

VA Standard						
Occupancy	Purpose	Units	Loan Amount	FICO	LTV/CLTV	
Primary	Purchase	1-4 Units	Conforming/High Balance	640+	100%* /Unlimited	
	Cash-Out				(*100% LTV/CLTV before the funding fee is added)	
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				(*100%LTV/CLTV before the funding fee is added)	
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			
\$144,001-\$453,100			25% of the loan amount			
Greater than \$453,100			The lesser of 25% of the VA county limit; or 25% of the loan amount			
Funding Fee Table						
First Time Use				Subsequent Use		
Loan Type	Down Payment	Veteran	Reservist/National Guard	Down Payment	Veteran	Reservist/National Guard
Purchase	<5%	2.15%	2.40%	<5%	3.30%	3.30%
	>5% - <10%	1.50%	1.75%	>5% - <10%	1.50%	1.75%
	10% or more	1.25%	1.50%	10% or more	1.25%	1.50%
Refinance (cash-out)	-	2.15%	2.40%	-	3.30%	3.30%
IRRRL	-	-	-	-	0.50%	0.50%
Assumptions	-	-	-	-	0.50%	0.50%

Guidance	
Loan Amount	<ul style="list-style-type: none"> • \$50,000 minimum loan amount on all products • \$75,000 on Manufactured Singlewide <p>NOTE: Maximum Base Loan Amount is the VA County Loan Limit</p>
Ability to Repay and Qualified Mortgage Rules (ATR/QM)	<p>The ATR/QM rules requires you 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. The Money Source Inc. follows HUD and CFPB guidance in regards to QM.</p> <p>Safe Harbor and Rebuttal Presumption to QM loans are considered for purchase review with no additional overlays.</p> <p>Correspondents are responsible for providing evidence of compliance with the ATR/QM rules.</p>
High Cost/High Priced Mortgage	<ul style="list-style-type: none"> • High cost loans are ineligible for purchase by TMS • Higher priced mortgage loans (HPML) are eligible for purchase review
Funding Fee	<ul style="list-style-type: none"> • 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	<ul style="list-style-type: none"> • 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. • 100% LTV/CLTV before the funding fee is added.
Entitlement	<ul style="list-style-type: none"> • 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.

<p>Appraisal Requirements</p>	<ul style="list-style-type: none"> • Appraisal required for all transactions except on VA IRRRLs • All appraisals must be ordered 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.
<p>VOE on IRRRLs</p>	<ul style="list-style-type: none"> • Verification of income is not required for VA IRRRL transactions; however, a verbal verification of employment (VOE) must be completed.
<p>AVM</p>	<ul style="list-style-type: none"> • TMS requires an AVM on all VA IRRRLs for determination of LTV ratios. • IRRRL – AVM requirement may be waived for FICOs 620 and above; 125% will be the default LTV and LLPA will apply.
<p>AUS</p>	<ul style="list-style-type: none"> • 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.
<p>Borrower Eligibility/Title Vesting</p>	<ul style="list-style-type: none"> • U.S. citizens • Permanent resident aliens with proof of lawful permanent residence. • Non-permanent resident alien immigrants with proof of lawful permanent residence. <ul style="list-style-type: none"> ○ According to USCIS, deferred action does not equate to lawful permanent residency. <p>Borrowers may hold title individually, as joint tenants, as tenants in common, or inter vivos (except Texas Home Equity transaction).</p> <p>Titles held in the following are not eligible for purchase consideration:</p> <ul style="list-style-type: none"> • Corporations • Partnerships • Real estate syndications • Irrevocable trusts are not eligible for purchase consideration

<p>Condominiums</p>	<p>Condos must be approved by VA. The approval condo list is available on TAS</p> <p>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 <u>entire project</u> before the mortgage loan is delivered to The Money Source Inc.</p> <p>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.</p> <p>Condominiums and PUDs located in the <u>District of Columbia</u>, and in the following states are exempt:</p> <table border="0" style="margin-left: auto; margin-right: auto;"> <tr> <td style="padding: 5px;">Alabama</td> <td style="padding: 5px;">Illinois</td> <td style="padding: 5px;">Rhode Island</td> </tr> <tr> <td style="padding: 5px;">Alaska</td> <td style="padding: 5px;">Maryland</td> <td style="padding: 5px;">Tennessee</td> </tr> <tr> <td style="padding: 5px;">Colorado</td> <td style="padding: 5px;">Massachusetts</td> <td style="padding: 5px;">Vermont</td> </tr> <tr> <td style="padding: 5px;">Connecticut</td> <td style="padding: 5px;">Missouri</td> <td style="padding: 5px;">Washington</td> </tr> <tr> <td style="padding: 5px;">Delaware</td> <td style="padding: 5px;">New Hampshire</td> <td style="padding: 5px;">West Virginia</td> </tr> <tr> <td style="padding: 5px;">Florida</td> <td style="padding: 5px;">New Jersey</td> <td></td> </tr> <tr> <td style="padding: 5px;">Hawaii</td> <td style="padding: 5px;">Pennsylvania</td> <td></td> </tr> </table>	Alabama	Illinois	Rhode Island	Alaska	Maryland	Tennessee	Colorado	Massachusetts	Vermont	Connecticut	Missouri	Washington	Delaware	New Hampshire	West Virginia	Florida	New Jersey		Hawaii	Pennsylvania	
Alabama	Illinois	Rhode Island																				
Alaska	Maryland	Tennessee																				
Colorado	Massachusetts	Vermont																				
Connecticut	Missouri	Washington																				
Delaware	New Hampshire	West Virginia																				
Florida	New Jersey																					
Hawaii	Pennsylvania																					
<p>Credit</p>	<ul style="list-style-type: none"> • 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 • Borrowers with no FICO are eligible for VA IRRRL • Clear CAIVRS is required on all VA loans • Two 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 																					
<p>VA IRRRL and Cash-Out Seasoning</p>	<p>For all VA IRRRL and Cash-Out refinance loans, the note date of the new refinance loan must be on or after the later of:</p>																					

	<ul style="list-style-type: none"> • The date that is 210 days after the date on which the first monthly payment is made on the loan being refinanced, and • The date on which the sixth monthly payment is made on the loan being refinanced.
<p>VA IRRRL Net Tangible Benefit Requirements</p>	<ul style="list-style-type: none"> • 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%. • For refinances in which the original loan being refinanced had a fixed mortgage interest rate and the new loan will have an adjustable mortgage interest rate, the interest rate must be reduced by a minimum of 2%. • The lower interest rate may not be produced solely from discount points unless: <ul style="list-style-type: none"> ○ Such points are paid at closing, and ○ Such points are not added to the principal loan amount, unless: <ul style="list-style-type: none"> ▪ The discount point is less than or equal to one discount point when LTV ratio is less than or equal to 100%. ▪ The discount point is less than or equal to two discount point when LTV ratio is less than or equal to 90% (TMS does not currently permit VA ARM loans). ▪ A Drive by or full interior/exterior appraisal is required when discount points are added to the principal balance of the loan (For additional information refer to VA Circular 26-18-13 Exhibit A). • All fees except taxes and amounts held in escrow will be recouped by the savings from the lower monthly payments within 36 months of the note date.
<p>Disaster Policy</p>	<ul style="list-style-type: none"> • If an appraisal was completed on or prior to the incident period date(s) of the disaster, a disaster inspection will be required. <ul style="list-style-type: none"> ○ 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. ○ Lender Certification in lieu of an inspection is acceptable. Refer to TMS seller’s manual for lender certification requirement ○ 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.

	<ul style="list-style-type: none"> • 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: <ul style="list-style-type: none"> ○ The subject property is free from damage and the disaster has had no effect on the value or marketability ○ 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 <ul style="list-style-type: none"> ○ Lender Certification in lieu of an inspection is acceptable. Refer to Seller’s manual for lender certification requirement <p>Note: Please refer to TMS and FEMA websites for recent updates on disaster areas</p>
Escrow Holdback	<p>Escrow holdbacks are allowed in accordance with VA guidelines, including but not limited to:</p> <ul style="list-style-type: none"> • 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 (VA FORM 26-1849 on VA loans) will be required that states how the escrow account will be managed and how the funds will be disbursed.
Completed Alteration & Repair Loans	<p>Purchases & Refinances of owner occupied primary residences only</p> <ul style="list-style-type: none"> • Single family residences • VA approved condos • Manufactured homes • LGC must be provided prior to loan purchase <p>* Loans must be underwritten in accordance with the VA’s Handbook & meet all seasoning requirements.</p>
Eligible Properties	<p>Owner occupied primary residences only, except VA IRRRLs</p> <ul style="list-style-type: none"> • Single family residences • VA approved condos • Manufactured homes • 2-4 Units

	<ul style="list-style-type: none"> • PUDs • Log Homes
Ineligible Properties/products	<ul style="list-style-type: none"> • 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 • ARMs • No escrow waivers
Loan Programs	Government Fixed 15-year and Fixed 30-year
Transaction Overlays	<p>No assigned purchase contracts</p> <ul style="list-style-type: none"> • Non-resident aliens & foreign nationals are not eligible • No negative amortization or balloon payments on subordinate financing • TMS requires Fraud Detection, AVM (VA IRRRLs only), and compliance test
Residual Income	<ul style="list-style-type: none"> • 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/	