



VA Purchase

This matrix is intended as an aid to help determine whether a property/loan qualifies for certain financing. It is not intended as a replacement for VA guidelines. Users are expected to know and comply with VA requirements.

NOTE: This matrix includes overlays, which may be **more restrictive** than VA requirements. A thorough reading of this matrix is recommended.

Program Qualifications

- Impac's VA Purchase program is designed for the purchase of owner occupied single family residences using a VA insured home loan.

Eligibility Matrix Loan Amount & LTV Limitations

VA - Primary Residence Purchase

Units	Maximum Base LTV
1-4	100% Maximum LTV, excluding the financed Funding Fee
Regardless of the LTV, the veteran must have sufficient entitlement to guaranty the loan. See <i>Guaranty/Entitlement</i>	

Maximum Loan Amount

Continental US, Alaska and Hawaii	
Units	Highest Maximum Total Loan Amount
1	\$750,000
2 - 4	VA County Loan Limit or \$750,000 whichever is less

Refer to *Required Cash Down Payment Worksheet* located at the end of this document to calculate loan amount.

If the total loan amount, including financed funding fee, is greater than \$417,000, a down payment may be required and the LTV reduced accordingly. If the veteran does not have full entitlement remaining, and/or the loan exceeds VA's county loan limit, a down payment is required.

Product Description

- VA Fixed Rate 15 and 30 year term; fully amortized
- VA Fixed Rate 15 and 30 year term, high balance; fully amortized
- VA 3/1 and 5/1 ARMs, including high balance

Product Codes

15 Years	Product Code
VA 15 Years	VF15
VA 15 Years High Balance	VF15HB (base loan amount above \$417,000)

30 Years	Product Code
VA 30 Years	VF30
VA 30 Years High Balance	VF30HB (base loan amount above \$417,000)

Hybrid ARM	Product Code
VA 3/1 ARM	VA31
VA 3/1 High Balance	VA31HB (base loan amount above \$417,000)
VA 5/1 ARM	VA51
VA 5/1 High Balance	VA51HB (base loan amount above \$417,000)

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Eligibility Requirements

Adjustable Rate Details	<table border="1"> <tr> <td>Interest rate adjustment caps</td> <td>3/1 and 5/1 ARM = 1/1/5 Initial: 1% up/down; Subsequent: 1% up/down; Lifetime : 5% up</td> </tr> <tr> <td>Margin</td> <td>2.00%</td> </tr> <tr> <td>Index</td> <td>1-Year CMT, defined as the weekly average yield on United States (U.S.) Treasury securities adjusted to a constant maturity of one year</td> </tr> <tr> <td>Interest rate Floor</td> <td>The interest rate Floor is equal to the Margin</td> </tr> <tr> <td>Change dates</td> <td>3/1: The first Change Date is the 36th payment due date. There is a new Change Date every 12 months thereafter 5/1: The first Change Date is the 60th payment due date. There is a new Change Date every 12 months thereafter</td> </tr> <tr> <td>Conversion Option</td> <td>None</td> </tr> <tr> <td>Assumption</td> <td>Permitted after the first adjustment for qualified borrowers.</td> </tr> <tr> <td>Temporary Buydowns</td> <td>Temporary Buydowns may not be used with an ARM product</td> </tr> <tr> <td>Qualification</td> <td>Borrowers qualify at the note rate</td> </tr> </table>	Interest rate adjustment caps	3/1 and 5/1 ARM = 1/1/5 Initial: 1% up/down; Subsequent: 1% up/down; Lifetime : 5% up	Margin	2.00%	Index	1-Year CMT, defined as the weekly average yield on United States (U.S.) Treasury securities adjusted to a constant maturity of one year	Interest rate Floor	The interest rate Floor is equal to the Margin	Change dates	3/1: The first Change Date is the 36 th payment due date. There is a new Change Date every 12 months thereafter 5/1: The first Change Date is the 60 th payment due date. There is a new Change Date every 12 months thereafter	Conversion Option	None	Assumption	Permitted after the first adjustment for qualified borrowers.	Temporary Buydowns	Temporary Buydowns may not be used with an ARM product	Qualification	Borrowers qualify at the note rate
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Appraisal Requirements	LAPP Notification of Value (NOV) to be issued by Impac LAPP approved underwriter via WebLGY Note: Appraisers must look for and report evidence of wood destroying insect infestation, fungus growth, and dry rot. This is in addition to any VA requirement for an inspection of the property by a wood destroying insect inspector (Lender Manual 12.06)																		
Appraiser Requirements	VA approved/VA Fee panel appraisers selected automatically via VA Portal																		
Assets	<p>Cash to Close¹</p> <ul style="list-style-type: none"> Must have sufficient liquid assets to close <p>Minimum Borrower Investment</p> <ul style="list-style-type: none"> No minimum borrower investment is required for <u>total</u> loan amounts up to \$417,000 (subject to entitlement) For 2-4 unit dwellings, if the total loan amount is greater than the limit for a 1 unit dwelling, a down payment may be required. Refer to Maximum Total Loan Amount and LTV Limitations <p>Seller Contributions</p> <ul style="list-style-type: none"> 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's payment of prepaid expenses and funding fee <p>Gifts</p> <ul style="list-style-type: none"> Acceptable Gift of Equity is acceptable but cannot be applied as down payment purposes to reduce VA Funding Fee <p>Down Payment Assistance Programs</p> <ul style="list-style-type: none"> Eligible - must be approved by Impac and allowed by VA <p>Cash Reserves</p> <ul style="list-style-type: none"> 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 reserves required Retaining current principal residence as 2nd Home- refer to Special Requirements/Restrictions ¹ When converting current principal residence to rental property – refer to Special Requirements/Restrictions ¹ When the pending sale of the other real estate is scheduled after the purchase date of the current principal residence; refer to Special Requirements/Restrictions when rental income from other real estate owned by borrower is used to qualify. – 3 months reserves required <p>Footnotes</p> <p>¹ Non-liquid accounts must be discounted by 30% of vested value to be used to meet reserve requirements</p>																		
Assumptions	Permitted – Credit worthy borrowers only																		
Borrower Eligibility	<ul style="list-style-type: none"> 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) 																		

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	<ul style="list-style-type: none"> 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. Refer to <i>Special Requirements/Restrictions</i> for more details) Joint loans involving two unmarried veterans (VA prior approval required. Refer to <i>Special Requirements/Restrictions</i> for specifics) Inter Vivos Revocable Trust is allowed for owner occupied property only <ul style="list-style-type: none"> Note: A Power of Attorney is not allowed for properties held in a trust <p>Ineligible Non-Permanent Resident Aliens are ineligible</p>
Co-borrowers	All borrowers must occupy the subject property (exceptions may be available)
Credit	<p>VA Credit Standards apply</p> <p>Housing (Mortgage/Rental) Payment History (PITIAA) is inclusive of all liens regardless of position, as well as all occupancy types.</p> <ul style="list-style-type: none"> AUS Approve loans – Credit evaluated by AUS AUS Refer and manually underwritten loans <ul style="list-style-type: none"> For purchase transactions: 12 month housing payment (mortgage/rental) history via a credit report, cancelled checks or VOM to reflect no more than 0 x 30 in the previous 12 months. Non-traditional credit is ineligible <p>Minimum Fico Score Requirements</p> <ul style="list-style-type: none"> 620, AUS or manual underwriting due to Refer/downgrade <p>Non-traditional credit ineligible</p>
Escrow Holdback	Ineligible
Escrow Waivers	Ineligible
Financing Types	<p>Purchase Mortgages only</p> <p>Refinance Transactions refer to Impac's VA Standard Refinance or Impac's VA Streamline Refinance guidelines</p> <p>Construction to Permanent mortgages are ineligible</p>
Geographic Locations/Restrictions	<p>Eligible states are as follows:</p> <ul style="list-style-type: none"> Wholesale: AK, AL, AR, AZ, CA, CO, CT, DC, FL, GA, IA, ID, IL, IN, KS, KY, LA, MD, MI, MN, MS, MT, NC, ND, NE, NV, OK, OR, SC, SD, TN, TX, UT, VA, WA, WI, WV <p>Additional restrictions as follows: Texas Cash-out 50(a)(6) is ineligible State specific regulatory requirements supersede all underwriting guidelines set forth by Impac.</p>
Guaranty / Entitlement	<p>Regardless of the LTV, the veteran must have sufficient entitlement to guaranty the loan. Link to county loan limits for VA guaranty: http://www.benefits.va.gov/homeloans/purchaseco_loan_limits.asp</p> <p>Financing above the VA county loan limits is permissible but will require the borrower to make a down payment or to have equity, which when added to the amount of their available VA guaranty, equals at least 25% of the gross loan amount, including the funding fee.</p> <p>VA loans with partial entitlement are allowed per VA guidelines. Must meet VA guaranty and GNMA guaranty requirements. See worksheet for calculation of loan amounts.</p>
High-Cost Mortgage Loans	Impac does not originate or purchase high-cost mortgage loans (12 CFR 1026.32)
Internet Links	<p>The Appraisal System. Order Case Numbers, Appraisals and obtain Automated Certificates of Eligibility at VA Portal https://vip.vba.va.gov/portal/VBAH/Home</p> <p>VA Lenders Handbook http://www.benefits.va.gov/warms/pam26_7.asp</p> <p>VA Lender Resources http://benefits.va.gov/homeloans/lenders.asp</p> <p>VA Regional Loan Centers http://www.homeloans.va.gov/rlcweb.htm</p> <p>VA Forms http://www.va.gov/vaforms/</p>
Limitations on Other Real Estate Owned	<p>None</p> <p>Refer to <i>Special Requirements/Restrictions</i> regarding converting current principal residence to rental property or second home</p>
Loan Amount	No minimum loan amount
Loan Limits	<p>VA link to loan current loan limits: http://www.benefits.va.gov/homeloans/loan_limits.asp</p> <p>Note: While VA does not have a maximum loan amount, the "VA County Limits" must be used to calculate VA's</p>

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	maximum guaranty amount for a particular county.
Mortgage Insurance	Refer to <i>VA Funding Fee</i> located at the end of this document
Occupancy	<p>Primary Residence</p> <p>In cases where a Veteran is unable to occupy the property because of his/her active duty status as a member of the Armed Forces, certification of occupancy by the Veteran's spouse is sufficient.</p> <p>Under P.L. 112-154, the occupancy requirement is also considered met if a dependent child occupies, or will occupy, the property as a home and the Veteran's attorney-in-fact or the dependent child's legal guardian makes the occupancy certification. The new VA Form 26-1820 accommodates this change (see Circular 26-12-9)</p>
Prepayment Penalty	None
Property Types	<p>Eligible Properties</p> <ul style="list-style-type: none"> • 1 – 4 units • Refer to <i>Special Requirements/Restrictions</i> for restrictions regarding 2 - 4 unit properties • Condos - VA approved • PUDs • Modular housing • <u>Manufactured Housing acceptable to VA that is classified as real estate and subject to the following restrictions:</u> <ul style="list-style-type: none"> ○ Primary Residence Only ○ Multi-width property only – no single wide ○ No High Balance Loans ○ Fixed Rate only, no ARMs ○ No Manufactured Homes in Condo Projects ○ MFH may not have been re-sited ○ No MFH on leased land ○ Built after June 15, 1976 as evidenced by HUD labels ○ Permanently affixed to a foundation (see VA Lender Manual 12.10) <p>Ineligible Properties</p> <ul style="list-style-type: none"> • Condo Hotels • Co-ops • Leasehold properties
Qualifying Rate and Ratios	<p>Qualifying Ratios</p> <p>Qualify at note rate for all fixed and hybrid ARMs (e.g., 3/1, 5/1)</p> <p>AUS Approve loans – Ratios evaluated by AUS</p> <p>AUS Refer loans - 41%</p> <p>The DTI ratio of 41% may be exceeded provided this ratio does not exceed 50%</p> <p>DTI Ratios >41% <=50% require residual income exceeding 120% in addition to significant documented compensating factors such as:</p> <ul style="list-style-type: none"> • 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 • Tax credits for child care • Tax benefits of home ownership
Secondary Financing	<p>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</p> <p>No cash back to the veteran from the VA first mortgage or second mortgage is permitted</p> <p>The second lien should not restrict the veteran's ability to sell the property (i.e. assumability feature)</p> <p>For new subordinate financing (purchases only), the total CLTV should never exceed 100% of the lesser of the sales price or appraised value.</p> <p>Secondary financing must meet requirements in VA Lender Handbook, Secondary Borrowing, Chapter 9, Section 4.</p> <p>Down Payment Assistance Programs</p> <ul style="list-style-type: none"> • Eligible - must be approved by Impac and allowed by VA

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Special Requirements/Restrictions	<p>NOTE: The Energy Efficient Mortgage Program is not available.</p> <p>Form 4506-T must be processed prior to underwriting.</p> <ul style="list-style-type: none"> A new IRS Form 4506 T is required to be signed with the closing package as well as at application even when the form has been processed. <p>CAIVR System Access the FHA Connection to check CAIVRS for all borrowers on the transaction: Borrowers, co-borrowers and co-signors if applicable</p> <p>2 - 4 Unit Properties</p> <ul style="list-style-type: none"> Prospective rental income may only be included in effective income if <i>both</i> of the following are met <ul style="list-style-type: none"> Evidence indicates the borrower has a reasonable likelihood of success as a landlord <ul style="list-style-type: none"> 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 PITIA The amount of rental income to include in effective income is based on 75% of either <ul style="list-style-type: none"> 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 <p>Converting Current Principal Residence to Rental Property</p> <ul style="list-style-type: none"> Obtain a copy of the rental agreement on the property, if any Use the prospective rental income only to offset the mortgage payment on the rental property and only if there is no indication that the property will be difficult to rent. (Document market conditions in the loan file) This rental income may not be included in effective income. Obtain a working knowledge of the local rental market. If there is no lease on the property, but the local rental market is <u>very strong</u>, the lender may still consider the prospective rental income for offset purposes. (Document market conditions in the loan file) <p>Pending Sale of Real Estate</p> <ul style="list-style-type: none"> Qualify veteran with both PITIA for Pending Sale and PITIA for new property Omit PITIA of Pending Sale from qualifying DTI, if financing contingencies to purchase home have been cleared and documented and cash reserves described below are met. When pending sale of other real estate is scheduled after the purchase date of current principal residence. – 6 months reserves required for both properties OR 2 months reserves required if 30% equity in existing residence is documented <p>Joint Loans</p> <ul style="list-style-type: none"> Joint loans must be underwritten by Impac and then forwarded to the VA for final approval before closing A joint loan is a loan made to: <ul style="list-style-type: none"> The veteran and one or more non-veterans (not spouse) The veteran and one or more veterans (not spouse) who <u>will not</u> be using their entitlement The veteran and one or more veterans (not spouse) ALL of whom <u>will use</u> their entitlement. Example: Two unmarried veterans The veteran and the veteran's spouse who is also a veteran and <u>both</u> entitlements to be used <ul style="list-style-type: none"> 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 <p>Spousal Income Qualification in Jurisdictions that Recognize Same-Sex Marriage (Circular 26-13-18) VA will now review applications for the home loan guaranty benefit submitted by married same-sex couples. On a case-by-case basis, VA will determine whether same-sex married couples can use both spouses' incomes to qualify for a loan. Lenders receiving loan applications from same-sex married couples should forward the following information to the appropriate VA Regional Loan Center for further review:</p> <ol style="list-style-type: none"> Date and State of marriage; State of residence at time of marriage; State where subject property is located; Current State of residence; and Estimated date of loan closing. <p>VA staff will then notify the lender if both spouses' incomes may be applied. If so, lenders should process the loan in WebLGY as "Sole Ownership," as they would with loans made to opposite-sex married couples.</p> <p>Maintenance and utility costs for all regions:</p>
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- 14 cents per square foot
Example: 1500 square foot home X .14 = \$210.00 / mo

Geographic Regions for VA Residual Income Guidelines

Midwest	South	West	Northeast
Illinois	Alabama	Alaska	Connecticut
Indiana	Arkansas	Arizona	Maine
Iowa	Delaware	California	Massachusetts
Kansas	District of Columbia	Colorado	New Hampshire
Michigan	Florida	Hawaii	New Jersey
Minnesota	Georgia	Idaho	New York
Missouri	Kentucky	Montana	Pennsylvania
Nebraska	Louisiana	Nevada	Rhode Island
North Dakota	Maryland	New Mexico	Vermont
Ohio	Mississippi	Oregon	
South Dakota	North Carolina	Utah	
Wisconsin	Oklahoma	Washington	
	Puerto Rico	Wyoming	
	South Carolina		
	Tennessee		
	Texas		
	Virginia		
	West Virginia		

Non-Purchasing Spouse in a Community Property State

Community Property States are as follows.

- Arizona
- California
- Idaho
- Louisiana
- Nevada
- New Mexico
- Texas
- Washington
- Wisconsin

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.
- 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.

The debts of the non-purchasing spouse must be considered in the qualifying ratios.

The greater of the monthly payment amount or 5% of the outstanding balance if minimum payment is not reflected on credit report if the non-purchasing spouse must be included in the qualifying ratios

All defaulted federal debt, open judgments and liens, including those of the non-purchasing spouse, must be satisfied prior to or at closing.

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 basis for declining the loan.

Properties Subject to Flooding

Proposed or new construction that is located in a Special Flood Hazard Area or where there is an indication that the property is subject to regular flooding is not eligible.

Water/Sewer Connection Requirements (VA Circular 26-13-24)

For properties served by individual water and/or sewer systems, connection to public water and/or public sewer will only be mandatory when such connection is required by the local building, planning, or health authorities.

For properties on individual water and/or sewer (septic) systems where well water or septic tests or certifications are

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	<p>required, the validity of those tests or certifications is 90 days unless the local health authority indicates otherwise.</p> <p>All Notices of Value (NOVs) issued on properties served by individual water and/or sewer systems will require NOV Item #6 to be checked for connection to public water or public sewer ONLY if the local building, planning, or health authority requires such connection.</p> <p>Wood Destroying Insect Information Underwriter must check the appropriate items in the NOV if the property is located in an area where the probability of termite infestation is "very heavy" or "moderate to heavy" according to the Termite Infestation Probability Map published in The Council of American Building Officials (CABO) One and Two Family Dwelling Code. Link to TIP Zones map: http://www.npmapestworld.org/techresources/hud.cfm</p> <p>If there is a question about the location of an infestation probability boundary line in relation to the subject property, contact the VA office of jurisdiction to determine if this requirement is applicable. Inspection reports are valid for VA purposes for 90 days from the date of inspection.</p> <p>When required, the inspection must be performed by a qualified pest control operator (inspector must be affiliated with pest control company) who meets all requirements for pest control operators with the state in which the property is located</p> <p>Inspection reports are valid for VA purposes for 90 days from the date of inspection.</p>
Temporary Buydown	Ineligible
Underwriting	<p>Underwritten by a VA Automatic & LAPP approved underwriter employed by Impac</p> <ul style="list-style-type: none"> • AUS Approve loans – may follow documentation requirements • AUS Refer and manually underwritten loans – must follow manual underwriting requirements • Refer to Credit for requirements • If loan requires VA's prior approval, additional underwriting turnaround time is required <p>VA Prior Approval Required For</p> <ul style="list-style-type: none"> • 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) <p>VA Reserves or National Guard Certification</p> <ul style="list-style-type: none"> • 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. • The VA Underwriter must then use this information to determine the veteran borrower's true monthly qualifying income. <p><u>Property Flipping</u> When the Seller of the property has been on title less than 90 days extra diligence must be taken with the transaction. Underwriter in its sole discretion reserves the right to condition for additional information and collateral support to include desk review, field review, or additional appraisal in order to support value. There is not a specific VA requirement.</p>
VA Funding Fee	<p>VA Funding Fee applies unless veteran is exempt. See <i>VA Funding Fee Table</i> for specific percentages.</p> <p>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.</p> <p>Down payment must be made in liquid funds. Gift equity, borrowed funds or seller-equity is not an acceptable down payment to reduce the funding fee.</p>

From Circular 26-11-19

November 22, 2011

P.L. 112-154 extended the Funding Fee structure through September 30, 2017

See VA Circular 26-12-9

VA Funding Fee Table - Loan Fee Structure for VA-Guaranteed Loans		
	Veteran	Reservist/National Guard
First Time Use		
Downpayment		
Less than 5 percent ¹		
*November 22, 2011 through September 30, 2017	2.15%	2.40%
At least 5 percent but less than 10 percent		
*November 22, 2011 through September 30, 2017	1.50%	1.75%
10 percent or more		
*November 22, 2011 through September 30, 2017	1.25%	1.50%
Second and Subsequent Use		
Downpayment		
Less than 5 percent ¹		
*November 22, 2011 through September 30, 2017	3.30%	3.30%
At least 5 percent but less than 10 percent		
*November 22, 2011 through September 30, 2017	1.50%	1.75%
10 percent or more		
*November 22, 2011 through September 30, 2017	1.25%	1.50%
Refinancing Loans		
Interest Rate Reduction	0.50%	0.50%
Other		
Assumptions	0.50%	0.50%
Service-connected disabled Veterans	0.00%	0.00%

¹ includes 'Cash-Out' Refinancing loans regardless of LTV

**REQUIRED CASH DOWNPAYMENT AND PERCENTAGE OF GUARANTY CALCULATION
WORKSHEET**

**FOR TOTAL LOAN AMOUNTS up to and including \$417,000
(or \$625,500 in AK & HI)**

Purchase Transactions

Refer to current VA County limits

Link: http://www.benefits.va.gov/homeloans/loan_limits.asp

If the county name does not appear on this list, the VA limit is set at \$417,000

The primary goal is to verify that the minimum guaranty required by Ginnie Mae is satisfied through veteran's available entitlement/maximum VA guaranty and or cash down payment.

Special reminders:

- No portion of the cash down payment may be derived from borrowed funds.
- Minimum Guaranty required by Ginnie Mae is calculated as 25% of the lesser of the sales price or Appraised Value.
- Maximum VA Guaranty/Available Entitlement is based on the loan amount including the funding fee, if financed into the loan. Refer to table below.

Loan Amount (Base Loan plus Financed Funding Fee)	Maximum Potential Guaranty (subject to veteran's available entitlement)
Up to \$45,000	50% of the loan amount
\$45,001 to \$56,250	\$22,500
\$56,251 to \$144,000	40% of the loan amount
\$144,001 to \$417,000	25% of the loan amount or 25% of the county limit, whichever is less

Example 1: Veteran has Full Entitlement

Property is located in:	Montgomery County, PA
VA County Limit for Montgomery County	\$417,000
Sales Price (SP)	\$300,000
Appraised Value (AV)	\$300,000
Veteran Funding Fee factor (First Time Use of entitlement)	2.15%
Borrower is requesting Loan Amount (Base + Financed FF)	\$306,450
Min Guaranty required by GNMA (25% of \$300,000 (SP)	\$ 75,000
Maximum VA Guaranty/Available Entitlement = 25% of \$306,450	\$ 76,612.50
Since the Min Guaranty required by GNMA is less than the maximum guaranty VA will provide, no cash down payment is required from the borrower and the requested loan amount is acceptable	

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Example 2 – Veteran has Partial Entitlement Available (Veteran has used \$36,000 of entitlement on a prior loan, which may not be restored)	
Property is located in VA County Limit for Montgomery : Property Appraised for Sales Price Veteran Funding Fee factor (Subsequent Use of entitlement) Borrower is requesting Loan Amount of (Base + Financed FF) Min Guaranty required by GNMA = 25% of \$320,000 (AV) Maximum VA Guaranty/(Remaining) Available Entitlement = 25% of \$417,000 = \$104,250 less \$36,000 Since the Min Guaranty required by GNMA is greater than the maximum guaranty VA will provide less the entitlement in use, the veteran needs to have a cash down payment to meet the GNMA requirement Down payment = Minimum GNMA Requirement less Remaining Available Entitlement $\$80,000 \text{ less } \$68,250$ Since a down Payment is required, the base loan amount must be reduced by the amount of the down payment Adjusted base loan amount = Sales Price less Down Payment $\$320,000 \text{ less } \$11,750$ Percentage of Guaranty = Available Entitlement plus cash down payment divided by sales price $\$68,250 \text{ plus } \$11,750 = \$80,000 \text{ divided by } \$320,000$	Montgomery County, PA \$417,000 \$320,000 \$320,000 3.3% \$330,560 \$80,000 <u>\$68,250</u> \$11,750 \$308,250 25% Min Guaranty is met – loan is saleable
Adjusted Funding Fee = Base Loan Amount X applicable factor $\$308,250 \times 3.3\%$	\$10,172.50 (round down to \$10,172)
Adjusted Total Loan Amount = Base Loan Amount plus Funding Fee $\$308,250 \text{ plus } \$10,172$	\$318,422