



VA Product Profile

Overlays to VA are Underlined.

Overlays indicated as Non-Del are specific to Non-Delegated loans.

Maximum LTV/CLTV and FICO Requirements			
Purchase		Cash-Out Refinance	
Max LTV* / <u>CLTV*</u>	Min FICO**	Max LTV / <u>CLTV</u>	Min FICO**
100%	580***	<u>90%</u>	<u>580***</u>
		<u>100%</u>	<u>See Cash Out Section</u>
<p><i>*Exclusive of Financed VA Guaranty Funding Fees</i></p> <p><i>**See the Underwriting Section for other FICO requirements for manual underwrites</i></p> <p><i>***See Underwriting Method for credit scores between 580-639. High Balance minimum 620</i></p>			
Maximum Guaranty			
The Maximum Guaranty, when the Veteran has full entitlement, is shown in the table below:			
Loan Amount	Maximum Potential Guaranty		
Up to \$45,000	50% of the loan amount		
\$45,001 to \$56,250	\$12,500		
\$56,251 to \$144,000	40% of the loan amount, with a maximum of \$36,000		
Greater than \$144,001	25% of the loan amount		
<p><i>The percentage and amount of guaranty is based on the loan amount including the funding fee portion when the fee is paid from loan proceeds.</i></p>			
Ability To Repay and Qualified Mortgage Rule			
<ul style="list-style-type: none"> For loans subject to the ATR/GM rule, Windsor Mortgage Solutions will only purchase loans that comply with ATR/QM requirements. <ul style="list-style-type: none"> Note: Investment properties which are for business purposes (borrower does not intend to be greater than 14 days in the year) are exempt from ATR/QM; however, such loans must meet agency eligibility requirements and are subject to the applicable points and fees threshold. Correspondents are responsible for providing evidence of compliance with the ATR/QM rules. Clear itemization of fees and application of all credits that indicate paid by/to will be required on all loans. See Seller Guide section "Ability to Repay and Qualified Mortgage Rule" under "Delivery Procedures" for more details. 			
Age of Docs			
<ul style="list-style-type: none"> 120 days for existing construction from the date the note is signed. 180 for new construction. <u>Preliminary Title Policies must be no more than 90 days old on the date the note is signed.</u> 			

Appraisals

- All appraisals must be ordered through VA WebLGY, which will assign the order to a VA approved Appraiser.
- All loan files must have a COE in “Active or Pending” status prior to ordering an appraisal through WebLGY.
- 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 short validity period.
- No new Appraisal can be requested on a property which already has a valid VA value determination (No duplicate appraisals)
- Properties with unpermitted secondary kitchens may be eligible if:
 - It is common for the area,
 - No negative impact on marketability, and
 - Appraiser comments on quality of construction, any health/safety issues, any soundness issues, which must meet VA requirements.
- Properties must meet VA Minimum Property Requirements (MPRs)
- Room additions and enclosures of garages and carports into the living area should be included in the GLA if the added space is:
 - Accessible from the interior of the main dwelling in a functional manner,
 - Has a permanent and sufficient heat source, and
 - Is similar in design, quality of construction and appeal to the main dwelling.
- Added space that does not meet the criteria listed above must be valued separately from the GLA on the market data grid. The appraiser must consider the effect on marketability of an inferior addition or conversion when arriving at the line item adjustment for the added space. When selecting and analyzing comparable sales, the appraiser should consider the differences in quality and utility of room additions and converted sales, the appraiser should consider the differences in quality and utility of room additions and converted spaces when compared with originally constructed space.
- Properties with evidence of commercial production of marijuana, including but not limited to grow rooms, or hydroponic equipment, are ineligible.

Assets

- Asset documentation to meet VA Handbook guidelines.
- Large Deposits 1% of the sales price or higher to be sourced.

AUS/Manual Underwriting

- Loans can be submitted and approved through DU or LP.
- Manual underwriting on non IRRRL transactions are permitted under the following conditions:
 - Minimum Credit Score: 580 All borrowers must have a score
 - Minimum Credit Score: 620 when one borrower has NO Score.
 - Three non-traditional credit providers required for borrower with no score. Follow 4000.1 for acceptable types of non-traditional credit
 - Gift Funds NOT allowed when one borrower doesn't have a credit score
 - 24 month housing history required. Follow VA guidelines for late payments. If borrower is living rent free, need LOX signed by borrower and owner of house plus county documentation supporting owner owns house.
 - Maximum DTI of 41% or 50% with 120% Residual income
 - Loan must comply with all VA requirements for manual underwriting
 - Include a copy of the AUS Refer/Eligible in the loan file
- 580-619 Credit Score (Approve/ Eligible)
 - DTI max – 55.00%
 - 12 months VOM/VOR required showing no lates. If borrower is living rent free, need LOX signed by borrower and owner of house plus county documentation supporting owner owns house.

Borrowers

- Must be a veteran with eligibility documented with a Certificate of Eligibility (COE). COE also indicates the Veteran's Entitlement.
- Resident Alien permitted as long as primary borrower is a veteran.
- Joint loans – Certain joint loans are allowed
 - Both borrowers must be veterans
 - Both borrowers must have the same funding fee factor
 - Both borrowers must occupy residence
 - Both borrowers must use entitlement
- A loan involving a veteran and his or her spouse will not be treated as a "joint loan" if the spouse:
 - Is not a veteran, or
 - Is a veteran who will not be using his or her entitlement on the loan.
 - Occupant borrower and non-occupant borrower must share a relationship that meets the requirements for an eligible gift donor under FHA guidelines.

Cash Out: Type I

- Type I cash out is a refinancing loan in which the loan amount (including VA funding fee) does not exceed the payoff amount of the loan being refinanced.
- Max 100% LTV, including financed funding fee. ***Please reference overlays for >90% below
- The refinancing loan satisfied at least one of the following eight Net Tangible Benefit:
 - The new loan eliminates monthly mortgage insurance, whether public or private, or monthly guaranty insurance
 - The term of the new loan is shorter than the term of the loan being refinanced
 - The interest rate on the new loan is lower than the interest rate on the loan being refinanced
 - The P&I payment on the loan being refinanced
 - The new loan results in an increase in the borrower's monthly residual income
 - The new loan refinances an interim loan to construct, alter, or repair the home
 - The new loan amount is equal to or less than 90 percent of the reasonable value of the home, or
 - The new loan refinances an adjustable-rate loan to a fixed rate loan
- Rate Reduction required:
 - Fixed to Fixed: Minimum reduction of 0.5%
 - Fixed to ARM: Minimum reduction of 2%
- Comparison of key loan characteristics or terms for existing and refinancing loan is provided to the borrower including:
 - Refinancing loan amount vs. the payoff amount of the loan being refinanced.
 - Loan type (i.e., fixed, adjustable) of the refinancing loan vs. the loan being refinanced.
 - Interest rate of the refinancing loan vs. the loan being refinanced.
 - Loan term of the refinancing loan vs. the loan being refinanced.
 - The total the Veteran will have paid after making all payments (principal and interest), and mortgage insurance, as scheduled, for both the refinancing loan and the loan being refinanced.
 - LTV of the refinancing loan vs. loan being refinanced
 - An estimate of the home equity being removed from the home as a result of the refinance and explain how the removal of home equity may affect the Veteran.
- The recoupment period of all fees, closing costs, expenses (other than taxes, escrow, insurance, and like assessments), and incurred costs must not exceed 36 months from the date of loan closing.
- Loan seasoning is met, see Seasoning section.

Cash Out: Type II

- Max 100% LTV, including financed funding fee. ***Please reference overlays for >90% below
- The refinancing loan satisfied at least one of the following eight Net Tangible Benefit:
 - The new loan eliminates monthly mortgage insurance, whether public or private, or monthly guaranty
 - The term of the new loan is shorter than the term of the loan being refinanced
 - The interest rate on the new loan is lower than the interest rate on the loan being refinanced
 - The P&I payment on the loan is lower than the interest rate on the loan being refinanced
 - The new loan results in an increase in the borrower's monthly residual income
 - The new loan refinances an interim loan to construct, alter, or repair the home
 - The new loan amount is equal to or less than 90 percent of the reasonable value of the home, or
 - The new loan refinances an adjustable-rate loan to a fixed rate loan
- Comparison of key loan characteristics or terms for existing and refinancing loan is provided to the borrower including:
 - Refinancing loan amount vs. the payoff amount of the loan being refinanced.
 - Loan type (i.e., fixed, adjustable) of the refinancing loan vs. the loan being refinanced.
 - Interest rate of the refinancing loan vs. the loan being refinanced.
 - Loan term of the refinancing loan vs. the loan being refinanced.
 - The total the Veteran will have paid after making all payments (principal and interest), and mortgage insurance, as scheduled, for both the refinancing loan and the loan being refinanced.
 - LTV of the refinancing loan vs. loan being refinanced
 - An estimate of the home equity being removed from the home as a result of the refinance and explain how the removal of home equity may affect the Veteran..
- Loan seasoning is met, see Seasoning section.

VA Cash-Out >90%-100% Overlay

- Acceptable Eligible AUS Findings
- 30 year Term
- No Leaseholds or Manufactured
- All borrowers must have 2 valid CBR Scores
- 640 Credit up to \$822,675
- 680 Credit \$822,675-\$1,500,000

Condominiums

- Condos must be approved by VA. The approved condo list is available at <https://vip.va.gov/portal/VBAH/Home> under "Featured items" in "Condo Reports".
- Air condos that do not have a homeowners association are not eligible for VA approval
- Condo-hotels properties are not eligible for VA approval

Manufactured Homes

- 640 Minimum Credit
- 50% DTI
- Accept eligible – no manual underwrites
- 700 SQ FT Double or Triple Wide
- No leasehold or condo Projects
- Engineer Certificate Required

Credit

- 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
- The credit of a spouse who will not be contractually obligated on the loan does not need to be considered, except:
 - If the applicant is relying on alimony, child support, or maintenance payments from the spouse (or former spouse), or
 - In community property states, whether or not the spouse will be personally liable on the note.
 - See Lender's Handbook Ch 4, 7-c for complete details.
- Installment debt must be paid in full to be excluded. Borrowers may not pay down installment debts to less than 10 months to exclude the debt for qualifying

Credit (Derogatory)

- Chapter 7 BK
 - 2 years seasoning with additional requirements
 - 1-2 years seasoning requires:
 - 2 trade lines re-established with satisfactory credit history (0x30x12)
 - BK must be due to a documented extenuating circumstance
 - Divorce is not an extenuating circumstance
 - Less than 12 months seasoning is not allowed
- Chapter 13 BK
 - 12 months under payment plan with BK judge approval OR plan is completed
- Deed in lieu or Short Sale develop complete information on the facts and circumstances in which the borrowers voluntarily surrendered the property. If the borrower's payment history on the property was not affected before the short sale or deed in lieu and was voluntarily communicating with the servicer or holder, then a waiting period from the date transfer of the property may not be necessary.
- Foreclosure
 - 2 years seasoning with no additional requirements
 - 1-2 years seasoning requires
 - 2 trade lines re-established with satisfactory credit history (0x30x12)
 - Foreclosure must be due to a documented extenuating circumstance. Divorce is not an extenuating circumstance
- If a foreclosure, deed in lieu, or short sale process is in conjunction with a bankruptcy or transfer of title, the lender should contact the RLC of jurisdiction for guidance.
- All judgments must be paid in full or subject to a repayment plan with a history of timely payments.
- All judgments must be paid in full or subject to a repayment plan with a history of timely payments.
 - History of timely payments is generally considered as making 12 payments.

Disaster Policy

- Windsor Mortgage Solutions may require a post-disaster inspection when the appraisal occurred before the incident end date of the disaster. See Windsor disaster policy located in the Seller's Guide for full details.

Documentation Type

- Determined by AUS
- Income or assets derived from the production or sale of marijuana are ineligible for qualifying.
- Down payment assistance is acceptable.
- If in the form of secondary financing, the second must meet VA's requirements in Chapter 9 section 4 of the Lender's Handbook, including:
 - May not put the veteran in substantially worse position than if the entire amount borrowed has been guaranteed by VA
 - May not be used to cover any portion of a down payment required by VA to cover the excess of the purchase

DTI

- Any allotments reflected on the LES (Leave and Earnings Statement) 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.
- Maximum DTI per AUS approval. For manually underwritten loans, see Underwriting Method section below

Eligible Mortgage Products

- Fixed Rate: 10,15, 20, 23, and 30 year terms. High Balance allowed on all terms.
- Loans for Alterations and Repairs or Single Close Construction-to-Perm are ineligible.
- No energy Efficient Mortgage Loans
- No Graduated Payment Mortgages
- Two-time close construction to perm refinances are eligible up to 100% LTV

Escrow / Impounds

An impound account for collection of taxes and insurance (or additional escrow items) is required.

Escrow Holdbacks

- Escrow holdbacks are allowed in accordance with VA guidelines, including but not limited to:
 - A post funding stipulation for a copy of a 1004D confirming completion will be placed on loans where the appraisal is "subject to" improvements.
 - A post funding stipulation for a final title policy endorsement that ensures the priority of the first lien will be required on any loan where the appraisal is "subject to" improvements
 - A copy of the escrow agreement (VA FORM 26-1849 on VA loans) will be required that states how the escrow account will be managed and how the funds will be disbursed.

Exclusionary Lists

All borrowers must be screened by CAIVRS to determine there have been no late payments on Federal debt obligations.

Employment/Income

- Active Military income must be documented with an LES
- Provide an acceptable VVOE for all borrowers that are a source of repayment.
 - The verbal VOE must be obtained within 10 business days prior to the note date for employment, and within 120 calendar days prior to the note date for self-employment.
- Mortgage Credit Certificates (MCCs) issued by state and local governments may qualify a borrower for a federal tax credit. The Federal tax credit is based on a certain percentage of the borrower's mortgage interest payment. Lenders must provide a copy of the MCC to VA with the loan package which indicates:
 - The percentage to be used to calculate the tax credit
 - The amount of the certified indebtedness. The certified indebtedness can be compromised of a loan incurred by the veteran to acquire a principal residence or a qualified home improvement
 - If the percentage on the MCC is more than 20 percent, there is an annual limit on the tax credit equal to the lesser of \$2,000 or the borrower's maximum liability. Calculate the tax credit by applying the specified percentage to the interest paid on the certified indebtedness. Then, apply the annual limit.
- Example: The MCC shows a 30-percent rate and \$100,000 certified indebtedness. The borrower will pay approximately \$8,000 in annual mortgage interest. Borrower's estimated total Federal income tax liability is \$9,000. Calculate the tax credit as follows:
 - 30 percent of \$8,000 = \$2,400
 - Apply the annual \$2,000 limit
 - The tax credit will be \$2,000
 - Use of \$167 (one-twelfth of \$2,000) in the monthly analysis
 - Note: If the mortgage on which the borrower pays interest is greater than the amount of certified indebtedness, limit the interest used in the tax credit calculation to that portion attributable to the certified indebtedness.
- Housing Choice voucher Homeownership Program income (commonly known as Section 8 for homeowners) paid via Housing Assistance Payments (HAPs) are an acceptable source of income. However due to operational constraints, transactions involving HAPs paid directly to the Servicer are ineligible for purchase by Windsor. Transactions with HAPs paid directly to the borrower continue to remain eligible for purchase.

Entitlement

- 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.
- VA loans must conform to GNMA secondary market guidelines which include the minimum 25% coverage requirement. Coverage is a combination of VA provided entitlement plus cash down payment/equity.
- The COE will never reflect any additional specific entitlement amount over \$36,000 for loans greater than \$144,000, but will reflect "Available*"
- For loans closed after January 1, 2020, Freddie Mac CLLs are no longer a factor for Veterans with full entitlement. For Veterans with full entitlement, the maximum amount of guaranty for a loan above \$144,000 is 25 percent of the loan amount, regardless of the Freddie Mac CLL.
- For Veterans who have previously used entitlement, and such entitlement has not been restored, the maximum amount of guaranty is the lesser of 25% of the loan amount OR the maximum amount of guaranty entitlement available. The maximum amount of guaranty entitlement is 25 percent of the Freddie CLLs.

Funding Fees

- The Funding Fee may be financed in the loan.
- The following Veterans are exempt from paying the funding fee:
 - Veterans receiving VA compensation for service-connected disabilities
 - Veterans who would be entitled 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 entitled 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 spouses are veterans with their own entitlement and whether or not they are using their own entitlement on the loan.
 - The surviving spouse must be in receipt of Dependency and Indemnity Compensation (DIC) before the loan closing takes place
 - Members of the armed forces who are serving on active duty and provide, on or before the date of loan closing, certificate or military orders of having been awarded the Purple Heart.

High Cost / High Priced

- Windsor will not purchase High Cost Loans
- Higher Priced Mortgage Loans (HPML) transactions are eligible for purchase. HPML guidelines require:
 - Establishment of an escrow account for taxes and insurance premiums on any transaction secured by a principal residence.
 - Must meet all applicable state and/or federal compliance requirements.
 - A prohibition on ARM loans

Loan Limits

- Freddie Mac Conforming Loan Limits (CLL)
- Minimum loan amount \$50,000
- Maximum base loan amount (Approve/Eligible ONLY and No Manufactured Homes)
 - From \$1,000,000 - \$1,499,999 requires minimum 680 credit score. Max DTI 55.00%
 - From 1,500,000 - \$2,000,000 requires minimum 700 credit score. Max DTI 45.00%

Loan Purpose

- Purchase
- VA IRRRL
 - See IRRRL Product Profile
- Rate & Term – payoff of an existing non-VA loan (and purchase money second, if applicable)
 - Disbursed cash out to the Borrower cannot exceed \$0
 - See Seasoning for requirements on age of loan being paid off
 - This is a classification for pricing purposes only. See Cash-out: Type I and Cash Out: Type II Sections for additional requirements on Type I and Type II refinances, applicable to all VA full doc refinances.
- Cash Out
 - There must be an existing lien against the property per VA requirements.
 - See Seasoning for requirements on age of loan being paid off
 - See Cash out: Type I and Cash Out: Type II Sections for additional requirements on Type I and Type II refinances, applicable to all VA full doc refinances.

Loan Purpose: Ineligible Transactions

- Intra-family purchases as a means obtain cash-out for the seller while avoiding cash-out qualifications and pricing are not eligible transactions. These types of transactions may seem to meet Agency guidelines, they are not bonafide purchase transactions and therefore not eligible for purchase by Windsor. Unacceptable transactions of this type may have some or all of the following characteristics:
 - Gift of equity from the seller
 - Large amounts of seller credits
 - Family member remaining in the home and on title after the “purchase”
 - Seller unable to qualify for a cash-out transaction of their own.

Occupancy

- Owner-occupied only
- Second Homes not allowed
- Investment Properties not allowed

Property: Eligible Types

- PUDs
- 2-4 Units
- Manufactured Homes *see manufactured homes section
- Condominiums
- Single Family Attached/Detached

Property: Ineligible Types

- In addition to the ineligible property types identified in VA Lender’s Handbook, the following property types are in eligible:
 - Cooperatives
 - Condotels
 - Hotel Condominiums
 - Timeshares
 - Geodesic Domes
 - Working Farms and Ranches
 - 2-4 Unit properties in New Jersey
 - Unimproved Land and property currently in litigation
 - Properties located in Lava Zone 1 or 2
 - Commercial Enterprises (e.g. Bed and Breakfast, Boarding House, Hotel)

Property: Maximum Number of Financed

No limit

Qualifying

Fixed rate qualify at the Note rate

Recently Listed Properties

- Rate & Term: The listing must have been expired or been withdrawn on or before the application date.
- Note: If the property was listed in the prior 30 days to the application date, the Early EPO provision will be extended to one year.
- 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 lose
- When rental income is used, including to offset the mortgage payment, provide at least three months mortgage payments covering each rental property's PITI (principal, interest, taxes, and insurance).
 - Reserves are required on a per property basis
- If using rental income from the subject 2-4 unit property, 6 months reserves required for multi-unit properties.
- Gift funds, cash-out proceeds may not be used for reserves. Reserves must be in the borrower's account prior to close.

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
- When DTI exceeds 41%:
 - Include a statement justifying the reasons for approval, signed by the underwriter's supervisor, unless residual income exceeds the guideline by at least 20 percent.
 - The statement must include the reason(s) for approving the loan and list the compensating factors.

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.

Seasoning

- Seasoning is applicable to all VA refinances (IRRRL and non-IRRRL) regardless of the type of loan paid off through the transaction.
- The new note date must be on or after the later of:
 - The date that is 210 days after the date on which the first monthly payment was **due** on the mortgage being refinanced
 - The date on which 6 full monthly payments have been **made** on the mortgage being refinanced

State Restrictions

- Texas 50 (a)(6) are not allowed
- 2-4 Unit properties in New Jersey are not allowed

Title Insurance

Required

Temporary Buydown

Allowed subject to the following:

- Max total interest rate reduction of 2%, max increase per year of 1% (2/1 Buydown only)
- Maximum 2 year to reach standard Note Rate
- Minimum 640 FICO
- AUS approve/eligible
- Primary purchases only
- Manufactured homes ineligible
- Fixed rate 30-year term
- Borrower or lender funded buydown accounts are ineligible, must be seller funded
- Must meet all other applicable FHA or VA requirements, including but not limited to qualification, documentation of buydown, and funding of buydown.

Transcripts

- Tax transcripts are required for all loans when Tax Returns are needed to qualify.
- When tax transcripts are provided, they must support the income used to qualify.
- A properly executed 4506-T is required for all transactions
- If tax transcripts are not available (due to a recent filing for the current year) a copy of the IRS notice showing “No record of return filed” is required along with documented acknowledgment receipt (such as IRS stamped tax returns or evidence that the return was electronically received) from the IRS and transcripts from the previous year. (Exception basis)

For guidance not addressed in this Product Profile, Refer to the VA Selling Guide posted in AllRegs or direct at:

http://www.benefits.va.gov/warms/pam26_7.asp

Windsor does not discriminate in any aspect of a credit transaction on the basis of sex, gender identity or expression, sexual orientation, marital status, familial status, race, color, ethnicity, religion, national origin, age, handicap or disability status, income derived from public assistance, military status or the good faith exercise of rights under the Consumer Credit Protection Act.