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**VA Cheat Sheet**

**Funding Fee Requirements:**

|  |  |  |
| --- | --- | --- |
| **Down Payment** | **First Time Use** | **Subsequent Use** |
| None | 2.15% | 3.3% |
| 5% but < 10% | 1.5% | 1.5% |
| 10% or more | 1.25% | 1.25% |

Doc Expiration: 120 Days & 180 Days for New Construction Loans – Per AUS Findings

DTI/Residual: Backend DTI over 41% requires residual to be met by 120%

Escrow Waivers: NOT Allowed under any circumstances (Unless Veteran is 100% disabled – property tax escrows can be waived)

Max Seller Concessions: 4% of purchase price

**NPS**: MUST pull credit – If NPS NET income is enough to cover own debts then debts can be omitted, and residual reduced by 1 (All income verification docs required)

**Credit Requirements:**

* Min Fico Requirement: 500
* Student Loans
  + CAN omit payment if deferred at least 12 months past closing
  + If NOT deferred for a min of 12 months past closing calculate each loan at a rate of 5% of the balance divided by 12 months and use that monthly payment
  + IF the payment on the credit report is less than your calculation above you must use the higher payment
* Bankruptcy:
  + Ch. 7 – 2 years from discharge date
  + Ch. 13 – 12-month (on time) payment history of debts included in bankruptcy + Court Approval + LOX + Any Requirements per AUS
* Foreclosure:
  + 2 years seasoning required WITH AUS Approval
    - AUS MUST recognize the foreclosure

**Income:**

* Child Support/Alimony
  + Proof of receipt for most recent 3 months
  + Must verify continuance of at least 3 years with Divorce Decree/Child Support Order
* Self Employed Bwrs:
  + Must obtain SIGNED copies of tax returns for most recent 2 yrs
  + Must obtain YTD P&L and Balance sheet after one-half of the tax year has passed to verify current income and stability – Per AUS Findings
  + IF bwr owes taxes obtain IRS approved payment plan and count payment in DTI/Residual

**Property Requirements:**

* **Septic Systems –** Inspection is always required regardless of condition with LIN number starting with 62-62-6
* **Well Water –** Inspection is always required, obtain water test results to ensure water meets local health authority requirements
* **Burglar Bars –** At least one window per bedroom must have a quick release mechanism or bars must be removed

**Conversion of Primary Residence:**

* Second Home – Bwr must qualify with full PITIA payment for departing REO
* Investment Home – Provide 12-month lease or rent market analysis. Only gross rental income can be used to offset the mortgage payment. Any additional rental income cannot be used to qualify

**Manual Underwriting:**

* Must obtain clean 24 month VOR
* Must prove re-established satisfactory credit within most recent 12 months. (typical 2 tradelines required to document this)
* Must obtain full derogatory LOX
* Compensating Factors:
  + Excellent Credit History
  + Long Term Employment
  + Fixed/Stable employment
  + Significant Liquid Assets
  + Sizable Down Payment
  + Existence of Equity in refinancing loans
  + Little or no increase in shelter expense
  + Satisfactory Homeownership Experience
  + High Residual Income (over 150%)
  + Low DTI Ratios
  + Tax Benefits of Homeownership

**Loans Requiring VA Prior Approval (allow additional MINIMUM of 10 day turn time):**

* Joint Loans to Veterans and one or more non-veteran (not spouse)
* Joint Loans to veterans and one or more veterans (not spouse) who will not be using entitlement
* A Veteran who is rated incompetent by the VA
* A Veteran in receipt of VA non-service-connected pension
* File submitted to VA at time of CTC review (cannot PTF VA review)

**IRRRL:**

* Min Fico Requirement: 500
* Funding Fee: 0.50% (Unless exempt)
* A min of 6-Month satisfactory payment history on the current mortgage is required by note date of new loan
* No serious delinquent obligations in the last 12 months
* No Appraisal Required
* Rate of a NEW fixed rate loan must be at least 50bps/0.5% lower than the loan being refinanced
* Max discount points that can be financed are 2%
* Income Documentation NOT required however you must verify current employer information
* If property is a MFG Home, we will need the make, model, and year of the MFG home for the MFG Rider to Deed of Trust and provide the 433A from title or from original appraisal if APM closed the prior loan.
* If Property is located in PUD, we will need PUD information
* If the Veteran is deceased and the surviving spouse was a co-obligor, the spouse is considered a Veteran for the IRRRL
  + Surviving spouse must own the property and have been an obligor on the original loan.
* Borrowers must be the original parties on old VA Loan (see VA Handbook Chapter 6 for exceptions)
* Recoupment must be 36 months or less
  + Recoupment calculated: Closing Costs of loan divided by PITI savings
* The current VA Loan must be seasoned for the later of:
  + The date that is 210 days after the first due date on the original loans and;
  + The date on which the sixth monthly payment is made on the loan.
* No cash back to bwr permitted