

**VA CASH-OUT REFINANCE
REQUIRED EQUITY AND PERCENTAGE OF GUARANTY CALCULATION WORKSHEET
LOAN AMOUNTS up to \$417,000**

Bonus Entitlement is available for Cash-Out Refinance loans closed on or after 1/1/09

Your primary goal is to verify that:

1. Ginnie Mae's required minimum 25% guaranty is met (*Ginnie Mae requires a minimum of 25% of Appraised Value in the form of entitlement and/or Equity in the property*).
2. The base LTV does not exceed 90% of Appraised Value (*While VA permits LTV on a Cash-Out to 100%, WMC continues to restrict the LTV to 90% of the Appraised Value*).

Maximum VA Guaranty Amount / Veteran's Available Entitlement – provided by VA:

Loan Amount	Maximum Potential Guaranty (subject to veteran's available entitlement)
Up to \$45,000	50% of the loan amount
\$45,001 to \$56,250	\$22,500
\$56,251 to \$144,000	40% of the loan amount
\$144,001 to \$417,000	25% of the loan amount

Example 1: Veteran has Full Entitlement

Property is located in:	Montgomery County, PA
VA County Limit for Montgomery County	\$417,000
Appraised Value (AV)	\$300,000
Veteran Funding Fee factor (First Time use of entitlement - Reservist)	2.4%
Borrower is requesting Loan Amount (Base + Financed FF) 90% of Appraised + FF (\$270,000 + \$6,480)	\$276,480
Minimum Guaranty required by GNMA (25% of \$300,000 (A)	\$ 75,000
Maximum VA Guaranty/Available Entitlement = 25% of \$276,480 Since the Minimum Guaranty required by GNMA is greater than the maximum guaranty VA will provide, the borrower must have sufficient equity in the property to help meet the minimum required guaranty and the requested base loan amount must be reduced.	\$ 69,120
Equity is calculated as appraised value less base loan amount \$300,000 less \$270,000.	\$30,000
Minimum required Equity = \$75,000 less \$69,120 Since additional Equity is required, the base loan amount must be reduced by the amount of the minimum required equity	\$5,880
Percentage of Guaranty = Available Entitlement plus Minimum Required equity divided by Appraised Value \$69,120 + \$5880 = \$75,000 divided by \$300,000	25% Min Guaranty is met – loan is saleable
Adjusted base Loan Amount = Requested Base Loan Amount less Required Equity (\$270,000 less \$5,880)	\$264,120
Adjusted Funding Fee = Adjusted Base Loan Amount X applicable factor (\$264,120 x 2.4%)	\$6,338.88
Adjusted Total Loan Amount = 6,338.88)	\$270,458

Example 2: Veteran has Partial Entitlement Available

(Veteran has used \$27,500 of entitlement on a prior loan, which may not be restored).

Property is located in:	Montgomery County, PA
VA County Limit for Montgomery County	\$417,000
Appraised Value (AV)	\$320,000
Veteran Funding Fee factor (Subsequent use of entitlement)	3.3%
Borrower is requesting Loan Amount (Base + Financed FF) Appraised Value x 90% + FF \$288,000 + \$9,504	\$297,504
Minimum Guaranty required by GNMA (25% of \$320,000 (SP)	\$ 80,000
Maximum VA Guaranty / (Remaining) Available Entitlement = 25% of \$417,000 = \$104,250 less \$27,500 Since the Minimum Guaranty required by GNMA is greater than the maximum guaranty VA will provide less the entitlement in use, the veteran needs sufficient equity in the property to meet the GNMA requirement.	\$ 76,750
Equity is calculated as appraised value less base loan amount \$320,000 less \$288,000.	\$32,000
Minimum required Equity = Minimum GNMA Requirement less Remaining Available Entitlement (\$80,000 - \$76,750) Since additional Equity is required, the base loan amount must be reduced by the amount of the minimum required equity	\$3,250
Adjusted base loan amount = Requested base loan amount less required equity (\$288,000 less \$3,250)	\$284,750
Percentage of Guaranty = Available Entitlement plus Minimum Required equity divided by Appraised Value \$76,750 + \$3,250 = \$80,000 divided by \$320,000	25% Min Guaranty is met – loan is saleable
Adjusted Funding Fee = Adjusted Base Loan Amount X applicable factor (\$284,750 x 3.3%)	\$9,396.75
Adjusted Total Loan Amount = Base loan amount + funding fee (\$284,750 + \$9,396.75)	\$294,146