

VA Snapshot

As of 02.16.2023

All GHMC overlays are written in **BLUE**

Newest updates are written in **RED**

Purchase Eligibility Matrix							
Primary Residence Only							
Channel	Property Type	Loan Amount	Min FICO	Max LTV/CLTV/HCLTV	Max DTI	Reserves Required	Underwrite Method
Retail	SFR/PUD; Condo; 2-4 Unit	Conforming Loan Limit	580	100%	Per AUS	2 Months PITIA	AUS Approval
TPO / Retail			600		50%		
			620		Per AUS		
			640		50%		
TPO / Retail	SFR/PUD; Condo; 2-4 Unit	Conforming loan limit + \$1 - \$1,000,000 ¹	660	90%	As Per VA	As Per VA	AUS Approval
		\$1,000,001 - \$2,000,000 ¹	680				
	700	95%					
	720	100%					

- Purchase LTV/CLTV is calculated on base loan amount (not including the FF).
- Max LTV/CLTV/HCLTV of 100% applies to VA Energy-Efficient Mortgages (EEM).

Cash-Out Refinance I & II Eligibility Matrix							
Primary Residence Only							
Channel	Property Type	Loan Amount	Min Fico	Max LTV/CLTV/HCLTV	Max DTI	Reserves Required	Underwrite Method
Retail	SFR/PUD; Condo; 2-4 Unit	Conforming Loan Limit	580	90%	Per AUS	2 Months PITIA	AUS Approval
TPO / Retail			600		50%		
			620		Per AUS		
			700		50%		
TPO / Retail	SFR/PUD; Condo 2-4 Unit	Conforming loan limit + \$1 - \$1,000,000 ¹	660	Per VA	As Per VA	As Per VA	AUS Approval
		\$1,000,001 - \$2,000,000 ¹	680				

- Cash-Out I & II LTV/CLTV is calculated on total loan amount (including the FF).
- Property must have valid lien.
- Type I Cash-Out fee recoupment must not exceed 36 months from date of closing.
- Seasoning (210 days from date of 1st payment due AND 6 payments have been made) is required to be met.
- Max Cash-Out with loan amounts from Conforming Loan Limit + \$1 - \$2,000,000 = \$325,000

Interest Rate Reduction Refinancing (IRRRL) Eligibility Matrix					
Primary Residence Only					
Property Type	Loan Amount	Min FICO	Max LTV/CLTV/HCLTV	Reserves Required	Underwrite Method
SFR/PUD; Condo; 1 Unit	Conforming Loan Limit	620	100% ²	Per VA	Manual UW
	Conforming loan limit + \$1 - \$1,000,000 ¹	640			
	\$1,000,001 - \$2,000,000 ¹	680			

- IRRRL LTV/CLTV is calculated on base loan amount (not including the FF).
- Max LTV only applies when an appraisal is required.
- Appraisal required for high balance.
- Must meet Net Tangible Benefit test.



- No 30-day or greater mortgage late payments will be allowed in the most recent 12 months.
- Mortgage only credit report permitted.

¹ High balance requires management approval.

² An appraisal is generally not required, when required, the appraisal may not be ordered through the VA appraisal system, follow GHMC standard conventional appraisal ordering policies.

Funding Fee Table		
Loan Type	Funding Fee	Subsequent Use
Purchase Loan - Zero Down	2.3%	3.6%
Purchase loan - 5% Down	1.65%	1.65%
Purchase loan - 10% Down	1.4%	1.4%
VA IRRRL	.5%	.5%
Refinance Loan	2.3%	3.6%

Funding fee may be paid in cash at closing or may be included in loan up to program max. Some Veterans may be exempt from paying a Funding Fee.

VA Program Summary & Overlays			
The following is an overview of core guidelines and overlays. This is not a complete set of program guidelines. Please refer to the VA Lenders Handbook, VA Pamphlet 26-7 for full program requirements.			
Topic	Details		
Products & Terms	Term	Conforming Products	High Balance Products
	360	VA - 30 Year Fixed	VA 30 Year Fixed High Balance
		VA - 30 Year Fixed IRRRL	VA - 30 Year Fixed IRRRL High Balance
	180	VA - 15 Year Fixed	
VA - 15 Year Fixed IRRRL			
• Temporary buydowns not permitted			
Occupancy	Primary residence only as defined by VA		
Underwriting Method	<p>AUS Underwriting: All loans must be run through AUS and will be used if none of these downgrade factors are present:</p> <ul style="list-style-type: none"> • Verification of significant non-mortgage debt not reported on the credit report reveals >1 x 30 in the past 12 months. • Mortgage payment history on any mortgage that is > 1 x 30 in the past 12 months. • Mortgage or other significant debt with a rating of > 90 days past due. <p>Manual Underwriting: When AUS issues a Refer/Eligible, or a downgrade is required, manual underwriting is permitted pursuant to manual underwriting overlays and VA requirements.</p> <p>See VA Lenders Handbook VA Pamphlet 26-7 Chapter 4 for Documentation guidelines for Refer/Manual Underwrites & AUS Approve Documentation Guidelines.</p>		
Eligible Borrowers	<ul style="list-style-type: none"> • Borrowers must be one of the following: <ul style="list-style-type: none"> o Veteran. o Veteran & Spouse. o More than one Veteran, and all will be using a portion of their own entitlement. o Unmarried surviving spouses of veterans who died as a result of service or service-connected causes COE must have entitlement code 06. • An eligible veteran is a person who is on active duty or who has been honorably discharged, who served in the Army, Navy, Air Force, Marines or Coast Guard, or Members of the Reserves and National Guard. • Eligibility is determined by the VA. 		



	<ul style="list-style-type: none"> • A current Certificate of Eligibility (COE) documenting eligibility is required. • Joint loans (veteran and non-veteran) are not permitted. • Borrower must not have been suspended or debarred from participation in federal programs. • Exclusion list – GSA SAM and CAIVRS list must be checked and cleared. • All borrowers must have valid Social Security Number. • All borrowers must have at least one valid credit score. • Resident aliens permitted as veteran’s spouse. • Non-traditional credit is not permitted.
Entitlement/ Guaranty	<ul style="list-style-type: none"> • Veterans with Full Entitlement are eligible for a Maximum Guaranty that is equal to 25% of loan amount. • Veterans with Partial (not restored) Entitlement are eligible for a Maximum Guaranty that is equal to the lesser of 25% of the loan amount, or 25% of the County Limit, minus the entitlement used on prior loan.
Condominiums/PUDS	<ul style="list-style-type: none"> • Must be in a VA Approved Condominium project. • A Search for VA Approved Condos can be done at VA Condo Report
Ineligible Properties	<ul style="list-style-type: none"> • Cooperatives • Resort Condos or timeshares • Condo Hotels/motels • Leaseholds • Manufactured homes • Mobile homes • Properties that do not meet VA Minimum Property Requirements (MPR’s) • Geodesic Domes • 2-4 Unit with Accessory Dwelling Unit (ADU) • Unimproved land, working farms, ranches. • Properties in a Coastal Barrier Resources System (CBRS) • Properties held in a community trust • Properties with a condition rating of C5/C6 • Properties with quality rating of Q5/Q6 • Properties located on tribal land
High Balance Loans	<ul style="list-style-type: none"> • Conforming Loan Limits + \$1 to \$2,000,000 • Require management approval. • Subordinate financing is not allowed. • Full documentation, as per the VA Lenders handbook, will be used to underwrite income & assets.
Additional Program Eligibility Requirements	<ul style="list-style-type: none"> • Job related expenses (childcare for children up to 12, significant commuting costs, union dues or incidental costs associated with the borrower(s) employment) must be considered in qualifying the borrower(s) • Residual income must be adequate. <ul style="list-style-type: none"> ○ A Manual underwrite with a DTI over 41 must have residual income that is at least 20% greater than the standard guideline. ○ AUS approved loan with a DTI over 41 with residual income that is less than 20% more than the requirement requires a statement justifying the reasons for approval and a list of compensating factors by the Underwriter Manager. • Allowable and Unallowable Fees and Charges the Veteran-Borrower can and cannot pay as noted in VA regulations 38 CFR 36.4312 <ul style="list-style-type: none"> ○ Reasonable and customary amounts for any or all the “Itemized Fees and Charges” designated by VA, plus ○ A One (1) percent flat charge by the lender, plus ○ Reasonable discount points <p>See VA Lenders Handbook VA Pamphlet 26-7 Chapter 8 for a detailed list of allowable and unallowable charges</p>
Credit	<ul style="list-style-type: none"> • A tri-merged credit report is required for all borrowers. • At least one credit score is required for each borrower. • Credit reports are good for 120 days. • Credit report from a non-purchasing spouse must be obtained when: <ul style="list-style-type: none"> ○ The borrower(s) is relying on alimony, child support, or maintenance payments from the spouse (or former spouse) or ○ The subject is in a community property state ○ In a community property state, the spouses’ debts and obligations must be considered even when the spouse is not on the loan.

	See VA Lenders Handbook VA Pamphlet 26-7 Chapter 4 for additional requirements related to credit collections, debts owed to the Federal Government and other credit related guidance.		
Credit History	Type	Manual Underwriting - Downgrade – Specific Credit History Requirements	AUS Approval
	Credit History	<ul style="list-style-type: none"> No derogatory credit permitted in the last 12 months 	Per AUS Approval.
	Housing Payment History	<ul style="list-style-type: none"> Most recent 24-month rental history documented by VOR, canceled checks, or shown on credit report. Housing history rating 1X30X12 if no late payments in most recent 6 months. 	
	All Derogatory Credit > 12 months	<ul style="list-style-type: none"> LOE covering all derogatory items signed and dated by the borrower required. Must determine that derogatory events are not a pattern of credit disregard. 	
Significant Derogatory Credit	Credit Event	Description	
	Bankruptcy	<ul style="list-style-type: none"> Chapter 7 – Two-year seasoning from date of discharge. Chapter 13 – Permitted if a minimum of 12 months repayment is documented and Trustee/Bankruptcy Judge approval received 	
	Deed in Lieu, Short Sale	Two years from date the property transferred out of borrower's name	
	Judgements	All must be paid in full or documented evidence of satisfactory repayment plan with a minimum of three payments made.	
	Collections	Generally, must be paid. Unpaid collections require payment included in DTI	
	Federal Debt including Student Loans	<p>Must be validated with CAIVRS. No currently delinquent federal debt permitted unless:</p> <ul style="list-style-type: none"> A satisfactory repayment plan has been established and documented. Minimum of three satisfactory payments have been made under the repayment plan. 	
Student Loans	<ul style="list-style-type: none"> If the borrower(s) provides written evidence that the student loan debt will be deferred at least 12 months beyond the date of closing, a monthly payment does not need to be considered. If a student loan is in repayment or scheduled to begin within 12 months from the date of VA loan closing, the lender must consider the anticipated monthly obligation in the loan analysis and utilize the payment established by calculating each loan at a rate of five percent of the outstanding balance divided by 12 months. If the payment(s) reported on the credit report for each student loan(s) is greater than the threshold payment calculation above in a above, the lender must use the payment recorded on the credit report. If the payment(s) reported on the credit report is less than the threshold payment calculation above, in order to count the lower payment, the loan file must contain a statement from the student loan servicer that reflects the actual loan terms and payment information for each student loan(s). The statement(s) must be dated within 60 days of VA loan closing, and may be an electronic copy from the student loan servicer's website or a printed statement provided by the student loan servicer 		
Income Documentation	<ul style="list-style-type: none"> Must verify a minimum of 2 years of employment. There may be instances where less than 2 years can be used. Part time & Seasonal employment income must have been received for 2 years and support consistent earnings with a reasonable likelihood that it will continue in the foreseeable future Employment Gaps are not required to be addressed if the gap is <60 days. Alimony, Child Support & Maintenance Income must obtain front page and details of support payments from the divorce decree or support order- must document receipt for 3 consecutive months and must have 3-year continuance. Self-Employed income must be verified by obtaining the most recent two (2) years of personal and business tax returns (may be waived in certain instances) <ul style="list-style-type: none"> Business or roll over losses must be considered from all tax returns 		

	<ul style="list-style-type: none"> ○ Joint tax returns reporting a loss, the loss must be deducted from the borrower's income, even when the spouse is not on the loan • Active Military Borrower Income requires a Leave and Earnings Statement (LES)- LES is good for 120 days. Additional requirements apply for Service members who are within 12 months of release. • BAH/BAS & Other Military Allowances may be used to qualify if it can be determined it will continue for the foreseeable future. <p>See VA Lenders Handbook VA Pamphlet 26-07 Chapter 4 for additional income documentation requirements including Income from recently activated members of the reserve or national guard, rental income, disability income, recently discharged vets, auto allowances and various types of other income and additional documentation required for a manual underwrite.</p>
IRS Transcripts	<ul style="list-style-type: none"> • IRS Form 4506C must be signed, completed, and dated at application and at closing by all borrowers. • IRS Transcripts required when income from an income tax return is used in qualifying.
Asset Requirements and Reserves	<ul style="list-style-type: none"> • Gift funds from a donor that does not have any interest in the transaction are permitted • Reserves, when required, must be the borrowers own saved funds. • Cash out proceeds may not be used for reserves <p>See VA Lenders Handbook VA Pamphlet 26-7 Chapter 4 for additional information regarding when reserves are required as well as additional asset documentation requirements.</p>
Appraisal Requirements	<ul style="list-style-type: none"> • Full appraisal accompanied by form 1004MC required for all submissions (with the exception of conforming IRRRL). • Appraisals must be ordered through the VA Portal (lgy.va.gov) WebLGY. • The Appraisal/Notice of Value(NOV) is valid for 6 months. If a Veteran is under contract during the validity period, processing may continue until the transaction is completed. • Appraisals may be transferred to GHMC from another lender. The transferring Lender must initiate the transfer in WebLGY. <p>See VA Lenders Handbook VA Pamphlet 26-7 Chapter 10 & 13 for additional appraisal and NOV requirements not addressed.</p>
Ineligible Transactions	<ul style="list-style-type: none"> • Texas 50(a)(4) • Texas 50(a)(6)
Seller Contributions	<ul style="list-style-type: none"> • Seller contributions are defined as anything of value added to the transaction by the builder or seller for which the buyer pays nothing additional and which the seller is not customarily expected or required to pay or provide. • Contributions may not exceed 4% of the value of the property as indicated on the NOV. • Normal discount points and payments of buyer's closing costs will not be considered a concession for purposes of determining total concession. <p>See VA Lenders Handbook VA Pamphlet 26-7 Chapter 8 for additional information related to Borrower's fees and charges.</p>
Maximum Number of VA Loans	<ul style="list-style-type: none"> • In certain instances, the Veteran may have an additional loan with VA Financing as long as they have sufficient entitlement.
Mortgage Credit Certificates	<ul style="list-style-type: none"> • Mortgage Credit Certificates Cannot be used for debt-to-income qualification purposes.
New Construction	<ul style="list-style-type: none"> • Builder must be VA Approved. • Certificate of Occupancy required. • One-Time Close Construction to Perm are not eligible. • Two-Time Close Construction to Perm loans must be treated as a purchase (Unless 12 months have passed since issuance of the Certificate of Occupancy). <p>Refer to VA Circular 26-18-7 for additional details.</p> <p>See VA Lenders Handbook VA Pamphlet 26-7 Chapters 11, 12, 13 & 14 for additional information related to new Construction Properties including how to order the appraisal, inspection requirements, builder documentation requirements.</p>
Sale of Personal Property for Funds to Close	<ul style="list-style-type: none"> • Bill of sale must reflect: <ul style="list-style-type: none"> ○ Date of sale. ○ Asset to be sold.

	<ul style="list-style-type: none"> ○ Sales price. ○ Signatures of the buyer & seller. • Provide proof of borrower ownership. • Provide value of asset via third party. • Transfer of ownership. <ul style="list-style-type: none"> ○ Copy of check or bank statement showing deposit.
Sales Contract Changes/ Re-negotiated Purchase Agreements	<ul style="list-style-type: none"> • GHMC will not accept renegotiated purchase agreements that increase the sales price after the original appraisal has been completed. The Loan to Value will be based on the lower of the original purchase price or the appraised value, unless; <ul style="list-style-type: none"> ○ Re-negotiation of only seller paid closing costs and/or pre-pays where seller paid closing costs/pre- pays are common and customary for the market and supported by the comparable sale, or ○ An amended purchase agreement for new construction property is obtained due to improvements that have been made that impact the tangible value of the property. In the event of such changes, an updated appraisal must be obtained to verify the value of modifications.
Escrows	<ul style="list-style-type: none"> • Escrow accounts are required.
Mortgage Credit Certificate	Mortgage Credit Certificate (MCC) Permitted for Delegated underwriting only
Termite, Septic, and Individual Water System Inspections	<ul style="list-style-type: none"> • Termite Inspections/Certifications are required on all VA loan types except IRRRLs when the subject property is in an area that requires termite inspection, or if the appraisal report indicates evidence of wood-destroying insect damage or an active infestation <ul style="list-style-type: none"> ○ The most current version of the MPMA-33 or state required form is required. ○ Refer to VA Local Requirements to determine if the subject property is located in a termite area. • Well Inspections are required on all VA loan types except IRRRLs. <ul style="list-style-type: none"> ○ Inspections are valid for 90 days. ○ Water samples cannot be provided by an individual with any financial interest in the transaction. • Septic Inspections are not required unless noted by appraiser or indicated in VA Home Loans Local Requirements • Cisterns, springs, and water sources other than dug wells are not acceptable. <p>See VA Lenders Handbook VA Pamphlet 26-7 Chapter 12 for additional property related requirements.</p>
Verbal Verification of Employment (VVOE)	<ul style="list-style-type: none"> • Self Employed borrowers: Verbal VOE to be completed within 30 days of note date.
High Cost and High-Priced Loans	'High Cost' loans not permitted. Loans defined as a 'Higher-Priced Mortgage Loan' or 'Higher-Priced Covered Transaction' under Regulation Z may be eligible. Additional restrictions apply.
<p>For additional VA loan program information: VA Lenders Handbook GHMC Overlays to guidelines are indicated with blue font.</p>	

VA Refinance	
Cash-Out Refinance Type I	
<ul style="list-style-type: none"> • A Type I refinance is a transaction in which the new loan amount (including the funding fee) does not exceed the payoff amount of the current loan. • All VA Refinance Requirements must be met. • Interest Rate Reduction – Fixed Rate to Fixed Rate transaction: The new interest rate must be at least .50% lower than the current interest rate. • Fee Recoupment (MUST be met if the current loan is a VA loan) <ul style="list-style-type: none"> ○ The recoupment period of all fees, closing costs (excluding prepaids) must not exceed 36 months from the date of the loan closing. ○ To calculate the recoupment period: divide all fees, closing costs (excluding prepaids) by the reduction amount of the P&I payment as a result of the refinance. 	
Cash-Out Refinance Type II	
<ul style="list-style-type: none"> • A Type II refinance is a transaction in which the new loan amount (including the funding fee) exceeds the payoff amount of the current loan. • All VA Refinance Requirements must be met. • In the state of Texas, incidental cash back to the borrower at closing is not permitted, including incidental cash back as a result of POC fees being refunded to the borrower. 	
VA IRRRL	



Net Tangible Benefit Verification

Every IRRRL must meet a Net Tangible Benefit (NTB) test. By transaction, the NTB requirement is satisfied by:

Transaction Type	NTB Requirement
Fixed to Fixed	A minimum decrease in the interest rate of .50%.
ARM to Fixed	No interest rate reduction requirement, however, the loan must either meet recoupment or have no closing costs, fee, or expenses other than prepaids if payment is the same or increasing.

Seasoning

- The note date of the refinance loan must be on or after the later of:
 - The date on which the borrower has made at least six consecutive monthly payments on the loan being refinanced, and
 - The date that is 210 days after the first payment due date of the loan being refinanced.

Note: Deferred monthly payments during a forbearance period must not be considered when calculating the new note date, unless 6 consecutive monthly payments were made prior to the forbearance period.

Recoupment

- Recoupment of the fees, expenses, and closing costs must not exceed 36 months when the P&I is reducing.
- When the P&I is **not** reducing, recoupment does not apply, however, the Veteran may not incur any fees, closing costs or expenses other than taxes, amount held in escrow, and VA Funding Fee.
- When refinancing an ARM, the current monthly P&I payment must be used in the comparison.

VA IRRRL Specific Requirements & Overlays

The following is specific to Interest Rate Reduction Refinance (IRRRL) Transactions. Please reference an overview of core guidelines and overlays.

Topic	Description		
Products & Terms	Term	Conforming Products	High Balance Products
	360	VA IRRRL Fixed 30	VA IRRRL High Balance Fixed 30
	359-300		VA IRRRL High Balance Off Year 30
	300	VA IRRRL Fixed 25	
	240	VA IRRRL Fixed 20	
	180	VA IRRRL Fixed 15	
	<ul style="list-style-type: none"> • Maximum loan term may be up to an additional 10 years beyond the existing mortgage term, not to exceed 30 years • Temporary buydowns not permitted 		
Underwriting Method	All IRRRLs are manually underwritten and do not rely upon AUS findings.		
Borrower Eligibility	<ul style="list-style-type: none"> • Borrowers of the original VA loan being refinanced, and the new loan transaction must be the same, unless the transaction is acceptable as per the VA Lenders Handbook. <p>See VA Lenders Handbook VA Pamphlet 26-7 Chapter 6 for additional requirements related to IRRRL borrower eligibility.</p>		
Program Eligibility Requirements.	<ul style="list-style-type: none"> • New loan must be refinancing a VA guaranteed loan. • If the new PITI will exceed 20% of the current PITI – the loan must be Credit Qualified. • Must meet net Tangible Benefit, Seasoning, and Recoupment requirements. • Exclusionary List – GSA SAM and CAIVRS list must be checked and cleared. • A COE is not required when an IRRRL Case Number is obtained. 		
Ineligible Properties	<ul style="list-style-type: none"> • Refer to VA Program Summary & Overlays above. 		

VA Guaranty & Maximum Loan Amount	<ul style="list-style-type: none"> • The maximum mortgage for an IRRRL transaction is the lesser of: <ul style="list-style-type: none"> ○ Appraised value, or ○ The sum of existing debt and costs associated with the transaction as follows: <ul style="list-style-type: none"> ▪ Existing VA loan balance ▪ Allowable fees and charges ▪ Up to two (2) discount points ▪ Funding Fee
CAIVRS	<ul style="list-style-type: none"> • Valid clear CAIVRS required for all borrowers • Any delinquent Federal debt – See the Significant Derogatory Credit topic
Credit Report	<ul style="list-style-type: none"> • Tri-merged mortgage-only report permitted with at least one valid credit score for each borrower.
Mortgage Payment History	<ul style="list-style-type: none"> • 0X30 in the previous 12 months
Non-Credit Qualifying Documentation	<ul style="list-style-type: none"> • Application to indicate employment or Income source • Verbal Verification of Employment is required for all IRRRL transactions when the borrower is employed. • 4506-C/tax transcripts not required • Income documentation not required
Escrows	Escrow accounts required.
Resources	<ul style="list-style-type: none"> ▪ VA Lender Handbook ▪ VA LoanLimits ▪ VA Home Loans Certificate of Eligibility ▪ HUD Credit Alert System(CAIVRS)

Updates		
All new updates will be in RED font.		
Section	Date	Update
ARM Criteria	06.02.2022	Section Removed
VA IRRRL: ARM Criteria	06.02.2022	Section Removed
Purchase Minimum FICO	08.22.2022	Lowered Minimum FICO to 600
Cash Out Minimum FICO	08.22.2022	Lowered Minimum FICO to 600
VA IRRRL Minimum FICO	08.22.2022	Lowered Minimum FICO to 600
Purchase Minimum FICO for Manual UW	09.06.2022	Increased Minimum FICO back to 640
VA IRRRL Minimum FICO	09.06.2022	Increased Minimum FICO back to 620
Purchase Minimum Max DTI	09.14.2022	Added: Max DTI of 50% for transactions with FICO score between 600-619
Cash Out Minimum Max DTI	09.14.2022	Added: Max DTI of 50% for transactions with FICO score between 600-619
Termite, Septic, and Individual Water System Inspections	01.04.2023	Updated: <ul style="list-style-type: none"> Well and Septic Inspections are not required unless noted by appraiser or indicated in VA Home Loans Local Requirements.
LTV Matrix	02.02.2023	Added: Reduced Minimum FICO score to 580 for retail loans
Termite, Septic, and Individual Water System Inspections	02.03.2023	Updated: <ul style="list-style-type: none"> Well Inspections are required on all VA loan types except IRRRLs <ul style="list-style-type: none"> Inspections are valid for 90 days Water samples cannot be provided by an individual with any financial interest in the transaction Septic Inspections are not required unless noted by appraiser or indicated in VA Home Loans Local Requirements