

VA - Full Doc

Amended 8/17/18

Purpose	Total Loan Amount	Credit Score	Units	LTV/CLTV
Purchase / Cash-Out	Conforming Limit ≤ \$453,100	550	1-4 units	100%
Purchase / Cash-Out	HB Limit > \$453,100 - \$1,000,000	580	1-4 Units	90%
		620	1-4 Units	100%
Purchase / Cash-Out	Super HB > \$1,000,000 - \$2,000,000	680	1-4 Units	100%
Purchase / Cash-Out	Conforming Limit ≤ \$453,100	620	Manufactured	100%

General	<ul style="list-style-type: none"> • Purpose - Purchase or Cash Out • Terms Available - 15, 30 Year Fixed Rate - 5/1 ARM • Occupancy - Primary Residence Only • AUS must be ran. DU or LPA Acceptable <ul style="list-style-type: none"> ◦ Manual underwrites allowed subject to VA handbook requirements • Minimum Loan Amount \$75,000 • Veteran must be the primary borrower on the application • CAIVRs required for all borrowers
Borrower Eligibility	<ul style="list-style-type: none"> • Primary borrower must be the veteran with eligibility with a Certificate of Eligibility indicating Veteran's Entitlement • Each borrower must have a valid Social Security Number. ITIN are not allowed.
Cash-Out Refinance Seasoning	<p>The Note date of the refinance loan must be on or after the later of:</p> <ul style="list-style-type: none"> • The date that is 210 days after the date on which the first monthly payment was made on the mortgage being refinanced, and • The date on which six (6) full monthly payments have been made on the mortgage being refinanced

CREDIT

Bankruptcy	<ul style="list-style-type: none"> • Chapter 7 & 11: 2 years from discharge date • Chapter 13: No seasoning required if discharged. If open requires court approval and 0x30 last 12 months to trustee. • No 30-day mortgage lates allowed in the past 12 months. <p>**Borrower must demonstrate re-established credit**</p>
Collection Accounts	<ul style="list-style-type: none"> • Collection and charge-offs are generally not required to be paid off, however follow AUS Findings if payoff is required. • Judgments must be paid or in a repayment plan for 12 months with a most recent 0 x 30x12 timely payments. • A letter of explanation is required for all collection/charge-off/judgment accounts. • Collections and charge offs must be included in DTI at the amount on credit or 5% of balance if no payment shown. <p>NOTE: At underwriter discretion, payoff may be required regardless of the account balance.</p> <ul style="list-style-type: none"> • Borrowers with a history of collection/charge-off accounts should have re-established a 12month satisfactory credit history.
Foreclosures	<ul style="list-style-type: none"> • Foreclosure - 2 years • Short Sale - Underwriter discretion • No 30-day mortgage lates allowed in the past 12 months.
Mortgage Lates	<ul style="list-style-type: none"> • < \$679,650 follow AUS • > \$679,650 No 30-day lates in the last 12 months • Manual UW at all loan amounts - No 30-day lates in the last 12 months
No Score	<ul style="list-style-type: none"> • Royal Pacific Funding will consider loans where the coborrowing spouse has no credit score. • Note that No Score loans will price from the lower of the primary borrower Credit Score or the 600-619 bucket
Student Loans	<ul style="list-style-type: none"> • Monthly payment does not need to be considered if the Veteran or borrower provides written evidence that the student loan debt will be deferred at least 12 months beyond the date of closing • Use payment shown on credit report (unless credit report reflects \$0 or no payment amount). Must use the amount on credit report if greater than the 5% calculation • If credit report reflects \$0 or no payment amount provide documentation from servicer for actual payment amount; OR • Use Balance x 5% / 12 for payment

DTI/INCOME/ASSETS

Manual Underwrites	<p>Allowed:</p> <ul style="list-style-type: none"> • DTI may exceed 41% to a maximum of 50% at Underwriter discretion when residual income exceeds 120% and significant documented compensating factors exist such as: <ul style="list-style-type: none"> • Excellent credit history • Conservative use of consumer credit • Minimal consumer debt • Little or no increase in shelter expense • Military benefits • Satisfactory homeownership experience. • High residual income • Housing-expense related collection accounts within 24 months are not allowed • Manually underwritten loans require a letter of explanation for all derogatory accounts in the last 24 months. • Long-term employment • Significant liquid assets • The existence of equity in refinancing loans
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Tax Transcripts	<ul style="list-style-type: none"> • W2 transcripts and tax returns are not required for hourly/salaried borrowers. • Tax/W2 transcripts are required for: <ul style="list-style-type: none"> o self-employed borrowers o commission is > 25% of income o hand written paystubs are used for verification of income o there is a relationship between the parties o Borrower/s is employed by family member 										
PROPERTY											
Appraisal	<ul style="list-style-type: none"> • VA appraisal only; NOV is valid for 6 months and FNMA form 1004MC is required for all appraisals 										
Eligible Properties	<ul style="list-style-type: none"> • Attached/Detached SFRs • PUDs • VA Approved Condos • 2-4 units • Manufactured homes (1 Unit) max loan amount \$453,100 - double wide or more only 										
Manufactured Home Requirements	<p>Royal Pacific Funding will accept loans for manufactured properties with the following attributes:</p> <ul style="list-style-type: none"> • 620 Minimum Qualifying Credit Score • Primary Residence Only • Max \$453,100 Loan Amount, no High Balance Allowed • Mortgage delinquencies in the last 12 months not permitted • Property Specific Information <ul style="list-style-type: none"> o Built June 15, 1976 or later o Doublewide or larger o Floor area of subject property must be > 600 square feet o Manufactured Condos not allowed o Property must be permanently attached with towing hitch, wheels and axels removed o Manufactured home must be on original site, relocated homes are not permitted o Additions to the property are not permitted if the addition was to add GLA or if there were structural changes to the home (additions such as decks and green rooms without structural changes to the property may be accepted) o Borrower must own the land on which the home is located o Title must be held fee simple • Property must not be located in a deed restricted area including restrictions for age and income • Affidavit of Affixture (or its equivalent) to evidence property is classified and taxed as real property • New Construction will require a Structural Engineer's report to show that the property is designed to be used as a dwelling with permanent foundation and meets HUD requirements • The foundation must be inspected by the appraiser and appraiser to comment that the home is on permanent foundation consisting of either a slab or permanent concrete footings and anchored with tie-downs 										
MISCELLANEOUS											
Age of Documents	<ul style="list-style-type: none"> • 120 Days for Income, Assets and Prelim • 120 Days for Appraisal and Credit • All items are measured from final date on document to Note Date. 										
Additional Notes	Amendatory Clause MUST BE signed with the purchase contract										
Entitlement/ Guaranty	<p>Entitlement is the amount of VA Guaranty available to a Veteran for use on a loan. The amount of entitlement will be displayed near the center of the COE.</p> <table border="1" style="margin-left: auto; margin-right: auto; border-collapse: collapse; text-align: center;"> <thead> <tr style="background-color: #1a3d54; color: white;"> <th colspan="2">Entitlement/Guaranty</th> </tr> <tr style="background-color: #d9e1f2;"> <th>Loan Amount</th> <th>Maximum Potential Guarantee</th> </tr> </thead> <tbody> <tr> <td>\$75,000 to \$144,000</td> <td>40% of the loan amount or maximum \$36,000</td> </tr> <tr> <td>\$144,001 to \$453,100</td> <td>25% of the loan amount or maximum \$106,025</td> </tr> <tr> <td>\$453,101 to \$2,000,000</td> <td>25% of the loan amount of maximum \$273,656</td> </tr> </tbody> </table> <ul style="list-style-type: none"> • Minimum 25% guaranty required on all loans • On High Balance loan amounts or veterans with partial entitlement, the VA guaranty plus cash down payment/equity must be equal to at least 25% of the purchase price or Notification of Value (NOV), whichever less. 	Entitlement/Guaranty		Loan Amount	Maximum Potential Guarantee	\$75,000 to \$144,000	40% of the loan amount or maximum \$36,000	\$144,001 to \$453,100	25% of the loan amount or maximum \$106,025	\$453,101 to \$2,000,000	25% of the loan amount of maximum \$273,656
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Leased Solar Equipment	<p>Leased Equipment</p> <ul style="list-style-type: none"> • No value can be given to appraisal • Solar lease agreement to be reviewed verifying that removal of solar equipment do not have recourse to the lender or VA and return roof to water tight status. • Utility payment for new leased solar equipment cannot exceed the allowable Maintenance/Utility cost per VA guidelines 										
PACE / HERO Obligations	<p>Property Assessed Clean Energy (PACE) and Home Energy Renovation Opportunity (HERO) are typically used as financing sources for borrowers who wish to install solar energy items to their homes. These financing instruments are recorded against the property and collected through property tax bills in the same manner as a special assessment.</p> <p>PACE/HERO that are or will remain must meet the following:</p> <ul style="list-style-type: none"> • Under the laws of the state where the property is located, the PACE obligation must be collected and secured by the creditor in the same manner as a special assessment against the property. • The property may be subject to the full PACE obligation; however, the property shall not be subject to an enforceable claim (i.e., a lien) superior to the VA-guaranteed loan for the full outstanding PACE obligation at any time. 										

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PACE / HERO Obligations (con't)	<ul style="list-style-type: none"> The property may, however, be subject to an enforceable claim (i.e., a lien) that is superior to the VA-guaranteed loan for delinquent regularly scheduled PACE special assessments. There are no terms or conditions that limit the transfer of the property to a new homeowner. Legal restrictions on conveyance arising from a PACE obligation that could require the consent of a third party before the owner can convey the real property are prohibited, unless such provisions may be terminated at the option of, and with no cost to, the owner. The existence of a PACE obligation on a property is readily apparent to mortgagees, appraisers, borrowers, and other parties to a VA-guaranteed loan transaction; information on PACE obligations must be readily available for review in the public records where the property is located. At the time of purchase, the sales contract must indicate whether the PACE obligation will remain with the property or be satisfied by the seller at, or prior to closing. Where the PACE obligation will remain, all terms and conditions of the PACE obligation must be fully disclosed to the borrower and made part of the sales contract between the seller and the borrower. Where improvements have been made to the property through a PACE program, and the PACE obligation will remain outstanding, the appraiser must analyze and report the impact on the value of the property, whether positive or negative, of the improvements and any additional obligation (i.e., increased tax payments). <p>Royal Pacific Funding will allow the subordination of a lien associated with these instruments provided they meet the following criteria:</p> <ul style="list-style-type: none"> The lien is collected through property taxes in substantially equal installments. The underlying lease/contract/financing instrument does not contain a clause that would prevent the lien from transferring to a new owner, whether by sale or foreclosure, and must not contain a provision that a third party be notified. <p>Note that PACE/HERO obligations that are being paid in full at or before closing require no special approval, however, proof must be provided that the lien has been satisfied or will be satisfied through closing. If funds from the transaction are being used to satisfy these obligations the loan will be considered cash out.</p>
POA (Power of Attorney)	<p>Power of Attorney closings will be accepted with the following criteria:</p> <ul style="list-style-type: none"> Absent party must sign the initial 1003 (must be face to face interview) and the purchase contract POA must be a specific to the transaction (cannot be used on Cash Out Refinance or TX 50a6) POA must include the borrower name, property address and loan amount POA must be fully executed and notarized prior to the Note date POA must be approved by Royal Pacific Funding prior to loan closing POA must be recorded along with the deed of trust / mortgage POA signatures on docs must clearly reflect Attorney-in-fact Alive and Well Cert for Veteran required when applicable
Prior Approval	<p>Royal Pacific Funding will consider loans that require VA Prior Approval under the following circumstances</p> <ul style="list-style-type: none"> Split Eligibility between two Veterans One Veteran Borrower with a non-spouse/non-veteran borrower (Must Occupy and down payment will be required)
Subordinate Financing	<ul style="list-style-type: none"> Allowed for existing liens Maximum CLTV is 100% Subordination fee cannot be charged to Veteran
Trust Vesting	Individual(s) in a Revocable Trust are acceptable.
State Restrictions	TX 50(a)(6) not allowed.

Funding Fee Tables

Purchase Loans:

Type of Veteran	Down Payment	Percentage for First Time Use	Percentage for Subsequent Use
Regular Military	None	2.15%	3.30%
	5% or more	1.50%	1.50%
	10% or more	1.25%	1.25%
Reserves/National Guard	None	2.40%	3.30%
	5% or more	1.75%	1.75%
	10% or more	1.50%	1.50%

Cash-Out Refinance Loans*:

Type of Veteran	Percentage for First Time Use	Percentage for Subsequent Use
Regular Military	2.15%	3.30%
Reserves/National Guard	2.40%	3.30%

*Note: 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.