos • Manufactured homes • LGC must be provided prior to loan purchase * Loans must be underwritten in accordance with the VA's Handbook and meet all seasoning requirements.

Eligible Properties	Owner occupied primary residences only, except VA IRRRLs • Single family residences • VA approved condos • 2-4 Units • PUDs • Log Homes
Ineligible Properties/products	• Mobile homes • Cooperatives • Condotels • Hotel condominiums • Timeshares • Working farms and ranches • Unimproved land and property currently in litigation • Commercial properties • No non-traditional home types (geo-dome) • No Hawaiian properties located in lava zones 1 or 2, as determined by the USGS • Mixed-use • No escrow waivers
Loan Programs	Government Fixed: 15-year, 30-year ARM: 3/1, 5/1

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Transaction Overlays	No assigned purchase contracts • Non-resident aliens and foreign nationals are not eligible • No negative amortization or balloon payments on subordinate financing • DMC requires Fraud Detection, and compliance test
Residual Income	• Residual Income is the Borrower's net effective income minus monthly shelter expenses • Residual Income must be in accordance with regional table and is a required calculation in addition to DTI
Sales Concessions	Sales concessions cannot exceed 4% of the established reasonable value of the property (NOV).
Additional VA loan program information can be found at: www.benefits.va.gov/WARMS/	