

VA Refinance Cash Out



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

NOTE: This matrix includes overlays, which may be **more restrictive** than VA requirements. A thorough reading of this matrix is recommended.

Program Qualifications

PHM's VA Cash Out Refinance loan is designed for the cash out refinance of an owner occupied primary residence using VA insured financing. There must be an existing lien on the property and it may be from any source.

Eligibility Matrix Loan Amount & LTV Limitations

VA Refinance – Cash Out Primary Residence Only

Units	Maximum Base LTV
1-4	90% - Cash Out * 100% - When proceeds are used to pay off existing liens per guidelines herein * Cash Out ineligible in Texas
<p>Basic Entitlement is \$36,000 Bonus Entitlement is available for loans closed on or after 1/1/09. Refer to standard VA Calculation Worksheet Minimum 25% guaranty may be satisfied by a combination of VA entitlement and equity or cash Maximum Base Loan LTV is 90% (Subject to sufficient entitlement). Maximum Total Loan Amount is calculated as 90% of the value of the property plus funding fee 90% LTV limit may be exceeded only by the amount of the funding fee Maximum 100% CLTV for existing subordinate financing New subordinate financing is not permitted</p> <p>The maximum LTV is capped at 90% EXCEPT as follows. PHM will allow a maximum LTV of 100% on VA Cash-Out (Regular) refinance transactions when the proceeds of the loan transaction are used to pay the following: Costs associated with the refinance transaction, Payoff of an existing first mortgage lien, Payoff of a purchase money second lien, Payoff of an existing non-purchase second lien (proceeds were not used toward the purchase of the home). Additional requirements apply to cash-out/regular refinance transactions when the LTV exceeds 90% as follows. All existing liens (to be paid off or remain subordinate to the new first mortgage) must be seasoned for at least six (6) months (i.e. six (6) months from note date to application date), with an acceptable payment history (i.e., no late payments of 30 days or beyond), If there is an existing HELOC there can be no draws within the last 6 months exceeding \$1,000 in total If proceeds are used to pay off any portion of a HELOC (Home Equity Line of Credit) then that HELOC must be paid in full and closed Proceeds of the loan transaction may not be used for the following: Payoff other existing non-mortgage debt, and The borrower may not receive cash at closing, except for up to \$500, or recalculation of the mortgage is required. Note: If cash to borrower exceeds \$500, a principal curtailment is not allowed, the loan amount must be recalculated. The maximum LTV is 100% of the value shown on the VA Notice of Value plus the VA funding fee, not to exceed the limitations set by the maximum guarantee allowed by VA. The maximum entitlement is 25% of the VA County Loan Limit. The maximum loan amount is limited to the lesser of 100% of the appraised value or the maximum allowable loan amount of \$417,000 excluding the funding fee, providing there is sufficient entitlement plus equity to meet the required minimum guarantee percentage of 25%. The veteran must have entitlement to use toward the new transaction. The 25% cannot consist of only equity in the property. Loans using the rate/term LTV flexibility (90.01 – 100%LTV) are limited to a maximum loan amount of \$417,000 excluding the funding fee regardless of higher guaranty limits in certain counties.</p> <p>Refinance of Installment Land Sales Contracts Loan amount may not exceed the lesser of: VA reasonable value excluding VA funding fee OR The sum of the outstanding balance of the loan to be refinanced plus allowable closing costs (excluding VA funding fee) and discount points Process as a cash-out refinance transaction except the maximum LTV is 100%, excluding VA funding fee No cash back to borrowers</p>	

Maximum Loan Amount

Continental US Units	Most States Highest Maximum	High Cost States / High Balance	
		Lowest Maximum (floor)	Highest Maximum (ceiling)
1	\$417,000	\$417,001	\$729,750
2	\$533,850	\$533,851	\$934,200
3	\$645,300	\$645,301	\$1,129,250
4	\$801,950	\$801,951	\$1,403,400

Product Description

VA Fixed Rate 15 and 30 year term; fully amortized

VA Fixed Rate 15 and 30 year term, high balance; fully amortized

Eligibility Requirements

Appraisal Requirements	<p>A new appraisal completed by a VA approved or VA fee panel Appraiser is always required. VA LAPP approved Underwriting Consultant will issue the Notice of Value Copy of the signed Notice of Value must remain in the loan file</p> <p>Natural Disasters Loans secured by properties located in areas federally declared as major disaster areas must have additional inspections, contact Account Executive to review.</p>
Appraiser Requirements	Appraisal ordered through and appraiser assigned at the VA Portal at the time the case number is ordered.
Assets	Two months bank statements to cover any funds necessary to close AUS Approve – may follow reduced documentation
Assumptions	Permitted – Credit worthy borrowers only
Borrower Eligibility	<p>Certificate of Eligibility must have sufficient entitlement to meet minimum 25% guarantee Joint loans involving a veteran and a non-veteran who is not the veteran's spouse (VA prior approval required. Refer to <i>Special Requirements/Restrictions</i> for more details) Joint loans involving two unmarried veterans (VA prior approval required. Refer to <i>Special Requirements/Restrictions</i> for more details)</p>
Certificate of Eligibility (COE)	A Certificate of Eligibility (COE) is required.
Co-borrowers	All borrowers must occupy the subject property
Credit	<p>Housing (Mortgage/Rental) Payment History Requirements It may be necessary to verify the current and previous mortgage to establish a 12-month payment history.</p> <p>Housing (Mortgage/Rental) Payment History (PITIA) is inclusive of all liens regardless of position, as well as all occupancy types. All loans must be current Cash-Out – Regardless of AUS Decision – 12 month payment history or life of loan if property is owned less than 12 months via a credit report, cancelled checks, or VOM to reflect no more than 0x30 during the previous 12 months.</p> <p>Credit Score Requirements 640 minimum credit score required regardless of AUS Decision Non-traditional credit is ineligible</p>
Employment / Income	<p>Employment documentation Verification of employment Paystubs covering at least the most recent 30 day period Most recent W-2 2 years tax returns for self-employed borrowers</p>

Employment / Income (cont.)	<p>OR</p> <p>Paystubs covering at least the most recent 30 day period</p> <p>2 years W2s</p> <p>2 years tax returns for self-employed borrowers</p> <p>Completed Telephone VOE</p> <p>If telephone VOE does not verify income, full documentation is required</p> <p>Form 4506-T must be processed prior to closing.</p> <p>A new IRS Form 4506-T is required to be signed with the closing package as well as at application even when the form has been processed.</p>
Escrow Holdback	Ineligible
Escrow Waivers	Ineligible
Financing Types	<p>Cash-Out (Equity Refinances)</p> <p>Subject property must have an existing lien</p> <p>No seasoning on first mortgage or junior liens</p> <p>New loan amount may include the following.</p> <ul style="list-style-type: none"> Payoff of existing liens Reasonable discount points Allowable fees and charges (other than funding fee) Cash back to the borrower <p>Premium pricing permitted</p> <p>Cash out ineligible in Texas</p> <p>Refinance of Construction Loans and Installment Land Sales Contracts</p> <p>Loan amounts may not exceed the lesser of the following.</p> <p>The VA reasonable value excluding the VA funding fee, OR</p> <p>The sum of the outstanding balance of the loan to be refinanced plus allowable closing costs (excluding the funding fee) and discount points.</p> <p>Loan must be established as a purchase transaction to permit the maximum LTV to exceed 90% of the reasonable value.</p>
Geographic Locations/ Restrictions, as applicable	<p>All states eligible except as follows:</p> <p>Refer to PHM rate sheet for complete list of states, except New York and Missouri</p> <p>State specific requirements are as follows.</p> <p>North Carolina</p> <p>Loans must be qualified at the greater of the fully amortized/fully indexed rate or Note rate.</p> <p>State specific regulatory requirements supersede all underwriting guidelines set forth by PHM.</p>
Guaranty/ Entitlement	Must meet both VA and GNMA requirements. Refer to VA Calculation Worksheet for loan amount calculations.
Internet Links	<p>The Appraisal System. Order Case Numbers from VA Portal (Case Number Only for VA IRRRLs) WebLGY</p> <p>VA Lenders Handbook http://www.benefits.va.gov/warms/pam26_7.asp</p> <p>VA Lender's and Servicer's Home Page http://www.benefits.va.gov/homeloans/</p> <p>VA Regional Loan Centers http://www.homeloans.va.gov/rlcweb.htm</p>
Limitations on Other Real Estate Owned	None
Mortgage Insurance	Refer to <i>VA Funding Fee</i> for specifics
Occupancy	Primary Residence
Prepayment Penalty	None
Property Types	<p>Eligible Properties</p> <ul style="list-style-type: none"> 1 – 4 units VA approved condos PUDs Modular housing <p>Ineligible Properties</p> <ul style="list-style-type: none"> Co-ops Manufactured Homes
Qualifying Rate and Ratios	<p>AUS Approve loans – Ratios evaluated by AUS, see below</p> <p>AUS Refer loans – Not eligible</p> <p>The DTI ratio of 41% may be exceeded provided this ratio does not exceed 50%</p> <p>DTI Ratios >41% <=50% require residual income exceeding 120% in addition to significant documented</p>

Qualifying Rate and Ratios (cont.)	compensating factors such as: Conservative use of consumer credit Excellent credit history Existence of equity in refinancing loans High residual income Little or no increase in shelter expense Long-term employment Military benefits Minimal consumer debt Satisfactory homeownership experience Significant liquid assets
Secondary Financing	New subordinate/secondary financing is not permitted. Existing subordinate financing is limited to a maximum of 100% CLTV. The second lien should not restrict the veteran's ability to sell the property (i.e. assumability feature)
Special Documentation Requirements	Documents required in order to underwrite the full file are as follows. VA Case Number Assignment Screen to confirm new case number Automated Certificate of Eligibility printed from the VA ACE system VA Form 26-1880, Request for Certificate of Eligibility for VA Home Loan Benefits, with supporting evidence of service 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 and service pay Verification of VA Benefit (VA Form #26-8937) required if borrower or co-borrower is: Receiving VA disability benefits Would receive benefits but for the receipt of retired pay Has received VA disability benefits in the past A surviving spouse of a veteran who died on active duty or as a result of a service connected disability Submit form to the VA Regional Loan Center having jurisdiction over property state. Cannot issue final loan approval until VA completes and returns the form Cannot submit loan to the VA for prior approval unless completed form is received from the VA Original, signed and fully completed Uniform Residential Loan Application (FNMA 1003) Original HUD/VA Addendum to the URLA (VA Form 26-1802a) VA Loan Analysis Worksheet (VA Form 26-6393) VA Loan Summary Sheet (VA Form 26-0286) Notice of Value completed and signed by LAPP Approved Underwriter or issued by the VA CAIVRS information must be checked Residual income requirements must be met Nearest living relative Information Initial Good Faith Estimate and Truth in Lending Disclosures Affiliated Business Disclosure Child Cared Letter Provide all other applicable VA related forms The following documents will be required at closing Federal Collection Policy Notice (VA Form 26-0503) or the HUD/VA addendum to the URLA VA Transmittal List VA Form 26-0285 Counseling Checklist for Military Homeowners VA Form 26-0592 Report and Certification of Loan Disbursement VA Form 26-1820
Special Requirements/Restrictions	Cash out (Equity refinance) ineligible in Texas If the loan being paid off through the refinance is an existing VA loan, this must be the same loan indicated on the COE. In some cases a copy of the note may be required to verify the case number. Entitlement is the guaranty or insurance benefit available to an eligible veteran. 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. Ginnie Mae Guaranty of at least 25% is required. The 25% guaranty may be satisfied through a combination of available entitlement plus equity in the property. Refer to VA Calculation Worksheet for guidelines pertaining to Partial and Bonus entitlement.
Underwriting	Eligible for submission to DU Manual underwriting allowed
VA Case Number	Order the case from the VA Portal.
VA Funding Fee	VA Funding Fee applies unless veteran is exempt. See <i>VA Funding Fee Table</i> for specific percentages.

Loan Fee Structure for VA-Guaranteed Loans - Refinance		
	Veteran / Active Duty	Reservist/National Guard
First Time Use – Cash Out		
November 22, 2011 through September 30, 2016	2.15%	2.40%
Second and Subsequent Use – Cash Out		
November 22, 2011 through September 30, 2016	3.30%	3.30%
Refinancing Loans - IRRRL		
Interest Rate Reduction Refinancing Loan (IRRRL)	0.50%	0.50%
Other		
Service-connected disabled Veterans	0.00%	0.00%