

VA Refinance Cash Out

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 Cash Out Refinance loan is designed for the cash out refinance of an owner occupied primary residence using VA insured financing. There must be an existing lien on the property and it may be from any source.

Eligibility Matrix Loan Amount & LTV Limitations

VA Refinance – Cash Out Primary Residence Only

Units	Maximum Base LTV
1-4	100% of the VA reasonable value (NOV) * All VA refinance loans that fall under Section 50(a)(6) of the Texas Constitution are ineligible
<ul style="list-style-type: none"> • Basic Entitlement is \$36,000 • Bonus Entitlement is available for loans closed on or after 1/1/09. • Important: Ginnie Mae's required minimum 25% guaranty must be met. This may be satisfied by a combination of VA entitlement and equity. It may not consist of only equity in the property. • Maximum 100% CLTV for existing subordinate financing • New subordinate financing is not permitted <ul style="list-style-type: none"> • The maximum LTV is 100% of the value shown on the VA Notice of Value plus the VA funding fee, not to exceed the limitations set by the maximum guarantee allowed by VA. • Maximum LTV for Manufactured Housing is 85% of the value shown on the VA Notice of Value plus the VA funding fee, not to exceed the limitations set by the maximum guarantee allowed by VA. See <i>Property Types</i> for additional MFH Restrictions. • The maximum entitlement is 25% of the VA County Loan Limit. The maximum loan amount is limited to the lesser of 100% of the appraised value (NOV) plus funding fee or the maximum allowable total loan amount, providing there is sufficient entitlement plus equity to meet the required minimum guarantee percentage of 25%. The veteran must have entitlement to use toward the new transaction. The 25% cannot consist of only equity in the property. <p>Refinance of Installment Land Sales Contracts</p> <ul style="list-style-type: none"> • Loan amount may not exceed the lesser of: <ul style="list-style-type: none"> • VA reasonable value excluding VA funding fee OR • The sum of the outstanding balance of the loan to be refinanced plus allowable closing costs (excluding VA funding fee) and discount points • Process as a cash-out refinance transaction and maximum LTV is 100%, excluding VA funding fee • No cash back to borrowers 	

Maximum Total 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

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)

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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)

Eligibility Requirements

Adjustable Rate Details	<table border="1"> <tbody> <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> </tbody> </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	<ul style="list-style-type: none"> 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 <p>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)</p> <p>Natural Disasters</p> <ul style="list-style-type: none"> Loans secured by properties located in areas federally declared as major disaster areas must have additional inspections, contact Account Executive to review. 																		
Appraiser Requirements	Appraisal ordered through and appraiser assigned at the VA Portal at the time the case number is ordered.																		
Assets	<ul style="list-style-type: none"> Two months bank statements to cover any funds necessary to close AUS Approve – may follow reduced documentation 																		
Assumptions	Permitted – Credit worthy borrowers only																		
Borrower Eligibility	<ul style="list-style-type: none"> 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 more details) 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 																		
Certificate of Eligibility (COE)	A Certificate of Eligibility (COE) is required.																		
Co-borrowers	All borrowers must occupy the subject property Exception: 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. 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																		

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	certification.
Credit	<p>Housing (Mortgage/Rental) Payment History Requirements</p> <ul style="list-style-type: none"> It may be necessary to verify the current and previous mortgage to establish a 12-month payment history. <p>Housing (Mortgage/Rental) Payment History (PITIA) is inclusive of all liens regardless of position, as well as all occupancy types.</p> <ul style="list-style-type: none"> All loans must be current Regardless of AUS Decision – 12 month payment history or life of loan if property is owned less than 12 months via a credit report, cancelled checks, or VOM to reflect no more than 0x30 during the previous 12 months. <p>Minimum Fico Score Requirement</p> <ul style="list-style-type: none"> 620, AUS or manual underwriting due to Refer/downgrade <p>Non-traditional credit is ineligible</p>
Employment / Income	<p>Employment documentation</p> <ul style="list-style-type: none"> Verification of employment Paystubs covering at least the most recent 30 day period Most recent W-2 2 years tax returns for self-employed borrowers <p>OR</p> <ul style="list-style-type: none"> Paystubs covering at least the most recent 30 day period 2 years W2s 2 years tax returns for self-employed borrowers Completed Telephone VOE <ul style="list-style-type: none"> If telephone VOE does not verify income, full documentation is required <p>Form 4506-T must be processed prior to closing.</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.
Escrow Holdback	Ineligible
Escrow Waivers	Ineligible
Financing Types	<p>Cash-Out</p> <ul style="list-style-type: none"> Subject property must have an existing lien No seasoning on first mortgage or junior liens New loan amount may include the following. <ul style="list-style-type: none"> Payoff of existing liens Reasonable discount points Allowable fees and charges (other than funding fee) Cash back to the borrower <ul style="list-style-type: none"> Cash back greater than \$150,000 is eligible and requirements are as follows: <ul style="list-style-type: none"> Impac's Credit Management review is required Minimum credit score 720 or program minimum, whichever is higher Reduce maximum LTV by 10% or maximum of 70% LTV whichever is less Premium pricing permitted All VA refinance loans that fall under Section 50(a)(6) of the Texas Constitution are ineligible
Geographic Locations/ Restrictions, as applicable	<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	Must meet both VA and GNMA requirements.
High-Cost Mortgage Loans	Impac does not originate or purchase high-cost mortgage loans (12 CFR 1026.32)
Internet Links	The Appraisal System. Order Case Numbers, Appraisals and obtain Automated Certificates of Eligibility at

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	<p>VA Portal https://vip.vba.va.gov/portal/VBAH/Home VA Lenders Handbook http://www.benefits.va.gov/warms/pam26_7.asp VA Lender Resources http://benefits.va.gov/homeloans/lenders.asp VA Regional Loan Centers http://www.homeloans.va.gov/rlcweb.htm VA Forms http://www.va.gov/vaforms/</p>
Limitations on Other Real Estate Owned	None
Loan Amount	No minimum loan amount
Mortgage Insurance	Refer to <i>VA Funding Fee</i> for specifics
Occupancy	Primary Residence
Prepayment Penalty	None
Property Types	<p>Eligible Properties</p> <ul style="list-style-type: none"> • 1 – 4 units • VA approved condos • 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 ○ Maximum 85% LTV <ul style="list-style-type: none"> ▪ Exception: A refinance transaction where borrower is financing a new manufactured home on a site already owned and encumbered by borrower is allowed to 100% LTV with minimal cash back to borrower. ○ 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 Qualify at note rate for all fixed and hybrid ARMs (e.g., 3/1, 5/1) AUS Approve loans – Ratios evaluated by AUS</p> <ul style="list-style-type: none"> • AUS Refer loans – 41% - manual underwrite • The DTI ratio of 41% may be exceeded provided this ratio does not exceed 50% • DTI Ratios >41% <=50% require residual income exceeding 120% in addition to significant documented compensating factors such as: <ul style="list-style-type: none"> • Conservative use of consumer credit • Excellent credit history • Existence of equity in refinancing loans • High residual income • Little or no increase in shelter expense • Long-term employment • Military benefits • Minimal consumer debt • Satisfactory homeownership experience • Significant liquid assets
Secondary Financing	New subordinate/secondary financing is not permitted.

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	<p>Existing subordinate financing is limited to a maximum of 100% CLTV.</p> <p>The second lien should not restrict the veteran's ability to sell the property (i.e. assumability feature)</p>
<p>Special Documentation Requirements</p>	<p>Documents required in order to underwrite the full file are as follows.</p> <ul style="list-style-type: none"> • VA Case Number Assignment Screen to confirm new case number • Automated Certificate of Eligibility printed from the VA ACE system • VA Form 26-1880, Request for Certificate of Eligibility for VA Home Loan Benefits, with supporting evidence of service • 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. <ul style="list-style-type: none"> • The VA Underwriter must then use this information to determine the veteran-borrower's true monthly qualifying income and service pay • Verification of VA Benefit (VA Form #26-8937) required if borrower or co-borrower is: <ul style="list-style-type: none"> • Receiving VA disability benefits • Would receive benefits but for the receipt of retired pay • Has received VA disability benefits in the past • A surviving spouse of a veteran who died on active duty or as a result of a service connected disability <ul style="list-style-type: none"> • Submit form to the VA Regional Loan Center having jurisdiction over property state. • Cannot issue final loan approval until VA completes and returns the form • Cannot submit loan to the VA for prior approval unless completed form is received from the VA • If automated Certificate of Eligibility shows the veteran is exempt from paying the funding fee, VA Form 26-8937 is not required. • Original, signed and fully completed Uniform Residential Loan Application (FNMA 1003) • Original HUD/VA Addendum to the URLA (VA Form 26-1802a) • VA Loan Analysis Worksheet (VA Form 26-6393) • VA Loan Summary Sheet (VA Form 26-0286) • Notice of Value completed and signed by LAPP Approved Underwriter or issued by the VA • CAIVRS information must be checked • Residual income requirements must be met • Nearest living relative Information • Initial Good Faith Estimate and Truth in Lending Disclosures • Affiliated Business Disclosure • Child Cared Letter • Provide all other applicable VA related forms <p>The following documents will be required at closing</p> <ul style="list-style-type: none"> • Federal Collection Policy Notice (VA Form 26-0503) or the HUD/VA addendum to the URLA • VA Transmittal List VA Form 26-0285 • Counseling Checklist for Military Homeowners VA Form 26-0592 • Report and Certification of Loan Disbursement VA Form 26-1820
<p>Special Requirements/Restrictions</p>	<ul style="list-style-type: none"> • All VA refinance loans that fall under Section 50(a)(6) of the Texas Constitution are ineligible • If the loan being paid off through the refinance is an existing VA loan, this must be the same loan indicated on the COE. In some cases a copy of the note may be required to verify the case number. • 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. • Ginnie Mae Guaranty of at least 25% is required. <ul style="list-style-type: none"> • The 25% guaranty may be satisfied through a combination of available entitlement plus equity in the property. <p><u>Properties Subject to Flooding</u> 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.</p> <p><u>Water/Sewer Connection Requirements (VA Circular 26-13-24)</u> 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.</p> <p>For properties on individual water and/or sewer (septic) systems where well water or septic tests or certifications are 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</p>

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	<p>#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>
Underwriting	<ul style="list-style-type: none"> • Eligible for submission to DU • Manual underwriting allowed <p><u>Standard Waiting Periods for Derogatory Events</u> Shortened time periods due to mitigating / extenuating circumstances are not allowed.</p>
VA Case Number	Order the case from the VA Portal
VA Funding Fee	VA Funding Fee applies unless veteran is exempt. See <i>VA Funding Fee Table</i> for specific percentages.



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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 - Refinance		
	Veteran / Active Duty	Reservist/National Guard
First Time Use – Cash Out		
November 22, 2011 through September 30, 2017	2.15%	2.40%
Second and Subsequent Use – Cash Out		
November 22, 2011 through September 30, 2017	3.30%	3.30%
Refinancing Loans - IRRRL		
Interest Rate Reduction Refinancing Loan (IRRRL)	0.50%	0.50%
Other		
Service-connected disabled Veterans	0.00%	0.00%

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