

**WM VA GUARANTEED FIXED RATE WITH  
HIGH BALANCE OPTION**

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**LOAN PROGRAM DESCRIPTION:**

- The Veterans Administration (VA) was established in 1930 when Congress authorized the President to “consolidate and coordinate government activities affecting war Veterans.” The Servicemen’s Readjustment Act of 1944 (known as “the G.I. Bill”) authorized the VA to administer a variety of benefit programs, including a home loan guaranty program, to facilitate the adjustment of returning Veterans to civilian life. The Department of Veterans Affairs (VA) was established as a Cabinet-level position on March 15, 1989.
- The underwriting information contained in this section is intended for use in conjunction with pamphlet 26-7 Guaranty of Insurance of Loans to Veterans – GI Loan Programs, located at <http://www.va.gov>.

**LOCK-IN/REGISTRATION:**

- Loans must be locked through Blue Connect.
  - Tips:
    - **Loan Type** – VA.
    - **Doc Type** – Full Doc or IRRRL (Case-By-Case basis only. Contact your Account Executive).
    - **Amortization** – 15 & 30 years.
    - **High Balance** – 30 years.
    - **Loan Program Labels:**
      - WM\_VA\_15\_Fxd
      - WM\_VA\_20\_Fxd
      - WM\_VA\_25\_Fxd
      - WM\_VA\_30\_Fxd
      - WM\_VA\_30\_Fxd\_Jmbo
      - WM\_VA\_15\_Fxd\_IRRL \*\*
      - WM\_VA\_20\_Fxd\_IRRL \*\*
      - WM\_VA\_25\_Fxd\_IRRL \*\*
      - WM\_VA\_30\_Fxd\_IRRL \*\*
- \*\* IRRRLs - Case-By-Case basis only. Contact your Account Executive.

**MINIMUM MORTGAGE:**

- None.

**MAXIMUM MORTGAGE:**

- **Purchase** - \$700,000 (regardless of number of units). The total loan amount (base plus funding fee).
- **Cash-Out Refinance:**
  - The maximum loan amount is 90% of the appraised value including financed funding fee.
  - **Loan Amounts ≤\$417,000** - Refer to Exhibit E-144 VA Maximum Mortgage Calculation Worksheet on how to calculate max mortgage.
  - **Loan Amounts >\$417,000 to \$700,000** – Refer to Exhibit E-145 VA Maximum Mortgage Calculation Worksheet on how to calculate max mortgage.
- The Department of Veterans Affairs (VA) has published the 2011 VA County Loan Limits for High Cost Counties located at [http://www.benefits.va.gov/homeloans/docs/2011\\_county\\_loan\\_limits.pdf](http://www.benefits.va.gov/homeloans/docs/2011_county_loan_limits.pdf). For Counties not listed in the document, the 2011 limit is \$417,000. These limits apply to all loans closed January 1, 2011 through September 30, 2011.
  - *As announced in [Bulletin #11-0809-C](#) dated August 9, 2011, the Department of Veteran Affairs (VA) has announced that the VA County Loan Limits for High-Cost Counties will remain unchanged for the remainder of the calendar year.*
  - *The 2011 VA County Loan Limits can be found at the following link [http://www.benefits.va.gov/homeloans/loan\\_limits.asp](http://www.benefits.va.gov/homeloans/loan_limits.asp)*
  - *The extension applies to the 2011 VA maximum guaranty loan limits closed on or before December 31, 2011.*

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**Note:** WMC only allows loans up to \$700,000.

- The Department of Veterans Affairs (VA) has published the 2012 VA County Loan Limits. Limits will apply for loans closed from January 1, 2012 through September 30, 2012. Loan limits will range from \$417,000 to a maximum of \$625,500 except Alaska or Hawaii which will range from \$625,500 to \$938,250. This does not impact Interest Rate Reduction Loans (IRRRL) which can remain at current limits.
  - Click here to view 2012 County Loan Limits.
  - *Review your pipeline to ensure that loans scheduled to close in 2012 are not impacted by these changes.*
  - **NOTE:** If Congress passes legislation permitting VA to calculate maximum guaranty as it has in the past, the numbers could increase slightly; they will NOT decrease. Should this occur, VA will immediately publish a notice on [www.benefits.va.gov/homeloans](http://www.benefits.va.gov/homeloans).
- **Loan Guaranty / Entitlement** – The maximum guaranty is the lesser of the Veteran’s available entitlement or the maximum potential guaranty amount detailed in the following table:

Loan Amount	Maximum Potential Guaranty
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 with a maximum of \$36,000
\$144,001 to \$417,000	25% of the loan amount with a maximum of \$104,250
\$417,001 to \$700,000**	25% of the loan amount with a maximum of \$273,656**

\*\* - VA will provide guaranty equal to the lesser of 25% of the total loan amount or 25% of the County limit for a one (1) unit dwelling subject to Veterans available entitlement.

- **High Balance** – Regardless of loan amount, the VA Guaranty plus cash/equity must be equal to at least 25% of the purchase price or Notification of Value (NOV), whichever is less.

### MAXIMUM LTV/CLTV:

- Refer to **WM VA Fixed Rate with High Balance Option** Matrix.
- Refer to **MAXIMUM MORTGAGE** section.
- Use base loan amount for LTV calculation.
- **Purchase** – 100/100% LTV/CLTV with full entitlement is \$700,000.
- **Cash-Out** – 90/90%LTV/CLTV of the property value shown on the CRV or NOV plus the VA Funding fee and not eligible for the increase to 100% announced in VA Circular 26-08-19.

### ADDITIONAL CONSIDERATIONS:

- **IMPORTANT** - Settlement agents need to be verified. Contact your Account Executive.
  - **Note to Account Executive** – Refer to the *Intranet* website; Origination; Product Manual; Practical Quick Reference Tool (QRT); and the Relevant Website Resource section of QRT for verification of settlement agents.
- Refer to **PROPERTY TYPES INELIGIBLE** section.

### AGE OF DOCUMENTS:

- 120 days for existing property.
- 180 days for new construction.

### APPLICATION REQUIREMENTS:

- A fully complete and signed IRS Form 4506-T must be signed and dated at application and at closing for each Borrower on the loan regardless of income source or employment.
- **TAX TRANSCRIPTS:**
  - Tax Return Transcripts are required for at least one (1) year. If an AUS response requests more than the additional transcripts are required.

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- The Official Tax Return Transcript is required on each Borrower.
- The Official Tax Return Transcript is required even if tax returns are NOT required for loan qualification.

**APPRAISAL REQUIREMENTS:**

- VA Appraisal.
- VA requires Appraisers to include Fannie Mae’s Market Conditions Addendum, Form 1004MC, in all VA Appraisal reports.
- VA Approved/VA Fee panel Appraisers.
- LAPP – Notification of Value (NOV) to be issued by a WMC VA Lender’s LAPP Approved Underwriter via The Appraisal System (TAS) at <https://tas.vba.va.gov> Or Certificate of Reasonable Value (CRV) issued by VA.
  - **Important:** *NOV must be issued within five (5) days of receipt of Appraisal.*
- **Effective with Appraisals completed on or after January 1, 2012, Appraisals will need to be UAD compliant.**
  - UAD standardization does not change existing VA policy on Minimum Property Requirements (MPR) and Property Eligibility or Appraisal inspection protocol.
  - There are changes to VA Policy & Procedures for Appraisals in relation to UAD requirements.
  - Refer to Circular 26-11-14.
- **DECLINING MARKET REQUIREMENTS:**
  - If Appraiser notes that property is in a “declining or soft market” (soft market is where sales are taking greater than six (6) months to sell and/or there is an oversupply of housing) or appears on the “Declining Markets Matrix” posted on our website at [www.wintrustmortgage.net](http://www.wintrustmortgage.net) under the program guidelines, a reduction in LTV/CLTV/HCLTV will not be required however the following additional guidelines must be followed:
    - ◆ A full URAR Appraisal is required.
    - ◆ Three (3) comps required, two (2) comps must be have closed within the last 90 days, one (1) no greater than six (6) months old, all within the neighborhood boundaries as defined on page one (1) of the Appraisal.
    - ◆ Two (2) pending sales or listings from the subject’s neighborhoods.
- **DISASTER AREAS:**
  - Full documentation require re-inspections. Refer to FEMA website: <http://www.fema.gov/news/disasters.fema>
  - Verify the Borrower’s place of employment has not been negatively impacted by these events.
  - Veteran Disaster Certification Exhibit E-348.
    - **Correspondent Note:** Must be on company’s letterhead.
  - Lender Disaster Certification Exhibit E-349.
    - **Correspondent Note:** Must be on company’s letterhead.
- Refer to **GEOGRAPHIC RESTRICTIONS** section.

**ARM INDEX:**

- N/A.

**ARM INITIAL INTEREST RATE CAPS:**

- N/A.

**ARM INTEREST RATE CEILING:**

- N/A.

**ARM INTEREST RATE FLOOR:**

- N/A.

**ARM MARGIN:**

- N/A.

**ARM RATE ADJUSTMENT:**

- N/A.

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**BORROWERS ELIGIBLE:**

- Must be a Veteran who served the minimum duty with other than a dishonorable discharge. Veterans who served less than the minimum required period may be eligible if discharged because of service-connected disabilities.
- Active duty with at least 181 days of duty.
- Un-remarried surviving spouse of eligible Veteran (COE).
- Reservists/National Guard.
- 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 **CO-BORROWER(S)** section.
- Joint loans involving two (2) unmarried Veterans (VA prior approval required) refer to **CO-BORROWER(S)** section.
- The un-remarried surviving spouse of an eligible service member who died as a result of service or service-connected injuries may also be eligible.
- Specific questions on Veterans' eligibility matters should be referred to the VA regional office.

**BORROWERS INELIGIBLE:**

- N/A.

**BUYDOWNS:**

- Not permitted. Refer to [WMC Bulletin 11-0218-C](#).

**CASH RESERVES:**

- The following reserve requirements must be met for purchases and refinances:
  - **1 Unit** – None required.
  - **2-4 Units** – None required (When rental income is not being used to qualify).
  - **2-4 Units** – Six (6) months (When rental income is being used to qualify).

**CLOSING DOCUMENTS:**

- VA Mortgage Note/Deed Of Trust Note.
- VA Mortgage/Deed Of Trust.
- Assumption Rider (if applicable).
- VA Form 1820 - Report & Certificate of Loan Disbursement.
- FNMA PUD Rider (if applicable).
- FNMA Multi-State Condo Rider (if applicable).
- Notice to Veteran.
- Federal Collection Policy Notice.
- 4506T signed and dated at closing (Salaried and Self-Employed).
- **Important: All files sent to Investor Delivery located in Rosemont, IL, must have Title Commitment. Short form policies cannot be used in lieu of the title commitment.**
- **IMPORTANT** - Settlement agents need to be verified. Refer to the *Intranet* website; Origination; Product Manual; Practical Quick Reference Tool (QRT); and the Relevant Website Resource section of QRT for verification of settlement agents.

**CO-BORROWERS(S):**

- All Borrowers must occupy the subject property.
- Non-Veteran co-Borrower permitted and requires VA approval.
  - Referred to as a Joint loan and the following restrictions apply:
    - Investor to underwrite.
    - The Veteran and one (1) or more non-Veterans (not spouse).
    - The Veteran and one (1) or more Veterans (not spouse) who will not be using their entitlement.
    - The Veteran and one (1) or more Veterans (not spouse) all of who will use their entitlement. *Example: Two (2) unmarried*

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*Veterans.*

- The Veteran and the Veteran's spouse who is also a Veteran and both entitlements to be used.
- A loan involving a Veteran and his/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/her entitlement on the loan.

**CREDIT:**

- Three (3) scores required all Borrowers.
- Must use Representative Score. Representative score is defined as the lowest middle score of all Borrowers.
- **Loan Amounts ≤\$417,000 (including funding fee)** - Minimum 620 FICO regardless of AUS approval.
  - *Effective with loans locked or relocked on or after Wednesday, April 11, 2012, a minimum FICO of 660 is required regardless of AUS Approval.*
- **Loan Amounts >\$417,000 to \$700,000 (including funding fee)** – Minimum 680 regardless of AUS approval.
- **Non-Traditional Credit** – Not permitted.
- VA credit standards apply.
- CAIVR System must be checked.
- Rapid Reporting Credit reports are ineligible.
- **High Balance:**
  - No housing/rental lates of thirty (30) days or more in last twelve (12) months (including all mortgages and rent payments).
  - Foreclosure or Bankruptcy not allowed in the most recent seven (7) years.

**DISCLOSURES:**

- Department of Veterans Affairs Interest Rate and Discount Disclosure Statement.
- Counseling Checklist For Military Homebuyers (as applicable for Veterans currently in the service).
- Department of Veteran Affairs Contract Escape Clause (if not already contained in the Sales Contract).
- Multi-State Net Tangible Benefit Worksheet (only applicable for the state of Colorado).
- Rhode Island – Prohibited Acts of Lenders & Loan Brokers.
- Kentucky Homeownership.
- Nearest living relative certification.
- Veteran Disaster Certification Exhibit E-348 (Refer to **APPRAISAL REQUIREMENTS** section).
- Lender Disaster Certification Exhibit E-349 (Refer to **APPRAISAL REQUIREMENTS** section).

**DOCUMENTATION:**

- Full documentation.
- Follow AUS documentation requirements.
  - Tax Return Transcripts are required for at least one (1) year. If an AUS response requests more than the additional transcripts are required.
  - The Official Tax Return Transcript is required on each Borrower.
  - The Official Tax Return Transcript is required even if tax returns are NOT required for loan qualification.
- **VA Form 26-6393 Loan Analysis** – Is used to analyze the Veteran's income, debts, and creditworthiness. Only verified income can be considered in total effective income. The income calculation and analysis performed by the Underwriter to determine the Veteran's income must be documented in the file.
  - Include maintenance and utility cost at 14 cents per square foot on line 19 of VA Analysis.
  - Child care cost if any must be added as a debt on line 29 of VA Analysis.
- **Non-Purchasing Spouse in a Community Property State** – A credit for the non-purchasing spouse is required to determine any joint or individual debts. Signed Credit Authorization is required.
- **Self-Employed Borrowers** – Complete tax returns with all schedules or Tax Transcripts from the IRS that the Underwriter is to obtain regardless of AUS findings.
- Refer to **APPLICATION** section.
- Refer to **UNDERWRITING SUBMISSION PROCEDURES** section.

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**DOWN PAYMENT REQUIRED:**

- No minimum Borrower investment required unless the purchase price exceeds the reasonable value of the property or the Veteran does not have full entitlement
- **2-4 Units** – If the total loan amount is greater than the limit for a one (1) unit dwelling, a down payment may be required.
- **High Balance Purchase** – If total loan amount is greater than the County limit for a one (1) unit dwelling, a down payment may be required and the LTV may need to be reduced accordingly.

**DU/LP INFORMATION:**

- **ALL** loans must be run through Fannie Mae<sup>®</sup> Desktop Underwriter<sup>®</sup> (DU<sup>™</sup>) or Freddie Mac<sup>®</sup> Loan Prospector<sup>®</sup> (LP<sup>™</sup>) and receive an AUS approval.
  - **AUS “Refer” & Manual Underwrites** – Ineligible.
- Refer to **CREDIT** section.

**ESCROW HOLDBACKS:**

- Weather related and approved by the Underwriter.
- **Correspondent must obtain WMC approval prior to closing.**

**ESCROW WAIVERS:**

- Not permitted.

**GEOGRAPHICS RESTRICTIONS:**

- **Alaska** – Ineligible.
- **Arizona** – Ineligible.
- **California** – Ineligible.
- **Colorado** – Multi-State Net Tangible Benefit Worksheet.
- **Florida** - Ineligible.
- **Hawaii** – Ineligible.
- **Maryland** - DU<sup>™</sup>/LP<sup>™</sup> Verification of Income or Asset relief not permitted.
- **Minnesota** - DU<sup>™</sup>/LP<sup>™</sup> Verification of Income or Asset relief not permitted.
- **Nevada** - Ineligible.
- **Texas** – Cash-out refinances not permitted. Borrower cannot receive any cash back.

**GIFTS:**

- **Down Payment Assistance Programs (DPA's)** – Ineligible.
- **Loan Amounts >\$417,000** – Ineligible.

**INTEREST ONLY OPTION:**

- N/A.

**LIMITATIONS ON REAL ESTATE OWNED:**

- Maximum of four (4) financed properties, including the subject property with all Lenders. This limitation includes joint or total ownership, and is cumulative across all Borrowers on the loan whether conventional or government mortgages..

**MORTGAGE INSURANCE:**

- VA Funding Fee applies unless Veteran is exempt.
  - The Department of Veterans Affairs (VA) has announced changes in funding fees for VA loans as follows:
    - **Loans closed October 1, 2011 thru October 5, 2011**, will be charged the lower fees as quoted in Circular 26-11-12 dated September 8, 2011.

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- Loans closed October 6, 2011 thru and including November 17, 2011, will be charged the same rates in effect prior to October 1, 2011. Refer to VA Lender's Handbook, Chapter 8, Topic 8.
- Loans closed on and after November 18, 2011 thru and including November 21, 2011, will be charged the lower fees as quoted in Circular [26-11-12](#) dated September 8, 2011.
- Loans closed on and after November 22, 2011 thru and including September 30, 2016, will be the same rates in effect prior to October 1, 2011. Refer to [Circular 26-11-19](#).

➤ **PURCHASE TRANSACTIONS:**

TYPE OF VETERAN	DOWN PAYMENT	PERCENTAGE FOR FIRST TIME USE	PERCENTAGE FOR SUBSEQUENT USE			
Active Duty or Veteran	0%	10/1/2004 to 9/30/2011 - 2.15% On & After 10/1/11 to 10/5/11 - 1.40% On & After 10/6/11 to 11/17/11 - 2.15% On & After 11/18/11 to 11/21/11 - 1.40% On & After 11/22/11 to 9/30/16 - 2.15%	10/1/07 to 9/30/11			
			3.30%			
			10/1/11 to 10/5/11			
			2.80%			
			10/6/11 to 11/17/11			
			3.30%			
			11/18/11 to 11/21/11			
			2.80%			
			11/22/11 to 9/30/16			
			3.30%			
			10/1/11 to 10/5/2011			
			.75%			
			10/6/11 to 11/17/11			
			1.50%			
			11/18/11 to 11/21/11			
.75%						
11/22/11 to 9/30/16						
1.50%						
Active Duty or Veteran	>=5% <10%	To 9/30/11 - 1.50% On & After 10/1/11 to 10/5/11 - .75% On & After 10/6/11 to 11/17/11 - 1.50% On & After 11/18/11 to 11/21/11 - .75% On & After 11/22/11 to 9/30/16 - 1.50%	10/1/11 to 10/5/11			
			.50%			
			10/6/11 to 11/17/11			
			1.25%			
			11/18/11 to 11/21/11			
			.50%			
			11/22/11 to 9/30/16			
			1.25%			
			Active Duty or Veteran	>=10%	To 9/30/11 - 1.25% On & After 10/1/11 to 10/5/11 - .50% On & After 10/6/11 to 11/17/11 - 1.25% On & After 11/18/11 to 11/21/11 - .50% On & After 11/22/11 to 9/30/16 - 1.25%	10/1/11 to 10/5/11
						.50%
						10/6/11 to 11/17/11
						1.25%
						11/18/11 to 11/21/11
						.50%
						11/22/11 to 9/30/16
1.25%						
Reserves or National Guard	0%	10/1/2004 to 9/30/11 - 2.40% On & After 10/1/11 to 10/5/11 - 1.65% On & After 10/6/11 to 11/17/11 - 2.40% On & After 11/18/11 to 11/21/11 - 1.65% On & After 11/22/11 to 9/30/16 - 2.40%				10/1/07 to 9/30/11
						3.30%
						10/1/11 to 10/5/11
						2.80%
						10/6/11 to 11/17/11
						3.30%
						11/18/11 to 11/21/11
			2.80%			
			11/22/11 to 9/30/16			
			3.30%			
			10/1/11 to 10/5/2011			
			1.00%			
			10/6/11 to 11/17/11			
			1.75%			
			11/18/11 to 11/21/11			
1.00%						
11/22/11 to 9/30/16						
1.75%						

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	>=10%	To 9/30/11 - 1.50% On & After 10/1/11 to 10/5/11 - .75% On & After 10/6/11 to 11/17/11 - 1.50% On & After 11/18/11 to 11/21/11 - .75% On & After 11/22/11 to 9/30/16 - 1.50%	1.75%
			10/1/11 to 10/5/11
			.75%
			10/6/11 to 11/17/11
			1.50%
			11/18/11 to 11/21/11
			.75%
			11/22/11 to 9/30/16
			1.50%

➤ **CASH-OUT REFINANCE:**

TYPE OF VETERAN	PERCENTAGE FOR FIRST TIME USE	PERCENTAGE FOR SUBSEQUENT USE <sup>1</sup>
Active Duty or Veteran	10/1/2004 To 9/30/2011 - 2.15% On & After 10/1/11 to 10/5/11 - 1.40% On & After 10/6/11 to 11/17/11 - 2.15% On & After 11/18/11 to 11/21/11 - 1.40% On & After 11/22/11 to 9/30/16 - 2.15%	10/1/07 to 9/30/11
		3.30%
		10/1/11 to 10/5/11
		2.80%
		10/6/11 to 11/17/11
		3.30%
		11/18/11 to 11/21/11
		2.80%
		11/22/11 to 9/30/16
3.30%		
Reserves or National Guard	10/1/2004 To 9/30/2011 - 2.40% On & After 10/1/11 to 10/5/11 - 1.65% On & After 10/6/11 to 11/17/11 - 2.40% On & After 11/18/11 to 11/21/11 - 1.65% On & After 11/22/11 to 9/30/16 - 2.40%	10/1/07 to 9/30/11
		3.30%
		10/1/11 to 10/5/11
		2.80%
		10/6/11 to 11/17/11
		3.30%
		11/18/11 to 11/21/11
		2.80%
		11/22/11 to 9/30/16
3.30%		

<sup>1</sup>The higher subsequent use fee does not apply to these types of loans if the Veteran's only prior use of entitlement was for a manufactured home NOT classified as real estate.

- **IRRRL (Veteran/Reservist/National Guard) - .50%.**
- VA Funding Fee may be financed or paid in cash. On loan amounts exceeding \$417,000, if the combined loan amount plus the funding fee exceeds the county limit, the portion of the total funding fee that exceeds the county limit may not be financed into the loan amount.
- Joint Loans – Apply the appropriate funding fee percentage to any portion of the loan allocable to a Veteran using his/her entitlement that is not exempt from the funding fee.
- **Funding Fee Exemption** - A Veteran must establish any claim for exemption from the fee. The following are the only exceptions allowed:
  - 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.
  - Surviving spouses of Veterans who died in service or from service-connected disabilities (regardless of whether such surviving spouses are Veterans with their own entitlements and whether they are using their own entitlements on the loan).
  - Veterans who are rated by the VA as eligible to receive compensation as a result of pre-discharge disability examination and rating.
- **VA Certificate of Eligibility (COE) with Funding Fee Exemption Status & Income Verification:**
  - The Department of Veterans Affairs (VA) has announced in [Circular 26-11-11](#) a change to the Certificate of Eligibility

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(COE) for Veteran Borrowers. The COE will now reflect the funding fee exemption status and income verification for service connected disability compensation. By having the funding fee exemption status shown on the COE, the Verification of Benefits Form 26-8937 will no longer be required to be faxed to the Department of Veterans Affairs *in most cases*. The funding fee exemption status will begin appearing on COEs effective September 11, 2011.

**- Exempt Status:**

- **Exempt** – Indicates the Veteran is exempt from paying the funding fee.
- **Non-Exempt** – Indicates the Veteran is not exempt from paying the funding fee.
- **Contact RLC** – Indicates a system generated determination is not available and the VA Form 26-8937, Verification of VA Benefits, will need to be faxed to the Department of Veterans Affairs.

**- Interest Rate Reduction Refinance Loan (IRRRL):**

- To determine exemption status on IRRRLs, the COE may be obtained with the funding fee exemption status as discussed above. The IRRRL Case Number assignment and prior loan validation will not have the funding fee exemption status shown. If this is needed, the VA Form 26-8937 will need to be faxed to the VA Regional Loan Center of jurisdiction or a full COE requested.

**- Verified Income:**

- You may rely on the **Exempt** status appearing next to the “Funding Fee” field for verification of funding fee exemption. Additionally, on COEs with an **Exempt** status, you may treat any service-connected disability income amount appearing in the “Condition” section of the COE as **verified income**. There is no need to fax in VA Form 26-8937 to confirm the status or amount showing on the COE.

**MORTGAGE INSURERS APPROVED:**

- N/A.

**NEW CONSTRUCTION:**

- Per VA guidelines - refer to VA Lenders Handbook.

**NON-OCCUPYING BORROWER:**

- Refer to **CO-BORROWER** section.

**OCCUPANCY:**

- Primary Residence.
- **Pending Sale of Current Primary Residence** - When the Borrower’s current primary residence is not going to close prior to the closing of the new primary residence, the Borrower must have a minimum of six (6) months PITI reserves for both properties or two (2) months PITI reserves if there is 30% equity documented in the retained property.

**POWER OF ATTORNEY:**

- Permitted, providing all Borrowers sign the initial 1003 and contract.
- Not permitted, when there is only one Borrower.
- At least one (1) Borrower must be present at closing.
- Veteran’s status as alive and not “missing-in-action” (MIA) at closing.

**PREPAYMENT PENALTY:**

- None.

**PROPERTY TYPES ELIGIBLE:**

- 1-4\* Unit.
- PUD – VA Approved.
- Condominium - VA Approved Condominiums can be verified at <http://vip.vba.va.gov/portal/VBAH/VBAHome/condopudsearch>
  - On and after Monday, December 7, 2009, all VA Condominium project approval requests will have to be submitted to the

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applicable VA Regional Loan Center for review.

- Modular Pre-cut/Panelized housing.
- \*2-4 Unit Properties – Prospective rental income may only be included in effective income if both of the following are met:
  - Evidence indicates the Borrower, has a reasonable likelihood of success as a landlord. Documentation to support the Borrower’s prior experience managing rental units or other background involving both property maintenance and rental must be provided.
  - It can be verified that Borrower has cash reserves totaling minimum six (6) months PITI.
- The amount of rental to include in effective income is based on 75% of either:
  - Verified prior rent collected on the units of existing properties

**OR**

  - The Appraiser’s opinion of the subject property’s fair monthly rental for new construction.

**PROPERTY TYPES INELIGIBLE:**

- Boarding Houses, Hotels, Motels, & Tourist Homes.
- Commercial Enterprises.
- Condominiums pending litigation.
- Condotels.
- Co-ops.
- Energy Efficient.
- Fraternity & Sorority Houses.
- Indian Leaseholds.
- Investment Properties.
- Leaseholds.
- Manufactured Homes.
- Partnership, limited partnership or corporate.
- Private Clubs.
- Resale of properties by an individual, LLC, or Investment group obtained through foreclosure, deed-in-lieu, short sale, or at auction within six (6) months from the sale date.
- Sanitariums.
- Second Homes.
- Test Cases.
- VA Vendee.

**QUALIFYING RATE:**

- Note rate.

**RATIOS:**

- Ratios evaluated by AUS.
- Table Of Residual Incomes By Region - Loan amounts \$79,999 and below:

Family Size*	Northeast	Midwest	South	West
1	\$390	\$382	\$382	\$425
2	\$654	\$641	\$641	\$713
3	\$788	\$772	\$772	\$859
4	\$888	\$868	\$868	\$967
5	\$921	\$902	\$902	\$1004

\* - Over 5 up to a maximum of 7 family members add \$75 for each additional member.

- Table Of Residual Incomes By Region - Loan amounts \$80,000 and above:

Family Size*	Northeast	Midwest	South	West
1	\$450	\$441	\$441	\$491

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2	\$755	\$738	\$738	\$823
3	\$909	\$889	\$889	\$990
4	\$1025	\$1003	\$1003	\$1117
5	\$1062	\$1039	\$1039	\$1158

\* - Over 5 up to a maximum of 7 family members add \$80 for each additional member

• **Geographic Regions for Residual Income Guidelines:**

<u>Northeast</u>	<u>Midwest</u>	<u>South</u>	<u>West</u>
Connecticut	Illinois	Alabama	Alaska
Maine	Indiana	Arkansas	Arizona
Massachusetts	Iowa	Delaware	California
New Hampshire	Kansas	District of Columbia	Colorado
New Jersey	Michigan	Florida	Hawaii
New York	Minnesota	Georgia	Idaho
Pennsylvania	Missouri	Kentucky	Montana
Rhode Island	Nebraska	Louisiana	Nevada
Vermont	North Dakota	Maryland	New Mexico
	Ohio	Mississippi	Oregon
	South Dakota	North Carolina	Utah
	Wisconsin	Oklahoma	Washington
		Puerto Rico	Wyoming
		South Carolina	
		Tennessee	
		Texas	
		Virginia	
		West Virginia	

#### REFINANCES:

• **PROPERTIES LISTED FOR SALE:**

- Follow VA Guidelines (One (1) day off the market).

• **CASH-OUT REFINANCES:**

- A VA-guaranteed cash-out refinance may be used to pay off any type of lien or liens against the secured property. The liens to be paid off may be current or delinquent and may be from any source (for example, VA, FHA, or conventional mortgages and/or tax judgments/liens).

**Note:** The Veteran must have ownership rights to the property with the existing lien. Free and clear properties are ineligible.

- The dwelling must be owned and occupied by the Veteran as a primary residence.
- No seasoning of first mortgage or junior liens.
- **Maximum Loan-to-Value:**
  - Up to 90% of the value of the property indicated on the Notice of Value (NOV) plus the VA funding fee.
  - Cash proceeds from loan may be used to pay fees, charges, and discount points.
  - If paid from loan proceeds, the total of the following items cannot exceed 90% of reasonable value:
    - Payoff of liens;
    - Fees and charges, other than VA funding fee;
    - Reasonable discount points;
    - Cash to the Veteran.
- **Loan Amounts ≤\$417,000** - Refer to Exhibit E-144 VA Maximum Mortgage Calculation Worksheet on how to calculate max mortgage.
- **Loan Amounts >\$417,000 to \$700,000** – Refer to Exhibit E-145 VA Maximum Mortgage Calculation Worksheet on how to calculate max mortgage.
- **Texas** – Cash-out ineligible. Borrower cannot receive any cash back.

#### RELOCATION OR TRAILING CO-BORROWER:

- Per VA Guidelines – refer to VA Lenders Handbook.

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**RIGHT OF OWNERSHIP:**

- Fee simple.

**SALES CONCESSIONS:**

- Seller can pay 100% of discount points and Borrower's non-recurring closing costs.
- Seller can provide an additional amount not to exceed 4% of the estimated reasonable value to assist the Borrower payment of prepaid expenses and funding fee.

**SUBORDINATE FINANCING:**

- Permitted within VA guidelines in VA Lender Handbook, for Secondary Borrowing, Chapter 9, Section 4.
- Secondary financing is acceptable as long as the Veteran is not placed in a substantially worse position than if the entire amount borrowed had been guaranteed by VA. In addition, the following requirements must be met:
  - Cannot be used to offset required down payment, pay closing costs or cover any portion of the purchase price that exceeds the reasonable value.
  - **Simultaneous** - Secondary financing must be obtained simultaneously with the VA guaranteed first mortgage, both secured by the same property.
  - **Documentation** - Must submit documentation disclosing the source, amount, and repayment terms of the second mortgage and agreement to such terms by the Veteran and any co-obligors.
  - **Lien Positions** - The second mortgage must be subordinated to the VA guaranteed loan.
  - **Cash Back** - There can be no cash back to the Veteran from the VA first or second mortgage obtained simultaneously.
  - **Underwriting** - The Veteran must qualify for the second mortgage which is underwritten as an additional recurring monthly obligation.
  - **Interest Rate** - The interest rate on the second mortgage cannot exceed the rate on the VA-guaranteed first.
  - **Assumability** - The second mortgage must be assumable by creditworthy purchasers.
  - **Grace Period** - There should be a reasonable grace period before:
    - A late charge comes due, or
    - Commencement of foreclosure proceedings in the event of default.
  - **Unusual Terms** - Second mortgages bearing unusual terms, interest rates, etc. are sometimes offered. Consult the VA if it is unclear whether the terms of the second mortgage meet VA standards.
- The total CLTV should never exceed 100% of the lesser of the sales price or appraised value.
- **High Balance** – Ineligible.

**TITLE REQUIREMENTS:**

- Short form policies are accepted and encouraged. (Title Commitment still required.)

**TITLE VESTING:**

- Individual.
- Tenants in Common.
- Joint Tenancy.

**UNDERWRITING SUBMISSION PROCEDURE:**

- **ALL** loans must be run through Fannie Mae® Desktop Underwriter® (DU™) or Freddie Mac® Loan Prospector® (LP™) and receive an AUS approval.
  - **AUS "Refer" & Manual Underwrites** – Ineligible.
- Refer to **ADDITIONAL CONSIDERATIONS** section.
- **HYBRID CORRESPONDENT:**
  - **Effective Thursday, December 1, 2011, ALL credit packages must be submitted to [correspondent@wintrustmortgage.com](mailto:correspondent@wintrustmortgage.com). Please be sure to include the appropriate Underwriting Checklist Submission Document from our Correspondent website.**
  - Loans that are VA Automatic underwritten through the Underwriting Department require the VA Submission Checklist located on the website at [www.wintrustmortgage.net](http://www.wintrustmortgage.net) under Procedures/Forms/Disclosures, and VA Loan Quality

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Certification executed by Branch/Lender.

- Loans requiring Prior Approval require file order as prescribed in the VA Lender's Handbook, 26-7 - Change 3, July 14, 2003.
  - **CORRESPONDENT LOANS:**
    - Lenders must be VA Approved with Automatic Authority to sell VA loans via the Correspondent channel.
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