VA: Standard and Jumbo/High Balance

Eligibility Matrix

Loan Purpose	FICO	Maximum LTV [1]	Maximum CLTV	Maximum DTI (Front/ Back)
Purchase	500	100.00%	100.00%[5]	As per AUS
Cash-out Refinance [2,3,4]	500	90.00%	100.00%	As per AUS
1. LTV is determined by the base loan amount, excluding any financed funding/guaranty fees. For cash out loans, LTV is calculated based on total loan amount (including funding fee if financed)				
2. Cash-out refinance is considered even if the borrower is not obtaining any cash back. Properties owned free and clear are not eligible.				
3. Geographic Restriction: Cash Out Refinance transaction in Texas subject to Texas section 50(a) (6) is not allowed. Refer to underwriting guide for more details.				
4. Cash-out refinancing must meet all requirements of VA Circular 26-19-05.				
5. CLTV can exceed 100% when a homebuyer assistance program from a state, county or municipal government entity is used for down payment and or closing costs				

Eligible Properties	• 1-4 Unit Properties • PUDs • Townhomes • Condominiums • Modular Home (SFR) • Manufactured Homes Note: • Property cannot be vested in the name of irrevocable trust. • Manufactured Home must be constructed after June 15, 1976.
Eligible States	• All states except American Samoa, Guam, Northern Mariana Islands, Rhode Islands
Terms and Amortization	• Fixed Rate: 15 years, 20 years to 30 Years • For high balance loans, only 15-years and 30-years option available.
Occupancy	• Owner-occupied properties only
Significant Derogatory Credit Events	• Waiting periods applicable as per VA/AUS.
Reserve	• 6 months PITI reserve required when rental income is used from 2-4 unit subject property • 3 months PITI reserve is required if rental income from any property excluding subject property is used
Automated Underwriting Systems	• DU or LPA Approve/Accept • DU or LPA Refer eligible, see Manual Underwriting section
Compliance	• All loans must meet QM rules including points and fees
Gift of Equity	• Gift of Equity can be used as a source of down payment.

Manual Underwriting	• Loans need to be manually underwritten in case of AUS Refer recommendation or as required per VA Handbook 26-7 Chapter-4 Underwriting guidelines.
	•
	• Maximum allowed debt to income ratio for Manual UW loan is 55% based on below requirements met:
	  • If debt to income ratio exceeds 41% but within 50% then below requirement must be met:
	  • Residual income should be minimum 120% of required residual income; AND
	  • Compensating Factors must be documented as per VA Manual UW guidelines.

This information is provided to licensed Mortgage Loan Originating Entities only and may not be copied or distributed to customers or potential customers. All loans are subject to approval. Certain restrictions may apply. Program rates, prices, guidelines, fees, costs, terms and conditions are subject to change without notice. Sun West Mortgage Company, Inc. (NMLS ID 3277) is licensed by the Department of Corporations as a California Finance Lender (License #603 0119) and is licensed by the Department of Real Estate (License #00793885). Refer to www.swmc.com to see where SWMC is a licensed lender. In all states, the principal licensed office of Sun West Mortgage Company, Inc. is 18303 Gridley Rd, Cerritos, CA 90703 ; Phone: (800) 453-7884.

	• If DTI is between 50-55% then all the below requirements must be met:
	  • Residual income > 150% of required limit &
	  • No late in last 12 months on rental and/or mortgage payment history &
	  • At least 2 months of reserves from verified assets.
	• Housing Payment History: Satisfactory housing payment history for minimum 24 months is required.
	• **Credit requirement**: In circumstances not involving bankruptcy, satisfactory credit is generally considered to be reestablished after the veteran, or veteran and spouse, have made satisfactory payments for 12 months after the date the last derogatory credit item was satisfied.
	• Collection accounts must be considered part of the borrower's overall credit history and unpaid collection accounts should be considered open, recent credit
	• Borrowers with a history of collection accounts should have re-established satisfactory credit in order to be considered a satisfactory credit risk
	• Non-Traditional credit is not allowed for High Balance/Jumbo loans,
	Reference: VA lender handbook - Chapter 4 Credit Underwriting – Adverse Credit Data

VA Residual Income Requirement	• Must meet minimum required as per VA guidelines
Loan Amount and Entitlement Calculation	• As per VA Circular 26-19-23, for Veterans with full entitlement, the maximum amount of guaranty for a loan amount above $144,000 is 25% of the loan amount, regardless of the Freddie Mac Conforming Loan Limits (CLL). • However, for Veterans who have previously used entitlement, and such entitlement has not been restored, the maximum amount of guaranty is the lesser of 25% of the loan amount OR the maximum amount of guaranty entitlement available. The maximum amount of guaranty entitlement is 25% of the Freddie Mac CLL, reduced by the amount of entitlement previously used (not restored) by the Veteran. VA Guaranty plus cash/equity must be equal to at least 25% of the purchase price or Notification of Value (NOV), whichever is less. Additional down payment may be required to meet lender's guaranty requirement of 25%. **Note**: The percentage and amount of guaranty is based on the loan amount including the funding fee portion when the fee is paid from loan proceeds.
Loan Amount for VA Standard/Jumbo/High Balance	• Refer section on VA Standard Loan Limits and VA Jumbo Loan Limits in the Underwriting Guide.
Compliance	• All loans must meet QM rules including points and fees
2/1 Rate Buy downs	• Not Allowed
Additional UW requirements	• Properties with PACE lien are ineligible. PACE lien must be paid off at closing. • Properties with resale restrictions are not eligible. • VA loans on properties that utilize an individual water purification system is ineligible if public water is not available and individual water supplied in the area are served by an aquifer confirmed by the health department to be contaminated. • Income from an Accessory Dwelling Unit (ADU) cannot be used to qualify the borrower

Buyer-Broker Charges – NAR Settlement	• As per VA circular 26-24-14, VA will allow a Veteran (i.e. buyer) to pay the buyer-broker charges (including commissions and any other broker-related fees).
	• If the buyer-broker charges are paid by the buyer:
	  • A signed buyer-broker representation agreement is required
	  • The fee amount is added to the closing cost.
	• Verified funds will be required to cover this amount and cannot be included in the loan amount.

This information is provided to licensed Mortgage Loan Originating Entities only and may not be copied or distributed to customers or potential customers. All loans are subject to approval. Certain restrictions may apply. Program rates, prices, guidelines, fees, costs, terms and conditions are subject to change without notice. Sun West Mortgage Company, Inc. (NMLS ID 3277) is licensed by the Department of Corporations as a California Finance Lender (License #603 0119) and is licensed by the Department of Real Estate (License #00793885). Refer to www.swmc.com to see where SWMC is a licensed lender. In all states, the principal licensed office of Sun West Mortgage Company, Inc. is 18303 Gridley Rd, Cerritos, CA 90703 ; Phone: (800) 453-7884.

	• VA encourages Veterans to negotiate the amount to be paid to their buyer-broker, whether the Veteran or seller pays the amount.

Additional requirements for VA Cash Out	Cash Out loan must meet following requirements:
	• **Disclosures on Net Tangible Benefit and Loan Comparison:** A disclosure must be provided to the borrower within three business days of application and receipt of the same acknowledged by the borrower which, at a minimum, must;
	  ○ Disclose the benefit to the borrower due to refinance. The benefit to the borrower must be listed under the section on the Net Tangible Benefit test.
	  ○ Provides a comparison of the key characteristics of the loan as mentioned in the VA Circular.
	  ○ Provide an estimate of the home equity being removed from the home as a result of the refinance and explain how the removal of home equity may affect the veteran.
	• **Months to Recoup:** Applicable only on type I refinance made to refinance an existing VA-guaranteed home loan.
	  ○ Months to recoup may not exceed 36 months from the date of loan closing.
	
	Note:
	1 **Type I Cash-Out Refinance**: If the loan amount (including VA funding fee, if financed) does not exceed the payoff amount.
	2 **Type II Cash-Out Refinance**: If the loan amount (including VA funding fee, if financed) exceeds the payoff amount.

Net Tangible Benefit on Cash Out Refinance	All cash-out refinancing loans must pass the NTB test. This requirement is met if the refinancing loan satisfies at least one of the following:
	• The new loan eliminates monthly mortgage insurance
	• Loan term of the new loan is less than the loan term of the loan being refinanced
	• The interest rate of the new loan is less than the interest rate of the loan being refinanced.
	  ○ If the loan being refinanced had an adjustable interest rate or was modified, the current interest rate must be used when determining if this requirement has been met.
	• The monthly (principal and interest) payment of the new loan is less than the monthly (principal and interest) payment of the loan being refinanced
	• The Veteran's monthly residual income is higher as a result of the new loan. (residual income, including refinancing monthly PITI (principal, interest, taxes, and insurance) payment vs. current residual income, including monthly PITI payment of the loan being refinanced.)
	  ○ In cases where TI amounts are changing between the application date and the closing date of the refinance transaction, the new TI amount will be used in determining residual income for both the current and refinanced loan.
	• The new loan is used to payoff the Veteran's interim construction loan
	• The new loan LTV is equal to or less than 90% of the reasonable value of the home, i.e. LTV ≤ 90%
	• Refinance of an adjustable-rate mortgage to a fixed-rate mortgage

Forbearance for any mortgage against subject or a non-subject property due to COVID-19	• If the borrower is currently on a forbearance plan on any of the properties owned and there is more than one 30 day late in last 12 months (including missed payment in forbearance period) then the loan needs to be downgraded to manual underwriting.

This information is provided to licensed Mortgage Loan Originating Entities only and may not be copied or distributed to customers or potential customers. All loans are subject to approval. Certain restrictions may apply. Program rates, prices, guidelines, fees, costs, terms and conditions are subject to change without notice. Sun West Mortgage Company, Inc. (NMLS ID 3277) is licensed by the Department of Corporations as a California Finance Lender (License #603 0119) and is licensed by the Department of Real Estate (License #00793885). Refer to www.swmc.com to see where SWMC is a licensed lender. In all states, the principal licensed office of Sun West Mortgage Company, Inc. is 18303 Gridley Rd, Cerritos, CA 90703 ; Phone: (800) 453-7884.

	• Borrower should be current at the time of closing. • Borrower must have completed the forbearance plan and provide reasons for the loan deficiency and information to establish that the cause of the delinquency has been corrected.

Loan seasoning requirement for VA Cash out loans	• If the current loan is Type I VA Cash Out refinance or the previous loan being refinanced is not a VA loan, then seasoning requirements are as follows:
	  • As of loan review date:
	  • At least 6 consecutive (uninterrupted) months' timely payments should have been made.
	  • If a borrower made five consecutive payments before forbearance, such borrower would need to make six additional consecutive timely payments, post forbearance, to meet the seasoning requirement.
	  • At least 210 days must have elapsed from the actual first payment due date of the mortgage being refinanced.
	• If the current loan is Type II VA Cash Out refinance and the loan being refinanced is VA, then seasoning requirements are as follows:
	  • As of loan review date:
	  • At least 6 consecutive months' timely payments should have been made.
	  • If a borrower made five consecutive payments before forbearance, such borrower would need to make six additional consecutive timely payments, post forbearance, to meet the seasoning requirement.
	  • At least 210 days must have elapsed from the later of first payment due date or first payment made date of the mortgage being refinanced.
	• If the loan is modified, then both requirements need to be verified as per modified terms.

This information is provided to licensed Mortgage Loan Originating Entities only and may not be copied or distributed to customers or potential customers. All loans are subject to approval. Certain restrictions may apply. Program rates, prices, guidelines, fees, costs, terms and conditions are subject to change without notice. Sun West Mortgage Company, Inc. (NMLS ID 3277) is licensed by the Department of Corporations as a California Finance Lender (License #603 0119) and is licensed by the Department of Real Estate (License #00793885). Refer to www.swmc.com to see where SWMC is a licensed lender. In all states, the principal licensed office of Sun West Mortgage Company, Inc. is 18303 Gridley Rd, Cerritos, CA 90703 ; Phone: (800) 453-7884.