



VA - Full Doc

Amended 5/18/2017

Purpose	Total Loan Amount	LTV/CLTV	Units	Credit Score
Purchase / Cash-Out	Conforming Limit ≤ \$424,100	100%	SFR / PUD / Condo	580
Purchase / Cash-Out	HB Limit > \$424,100 - \$636,150	100%	1-4 Units	580 ¹
Purchase / Cash-Out	Super HB > \$636,150 - \$1,500,000 ²	100%	1-4 Units	680 ²
Purchase / Cash-Out	Conforming Limit ≤ \$424,100	100%	Manufactured	620

1- High Balance loans require a minimum FICO of 580, transactions with FICO's from 580-599 are limited to 90% LTV

2- Loan Amounts > \$1,200,000 require 700 score

General	<ul style="list-style-type: none"> • Purpose - Purchase or Cash Out • Terms Available - 15 and 30 Year Fixed Rate and 5/1 ARM • High Balance Terms Available - 15 and 30 Year Fixed Rate and 5/1 ARM • Occupancy - Primary Residence Only • AUS - DU Approve/Eligible or Manual UW • Minimum Loan Amount \$75,000
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CREDIT

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. • No 30-day mortgage lates allowed in the past 12 months. <p style="text-align: center;">**Borrower must demonstrate re-established credit**</p>
Collection Accounts	<ul style="list-style-type: none"> • Collection and charge-offs are generally not required to be paid off, however follow AUS Findings if payoff is required. • Judgments must be paid or in a repayment plan for 12 months with a 0 x 30 in 12 month history. • A letter of explanation is required for all collection/charge-off/judgment accounts. • Collections and charge offs must be included in DTI at the amount on credit or 5% of balance if no payment shown. <p>NOTE: At underwriter discretion, payoff may be required regardless of the account balance.</p> <ul style="list-style-type: none"> • Borrowers with a history of collection/charge-off accounts should have re-established a 12month satisfactory credit history.
Foreclosures	<ul style="list-style-type: none"> • Foreclosure - 2 years • Short Sale - Underwriter discretion • No 30-day mortgage lates allowed in the past 12 months.
Mortgage Lates	<ul style="list-style-type: none"> • < 424,100K follow AUS • < \$636,150 follow AUS • > \$636,150 No 30-day lates in the last 12 months • Manual UW at all loan amounts - No 30-day lates in the last 12 months
No Score	<ul style="list-style-type: none"> • Homepath Lending will consider loans where the coborrowing spouse has no credit score. • Note that No Score loans will price from the lower of the primary borrower Credit Score or the 600-619 bucket
Student Loans	<ul style="list-style-type: none"> • Monthly payment does not need to be considered if the Veteran or borrower provides written evidence that the student loan debt will be deferred at least 12 months beyond the date of closing • Use payment shown on credit report (unless credit report reflects \$0 or no payment amount). Must use the amount on credit report if greater than the 5% calculation • If credit report reflects \$0 or no payment amount provide documentation from servicer for actual payment amount; OR • Use Balance x 5% / 12 for payment

DTI/INCOME/ASSETS

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"> o 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. o 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"> o 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.
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2106 Expense (con't)	<ul style="list-style-type: none"> o 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. 										
Manual Underwrites	<p>Allowed:</p> <ul style="list-style-type: none"> • DTI may exceed 41% to a maximum of 50% at Underwriter discretion when residual income exceeds 120% and significant documented compensating factors exist such as: <ul style="list-style-type: none"> • Excellent credit history • Conservative use of consumer credit • Minimal consumer debt • Long-term employment • Significant liquid assets • The existence of equity in refinancing loans • Little or no increase in shelter expense • Military benefits • Satisfactory homeownership experience. • High residual income • Housing-expense related collection accounts within 24 months are not allowed • Manually underwritten loans require a letter of explanation for all derogatory accounts in the last 24 months. 										
PROPERTY											
Appraisal	<ul style="list-style-type: none"> • VA appraisal only; NOV is valid for 6 months and FNMA form 1004MC is required for all appraisals 										
Eligible Properties	<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 										
Manufactured Home Requirements	<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 and Second Home Only • Max \$424,100 Loan Amount, no High Balance Allowed • Mortgage delinquencies in the last 12 months not permitted • Property Specific Information <ul style="list-style-type: none"> o Built June 15, 1976 or later o Doublewide or larger home with floor area of ≥ 600 square feet o Property may not be in a flood zone o Manufactured Condos not allowed o Property must be permanently attached with towing hitch, wheels and axels removed o Manufactured home must be on original site, relocated homes are not permitted o Additions to the property are not permitted if the addition was to add GLA or if there were structural changes to the home (additions such as decks and green rooms without structural changes to the property may be accepted) o Borrower must own the land on which the home is located o 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 • New Construction will require a Structural Engineer's report to show that the property is designed to be used as a dwelling with permanent foundation and meets HUD requirements • The foundation must be inspected by the appraiser and appraiser to comment that the home is on permanent foundation consisting of either a slab or permanent concrete footings and anchored with tie-downs 										
MISCELLANEOUS											
Age of Documents	<ul style="list-style-type: none"> • 90 Days for Income, Assets and Prelim • 120 Days for Appraisal and Credit • All items are measured from final date on document to Note Date. 										
Additional Notes	Amendatory Clause MUST BE signed with the purchase contract										
Entitlement/ Guarantee	<table border="1" style="width: 100%; border-collapse: collapse; text-align: center;"> <thead> <tr style="background-color: #003366; color: white;"> <th colspan="2">Entitlement/Guarantee</th> </tr> <tr style="background-color: #d9e1f2;"> <th>Loan Amount</th> <th>Maximum Potential Guarantee</th> </tr> </thead> <tbody> <tr> <td>\$75,000 to \$144,000</td> <td>40% of the loan amount or maximum \$36,000</td> </tr> <tr> <td>\$144,001 to \$424,100</td> <td>25% of the loan amount or maximum \$106,025</td> </tr> <tr> <td>\$424,101 to \$1,500,000</td> <td>25% of the loan amount of maximum \$273,656</td> </tr> </tbody> </table>	Entitlement/Guarantee		Loan Amount	Maximum Potential Guarantee	\$75,000 to \$144,000	40% of the loan amount or maximum \$36,000	\$144,001 to \$424,100	25% of the loan amount or maximum \$106,025	\$424,101 to \$1,500,000	25% of the loan amount of maximum \$273,656
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Guaranty	Minimum 25% guaranty required on all loans										

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PACE / HERO Obligations	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.
PACE / HERO Obligations (con't)	<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. • 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.</p> <p>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>
PACE/HERO Solar Panel	<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).
POA (Power of Attorney)	<p>Power of Attorney closings will be accepted with the following criteria:</p> <ul style="list-style-type: none"> • Absent party must sign the initial 1003 (must be face to face interview) and the purchase contract • POA must be a specific to the transaction (cannot be used on Cash Out Refinance or TX 50a6) • POA must include the borrower name, property address and loan amount • POA must be fully executed and notarized prior to the Note date • POA must be approved by Hoompath Lending prior to loan closing • POA must be recorded along with the deed of trust / mortgage • POA signatures on docs must clearly reflect Attorney-in-fact • Alive and Well Cert for Veteran required when applicable
Prior Approval	<p>HomePath Lending will consider loans that require VA Prior Approval under the following circumstances</p> <ul style="list-style-type: none"> • Split Eligibility between two Veterans • One Veteran Borrower with a non-spouse/non-veteran borrower (Must Occupy and down payment will be required)
Subordinate Financing	<ul style="list-style-type: none"> • Allowed for existing liens • Maximum CLTV is 100% • Subordination fee cannot be charged to Veteran
Trust Vesting	Individual(s) in a Revocable Trust are acceptable.

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Funding Fee Tables

Purchase Loans:

Type of Veteran	Down Payment	Percentage for First Time Use	Percentage for Subsequent Use
Regular Military	None	2.15%	3.30%
	5% or more	1.50%	1.50%
	10% or more	1.25%	1.25%
Reserves/National Guard	None	2.40%	3.30%
	5% or more	1.75%	1.75%
	10% or more	1.50%	1.50%

Cash-Out Refinance Loans*:

Type of Veteran	Percentage for First Time Use	Percentage for Subsequent Use
Regular Military	2.15%	3.30%
Reserves/National	2.40%	3.30%

*Note: There are no reduced funding fees for regular refinances based on equity. Reduced fees only apply to purchase loans where a down payment of at