

VA PURCHASE, CASH-OUT REFINANCE & IRRRL GUIDELINES

VA ELIGIBILITY MATRIX

AUS APPROVE / ACCEPT

PURCHASE

Units	Occupancy	Loan Amount ¹	Credit Score	LTV/CLTV ²	DTI
1-4	Primary Residence	\$2,500,000	720	95%	45%
1-4	Primary Residence	\$2,000,000	720	100%	55%
1-4	Primary Residence	\$2,000,000	700	100%	45%
1-4	Primary Residence	\$1,500,000	720	100%	AUS
1-4	Primary Residence	\$1,500,000	680	100%	55%
1-4	Primary Residence	\$1,000,000	680	100%	AUS
1-4	Primary Residence	\$1,000,000	580	100%	55%
1-4	Primary Residence	\$650,000	580	100%	AUS

Manufactured Housing

1 Unit | Primary | \$1,000,000 | 580 | 100% | 55%

1 Unit | Primary | \$650,000 | 580 | 100% | AUS

CASH-OUT REFINANCE

Units	Occupancy	Loan Amount ¹	Credit Score	LTV/CLTV ²	DTI
1-4	Primary Residence	\$3,000,000	640	100%	AUS
1-4	Primary Residence	\$1,500,000	580	100%	AUS
1-4	Primary Residence	\$1,000,000	580	100%	55%

IRRRL (STREAMLINE REFINANCE)

Occupancy	Loan Type	Credit Score	LTV	Income	Appraisal
Primary / Secondary / Investment	IRRRL	500+ (No Score Allowed)	Unlimited	Not Required	Not Required

REFER / ELIGIBLE & MANUAL UNDERWRITE

PURCHASE

Units	Occupancy	Loan Amount ¹	Credit Score	LTV/CLTV ²	DTI ³
1-4	Primary Residence	\$1,500,000	700	100%	55%
1-4	Primary Residence	\$1,000,000	580	100%	55%

Manufactured Housing

1 Unit | Primary | \$1,000,000 | 580 | 100% | 55%

CASH-OUT REFINANCE (MANUAL)

Units	Occupancy	Loan Amount ¹	Credit Score	LTV/CLTV ²	DTI ³
1-4	Primary Residence	\$1,500,000	580	100%	55%

NON-TRADITIONAL CREDIT (ALL TRANSACTIONS)

Units	Occupancy	Loan Amount ¹	LTV/CLTV ²	DTI ³
1-4	Primary Residence	\$832,750	100%	55%
1-4	Primary Residence	\$1,000,000	—	43%

¹ Base loan amount

² Excludes VA Funding Fee

³ Max 41% unless residual income exceeds 120% + compensating factors

LOAN TERMS

- Fixed Rate: 15- and 30-Year Terms

QM / ATR / HIGH COST / HPML

- All transactions are QM Safe Harbor
- Rebuttable Presumption applies to AUS Approve/Accept $\leq 43\%$ DTI
- Must comply with CFPB ATR rules
- Lender must determine borrower's ability to repay
- MortgageOne follows HUD + CFPB QM guidance
- High-Cost Loans are **ineligible**
- HPML loans are **eligible**

UNDERWRITING / AUS

- AUS required (DU/LP) except IRRRL
- Manual underwriting permitted

Manual UW Requirements:

- $>41.01\%$ DTI - Residual income of at least 120% required
- 41.01% - 50.00% DTI - Residual income of at least 120% + 1 Compensating Factor required
- 50.01% - 55.00% - Residual income of at least 120% + 2-3 Compensating Factors required

QUALIFYING

- Qualifying Rate = Note Rate

COMPENSATING FACTORS

Compensating factors include, but are not limited to, the following:

- Excellent credit history
- Little or no increase in shelter expense
- Conservative use of consumer credit

- Military benefits
- Minimal consumer debt
- Satisfactory homeownership experience
- Long-term employment
- High residual income
- Significant liquid assets
- Low debt-to-income ratio
- Sizable down payment
- Tax credits for childcare
- The existence of equity in refinancing loans
- Tax benefits of home ownership

USAGE NOTES (INTERNAL GUIDELINE CONTEXT)

- Required for **manual underwriting scenarios**, particularly when:
 - DTI exceeds standard thresholds
 - Residual income is near minimum requirements
- When **DTI > 41.01%**:
 - Residual income must exceed **120% of guideline requirement**
 - Minimum **2 compensating factors** must be documented
- For **higher DTI ranges (50.01%–55.00%)**:
 - Minimum 2 - 3 required Compensating Factors + 120% or greater Residual Income
 - Strong emphasis on:
 - Residual income
 - Liquid reserves
 - Credit history

RESIDUAL INCOME

LOAN AMOUNTS: \$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	\$1004

Above 5:

- Add **\$75** for each additional family member (up to 7)

LOAN AMOUNTS: \$80,000 AND ABOVE

Family Size	Northeast	Midwest	South	West
1	\$450	\$441	\$441	\$491
2	\$755	\$738	\$738	\$823
3	\$909	\$889	\$889	\$990
4	\$1,025	\$1,003	\$1,003	\$1,117
5	\$1,062	\$1,039	\$1,039	\$1,158

Above 5:

- Add **\$80** for each additional family member (up to 7)

ADDITIONAL REQUIREMENTS

- Residual income must meet VA guideline thresholds for all loans

- Residual income may be used as a compensating factor when exceeding **120% of required amount**
- Required for:
 - Purchase
 - Cash-Out Refinance
 - IRRRL (when applicable to qualification scenarios)

FUNDING FEE TABLE

Down Payment	First Use	Subsequent Use
<5%	2.15%	3.30%
5–10%	1.50%	1.50%
≥10%	1.25%	1.25%
IRRRL	0.50%	0.50%
Disabled Veteran	0.00%	0.00%

ELIGIBLE BORROWERS / ENTITLEMENT

- Must be Veteran or eligible spouse
- COE required within 6 months
- Must meet 25% guaranty requirement
- Entitlement determined from COE

OCCUPANCY

- Purchase: Primary residence
- IRRRL: Primary, Secondary, Investment allowed

PROPERTY TYPES

Eligible

- 1–4 Units
- VA Approved Condos
- Manufactured Housing
- Modular Homes
- PUDs
- Leasehold Estates

Additional Eligible (from IRRRL doc)

- Log Homes
- Completed Alteration & Repair Loans

Ineligible Property Types

- Condo Hotels
- Co-ops
- Non-Warrantable Condos

CONDOMINIUM REQUIREMENTS

- Must be VA approved
- Approval list available through VA TAS

Insurance Requirements

- Master policy must cover 100% replacement cost
- Guaranteed replacement cost OR replacement cost endorsement required
- Co-insurance clause must be waived via agreed amount endorsement

Coverage Requirements

- Minimum \$1,000,000 coverage required for entire project

Policy Requirements

- Policy must include:
 - Borrower name
 - Unit number

States with Exceptions (per doc)

- DC, AL, IL, RI, AK, MD, TN, CO, MA, VT, CT, MO, WA, DE, NH, WV, FL, NJ, HI, PA

CREDIT REQUIREMENTS

- Clear CAIVRS required
- Non-traditional credit allowed
- Bankruptcy: 2 years seasoning
- Judgments:
 - Paid OR repayment plan
- Collections:
 - Use payment OR 5%/12 rule
- Re-established credit:
 - 12 months required

MORTGAGE / RENT HISTORY

- Must be current at application
- 1x30x12 requires downgrade
- Rental history:
 - 24 months required (manual)

BORROWER CONTRIBUTION / SELLER CONTRIBUTION

- No minimum borrower investment
- Seller may pay:
 - 100% closing costs
 - Max 4% concessions

RESERVES

- 1 Unit: none
- 2–4 Units:
 - 6 months (if rental used)
 - 3 months for other REO

Additional clarification:

- No reserves if rental income not used

SEASONING

- 210 days from first payment due date
- Minimum 6 payments

Exceptions

- Loan modifications → use modified date
- Reverse mortgages → exempt
- Non-mortgage liens → exempt

Construction Loans

- Refi structure → seasoning applies
- Purchase structure → no seasoning

APPRAISALS

- Required: Purchase + Cash-Out
- Not required: IRRRL
- Must be ordered via VA TAS
- NOV issued within 5 days
- Valid for 6 months

IRRRL REQUIREMENTS

- Cannot refinance delinquent VA loans

Net Tangible Benefit

- $\geq 0.50\%$ rate reduction (fixed-to-fixed)
- OR payment improvement
- OR residual income increase

Fee Recoupment

- ≤ 36 months

Income

- Not required

VOE

- Verbal required

DISASTER POLICY

- Inspection required if disaster area

If appraisal before disaster:

- Inspection required

If after:

- Appraiser certifies no impact

If damage:

- Repairs required
- 1004D required

IRRRL:

- Disaster inspection required

ESCROW HOLDBACKS

- Allowed per VA guidelines
- Requires:
 - Escrow agreement
 - 1004D
 - Title endorsement

TITLE / OWNERSHIP

Allowed:

- Individual
- Joint tenancy
- Living trust

Not allowed:

- Corporations
- Partnerships
- Syndications

PRIOR APPROVAL REQUIRED

- Pension income borrowers

- Joint loans with non-veterans
- Veterans not using entitlement

INELIGIBLE PROGRAMS

- Texas 50(a)(6)
- High-Cost Loans
- HFA Programs
- GPM / GEM
- EEM
- Single Close Loans

KEY PROGRAM REQUIREMENTS

- Seasoning: 210 days + 6 payments
- Residual income required
- No major derogs last 12 months
- Rental history when applicable
- Must meet VA Handbook