



## VA FULLY AMORTIZING FIXED & JUMBO PROGRAM

PROGRAM SPECIFICATIONS	
<b>Description</b>	A mortgage loan program established by the United States Department of Veterans Affairs to help veterans and their families obtain home financing.
<b>Channels</b>	<ul style="list-style-type: none"> <li>• Broker</li> <li>• Correspondent               <ul style="list-style-type: none"> <li>○ Table Funded</li> <li>○ Non-Delegated (UW)</li> <li>○ Delegated (UW)</li> </ul> </li> </ul>
<b>FICO</b>	<ul style="list-style-type: none"> <li>• Standard - 620 minimum qualifying credit score for all qualifying Borrowers.</li> <li>• Jumbo - 640 minimum qualifying credit score for all qualifying Borrowers.</li> </ul> <p><b>Reminders:</b></p> <ul style="list-style-type: none"> <li>• 620-659: A minimum of 2 qualifying credit scores are required for all qualifying borrowers. Use the middle score if 3 credit scores or the lower of the two if 2 credit scores.</li> <li>• 660+: A minimum of 1 qualifying credit score is required for all required borrowers.</li> <li>• Lowest representative score from all borrowers will be used for qualification purposes.</li> </ul>
<b>UW Method</b>	<ul style="list-style-type: none"> <li>• Desktop Underwriter (DU)</li> <li>• Loan Prospector (LP)</li> </ul>
<b>AUS Recommendation</b>	<ul style="list-style-type: none"> <li>• Approve/Eligible – DU</li> <li>• Refer/Eligible - DU</li> <li>• Accept – LP</li> <li>• Refer - LP</li> </ul>
<b>Eligible Terms</b>	<ul style="list-style-type: none"> <li>• 10Yr., 15Yr., 20Yr., 25Yr., 30Yr. Fixed</li> <li>• ARMs not permitted</li> </ul>
<b>Eligible Transaction Types</b>	<ul style="list-style-type: none"> <li>• Purchase</li> <li>• Type I and II Cash-Out               <ul style="list-style-type: none"> <li>○ Max LTV 90%</li> </ul> </li> <li>• Jumbo               <ul style="list-style-type: none"> <li>○ Purchase only</li> </ul> </li> <li>• IRRRLs (see VA IRRRL Matrix)</li> <li>• Construction-to Permanent (OTC) (See VA OTC Matrix)</li> <li>• Renovation (See VA Renovation Matrix)</li> </ul>
<b>Eligible Property Types</b>	<ul style="list-style-type: none"> <li>• 1-2 Unit Primary Residences</li> <li>• <a href="#">VA Approved Condominiums</a></li> <li>• PUDs</li> <li>• Manufactured Housing               <ul style="list-style-type: none"> <li>○ Singlewide &amp; Multiwide</li> </ul> </li> </ul>
<b>Cash-Out</b>	<ul style="list-style-type: none"> <li>• Type I: A refinance loan in which the loan amount does not exceed the payoff amount of the loan being refinanced.               <ul style="list-style-type: none"> <li>○ If, refinancing a VA-guaranteed home loan from a fixed to fixed rate there must be a .5% reduction in interest rate and;</li> <li>○ Recoupment of all fees, expenses, and closing costs must be recouped within 36 months                   <ul style="list-style-type: none"> <li>▪ Total cost / Savings in P&amp;I payment</li> </ul> </li> </ul> </li> <li>• Type II: A refinance loan in which the loan amount exceeds the payoff amount of the loan being refinanced.</li> <li>• <b>All</b> Cash-out refinancing loans must satisfy at least one of the following Net Tangible Benefits:               <ul style="list-style-type: none"> <li>○ Eliminate monthly mortgage insurance</li> <li>○ Decrease the loan term</li> <li>○ Decrease the monthly (P&amp;I) payments</li> <li>○ Reduce the interest rate</li> <li>○ Maintain LTV equal to or less than 90%</li> <li>○ Refinance an interim loan to construct, alter, or repair the home</li> <li>○ Increase monthly residual income</li> <li>○ Refinance from an ARM to a fixed-rate loan</li> <li>○ Comparison of the following information of existing and new loan:                   <ul style="list-style-type: none"> <li>▪ Loan amount vs. payoff amount</li> </ul> </li> </ul> </li> </ul>





	<ul style="list-style-type: none"> <li>▪ Loan type</li> <li>▪ Interest rate</li> <li>▪ Loan term</li> <li>▪ Payment including MI if applicable</li> <li>▪ LTV</li> <li>▪ Statement of the effect of equity being removed from property</li> </ul> <ul style="list-style-type: none"> <li>• The NTB and Comparison (VA-Guaranteed Home Loan Cash-Out Refinance Comparison Certification) and the Home Equity Disclosure (VA Cash-out Refinance Home Equity Disclosure) must be disclosed within 3 days of application and at closing, for all applications on or after February 15, 2019.</li> </ul>				
<p><b>Maximum LTV/CLTV</b></p>	<ul style="list-style-type: none"> <li>• Fully Amortizing Fixed Purchase: 100%/100%             <ul style="list-style-type: none"> <li>○ The total loan amount (base plus VA Funding fee) cannot exceed county loan limits</li> </ul> </li> <li>• Fully Amortizing Fixed Cash-Out Refinance (Type 1 or 2): 90%/90%             <ul style="list-style-type: none"> <li>○ The LTV and CLTV limits are calculated using total loan amounts and <b>do</b> include VA funding fee. The total loan amount (base loan amount plus VA funding fee) cannot exceed county loan limits. The loan amount may include the funding fee and other allowable fees and charges and discount points. The maximum LTV/CLTVs listed are the maximums permitted by AFR VA policy; however, not all Veterans will be eligible for maximum financing.</li> <li>○ Additional Guidelines                 <ul style="list-style-type: none"> <li>▪ Properties owned free and clear are not eligible for a rate and term refinance</li> </ul> </li> <li>○ The lien(s) being paid off may be:                 <ul style="list-style-type: none"> <li>▪ liabilities (revolving, installment, etc.) current or delinquent;</li> <li>▪ derogatory credit (collection accounts, charge offs, taxes, judgments, etc.); and</li> <li>▪ any type of mortgage (VA, FHA, Fannie Mae, Freddie Mac, USDA, 1st lien, 2nd lien, HELOC, etc.).</li> <li>▪ Loan proceeds beyond the amount needed to pay off the lien(s) may be taken as cash by the borrower for any purpose acceptable to the Underwriter up to the maximum amount of \$100,000.</li> </ul> </li> <li>○ Additional Guidelines                 <ul style="list-style-type: none"> <li>▪ Housing History = Follow AUS</li> <li>▪ Properties owned free and clear are not eligible for a Cash-Out refinance. (See Chapter 6, section 4)</li> </ul> </li> </ul> </li> <li>• Jumbo Purchase:             <ul style="list-style-type: none"> <li>○ The total maximum loan amount of \$1 million includes the VA Funding Fee and <b>maybe</b> subject to down payment requirements.</li> </ul> </li> </ul>				
<p><b>Maximum Loan Amount and Downpayment Requirements</b></p>	<p>AFR has 2 specific loan amount buckets for VA Fully Amortizing Fixed loans:</p> <ul style="list-style-type: none"> <li>• Standard, includes loan amounts up to the Fannie Mae/Freddie Mac conforming county loan limits</li> <li>• Jumbo are loan amounts greater than the Fannie Mae/Freddie Mac conforming county loan limits</li> </ul> <p>AFR utilizes the Conventional conforming loan limits table. VA maximum loan amounts can be found here:  <a href="https://www.fhfa.gov/DataTools/Downloads/Pages/Conforming-Loan-Limits.aspx">https://www.fhfa.gov/DataTools/Downloads/Pages/Conforming-Loan-Limits.aspx</a></p> <p>Down Payment Requirements for Jumbo Loans</p> <table border="1" data-bbox="690 1486 1383 1543"> <thead> <tr> <th>Down Payment Requirement</th> <th>Percentage</th> </tr> </thead> <tbody> <tr> <td>Loan amount &gt; applicable county loan limit ≤ 1MM</td> <td>25%</td> </tr> </tbody> </table> <p>“Maximum loan amount” is defined to include the VA Funding Fee</p> <p><u>Standard</u></p> <ul style="list-style-type: none"> <li>• The Standard VA Loan limit across the nation is \$548,250. When the subject property is in a county with a \$548,250 loan limit the loan is considered a Standard Loan, and must be registered and closed under the Standard program codes. However, for example, in San Francisco County the loan limit is \$822,375. A qualified Veteran can purchase a home up to \$822,375 with zero down in this county.</li> </ul> <p><u>Jumbo</u></p> <ul style="list-style-type: none"> <li>• When a subject property has a loan amount greater than the posted county limits the loan is considered a Jumbo Loan and must be registered and closed under the Jumbo program codes.</li> </ul>	Down Payment Requirement	Percentage	Loan amount > applicable county loan limit ≤ 1MM	25%
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	<ul style="list-style-type: none"> <li>AFR allows a Veteran to borrow a loan amount that exceeds their County Loan Limit (CLL) when buying a home by contributing a down payment equal to 25% of the amount over the county loan limit. For example, in Los Angeles, where the CLL is \$822,375, if a Veteran bought a home for \$922,375, their down payment requirement would be 25% of the amount of the loan that exceeds the CLL.             <ul style="list-style-type: none"> <li>Example of a property in Los Angeles county: Calculation for Max Base Loan Amount when the loan amount is greater than \$822,375.                 <ul style="list-style-type: none"> <li>(Purchase Price - \$822,375) x Downpayment Percentage = Reduction in loan amount.</li> <li>Purchase Price – Reduction in Loan Amount = Max Base Loan Amount.</li> </ul> </li> </ul> </li> </ul> <table border="1" data-bbox="597 548 1468 705"> <thead> <tr> <th colspan="4">Below considers a transaction in Los Angeles county CA.</th> </tr> <tr> <th>Purchase Price (PP)</th> <th>County Loan Limit (CLL)</th> <th>Down Payment Percentage (DPP) (PP – CLL) x DPP % = Reduction in Loan Amount</th> <th>Maximum Base Loan Amount (MBLA) (PP – Reduction) = MBLA</th> </tr> </thead> <tbody> <tr> <td>\$922,375</td> <td>\$822,375</td> <td>\$922,375 - \$822,375 = \$100,000 x 25% = \$25,000</td> <td>\$922,375 - \$25,000 = \$897,375</td> </tr> </tbody> </table> <ul style="list-style-type: none"> <li>The Veteran will still be subject to the increased VA Funding Fee, which could affect the down payment amount slightly.</li> <li>Important: There may be a Price Adjustment for loan sizes that are considered Jumbo. Please see the daily rate sheets for details</li> <li>AFR Overlays for VA Jumbo             <ul style="list-style-type: none"> <li>AFR requires additional overlays for VA Jumbo loans. Applications for a VA Jumbo Loan must have all overlays outlined in this matrix and:                 <ul style="list-style-type: none"> <li>AUS Approve Eligible recommendation only; refers are not permitted, and</li> <li>Maximum Loan Amount of \$1 million (Note: The maximum loan amount of \$1 million includes the VA Funding Fee).</li> </ul> </li> </ul> </li> </ul>	Below considers a transaction in Los Angeles county CA.				Purchase Price (PP)	County Loan Limit (CLL)	Down Payment Percentage (DPP) (PP – CLL) x DPP % = Reduction in Loan Amount	Maximum Base Loan Amount (MBLA) (PP – Reduction) = MBLA	\$922,375	\$822,375	\$922,375 - \$822,375 = \$100,000 x 25% = \$25,000	\$922,375 - \$25,000 = \$897,375
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<b>Maximum DTI</b>	<ul style="list-style-type: none"> <li>Approve/Eligible AUS recommendations: Follow AUS findings (DU or LP).</li> <li>Refer AUS recommendations or manual underwriting: Follow VA Guidelines (See Chapter 4 section 8)</li> </ul>												
<b>Assisted Appraisal Processing Program</b>	<ul style="list-style-type: none"> <li>AFR permits the use of the AAPP as outlined in <a href="#">Circular 26-19-30</a></li> <li>AFR does not permit the use of the AAPP for the following programs:             <ul style="list-style-type: none"> <li>VA OTC</li> <li>VA Renovation</li> </ul> </li> </ul> <p><b>Note:</b> New Construction, Loan Amounts greater than 1 million and complex properties are not permitted.</p>												
<b>Impact of CARES Act Forbearance on VA Purchase and Refinance Transactions</b>	<ul style="list-style-type: none"> <li>AFR will adhere and follow guidance in <a href="#">Circular 26-20-25</a> pertaining to VA-guaranteed Purchase and Cash-Out Refinance Loans.             <ul style="list-style-type: none"> <li>Continue to follow VA's underwriting standards generally and should not use a CARES Act forbearance as a reason to deny a Veteran a VA-guaranteed loan.</li> <li>Borrowers must provide reasons for the loan deficiency and information to establish that the cause of the delinquency has been corrected.</li> <li>Although deferred payments may not be considered for credit risk purposes, the monthly obligation must be considered if the debt remains active after closing the new loan.</li> </ul> </li> </ul>												
<b>Geographic Restrictions</b>	<ul style="list-style-type: none"> <li>Alaska</li> <li>Hawaii             <ul style="list-style-type: none"> <li>AFR does not operate in the states of Alaska or Hawaii and does not permit loans with a subject property in Alaska or Hawaii for all programs in all channels with the exception of Correspondent Delegated UW transactions</li> </ul> </li> </ul>												
<b>Guidelines</b>	<a href="http://www.benefits.va.gov/warms/pam26_7.asp">http://www.benefits.va.gov/warms/pam26_7.asp</a>												
<b>Forms</b>	See FORMS Section in the Resource Center												
<b>Temporary COVID-19 Guidance</b>													
<b>Reference VA Circulars</b> <ul style="list-style-type: none"> <li><a href="#">26-20-10 &amp; Change 1</a> Rescinded April 1, 2021</li> </ul>	<b>Permitted Re-Verification of Employment:</b> (Rescinded April 1, 2021) If unable to re-verify employment due to impacts of COVID-19: <ul style="list-style-type: none"> <li>(Option 1) a third-party service. (No additional fee may be charged to the veteran.)</li> </ul>												





- [26-20-11](#) Rescinded April 1, 2021
- [26-20-13](#) Rescinded April 1, 2021
- [26-20-25](#)

- (Option 2) Evidence of direct deposit from a bank statement and paystubs covering at least one full month of employment within 30 days of the closing date. Reconcile payment amounts between the paystubs and direct deposit listed on the bank statement.
- If option 2 is used, document VA Form 26-6393 Box 47 and supporting documentation.
- If none of the above can be obtained, evidence the borrower has a minimum of 2 months PITI in reserves.

**Self-employment 10-day preclosing verification ensuring the business is currently operating:**  
**Rescinded April 1, 2021**

- Evidence of current work (executed contracts or signed invoices that indicate the business is operating on the day the verification is completed);
- Evidence of current business receipts within 10 days of the note date (payment for services performed);
- Documented certification that the business is open and operating (through a phone call or other means); or
- Business website demonstrating activity supporting current business operations (timely appointments for estimates or service can be scheduled).

**Income Disruption (Rescinded April 1, 2021):** If the applicant was impacted by COVID-19 (i.e. furlough, income curtailment, etc.) it should not be considered a break in employment or income (in assessing risk) provided they have returned to work in the same capacity and income levels. In addition to standard verification documentation, obtain furlough letters where applicable. (if the applicant has not returned to work, the income may not be used.)

**Rental income used for qualifying purposes** requires proof of 3 months receipt per property.

- Examples of acceptable documentation include, bank statements evidencing deposits.
- In cases where a gap in rental income is documented, AFR will require a letter of explanation from the borrower.

Borrower(s) purchasing a two-unit primary residence

- Unit not occupied by the borrower is currently rented:
  - Obtain a copy of the current lease and proof of the most recent 3 months receipt of payment from the current renter to the seller. Documentation options include:
    - Bank statements showing the receipt, or
    - Redacted portion of the statement showing deposits received, or
    - Electronic receipts (such as PayPal, Venmo, Zelle, Mozido or similar), and
    - Seller must attest in writing that the tenant is current.
- Unit that is not occupied by the borrower is currently vacant:
  - Signed lease agreement and proof of security deposit
  - Follow all other guidelines VA Pamphlet 26-7

**General (Rescinded April 1, 2021):** For non-IRRRL transactions, either a desktop appraisal or an exterior only inspection appraisal (2055) may be used in lieu of the interior and exterior inspection appraisal in limited circumstances.

- Extensive VA restrictions and requirements apply. See Circular 26-20-11 & 26-20-13 for guidelines

**Desktop Appraisals (Rescinded April 1, 2021),** the appraiser will be required to attach a copy of the Scope of Work (SOW) Exhibit A, certifications, and assumptions in all reports.

**Map Reference Field (Rescinded April 1, 2021):** For a desktop appraisal or an appraisal with an exterior-only inspection that is completed on a form for an interior and exterior inspection, the appraisal report must include, in the "Map Reference" Field, "desktop" or "exterior."

**Reconsideration of Value (ROV) (Rescinded April 1, 2021)** for purchase transactions are restricted to no greater than 7 percent from the appraiser's opinion of value or \$10,000 whichever is greater.

- ROV for cash-out refinance transactions are suspended.

**Completion Certifications (Rescinded April 1, 2021):**

- AFR will permit self-certifying repairs of existing properties that do not meet Minimum Property Requirements (MPR), with the exception of certifications that involve lead-based paint as outlined in [Circular 26-20-13](#).



	<ul style="list-style-type: none"><li>• VA Renovation transaction will require a final inspection to be completed by a VA fee appraiser.</li></ul> <p><b>Water System Acceptability (Rescinded April 1, 2021):</b></p> <ul style="list-style-type: none"><li>• AFR will permit waiving of the Well water testing for VA to VA refinance transaction as outlined in the update to <a href="#">Circular 26-20-13 Change 1 dated May 8, 2020</a>.</li><li>• AFR will continue to follow VA Pamphlet 26-7, Chapter 12, section 16 Individual Water Supply guidance for all other VA Transactions.</li></ul> <p><b>Termite Inspections:</b> AFR continues to require a termite inspection for subject properties located in “very heavy” or “moderate to heavy” areas as determined by the Termite Infestation Probability Map.</p> <p><b>Impact of CARES Act Forbearance on VA Purchase and Refinance Transactions – rescinds July 1, 2021:</b></p> <p><b>Purchase and Cash-Out Refinance Loans:</b> (Refer to <a href="#">Circular 26-20-25</a> for complete requirements)</p> <ul style="list-style-type: none"><li>• Continue to follow VA’s underwriting standards generally and should not use a CARES Act forbearance as a reason to deny a Veteran a VA-guaranteed loan.</li><li>• Borrowers must provide reasons for the loan deficiency and information to establish that the cause of the delinquency has been corrected.</li><li>• Although deferred payments may not be considered for credit risk purposes, the monthly obligation must be considered if the debt remains active after closing the new loan.</li></ul> <p><b>IRRRs:</b></p> <ul style="list-style-type: none"><li>• Borrower in forbearance <b>with no missed</b> payments:<ul style="list-style-type: none"><li>○ VA’s prior approval and lender underwriting are not required (exempt from income verification) if the loan being refinanced is not more than 30 days past due, regardless of whether the Veteran requested a CARES Act forbearance and the delinquency status at the time of such request.</li></ul></li><li>• Borrower in forbearance <b>with missed</b> payments:<ul style="list-style-type: none"><li>○ <b>Waiver of Prior Approval</b> - VA’s prior approval is not required, regardless of delinquency status, if-<ul style="list-style-type: none"><li>▪ Seller has VA approved automatic authority,</li><li>▪ The borrower has invoked a CARES Act forbearance related to the loan being refinanced,</li><li>▪ The borrower has provided information to establish that the borrower is no longer experiencing a financial hardship caused by COVID-19, and</li><li>▪ The borrower qualifies for the IRRRL under VA’s underwriting and credit standards (not exempt from income verification).</li></ul></li></ul></li><li>• <b>Maximum Loan Amount</b> (subject to maximum LTV/CLTV 105%) – in context of a CARES Act forbearance, IRRRLs may include the following:<ul style="list-style-type: none"><li>○ Any past due installment payments, including those a borrower deferred under the CARES Act forbearance, plus</li><li>○ Allowable later charges, consistent with the note, the CARES act, and all applicable laws, plus</li><li>○ Allowable closing costs and discount points, and</li><li>○ The VA funding fee.</li></ul></li><li>• <b>Loan Seasoning, Fee Recoupment, Discount Points and Net Tangible Benefit Standards:</b><ul style="list-style-type: none"><li>○ All IRRRLs must meet loan season, fee recoupment, discount point and net tangible benefit requirements.</li><li>○ Period of forbearance cannot count toward seasoning. A loan being refinanced is seasoned if both the following conditions are met as of the date the borrower closes the refinance loan:<ul style="list-style-type: none"><li>▪ The borrower has made at least six consecutive monthly payments on the loan being refinanced.<ul style="list-style-type: none"><li>❖ For Example, in a case where a borrower made 5 consecutive payments before invoking a CARES Act forbearance, such borrower would need to make 6 additional consecutive payments, post forbearance, in order to meet the seasoning requirement.</li></ul></li><li>▪ The date of closing for the refinance loan is 210 or more days after the first payment due date of the loan being refinanced.</li></ul></li></ul></li></ul> <p><b>Stacking Order</b> – Additional required documentation by VA to obtain guaranty.</p>
<b>OVERLAYS</b>	





<p><b>Credit</b></p>	<ul style="list-style-type: none"> <li>• AFR requires a 620 minimum qualifying credit score required for all qualifying borrowers.             <ul style="list-style-type: none"> <li>○ 620-659: A minimum of 2 qualifying credit scores are required for all qualifying borrowers. Use the middle score if 3 credit scores or the lower of the two if 2 credit scores. Lowest representative score from all borrowers will be used for qualification purposes.</li> <li>○ 660+: A minimum of 1 qualifying credit score is required for all required borrowers.</li> </ul> </li> <li>• Non-traditional credit not permitted; with the exception of CDE loans with an AUS Approve Eligible Recommendation.</li> <li>• Significant Derogatory Credit (Bankruptcy, Foreclosure) waiting periods less than 2 yrs. from the resolution of the event to application must be approved by the credit committee.</li> <li>• AFR will permit a private VOR only if 24 months cancelled checks are provided to support documentation.</li> <li>• AFR does not permit a transaction with an identity of interest when the current loan is in foreclosure.</li> <li>• New secondary financing not permitted</li> <li>• AFR Policy on Federal Tax Liens:             <ul style="list-style-type: none"> <li>○ AFR requires the borrower to provide proof they are in an approved repayment plan and must have made at least 1 payment for the debt to remain open.</li> <li>○ All payments must be made on time. (0x30 Max).</li> <li>○ Monthly payment must be included in the debt-to-income ratios.</li> <li>○ Tax liens may remain unpaid provided the lien holder subordinates the tax lien.</li> </ul> </li> <li>• Refinancing of a Reverse Mortgage (HECM) is not permitted unless:             <ul style="list-style-type: none"> <li>○ The forward mortgage transaction is paying off a current Reverse Mortgage (HECM) when the applicant was not a party to the HECM and has either inherited the property or is purchasing the property from the estate (i.e. HECM parties are deceased).</li> </ul> </li> </ul> <p>Housing History:</p> <ul style="list-style-type: none"> <li>• AFR will allow a 1x30 on a Type 1 and Type II cash out refinance transaction if the late payment was over 3 months prior to the application date on Approve/Eligible or Accept/Eligible automated underwriting results. (Type 1 and Type II Cash out Refinance Transactions with a Refer, or Manual Downgrade will require a 0x30 for 12 months housing history.)</li> <li>• DU/LPA must be an Approve/Eligible or Accept/Eligible. If the automated underwriting results do not recognize the mortgage history, including, but not limited to situations where the mortgage is not reporting on credit or if the underwriter manually downgrades the file, mortgage late payments within the previous 12 months are not allowed. Regardless of the automated underwriting decision, an application with a recent mortgage late payment is still subject to the Underwriter’s review and approval.</li> <li>• As a reminder, if, in AFR’s judgement, the applicant does not have the ability or willingness to repay the loan, we may deny the file even if the application meets the written guidelines.</li> <li>• Reminder: Purchase and IRRRL transactions require a 0x30 for 12 months.</li> </ul>
<p><b>Property</b></p>	<ul style="list-style-type: none"> <li>• AFR does not permit the use of a plat mat in lieu of a survey if a survey is required</li> <li>• AFR has a maximum of 2% Deductible of the policy coverage for HOI.</li> <li>• AFR requires a disaster report completed by a licensed appraiser on all properties on all transactions in a Presidentially Declared Disaster Area with individual assistance. If the loan is closed, AFR may require this report up to 60 days after the date of the disaster declaration. If the loan has not already closed and funded, AFR will not close or fund until the inspection report is completed to AFR’s satisfaction. In all cases, the inspection must be dated after the affected incident period. The disaster report must comply with applicable agency guidelines. On a case-by-case basis AFR may allow a loan to close and fund if the incident period was declared more than 14 days prior to the scheduled closing date. Originators are responsible for determining potential impact to a property located in an area where a disaster is occurring or has occurred. This is regardless of whether a property was included in the area covered by the declaration. If an originator has reason to believe that a property might have been damaged in a disaster the originator must work with AFR to ensure that the property is free from damage. Please note, that due to the nature of natural disasters AFR may amend this policy and add additional restrictions at any time without notice.</li> </ul>





	<ul style="list-style-type: none"> <li>• AFR requires an engineer certification on a manufactured housing unit that has been moved from a previous foundation to verify VA minimum property requirements are met on the new installation. A maximum of 2 moves is allowed with no exception to the rule.             <ul style="list-style-type: none"> <li>○ Move 1 – Dealer/Retailer to property</li> <li>○ Move 2 – Original property to new property site</li> </ul> </li> <li>• The following property types are not permitted:             <ul style="list-style-type: none"> <li>• 3 Units</li> <li>• 4 Units</li> <li>• Co-Ops</li> <li>• Manufactured Housing Units built prior to June 15, 1976</li> <li>• Manufactured Housing in a Condominium Project</li> <li>• Manufactured Housing that has been traded</li> <li>• Mixed- Use</li> <li>• Under Construction</li> <li>• Properties with commercial influence are subject to additional review.                 <ul style="list-style-type: none"> <li>▪ Any property where marijuana is grown or processed inside the home or on the property, regardless of the quantity or state law is unacceptable</li> </ul> </li> </ul> </li> <li>• AFR will not permit properties with more than 100 acres</li> <li>• If the utilities are off at the time of the inspection, the Appraiser must ask to have them turned on and complete all requirements under Mechanical Components. However, if it is not feasible to have the utilities turned on, then a pressure test and electrical test is required and must be completed by an appropriately licensed professional.</li> </ul>
<b>Refinance Seasoning Requirements</b>	<ul style="list-style-type: none"> <li>• The note date of the refinance loan must be on, or after, the later of:             <ul style="list-style-type: none"> <li>○ The date on which the borrower has made at least six-monthly payments on the loan being refinanced; and</li> <li>○ The date that is 210 days after the first payment due date of the loan being refinanced.</li> </ul> </li> </ul>
<b>Assets</b>	<ul style="list-style-type: none"> <li>• All loans that have a purchase money grant/silent (or soft) second must get an approval from the AFR Title Review prior to underwriting approval/AFR purchase</li> <li>• Trade Equity not permitted</li> <li>• Sweat Equity not permitted</li> <li>• Trade-Ins not permitted</li> <li>• Private Savings Clubs or Pooled Savings Accounts are not permitted</li> <li>• Cash on hand is not permitted</li> </ul>
<b>Income</b>	<ul style="list-style-type: none"> <li>• Employer Assistance Plans not permitted</li> <li>• Employer Differential Payments not permitted</li> <li>• AFR requires a minimum of 2 years for the length of self-employment to use as income.</li> <li>• AFR does not permit voluntary agreements for child support, maintenance and alimony.</li> <li>• AFR requires 2 years receipt of OT and Bonuses to be used as qualifying income; anything less than 2 years will not be eligible for income.</li> <li>• Marijuana income is unacceptable income regardless of state law</li> <li>• AFR does not permit amended tax returns if they are dated 90 days of application date. All amended tax returns must be more than 90 days of the application date and acknowledged (stamped and signed by the IRS or with the transcripts)</li> </ul>
<b>Programs</b>	<p>AFR permits CEMA transactions on NY properties</p> <ul style="list-style-type: none"> <li>○ No prior CEMA's allowed.</li> <li>○ AFR requires an approved closing attorney in NY to conduct all NY settlements. You or the borrower may choose from the list below:             <ul style="list-style-type: none"> <li>▪ Richard H. Lovell, Esq. - (Closing all transactions, including CEMA)</li> <li>▪ Jared Kaplan, Esq. - (Closing all transactions, including CEMA)</li> </ul> </li> </ul> <p>AFR does <b>not</b> participate in the following Programs:</p> <ul style="list-style-type: none"> <li>▪ Texas Equity Section 50(a)(6) Program</li> <li>▪ Energy Efficient Mortgages (EEMs)</li> <li>▪ Adjustable Rate Mortgages (ARMS)</li> <li>▪ Graduated Payment Mortgages (GPM)</li> <li>▪ Growing Equity Mortgages (GEMs)</li> <li>▪ Loans Involving Temporary Interest Rate Buydowns</li> <li>▪ Farm Residence Loans</li> <li>▪ Native American Direct Loan (NADL)</li> <li>▪ Specially Adapted Housing (SAH) Grant</li> <li>▪ Special Housing Adaptation (SHA) Grant</li> <li>▪ Supplemental Loans</li> </ul>
<b>Ownership Types</b>	<p>The following are ineligible for submitting/delivery to AFR:</p>





	<ul style="list-style-type: none"> <li>• Life Estate</li> <li>• Blind Trusts</li> <li>• Irrevocable Trusts</li> <li>• 1031 Exchanges</li> <li>• LLCs, Corporations and Partnerships</li> <li>• Community Land Trusts</li> </ul>
<p><b>Compliance</b></p>	<ul style="list-style-type: none"> <li>• AFR’s Net Tangible Benefit Policy/Recoupment Policy             <ul style="list-style-type: none"> <li>○ See AFR Resource Center for AFR Policy/State Requirements/Forms</li> <li>○ When a state has a more restrictive recoupment policy, this policy must be met</li> </ul> </li> <li>• AFR does not close and/or purchase any New York loan that is a subprime home loan. All NY Loans must be tested the time the commitment is prepared.             <ul style="list-style-type: none"> <li>○ If the APR at the time of commitment cannot be determined AFR will not proceed with or purchase a loan with a client code of TF, C or CDE.</li> </ul> </li> <li>• Any loan that is classified as a Rebuttable Presumption must have all HPML provisions applied <u>and</u> must meet VA residual income guideline requirements</li> <li>• Any loan that is classified as a Higher-Priced Mortgage Loan (HPML) must have all HPML provisions applied.</li> <li>• File remains subject to all Qualified Mortgage (“QM”) and Ability-to-Repay (“ATR”) underwriting guidelines, including Points and Fees thresholds through consummation. AFR will not originate, close, fund, or purchase any loan that is not legally deemed as a QM. AFR will also require all VA loans to follow specific ATR/QM provisions specified by VA.</li> <li>• All loans must provide evidence of the borrower’s compliance of QM/ATR with a compliance report. <b>Note:</b> Delegated Correspondents must provide a compliance report evidencing compliance.</li> <li>• All loans must provide evidence of the borrower’s ability to repay with a fully completed/executed Ability to Repay Worksheet. <b>Note:</b> Delegated Correspondents must provide a fully completed/executed Ability to Repay Worksheet showing evidence the borrower meets the ability to repay requirements.</li> <li>• AFR will not originate loans as a high cost or predatory mortgage loan</li> <li>• AFR will comply in all respects with CFPB’s Rule on TILA-RESPA Integrated Disclosures. AFR will not originate, close, fund, or purchase any loan that does not adhere to the Rule.</li> </ul>
<p><b>Miscellaneous</b></p>	<ul style="list-style-type: none"> <li>• AFR requires a 25% guaranty on all VA loans             <ul style="list-style-type: none"> <li>○ AFR will not permit joint loans made to a veteran and one or more nonveterans (non-spouse) or the veteran and one or more veterans (not spouse) who will not be using their entitlement.</li> </ul> </li> <li>• Escrow waivers are not permitted</li> <li>• Temporary Interest Rate Buydowns not permitted</li> <li>• Gap Letters for Title are not permitted</li> <li>• Prepayment penalties are not permitted</li> <li>• Maximum Cash Out: For Approve/Eligible AUS recommendations, follow findings; for Refer AUS recommendations or manual underwrites \$100,000</li> <li>• AFR requires all Correspondent Delegated (CDE) transactions to be purchased within 90 days of the Note date.</li> </ul>
<p><b>Disclaimer</b></p>	<p>All overlays herein are subject to change by AFR without notice. Where AFR is silent, the UW must follow all guidelines outlined in the Lender’s Handbook - VA Pamphlet 26-7.</p>

