VA Fixed and ARM Program Guidelines
Correspondent

Summary	VA purchase and refinance (non-IRRRL), conforming balance and Jumbo Fixed Rate and ARM program. All VA loans must be eligible for Guaranty.

Products		
	Product Name	**Product Code**
	VA 15 Year Fixed	VA150
	VA 20 Year Fixed	VA200
	VA 25 Year Fixed	VA250
	VA 30 Year Fixed (Loan Amt <= $85,000)	VA30085
	VA 30 Year Fixed (Loan Amt > $85,000 <= $110,000)	VA300110
	VA 30 Year Fixed (Loan Amt > $110,000 <= $125,000)	VA300125
	VA 30 Year Fixed (Loan Amt > $125,000 <= $150,000)	VA300150
	VA 30 Year Fixed (Loan Amt > $150,000 <= $175,000)	VA300175
	VA 30 Year Fixed (Loan Amt > $175,000 <= $200,000)	VA300200
	VA 30 Year Fixed (Loan Amt > $200,000 <= Std Conf. Limit)	VA300
	VA High LTV Refinance 30 Year Fixed	VA300L
	VA 5/1 Treasury ARM	VA51T
	VA Jumbo 5/1 Treasury ARM	VAJ51T
	VA Jumbo 15 Year Fixed	VAJUMBO15
	VA Jumbo 30 Year Fixed	VAJUMBO30
	VA 30 Yr Fixed - Energy Efficient Mortgage	VA300EM
	VA Jumbo 30 Year Fixed – Energy Efficient Mortgage	VAJUMBO30EM
	VA 30 Year Fixed w/3-2-1 Buydown	VA300BD321
	VA 30 Year Fixed w/2-1 Buydown	VA300BD21
	VA 30 Year Fixed w/1-0 Buydown	VA300BD10

Eligibility Matrix

Purchase						
Program	**Property Type**	**LTV/CLTV[1]**	**Loan Amount**	**Credit Score**	**DTI AUS**	**DTI Manual**
Conforming	1-4	100%	Conforming	580	Per AUS	50%[4]
Conforming	Manufactured Housing[3,4,5]	100%	Conforming	640	Per AUS	50%[4]
Jumbo[6]	1-4	100%	$765,600	620	Per AUS	50%[4]
Jumbo[6]	1-4	95%	$1,000,000	660	Per AUS	50%[4]
Jumbo[6]	1-4	90%	$1,000,000	620	Per AUS	50%[4]
Jumbo[6]	1-4	90%	$1,500,000	660	Per AUS	50%[4]

Refinance[2]						
Program	**Property Type**	**LTV/CLTV[1]**	**Loan Amount**	**Credit Score**	**DTI AUS**	**DTI Manual**
Conforming	1-4	100%[2]	Conforming	620	Per AUS	50%[4]
Conforming	1-4	90%[1]	Conforming	580	Per AUS	50%[4]
Conforming	Manufactured Housing[3,4,5]	100%[2]	Conforming	640	Per AUS	50%[4]
Jumbo[6]	1-4	90%	$765,600	620	Per AUS	50%[4]
Jumbo[6]	1-4	90%	$1,500,000[6]	660	Per AUS	50%[4]

1. The maximum LTV may be lower in cases where the veteran does not have full entitlement; the maximum LTV is lesser of the amount listed in this table or that which is required to obtain a 25% Guaranty. For more information on loan Guaranty refer to the **VA Loan Guaranty** section in these Program Guidelines.
2. The LTV on refinances is determined by dividing the Total Loan Amount, including any financed VAFF, by the reasonable value on the NOV. Refinances with LTV > 90% are eligible for conforming balance 30-year fixed rate loans only and must use the VA High LTV Refinance product code.
3. Manufactured Housing is not eligible for Jumbo loan amounts.
4. Manual underwriting not permitted on manufactured housing.

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	5. Refinances of manufactured homes are limited to the payoff of existing purchase money liens and eligible costs.
	6. Loan Amounts > $1,000,000 require a satisfactory Collateral Desk Assessment (CDA) appraisal review ordered by Plaza.
4506-T / Tax Transcripts	• A signed 4506-T for all years in which income was used in the underwriting decision are required. • Refer to Plaza's **Delegated Correspondent Credit Overlay Matrix** for tax transcript requirements.
Appraisal	• 442/1004D is required on all appraisals subject to completion. Plaza does not accept a lender's certification of completion. • Loan amounts > $1,000,000: ○ Plaza will order a Collateral Desk Assessment (CDA). The CDA must support the appraised value. • Plaza aligns with VA policies that enable VA-designated appraisers to rely on third-parties for appraisal related information. **Transferred Appraisals:** Per VA Guidelines

ARM Adjustments

Characteristic	ARM			
Amortization Term	30 years			
Index	**Treasury** Weekly average on U.S Treasury securities adjusted to a constant maturity of 1 year.			
Margin	2.00%			
Life Floor	5% below the start rate, but never lower than the margin.			
Interest Rate Caps	Product	First Adjustment	Subsequent Adjustments	Lifetime
	5/1	1%	1%	5%
Interest Rate Adjustment Date	5/1	The first adjustment is 60-66 months after the first payment date.		
	After the initial fixed period, the interest rate may adjust annually.			
Payment Adjustment Date	The payment adjustment date is the first of the month following the interest rate adjustment and every 12 months thereafter.			
Conversion Option	Not allowed.			
Temporary Buydowns	Not allowed.			

Borrower Eligibility	**The borrower must be an eligible Veteran.** **Ineligible Borrowers:** • Partnerships • Corporations • Guardianships • Life Estates • LLCs • Non-Revocable Inter Vivos Trusts • Foreign nationals • Borrowers with diplomatic immunity **Social Security Number:** • Each borrower on the loan transaction must have a valid Social Security number. • ITIN (IRS Tax Identification Numbers) are not allowed.
Buydowns	**Temporary Buydowns are eligible subject to the following:** • 3-2-1, 2-1 and 1-0 • Qualify at the note rate • Funds may only be provided by the seller • Ineligible sources of buydown funds include the buyer, lender or other interested party • Interested Party Contribution (IPC) limits apply • Buydown Agreement must be included in the loan
Credit	**Qualifying Credit Score:** • A tri-merge credit report is required. • The qualifying score is the lower of two or the middle of three scores. • The lowest qualifying score of all applicants is used to qualify. • Each borrower must have at least one credit score.

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	Housing Payment History:
	• When the housing payment history is not evaluated by an AUS, or for Refer/manually underwritten loans:
	    ○ There may be no history of any 30-day late mortgage or rental payments within the last 24 months.
	    ○ Housing Payment history must be documented by:
	        ▪ VOM received directly from an institutional mortgage servicer; or,
	        ▪ A 24 month rental history directly from the landlord (for landlords with no Identity of Interest with the borrower); or
	        ▪ Through information shown on the credit report; or
	        ▪ Cancelled checks that cover the most recent 24-month period.

Disaster Policy	Refer to Plaza's **Natural Disaster Policy** for requirements.
Down Payment / Equity Requirement	**Asset Verification:** The veteran or spouse must have sufficient cash to cover assets that are needed to close and those funds must be verified. **Down Payment and Cash Required to Close:** • Down payment/equity is required when the VA Guaranty does not equal 25% of the lesser of the sales price or Notice of Value (NOV). The **VA Calculator** worksheet should be completed on every loan. The calculator assists in calculating any required down payment from the borrower on purchase or refinance transactions. Regardless of the loan amount, the VA guaranty plus the Veteran's down payment and/or equity must always be at least 25% of the lesser of the sales price or (NOV). • Any funds required that exceed 100% of the reasonable value of the property. **Gift Funds:** • Gift funds are allowed for down payment and closing costs • Gifts may not be used for reserves • Gifts of equity are not allowed A gift can be provided by a donor that does not have any affiliation with the builder, developer, real estate agent, or any other interested party to the transaction. A gift letter must: • specify the dollar amount of the gift, • include the donor's statement that no repayment is expected, and • indicate the donor's name, address, telephone number and relationship to the borrower The underwriter must verify that sufficient funds to cover the gift have been transferred to the borrower's account, or will be documented as received by the closing agent at time of closing. Acceptable documentation includes the following: • evidence of the borrower's deposit of the donor's funds, or • a copy of the donor's funds by check/electronic transfer to the closing agent, and • the CD showing receipt of the donor's funds
Eligible Fees	VA regulations limit the fees that the veteran can pay to obtain a loan. If the veteran was charged an ineligible fee(s), the fee must be refunded and the loan file must contain adequate documentation that the fee was refunded to the veteran. **Fee Recoupment on Type I Refinances:** For all Type I Refinances made to refinance an existing VA-guaranteed loan, the recoupment period of all fees (excluding the VAFF), closing costs, expenses (other than taxes, escrow, insurance, and like assessments), and incurred costs must not exceed 36 months from the date of loan closing. This requirement does not apply to Type II Refinances. **Recoupment Calculation:** Divide all fees, closing costs, expenses, and incurred costs (excluding taxes, escrow, insurance, and like assessments), by the reduction of the monthly principal and interest payment as a result of the refinance. If the loan being refinanced has been modified, the principal and interest reduction must be computed/compared to the modified principal and interest monthly payment. VA allowable fees offset by lender credits and/or premium pricing may be excluded from the recoupment calculation.

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Energy Efficient Mortgages (EEMs)	Allowed per VA Guidelines. EEMs eligible for VA purchase transactions only. Use Plaza Product Codes: VA300EM & VAJUMB30EM
Escrow Accounts	An Escrow/impound account is required for property taxes and insurance on all VA loans.
Geographic Restrictions	**Alaska:** Owner occupied and second home refinances, in the prior loan is within 12 months of the refinance, borrower must meet the net benefit requirements. **Hawaii:** • Properties in Lava Zone 1 are ineligible. • Properties in Lava Zone 2 are eligible with additional requirements. VA requires hazard insurance to provide lava coverage for the entire loan amount. The actual dollar amount of coverage must be displayed and it can be no less than the loan amount. • Manufactured housing is not eligible. **Iowa:** An attorney's opinion of title is acceptable in lieu of a title policy, or a title policy may be ordered through the Title Guaranty Division (TGD) of the Iowa Financial Authority. **Massachusetts:** Properties with a septic system require an inspection whenever a property is transferred to a different owner. A system must be inspected within 2 years prior to the transfer of title to the property served by the system. An inspection conducted up to 3 years before the time of the transfer may be used in the inspection report is accompanied by records demonstrating that the system has been pumped at least once a year during that time. **Montana:** Lot size of the property may not exceed 40 acres. **Nevada:** Purchase transaction loans secured by properties located in Fallon, Nevada and serviced by the City of Fallon Municipal Water System include a veteran-signed "Purchaser Acknowledgement and Release" form. For additional information, contact the local VA office. **Rhode Island:** Manufactured housing is not eligible. **West Virginia:** Delegated deliveries only.
Income & Employment	Borrowers may qualify with a non-contingent offer of employment subject to the following requirements: The employment offer or contract must: • specify that employment will start within 60 days of closing, and • clearly identify the employer and the borrower, be signed by the employer, and be accepted and signed by the borrower, and • clearly identify the terms of employment, including position, type and rate of pay, and start date, and • be non-contingent. **Note:** If conditions of employment exist, they must be satisfied prior to closing and confirmed by written documentation.
Ineligible	• Temporary Buydowns for ARM transactions • One-time close construction • VA EEM for refinance transactions • Borrower may not act as an interested party to a sales transaction for the subject if the builder and/or property seller is a company owned by the borrower or where the borrower is a principal agent, sales agent, loan originator, mortgage broker or partner for the builder or property seller. • Realtor/loan broker acting as the listing agent as well as the mortgage originator/broker. • Borrower is a principal of the title company and/or settlement agent for the subject transaction.
Loan Limits	

Maximum Base Loan Amount			
Program	Units	Contiguous U.S.	Alaska & Hawaii
Conforming	1-4	$510,400	$765,600
Jumbo	1-4	$1,500,000	$1,500,000

Manufactured Housing	• Minimum 640 credit score required • Must be classified as Real Property • The Manufactured Home must have been built on or after June 15, 1976 • Double-wide minimum width • Leasehold properties are ineligible

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	- Condo projects comprised of manufactured homes are ineligible - The manufactured home may not have been previously installed or occupied at another location - All manufactured homes must meet VA guidelines, restrictions in these Program Guidelines, and **Plaza's Manufactured Housing Guidelines**. - Manufactured housing not eligible in states of Hawaii and Rhode Island. - Cash-out is not allowed on manufactured housing. Refinances are limited to the payoff of purchase money liens and eligible costs. - Manufactured Homes located within a Special Flood Hazard Area are not eligible unless a FEMA National Flood Insurance Program (NFIP) Elevation Certificate (**FEMA Form 086-0-33**) prepared by a licensed engineer or surveyor stating that the finished grade beneath the Manufactured Home is at or above the 100-year return frequency flood elevation is provided, and flood insurance under the NFIP is obtained.
Maximum Loans	A maximum of four Plaza loans is permitted to one borrower.
Property Eligibility	**Ineligible Properties:** - Cooperatives - Geothermal Homes - Timeshares - Condotels - Geodesic Dome Homes - Geothermal homes - Commercial Properties - Mobile Homes - Non-warrantable condos - Timeshares - Working Farms, Ranches, Orchards - VA Indian Leasehold properties - Properties with C6 quality rating - Properties with C5 or C6 condition rating - Properties secured with PACE obligations or PACE like assessments
Repair Escrows	Per VA guidelines. Escrow holdbacks are not allowed on manufactured housing.
Refinance Seasoning	**Refinance Transactions:** The note date of the refinance loan must be on or after the later of: - the date on which the borrower has made at least six consecutive monthly payments on the loan being refinanced; and - the date that is 210 days after the first payment due date of the loan being refinanced.
Subordinate Financing	**Jumbo loans that exceed the VA loan limit:** - Existing subordinate financing may be allowed case-by-case. - New subordinate financing is not allowed. **All loans:** - Properties with PACE obligations are ineligible. - Any PACE obligations or liens must be paid and satisfied at or prior to closing. - PACE liens may not be subordinated.
Texas Home Equity	Cash Out is not allowed in Texas.
Transactions	- Purchase - Refinance (non-IRRRL) **Refinances:** All VA refinances must meet the requirements outlined in **VA Circular 26-19-5**. This is effective for all non-IRRRL refinances with application dates on or after February 15, 2019. Requirements include but are not limited to the following: **Type I Cash-Out Refinance:** For refinances of loans guaranteed by the VA, the new loan amount, including the VA Funding Fee, does not exceed the payoff amount of the loan being refinanced.

	• **Type II Cash-Out Refinance:** The loan amount, including the VA Funding Fee, exceeds the payoff amount of the loan being refinanced. **Refinance LTV:** For all refinance loans, the LTV is determined by dividing the total loan amount, including any financed VAFF, by the reasonable value per the NOV. The VA guaranty plus the Veteran's equity must always be at least 25% of the Notice of Value (NOV). **Refinance Net Tangible Benefit (NTB):** All refinances (Type I and Type II) must pass a NTB test and a NTB disclosure must be provided to the Veteran no later than the third business day after receiving the Veteran's loan application, and again at loan closing. **Type I Refinance NTB** – One of the following NTB must exist for all Type I Refinances: • Fixed Rate to Fixed Rate refinance requires an interest rate reduction of at least .5% • Fixed Rate to ARM refinance requires an interest rate reduction of at least 2% **Type II Refinance NTB -** One of the following NTB must exist for all Type II Refinances: • The new loan eliminates monthly mortgage insurance, whether public or private, or monthly guaranty insurance; • The term of the new loan is shorter than the term of the loan being refinanced; • The interest rate on the new loan is lower than the interest rate on the loan being refinanced; • The monthly principal and interest payment on the new loan is lower than the monthly principal and interest payment on the loan being refinanced; • The new loan results in an increase in the borrower's monthly residual income; • The new loan refinances an interim loan to construct, alter, or repair the home; • The new loan amount is equal to or less than 90 percent of the reasonable value of the home, or; • The new loan refinances an adjustable rate loan to a fixed rate loan.
Underwriting Method	Loans must be submitted to DU or LPA. Loans not receiving a DU or LPA approval may be manually underwritten if: • The loan meets all published loan program guidelines, and • The underwriter's evaluation has determined the loan is an investment quality mortgage, and • The loan file contains documentation to support the underwriting decision, and • The property is not a manufactured home. Manufactured Housing is not eligible for manual underwriting.
VA Loan Guaranty	Regardless of the loan amount, the VA guaranty plus the Veteran's down payment and/or equity must always be at least 25% of the lesser of the sales price or Notice of Value (NOV). The calculator assists in calculating any required down payment from the borrower on purchase or refinance transactions.

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