

VHDA Veterans Affairs (VA)

Program Guidelines

Loan Term	30 year fixed rate only.
Maximum Lender Compensation	2.50% including SRP plus common and customary ancillary fees.
Loan-to-Value (LTV)	<p>Maximum 100% LTV (+ Financed Funding Fee - Follow VA LTV requirements) based on the lower of the sales price / appraised value.</p> <p>No minimum LTV, except:</p> <ul style="list-style-type: none"> • If originated with the CCA Grant, the Minimum LTV is 90%. <p>Follow VA requirements for maximum CLTV.</p> <p>Exhibit LL required if there is subordinate financing (except FHLB).</p>
Mortgage Insurance	Funding Fee per VA requirements.
MCC Eligible	Yes (First-Time Homebuyer Purchase only), in accordance with the Mortgage Credit Certificate (MCC) Guidelines.
CHR Eligible	Yes (First-Time Homebuyer Purchase only), in accordance with Community Housing Revitalization (CHR) Guidelines.
VHDA CCA Eligible	Yes (First-Time Homebuyer Purchase only), in accordance with the VHDA Closing Cost Assistance (CCA) Grant Guidelines.
VHDA DPA Eligible	No. (VHDA Down Payment Assistance Grant)
VHDA Plus Second Mortgage Eligible	No. (VHDA Plus Second Mortgage)
First-Time Homebuyer	<p>Required unless purchasing in a Targeted Area (applies to all borrowers and non-borrowers taking title).</p> <p>A borrower and non-borrower on title are considered a First-Time Homebuyer if they have not owned and occupied a primary residence in the last 3 years.</p> <p>Acceptable documentation to evidence First-Time Homebuyer:</p> <ul style="list-style-type: none"> • The fully executed Single Family Loan and MCC Programs Disclosure and Borrower Affidavit (Exhibit E2) signed by all borrowers and non-borrowers taking title; • A completed Uniform Residential Loan Application (Form 1003); and • The credit report. <p>*Continued on next page*</p>



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<p>First-Time Homebuyer *Continued*</p>	<p><u>Note:</u> If unable to confirm from the Exhibit E2, Form 1003, or the credit report the borrowers and/or non-borrowers taking title are a First-Time Homebuyer, additional documentation may be required, such as:</p> <ul style="list-style-type: none"> • Three years' federal tax returns / tax transcripts • Rent verification(s) • Other reports such as a Lender Data Integrity Report (Examples: Drive Report, FraudGuard, Loansafe) 												
<p>Income Limits</p>	<table border="1" data-bbox="516 646 1487 926"> <thead> <tr> <th data-bbox="516 646 678 709"></th> <th data-bbox="678 646 1081 709">VA only, or with MCC</th> <th data-bbox="1081 646 1487 709">With CCA Grant</th> </tr> </thead> <tbody> <tr> <td data-bbox="516 709 678 772">Income Limit Type:</td> <td data-bbox="678 709 1081 772">Standard Limits</td> <td data-bbox="1081 709 1487 772">Lower Limits</td> </tr> <tr> <td data-bbox="516 772 678 835">Who to include:</td> <td data-bbox="678 772 1081 835">Borrowers and non-borrowing occupants on title</td> <td data-bbox="1081 772 1487 835">All household members</td> </tr> <tr> <td data-bbox="516 835 678 926">What Income to include:</td> <td data-bbox="678 835 1081 926">Income of all borrowers and non-borrowing occupants on title*</td> <td data-bbox="1081 835 1487 926">Income of all household members*</td> </tr> </tbody> </table> <p>Click here to see VHDA's Income Limits.</p> <p>*See Origination Guide for more information on how to calculate household income, what income types must be included, and what may be excluded.</p> <p>*See below for details on where income must be stated on the Program Disclosure and Borrower Affidavit.</p>		VA only, or with MCC	With CCA Grant	Income Limit Type:	Standard Limits	Lower Limits	Who to include:	Borrowers and non-borrowing occupants on title	All household members	What Income to include:	Income of all borrowers and non-borrowing occupants on title*	Income of all household members*
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<p>Sales Price / Acquisition Cost Limits</p>	<p>Refer to VHDA Sales Price / Loan Limits. The limit is the highest of the gross loan amount, sales price, and acquisition cost. See Origination Guide for more information on how to determine acquisition cost.</p> <ul style="list-style-type: none"> • VHDA Sales Price / Loan Limits apply even when the VA Maximum Loan Amount Limits are higher. • The gross loan amount of the first mortgage (including the financed funding fee) cannot exceed the VHDA Sales Price / Loan Limits. 												
<p>Maximum Loan Amount</p>	<p>Follow VA Maximum Loan Amount requirements except: VHDA Sales Price / Loan Limits apply even when the VA Maximum Loan Amount Limits are higher.</p>												
<p>Eligible Purpose</p>	<p>Primary Residence Purchase (no refinance).</p>												
<p>Residency</p>	<p>Must meet VA residency requirements.</p>												



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<p>VHDA Single Family Loan and Mortgage Credit Certificate Program Disclosure and Borrower Affidavit (Exhibit E2)</p>	<p>Required.</p> <ul style="list-style-type: none"> • Must be executed by all borrowers and non-borrowers taking title. • Income from all borrowers and non-borrowers taking title must be included on page 4 of the Exhibit E2. <p>If originated with VHDA CCA Grant then income from all household members must be included on page 4.</p>
<p>VHDA Seller Affidavit and Acknowledgment (Exhibit F)</p>	<p>Required.</p>
<p>VHDA Originating Lenders Submission Cover Letter (Exhibit O)</p>	<p>Required.</p>
<p>Recapture</p>	<p>Loan is subject to recapture only if originated with an MCC.</p>
<p>Homebuyer Education</p>	<p>Required for all borrowers unless purchasing in a Targeted Area.</p> <p>Complete VHDA course, HUD Approved Counseling Agency course, or Fannie Mae Framework course prior to approval.</p> <p>Homebuyer Education Certificate is valid for 2 years.</p>
<p>Tax Returns</p>	<p>Federal tax returns are <u>no longer required</u> to evidence all borrower(s) and non-borrower(s) taking title are a First-Time Homebuyer*.</p> <p>*See above for acceptable documentation evidencing First-Time Homebuyer.</p>
<p>Business Use of Home</p>	<p>No more than 15% of the financed dwelling may be used primarily in a trade or business. The borrowers and non-borrowers taking title must fully execute the Business Use of Home Certification if the borrower has disclosed that a part of the current residence is being used primarily for a trade or business or if there is any other evidence in the file, such as:</p> <ul style="list-style-type: none"> • The employment business address is the same as the borrower’s current residence address on the 1003, or • Federal tax returns are provided and show the “business in home” deduction was taken (Typically this shows on Schedule C, line 30). <p>The Business Use of Home Certification certifies that not more than 15% of the total living area of the subject property will be used primarily in a trade or business. If greater than 15% will be used in the subject dwelling then the borrower is not eligible.</p>
<p>Maximum Net Worth</p>	<p>Cannot exceed 50% of sales price (See Origination Guide for more information).</p>



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Program Guidelines

<p>Automated Underwriting System (AUS) / Manual Underwrites</p>	<ul style="list-style-type: none"> • Desktop Underwriter Approve Eligible or Loan Prospector Accept Eligible. • DU or LP decisions of Ineligible and Expanded Approval are not acceptable. • DU or LP decision of Refer may be manually underwritten as long as the loan meets the more restrictive of VHDA requirements and VA manual underwrite requirements. • Manual Underwrite is acceptable, including borrowers with no credit score. <ul style="list-style-type: none"> • Must meet VA Non-Traditional credit requirements and all other VA manual underwrite requirements. • For manually underwritten loans, lender assumes full responsibility for compliance with VA requirements.
<p>Minimum Credit Score</p>	<p>620 (no exceptions) Lowest of 2 / Middle of 3 scores of all borrowers.</p> <p>If a borrower does not have sufficient credit to obtain a credit score then the loan must be manually underwritten as indicated above.</p>
<p>Maximum DTI</p>	<p>45% with AUS Approval.</p> <p>Manually underwritten loans must meet more restrictive ratio requirements of VHDA and VA.</p>
<p>Non-Occupant Co-Borrowers</p>	<p>Not allowed.</p>
<p>Ineligible Qualifying Income</p>	<ul style="list-style-type: none"> • Boarder Income • Accessory Unit Income
<p>Foreclosures / Deed in Lieu / Short Sales</p>	<p>Follow VA waiting period requirements and:</p> <ul style="list-style-type: none"> • Event no less than 3 years from date of title transfer to application date. • No significant derogatory credit since the event (bankruptcy/judgments). • No lates/collections last 3 years. • No less than 5 years from date of title transfer to application date if originated with VHDA CCA Grant.
<p>Collections / Judgments</p>	<p>VA requirements.</p>
<p>Minimum Borrower Contribution</p>	<p>VA requirements.</p>
<p>Reserves / Acceptable Funds to Close</p>	<p>Follow VA requirements for reserves and funds to close (including a gift).</p> <p>Exhibit LL required if there is subordinate financing (except FHLB).</p>
<p>Interested Party Contributions</p>	<p>VA requirements.</p>



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Program Guidelines

<p>Property</p>	<p>Single family (1 unit) detached, attached, VA approved condominium (lender to certify condo approval and provide documentation).</p> <p>Property must be located in Virginia.</p> <p>Maximum 2 acres; exceptions considered > 2 up to 5 acres. The Lender's underwriter may review and render a decision on the acreage exception. See the Origination Guide for additional requirements and criteria.</p> <p>Manufactured Homes must meet VA and see Origination Guide for additional requirements.</p>
<p>UCDP / Collateral Underwriter</p>	<p>Not required. Lender must follow VA requirements for issuance of LNOV.</p>
<p>Unfinished Area</p>	<p>The cost to complete unfinished areas that are suitable to finish in the property must be included in the acquisition cost on the Exhibit E2 and Exhibit F (Examples: Unfinished basement, lower level of a tri-level, etc.). See the Origination Guide for more information.</p>
<p>Post-Closing Repairs</p>	<p>Escrows for post-closing repairs considered case by case as an exception and must be submitted to VHDA for consideration. No structural or major mechanical repairs allowed.</p>
<p>General Guidelines</p>	<p>Unless otherwise noted follow VA requirements (with program overlays).</p>

Procedures

<p>Lock-In</p>	<p>Loans locked on VHDA's LOS – Mortgage Cadence – Select VA30F.</p> <p>Follow steps outlined in the Mortgage Cadence User Guides available on VHDA's website for registering and locking loans.</p>
<p>LLPAs</p>	<p>No additional Loan Level Pricing Adjustments.</p>
<p>Origination</p>	<p>Loan originated in accordance with program guidelines and VA guidelines.</p>
<p>Lender Delegated Underwriting Availability</p>	<p>Delegated underwriting is available to all approved VHDA delegated lenders. Lender's underwriter assumes full responsibility for compliance with VA underwriting requirements.</p> <p>Lenders can contact their Business Development Officer for questions / concerns about delegation.</p>



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Procedures

<p>Underwriting</p>	<p>Loans underwritten in accordance with program guidelines and VA guidelines. Lender’s underwriter assumes full responsibility for compliance with VA underwriting requirements.</p> <p>Non-Delegated lenders must submit to VHDA prior to closing – must use the Underwriting Submission Checklist.</p> <p>Follow steps outlined in the Mortgage Cadence User Guides available on VHDA’s website for submitting a Non-Delegated loan to VHDA Underwriting or submitting for Delegated Approval.</p>
<p>Closing</p>	<p>Loans closed in accordance with standard VA guidelines.</p> <p>Loan must be closed in the name of the lender, registered in MERS with MERS compliant documents.</p>
<p>UCD</p>	<p>Not required.</p>
<p>Documents</p>	<p>Final DU, 1003, and Loan Analysis must match (standard VA tolerances allowed).</p>
<p>Funding</p>	<p>Originating lender will fund the first mortgage at closing.</p>
<p>Tax Service Fee</p>	<p>VHDA’s tax service fee will be deducted from the Lender’s net proceeds.</p>
<p>Delivery</p>	<p>Loans submitted to VHDA within 10 calendar days of closing.</p> <p>Follow steps outlined in the Mortgage Cadence User Guides available on VHDA’s website for submitting a closed loan package.</p> <p>Documents must be uploaded using the VHDA Loan Stacking Form.</p>
<p>VHDA Pre-Purchase Review</p>	<p>Loans reviewed by VHDA prior to purchase. If errors noted, VHDA will contact lender – this may require rerun of AUS.</p>
<p>Post-Closing</p>	<p>Standard post-closing documents must be submitted to VHDA.</p>
<p>Important: Refer to the Origination Guide for more information about VHDA eligibility requirements.</p>	

The information contained herein (including but not limited to any description of VHDA and its lending programs and products, eligibility criteria, interest rates, fees and all other loan terms) is subject to change without notice.

