

**WM VA Fixed, High Balance & IRRRL**

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## WM VA Fixed, High Balance & IRRRL

### LOAN PROGRAM DESCRIPTION:

- The Veterans Administration (VA) was established in 1930 when Congress authorized the President to “consolidate and coordinate government activities affecting war Veterans.” The Servicemen’s Readjustment Act of 1944 (known as “the G.I. Bill”) authorized the VA to administer a variety of benefit programs, including a home loan guaranty program, to facilitate the adjustment of returning Veterans to civilian life. The Department of Veterans Affairs (VA) was established as a Cabinet-level position on March 15, 1989.
- The underwriting information contained in this section is intended for use in conjunction with pamphlet 26-7 Guaranty of Insurance of Loans to Veterans – GI Loan Programs, located at <http://www.va.gov>.
- [VA Lender’s Handbook](#) and [VA Circulars](#).
- Wintrust Mortgage is herein referred to as WM.

### LOCK-IN/REGISTRATION:

Loans must be locked through the TPO Client Connect Portal.

Tips:

- Loan Type – VA
- Doc Type – Full Doc
- Amortization – 15, 20 & 30 years
- High Balance – 30 years

Loan Program Labels:

- WM\_VA\_15\_Fxd
- WM\_VA\_15\_Fxd\_IRRRL
- WM\_VA\_20\_Fxd
- WM\_VA\_30\_Fxd
- WM\_VA-30\_Fxd\_IRRRL
- WM\_VA\_30\_Fxd\_HB
- WM\_VA\_30\_Fxd\_HB\_IRRRL
- WM\_VA\_30\_Fxd\_1-0\_BUYDOWN
- WM\_VA\_30\_Fxd\_2-1\_BUYDOWN
- Note any loan amount greater than the general conforming loan limit is considered High Balance. (Ex. General conforming loan limit for 1 unit is \$484,350).

### MINIMUM MORTGAGE:

- None.

### MAXIMUM MORTGAGE:

- Refer to VA Lender’s Handbook .
- The VA guaranty plus cash/equity must be equal to at least 25% of the purchase price or Notification of Value (NOV), whichever is less, on purchases, new construction, and non-IRRRL refinances.
- The total loan amount (base plus funding fee) may not exceed \$1,500,000. All loans must be submitted in whole dollars. For High Balance VA loan program requirements, refer to the High Balance section of this guide.

### MAXIMUM LTV/CLTV:

- Max LTV/CLTV/HCLTV is 100% for a purchase, with the exception of the funding fee.
- Max LTV/CLTV/HCLTV is 100% for a cash out loan. Funding fee to be included in calculation.
- Max CLTV is 125% for a IRRRL loan.
  - VA rate/term refinances with LTV’s greater than 90% must have mortgage pay history with no 30 day or greater mortgage lates in the most recent six months for the subject property.

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**ADDITIONAL CONSIDERATIONS:**

- Refer to VA Lender’s Handbook.
- Correspondent Non-Delegated:
  - Maximum cash back on VA cash-out transactions is limited to \$100,000.
  - Installment debt can be omitted if less than 10 payments remain and the payment is less than 5% of the total qualifying income.
  - Non-medical collections totaling >\$2,000 must be paid in full, or we would need to document a payment arrangement is in place (include the payment in DTI) and verify 3 months payments, or include 5% of the collection balance to qualify.
- Test cases- Ineligible.

**AGE OF DOCUMENTS:**

- 120 days for existing property.
- 180 days for new construction.

**APPLICATION REQUIREMENTS:**

- A fully complete and signed IRS Form 4506-T must be signed and dated at application and at closing for each Borrower on the loan regardless of income source or employment, except on non-credit qualifying VA IRRRL transactions.
- **TAX RETURN TRANSCRIPTS:**
  - Tax Return Transcripts for at least one (1) year. If an AUS response requests more then additional transcripts are required. The Official Tax Return Transcript is required even if tax returns are NOT required for loan qualification.
    - No tax return transcripts are required when all income information used to decision the file is made up exclusively of wage earner income reported on a W2 and/or fixed income reported on a 1099 (e.g., social security or VA benefits), unless required by the AUS.
    - Seller to request and include the most recent years 1040 tax return transcripts for all other transaction, unless more required by the AUS.
- W-2 transcripts in lieu of actual W-2 forms from W-2 borrowers only – Not eligible if rental, self-employment or other sources of income/expense is known.

**APPRAISAL REQUIREMENTS:**

- VA Appraisal.
- VA requires Appraisers to include Fannie Mae’s Market Conditions Addendum, Form 1004MC, in all VA Appraisal reports.
- VA Approved/VA Fee panel Appraisers.
- LAPP – Notification of Value (NOV) to be issued by a WM VA Lender’s LAPP Approved Underwriter via The Appraisal System (TAS) at <https://vip.vba.va.gov> Or Certificate of Reasonable Value (CRV) issued by VA.
  - **Important: NOV must be issued within five (5) days of receipt of Appraisal.**

**ARM INDEX:**

- N/A

**ARM INITIAL INTEREST RATE CAPS:**

- N/A

**ARM INTEREST RATE CEILING:**

- N/A

**ARM INTEREST RATE FLOOR:**

- N/A

**ARM MARGIN:**

- N/A

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**ARM RATE ADJUSTMENT:**

- N/A

**BORROWERS ELIGIBLE:**

- Refer to VA Lender's Handbook

**BORROWERS INELIGIBLE:**

- Refer to VA Lender's Handbook
- Life Estates Ineligible
- Borrowers with diplomatic immunity

**BUYDOWNS:**

- 2/1
- 1/0

**CASH RESERVES:**

- Refer to VA Lender's Handbook

**CLOSING DOCUMENTS:**

- Please follow State/Federal Requirements.
- All Files sent to Investor Delivery located in Rosemont, IL, must have full Title Commitment. Short form policies cannot be used in lieu of the title commitment.
- Digital signatures allowed on closing packages.

**CO-BORROWERS(S):**

- Refer to VA Lender's Handbook

**CREDIT:**

- Minimum Credit Score 620.
- IRRRL:
  - Require that at least six consecutive monthly payments have been made on the existing loan.
  - Credit Report or Mortgage Only Report required.
  - Minimum FICO required is 620.
- Must use Representative Score. Representative Score is defined as the lowest middle score of all Borrowers.
- The methodology below must be used to determine each individual borrower's credit score (aka the "middle/lower" method).
  - If there are three valid Credit Scores for a Borrower, the middle score (numerical middle of the three scores) is used.
  - If there are three valid scores for a Borrower but two of the scores are the same, the duplicate score is used.
  - If there are two valid scores for a Borrower, the lower of the two scores is used.
  - If there is one valid score for a Borrower, that score is used.
- Loan Score Selection
  - After selecting the appropriate Credit Score for each Borrower, the Loan Score must be determined.
  - If there is more than one Borrower, the lowest selected Credit Score among all Borrowers is the Loan Score.
  - When there is only one Borrower, the selected Credit Score for that Borrower is also the Loan Score.
- VA credit standards apply.
- CAIVR System must be checked.

**DISCLOSURES:**

- Refer to VA Lender's Handbook.

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**DOCUMENTATION:**

- Refer to VA Lender’s Handbook
- Verbal VOE required 10 business days prior to Note Date, unless AUS findings state calendar days.
- 3<sup>rd</sup> party verification required for self-employed borrowers at least 30 days prior to note date.

**DOWN PAYMENT REQUIRED:**

- Refer to VA Lender’s Handbook

**DU/LP INFORMATION:**

- **ALL** loans must be run through Fannie Mae® Desktop Underwriter® (DU™) or Freddie Mac® Loan Prospector Advisor® (LPA™)

**ESCROW HOLDBACKS:**

- Exterior Weather related only.
- **Must obtain WM approval prior to closing.**

**ESCROW WAIVERS:**

- Not permitted

**GEOGRAPHICS RESTRICTIONS:**

- **Nevada** – Requires WM approval.
- **Florida** – Broward, Miami-Dade and Monroe county ineligible.
- **Texas** – 50(a)(6) not allowed.

**GIFTS:**

- Refer to VA Lender’s Handbook
- DPA’s not allowed.

**HIGH BALANCE OPTION**

- Refer to VA Lender’s Handbook
- Loan Amounts must meet VA published guidelines, requirements of this guide, and additional high balance requirements when **BASE** loan amount exceeds the dollar amount below:

For properties located in:	Number of units:	Maximum <b>BASE</b> mortgage amount exceeds:
48 continental States	1	\$484,350
	2	\$620,200
	3	\$749,650
	4	\$931,600
Alaska & Hawaii	1	\$726,525
	2	\$930,300
	3	\$1,124,475
	4	\$1,397,400

- If the base loan amount exceeds the applicable amount above, the following additional criteria must be met:
  - 30 year fixed rate mortgages
  - Nontraditional credit is not allowed
  - VA IRRRLs must follow non-High Balance VA IRRRL payment history requirements. Refer to the Refinance section for requirements.

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- Minimum Loan Score requirements:

Transaction	Base Loan Amount <sup>1</sup>	Minimum Loan Score
Purchase and Rate/Term, VA Other Refinance, including IRRRL	>\$484,350-\$700,000	620
	>\$700,000-\$1,000,000	620
	>\$1,000,000-\$1,500,000	700
Cash-Out Refinance	>\$484,350-\$700,000	640
	>\$700,000-\$1,000,000	660
	>\$1,000,000-\$1,500,000	700

- Total loan amounts >\$1,000,000 require a certified appraiser. Be sure to request a certified appraiser when requesting the appraiser assignment from VA.
- Standard VA LTV requirements apply. Max LTV = Max CLTV.
- Regardless of loan amount, the VA guaranty plus cash/equity must be equal to at least 25% of the purchase price or Notification of Value (NOV), whichever is less, on purchases and non-IRRRL refinances.

**INTEREST ONLY OPTION:**

- N/A

**LIMITATIONS ON REAL ESTATE OWNED:**

- Refer to VA Lender's Handbook

**MORTGAGE INSURANCE:**

- Refer to VA Lender's Handbook

**MORTGAGE INSURERS APPROVED:**

- N/A

**NEW CONSTRUCTION:**

- Refer to VA Lender's Handbook

## WM VA Fixed, High Balance & IRRRL

### NON-OCCUPYING BORROWER:

- Refer to VA Lender’s Handbook

### OCCUPANCY:

- Primary Residence
- Second Homes
- Investment Properties
  - Standard VA requirements apply, allowed on VA IRRRLs with certification of previous residency.
- Pending Sale of Current Primary Residence – Follow VA Lender’s Handbook as applicable.

### POWER OF ATTORNEY:

- Another individual may act on behalf of the borrower(s) at closing, if all of the following are met:
  - Proper POA forms are executed
  - POA is recorded in the jurisdiction where the Security Instrument was recorded
  - A power of attorney is acceptable on a refinance only if it specifically makes reference to the terms of the refinance transaction
  - Title Policy does not contain any exceptions based on the use of such power
  - POA allowed for loans with one (1) Borrower, except on cash-out refinances
    - Single borrower POA option cannot be used for both initial application and closing application on same transaction.
  - Refer to VA Lenders Handbook

### PREPAYMENT PENALTY:

- N/A

### PROPERTY TYPES ELIGIBLE:

- Refer to VA Lender’s Handbook
- 1-4 family detached
- Townhomes/PUDs:
- Condominiums
  - VA approved condominiums can be verified at [VA condo look up tool](#).
  - VA Condominium project approval requests will have to be submitted to the applicable VA Regional Loan Center for review.
- Modular Pre-Cut/Panelized Housing

### PROPERTY TYPES INELIGIBLE:

- Refer to VA Lender’s Handbook
- Agricultural Income Producing Properties.
- Loans secured by property subject to any new or subordinated obligation that utilizes the municipal tax assessment process or a utility company to ensure payment, including, but not limited to, Property Assessed Clean Energy (PACE) obligations
- Loans on properties that utilize an individual water purification system if:
  - Public water is not available; **and**
  - Individual water supplied in the area are served by an aquifer confirmed by the health department to be contaminated
  - These instances are not permitted due to the VA escrow requirements. Other circumstances when a water purification system is used are permitted by the VA.
- Unacceptable Title / Deed Restrictions (Marital Rights, Age Restricted Ownership, Reversion to Seller Clauses, Life Estates)
- Co-Ops.
- Partnership, limited partnership or corporate Shared Equity Loans.
- Condotels.
- Indian Leaseholds.
- Manufactured Homes.
- Properties that are exposed to the environmental hazard of sulfur-containing drywall.
- **Properties with Pit Privy Waste Disposal.**
- Test Cases

## WM VA Fixed, High Balance & IRRRL

### RATIOS:

- Max DTI of 55% with AUS approval/accept.
- Max DTI of 43% with Manual Underwrites.
  - Max DTI of 45% with 1.5x residual income. ([Calculation Worksheet](#))

### REFINANCES:

- Refer to VA Lender's Handbook
- All VA refinance transactions:
  - The Note date of the VA refinance loan (new loan) must be on or after the later of:
    - the date that is 210 days after the date on which the first monthly payment was made on the mortgage being refinanced (old loan), and
    - the date on which six full monthly payments have been made on the mortgage being refinanced (old loan).
- Cash-Out Refinance Loans (**Suspended – Contact your AE with any questions**)
  - The maximum LTV/CLTV allowed for cash-out transactions is 100%/100%.
- Properties Listed for Sale:
  - Follow VA guidelines (One (1) day off the market)
- IRRRL:
  - Regardless of who is servicing the loan, VA IRRRLs must payoff a VA loan that meets all off the following requirements:
    - Is current
    - Has been seasoned, or originated, at least six months prior to the new IRRRL closing date
    - The Veteran has not been more than 30 days past due during the six months preceding the new loan's closing date

### RELOCATION OR TRAILING CO-BORROWER:

- Refer to VA Lender's Handbook

### RIGHT OF OWNERSHIP:

- Refer to VA Lender's Handbook

### SALES CONCESSIONS:

- Refer to VA Lender's Handbook

### SUBORDINATE FINANCING:

- Refer to VA Lender's Handbook
- DPA's not allowed

### TITLE REQUIREMENTS:

- Refer to VA Lender's Handbook
- Short form policies are accepted and encouraged (Title Commitment still required)

### TITLE VESTING:

- Refer to VA Lender's Handbook.
- Irrevocable Living Trusts – Ineligible.
- LLC, Partnership, Limited Partnership or Corporate Ineligible.

### UNDERWRITING SUBMISSION PROCEDURE:

- Correspondents must have full VA authority to sell VA loans to WM
- Correspondent Non-Delegated refer to [Additional Consideration Section](#) for additional overlays.