



# VA LOANS

Effective 3/4/2009

## GUIDELINES

### ELIGIBLE BORROWERS

- Veterans meeting service requirements according to the Veterans Administration and an unmarried surviving spouse meeting requirements as listed in VA Lender's Handbook. For service eligibility requirements see [www.homeloans.va.gov](http://www.homeloans.va.gov)

### OCCUPANCY REQUIREMENTS

- Owner Occupied

### MAXIMUM ENTITLEMENT

- The maximum guarantee on purchases and Cash Out Refinance is an amount equal to 25% of the Freddie Mac conforming loan limit for a single family residence. Properties in Alaska, Hawaii, Guam and the U.S. Virgin Islands would reflect a higher loan limit. Funding Fee must be included in the maximum loan amount.
- Increase in Maximum Guaranty amount due under HR3221 based on data available from VA website for 2009 Loan Limits for High Cost Counties [http://www.homeloans.va.gov/docs/2009\\_county\\_loan\\_limits.pdf](http://www.homeloans.va.gov/docs/2009_county_loan_limits.pdf)

### AVAILABLE PROGRAMS

- 15, 20, 25, and 30 Year Fixed, and 1 YR, 3/1 & 5/1 ARM's
- VA programs that do not receive full 25% Maximum Guarantee are ineligible

### MAXIMUM DEBT RATIO

- 41% - May exceed ratio if run through Loan Prospector (LP) and receives an Accept or Desktop Underwriter (DU) automated systems and receives an Approve/Eligible.

### MINIMUM FICO REQUIREMENTS

- All Purchases and Refinances require a minimum FICO 620. IRRRL Transactions do not have a minimum FICO requirement.

### ARM INFORMATION

- Margin: 1 YR = 2.25%, 3/1 and 5/1 = 1.75%
- Caps: 1/5
- 1 Year ARM must qualify at 1% above the Note Rate

### CAIVRS

- CAIVRS provides information on each borrower regarding any claims, default or foreclosures. This is required on all borrowers on the loan.

### MAINTENANCE AND UTILITIES

- Must use calculation of 14 cents per square foot.

### REFINANCE

#### Refinance (Cash Out)

- 100% of the reasonable value of the property indicated on the CRV or NOV plus the cost of any energy efficiency improvements plus the VA funding fee.
- There must be a lien of record and the veteran must occupy the property.

#### Refinance (Interest Rate Reduction Refinance Loan – IRRRL)

- Maximum loan amount is the equivalent of Existing first lien plus any Energy Efficient Improvement (up to \$6,000) plus allowable closing costs plus discount points, and prepaid expenses.
- Maximum loan amount is not limited by current or previous VA County Loan Limits
- The existing first lien may include everything listed on the payoff with the exception of late payments.
- When the veteran has an existing VA loan and wants to lower the interest rate and monthly mortgage payment, reduced documentation is allowed.
- Can be used for second home or investment properties.
- No appraisal is required

## GUIDELINES

### ENLISTMENT PERIOD ENDING WITHIN NEXT 12 MONTHS

The LES (Leave and Earnings Statement) must identify service members who are within 12 months of release from active duty or end of contract term. If the date is within 12 months of the anticipated date that the loan will close, the loan package must also include one of the following four items, or combinations of items, to be acceptable:

- Documentation that the service member has already reenlisted or extended his/her period of active duty to a date beyond the 12 month period following the projected closing of the loan, OR;
- Verification of a valid offer of local civilian employment following the release from active duty. All data (date employment will begin, earnings, etc.) must be included, OR;
- A statement from the service member that he/she intends to reenlist or extend his/her period of active duty to a date beyond the 12 month period,
- Plus, a statement from the service member's commanding officer confirming that the service member is eligible to reenlist or extend his/her active duty as indicated, and has no reason to believe that such reenlistment or extension of active duty will not be granted.

### DISCLOSURES

#### Purchase

- VA Addendum to URLA (VA 26-1802a) – Pages 1 & 2
- Federal Collection Policy Notice (VA 26-0503)
- Counseling Checklist for Military Homeowners (VA 26-0592) (for enlisted personnel only)
- Request for Determination of Eligibility and Available Loan Guaranty Entitlement (VA 26-1880)
- Certificate of Eligibility for Loan Guaranty Benefits (VA 26-8320)
- Verification of VA Benefit-Related Indebtedness (VA 26-8937) (if receiving VA Disability Benefits)
- Copy of Certificate of Release or Discharge From Active Duty (DD Form 214)
- Interest Rate and Discount Statement
- ARM Disclosure (if applicable)
- Nearest Living Relative (relative not living with veteran and must disclose name, relationship, address and phone number)
- Veteran's Status Relative to Membership in the Reserves or National Guard (if applicable)

#### Refinance (Credit Qualifying and Streamline)

- VA Addendum to URLA (VA 26-1802a) – Pages 1 & 2
- Federal Collection Policy Notice (VA 26-0503)
- Certificate of Eligibility for Loan Guaranty Benefits (VA 26-8320) – or – Request for Determination of Eligibility and Available Loan Guaranty Entitlement (VA 26-1880)
- Verification of VA Benefit-Related Indebtedness (VA 26-8937) (if receiving VA Disability Benefits)
- Interest Rate and Discount Statement
- ARM Disclosure (if applicable)
- Nearest Living Relative (relative not living with veteran and must disclose name, relationship, address and phone number)
- Old Loan vs. New Loan Disclosure

### VA WEBSITE LINKS

- VA Website - Lenders and Services page. This will provide you access to all VA forms, the Lenders Handbook, Training, Procedure for acquiring Certificates of Eligibility (COE), Information for IRRRL loans, Circulars, etc. - [www.homeloans.va.gov](http://www.homeloans.va.gov)
- ACE System (can be found in TAS System) - <https://vip.vba.va.gov/portal/userprofiling/login>
- Payroll Deductions Calculator - [www.paycheckcity.com/coadp/netpaycalculator](http://www.paycheckcity.com/coadp/netpaycalculator)

## FUNDING FEE TABLE

Date Change of New Laws 10/01/2004

Loan Type	Funding Fee	Reservist Funding Fee
Purchase Loan Zero Down (incl. ARM's)	2.15%	2.40%
Subsequent Loan (incl. ARM's)	3.30%	3.30%
5% Down (incl. ARM's)	1.50%	1.75%
10% Down (incl. ARM's)	1.25%	1.50%
IRRRL (Interest Rate Reduction Rollover Loan)	.50%	.50%

## TABLE OF RESIDUAL INCOME

For loan amounts of \$79,999 and below

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
Over 5	Add \$75 for each additional member up to a family of 7.			

For loan amounts of \$80,000 and above

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	\$1,158
Over 5	Add \$80 for each additional member up to a family of 7.			

Check VA's website [www.homeloans.va.gov](http://www.homeloans.va.gov) for "Key to Geographic Regions" used on the preceding tables.

### RESIDUAL INCOME

- This is the balance available for family support after total monthly obligations. This figure is calculated from net monthly income after taxes and must be met on every loan. The table of residual income figures is based off of loan amount, region and family size