

This matrix is intended as an aid to help determine whether a property/loan qualifies for VA programs. It is not intended as a replacement for VA guidelines. Users are expected to know and comply with VA's requirements.

Eligibility Matrix

Purchase – Primary Residence			
Units	Credit Score	Maximum LTV	Maximum Base Loan Amount
1-4	640 ¹	100%	\$1,500,000
Cash-Out Refinance ² – Primary Residence			
Units	Credit Score	Maximum LTV ³	Maximum Base Loan Amount
1-4	640 ¹	90%	\$1,500,000

Footnotes:

1. Base loan amount ≥ \$1,000,000 requires minimum credit score of 700
The Veteran must have sufficient entitlement to guaranty the loan (see Guarantee/Entitlement below)
2. Refinance Cash-out (see Finance Types below):
 - a. Type I: new loan amount (including VA funding fee) does not exceed the payoff amount of the loan being refinanced
 - b. Type II: new loan amount (including VA funding fee) exceeds the payoff amount of the loan being refinanced
3. Maximum LTV includes Funding Fee

Product Codes

Conforming		High Balance	
Product Code	Term	Product Code	Term
VF15	15 Year Fixed	VF30HB	30 Year Fixed (total loan amount > \$510,400*
VF30	30 Year Fixed	*Exception: total loan above \$765,600 (Alaska and Hawaii)	

Underwriting Requirements

Appraisal	<p>Interior/exterior inspection typically required by VA approved/VA Fee panel appraiser as selected automatically via the VA Portal. Temporary VA requirements may allow for an Exterior-Only or Desktop Appraisal. See VA Circular 26-20-13 and Change 1 for details. Impac overlays to this Circular are as follows:</p> <ul style="list-style-type: none"> • Exterior-Only and Desktop Appraisals not eligible for cash-out refinance with LTV > 80%. • Repair escrow is not allowed. All repairs must be completed prior to closing and certified via Appraisal Form 1004D. <p>Property Condition – Properties with a Condition Rating of C5 or C6 are <u>not</u> eligible.</p> <p><u>Disaster Area Protocol</u>: When the subject property is located within a FEMA-declared disaster area where individual assistance is available, an exterior re-inspection (interior as well if the disaster is flood, hurricane or water-related) dated after the incident period end date is required unless the appraisal is dated after the incident period end date. All property re-inspection products must affirmatively indicate there is no adverse impact to value, condition, or marketability as a result of the disaster. If damage exists, repairs must be completed and an interior/exterior 1004D must be obtained confirming repairs were made and the property is habitable.</p>
Assets	<p>Most recent asset statement must be dated within 60 days of the Note Date for all assets used for qualification whether funds to close or reserves. If the asset is reported quarterly, the most recent statement is required.</p> <p>Stocks, stock options and mutual funds (including IRA/SEP/Keough/401K) must show proof of liquidation if used for closing costs or down payment. If used for reserves, only 60% of account balance can be used (proof of liquidation not required).</p> <p>Cryptocurrency (e.g. Bitcoin and Ethereum) may NOT be used for funds to close.</p>
Borrower Eligibility	<p>A Certificate of Eligibility (COE) is required.</p> <p><u>Ineligible</u>:</p> <ul style="list-style-type: none"> • Foreign National • Deferred Action for Childhood Arrivals (DACA)
COVID-19 Attestation	<p>All borrowers must sign and date Impac's COVID-19 Attestation with regard to forbearance and the borrower's ability to repay the loan.</p>

<p>Credit</p>	<p>All borrowers must generate a traditional credit score from at least one repository (tri-merge report), non-traditional credit is not allowed.</p> <p><u>Mortgage History:</u></p> <ul style="list-style-type: none"> • 0x30 in the past 12 months • The borrower may not be in forbearance (or have requested forbearance) on any mortgage loan. All borrowers must execute Impac's <u>COVID-19 Attestation</u> confirming no forbearance. • <u>Manual underwriting/downgrade:</u> minimum 12 month housing history (mortgage or rent) without any late payments in the most recent 12 months is required for all mortgage and rent payments <table border="1" data-bbox="435 472 1463 604"> <thead> <tr> <th>Derogatory Event</th> <th></th> </tr> </thead> <tbody> <tr> <td>Bankruptcy Ch. 7 or 11</td> <td>2 years (from discharge to closing of new transaction)</td> </tr> <tr> <td>Bankruptcy Ch. 13</td> <td>12 months of satisfactory payments and BK court approval</td> </tr> <tr> <td>Foreclosure</td> <td>2 years (finalized from the date of closing)</td> </tr> <tr> <td>Adverse Credit</td> <td>12 months of satisfactory is considered to be re-established</td> </tr> </tbody> </table>	Derogatory Event		Bankruptcy Ch. 7 or 11	2 years (from discharge to closing of new transaction)	Bankruptcy Ch. 13	12 months of satisfactory payments and BK court approval	Foreclosure	2 years (finalized from the date of closing)	Adverse Credit	12 months of satisfactory is considered to be re-established
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<p>DTI</p>	<p><u>Maximum DTI:</u></p> <ul style="list-style-type: none"> • Per AUS - Not to exceed 55% • For manual underwrites or downgrades: <ul style="list-style-type: none"> ➢ 45% max for Conforming loan amounts ➢ 43% max for High Balance loan amounts ➢ Minimum 3 open tradelines in the last 12 months ➢ Minimum 12-month housing history (mortgage or rent) in the most recent 12 months to show 0x30x12 <p><u>Residual Income:</u></p> <ul style="list-style-type: none"> • DTI ≤ 41%, must meet standard VA requirements. • DTI > 41%, residual income must exceed minimum requirement by at least 20% 										
<p>Escrow Waivers</p>	<p>Escrow waivers are not allowed</p>										
<p>Fee Recoupment</p>	<p>Fee recoupment applies to Type I cash-out refinancing loans made to refinance a VA-guaranteed home loan (VA-to-VA). To obtain a Loan Guaranty Certificate (LGC) the lender must certify that the recoupment period of fees, expenses, and closing costs (included in the loan and paid outside of closing), do not exceed 36 months from the date of loan closing.</p> <p><u>Recoupment Calculation:</u> The recoupment period is calculated by dividing all fees (not including VA funding fee), expenses, and closing costs included in the loan and paid outside of closing by the reduction of monthly principal and interest (P&I). If the loan being refinanced loan has been modified, the reduction of monthly P&I should be computed using the modified monthly P&I of the loan being refinanced. Escrow and prepaid expenses, such as, insurance, taxes, special assessments, and homeowners' association (HOA) fees shall be excluded from the recoupment calculations. VA allowable fees as established in 38 C.F.R. § 36.4313 offset by lender credits and/or premium pricing may also be excluded from the recoupment calculation.</p>										
<p>Financing Types</p>	<p><u>Purchase Transactions:</u></p> <ul style="list-style-type: none"> • Purchase contracts that have been assigned are not eligible. <p><u>Cash-Out Refinance:</u></p> <ul style="list-style-type: none"> • Subject property must have an existing lien • See <i>Loan Seasoning</i> section for seasoning requirements <p><u>Type I Cash-Out Refinance:</u> A refinancing loan in which the loan amount (including VA Funding Fee) does not exceed the payoff amount of the loan being refinanced.</p> <p><u>Requirements for Type I VA to VA Refinance:</u></p> <ul style="list-style-type: none"> • Loan Seasoning must be met • Fee Recoupment must be met • Net Tangible Benefit is required (NTB Test, Loan Comparison Disclosure – initial and final, and Home Equity Disclosure) <p><u>Requirements for a Type I non-VA to VA Refinance:</u></p> <ul style="list-style-type: none"> • Loan Seasoning must be met • Net Tangible Benefit is required (NTB Test, Loan Comparison Disclosure – initial and final, and Home Equity Disclosure) 										

	<p><u>Type II Cash-Out Refinance:</u> A refinancing loan in which the loan amount (including VA Funding Fee) exceeds the payoff amount of the loan being refinanced.</p> <p><u>Requirements for Type II VA to VA Refinance:</u></p> <ul style="list-style-type: none"> • Loan Seasoning must be met • Net Tangible Benefit is required (NTB Test, Loan Comparison Disclosure – initial and final, and Home Equity Disclosure) <p><u>Requirements for Type II non-VA to VA Refinance:</u></p> <ul style="list-style-type: none"> • Loan Seasoning must be met • Net Tangible Benefit is required (NTB Test, Loan Comparison Disclosure – initial and final, and Home Equity Disclosure)
Fraud Report	Required
Geographic Restrictions	<p><u>Ineligible States:</u> DE, MA, ME, MO, WY</p> <p><u>Additional Restrictions:</u></p> <ul style="list-style-type: none"> • <u>Hawaii:</u> Lava zones 1 and 2 <u>not</u> eligible. • <u>Illinois:</u> Illinois Land Trust not allowed. • <u>New York:</u> CEMA not allowed. • <u>Texas:</u> 50(a)(6) not permitted.
Guaranty/Entitlement	<p>Refer to <u>VA Circular 26-19-30</u> for full details and sample guaranty calculations.</p> <p><u>Full Entitlement:</u> For Veterans with full entitlement, the maximum amount of guaranty entitlement available to the Veteran, for a loan above \$144,000 shall be 25% of the loan amount.</p> <p><u>Partial Entitlement:</u> For Veterans who have previously used entitlement and such entitlement has not been restored, the maximum amount of guaranty entitlement available to the Veteran, for a loan above \$144,000 shall be 25% of the Freddie Mac conforming loan limit (CLL), reduced by the amount of entitlement previously used (not restored) by the Veteran.</p> <p><u>Married Veterans:</u> When a Veteran and the Veteran's spouse, who is also a Veteran, use dual entitlement to guaranty a loan above \$144,000, the maximum amount of guaranty shall be 25 percent of the loan amount so long as one of the Veterans has full entitlement. VA will charge entitlement for married Veterans according to their preference. If both Veterans have partial entitlement, the maximum amount of guaranty may not exceed the lesser of 25 percent of the loan amount OR 25 percent of the Freddie Mac CLL.</p> <p><u>Joint Loans:</u> When more than one Veteran (Vet-Vet) seeks to use their entitlement on a loan above \$144,000, if at least one Veteran has partial entitlement, the maximum amount of guaranty may not exceed the lesser of 25% of the loan amount OR 25% of the Freddie Mac CLL. VA will charge entitlement to each Veteran equally. However, unequal charge of entitlement may be made with a signed written agreement from the Veterans if provided to VA prior to the issuance of the VA guaranty. If all Veterans seeking to use their entitlement on a loan above \$144,000 have full entitlement, then the maximum amount of guaranty shall be 25% of the loan amount. All other existing VA policies regarding joint loans, such as Veteran/Non-Veteran joint loans, remain the same. See VA Pamphlet M26-7, Lenders Handbook, Chapter 7, Section 1, Joint Loans.</p> <p>Must meet VA guaranty and GNMA guaranty requirements.</p>
Income	<p>Documentation per AUS or VA manual underwriting requirements. Income docs must be dated within 60 days of the Note Date.</p> <p><u>Self-Employed Income:</u></p> <ul style="list-style-type: none"> • Borrower to provide evidence of 12 months PITIA reserves, OR • Income is reduced by 25% and the borrower must provide evidence of 6 months PITIA reserves. If the borrower cannot meet the minimum 6 months of PITIA reserves requirement, self-employment income may not be used for qualifying. <p><u>Rental Income:</u> If used as qualifying income, evidence of additional 6 months PITIA reserves is required for each rental property. Proof of receipt of rental income for the most recent 90 days is also required. If borrower is unable to provide evidence of additional 6 months PITI reserves and/or current receipt, rental income may not be used to qualify.</p>

	<p>Reserves must come from borrower's own funds, which can include eligible business assets as allowed by VA and documented per VA guidelines. These reserves are required in addition to any standard VA reserve requirements.</p> <p>Tax Transcripts: Tax or W2 transcripts are required according to Impac's <u>IRS Request for Transcript of Tax Return (4506-T) Policy</u>.</p> <p>Verbal Verification of Employment (VVOE):</p> <ul style="list-style-type: none"> • Salaried: Must be dated within 3 business days of the Note Date. An updated VVOE is also required within 3 business days prior to funding. If the VVOE cannot be obtained, the following alternatives may be obtained in lieu of the VVOE: <ul style="list-style-type: none"> ○ Written Verification of Employment (WVOE). Income must NOT be disclosed. ○ Email confirmation directly from the employer's work email address (name@company.com) that identifies the name and title of the verifier and the borrower's name and current employment status. <p>NOTE: If a 3rd-party service is used to obtain a VOE, the Veteran must not be charged for the fee.</p> • Self-employed: Must be dated within 5 business days of the Note Date. An updated VVOE is also required within 5 business days prior to funding. Examples include: <ul style="list-style-type: none"> ○ Evidence of current work (e.g., executed contracts or signed invoices that indicate the business is operating on the day the Seller verifies self-employment) ○ Evidence of current business receipts within 10 Business Days of the Note Date (e.g., payment for services performed) ○ Lender certification the business is open and operating (e.g., the lender confirmed through a phone call or other means) ○ Business website demonstrating activity supporting current business operations (e.g., timely appointments for estimates or service can be scheduled)
Loan Limits	<p>VA link to loan current loan limits: http://www.benefits.va.gov/homeloans/loan_limits.asp Note: While VA does not have a maximum loan amount, the "VA County Limits" must be used to calculate VA's maximum guaranty amount for a particular county whenever the veteran does not have full entitlement.</p>
Loan Seasoning	<p>All cash-out refinances must meet VA's seasoning requirement. The due date of the first payment is used to determine loan seasoning. A loan is considered seasoned if both of the following conditions are met:</p> <ul style="list-style-type: none"> • The due date of the first monthly payment of the loan being refinanced is 210 days or more prior to the note date of the new refinance loan. When the VA loan being refinanced with a cash-out refinance has been modified, the seasoning must be measured from the first payment date due date listed on the modification agreement, not from the first payment due date of the original Loan; and • Six (6) consecutive monthly payments have been made on the loan being refinanced. <p>IMPORTANT NOTE: Periods of forbearance cannot count toward seasoning; however, forbearance under the CARES Act does not alone cause the loan to fail to meet the seasoning standard. If a loan being refinanced met seasoning requirements before a Veteran invoked a CARES Act forbearance, the seasoning requirement remains satisfied. However, in a case where a borrower made only five consecutive payments before invoking a CARES Act forbearance, such borrower would need to make six additional consecutive payments, post forbearance, in order to meet the seasoning requirement.</p> <p>For loans being refinanced within 1 year from the date of closing, lenders must obtain a payment history/ledger documenting all payments, unless a credit bureau supplement clearly identifies all payments made in that timeframe. If the loan is selected for audit by VA, the lender must include the payment ledger/history and/or credit bureau supplement of the loan being refinanced in the loan file for VA review.</p>
Loan Amount	<p>Minimum loan amount is \$100,000</p>
Net Tangible Benefit	<p>Net Tangible Benefit (NTB) standards apply to all cash-out refinancing loans. It consists of the NTB Test, Loan Comparison, and Home Equity Disclosure.</p> <p>NTB Test: All cash-out refinancing loans must pass the NTB test. This requirement is met if the refinancing loan satisfies at least one of the of the following:</p> <ul style="list-style-type: none"> • The new loan eliminates monthly mortgage insurance, whether public or private, or monthly guarantee insurance; or • The term of the new loan is shorter than the term of the loan being refinanced; or • The interest rate of the new loan is lower than the interest rate on the loan be refinanced (NOTE: If the loan being refinanced had an adjustable interest rate or was modified, the current interest rate must be used when determining if this requirement has been met); or • The P&I payment on the new loan is lower than the P&I payment on the loan being refinanced; or • The new loan results in an increase in the borrower's monthly residual income. (residual income, including refinancing monthly PITI (principal, interest, taxes, and insurance) payment vs. current residual income,

	<p>including monthly PITI payment of the loan being refinanced.) In cases where the amounts are changing between the application date and the closing date of the refinance transaction, the new TI amount will be used in determining residual income for both the current and refinanced loan); or</p> <ul style="list-style-type: none"> • The new loan refinances the Veteran's interim construction loan; or • The new loan amount is equal to or less than 90% of the reasonable value of the home (i.e. LTV is ≤ 90%), or • The new loan refinances an adjustable rate loan to fixed rate loan <p><u>Loan Comparison Disclosure:</u> The lender must provide the Veteran a comparison of the new loan to the existing loan being refinanced. VA requires lenders to generate two loan comparison disclosures, one within 3 business days from the initial date of the loan application and at loan closing. The borrower must certify receipt of both disclosures (i.e. signature, e-signature, email from the borrower certifying receipt, email read receipts, system time/date stamp where a borrower certified receipt, etc).</p> <p><u>Initial 3-Day Disclosure:</u> Lender's shall provide a reasonable estimate within 3 business days of loan application. Reasonably accurate estimates, may involve the use of borrower documentation, such as their mortgage statement, closing documents, their own estimation of the existing loan terms, online property valuation tools, and manual calculations.</p> <p><u>Final Loan Closing Disclosure:</u> The final loan comparison disclosure provided at loan closing shall be accurate with respect to the new loan information, while the initial loan information may be a generally accurate representation of the existing loan, given that payments may be in transit, tax and insurance amounts may be pending, and payoffs may fluctuate when the final closing date has not been determined.</p> <p><u>Contents of the Initial 3-Day Disclosure and the Final Loan Closing Disclosure:</u> The following will be provided in the disclosures:</p> <ol style="list-style-type: none"> 1. Refinancing loan amount (including VA funding fee, if financed into the loan) vs. the payoff amount (including fees, escrow shortages, and prorated interest) of the loan be refinanced. 2. Interest rate 3. Mortgage Loan Type (i.e. fixed, adjustable) 4. Loan term of the refinancing loan, vs. the remaining term of the loan being refinanced. The term may be expressed in months or years and months. 5. The total payments the Veteran will have paid after making all payments (principal and interest) as scheduled on the refinancing loan vs. the total remaining payments the Veteran will have paid after making all remaining payments of principal, interest, and mortgage insurance (if applicable) as scheduled on the loan being refinanced. 6. LTV of the refinancing loan vs. loan payoff (including fees, escrow shortages, and prorated interest) to current value of the loan being refinanced. <p><u>Home Equity Disclosure:</u> The lender must disclose the amount of home equity being removed from the home as a result of the new loan to the Veteran within 3 business days from the initial date of the loan application and at loan closing. The disclosure must also explain to the Veteran how the removal of home equity may affect the sale or refinance of the home in the future. Similar to the Loan Comparison Disclosure, the borrower must certify receipt of the Home Equity Disclosure (i.e. signature, e-signature, email from borrower certifying receipt, email read receipts, system time/date stamp where a borrower certified receipt, etc.).</p> <p>For the initial home equity disclosure, lenders may use estimated loan payoff or unpaid principal balance and estimated current property value to determine the home equity being removed from the home. However, the lender must use the final payoff amount (including fees, escrow shortages, and prorated interest) and the reasonable value shown on the Notice of Value (NOV) to determine the home equity being removed from the home on the home equity disclosure provided to the Veteran at loan closing.</p>		
Property Types	<table border="1"> <tr> <td data-bbox="381 1627 857 1785"> <u>Eligible:</u> <ul style="list-style-type: none"> • SFR/PUD • Condo (VA approved) • 2-4 Units </td> <td data-bbox="857 1627 1521 1785"> <u>Ineligible:</u> <ul style="list-style-type: none"> • Manufactured homes • On-frame modular construction • Co-op share loans • Agricultural properties (farms, ranches) • Leasehold property </td> </tr> </table>	<u>Eligible:</u> <ul style="list-style-type: none"> • SFR/PUD • Condo (VA approved) • 2-4 Units 	<u>Ineligible:</u> <ul style="list-style-type: none"> • Manufactured homes • On-frame modular construction • Co-op share loans • Agricultural properties (farms, ranches) • Leasehold property
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Subordinate Financing	Not allowed		
Underwriting	Underwritten by a VA Automatic & LAPP approved underwriter. <ul style="list-style-type: none"> • AUS Approve loans – may follow documentation requirements • AUS Refer and manually underwritten loans – must follow manual underwriting requirements 		

VA Fixed Rate

	<ul style="list-style-type: none"> • If loan requires VA's prior approval, additional underwriting turnaround time is required <ul style="list-style-type: none"> ○ All Prior Approval loans require manual underwriting. <p>VA Prior Approval Required For:</p> <ul style="list-style-type: none"> • Joint loans involving a veteran and non-veteran who is not the veteran's spouse (not on IRRRL loans) <ul style="list-style-type: none"> ○ A non-veteran on a joint VA loan is not required to certify occupancy. Any borrower on a joint loan who does not use entitlement for the loan (such as a non-veteran), does not have to intend to occupy the property. • Joint loans involving two or more veterans who intend to use their entitlement and take title jointly. (not on IRRRL loans) • Loans to veterans in receipt of VA non-service related pension (not on IRRRL loans) • Loans to veterans rated incompetent by VA (Not on IRRRL loans) • Note: A loan made to a married couple in which both applicants are veterans using their Certificates of Eligibility (COEs) is not required to be sent to VA for prior approval. <p>Prior approval loans must be uploaded through WebLGY See the Prior Approval Reference Guide at: http://www.benefits.va.gov/homeloans/documents/docs/prior_approval_LP_lenders.pdf</p> <p>Lenders must follow the guidelines in Chapter 5 of VA's Lender's Handbook for prior approval procedures including the stacking order in topic 4, section c.</p> <ul style="list-style-type: none"> • The lender must furnish a cover letter with the upload, that states the reasons for the prior approval and explains any unique circumstances. In addition, the cover letter must include the submitting underwriter's name, phone number, e-mail address and his or her manager's name, phone number and e-mail address. <p>A joint loan with a veteran and a non-veteran will require a down payment. Only the veteran's portion (half) of the loan is covered by VA guaranty. The non-veteran's portion will require a <u>minimum 25% down payment</u>. As with all VA loans, GNMA requirements must be met as well.</p> <p>VA Reserves or National Guard Certification</p> <ul style="list-style-type: none"> • All veteran applicants whose income is being used to qualify for the loan transaction must complete and sign a VA Reserves or National Guard Certification. • The VA Underwriter must then use this information to determine the veteran borrower's true monthly qualifying income. 																						
VA Funding Fee	<p>VA Funding Fee applies unless the Veteran is exempt.</p> <table border="1" style="width: 100%; border-collapse: collapse; text-align: center;"> <thead> <tr> <th colspan="4">VA Funding Fee Table as of 1/1/2020</th> </tr> <tr> <th>Transaction Type</th> <th>Down Payment</th> <th>First Time Use</th> <th>Subsequent Use</th> </tr> </thead> <tbody> <tr> <td rowspan="3">Purchase and Construction</td> <td>None</td> <td>2.30%</td> <td>3.60%</td> </tr> <tr> <td>5% (less than 10%)</td> <td>1.65%</td> <td>1.65%</td> </tr> <tr> <td>10% or more</td> <td>1.40%</td> <td>1.40%</td> </tr> <tr> <td>Refinance Cash-out</td> <td>N/A</td> <td>2.30%</td> <td>3.60%</td> </tr> </tbody> </table>	VA Funding Fee Table as of 1/1/2020				Transaction Type	Down Payment	First Time Use	Subsequent Use	Purchase and Construction	None	2.30%	3.60%	5% (less than 10%)	1.65%	1.65%	10% or more	1.40%	1.40%	Refinance Cash-out	N/A	2.30%	3.60%
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