



VA - IRRRL

Amended 4/26/2017

Purpose	Total Loan Amount	LTV/CLTV	Units	Credit Score
IRRRL	Conforming Limit ≤ \$424,100	100%	SFR / PUD / Condo	580
IRRRL	HB Limit > \$424,100 - \$636,150	100%	1-4 Units	600
IRRRL	Super HB > \$636,150 - \$1,200,000	100%	1-4 Units	620
IRRRL	Super HB > \$1,200,000 - \$1,500,000	100%	1-4 Units	700

IRRRL	Conforming Limit ≤ \$424,100	100%	Manufactured	620
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General	<ul style="list-style-type: none"> Purpose -Interest Rate Reduction Refinance Loan of an existing VA mortgage. Terms Available - 15 and 30 Year Fixed Rate and (5/1 ARM for Primary Residence Only) High Balance Terms Available - 15 and 30 Year Fixed Rate and (5/1 ARM for Primary Residence Only) Term may not exceed existing mortgage term by more than 10 years. Occupancy - Primary Residence and Investment Manual Underwriting for Non-Credit Qualifying and Credit Qualifying Streamlines (No AUS) Minimum Credit Score - 580 (see matrix for limitations) Minimum Loan Amount \$75,000 Maximum Loan Amount \$1,500,000 (second signature required for loans >\$750K) Principal and interest on new loan must be less than principal and interest on existing loan (exceptions ARM to Fixed, New loan has shorter term)
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CREDIT

Credit	<ul style="list-style-type: none"> Mortgage Only Credit Report Allowed (Full Tri-Merge report required if credit qualifying - see section below) Each borrower must have at least one credit score.
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Mortgage Lates	<ul style="list-style-type: none"> None in the last 6 months Isolated event over 6 months - U/W discretion; All lates must be explained
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CREDIT QUALIFYING

2106 Expense	<ul style="list-style-type: none"> For a borrower who qualified using commission income of < 25% of the total annual employment income: <ul style="list-style-type: none"> IRS Form 2106 expenses are not required to be deducted from income when reported on IRS Form 2106 and are not required to be added as a monthly liability. Tax returns <u>are not</u> required to document the source of income and deductions. For a borrower earning commission income that is ≥ 25% of annual employment income, IRS Form 2106 expenses must be deducted from gross commission income regardless of the length of time the borrower has filed the expenses with the IRS. <ul style="list-style-type: none"> One exception to the policy clarification concerns an automobile lease or loan payment. Automobile lease or loan payments are not subtracted from the borrower's income; they are considered part of the borrower's recurring monthly debt obligations in Section D on the VA Form 26-6393. Tax returns <u>are</u> required to document the source of income and deductions. If the borrower reports an automobile allowance as part of the monthly qualifying income, the lender must determine if the automobile expenses reported on IRS Form 2106 should be deducted from income or treated as a liability. If the reported expense exceeds the automobile allowance, the amount must be deducted from income as a net calculation in Section D on the VA Form 26-6393. If the reported expense is less than the automobile allowance, the amount must be treated as net income and added to the Veteran's monthly income.
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Bankruptcy	<ul style="list-style-type: none"> Chapter 7 & 11: 2 years from discharge date Chapter 13: No seasoning required if discharged. If open requires court approval and 0x30 last 12 months to trustee. VA High Balance requires 5 year seasoning <p style="text-align: center;">**Borrower must demonstrate re-established credit**</p>
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Credit Report	<ul style="list-style-type: none"> Full Tri-Merge credit report required. No 30-day mortgage lates allowed in the past 12 months.
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Foreclosures	<ul style="list-style-type: none"> Foreclosure - 2 years; VA High Balance requires 5 year seasoning Short Sale - Underwriter discretion <p style="text-align: center;">**Borrower must demonstract re-established credit**</p>
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<p>Income Requirements</p>	<ul style="list-style-type: none"> • Loans requiring Credit Qualifying when PITI of new loan increases \geq 20% of current loan. • Borrower must Credit Qualify (self-employed borrowers will need to provide most recent 2 years tax returns) • DTI may exceed 41% when residual income exceeds 120% and significant documented factors exist such as: <ul style="list-style-type: none"> o Excellent credit history o Conservative use of consumer credit o Minimal consumer debt o Long-term employment o Significant liquid assets o The existence of equity in refinancing loans o Little or no increase in shelter expense o Military benefits o Satisfactory homeownership experience. o High residual income
PROPERTY	
<p>Appraisal</p>	<ul style="list-style-type: none"> • Appraisal not required
<p>Eligible Properties</p>	<ul style="list-style-type: none"> • Attached/Detached SFRs • PUDs • VA Approved Condos • 2-4 units • Manufactured homes (1 Unit) max loan amount \$424,100 - double wide only
<p>Manufactured Home Requirements</p>	<p>Homepath Lending will accept loans for manufactured properties with the following attributes:</p> <ul style="list-style-type: none"> • 620 Minimum Qualifying Credit Score • Primary Residence Only • Max \$424,100 Loan Amount, no High Balance Allowed • Manufactured Condo's ineligible • Mortgage delinquencies in the last 12 months not permitted • Title must be held fee simple • Property must not be located in a deed restricted area including restrictions for age and income • Affidavit of Affixture (or its equivalent) to evidence property is classified and taxed as real property
<p>Properties Listed for</p>	
MISCELLANEOUS	
<p>Funds to Close</p>	<p>Assets documentation is not required unless loan is being credit qualified (see Credit Qualifying Section for requirements)</p>
<p>PACE / HERO Obligations</p>	<p>Property Assessed Clean Energy (PACE) and Home Energy Renovation Opportunity (HERO) are typically used as financing sources for borrowers who wish to install solar energy items to their homes. These financing instruments are recorded against the property and collected through property tax bills in the same manner as a special assessment.</p> <p>Homepath Lending will allow the subordination of a lien associated with these instruments provided they meet the following criteria:</p> <ul style="list-style-type: none"> • The lien is collected through property taxes in substantially equal installments. • The underlying lease/contract/financing instrument does not contain a clause that would prevent the lien from transferring to a new owner, whether by sale or foreclosure, and must not contain a provision that a third party be notified. • Appraisers must be given advanced notice when completing appraisals for properties that will have a subordinated PACE/HERO lien and the appraiser must notate the outstanding balance of the obligation, provide any commentary they deem appropriate and comment on any positive or negative impact that either the presence of the lien or the solar equipment itself has on the property and its marketability. • The existence of the solar lease must be clearly identified in the purchase contract to ensure that all parties are aware of the ongoing obligation through special assessment. • Unless a payoff of the PACE/HERO obligation is negotiated and executed at or prior to closing, the buyer (or current owner in the case of a refinance) will assume the obligation and be responsible for the payments of the outstanding PACE/HERO obligation.

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<p>PACE / HERO Obligations (con't)</p>	<ul style="list-style-type: none"> • In cases of foreclosure, the PACE/HERO lease/contract/financing instrument must allow that the priority of any delinquent PACE/HEREO payments be waived or relinquished. • A PACE/HERO obligation may not contain an acceleration clause where the entire obligation becomes due in the event of delinquency and must allow for payment of the past due amounts only. <p>The payment for the lease should be included in the debt to income ratio as part of the property taxes . The subordination of a PACE/HERO obligation does not affect the CLTV of the loan as it is not considered a mortgage lien. Subordinated PACE/HERO obligations must be impounded with property taxes when impounds are requested or required. Note that PACE/HERO obligations that are being paid in full at or before closing require no special approval, however, proof must be provided that the lien has been satisfied or will be satisfied through closing. If funds from the transaction are being used to satisfy these obligations the loan will be considered cash out.</p>
<p>PACE/HERO Solar Panel</p>	<p>Solar Panel Leased Equipment</p> <ul style="list-style-type: none"> • No value can be given to appraisal • Solar lease agreement to be reviewed verifying that removal of solar equipment do not have recourse to the lender or VA and return roof to water tight status. • Utility payment for new leased solar equipment cannot exceed the allowable Maintenance/Utiltiy cost per VA guidelines <p>Pace/HERO that are or will remain must meet the following:</p> <ul style="list-style-type: none"> • Under the laws of the state where the property is located, the PACE obligation must be collected and secured by the creditor in the same manner as a special assessment against the property. • The property may be subject to the full PACE obligation; however, the property shall not be subject to an enforceable claim (i.e., a lien) superior to the VA-guaranteed loan for the full outstanding PACE obligation at any time. • The property may, however, be subject to an enforceable claim (i.e., a lien) that is superior to the VA-guaranteed loan for delinquent regularly scheduled PACE special assessments. • There are no terms or conditions that limit the transfer of the property to a new homeowner. Legal restrictions on conveyance arising from a PACE obligation that could require the consent of a third party before the owner can convey the real property are prohibited, unless such provisions may be terminated at the option of, and with no cost to, the owner. • The existence of a PACE obligation on a property is readily apparent to mortgagees, appraisers, borrowers, and other parties to a VA-guaranteed loan transaction; information on PACE obligations must be readily available for review in the public records where the property is located. • At the time of purchase, the sales contract must indicate whether the PACE obligation will remain with the property or be satisfied by the seller at, or prior to closing. Where the PACE obligation will remain, all terms and conditions of the PACE obligation must be fully disclosed to the borrower and made part of the sales contract between the seller and the borrower. • Where improvements have been made to the property through a PACE program, and the PACE obligation will remain outstanding, the appraiser must analyze and report the impact on the value of the property, whether positive or negative, of the improvements and any additional obligation (i.e., increased tax payments).
<p>Special Restrictions</p>	<p>Term Increase:</p> <ul style="list-style-type: none"> • The term of the new loan may not exceed the original term by more than 10 years, subject to the maximum term of 30 years and 32 days. <p>Payment Increase (P & I):</p> <ul style="list-style-type: none"> • The P&I payment must be less than the P&I payment of the existing VA loan unless: <ul style="list-style-type: none"> ◦ Refinancing an ARM to a Fixed Rate; OR ◦ The term of the new loan is less than the term of the existing VA loan <p>PITIA Increase</p> <ul style="list-style-type: none"> • If the PITIA increases by $\geq 20\%$ borrowers must credit-qualify, and provide the following: <ul style="list-style-type: none"> ◦ One current paystub - W2 borrower ◦ All pages of most recent tax return - Self-employed ◦ Mortgage statement ◦ 1 month bank statements for proof of funds to close
<p>Spouse of a Deceased Veteran</p>	<p><u>VA will allow IRRRL transaction for the spouse of a deceased veteran</u></p> <ul style="list-style-type: none"> • VA Portal will reflect under veteran's social security number • All other documentation will be under surviving spouse • Spouse must have been on the original loan. • Loan Summary must be completed with veteran's social security for insuring.

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Subordinate Financing	<ul style="list-style-type: none">• Allowed for existing liens• Subordination fee cannot be charged to Veteran
Vesting	Individual(s) in a Revocable Trust are acceptable.

VA Funding Fee Table Interest Rate Reduction Loans and Assumptions	
Type of Loan	Percentage for Either Type of Veteran
Interest Rate Reduction Refinance Loan	0.5% (0% if exempt)