

Purchase							
Occupancy	Min Credit Score	Max DTI Ratio	Max Loan Amount	Min Loan Amount	Max LTV	Max CLTV	Mortgage Rating
CONFORMING & HIGH BALANCE							
Primary Residence	620	PER AUS*	\$1,000,000	\$75,000	100%	100%	PER AUS**
	580	41%*					
Cash Out Refinance							
Occupancy	Min Credit Score	Max DTI Ratio	Max Loan Amount	Min Loan Amount	Max LTV	Max CLTV	Mortgage Rating
CONFORMING & HIGH BALANCE							
Primary Residence	620	PER AUS*	\$1,000,000	\$75,000	100%***	100%***	PER AUS**
	580	41%*			90%	90%	
*DTI may only exceed 41% with significant compensating factors. Additional restrictions apply to manually underwritten transactions. See DTI topic in Income & Assets section below for additional information.							
**Mortgages must remain current through the month prior to disbursement.							
***Cash out is limited to \$100,000 when LTV/CLTV is greater than 90%.							
General Eligibility							
Eligible Borrowers	Eligible veterans with available entitlement, and their spouse.						
Ineligible Borrowers	Any non-veteran, <b>borrowers with no credit score.</b>						
Ineligible	<b>Joint loans (non-spouse co-borrower), Temporary rate buy downs, escrow waivers, Energy Efficient Mortgages (EEM), Mortgage Credit Certificates (MCC),</b> non-owner occupancy.						
Net Tangible Benefit	Every non-IRRRL refinance must have a perceived benefit to the veteran.						
ARM	Only available for primary residence transactions, and must qualify at the note rate; 30 year term only.						
Loan Term	Maximum 30 years. Odd loan terms available down to 240 months for fixed rate transactions only.						
Subordinate Financing	<b>New subordinate financing not permitted,</b> existing subordinate financing may remain in place subject to applicable loan limits, and CLTV requirements. A copy of the subordination agreement, note, and deed for the secondary financing must be provided.						
Land Contracts	Transactions involving land contracts are not eligible.						
Living Trusts	A copy of the trust agreement or trust cert (if applicable) is required.						
Power of Attorney	Cannot be used on the initial 1003 or disclosures, and must have a signed LOE from the borrower regarding the use of a POA with exception for borrowers in active Military Service overseas.						
Vesting	The new loan should close in the same manner as existing loan on refinance transactions. Borrowers name on 1003, credit, and appraisal request should match the existing note unless there was a documented legal name change. No party other than the veteran, and spouse may hold title.						

E-signature	E-signatures acceptable. E-signature must be validated with some type of authentication, tracking, or independent verification. Copy and pasted PDF signatures are NOT acceptable. E-sign vendor must be on JMAC's approved list: <a href="https://jmac lending.app.box.com/s/999ut9v8rvmlhfmt7yqr">https://jmac lending.app.box.com/s/999ut9v8rvmlhfmt7yqr</a>
4506T	4506T authorization form required on all transactions. Transcripts are verified for all transactions. Borrower's with W2 income ONLY may process W2 transcripts provided that any commission income is less than 25% of the borrowers total effective income. If any other qualifying income is included; complete 1040 transcripts are required.
Occupancy	The veteran must certify that he or she intends to personally occupy the property as his or her home. As of the date of certification, the veteran must either personally live in the property as his or her home, or intend, upon completion of the loan and acquisition of the dwelling, to personally move into the property and use it as his or her home within a reasonable time. Certain exceptions apply for spousal or dependant occupancy when borrower is on active duty.
Non-Occupant Co-Borrower	Not permitted.
<b>Credit</b>	
Social Security #	SSN must be fully validated on income documents. Discrepancies require processing of SSA-89.
Credit Report	Full trimerge credit report is required. Non-borrowing spouse credit report is also required in community property states.
Credit History	<u>AUS:</u> Per AUS approval; any derogatory credit in the most recent 12 months must be explained. <u>Manual Underwriting:</u> An in depth review of the borrowers credit history will be completed by the SAR Underwriter. The loan must meet VA credit standards per Chapter 4 of the VA Handbook. For borrowers with a history of derogatory credit; they must have "Reestablished Credit" as defined by the VA.
Housing Rating	All mortgages must be rated either on the credit report, through direct verification from the servicer, or a VOM with canceled checks or bank statements. <u>Manual Underwriting:</u> 0x30x12 for manual underwriting. A VOR for the most recent 12 months is required for borrowers who are currently renting. Borrowers living rent free must obtain a letter from the owner of the residence indicating the rent free status of the borrower.
Payment Shock	<u>Purchase: Borrowers with 580-619 credit score &amp; Manual Underwriting:</u> Payment shock in excess of 100% is considered a significant risk factor, and must be analyzed by the underwriter to determine if the borrower is an acceptable credit risk. Excessive payment shock may be a factor for denial if the transaction contains other layered risks. <b><u>Cash Out: Borrowers with 580-619 credit score &amp; Manual Underwriting:</u></b> <b>Maximum 20% payment shock.</b>
Collections	The payoff of any collection is subject to the discretion of the SAR Underwriter based on the risk factors of the transaction, the amount of the collection (likelihood for potential lien), and the borrowers overall credit history. <u>AUS:</u> Collections with an active balance, or any collection satisfied within the most recent 12 months require a letter of explanation from the borrower. <u>Manual Underwriting:</u> There should be no new collections reporting in the most recent 12 months. Any collections older than 12 months with an active balance, or any collection satisfied in the most recent 12 months require a letter of explanation from the borrower, and documented extenuating circumstances.
Charge Offs	Charge offs are not required to be paid. <u>AUS:</u> Charge offs in the most recent 12 months will require a letter of explanation from the borrower. <u>Manual Underwriting:</u> There should be no charged off accounts in the most recent 12 months. Any charge offs in the most recent 12 months require a written letter of explanation from the borrower with documented extenuating circumstances.
Disputed Accounts	Disputed accounts are analyzed by the underwriter to determine if a valid dispute exists. Underwriter may require an LOE or documentation to support the basis of the dispute. <b>If accounts are disputed simply to inflate the borrowers credit score, they will be required to be removed, and credit rescored.</b>

Judgments & Liens	Judgments and Liens may remain outstanding if the borrower is in an established repayment plan with a history of timely payments (at least 6) prior to closing. Payments cannot be prepaid to meet the 6 month requirement. Otherwise they must be paid in full, and all funds used to satisfy the account must be sourced. Any lien on title must be subordinated to the new first mortgage if remaining in a repayment plan.
Government Debt	Borrowers cannot have any outstanding delinquent Federal Debt or Obligation, including any non-borrowing spouse.
IRS Debt	Borrowers who are in an established repayment plan with the IRS are not required to satisfy the outstanding balance provided that there is sufficient history of timely payments (at least 6) under the repayment plan prior to closing. If there is additional tax due for the most recent tax year, and the returns were filed within the most recent 6 months, the borrowers will be eligible provided that the installment agreement was established immediately after filing, and at least 1 payment has been made prior to the loan application, otherwise it must be paid in full.
Modifications	<u>Subject property</u> : <b>Eligible with 0x30 in the last 12 months, and no previous reduction in principal. Rate/Term refinance only. Modified mortgages not eligible for cash out for 2 years unless borrower can document that the servicer solicited the modification.</b> <u>Other REO</u> : Eligible, provided that the mortgage history meets requirements of 0x30 in last 12 months. If property is being retained, additional information may be required, and subject to underwriter review.
Foreclosure/Short Sale/Deed in Lieu	2 years from the date of title transfer due to foreclosure, short sale, or deed in lieu.
Bankruptcy	<u>AUS</u> : Chapter 7 & Chapter 13: 2 years from the date of discharge. <u>Manual Underwriting</u> : Chapter 7: 2 years from the date of discharge. Chapter 13: At least 12 payments must have been made under the BK plan. The borrower must obtain approval from the court to enter into a new mortgage, and the monthly payment for the BK plan must be considered in the DTI. All BK papers must be provided. Derogatory credit after a BK is not permitted.
Credit Counseling	If prior adverse credit exists, and borrower's are participating in a Consumer Credit Counseling plan; must document 12 months' satisfactory payments and the counseling agency must approve the borrower entering into a new mortgage.
Non-Traditional	<b>Non-traditional credit is not permitted. Borrowers must have at least 1 valid credit score.</b>
Deferred Obligations	Deferred obligations including student loans may be excluded when the payment is deferred for at least 12 months from closing. If a student loan is in repayment or scheduled to begin within 12 months of closing we must use the actual fully amortized payment, <u>or the greater of</u> : 1) the payment amount listed on credit, or 2) 5% of the outstanding balance divided by 12.
Payoff of Debt	Debts may be paid off in full to qualify. All installment payoffs require a payoff statement from the creditor. Revolving accounts do not have to be closed as a condition of approval <b>provided that the borrower qualifies with the payment of at least one of their major credit cards (AMEX, Visa, Mastercard).</b>
Layered Risk - Manual Underwriting	Manual underwriting is a comprehensive review of the overall transaction utilizing sound judgment, critical thinking, and requires justification for the final decision. All manual underwrites will be reviewed for adherence to guidelines, supporting documentation for explanations, as well as other factors that contribute to the overall risk of the loan. Such risk factors include, but are not limited to: payment shock, limited or no savings, lack of housing history, NSF activity, high DTI, low residual income, job gaps or frequent job changes with no apparent advancement, etc. If multiple risk factors exist, the loan may be subject to denial for layered risk.
<b>Income &amp; Assets</b>	
Income	Full income documentation is required. Salaried borrowers require 30 days worth of the borrower's most recent paystub with YTD earnings, and W2s for the most recent 2 years. Verbal verification also required within 10 days of the note. Self Employed, commissioned, and borrower's with rental income require 2 most recent years federal tax returns. Documentation waivers not permitted.
Self Employment	Borrowers with 25% or greater ownership interest in a business must provide personal, and business tax returns for the most recent 2 years. A profit & loss, and balance sheet are required when more than a calendar quarter has elapsed since the last tax filing. <u>Manual Underwriting</u> : A business credit report is required unless income is claimed on Schedule C.

Verification of Employment	Verbal re-verification of employment required for all wage earners within 10 days of the note. Self employed borrowers must be verified by an acceptable third party. 411.com, Manta, Chamber of Commerce, or other website where business owners add their own information are not acceptable sources of verification.
Rental Income	Rental income may be considered at 75% of actual rents (existing construction) or market rent (proposed/new construction). The veteran must have a documented prior experience managing rental properties, or similar property management background. Use of rental income requires reserves (refer to Asset section below). Rental income from a property being vacated by the veteran can only be used to offset the mortgage payment, and may not be used as effective income.
Non-Taxable Income	Non-taxable income may be grossed up at the borrowers actual tax rate, not to exceed 125%.
Residual Income	Residual income meeting VA requirements is required. The amount of any "gross up" may not be included in the residual income calculation.
DTI	<u>Credit Score 580 - 619, &amp; Manual Underwriting (regardless of score):</u> can exceed 41% only with significant documented compensating factors, but <b>not to exceed 50%</b> . Refer to the VA Lenders Handbook, Chapter 4.10.d for list of acceptable compensating factors. <u>Credit Scores &gt;= 620:</u> DTI acceptable per AUS, and must document compensating factors. <b>Any DTI with AUS Exceeding 60% DTI requires corporate approval and cannot have layered risks.</b> Borrower must have 120% of the VA residual income requirement when DTI exceeds 41% regardless of credit score, or AUS findings.
Assets	Funds to close must be documented. Two months bank statements are required, and all funds must be sourced/seasoned. Deposits that are inconsistent with the borrowers typical transactions must be sourced.
Joint Accounts	Access letter for all joint accounts where any account holder is not a borrower on the loan.
Unacceptable Assets	Cash for which the source cannot be verified, funds from any party to the transaction other than eligible gift donors, unsecured borrowed funds.
Gift Funds	Permitted; must be fully documented. Cannot be used for reserves. Donors bank statement always required. Funds cannot come from an unallowable source, cash is not an acceptable source of gift funds. Gifts of equity are not permitted.
Reserves	6 months (PITI) for 2-4 unit subject property where rental income is being used to qualify. 3 months (PITI) when rental income from other REO is being used.
VOD	VOD's are not acceptable as a standalone asset verification. At least one month bank statement must be provided in conjunction with a VOD.
Business Funds	<b>CPA letter indicating the use of business assets will not materially affect the daily business operation. Borrower must have 100% ownership interest in the business.</b>
Concessions	Seller concessions for typical closing costs are not limited by the VA. Concessions such as payment of the VA Funding Fee, prepayment of buyers property taxes, and insurance, gifts of personal property, payoff of veterans obligations, etc are permitted, but limited to 4% of the appraised value.
Down Payment Assistance	<b>Not permitted.</b>
<b>Collateral</b>	
Eligible Properties	Condos within a VA Approved project, PUDs, SFR, 2-4 Units
Ineligible Properties	<b>Condos without a current and valid VA project approval, or with pending litigation; leasehold properties, manufactured</b> or mobile homes, Co-Ops, commercial or industrial properties, <b>unique or irregular properties (dome/log/etc.),</b> working farms, marijuana producing properties, <b>properties secured by Community Land Trusts, or properties located on Indian Reservations or Tribal Lands.</b>
Land Subsidence	<b>Properties with evidence of land subsidence (sinkholes, or equivalent activity) are ineligible.</b>
Lava Zones	<b>Lava Zones 1 &amp; 2 are ineligible.</b>

Hazard Insurance	Hazard insurance coverage (dwelling limit plus any extended replacement) must be sufficient to cover the "estimated cost new" on appraisal. Condo's and attached PUD's must provide master policy, and evidence of "walls-in" coverage, otherwise a separate HO-6 policy is required.
Defective Paint	Properties with defective paint surfaces built prior to 1978 require correction by an EPA certified contractor. A copy of the contractors EPA certification is required. If homeowner will be completing the repairs, a letter from the homeowner is required stating that they completed all the work.
Leased Equipment	Any type of lease or financing agreement must be reviewed by the underwriter for acceptance. The agreements cannot contain ANY restrictions on conveyance, or hinder VA's first lien position. Payments must be included in DTI. Leased equipment may not be valued in the appraisal.
PACE	Properties encumbered by a Property Assessed Clean Energy (PACE) obligation are eligible provided that all requirements on the JMAC Lending PACE Requirements Checklist are met.
Deed Restrictions	Properties subject to deed restrictions, or any type of restriction on conveyance other than FHA acceptable age restricted communities (55+), are not eligible for VA financing.
Repair Escrow/ Holdbacks	<b>Not permitted.</b>
<b>Transaction Specific</b>	
Purchases	Seller must be owner of record.
All Refinances	At least one borrower on the application must hold title at the time of application. There must be an existing lien on the subject.
Cash Out	Properties listed for sale are not eligible for cash out. Property must be off the market for at least 6 months prior to the loan application, and borrower must provide an explanation for decision to retain property, and use of cash out. The existing mortgage must have at least 6 payments made beginning with the first payment due date, and the first payment due date of the new loan must be at least 210 days after the first payment due date of the existing loan.
Calculating CLTV	For closed end seconds, the remaining current balance must be used. For open ended seconds (HELOCs), the maximum accessible credit limit must be used to calculate the CLTV.
Texas	If prelim indicates any prior Texas 50(a)(6) refinances, property is ineligible for refinance. Cash out not permitted in Texas, borrower may not receive ANY funds back at closing (not even \$0.01). Any existing secondary financing must be subordinated with a recorded subordination agreement (automatic subordination not permitted).

Funding Fee Tables & Entitlement Codes					
Purchase				All Transactions	
Type of Veteran	Downpayment	% for First Time Use	% for Subsequent Use	Entitlement Code	Description
Regular Military	None	2.15%	3.30%	1	World War II
	5% or More	1.50%	1.50%	2	Korean War
	10% or More	1.25%	1.25%	3	Post-Korean
Reserves/National Guard	None	2.40%	3.30%	4	Vietnam War
	5% or More	1.75%	1.75%	5	Entitlement Restored
	10% or More	1.50%	1.50%	6	Un-remarried Surviving Spouse
Cash Out Refinance				7	Spouse of POW/MIA
Regular Military	N/A	2.15%	3.30%	8	Post World War II
Reserves/Nat'l Guard	N/A	2.40%	3.30%	9	Post-Vietnam
				10	Gulf War
				11	Selected Reserves