

Trust One Mortgage – 300d VA Series

Product Type & Program Numbers:

- 300d – 30-year Fixed Rate VA
- 315d – 15-year Fixed Rate VA
- 300S – 30-year Fixed /VA IRRRL
- 315S – 15-year Fixed /VA IRRRL

UNDERWRITING CRITERIA: Loans must be underwritten by a VA Delegated Lender. May follow AUS decision and documentation requirements. If loan requires VA's prior approval, additional underwriting turnaround time is required.

- **VA Prior Approval Required For:** Joint loans involving a veteran and non-veteran who is not the veteran's spouse (Not on IRRRL loans); Joint loans involving two or more veterans who intend to use their entitlement and take title jointly (Not on IRRRL loans); Loans to veterans in receipt of VA non-service related pension (Not on IRRRL loans); Loans to veterans rated incompetent by VA (Not on IRRRL loans).
- **Underwriting Prior Approval Loans:** The VA Automatic Underwriter must first underwrite the loan and issue a credit decision. Submit a copy of the loan file to the VA Regional Loan Center that has jurisdiction over the property. Files submitted to the VA for prior approval must be labeled "PRIOR APPROVAL". Additional documentation is required for Interest Rate Reduction Refinance Loans involving delinquencies of 30 days or more past due since date of application.
- **VA Reserves or National Guard Certification:** All veteran applicants whose income is being used to qualify for the loan transaction must complete and sign a VA Reserves or National Guard Certification form. The VA Underwriter must then use this information to determine the veteran-borrower's true monthly qualifying income.
- **Joint Loans:** Joint loans must be underwritten by the Investor and then forwarded to the VA for FINAL approval before closing. A joint loan is a loan made to: The veteran and one or more non-veterans (not spouse); The veteran and one or more veterans (not spouse) who will not be using their entitlement; The veteran and one or more veterans (not spouse) ALL of who will use their entitlement (Example: Two unmarried veteran); The veteran and the veteran's spouse who is also a veteran and both entitlements to be used; A loan involving a veteran and his/ her spouse will not be treated as a joint loan if the spouse is not a veteran or is a veteran who will not be using his/her entitlement on the loan.

LOAN AMOUNT AND LTV LIMITATIONS:

- **Maximum Loan Amount All Transactions:** \$417,000 with no down payment for Continental U.S.; \$625,500 with no down payment for Alaska and Hawaii. Loan amounts greater than \$417,000 or \$625,500 will **always** require a cash downpayment.
- **Purchase and Interest Rate Reduction Refinance:** 1-4 units. 100% LTV. The 25% minimum guaranty is considered satisfied for Interest Rate Reduction Refinance Loans regardless of the dollar amount of guaranty being transferred from the previous loan. For loan amounts above \$144,000, VA will provide a maximum guaranty equal to 25% of the loan amount, up to the allowable loan limits, thus eliminating the need for a down payment for loans greater than \$144,000 but less than or equal to \$417,000 regardless of the veteran's available entitlement. For purchase money loan amount exceeding \$417,000 (or \$625,500 in AK & HI) the veteran is always required to make a cash down payment equal to 25% of the difference between \$417,000 and the sales price of the property.
- **Rate and Term /Cash-Out Refinance:** 1-4 units. 90% LTV, including finance Funding Fee. Maximum entitlement remains at \$36,000 for veterans with full entitlement. The loan-to-value ratio may not exceed 90%. For loan amounts greater than \$144,000, the amount of guaranty in the form of entitlement plus equity in the property, must be at least 25% of the appraised value. The total loan amount (Base Loan Amount plus Financed Funding Fee) may not exceed the conforming loan limits for the area.

APPRAISAL: VA Approved/ VA Fee panel appraisers. LAPP – Notification of Value (NOV) to be issued by Delegated VA Lender's LAPP Approved Underwriter via The Appraisal System (TAS) at <https://tas.vba.va.gov> - **OR** - Certificate of Reasonable Value (CRV) issued by VA.

- **Third Party Originator:** Generate an AVM and review as part of the underwriting process. In addition to reviewing the valuation provided by the model, Client should focus on recent comparable properties that may not have been used by the appraiser.
- **IRRRL:** No appraisal required.
- **Rate & Term/Cash Out Refinances:** A new appraisal completed by a VA approved or VA fee panel Appraiser is always required. VA LAPP approved Underwriting Consultant will issue the Notice of Value. Copy of the signed Notice of Value must remain in the loan file.
- **FEDERALLY DECLARED DISASTER AREAS:** See end of chapter for County listing and specific guidelines.

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ASSETS/FUNDS TO CLOSE/DOCUMENTS:

➤**Third Party Origination:** Clients must perform a Verbal Verification of Employment (VVOE) For all employed borrowers, independently obtain the employer's phone number (directory assistance, 411.com, etc) and confirm the borrower(s) employment within 72 hours of closing. For all self employed borrowers, independently verify the existence of the business (directory assistance, 411.com, etc.). Execute and validate the 4506T and compare to income documentation in file.

➤**Income:** Most recent paystubs covering 30 consecutive days.

➤**Minimum Borrower Investment:** No minimum borrower investment is required for loan amounts up to \$417,000 or \$625,500 in AK & HI.

➤**Seller Contributions:** Seller can pay 100% of discount points and borrower’s non-recurring closing costs. Seller can provide an additional amount not to exceed 4% of the estimated reasonable value to assist the borrower payment of buy down points, prepaid expenses and funding fee.

➤**Gifts:** Acceptable.

➤**Residual Income:**

- Northeast: CT.
- Midwest: IN, MI, MO.
- South: FL, GA, MD, OK, TX, VA.
- West: AK, AZ, CA, CO, HI, ID, NV, NM, OR, UT, WA, WY.

Loan amounts of \$79,999 and below				
Family Size	Northeast	Midwest	South	West
1	\$390	\$382	\$382	\$425
2	\$654	\$641	\$641	\$713
3	\$788	\$772	\$772	\$859
4	\$888	\$868	\$868	\$967
5	\$921	\$902	\$902	\$1,004
Add \$75 for each additional member, up to a family of 7.				
Loan amounts of \$80,000 or more				
Family Size	Northeast	Midwest	South	West
1	\$450	\$441	\$441	\$491
2	\$755	\$738	\$738	\$823
3	\$909	\$899	\$899	\$990
4	\$1,025	\$1,003	\$1,003	\$1,117
5	\$1,062	\$1,039	\$1,039	\$1,158
Add \$80 for each additional member, up to a family of 8.				

➤**IRRRL:** No income documentation required, except where PITI will increase 20% or more or when the existing loan is delinquent (30 or more days past due). Documentation for loans if PITI Increases by 20% or more: Determine that the borrower has stable and reliable income to support the proposed housing payment along with other recurring monthly obligation; Pay stubs covering at least the most recent 30 day period; 2 years W2s; Telephone VOE of the borrower’s current employment. Documentation for Delinquent Loans (30 or more days past due) as of the date of Final approval: Current pay stub; Telephone VOE. VA Interest Rate Reduction Refinance Loans in Colorado: Income must be stated on the application; No verification of income is required; No analysis of Income is performed. No asset verification required.

➤**Rate & Term/Cash Out Refinance:** Verification of employment, Most recent pay stub; **OR**, Full month pay stubs, 2 years W2s, Completed Telephone VOE. If telephone VOE does not verify income, full documentation is required. The following is required if funds are needed to close: Verification of Deposit **OR** Two months bank statements to cover any funds necessary to close.

ASSUMPTIONS: Permitted. Credit worthy borrowers only.

BORROWER ELIGIBILITY: Must be a veteran who served the minimum duty with other than a dishonorable discharge. Active duty with at least 181 days of duty. Un-remarried surviving spouse of eligible veteran (COE). Reservists/National Guard. Certificate of Eligibility must have sufficient entitlement to meet minimum 25% guarantee. Joint loans involving a veteran and a non-veteran who is not the veteran’s spouse (VA prior approval required). Joint loans involving two unmarried veterans (VA prior approval required).

➤**Co-Borrower:** All borrowers must occupy the subject property. Non-Veteran co-borrower permitted.

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➤ **Non-Purchasing Spouse in a Community Property State** (AZ, CA, ID, NV, NM, TX, WA): If property is located in a community property state, or the borrower resides in a community property state, the following requirements apply:

- A credit report for the non-purchasing spouse is required to determine any joint or individual debts. The spouse's authorization to pull a credit report must be obtained. If the spouse refuses to provide authorization for the credit report, the loan must be rejected.
- Even if the non-purchasing spouse does not have a social security number, the credit reporting company should verify that the non-purchasing spouse has no credit history and no public records recorded against him/her.
- The credit company should be given non-purchasing spouse information: Name(s) address, birth date and any other significant information requested in order to do the records check.
- Except for those obligations specifically excluded by state law (AZ, NV: Exclude debts in DTI analysis if acquired prior to the marriage), the debts of the non-purchasing spouse must be considered in the qualifying ratios. If the debts are the sole responsibility of the non-purchasing spouse, do not consider debt in the DTI.
- The greater of the monthly payment amount or 5% of the outstanding balance of all debts of the non-purchasing spouse must be included in the qualifying ratios.
- Disputed debts of the non-purchasing spouse need not be counted provided the file contains documentation to support the dispute.
- Credit history of the non-purchasing spouse should not be the sole basis for declining the loan. The FICO score for the non-occupying co-borrower is not considered for eligibility or MIP.
- **Arizona:** The satisfaction of collections and judgments of non-purchasing spouses for FHA loans in AZ will no longer be required under the following circumstances: The non-purchasing spouse is not contributing towards any of the down payment or costs on the transaction (including gifts or monies from joint accounts); The non-purchasing spouse signs the title disclaimer in order to prevent any judgments from attaching to the property. (Condition at closing). The non-purchasing spouse cannot sign the Deed of Trust/Security Instrument.
- **California:** All delinquent debts, including those of the non-purchasing spouse, must be satisfied prior to or at closing.
- **Washington:** Debts of the non-purchasing spouse are excluded from the qualifying ratios if the non-purchasing spouse receives no money from the transaction. When no funds are received from the transaction, the non-purchasing spouse may Quit Claim his/her interest to the purchasing spouse.

BUYDOWNS:

➤ **Temporary:** Annual, maximum 1% per year.

CREDIT: VA credit standards apply.

➤ **Third Party Originator:** In addition to the credit report submitted by the Third Party Originator, clients must obtain an in-file credit report at or prior to underwriting and at a minimum check for: Undisclosed debt, Deterioration in FICO and/or credit ratings, and Red Flags including but not limited to employment and address history. Client should review MERS to identify undisclosed properties and include a screen print in the file.

➤ **IRRRL:** Up to a 12 month mortgage payment history evidencing loan is current is required via one of the following: Credit report covering the lesser of 12 months or life of loan; OR, Payment history for current mortgage covering the lesser of 12 months or life of loan (canceled checks or VOM). Delinquent Loans (30 days or more past due) that require submission to VA for Prior Approval: Credit report or tri-merged in-file AND Explanation for delinquency and evidence delinquency is resolved. Loans where the PITI increases more than 20% require Credit report or tri-merged in-file.

➤ **Rate & Term/Cash Out Refinances:** Residential Mortgage Credit Report or Three in-file Merged Credit Report. Credit report reference covering the lesser of 12 months or life of loan **OR** Payment history for current mortgage covering the lesser of 12 months or life of loan (canceled checks or VOM).

➤ **Non-traditional Credit:** Ineligible.

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ENTITLEMENT:

- **For loan amounts up to and including \$144,000:** The maximum amount of available entitlement minus the amount of entitlement currently in use equal the remaining amount of available entitlement. In our example (\$36,000 - \$7500 = \$28,500). This means the veteran can obtain another zero down payment VA loan for no more than \$114,000 (\$28,500 x4 = \$114,000).
- **Bonus Entitlement:** Only for loan amounts greater than \$144,000, up to \$417,000 or \$625,500 in AK & HI. For veterans with full basic entitlement available. For veterans with partial entitlement available.
- **Bonus Entitlement when the Veteran has FULL Entitlement:** If the veteran has full entitlement, Bonus Entitlement or additional entitlement is calculated as follows: \$417,000 x 25% = \$104,250 - \$36,000 = \$68,250 (Continental US). \$625,500 x 25% = \$156,375-\$36,000 = \$120,375 (AK & HI). It is this bonus entitlement that allows a veteran to purchase a zero down payment home for greater than \$144,000 and still received full VA guaranty up to \$417,000 or \$625,500 in AK& HI.
- **Bonus Entitlement when the Veteran has PARTIAL Entitlement:** If veteran only has partial entitlement, meaning he still has an open VA loan, he may still be able to obtain another VA loan for more than \$144,000, using bonus entitlement, provided he intends to occupy this property. Example – For loan amounts over \$144,000, Current entitlement in use \$7500. Veteran wishes to purchase a home for \$250,000. \$250,000 X 25% = \$62,500 (Purchase Price x 25% as required by Ginnie Mae). \$104,250 - \$7500 (in use) = \$96,750 - Maximum amount of available entitlement for the new loan. The maximum loan amount the veteran can obtain without a down payment is \$96,750 x 4 = \$387,000. In this case the borrower is able to purchase this property without a down payment.

Entitlement Codes	Meaning
01	World War II
02	Korean
03	Post Korean
04	Vietnam
05	Entitlement Restores
06	Un-remarried Surviving Spouse
07	Spouse of POW/MIA
08	Post World War II
09	Post Vietnam
10	Persian Gulf War
11	Selected Reserves

ESCROW (IMPOUNDS): Waivers not permitted.

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FUNDING FEE: The funding fee is calculated on the veteran's portion of the loan. If a reduced funding fee percentage is required as a result of a down payment requirement, the veteran benefits from this reduction as the funding fee will be calculated on his/her portion of the loan.

VA Funding Fee Table			
Purchase Transactions			
Type of Veteran	Down Payment	Percentage for First Time Use	Percentage for Subsequent Use ¹
		10/1/2004 to 9/30/2011	10/1/2006 to 9/30/2007
Active Duty of Veteran	0% - 4.99%	2.15%	3.35%
			10/1/2007 to 9/30/2011
			3.30%
		10/1/2004 to 9/30/2011	10/1/2004 to 9/30/2011
	≥5%<10%	1.50%	1.50%
	≥10%	1.25%	1.25%
Reserves or National Guard		10/1/2004 to 9/30/2011	10/1/2006 to 9/30/2007
	0% - 4.99%	2.40%	3.35%
			10/1/2007 to 9/30/2011
			3.30%
		10/1/2004 to 9/30/2011	10/1/2004 to 9/30/2011
	≥5%<10%	1.75%	1.75%
	≥10%	1.50%	1.50%
Cash Out Refinance			
Type of Veteran	Percentage for First Time Use		Percentage for Subsequent Use ¹
Active Duty or Veteran	10/1/2004 to 9/30/2011		10/1/2004 to 9/30/2006
	2.15%		3.30%
			10/1/2006 to 9/30/2007
			3.35%
Reserves or National Guard	10/1/2004 to 9/30/2011		10/1/2004 to 9/30/2006
	2.40%		3.30%
			10/1/2006 to 9/30/2007
			3.35%
Interest Rate Reduction Loans and Assumptions			
Type of Loan	Percentage For Either Type Of Veteran Whether First Time Or Subsequent Use		
Interest Rate Reduction Refinancing Loans	0.50%		
Assumptions	0.50%		

¹The higher subsequent use fee does not apply to these types of loans if the veteran's only prior use of entitlement was for a manufactured home NOT classified as real estate.

- VA funding fee can be financed or paid in cash. However, total loan amount including the financed funding fee, can never exceed the maximum allowable loan amounts, \$417,000 in the Continental U.S. and \$625,500 in Alaska or Hawaii.
- Funding Fee Calculations: All loans EXCEPT IRRRLS - Apply the appropriate funding fee percentage to the loan amount. IRRRLs - Calculate the funding fee by completing VA Form 26-8923-VA Interest Rate Reduction Refinancing Worksheet. Joint Loans- Apply the appropriate funding fee percentage to any portion of the loan allocable to a veteran using his/her entitlement who is not exempt from the funding fee.

GEOGRAPHIC RESTRICTIONS: Eligible states AK, AZ, CA, CO, CT, FL, GA, HI, ID, IN, MD, MI, MO, NV, NM, OK, OR, TX, UT, VA, WA, WY.

- **Arizona:** The satisfaction of collections and judgments of non-purchasing spouses for FHA loans in AZ will no longer be required under the following circumstances: The non-purchasing spouse is not contributing towards any of the down payment or costs on the transaction (including gifts or monies from joint accounts); The non-purchasing spouse signs the title disclaimer in order to prevent any judgments from attaching to the property. (Condition at closing). The non-purchasing spouse cannot sign the Deed of Trust/Security Instrument.
- **California:** All delinquent debts, including those of the non-purchasing spouse, must be satisfied prior to or at closing.
- **Washington:** Debts of the non-purchasing spouse are excluded from the qualifying ratios if the non-purchasing spouse receives no money from the transaction. When no funds are received from the transaction, the non-purchasing spouse may Quit Claim his/her interest to the purchasing spouse.
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MORTGAGE INSURANCE: VA Funding Fee applies unless veteran is exempt.

MULTIPLE PROPERTIES: No limitations.

OCCUPANCY:

- **Primary Residence:** 1-4 unit.
- **2-4 units:** Prospective rental income may only be included in effective income if *both* of the following are met: Evidence indicates the borrower has a reasonable likelihood of success as a landlord (Documentation to support the borrower's prior experience managing rental units or other background involving both property maintenance and rental must be provided); It can be verified that borrower has cash reserves totaling minimum 6 months PITI. The amount of rental income to include in effective income is based on 75% of either: Verified prior rent collected on the units of existing properties; OR, The appraiser's opinion of the subject property's fair monthly rental for new construction.

PROPERTY REQUIREMENTS:

➤ **Eligible:**

- 1-4 units.
- PUDs, VA or Investor approved.
- Condos: VA approved.
- Rural properties eligible in California only.
- The kitchen must be functional, meaning that there must be kitchen cabinets, and a working sink and working stove. This applies to **all** real estate transfers. In addition, all property must be habitable and all appliances, plumbing, electrical, etc. must be functional and in good working condition.

➤ **Ineligible Properties:**

- Manufactured Home/Mobile Home/Modular Home/Pre-Fabricated Home
- Assisted Living Projects
- Cantilevered Property
- Common Interest Apartments
- Non-warrantable condominium
- Condo-Hotel
- Cooperatives.
- Houseboats
- Condominium project with pending structural litigation
- Investment Securities
- Multi-family dwelling with more than 4 units
- Multi-family condominium dwelling with ownership of > 1 unit evidenced by a single deed and mortgage (includes lock-out units).
- Projects with non-incident business operations owned or operated by the Homeowners Association such as, but not limited to, a restaurant, spa, health club, etc.
- Property or project with pending structural litigation. Non-structural litigation may be considered on a case-by-case basis.
- Property without full utilities installed to meet all local health and safety standards
- Property that restricts the owner's ability to occupy the unit, have mandatory rental pools or guaranteed rent- backs.
- Property that represents a legal, but Non-Conforming use if zoning regulations prohibit rebuilding the improvements to current density in the event of full or partial destruction.
- Property without full kitchen
- Property used for commercial or industrial purposes
- PUD Hotel
- Tax-sheltered syndicate
- Time share units/projects
- Unimproved land
- Working farm, ranch or orchard

PREPAYMENT PENALTY: None.

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QUALIFYING:

➤Ratios:

- AUS Approve loans – Ratios evaluated by AUS.
- AUS Refer loans - 41%: 41% ≤ 50% require the following significant documented compensating factors - Excellent credit history; Conservative use of consumer credit; 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 child care; Tax benefits of home ownership.
- With Temporary Buy down: Ratio 41%. Qualify at note rate.

REFINANCE TRANSACTIONS:

➤**Interest Rate Reduction Refinance Loan (IRRRL):** New loan amount may include: Unpaid principal balance (including accrued interest and late fees, if applicable), Allowable closing costs, Prepaid expenses, Maximum 2 discount points, Funding fee. 25% guaranty is considered satisfied. No cash back to borrower permitted. No satisfaction of junior liens. Premium pricing permitted. Complete VA Form 26-8923 Interest Rate Reduction Refinance Worksheet.

- **IRRRL Refinance Transactions on Properties in Texas:** If the first mortgage is subject to Texas Section 50(a)(6), VA financing is not permitted. The loan is restricted to the Texas Refinance Product (conventional financing only). If an existing second lien is subject to Texas Section 50(a)(6), the second lien may be subordinated and considered a rate and term refinance. A Subordination Agreement must be executed. If a Texas Section 50(a)(6) second lien is being paid off, VA financing is not permitted. The loan is restricted to the Texas Refinance product (conventional financing). The title policy will reference Texas Section 50(a)(6) or Article XVI of the Texas Constitution effective January 1, 1998.
- **Eligible Borrowers for an IRRRL:** Generally the parties obligated on the original VA loan must be the same parties on the new loan and the veteran must still own the property. However, some ownership changes may be acceptable. The following outlines when a change in mortgagors is permitted:

Existing VA Loan	New VA Loan	Yes/No
Unmarried Vet	Veteran & New Spouse	Yes
Unmarried Vet	Spouse Only (deceased Veteran)	No
Vet	Different Veteran who has substituted his/her entitlement	Yes
Vet & Spouse	Divorced Veteran only	Yes
Vet & Spouse	Veteran & Different Spouse	Yes
Vet & Spouse	Spouse only (deceased Veteran)	Yes
Vet & Spouse	Divorced Spouse only	No
Vet & Spouse	Different Spouse only (deceased Veteran)	No
Vet & Non-Vet (co-obligors)	Veteran Only	Yes
Vet & Non-Vet (co-obligors)	Non-Veteran Only	No

- **Term Increase:** The term of the new loan may not exceed the original term by more than 10 years, subject to the maximum term of 30 years and 32 days.
- **Interest Rate Decrease:** The interest rate of the new loan must be less than the interest rate of the existing VA loan unless refinancing an ARM to a fixed rate.
- **Payment Increase:** The P&I payment must be less than the P&I payment of the existing VA loan unless Refinancing an ARM to a Fixed Rate; OR The term of the new loan is less than the term of the existing VA loan. If the PITI increases by 20% or more the veteran's ability to repay must be demonstrated.
- **General Guidelines:** The loan being paid off through the refinance must be the loan indicated on the COE. In some cases, a copy of the note may be required to verify the LHG number. The minimum on an IRRRL is 25% regardless of the dollar amount of guaranty being transferred from the prior loan. If the veteran is deceased and the surviving spouse was a co-obligor, the spouse is considered a veteran for the IRRRL. Surviving spouse must own the property.
- **Online Status Inquiry in Lieu of COE:** In lieu of obtaining an updated COE from the VA, confirm the status of an existing VA loan by visiting the website <http://www.vba-roanoke.com/rlc/GILoans.asp>. This automated service is permitted for all VA loans, irrespective of the property location, or VA office of jurisdiction. To submit IRRRL status inquiries: The first six digits of the VA lender identification number and an e-mail address are required; If the response from the RLC confirms the loan is an active VA guaranteed loan made to the veteran, a COE will not be required. Use the printout from the RLC; Verify the VA case number provided by the VA matches the VA case number of the existing loan before closing the IRRRL.

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- **VA Prior-Approval is Required for Underwriting Delinquent Loans:** Delinquent loans (30 days or more past due) If the delinquent loan is not current prior to final approval, it must be submitted to the VA Regional Loan Center for Prior Approval. Investor VA Automatic Underwriter must perform a full underwriting credit review to determine that the cause of delinquency has been resolved and the veteran is willing and able to make the proposed loan payments. The Underwriter issues a credit decision using both the VA Loan Analysis Worksheet and the Interest Rate Reduction Refinancing Worksheet. Additional income and credit documentation must be obtained and analyzed before making a decision (refer to documentation section of this matrix). The Underwriter must submit a copy of the loan file including his/her loan decision, to the VA Regional Loan Center that has jurisdiction over the property state for final approval. Do not send the original file. VA will not return the package. The file being submitted to the VA Regional Loan Center must be clearly labeled “**PRIOR-APPROVAL**”. Do not close the loan until a response is received from the VA.
- **Rate and Term/Cash-Out Refinance:** Subject property must have an existing lien. No seasoning of first mortgage or junior liens. New loan amount may include: payoff of existing liens; reasonable discount points; allowable fees and charges (other than funding fee); cash back to the borrower. Maximum Guaranty provided by VA is \$36,000. Cash Out (Equity Refinance) not allowed in Texas. If the loan being paid off through the refinance is an existing VA loan, this must be the same loan indicated on the COE. Entitlement is the guaranty or insurance benefit available to an eligible veteran. 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. Guaranty of at least 25% is required. The 25% guaranty may be satisfied through a combination of available entitlement plus equity in the property. The base loan amount plus funding fee may not exceed the appropriate loan amount for the area: \$417,000 in the continental US or \$625,500 in Alaska and Hawaii. If the loan amount exceeds \$144,000, additional equity may be required to satisfy the minimum 25% guaranty required by GNMA. The minimum 25% guaranty may be satisfied by a combination of VA entitlement and equity or cash. Maximum base loan LTV is 90% (Subject to sufficient entitlement). The 90% LTV limit may be exceeded only by the amount of the funding fee.
- **The following guidelines pertain to owner-occupied Rate/term/Cash-Out Refinance transactions on properties located in Texas:** If the first mortgage is subject to Texas Section 50(a)(6), FHA insured financing is not permitted. The loan is restricted to the Texas Refinance Product (conventional financing only). If an existing second lien is subject to Texas Section 50(a)(6), the second lien may be subordinated and considered a rate and term refinance. A Subordination Agreement must be executed. If a Texas Section 50(a)(6) second lien is being paid off, FHA insured financing is not permitted. The loan is restricted to the Texas Refinance product (conventional financing). The title policy will reference Texas Section 50(a)(6) or Article XVI of the Texas Constitution effective January 1, 1998.
- **Refinance of Construction Loans and Installment Sales Contracts:** Completion similar to cash-out refinance with the exception of Maximum LTV may be 100% of determined value; No cash back to borrowers. Loan amounts may not exceed the lesser of the VA reasonable value plus the VA funding fee; **OR**, The sum of the outstanding balance of the loan to be refinanced plus allowable closing costs (including the funding fee) and discount points. Loan must be established as a purchase transaction to permit the maximum LTV to exceed 90% of the reasonable value.

RESERVES:

- 1 unit – No reserves required.
- 2 – 4 units when rental income is not being used to qualify, no reserves required.
- 2 – 4 units when rental income is being used to qualify, 6 months PITI required.

SECONDARY FINANCING: Permitted. However, secondary financing cannot be used to offset required down payment, pay closing costs or cover any portion of the purchase price that exceeds the reasonable value. Interest rate of second mortgage cannot exceed the rate on the VA loan. The second lien should not restrict the veteran’s ability to sell the property (i.e. assumability feature). The total CLTV should never exceed 100% of the lesser of the sales price or appraised value.

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FEDERALLY DECLARED DISASTER AREAS

ALASKA: None.

ARIZONA: None.

CALIFORNIA:

- Los Angeles, Orange, Riverside and Santa Barbara Counties; Declaration Date 11/18/08.

COLORADO: None.

CONNECTICUT: None.

FLORIDA:

- Brevard County, Hendry, Okeechobee, St. Lucie and Volusia Counties; Declaration Date 8/26/08
- Duval, Leon, Seminole and Wakulla Counties; Declaration Date 8/31/08
- Lee County; Declaration Date 9/1/08
- Baker, Collier, Glades, Jefferson, Lake, Marion, Nassau, Orange and Polk Counties; Declaration Date 9/11/08
- Alachua, Gadsden, Liberty and Martin Counties; Declaration Date 9/24/08

GEORGIA: None.

HAWAII: None.

IDAHO: None.

INDIANA:

- Lake, LaPorte and Porter Counties; Declaration Date 9/23/08
- Jefferson, Jennings and Harrison Counties; Declaration Date 9/26/08
- Clark, Crawford, Dearborn, Jackson, Knox, Lawrence, Martin, Pike, Spencer and Switzerland Counties; Declaration date 10/03/08
- Floyd, Perry, Scott and Washington Counties; Declaration date 10/16/08

MARYLAND: None.

MICHIGAN: None.

MISSOURI: None.

NEVADA: None.

NEW MEXICO: None.

OKLAHOMA:

- Carter, Logan, and Oklahoma Counties; Declaration date 2/15/09

OREGON: None.

TEXAS:

- Angelina, Austin, Brazoria, Chambers, Cherokee, Fort Bend, Galveston, Grimes, Hardin, Harris, Houston, Jasper, Jefferson, Liberty, Madison, Matagorda, Montgomery, Nacogdoches, Newton, Orange, Polk, Sabine, San Augustine, San Jacinto, Trinity, Tyler, Walker, Waller and Washington Counties; Declaration date 9/13/08
- Greg, Harrison, Rusk and Smith Counties; Declaration date 10/9/08

UTAH: None.

VIRGINIA: None.

WASHINGTON:

- King, Lewis, Mason, Pacific, Pierce, Snohomish, Thurston, and Wahkiakum Counties; Declaration date 1/30/09
- Benton, Clallam, Cowlitz, Grays Harbor, Kittitas, Skagit, and Whatcom; Declaration date 2/06/09

WYOMING: None.

Trust One Mortgage – 300d VA Series

In addition to the guidelines below, there are specific requirements that apply to VA loans secured by properties in the affected areas. Those requirements are also outlined below. When natural disasters occur, e.g., hurricanes, tropical storms, tornadoes, steps must be taken to ensure that the security on each Loan is protected. Once a disaster is declared, FEMA announces which counties are considered disaster areas under Designated Counties at www.fema.gov. The following guidelines apply when a property is located in a Federally Declared Major Disaster Area as defined by FEMA:

A. Properties Located in Federally Declared Major Disaster Areas: In the event the subject property, on which an appraisal has been performed and the Loan has not yet funded, is located in an area that is declared a federal disaster area after the appraisal has been issued, Client must ensure that the property meets the collateral requirements set forth above and under the No Adverse Origination Circumstances section in Chapter 1C, Representations, Warranties, and Covenants, of the Investor Guide. If the property inspection was completed prior to the date the natural disaster was declared, a re-inspection or inspection will be required. These requirements apply to all Loans regardless of income documentation type or appraisal requirements. Regardless of whether or not the transaction requires an appraisal, an inspection will be required up to and including 90 days from the date the natural disaster occurred. There may be situations where a longer timeframe may be instituted.

B. Inspection Requirements: An appraiser, engineer, qualified home inspector, or licensed insurance adjuster must perform the special property inspection. Photographs of the subject property must be attached to the Special Disaster Inspection Certification. The individual who performs the inspection should review the original appraisal report and be able to certify that his or her personal inspection of the building revealed no indications of significant disaster related damages. The inspector's Special Disaster Inspection Certification must address the physical condition of the site and improvements; it does not need to address value trends. If the condition of the subject property is acceptable, the value conclusion made prior to the disaster is acceptable.

➤ **Special Disaster Inspection Certification Alternatives:** The following forms may also be used for this certification along with a photograph of the subject property: Appraisal Update and/or Completion Report (Fannie Mae form 1004D or Freddie Mac form 442); Uniform Residential Appraisal Reports (Fannie Mae form 1004 or Freddie Mac form 70); Drive by appraisal (Fannie Mae or Freddie Mac form 2055). In any situation where the appraiser notes defects in the exterior inspection, a full Fannie Mae form 1004 or Freddie Mac form 70 appraisal report with an interior and exterior inspection is required; Individual Condominium or PUD Unit Appraisal Report (Fannie Mae form 1073 or Freddie Mac form 465); Special Disaster Inspection Certification may take the form of a letter on the qualified individual's letterhead bearing an original signature. The letter is required to contain the language indicated in the Special Disaster Inspection Certification Instructions; Standard form used by the property inspector providing it clearly identifies the name, address, and qualifications of the inspector, contains the information required in the Special Disaster Inspection Certification, and bears an original signature.

C. Properties with Significant Damage: If a property was significantly damaged and an appraiser performed the property damage inspection, the property must be re-inspected by a qualified home inspector or an engineer to assess the nature and degree of the damage. A significantly damaged property must be repaired before the Loan is sold if the damage affects the structural integrity or livability of the subject property, as determined by the inspector.

D. Properties with Minor Damage: Repairs will not be required for a property with minor damage not affecting the structural integrity or livability of the property, provided an adequate escrow is arranged to guarantee the completion of repairs. Based on the engineer or home inspector's damage estimate, an accurate escrow holdback account must be established to repair the damaged property.

For loans with properties appraised on or before the dates listed above (and not closed prior to that date), VA requires that the property is re-inspected to certify that the property condition and value have not been worsened as a result of the disaster. To be eligible for VA guaranty, BOTH the lender and the veteran borrower are required to provide certifications to this effect.

Properties That Suffered Damages : If there is an indication that the property, despite repairs, will be worth less at the time of loan closing than it was at the time of appraisal, the lender must have the VA fee appraiser update the original value estimate. The payment of the appraiser's fee for that service will be a contractual matter between the buyer and the seller. If the property value has decreased, the loan amount must be reduced accordingly.

Veteran Disaster Certification: The veteran must perform an inspection of the property. The veteran must sign and date the Veteran Disaster Certification form certifying that he has inspected the property and finds the condition acceptable. A copy of the Veteran's Disaster Certification form is attached. This form must be reproduced on letterhead. The executed Veteran's Disaster Certification form must be included in the file when submitted to VA for purchase.

Lender Disaster Certification: The lender must complete the attached Lender Disaster Certification form to verify that the property has been inspected and either was not damaged or has been restored to pre-disaster condition (or better). The Lender Disaster Certification form must be reproduced on letterhead.

Additional VA Processing Requirements: Prior to closing we must insure that the veteran's employment and income have not changed since the loan application. Employment and income may be verified by a telephone VOE or most recent pay stub.

If at the time of the loan closing the veteran is no longer employed or family income has been reduced, the loan must be re-evaluated by the VA Automatic Underwriting Consultant prior to closing.

On the "Remarks" section of VA Form 26-0268, VA Loan Summary Sheet, enter the words "Lender and Veteran Disaster Certifications Enclosed." Place both Certifications below the VA Loan Summary Sheet when the file is submitted to Post Closing.

Additionally, if local law requires the property to be inspected and approved by the local building inspection authority, a copy of the appropriate local report(s) must be provided. Please note the Veteran purchaser cannot be charged for any disaster-related inspections or repairs.