

Gold Star Wholesale VA Program Summary

PURCHASE				
Doc Type	Occupancy	Units	FICO	LTV/CLTV
Full	Primary Residence	1-4	620	100/100
Full	Manufactured/Primary	1	620	100/100
INTEREST RATE REDUCTION REFINANCE LOAN-IRRRL				
Streamline	Primary Residence	1-4	620	105/105
VA CASH OUT REFINANCE TYPE 1 & TYPE 2				
Full	Primary Residence	1-4	620	100/100 ¹
Full	Primary Residence	1-4	620	100-100
Program Matrix Notes:				
<p>LTV calculated using Base Loan Amount. The LTV may be exceeded by the financed funding fee (except for cash out)</p> <p>Manual Underwrites required a 620 min FICO, not eligible for cash out refinances. VA Loan Limit maximum is \$2.0MM (no exceptions) **Loan amounts over \$1 MM require 660 FICO</p> <p>*1. Cash out refinance LTV cannot exceed 90% or 100% above including the upfront funding fee *2. Cash out refinance over 90% LTV – Loan amounts that exceed maximum conforming loan limits require 660 FICO</p>				

Product Detail and Their Guidelines

- **AUS**
 - DU or LP Approve/Accept recommendations are allowed.
 - Manual downgrades are allowed; however, the Approve/Accept recommendation findings must be included in the file.
 - Manual underwrites are allowed. Loans must be run through AUS first and receive a Refer recommendation. The Refer findings must be included in the file.
 - Manual underwriting is required on IRRRLs.
- **Ability to Repay/Qualified Mortgage Rule**
 - Gold Star will purchase only Safe Harbor Qualified Mortgages as defined under HUD and the Dodd-Frank Wall Street Reform and Consumer Protections Act.
- **Age of Documents**
 - 120 days for existing construction from the date the note is signed.
 - 180 days for new construction.
 - Preliminary Title Policies must be no more than 180 days old on the date the Note is signed.

- **Amortization Type**
 - Fixed Rate
- **Appraisals**
 - Appraisal transfers are allowed only for same Veteran only.
 - All appraisals must be ordered through VA's TAS (The Appraisal System), which will assign the order to a VA approved Appraiser.
 - Include an interior and exterior inspection of the subject property
 - A notice of value for property appraised as existing or new construction is valid for six months. Rapidly fluctuating real estate market conditions may temporarily dictate the use of a shorter validity period.
 - No new Appraisal can be requested on a property which already has a valid VA value determination (no duplicate appraisals).
 - **Unpermitted Property Additions**
 - Properties with "unpermitted" structural additions are allowed under the following conditions:
 - The subject addition complies with all investor guidelines;
 - The quality of the work is described in the appraisal and deemed acceptable ("workmanlike quality") by the appraiser;
 - The addition does not result in a change in the number of units comprising the subject property (e.g. a 1 unit converted into a 2 unit);
 - If the appraiser gives the unpermitted addition value, the appraiser must be able to demonstrate market acceptance by the use of comparable sales with similar additions and state the following in the appraisal:
 - Non-Permitted additions are typical for the market area and a typical buyer would consider the "unpermitted" additional square footage be part of the overall square footage of the property.
 - The appraiser has no reason to believe the addition would not pass inspection for a permit.
- **Assignment of Mortgages**
 - All loans must be registered with MERS at time of delivery and a MERS transfer of beneficial rights and transfer of serving right must be initiated by the Seller, within 24-hours of purchase.
- **Assumability**
 - Government programs are assumable.
- **Borrowers**
 - Must be a Veteran with eligibility documented with a Certificate of Eligibility (COE), which will also indicate the Veteran's Entitlement.
 - Resident Alien permitted as long as primary Borrower is a Veteran.
 - Joint loans are not allowed (Unmarried non-Veteran Co-Borrower would be an example of a non-allowed joint loan.) A Veteran borrower plus spouse Co-borrower is not considered a joint loan.
- **Buy downs**
 - No Temp Buy downs.
- **Condominiums**
 - Condos must be approved by VA. The approval condo list is available on TAS.
 - IRRRLs do not require a condo approval.

- **Credit**
 - All Borrowers must return at least 1 credit score via three-in-file merged credit report.
 - A full tri-merge credit report is required for all Borrowers on all transactions. For VA Interest Rate Reduction Refinance Loan (IRRRL) transactions, a tri-merge credit report is required to verify a 12-month mortgage history and a credit score for each Borrower.
 - Non-traditional credit is not allowed.
 - If the subject property is located in a community property state and the Borrower has a non-purchasing spouse, a credit report for the non-purchasing spouse must also be ordered.
 - Cannot be delinquent on any Federal Debt unless the delinquent account has been brought current or a satisfactory arrangement has been made – Check CAIVRS.
 - Borrower must be 1x30 for the last 12 month’s mortgage payments (if applicable).
 - Credit report inquiries dated within the previous 90-days: a letter from the creditor, or if such letter is unobtainable, a signed statement from the Borrower may be used to determine whether additional credit was obtained.
- **Derogatory Credit**
 - VA Fixed
 - Bankruptcy, Foreclosure, Deed in Lieu/Short Sale: Per AUS or the VA Lender’s Handbook for manually downgraded and manually underwritten loans.
 - All judgements must be paid in full or subject to a repayment plan with a history of timely payments
 - VA IRRRLs: Bankruptcy and foreclosure waiting periods do not apply. A 12-month on time mortgage history is required.
- **Documentation**
 - Full
 - Streamline
 - As determined by AUS
- **Down Payment Assistance**
 - Mortgage Credit Certificates (MCCs) are allowed for eligible borrowers but **CANNOT** be used for qualifying.
- **Employment/Income**
 - Active Military incomes must be documented with a Leave and Earning Statement (LES)
 - Provide an acceptable VVOE for all Borrowers that are a source of repayment.
- **Entitlement**
 - Entitlement is the amount of a VA Guaranty available to a Veteran for use on a loan. The amount of entitlement will be displayed near the center of the COE.
 - On High Balance loan amounts, 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 is less.
 - Veterans with partial entitlement are allowed provided both of the following condition are met:
 - The VA Guaranty covers at least 25% of the total loan amount, and
 - There is no evidence VA has suffered a loss from the Veteran (such as a compromised entitlement on the COE or prior VA Loan foreclosure, deed-in-lieu or short sale).
 - If Borrower is not allowed full entitlement, there will be overlays. Consult GS Underwriting.

- The COE will never reflect any additional specific entitlement amount over \$36,000 for loans greater than \$144,000, but will reflect “Available”

Up to \$45,000	50% of the loan amount
\$45,001 to \$56,250	\$22,500
\$56,251 to \$144,000	40% of the loan amount with a maximum of \$36,000
\$144,001 to \$484,350	25% of the loan amount with a maximum of \$104,250
Any loan amount on an IRRRL	VA will automatically issue guaranty at 25% of the loan amount

- **Escrow Holdbacks**
 - If adverse weather conditions prevent completion of the repairs, Gold Star will permit escrow accounts established by the Seller for postponed improvements provided they comply with VA requirements. Gold Star will leave the work of managing the escrow funds with the Seller at the time of loan funding. It will be the Seller’s responsibility to monitor and disburse the funds in escrow and provide Gold Star with a clear final inspections.
 - Additional requirements:
 - Gold Star will issue a post funding condition for 1004D confirming completion will be placed on loans where appraise is “subject to” completion of improvements.
 - Gold Star will issue a post funding condition for a final title policy endorsement that ensures the priority of the first lien.
- **Escrow / Impounds**
 - An impound account for collection of taxes and insurance (or additional escrow items) is required.
- **Exclusionary Lists**
 - All Borrowers must be screened by CAIVRS to determine there have been no late payments on Federal debt obligations.
- **Funding Fee**
 - If the Veteran is required to pay the Funding Fee, confirmation of Funding Fee payment must be included in the file.
 - The Funding Fee may be financed in the loans
 - The following Veterans are exempt from paying the funding fee:
 - Veterans receiving VA compensation for service connected disabilities
 - Veterans who would be entitles to receive compensation for service connected disabilities if they did not receive retirement pay
 - Veterans who are rated by VA as eligible to receive compensation as a result of pre-discharge disability exam and rating
 - Veterans with a memorandum rating based on pre-discharge review of existing medical evidence
 - Veterans entitle to receive compensation, but who are not presently in receipt of the compensation because they are on active duty

- Surviving spouses of Veterans who died in service or from service-connected disabilities, whether or not such surviving spouse are Veterans with their own entitlement and whether or not they are using their own entitlement on the loan
- **High Cost / High Priced**
 - Not allowed
- **IRRRL**
 - Owner-Occupied OR may be Second Home or Investment Property as long as Veteran can certify the property had previously been their primary residences (VA form 26-1820 required)
 - Maximum 105% LTV/CLTV based upon Total Loan Amount (Base loan amount plus financed VA Funding Fees)
 - The Borrower must be the same except:
 - For the removal of a non-Veteran spouse due to death or divorce (provide supporting documentation indicating even occurred at least 12 months before the time of application). There will be no exceptions granted to this requirement.
 - Only new spouses can be added
 - A Veteran can receive up to \$500 due to changes in final payoff figures, minor computational errors, or reimbursement of out-of-pocket expense (i.e. credit report). It is not acceptable to calculate the loan amount with the intention of returning the cash to the Veteran. \$0 in Texas.
 - DTI is not calculated
 - Provide a VVOE or third party verification for income source
 - Source of fund to close are not required on an IRRRL
 - In order for an IRRRL to be considered a safe harbor qualified mortgage, the loan must meet all of the following requirements per 38 CFR 36.4300(c)(1):
 - The loan being refinanced was originated at least 6 months before the new loan's closing date, and the Veteran has not been more than 30 days past due during the 6 months preceding the new loans closing date;
 - the recoupment for all allowable fees and charges (see 38 CFR 36.4313) financed as part of the loan or paid at closing does not exceed thirty-six (36) months; and
 - all other VA requirements for guaranteeing an IRRRL are met.
 - Benefit to Borrower requirements:
 - The interest rate on the new loan must be lower than the interest rate on the old loan, unless the old loan is an ARM and the new loan is a fixed rate.
 - The maximum loan term is the original term of the old loan plus 10 years, with the maximum maturity date being 30 years and 32 days from date of closing.
 - The P & I payment on the new loan must be less than P & I payment on the old loan unless one of these exceptions applies:
 - The old loan is an ARM and the new loan is a fixed rate, or
 - Allowable energy efficient improvements are included in the new loan
- **Lien Position**
 - First
- **Loan Limits**
 - VA Loan Limits by geographic region can be located at:
 - http://www.benefits.va.gov/homeloans/loan_limits.asp

- VA Fixed
 - Maximum loan amount cannot exceed the lesser of the VA County Loan Limit or Notice of Value (NOV).
- **Manufactured Housing**
 - Minimum FICO 620
 - Appraisal must be ordered IND (Direct from VA, cannot be ordered LAPP through Gold Star)
 - A higher subsequent use fee does not apply to a manufactured loan if the veterans' only prior use of entitlement was for a manufactured home loan not classified as real estate.
 - Primary Residence only
 - Max LTV 100% on purchase
 - Must be multi-wide unit
 - Must be attached to a permanent foundation
 - Must be built/constructed on or after 06/01/1976
 - No repair escrows allowed
 - No Leasehold
 - New construction is not permitted; manufactured home must be installed onsite for at least 12 months prior to transaction.
 - No Flipping
 - Minimum square footage is 600 sq. ft.; minimum 12ft wide
 - Findings must be approve/eligible; no manual underwrites
 - Manufactured Home must have been directly transported from the manufacturer or the dealership to the site and cannot have been previously installed or occupied in another location.
 - 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
 - Manufactured homes that have an addition or have had a structural modification are eligible under certain conditions. If the state in which the property is located requires inspection by a state agency to approve modifications to the property, then the lender is required to confirm that the property has met the requirement. However, if the state does not have this requirement, then the structural modification must be inspected and be deemed structurally sound by a third party who is regulated by the state and is qualified to make the determination. In all cases, the satisfactory inspection report must be retained in the mortgage loan file.
- **Maximum Loan Amount**
 - Max loan amount is \$2.0MM
 - Loan amounts over \$1.00MM require minimum credit score of 660
- **Minimum Loan Amount**
 - \$25,000
- **Occupancy**
 - Primary residence only
 - Second Homes not allowed
 - Investment Properties not allowed
 - Borrower may purchase new primary residence while retaining the current primary; permitted for 2 VA loans if sufficient entitlement and satisfactory reason.

- **Pre-Payment Penalty**
 - Pre-payment penalties are not permitted
- **Program Codes and Terms**
 - Fixed
 - VF15: 11 – 15 year terms
 - VF20: 16 – 20 year terms
 - VF25: 21 – 25 year terms
 - VF30: 26 – 30 year terms
 - Only whole year terms allowed
- **Property; Eligible Types**
 - Single Family (Detached, Attached)
 - PUD (Detached, Attached)
 - VA-approved Condominium (Detached, Attached)
 - Modular Home
 - 2-4 Units
- **Property; Ineligible Types**

In addition to the ineligible property types identified in a VA Lender's Handbook, the following property types are ineligible:

 - Manufactured homes
 - Mobile homes
 - Cooperatives
 - Condotels
 - Hotel Condominiums
 - Timeshares
 - Geodesic Domes
 - Working Farms and Ranches
 - Unimproved Land and property currently in litigation
 - Commercial Enterprises (e.g. Bed and Breakfast, Boarding House, Hotel)
 - Section 8 Housing
- **Ratio**
 - Determined by AUS Certification and/or VA Lender's Handbook.
 - Any allotments reflected on the LES or paystubs must be investigated to determine if the allotment has an affiliated debt.
 - In community property states, the spouse's debts and obligations must be considered even if the Veteran wishes to obtain the loan in his or her name only.
- **Recently Listed Properties**
 - VA IRRRL / Rate & Term – The subject property must not be currently listed for sale. It must be taken off the market on or before the application date.
 - Cash-Out Transaction – the listing must have been expired or been withdrawn 180 days prior to the application date.
- **Reserves**
 - SFR, reserves are not required
 - Verify assets to close
 - If using rental income from the subject 2-4 unit property, 6 months reserves required for multi-unit properties
 - Follow VA guidelines for all other reserve requirements.

- **Residual Income**
 - Residual Income is the Borrower's net effective income minus monthly shelter expenses
 - Residual Income must be in accordance with regional table and is a required calculation in addition to DTI
 - Net Effective Income is taken from Line 41 of VA Form 26-6393
 - Monthly Shelter Expense is taken from Line 21 of VA Form 26-6393
- **Sales Concessions**
 - Sales concessions cannot exceed 4% of the established reasonable value of the property (NOV)
 - Does not include normal discount points and payment of the buyer's closing costs.
- **Seasoned Loans**
 - All loan refinancing to VA must be seasoned a minimum of the greater of 210 days or 6 regular monthly payments from the NOTE date. A copy of the HUD or CD will be required to meet the minimum seasoning.
- **Secondary Financing**
 - VA Fixed: Allowed
- **State Restrictions**
 - Loans for properties in Hawaii are not eligible.
 - Texas 50 (a)(6) loans are not allowed.
- **Student Loans**
 - If the Veteran or other borrower provides written evidence that the student loan debt will be deferred at least 12 months beyond the date of closing, a monthly payment does not need to be considered.
 - If a student loan is in repayment or scheduled to begin within 12 months from the date of closing, you must consider the anticipated monthly obligation in the loan analysis and utilize the payment established below. Calculate each loan at a rate of 5% of the outstanding balance divided by 12 months (example: \$25,000 student loan balance x 5% = \$1,250 divided by 12 months = \$104.17 per month is the monthly payment for debt ratio purposes).
 - You must use the payment(s) reported on the credit report for each student loan(s) if the reported payment is greater than the threshold payment calculation above.
 - If the payment reported on the credit report is less than the threshold payment calculation above, the loan file must contain a statement from the student loan servicer that reflects the actual loan terms and payment information for each student loan(s). The statement(s) must be dated within 60 days of closing and may be an electronic copy from the student loan servicer's website or a printed statement provided by the servicer.
- **Tax Transcripts**
 - Tax transcripts are required for the most recent year of income submitted to the file. W2 transcripts are allowed for salaried Borrowers.
 - Generally, when the documentation used to verify income is from the same calendar period as the tax transcript, the information must match exactly. However, if the income documentation is from the current calendar year and transcript is from a prior year, there can be acceptable variances. If this variance exceeds 20%, document the rationale for using current income.
 - If tax transcripts are not available (due to a recent filing) a copy of the IRS notice showing "No record of return filed" is required along with documented acknowledgement receipt

(such as IRS officially stamped tax returns or evidence that the return was electronically received) from the IRS and the previous year's tax transcript.

- A 4506-T, signed at application and closing, is required for all transactions per AUS findings (except for IRRRLs).
- **Title Insurance**
 - Required
- **Transaction Types**
 - Purchase
 - VA IRRRL / Rate & Term of an existing non-VA loans
 - The veteran can receive up to \$500 due to changes in final payoff figures, minor computational errors, or reimbursement of out-of-pocket expense (i.e. credit report). It is not acceptable to calculate the loan amount with the intention of returning cash to the veteran.
 - Loan cannot close until the greater of 210 days or six regular monthly payments have passed from the date of the prior NOTE.
 - Cash-out Type I and Type II allowed
 - Loan cannot close until the greater of 210 days or six regular monthly payments have passed from the date of the prior NOTE.
 - No Construction to Perm Loans
 - No Energy Efficient Mortgage Loans
 - No Graduated Payment Mortgages
 - Restructured loans or short payoff refinances are not eligible.
 - NY CEMA transactions not allowed.
- **Verification of Rent or Mortgage – REFER only**
 - Provide a 24 month rental history directly from the landlord, through information shown on the credit report or cancelled checks.