Your complete guide to the

VA Mortgage Loan Process

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The Basics of a VA Mortgage

What is a VA mortgage?
A mortgage program designed for Veterans and active service members, eligible surviving spouses, with fewer restrictions and more benefits than traditional or conventional programs.

Benefits of a VA mortgage

- No monthly mortgage insurance (PMI)
- Gift funds acceptable for closing costs
- No cash reserve requirements
- A variety of terms and loan types available
- Availabe for purchase and refinance
- Reduced costs for diable veterans
- Seller can pay for closing costs
- Seller pays for any required repairs
- No pre-payment penalty
- A veteran that recieves; or is entited to recieve VA disability compensation; or have been awarded a purple heart; are exempt from paying the VA Funding Fee.

Eligible Property Types

- Single Family Homes
- 1-4 Units
- Townhouses & Row Homes
- Manufactured Homes
- Modular Homes
- Condos
- PUD's

Maximum Loan Amount - Entitlement & Guaranty

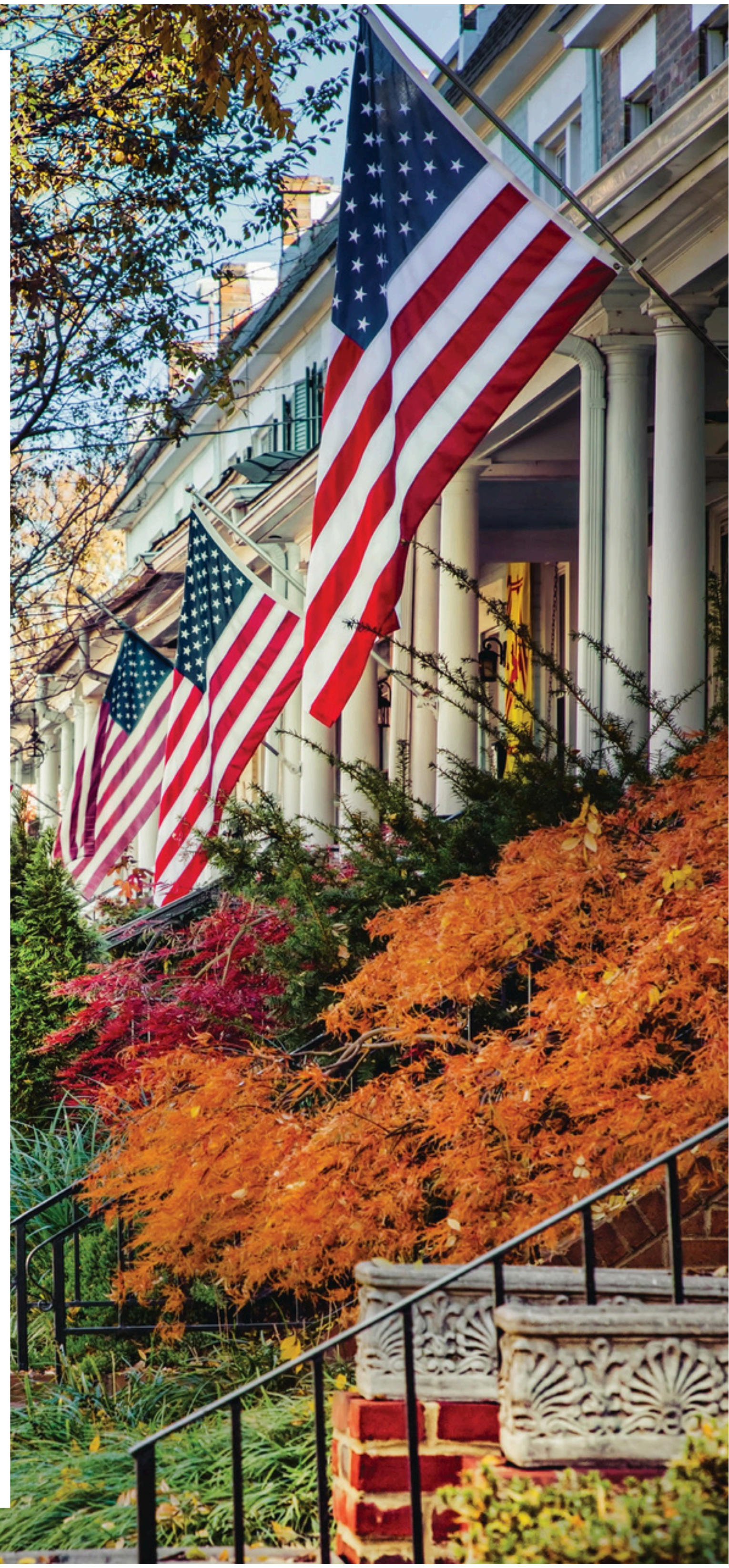
- Veterans with full entitlement are not subject to FHFA County Loan Limits.
- Max Loan Amount with 25% Guaranty including Funding Fee

To calculate your guaranty scan here

Eligibility

Status	Qualifying Wartime & Peacetime Periods	Qualifying Active Duty Date	Minimum Active Duty Service Requirements
Veteran	WWII	9/16/1940 - 7/25/1947	90 total days
	Post-WWII	7/26/1947 - 6/26/1950	181 continuous days
	Korean War	6/27/1950-1/31/1955	90 total days
	Post-Korean War	2/1/1955-8/4/1964	181 continuous days
	Vietnam War	8/5/1964-5/7/1975 *For Veterans who served in the Repulic of Vietnam, the beginning is 2/28/1961	90 total days
	Post - Vietnam War	5/8/1964-5/7/1975 *The ending date for officers is 10/16/1981	181 continuous days
	24-month rule	9/8/1980-8/1/1990 *The beginning date for officers is 10/17/1981	24 continuous months OR The full period (at least 90 days) for which you were called or ordered to active duty
	Gulf War	8/21/1990-Present	24 continuous months OR The full period (at least 90 days) for which you were called or ordered to active duty
Currently on Active Duty	Any	Any	90 continuous days
National Guard/Service Members	Gulf War	8/21/1990-Present	90 days of active service
	Six years of service in the Selected Reserve or National Guard with 90 days of Title 10 orders with a 30 day consecutive order AND • Were discharged honorably, OR Were placed on the retired list, OR • Were transfered to the Standby Reserve or an element of the Ready Reserve other than the Selected Reserve after service characterized as honorable, OR • Continue to serve in the Selected Reserve		

Eligibility



How do I know for sure if I qualify?

To determine your ability to participate in this program, provide your Certificate of Eligibility (COE) or your Discharge/Separation form (DD214).

If you do not have your COE, you can request one using a VA Form 26-1880. Obtain VA Form 26-18 (Request for a Certificate of Eligibilty for VA Home Loan Benefits) from the nearest VA Home Loan Eligibility Center OR log on to www.va.gov.

Scan the code for the evidence needed to obtain your COE.

What should I look for in my Certificate of Eligibility (COE)?

Subsequent Use: You cannot use the full entitlement if you have previously used a portion of it and it has not been fully restored.

How the certificate was issued (if entitlement is based on how the certificate was issued). If the veteran was issued the certificate as a Reservist, that is the entitlement they are eligible for and the associated Funding Fee would apply. This applies even if the veteran was called to active duty.

Were you discharged? The certificate is valid, unless the veteran was discharged, in which case the DD214 is required.

A certificate of Eligibility is only valid for 90 days from the date of issuance to the date of closing.

Refer to the following chart for what documentation is required to apply for a VA mortgage.

<table>
<tr><th>Category</th><th>Evidence to Apply</th></tr>
<tr><td>Current or former National Guard or Reserve member who has been activated for Federal active service</td><td>DD Form 214 - required to have a copy showing the character of service (item 24) and the narrative reason for seperation (item 28)</td></tr>
<tr><td>Active Duty Servicemember</td><td>A current statement of service:
Signed by (or by the direction of):
The adjutant, personnel office, or commander of the unit or higher headquarters
Showing:
Your full name/ social security number/ Date of birth
Entry date on active duty
The duration of any lost time
The name of the command providing the information</td></tr>
<tr><td>Current National Guard or Reserve member who has never been activated for Federal active service</td><td>Statement of service:
Signed by (or by the direction of):
The adjutant, personnel officer or commander of your unit or higher headquarters
Showing:
Your full name/ Social Security Number/ Date of birth
Entry date on duty
The total number of creditable years of service
The duration of any lost time
The name of the command providing the information</td></tr>
<tr><td>Discharged member of the National Guard who has never been activated for Federal active service.</td><td>NGB Form 22, Report of Separation and Record of Service, for each period of National Guard Service, OR NGB Form 23, Retirement Points Accounting, and proof of the character of service. DD-214 Reflecting combat deployment of Title 10 service.</td></tr>
<tr><td>Discharged member of the Selected Reserve who has never been activated for Federal active service</td><td>Copy of your latest annual retirement points statement and evidence of hon- orable service. DD-214 Reflecting combat deployment of Title 10 service.</td></tr>
<tr><td>If you are a Surviving Spouse in Receipt of DIC (Dependency & Indemnity Compensa- tion) benefits</td><td>Submit VA form 26-1817 and veteran's DD214 (if available) Include veteran's and surviving spouse's social security number on the 26-1817 form</td></tr>
<tr><td>If you are a Surviving Spouse and are not receiving DIC (Dependency & Indemnity Compensation) benefits</td><td>Submit the following to the Compensation and Pension office:
VA form 21-534
DD214 (if available)
Marriage License
Death Certificate or DD Form 1300 - Report of Casualty
Please find the mailing address for your state to send the VA 21-534 on the following link. OMC states</td></tr>
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Background & Financial Requirements

Employment History

- 2 year Inclusive History - Less is acceptable if borrower can document recently graduated student or recently discharged from military.
- No time requirements on borrowere's current job
  - If recently discharged, the employment secured after separation should be the same or similar to duties perrformed while in service.
  - Generally, employment less than 12 months is not considered stable and reliable. However, may be considered stable and reliable if the individual facts warrant such a conclusion.
- Letters of Explanations are required for sporadic job history

Sources of Income

- Salary/Wages
- Part-Time, Overtime & Bonus
  - 2 year average (if consistent)
  - Verification of Employment - must show willingness to continue
- Dividend & Interest or Non-taxable
  - Child support, Alimony, Disability, SSI
  - Must continue for at least 3 years
- Self Employed
  - 2 year average of Net Income + Depreciation
- Rental Income
  - 2 years previous landlord experience
  - At least one filed tax return showing rental income (multi-unit-6months PITI reserves, single-family - 3 months PITI reserves)

Earnings & Leave Statement

If separation date is less than 1 year, we need to know:

- Will the Veteran be re-enlisting? (Detailed letter from commanding officer)
- Is there any reason why they would not be accepted back into the military if they re-enlist?
- If the Veteran is not re-enlisting, we need to see a contract for employment with a company out side of the military.

Background & Financial Requirements

Residual Income Requirement
The amount of net income remaining after the deduction of debts, obligations, and monthly housing expenses. Remember to count all members of the household when determining "family size."

Table of Residual Income by Region for 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
over 5	add $75 for each additional member up to family of 7			

For loan amounts of $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
over 5	add $80 for each additional member up to family of 7			

Note: For loan applications in which either the borrower or the spouse is an active-duty service person, the residual income figures above may be reduced by 5 percent, if there is a clear indication that the borrower or spouse will continue to receive the benefits resulting from the use of nearby military-based facilities. This reduction may also be applied to retired military applicants when the property is located reasonably near a mility base or installation. (This reduction applies to both the above table).

Credit History

Focused on last 12 months - looking for positive payment patterns

Current Credit/Program Limits

- 600 minimum FICO required

Collection account, charge-offs, and liens would require satisfactory explanation. Judgments must be fully paid off, unless on a payment plan or has proven credit worthiness.

Bankruptcy - Chapter 7

- Must be discharged for at least 2 years unless unusual circumstances are shown.
- Must show at least 3 trade lines with at least 12 months reporting as re-established credit.
- May be disregarded is discharged more than 5 years ago.

Bankruptchy - Chapter 13

- 1 year payout with good performance
- Court approval needed

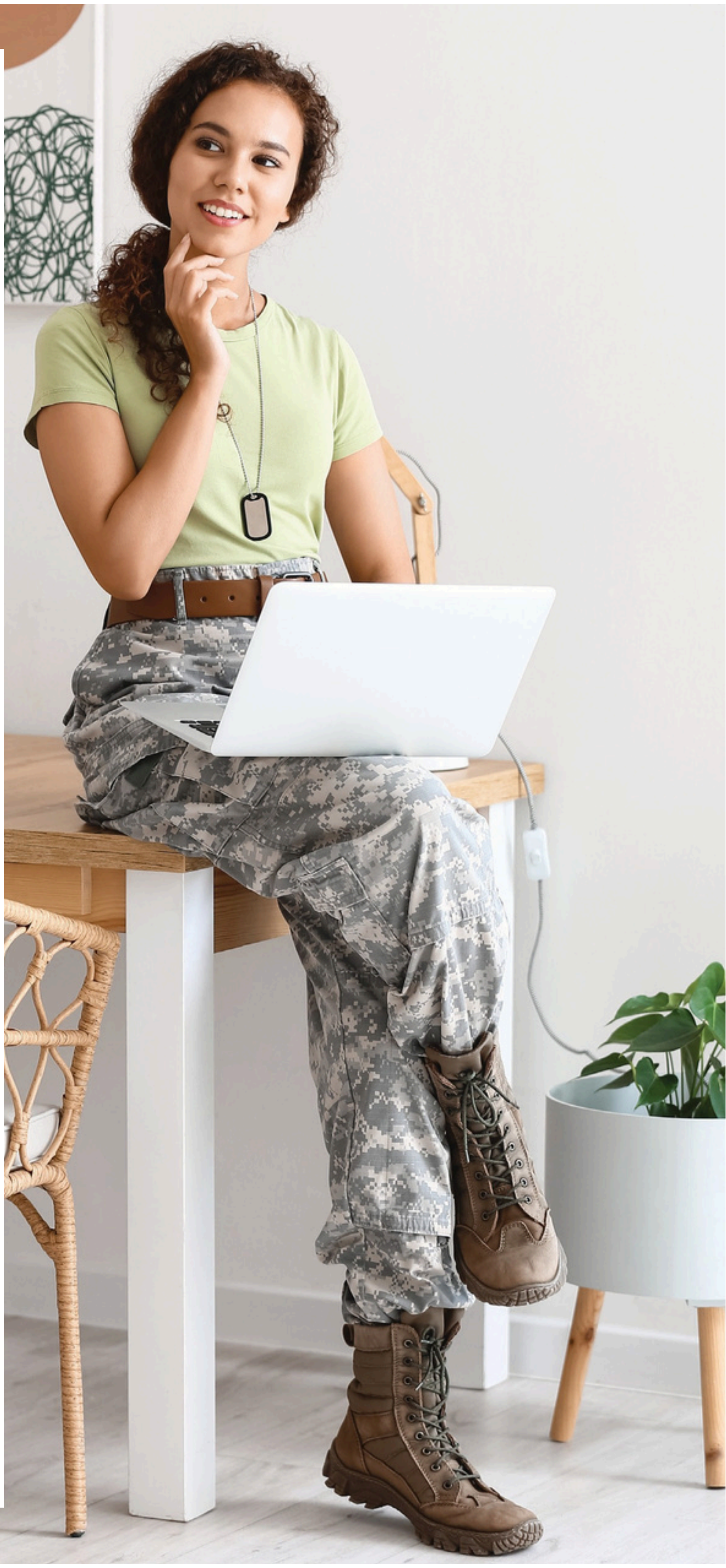
Forclosures

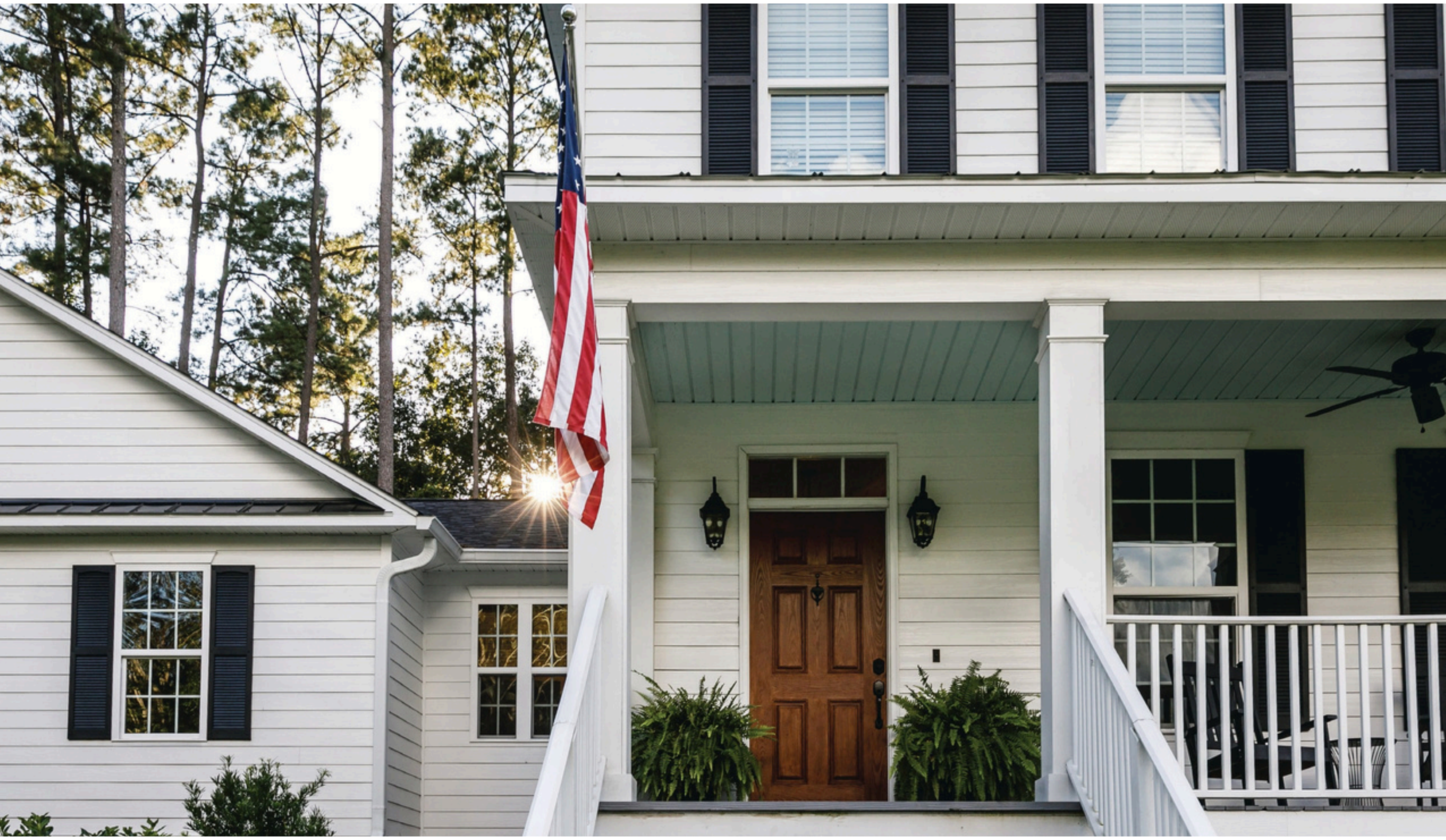
- Treated the same as Chapter 7 Bankruptcy

Delinquent Federal Debts

- Include student loans and federal tax liens
- All accounts must be current, paid, or otherwise satisfied

For any child 10 years old or younger, the cost of child care must be included as a recurring debt in ratio





Property Requirements

Health & Safety Concerns

- Well water - must conform to EPA and HUD guidelines
- Private Sewage Certification (up to appraiser)
- Wet basement/toxic mold
- Lead based paint

Typical Property Repairs

- Roof needs a minimum 2 year life
- Strict guidelines on plumbing, heating, and electrical
- Building code violations
- Monitored airport noise
- Termite certifications (not required in all counties)

Fees & Closing Costs

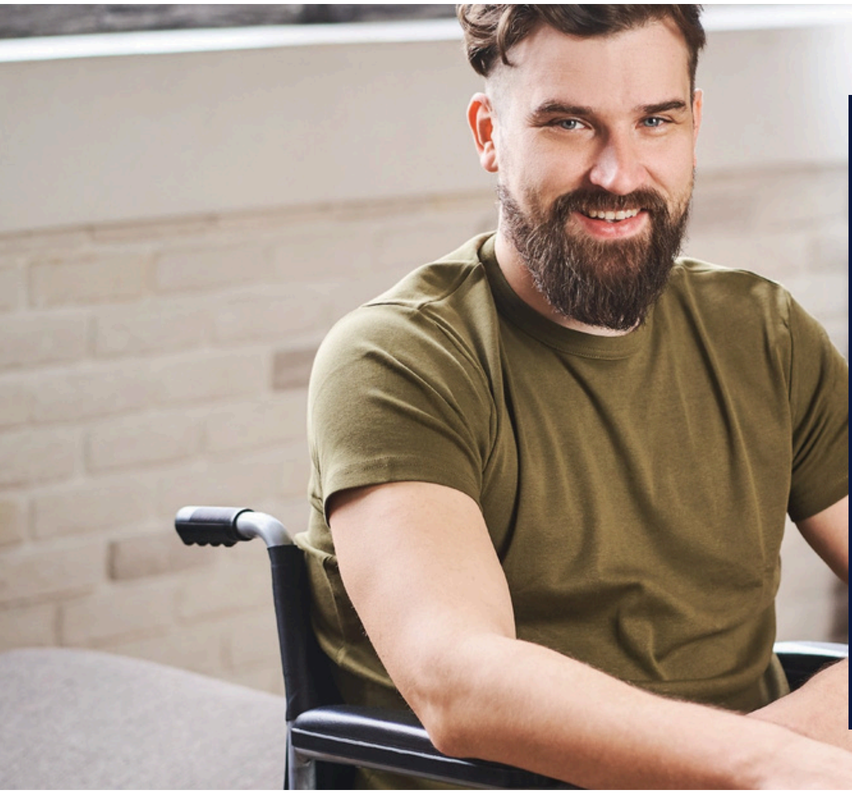
VA Funding Fees

The amount of net income remaining after the deduction of debts, obligations, and monthly housing expenses. Remember to count all members of the household when determining "family size."

Type of Veteran	Down Payment	1st Time Use	Subsequent Use
Active Duty Service Member/ Veteran of Active Duty Service	None 5%-10% 10% or more	2.30% 1.65% 1.40%	3.60% 1.65% 1.40%
Service-Connected Disabled		0.00%	0.00%

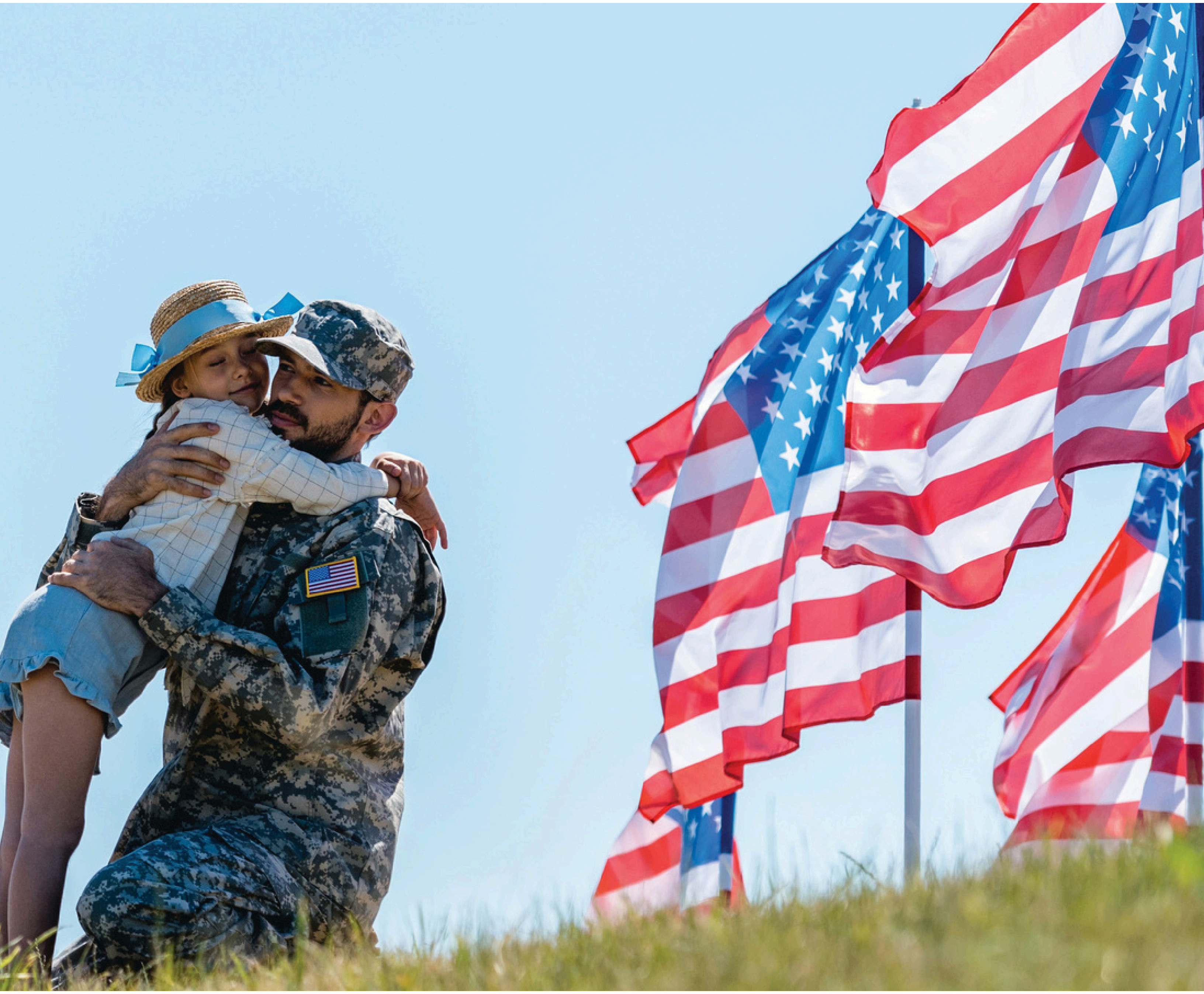
Note: Cash out Refinance loans are based on the percentages for no down payment, with first time or subsequent use.

Type of Loan	1st Time & Subsequent Use
IRRRL	0.50%
NADL	Purchase 1.25% Refinance .5%
VA Assumption	0.50%



VA Closing Costs

- Reasonable and customary amounts for any or all of the "itemized fees and charges" designated by VA, plus a 1% Origination Charge that can be charged by the lender.
- Other charges - Flood Certification Fee & Tax Service Fee
- VA imposes 1% cap of the origination charge for borrower paid transactions. Block 1 of the GFE cannot exceed 1% of the total loan amount. This cap is not applicable for lender paid transactions.
- Closing costs and any reasonable discount points can be paid by seller along with additional 4% of sales price towards prepaids.



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