



PMC VA STANDARD & HIGH BALANCE (550+ Mid FICO)

PURCHASE				
Maximum LTV/CLTV*	Max Loan Amount	Min FICO	Max Ratios	Mortgage/Rental History
100% Excluding VA Funding Fee	Per VA Max County Limits See Loan Amount Matrix Below	550	Per AUS**	0 x 30 last 12 Months

*Regardless of the LTV, the Veteran must have sufficient entitlement to guaranty the loan.

** Refer to Debt Ratio topic below for information/requirements on DTI > 50% and compensating factors.

CASH OUT REFINANCE				
Maximum LTV/CLTV*	Max Loan Amount	Min FICO	Max Ratios	Mortgage/Rental History
100% Excluding VA Funding Fee	Per VA Max County Limits See Loan Amount Matrix Below	620	Per AUS**	0 x 30 last 12 Months
90%*** Excluding VA Funding Fee	Per VA Max County Limits See Loan Amount Matrix Below	550		

*Regardless of the LTV, the Veteran must have sufficient entitlement to guaranty the loan.

** Refer to Debt Ratio topic below for additional information/requirements on DTI > 50% and compensating factors. *** Refer to Cash Out Refinance Section for additional detail.

Loan MAY exceed 100% CLTV when a CMS approved Down Payment Assistance program is used in conjunction with the transaction - up to 110%

Underwriting Guidelines Requirements

MAXIMUM LOAN AMOUNTS

CA & WA	# of Units	Standard Maximum	High Balance Minimum	High Balance Maximum
	1-4 Units	\$417,00	\$417,00	\$1,094,625
Maximum Loan Amt (Base) Maximum base loan amount does not include the financed funding fee. If the base loan amount is greater than \$417,000, a down payment may be required and the LTV reduced accordingly.				

VA FUNDING FEE TABLE Applies unless Veteran is Exempt Purchase Transactions

The VA 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, the veteran benefits from this reduction as the funding fee will be calculated on his/her portion of the loan. 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.

Type of Veteran/Military Status	Down Payment ¹	Percentage For First Time Use	Percentage For Subsequent Use ²
	Less than 5%	2.15%	3.30%
	5% or more (up to 10%)	1.50%	1.50%
	10% or more	1.25%	1.25%
Reserves/National Guard	Less than 5%	2.40%	3.30%
	5% or more (up to 10%)	1.75%	1.75%
	10% or more	1.50%	1.50%
Disabled Veteran (Service-connected disability)	N/A	0.00%	0.00%

1. Does not include down payment from gift of equity or equity earned from lease-to-purchase transaction

2. The higher subsequent use fee does not apply if the veteran's only prior use of entitlement was for a manufactured home NOT classified as real estate

CASH OUT REFINANCE FUNDING FEES

There are no reduced funding fees for regular refinances based on equity. Reduced fees only apply to purchase loans where a down payment of at least 5% is made.

Type of Veteran/Military	Percentage for First-Time Use	Percentage for Subsequent Use
Regular Military	2.15	3.3%*
Reserves/National Guard	2.40	3.3%*

*The higher subsequent use fee does not apply to these types of loans if the veteran's only prior use of entitlement was for a manufactured home.

COLLATERAL

Condos	Must be VA-approved condominium complex and meet all requirements.
Eligible Collateral	Owner Occupied Only. 1-4 Units. PUD's, Condos, Manufactured Homes permanently affixed to the foundation, built on or after June 15, 1976, and meet VA requirements, Modular Homes
Ineligible Collateral	Mobile homes, single-wide manufactured homes, State-approved medical marijuana producing properties, co-ops, Condo Hotels, properties service by hauled water, energy efficient homes
Appraisal Requirements	VA Approved/VA Fee panel appraisers
Limitations on other R.E. Owned	None

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TYPES OF FINANCING	
Purchase Transactions	Permitted. Refer to LTV matrix above
Cash Out Refinance	No Seasoning requirements. Must have existing lien. For Texas refinance requirements refer to the General Section below. Credit score > 550 and < 620 - maximum \$50,000 cash out proceeds and maximum 90% LTV Credit score >= 620 - there is no limit on the amount of cash out proceeds but LTV is limited to 90% LTV > 90% - 100%: the maximum cash out is the lower of 1.5% of the loan amount or \$5000. Paying off an unseasoned subordinate lien is not included in the amount of cash out.
Down Payment Assistance	Down Payment Assistance programs are permitted. Please refer to the CMS Down Payment Assistance approved list and webpage for program details and requirements. http://carringtonhome.corp.int/mortgage/lending/Pages/Down-Payment-Assistance-Programs.aspx
CREDIT	
Non-Traditional Credit	Borrowers who have no established credit references may be eligible using non-traditional credit references. A minimum of 3 credit references each rated for 12 months is required. There can be no housing lates and maximum 1x30 day late payment with the other credit references in the previous 12 months. There can be no major adverse or public records filed in the last 12 months. Non-traditional credit references may not be used to offset derogatory pay histories on traditional credit. Non-traditional credit may not be used to manufacture credit for borrowers with no credit history or enhance a credit history of a borrower with derogatory pay histories. Refer to CMS FHA Lending Guides for additional information regarding the use of non-traditional trade references. All loans with non-traditional credit require a manual underwrite, maximum financing is allowed with a minimum of 2 compensating factors, maximum DTI of 41%, 2 months PITI reserves required, gift funds not allowed, 2 years tax returns and tax transcripts required, and must follow standard VA
Insufficient Credit History	Borrowers with insufficient credit history may be eligible with adding non-traditional trade references. Non-traditional trade references may not be used to overcome poor pay histories of traditional credit. When using non-traditional trades to supplement an insufficient credit history, a minimum of 3 trade references rated for 12 months is required. Loans with insufficient credit history are to be run through the AUS. At the SAR Underwriter's discretion, the loan may be downgraded to a manual underwrite. Additional trade references or asset documentation may be required regardless of the AUS Findings. The max DTI for borrowers with insufficient credit history is 41%. Compensating factors for higher ratios are not applicable. 2 months PITI reserves after closing are required. Gift funds may not be used for reserves.
CAIVRS	CAIVR clearance must be obtained for all borrowers on the transaction.
Social Security Numbers	Required for ALL borrowers
Collections/Charge Offs	AUS Approve/Eligible - follow AUS Findings. Non-medical collections > \$7500 may be required to be paid regardless of AUS findings. Manually underwritten loans: - Medical collections > \$10,000 may be required to be paid prior to or at closing. - Non-medical collections > \$7500 may be required to be paid prior to or at closing. - Manually underwritten loans with non-medical collections > \$7500 and DTI > 41% require a minimum of 2 compensating factors.
Re-established Credit	In circumstances not involving bankruptcy, satisfactory credit is generally considered to be reestablished after the veteran, or veteran and spouse, have made satisfactory payments for 12 months after the date the last derogatory credit item was satisfied. For example, assume a credit report reveals several unpaid collections, including some which have been outstanding for many years. Once the borrower has satisfied the obligations, and then makes timely payments on subsequent obligations for at least 12 months, satisfactory credit is reestablished.
Bankruptcy	Ch. 7 discharged for 24 mos. Discharged Ch. 13 requires 12 months satisfactory pay history and court permission to enter into transaction. Consumer counseling services must be paid in full prior to closing.
Judgments/Liens	All outstanding judgments and liens must be paid prior to or at closing. Includes judgments and tax liens of non-purchasing spouse.
Foreclosure / Deed-in-lieu	Must be >2yrs from date of trustee's deed. Documentation required, credit report is unacceptable. (CAIVRS-if applicable).
Late Payments	VA Credit Standards apply
FICO	Minimum FICO 550. 2 reported credit scores required. Refer to Non-traditional credit section for borrowers with no established credit.
Minimum Payment	5% of outstanding balance for revolving accounts if no payment is indicated
Minimum tradelines	AUS - no specific requirement. However, must meet the minimum FICO requirement and receive AUS approval. Manual Underwrite - refer to non-traditional credit and insufficient credit sections for requirements.
Mortgage/Rental History	AUS - per AUS decision. Mortgage/Rental Delinquencies: Loans will be ineligible if there is one or more housing delinquency that is 1x30 Manual underwriting - VOM/VOR with 0x30 in the previous 12 months required.
Non Purchasing Spouse	Credit report required in community property states. Debts must be added to DTI Ratio and Credit History may be considered. Non-purchasing spouse may be added to title on a purchase transaction or may remain on title when refinancing. No other party other than the borrower or their spouse may be permitted to have a vested interest to the property.
Community Property States	The following states are known community property states: CA, WA

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INCOME/ASSETS					
Residual Income Requirements	Loan Amounts \$79,999 and				
	Family	Northeas	Midwes	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	\$1,00
	Above 5	Add \$75 for each additional member up to a family of seven			
	Loan Amounts \$80,000 and				
	Family	Northeas	Midwes	South	West
	1	\$450	\$441	\$441	\$491
	2	\$755	\$738	\$738	\$823
	3	\$909	\$889	\$889	\$990
4	\$1,025	\$1,003	\$1,00	\$1,11	
5	\$1,062	\$1,039	\$1,03	\$1,15	
Above 5	Add \$75 for each additional member up to a family of seven				
* States are broken down by Region. Check with Underwriting for breakdown					
Debt Ratio	Loans with AUS Approve/Eligible - follow AUS Findings for DTI <= 50%. DTI > 50% requires a minimum of 2 compensating factors regardless of AUS findings. Manually underwritten loans - max DTI is 41%. The DTI may exceed 41% with compensating factors. Manually underwritten loans with DTI > 50% require a minimum of 3 compensating factors and UW Manager second sign. All loans must meet the residual income requirements regardless of DTI or AUS approval. Refer to PMC Lending Guide for a list of VA acceptable compensating				
Non-Taxable Income	Nontaxable income such as Social Security, Pension, Workers Comp and Disability Retirement income must be grossed up.				
Income	Residual income requirements apply and vary by region/loan amount/property type. See above matrix.				
Assets	Must have sufficient assets to close. Non-liquid accounts may not be used as an asset for cash to close or reserves. Liquidated funds from non-liquid accounts can be used if liquidation and deposit into a demand deposit account are documented. Large deposits and/or deposits that are excessive for borrower's history need to be sourced and seasoned.				
Payoff Debt to Qualify	Payoff of revolving debt is allowed if paid in full prior to closing. Payoff & zero balance must be documented directly from credit. Cannot payoff on the HUD-1.				
Documentation/4506T or 2907 Puerto Rico Tax Returns	Full income documentation loans only. IRS Form 4506T must be processed and income validated for most recent 2 years. Borrowers with income from Puerto Rico must: Sign form Modelo SC 2907 to obtain tax transcripts, returned Modelo SC 2903 transcripts for 2 years, and transcripts must be translated to English and notarized by 3rd party. The 4506T must be in the file with confirmation that states "no records found" when using Puerto Rico tax returns. The confirmation must be from the IRS website and contain the borrowers				
Minimum Reserves	1 Unit: None. 2-4 Units: Rental Income NOT used to Qualify: None. 2-4 Units: Rental Income USED to Qualify: 6 mos. PITI. Borrowers with non- traditional credit and insufficient credit require 2 months PITI reserves.				
Gifts	Acceptable. Gift of Equity is acceptable but cannot be applied as down payment purposes to reduce VA funding Fee. Gift funds may not be used as reserves.				
Non Occupant co borrower	Not permitted				
Buyer Contribution	No minimum investment required for loan amounts up to \$417,000. For 2-4 Units and loans > \$417,000, down payment may be required				
Seller Contribution	Seller can pay 100% of discount points and borrowers 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. Maximum seller concession is 4%. Seller concessions include, but are not limited to, the following: • payment of the buyer's VA funding fee • prepayment of the buyer's property taxes and insurance • gifts such as a television set or microwave oven • payment of extra points to provide permanent interest rate buy-downs • provision of escrowed funds to provide temporary interest rate buy-downs, and • payoff of credit balances or judgments on behalf of the buyer. Seller concessions do not include payment of the buyer's closing costs, or payment of points as appropriate to the market.				
GENERAL					
Superior VA Lien	VA regulations require that every VA loan be secured by a first lien on the property except under circumstances. (38 CFR 36.4351 and 38 CFR 36.4352)				
Underwriting	Underwritten by a VA Automatic & LAPP approved underwriter. AUS approval may follow documentation requirements. Manually underwritten loans follow standard VA documentation requirements. If loan requires VA prior approval, additional underwriting turnaround				
VA Prior Approval Required for:	* Veterans in receipt of VA non-service related pension. * Veterans rated incompetent by VA. * Joint loans with two or more Veterans who intend to use their entitlement and take title jointly.				
Borrower Eligibility	Must be a veteran who served the minimum duty with other than a dishonorable discharge. Active duty with at least 181 days of duty. DD Form 214 is required. Un-remarried surviving spouse of eligible veteran (COE). Reservists/National Guard. Certificate of Eligibility must have sufficient entitlement to meet minimum 25% guaranty. All borrowers must occupy the subject property.				
Guaranty/Entitlement	Veteran must have sufficient entitlement and provide evidence of available entitlement.				
Manual Underwrite	Loans receiving an AUS Refer and borrowers with no established traditional credit or insufficient credit may be eligible for a manual underwrite. Loans with a manual underwrite require a second level review by PMC. All manual underwrites require an AUS to be run and "refer eligible" findings uploaded into the LOS. The AUS findings must be uploaded even when the Underwriter knows the loan will be manually underwritten upfront or the loan will be downgraded to a manual underwrite.				
Loan Terms Available	30, 25, 20, and 15 Year Fixed				
Qualifying Fixed Products	Quality at Note Rate				

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GENERAL (continued)	
Co-Borrowers	Must be the spouse of the veteran and all borrowers must occupy the subject property
Assumptions	Permitted
Escrow waivers	Not permitted
Prepayment Penalty	Not permitted
Buydowns	Not permitted

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