



VA FULLY AMORTIZING FIXED, HIGH BALANCE & JUMBO PROGRAM

PROGRAM SPECIFICATIONS	
Description	A mortgage loan program established by the United States Department of Veterans Affairs to help veterans and their families obtain home financing.
Channels	<ul style="list-style-type: none"> • Broker • Correspondent <ul style="list-style-type: none"> ○ Table Funded ○ Non-Delegated UW ○ Delegated UW
FICO	<ul style="list-style-type: none"> • 620 minimum qualifying credit score for all qualifying Borrowers. <p>Reminders:</p> <ul style="list-style-type: none"> • 620-659: A minimum of 2 qualifying credit scores are required for all qualifying borrowers. Use the middle score if 3 credit scores or the lower of the two if 2 credit scores. • 660+: A minimum of 1 qualifying credit score is required for all required borrowers. • Lowest representative score from all borrowers will be used for qualification purposes.
UW Method	<ul style="list-style-type: none"> • Desktop Underwriter (DU) • Loan Prospector (LP)
AUS Recommendation	<ul style="list-style-type: none"> • Approve/Eligible – DU • Refer/Eligible - DU • Accept – LP • Refer - LP
Eligible Terms	<ul style="list-style-type: none"> • 10Yr., 15Yr., 20Yr., 25Yr., 30Yr. Fixed • ARMs not permitted
Eligible Transaction Types	<ul style="list-style-type: none"> • Purchase • Regular Refinance • IRRRLs (see VA IRRRL Matrix) • Construction-to Permanent (OTC) (See VA OTC Matrix)
Eligible Property Types	<ul style="list-style-type: none"> • 1-2 Unit Primary Residences • VA Approved Condominiums • PUDs • Manufactured Housing <ul style="list-style-type: none"> ○ Singlewide & Multiwide
Maximum LTV/CLTV	<ul style="list-style-type: none"> • Fully Amortizing Fixed & High Balance Purchase: 100%/100% <ul style="list-style-type: none"> ○ The total maximum loan amount (base plus VA Funding fee) cannot exceed county loan limits • Fully Amortizing Fixed & High Balance Regular Refinance – Rate/Term: 100%/100% <ul style="list-style-type: none"> ○ The LTV and CLTV limits are calculated using base loan amounts and do not include VA funding fee. The total loan amount (base loan amount plus VA funding fee) cannot exceed county loan limits. The loan amount may include the funding fee and other allowable fees and charges and discount points. The maximum LTV/CLTVs listed are the maximums permitted by AFR VA policy; however, not all Veterans will be eligible for maximum financing. ○ The lien(s) being paid off may be: <ul style="list-style-type: none"> ▪ liabilities (revolving, installment, etc.) current or delinquent; ▪ derogatory credit (collection accounts, charge offs, taxes, judgments, etc.); and ▪ any type of mortgage (VA, FHA, Fannie Mae, Freddie Mac, USDA, 1st lien, 2nd lien, HELOC, etc.). ▪ Loan proceeds beyond the amount needed to pay off the lien(s) may be taken as cash by the borrower for any purpose acceptable to the Underwriter up to the maximum amount of \$100,000. ○ Additional Guidelines <ul style="list-style-type: none"> ▪ Properties owned free and clear are not eligible for a regular refinance • Jumbo Purchase: 100%/100% <ul style="list-style-type: none"> ○ The total maximum loan amount of \$1.5 million includes the VA Funding Fee • Jumbo Regular Refinance: 80%/80% <ul style="list-style-type: none"> ○ The total maximum loan amount of \$1.5 million includes the VA Funding Fee

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Revised
01/30/18



Maximum Loan Amount

AFR has 3 specific loan amount buckets for VA Fully Amortizing Fixed loans:

- Standard
- High Balance
- Jumbo

AFR will now require the use of the Program Codes outlined in below chart.

VA maximum loan amounts can be found here:

http://www.benefits.va.gov/homeloans/purchaseco_loan_limits.asp

“Maximum loan amount” is defined to include the VA Funding Fee

Standard

- The Standard VA Loan limit across the nation is \$453,100. When the subject property is in a county with a \$453,100 loan limit the loan is considered a Standard Loan, and must be registered and closed under the Standard program codes outlined in the table below.

High Balance

- The VA authorized Counties with increased in Loan Limits. When the subject property is in a county with a loan limit that is greater than \$453,100 but equal to or lower than the limit listed on this list the loan is considered a High Balance Loan and must be registered and closed under the High Balance program codes outlined in the table below.
- For example, in San Francisco County the 2018 VA Loan Limit is \$679,650. A qualified Veteran can purchase a home up to \$679,650 with zero down in this county.
- Important: There may be a price adjustment for loan sizes that are considered High Balance. Please see the daily rate sheets for details.

Jumbo

- When a subject property has a loan amount greater than the posted county limits the loan is considered a Jumbo Loan and must be registered and closed under the Jumbo program codes outlined in the table below.
- VA allows a Veteran to borrow a loan amount that exceeds their County Loan limit when buying a home by contributing a down payment equal to 25% of the amount over the county loan limit. For example, in Los Angeles, where the VA Loan Limit is \$679,650, if a Veteran bought a home for \$779,650, their down payment requirement would be 25% of the amount of loan that exceeds county loan limit.
 - For example: Loan amount \$779,650 minus county loan limit \$679,650 = \$100,000.00 over county limit. Take that amount \$100,000.00 and divide / 4 = \$25,000.00. The base loan amount \$779,650 minus \$25,000.00 required minimum down payment = \$754,650 maximum base loan amount.
- The Veteran will still be subject to the increased VA Funding Fee, which could affect the down payment amount slightly.
- Important: There may be a Price Adjustment for loan sizes that are considered Jumbo. Please see the daily rate sheets for details
- AFR Overlays for VA Jumbo
 - AFR requires additional overlays for VA Jumbo loans. Applications for a VA Jumbo Loan must have all overlays outlined in this matrix and:
 - AUS Approve Eligible recommendation only; refers are not permitted, and
 - Maximum Loan Amount of \$1.5 million (Note: The maximum loan amount of \$1.5 million includes the VA Funding Fee).

Fully Amortizing Fixed Standard	FIXED VA
Fully Amortizing Fixed High Balance	VAFixed150
Fully Amortizing Fixed Jumbo	FIXED VA JUMBO
IRRRL Standard	FIXED VA IRRRL
IRRRL High Balance	VAFixed250
IRRRL Jumbo	VAFixed275
One Time Close NCF Standard	FIXED OTC VA
One Time Close NCF High Balance	VAFixedOTC150
One Time Close NCF Jumbo	VAFixedOTC175
One Time Close AFR Standard	VAFixedOTC200
One Time Close AFR High Balance	VAFixedOTC250
One Time Close AFR Jumbo	VAFixedOTC275
Portfolio Standard	FIXED PORT IRRRL
Portfolio High Balance	VAFixedPort150





	Portfolio Jumbo	VAFixedPort175
Maximum DTI	<ul style="list-style-type: none"> Approve/Eligible AUS recommendations: Follow AUS findings (DU or LP). Refer AUS recommendations or manual underwriting: Follow VA Guidelines (See Chapter 4 Sections 9 and 10) 	
Geographic Restrictions	<ul style="list-style-type: none"> Hawaii <ul style="list-style-type: none"> AFR does not operate in the state of Hawaii and does not permit loans with a subject property in Hawaii for all programs in all channels with the exception of Correspondent Delegated UW transactions 	
Guidelines	http://www.benefits.va.gov/warms/pam26_7.asp	
Forms	See FORMS Section in the Resource Center	
OVERLAYS		
Credit	<ul style="list-style-type: none"> AFR requires a 620 minimum qualifying credit score required for all qualifying borrowers. <ul style="list-style-type: none"> 620-659: A minimum of 2 qualifying credit scores are required for all qualifying borrowers. Use the middle score if 3 credit scores or the lower of the two if 2 credit scores. Lowest representative score from all borrowers will be used for qualification purposes. 660+: A minimum of 1 qualifying credit score is required for all required borrowers. Non-traditional credit not permitted; with the exception of CDE loans with an AUS Approve Eligible Recommendation. Significant Derogatory Credit (Bankruptcy, Foreclosure) waiting periods less than 2 yrs. from the resolution of the event to application must be approved by the credit committee. AFR will permit a private VOR only if 12 months cancelled checks are provided to support documentation. AFR does not permit a transaction with an identity of interest when the current loan is in foreclosure. New secondary financing not permitted AFR Policy on Federal Tax Liens: <ul style="list-style-type: none"> AFR requires the borrower to provide proof they are in an approved repayment plan and must have made at least 1 payment for the debt to remain open. All payments must be made on time. (0x30 Max). Monthly payment must be included in the debt-to-income ratios. Tax liens may remain unpaid provided the lien holder subordinates the tax lien. 	
Property	<ul style="list-style-type: none"> AFR does not permit the use of a plat mat in lieu of a survey if a survey is required AFR requires \$1000 Deductible for Homeowners Insurance and Flood Insurance AFR requires a disaster report completed by a licensed appraiser on all properties and all transaction types in a Presidentially Declared Disaster Area up to 60 days from the date of the disaster declaration. AFR requires an engineer certification on a manufactured housing unit that has been moved from a previous foundation to verify VA minimum property requirements are met on the new installation. The following property types are not permitted: <ul style="list-style-type: none"> 3 Units 4 Units Co-Ops Manufactured Housing in a Condominium Project Manufactured Housing that has been traded Mixed- Use Under Construction Properties with commercial influence are subject to additional review. <ul style="list-style-type: none"> Any property where marijuana is grown or processed inside the home or on the property, regardless of the quantity or state law is unacceptable 	
Refinance Requirements	<ul style="list-style-type: none"> All refinance transactions must meet the following requirements to be eligible: <ul style="list-style-type: none"> The borrower made at least six consecutive monthly payments on the loan being refinanced, referred to as the Initial Loan, beginning with the payment made on the first payment due date; and The first payment due date of the refinance loan occurs no earlier than 210 days after the first payment due date of the Initial Loan. 	
Assets	<ul style="list-style-type: none"> All loans that have a purchase money grant/silent (or soft) second must get an approval from the AFR Title Review prior to underwriting approval/AFR purchase Trade Equity not permitted 	





	<ul style="list-style-type: none"> • Sweat Equity not permitted • Trade-Ins not permitted • Private Savings Clubs or Pooled Savings Accounts are not permitted • Cash on hand is not permitted
Income	<ul style="list-style-type: none"> • Employer Assistance Plans not permitted • Employer Differential Payments not permitted • AFR requires a minimum of 2 years for the length of self-employment to use as income. • AFR does not permit voluntary agreements for child support, maintenance and alimony. • AFR requires 2 years receipt of OT and Bonuses to be used as qualifying income; anything less than 2 years will not be eligible for income. • Marijuana income is unacceptable income regardless of state law • AFR does not permit amended tax returns if they are dated 90 days of application date. All amended tax returns must be more than 90 days of the application date and acknowledged (stamped and signed by the IRS or with the transcripts)
Programs	<p>AFR permits CEMA transactions on NY properties</p> <ul style="list-style-type: none"> ○ No prior CEMA's allowed. ○ AFR requires an approved closing attorney in NY to conduct all NY settlements. You or the borrower may choose from the list below: <ul style="list-style-type: none"> ▪ Richard H. Lovell, Esq. - (Closing all transactions, including CEMA) ▪ Gregory J. Felber, Esq. - (CEMA Approved) <p>AFR does not participate in the following Programs:</p> <ul style="list-style-type: none"> ▪ Texas Equity Section 50(a)(6) Program ▪ Energy Efficient Mortgages (EEMs) ▪ Adjustable Rate Mortgages (ARMS) ▪ Graduated Payment Mortgages (GPM) ▪ Growing Equity Mortgages (GEMs) ▪ Loans Involving Temporary Interest Rate Buydowns ▪ Farm Residence Loans ▪ Native American Direct Loan (NADL) ▪ Specially Adapted Housing (SAH) Grant ▪ Special Housing Adaptation (SHA) Grant ▪ Supplemental Loans ▪ Loans for Alteration and Repair
Ownership Types	<p>The following are ineligible for submitting/delivery to AFR:</p> <ul style="list-style-type: none"> • Life Estate • Blind Trusts • Irrevocable Trusts • 1031 Exchanges • LLCs, Corporations and Partnerships • Community Land Trusts
Compliance	<ul style="list-style-type: none"> • AFR's Net Tangible Benefit Policy/Recoupment Policy <ul style="list-style-type: none"> ○ See AFR Resource Center for AFR Policy/State Requirements/Forms ○ When a state has a more restrictive recoupment policy, this policy must be met • AFR does not close and/or purchase any New York loan that is a subprime home loan. All NY Loans must be tested the time the commitment is prepared. <ul style="list-style-type: none"> ○ If the APR at the time of commitment cannot be determined AFR will not proceed with or purchase a loan with a client code of TF, C or CDE. • Any loan that is classified as a Rebuttable Presumption must have all HPML provisions applied <u>and</u> must meet VA residual income guideline requirements • Any loan that is classified as a Higher-Priced Mortgage Loan (HPML) must have all HPML provisions applied. • File remains subject to all Qualified Mortgage ("QM") and Ability-to-Repay ("ATR") underwriting guidelines, including Points and Fees thresholds through consummation. AFR will not originate, close, fund, or purchase any loan that is not legally deemed as a QM. AFR will also require all VA loans to follow specific ATR/QM provisions specified by VA. • All loans must provide evidence of the borrower's compliance of QM/ATR with a compliance report. Note: Delegated Correspondents must provide a compliance report evidencing compliance. • All loans must provide evidence of the borrower's ability to repay with a fully completed/executed Ability to Repay Worksheet. Note: Delegated Correspondents must provide a fully completed/executed Ability to Repay Worksheet showing evidence the borrower meets the ability to repay requirements. • AFR will not originate loans as a high cost or predatory mortgage loan • AFR will comply in all respects with CFPB's Rule on TILA-RESPA Integrated Disclosures. AFR





	will not originate, close, fund, or purchase any loan that does not adhere to the Rule.
Miscellaneous	<ul style="list-style-type: none">• AFR requires a 25% guaranty on all VA loans<ul style="list-style-type: none">◦ AFR will not permit joint loans made to a veteran and one or more nonveterans (non-spouse) or the veteran and one or more veterans (not spouse) who will not be using their entitlement.• Escrow waivers are not permitted• Temporary Interest Rate Buydowns not permitted• Gap Letters for Title are not permitted• Prepayment penalties are not permitted• Maximum Cash Out: For Approve/Eligible AUS recommendations, follow findings; for Refer AUS recommendations or manual underwrites \$100,000
Disclaimer	All overlays herein are subject to change by AFR without notice. Where AFR is silent, the UW must follow all guidelines outlined in the Lender's Handbook - VA Pamphlet 26-7.

