

VA Matrix

Occupancy	Transaction Type	Minimum Credit Score <sup>1</sup>	Maximum		AUS & Underwriting
			LTV	CLTV	
Primary Residence	Purchase	580	100%	100%	<ul style="list-style-type: none"> <li>• DU Approve/Eligible<sup>2</sup></li> <li>• LPA Accept<sup>2</sup></li> <li>• Manual UW<sup>3</sup></li> </ul>
		500	90%	90%	<ul style="list-style-type: none"> <li>• DU Approve/Eligible<sup>2</sup></li> <li>• LPA Accept<sup>2</sup></li> <li>• Manual UW<sup>3</sup></li> </ul>
		No Score	90%	90%	<ul style="list-style-type: none"> <li>• Manual UW<sup>3</sup></li> </ul>
	Cash-Out <sup>4</sup>	580	100%	100%	<ul style="list-style-type: none"> <li>• DU Approve/Eligible<sup>2</sup></li> <li>• LPA Accept<sup>2</sup></li> <li>• Manual UW<sup>3</sup></li> </ul>
		500	90%	90%	<ul style="list-style-type: none"> <li>• DU Approve/Eligible<sup>2</sup></li> <li>• LPA Accept<sup>2</sup></li> <li>• Manual UW<sup>3</sup></li> </ul>
		No Score	90%	90%	<ul style="list-style-type: none"> <li>• Manual UW<sup>3</sup></li> </ul>
Primary Residence, Second Home, Investment	IRRRL	FICO Not Required <sup>5</sup>	No Limit		Not Applicable

1. Minimum 700 credit score and second level review required for loan amount > \$1,500,000
2. Max DTI per AUS with Approve/Accept
3. Manual Underwriting allowed per VA guidelines, see [VA Lenders Handbook 26-7](#); max 41% DTI OR DTI allowed to 50% with one (1) compensating factor and 120% of residual income OR DTI allowed to 55% with three (3) compensating factors and 120% of residual income
4. Net Tangible Benefit requirements must be met
5. "No Score" Interest Rate Reduction Refinance Loan (IRRRL) allowed – 0x30 mortgage only credit report required; loan will be priced as a 580 credit score

## Guidelines

### VA Loan Limits

- Minimum: \$50,000

2025 Maximum Loan Amount				
Area	1-Unit	2-Unit	3-Unit	4-Unit
Conforming	\$806,500	\$1,032,650	\$1,248,150	\$1,551,250 <sup>2</sup>
High-Cost	\$1,209,750	\$1,548,975 <sup>2</sup>	\$1,872,225 <sup>2</sup>	\$2,326,875 <sup>2</sup>
1. See <a href="#">VA County Loan Limits</a> for High Balance eligibility 2. Minimum 700 credit score and second level review required for loan amount > \$1,500,000				
VA Guaranty				
Loan Amount	Maximum Potential VA Guaranty <sup>1</sup>			
<= \$45,000	50% of loan amount			
\$45,001 - \$56,250	\$22,500			
\$56,251 - \$144,000	40% of the loan amount to \$36,000 maximum			
\$144,001 - \$417,000	25% of loan amount			
> \$417,000	Lesser of 25% of 1-unit county loan limit OR 25% of loan amount			
1. Assumes full entitlement for Veteran				

### VA County Loan Limits

- The maximum base loan amount does not include the VA Funding Fee. See the link above to verify whether the property is eligible for high balance loan limits.
- If the Veteran does not have full entitlement, a down payment may be required, and the LTV will be reduced accordingly.
- All VA loans require a 25% guaranty.
  - VA does not impose maximum statutory loan limits but does publish [VA County Loan Limits](#).
  - The 25% guaranty may come from the VA, a down payment, or a combination of both.
  - The maximum amount the VA will insure is 25% of the published county loan limit as seen in the table above. If the guaranty amount is greater than or equal to 25% of the VA NOV, no down payment is required. If VA's insuring participation is less than 25% of the purchase price or appraised value, the borrower must provide a down payment for the difference.
- If the loan amount exceeds agency loan limits, "High Balance" product pricing must be selected.

### VA Funding Fee

The following grid applies to all transactions as indicated:

VA Funding Fee							
First Time Use				Subsequent Use			
Loan Type	Down Payment	Regular Military	Reservist/ Nat'l Guard	Loan Type	Down Payment	Regular Military	Reservist/ Nat'l Guard
Purchase	< 5%	2.15%	2.40%	Purchase	< 5%	3.30%	3.30%
	>= 5% to < 10%	1.50%	1.75%		>= 5% to < 10%	1.50%	1.75%
	> 10%	1.25%	1.50%		> 10%	1.25%	1.50%
Cash-Out	N/A	2.15%	2.4%	Cash-Out	N/A	3.30%	3.30%
IRRRL		.50%		IRRRL		.50%	

### Helpful Links

- VA [Lenders Handbook 26-7](#)
- VA [Circulars](#)

### 2-1 Buydown

- Option available for 30-Year Fixed Rate Standard and High Balance Loans
- Borrower must qualify at Note Rate
- Purchase only. Seller or builder paid buydowns allowed, borrower paid buydown not permitted.
- Buydown must be included in the 6% interested party contribution limit
- Single-Wide Manufactured Homes and Manual Underwrites not permitted

## Guidelines

Appraisal	<ul style="list-style-type: none"> <li>Appraisals are ordered through VA and must be completed by a VA appraiser.</li> <li>The Notice of Value (NOV) is valid for six (6) months and must be issued at the value reflected on the appraisal report.</li> <li>The property must meet the VA Minimum Property Requirements (MPRs), as per the <a href="#">VA Lenders Handbook 26-7</a>.</li> </ul>	
Borrower Eligibility	<ul style="list-style-type: none"> <li>U.S. Citizens</li> <li>Permanent Resident Aliens (valid Social Security Card required)</li> <li>Non-Permanent Resident Aliens (valid Social Security Card required)</li> </ul> <p>Note: At least one borrower must be an eligible Veteran as established by the Certificate of Eligibility (COE).</p>	
Debt-to-Income (DTI)	<ul style="list-style-type: none"> <li>Must meet requirements of <a href="#">VA Lenders Handbook 26-7</a>, except as noted <ul style="list-style-type: none"> <li>Credit score <math>\geq</math> 500 with AUS Approve/Accept: Max DTI per AUS</li> <li>Credit score <math>\geq</math> 500 with AUS Refer and/or Manual Underwrite: Max 41% DTI OR DTI allowed to 50% with one (1) compensating factor and 120% of residual income OR DTI allowed to 55% with three (3) compensating factors and 120% of residual income</li> <li>"No Score": Max 41% DTI OR DTI allowed to 50% with one (1) compensating factor and 120% of residual income OR DTI allowed to 55% with three (3) compensating factors and 120% of residual income</li> </ul> </li> </ul>	
Extenuating Circumstances	<p>Extenuating circumstances are events that were beyond the control of the borrower, such as a serious illness or death of a wage earner, unemployment, prolonged strikes, and medical bills not covered by insurance. The borrower or spouse has reestablished good credit since the credit event. Divorce is not considered an extenuating circumstance.</p> <p>Note: If the credit event was caused by failure of the business of a self-employed borrower, it may be possible to determine that the borrower is a satisfactory credit risk if (1) the borrower obtained a permanent position after the business failed, (2) there is no derogatory credit information prior to self-employment, (3) there is no derogatory credit information subsequent to the event, and (4) failure of the business was not due to the borrower's misconduct.</p>	
	Standard VA	VA Manual Underwriting
	<i>Chapter 7 Bankruptcy</i>	
	<p><u>DU Approve/Eligible or LPA Accept</u></p> <ul style="list-style-type: none"> <li>Two (2) years from the discharge date to case assignment</li> </ul>	<p><u>Extenuating Circumstance</u></p> <p>An elapsed period of less than two (2) years since discharge, but not less than 12 months, may be acceptable if the borrower:</p> <ul style="list-style-type: none"> <li>Can show that the bankruptcy was caused by extenuating circumstances beyond the borrower's control; AND</li> <li>Has obtained consumer items on credit after the bankruptcy and satisfactorily made the payments over a continued period.</li> </ul> <p><i>*Subject to second level review*</i></p>

## Guidelines

Chapter 13 Bankruptcy		
	<p><u>DU Approve/Eligible or LPA Accept</u></p> <ul style="list-style-type: none"> <li>• Completion of the Chapter 13 bankruptcy with satisfactory payments</li> <li>• Manual downgrade guidelines apply</li> </ul>	<p><u>Extenuating Circumstance</u></p> <p>An elapsed period of less than two (2) years since discharge, but not less than 12 months, may be acceptable if the borrower:</p> <ul style="list-style-type: none"> <li>• Can show that the bankruptcy was caused by extenuating circumstances beyond the borrower's control; AND</li> <li>• Has satisfactorily made at least 12 months of the payments; AND</li> <li>• Receives approval of the new credit from the trustee or bankruptcy judge.</li> </ul> <p><i>*Subject to second level review*</i></p>
Foreclosure, Deed-in-Lieu of Foreclosure, Short Sale, Pre-Foreclosure		
	<p><u>DU Approve/Eligible or LPA Accept</u></p> <ul style="list-style-type: none"> <li>• Two (2) years from date of the foreclosure or the date that the borrower transferred ownership of the property to the foreclosing entity/designee to case assignment</li> </ul>	<p><u>Extenuating Circumstance</u></p> <p>An elapsed period of less than two (2) years since the foreclosure was finalized, but not less than 12 months, may be acceptable if the borrower:</p> <ul style="list-style-type: none"> <li>• Can show that the foreclosure was caused by extenuating circumstances beyond the borrower's control; AND</li> <li>• Has obtained consumer items on credit after the foreclosure and satisfactorily made the payments over a continued period.</li> </ul> <p><i>*Subject to second level review*</i></p>
Loan Modification		
	<p>A mortgage that has been modified must utilize the payment history in accordance with the modification agreement for the time period of modification in determining late housing payments.</p>	
Consumer Credit Counseling		
	<p>The borrower has satisfactorily made at least 12 months of payments AND the counseling agency approves of the transaction.</p>	
Income	<ul style="list-style-type: none"> <li>• Must meet requirements of <a href="#">VA Lenders Handbook 26-7</a></li> </ul>	
Joint Loan / Split Entitlement	<ul style="list-style-type: none"> <li>• Joint or Split Entitlement loans are allowed, as defined under Chapter 7, Topic 1 of the <a href="#">VA Lenders Handbook 26-7</a>. Please add an additional 30 days to the Certificate of Eligibility (COE), as the loan must be submitted/approved at the local regional center prior to Clear to Close.</li> </ul>	
Property Eligibility	<i>Eligible</i>	<i>Ineligible</i>
	<ul style="list-style-type: none"> <li>• Single Family (Attached and Detached)</li> <li>• 2-4 Unit (Attached and Detached)</li> <li>• Planned Unit Development</li> <li>• Condominium (VA approved project or FHA approved project prior to 12/7/2009; Includes low- and high-rise, manufactured homes zoned as a Condo)</li> </ul>	<ul style="list-style-type: none"> <li>• Condotel/Hotel Condominium</li> <li>• Mobile Homes</li> <li>• Multi-Unit and Single-Wide Manufactured Home</li> <li>• Timeshares</li> <li>• Unimproved Land</li> <li>• Income producing property</li> </ul>

## Guidelines

- Manufactured Home (Multi-Wide only)
- Rural Property

The following guidelines apply to refinance transactions, as applicable for the refinance type. Refer to the topics below for details.

Requirement	Type I Cash-Out <i>(Loan amount &lt;= payoff)</i>	Type II Cash-Out <i>(Loan amount &gt; payoff)</i>	VA IRRRL
LTV <= 90% (including Funding Fee)	Yes	Yes	No
Existing loan seasoned at least 210 days AND six (6) monthly payments completed	Yes	Yes	Yes
Net Tangible Benefit must be established	Yes	Yes	No
Fee recoupment period <= 36 months	Yes	No	Yes
Interest rate reduction	Yes	No	Yes

### Fee Recoupment

For all Type I Cash-Out and Interest Rate Reduction Refinance Loans (IRRRLs), the recoupment period for all fees, closing costs, expenses (other than prepaids), and incurred costs must not exceed 36 months from the Note Date.

- A certification confirming the loan meets the 36-month fee recoupment period is required in the loan file.
- Note: If the loan being refinanced has been modified, the principal and interest (P&I) reduction must be computed/compared to the modified principal and interest (P&I) monthly payments.

Fee Recoupment Calculation

Number of Months to Recoup: Divide allowable loan fees, expenses and closing costs (whether included in the loan amount or paid outside closing) by the amount of monthly principal and interest (P&I) savings

### Interest Rate Reduction

For Type I Cash-Out refinance transactions using the interest rate reduction Net Tangible Benefit (NTB) option for the refinance an existing fixed rate VA guaranteed loan, the new rate must meet one of the following:

- Fixed Rate to Fixed Rate: The interest rate on the new loan must be at least 0.50% lower than the interest rate on the existing loan being refinanced
- Fixed Rate to Adjustable Rate: The interest rate on the new loan must be at least 2.00% lower than the interest rate on the existing loan being refinanced
  - Note: The lower rate may not result solely from discount points

### Net Tangible Benefit

The new Type I Cash-Out and Type II Cash-Out loan must meet at least one of the following:

- The new loan eliminates monthly mortgage insurance (public or private) or monthly guaranty insurance, including the U.S. Department of Agriculture Rural Development annual fee
- The term of the new loan is shorter than the term of the loan being refinanced
- The interest rate on the new loan is lower than the interest rate on the loan being refinanced
  - Note: The current rate must be used to determine NTB rate reduction, including ARMs and modified loans; see additional requirements for Type I Interest Rate Reduction below.
- The monthly principal and interest (P&I) payment on the new loan is lower than the monthly principal and interest (P&I) payment on the loan being refinanced
  - Note: The current monthly P&I must be used to determine NTB P&I reduction, including ARMs and modified loans.

Refinance  
Guidelines

## Guidelines

- The new loan results in an increase in the borrower’s monthly residual income, as determined by comparing the residual income based on the proposed loan terms to the current residual income (prior to the refinance)
  - Note: When tax and/or insurance amounts are changing between the application date and the closing date, the new tax and/or insurance amount will be used in determining residual income for both the new and current loan.
- The new loan refinances an interim loan to construct, alter, or repair the home
- The new loan amount is equal to or less than 90% percent of the reasonable value of the home
- The new loan refinances an adjustable rate mortgage (ARM) loan to a fixed rate loan

### Seasoning Requirements

- Seasoning requirements apply for all refinance transactions when the current loan being paid off is FHA, VA, or USDA.
- The Note Date of the new refinance loan must be on or after the later of:
  - 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 six (6) full monthly payments have been made on the loan being refinanced.

Notes: The date on which “the first monthly payment is made” must be verified. Advance/prepaid payments to meet the six (6) scheduled payment requirements are not permitted. For the refinance of a modified loan, the seasoning requirements apply to the modified note.

### Reserves

- If rental income is used for qualification:
- 2-4 Unit Subject Property: 6 months PITIA reserves
  - Non-Subject Rental Property: 3 months PITIA reserves for each additional property

### Residual Income

Residual income is required for all loans, per the following:

Residual Income Matrix									
Loan Amount < \$80,000					Loan Amount >= \$80,000				
Family Size	Northeast	Midwest	South	West	Family Size	Northeast	Midwest	South	West
1	\$390	\$382	\$382	\$425	1	\$450	\$441	\$441	\$491
2	\$654	\$641	\$641	\$713	2	\$755	\$738	\$738	\$823
3	\$788	\$772	\$772	\$859	3	\$909	\$889	\$889	\$990
4	\$888	\$868	\$868	\$967	4	\$1,025	\$1,003	\$1,003	\$1,117
5	\$921	\$902	\$902	\$1,004	5	\$1,062	\$1,039	\$1,039	\$1,158
> 5	Add \$75 for each additional member up to a family of seven (7)				> 5	Add \$80 for each additional member up to a family of seven (7)			
Northeast	CT, MA, ME, NH, NJ, NY, PA RI, VT								
Midwest	IL, IN, IA, KS, MI, MN, MO, NE, ND, OH, SD, WI								
South	AL, AR, DE, DC, FL, GA, KY, LA, MD, MI, NC, OK, PR, SC, TN, TX, VA, WV								
West	AK, AZ, CA, CO, HI, ID, MT, NV, NM, OR, UT, WA, WY								

#### Residual Income Calculation

- Calculate the total gross monthly income of all occupying borrowers (see below)
- Deduct from gross monthly income the following items:
  - Federal and state income taxes (see below)
  - Proposed total monthly fixed payment (i.e. PITIA + MIP)
  - Debt showing on credit report (including non-borrowing spouse debt)
  - Estimated maintenance and utilities (see below)
  - Municipal or other income taxes
  - Job related expenses (e.g. childcare)
  - Retirement or Social Security
  - Gross up of any non-taxable Income

## Guidelines

	<ul style="list-style-type: none"> <li>• Subtract the sum of the deductions identified above from the total gross monthly income of all members of the household of the occupying borrowers</li> <li>• The balance is residual income</li> </ul> <p>Gross Monthly Income Calculation</p> <ul style="list-style-type: none"> <li>• Gross monthly income should be calculated only for the occupying borrower(s) consistent with the requirements of VA Handbook.</li> <li>• Do not include bonus, part-time, or seasonal income that does not meet the requirements for effective income as stated in VA Handbook.</li> <li>• Do not include income from non-occupying co-borrowers, co-signers, non-borrowing spouses, or other parties not obligated on the mortgage.</li> </ul> <p>Monthly Expense Calculation</p> <ul style="list-style-type: none"> <li>• If available, use federal and state tax returns from the most recent tax year to document state and local taxes, retirement, Social Security and Medicare. If tax returns are not available, may rely upon current pay stubs.</li> <li>• For estimated maintenance and utilities in all states, multiply the living area of the property (square feet) by \$0.14.</li> </ul> <p><i>To use residual income as a compensating factor, count all members of the household of the occupying borrowers without regard to the nature of their relationship and without regard to whether they are joining on title or the note. Exception: As stated in the VA Handbook, the mortgagee may omit any individuals from "family size" who are fully supported from a source of verified income which is not included in effective income in the loan analysis. These individuals must voluntarily provide sufficient documentation to verify their income to qualify for this exception.</i></p>	
State Restrictions	<ul style="list-style-type: none"> <li>• Texas refinance mortgages are allowed; no cash out or debt payoff permitted</li> </ul>	
Transactions	<i>Eligible</i>	<i>Ineligible</i>
	<ul style="list-style-type: none"> <li>• Purchase</li> <li>• Cash-Out</li> <li>• Interest Rate Reduction Refinance (IRRRL)</li> </ul>	<ul style="list-style-type: none"> <li>• VA Renovation</li> <li>• Energy Efficient Mortgage</li> <li>• Bond and Down Payment Assistance Programs</li> </ul>
Underwriting	<p>All VA purchases and refinances (not including IRRRLs) are subject to VA Manual Underwriting rules in the following instances:</p> <ul style="list-style-type: none"> <li>• AUS Refer findings</li> <li>• Manual downgrade is required by the underwriter if additional information is identified in the loan file that was not considered in the AUS "Approve" or "Accept" findings and to ensure compliance with all VA requirements <ul style="list-style-type: none"> <li>▪ Any mortgage debt with more than 1x30 late payment in the past 12 months</li> <li>▪ Significant non-mortgage debt (not on credit report) with more than 1x30 late payment in the past 12 months</li> <li>▪ Any past due mortgage or past due other significant debt listed on the credit report that was last updated <math>\geq 90</math> days. The current status of the past due debt must be documented.</li> </ul> </li> </ul> <p>NOTE: "Significant" means that the debt has a monthly payment exceeding 2% of the stable monthly income for all borrowers.</p> <p>Compensating Factors</p> <p>Compensating factors include, but are not limited to the following:</p> <ul style="list-style-type: none"> <li>• Excellent credit history</li> <li>• Conservative use of consumer credit</li> </ul>	

## Guidelines

- Minimal consumer debt
- Long-term employment
- Significant liquid assets
- Sizable down payment
- The existence of equity in refinancing loans
- Little or no increase in shelter expense
- Military benefits
- Satisfactory homeownership experience
- High residual income
- Tax credits for childcare
- Tax benefits of home ownership

### Derogatory Credit

Manual underwriting requires that all derogatory credit must be evaluated and addressed. Derogatory credit includes late payments on mortgage, installment, and revolving accounts. Derogatory credit also includes collections, charge-offs, judgments, and liens. The borrower must provide a satisfactory letter of Explanation (LOE) for all derogatory credit.

- DU Approve/Eligible, LPA Accept, and Manual Underwriting per [VA Lenders Handbook 26-7](#)
- Credit score  $\geq 580$  eligible for max financing, regardless of Underwriting type (AUS or Manual)
- Borrower with no credit score allowed with a non-traditional mortgage credit report at submission, refer to [VA Lenders Handbook 26-7](#) for requirements.

<i>Credit Score &amp; Compensating Factors</i>	<i>Underwriting Type</i>	<i>Max DTI</i>	<i>Requirements</i>
$\geq 500$ AND No Compensating Factors	<ul style="list-style-type: none"> <li>• AUS Approve/Accept</li> </ul>	Per AUS	<ul style="list-style-type: none"> <li>• Compensating factors not required</li> <li>• 120% of residual income</li> <li>• Second level review required for DTI &gt; 60%</li> </ul>
	<ul style="list-style-type: none"> <li>• AUS Refer</li> <li>• Manual</li> </ul>	41%	<ul style="list-style-type: none"> <li>• Compensating factors not required</li> </ul>
$\geq 500$ AND One (1) Compensating Factor	<ul style="list-style-type: none"> <li>• AUS Refer</li> <li>• Manual</li> </ul>	50%	<ul style="list-style-type: none"> <li>• At least one (1) compensating factor, AND</li> <li>• 120% of residual income</li> </ul>
$\geq 500$ AND Three (3) Compensating Factors	<ul style="list-style-type: none"> <li>• AUS Refer</li> <li>• Manual</li> </ul>	55%	<ul style="list-style-type: none"> <li>• At least three (3) compensating factors, AND</li> <li>• 120% of residual income</li> </ul>
No Credit Score AND No Compensating Factors	<ul style="list-style-type: none"> <li>• AUS Refer</li> <li>• Manual</li> </ul>	41%	<ul style="list-style-type: none"> <li>• Compensating factors not required</li> </ul>
No Credit Score AND One (1) Compensating Factor	<ul style="list-style-type: none"> <li>• AUS Refer</li> <li>• Manual</li> </ul>	50%	<ul style="list-style-type: none"> <li>• At least one (1) compensating factor, AND</li> <li>• 120% of residual income</li> </ul>
No Credit Score AND Three (3) Compensating Factors	<ul style="list-style-type: none"> <li>• AUS Refer</li> <li>• Manual</li> </ul>	55%	<ul style="list-style-type: none"> <li>• At least three (3) compensating factors, AND</li> <li>• 120% of residual income</li> </ul>