

# Product Snapshot

## VA Renovation



The VA Renovation Program allows borrowers to finance the purchase or refinance of a home and the cost of its rehabilitation through a single mortgage.

Please visit our website at [plazahomemortgage.com](http://plazahomemortgage.com) to view full Program Guidelines. The information contained in this matrix may not highlight all requirements of these programs and does not reduce or eliminate any requirements set forth in our Guidelines. Guidelines are subject to change without notice.

Purchase - Primary Residence						
Program	Property Type	Credit Score	LTV/CLTV	Loan Amount	DTI	
					AUS	Manual
Conforming	1-4 Units	620	100% <sup>1</sup>	See <b>Loan Limits</b> section	Per AUS	50%
	Manufactured Housing <sup>3</sup>	620				
Jumbo	1-4 Units	620				

Refinance <sup>2</sup> - Primary Residence						
Program	Property Type	Credit Score	LTV/CLTV	Loan Amount	DTI	
					AUS	Manual
Conforming	1-4 Units	620	90% <sup>1,2</sup>	See <b>Loan Limits</b> section	Per AUS	50%
	Manufactured Housing <sup>3</sup>	620				
Jumbo	1-4 Units	620				

- <sup>1</sup> The maximum LTV allowed may be lower in cases where the veteran does not have full entitlement; the maximum LTV is the lesser of the amount listed in this table or that which is required to obtain a 25% Guaranty. For more information on loan Guaranty limits refer to the VA Loan Guaranty section of the Program Guidelines.
- <sup>2</sup> One Refinances, the LTV is determined by dividing the Total Loan Amount, including any financed VAFF, by the reasonable value on the NOV. The LTV must not be greater than 90%.
- <sup>3</sup> Manufactured housing is not eligible for jumbo loan amounts.

Product Parameters	
<b>Appraisal</b>	<ul style="list-style-type: none"> <li>A full VA Appraisal and Notice of Value (NOV) is required on all loans. The appraisal should be completed considering the as-completed value.</li> <li>A finalized copy of the bid/cost estimate must be included with the appraisal.</li> <li>VA will set the fees for the appraisal and final inspection 1004D. Refer to the VA Appraisal Fee Schedule and Timeliness Requirements at <a href="https://www.benefits.va.gov/HOMELoans/appraiser_fee_schedule.asp">https://www.benefits.va.gov/HOMELoans/appraiser_fee_schedule.asp</a>.</li> <li><b>Transferred Appraisals:</b> Per VA Guidelines</li> </ul>
<b>Underwriting Method</b>	DU or LPA Approval. DU or LPA Refer/Eligible may be manually underwritten if: <ul style="list-style-type: none"> <li>The loan meets all published loan program guidelines, and</li> <li>The underwriter's evaluation has determined the loan is an investment quality mortgage, and</li> <li>The loan file contains documentation to support the underwriting decision.</li> </ul>
<b>Transactions</b>	Purchase and Refinance (non-IRRRL)  <b>Refinance:</b> To rehabilitate an existing structure and to refinance the outstanding indebtedness.  All VA Refinances must meet the requirements outlined in <b>VA Circular 26-19-5</b> .  <b>Type I Cash-Out Refinance:</b> For refinances of loans guaranteed by the VA, the new loan amount, including the VA Funding Fee, does not exceed the payoff amount of the loan being refinanced. VA Renovation loans do not meet the definition of Type I Refinances.  <b>Type II Cash-Out Refinance:</b> The loan amount, including the VA Funding Fee, exceeds the payoff amount of the loan being refinanced. <ul style="list-style-type: none"> <li>Cash-out to the borrower at closing is not allowed; however, incidental cash-out at closing not to exceed the lesser of 1% of the loan amount or \$2,000 is allowed.</li> <li>At the completion of renovation any unused contingency reserve may be returned to the borrower or applied to the principal balance at the borrower's discretion.</li> </ul> <b>Refinance LTV:</b> For all refinance loans, the LTV is determined by dividing the total loan amount, including any financed VAFF, by the reasonable value per the NOV. The VA guaranty plus the Veteran's equity must always be at least 25% of the Notice of Value (NOV).

	<p><b>Refinance Net Tangible Benefit (NTB):</b> All refinances (Type I and Type II) must pass a NTB test and a NTB disclosure must be provided to the Veteran no later than the third business day after receiving the Veteran's loan application, and again at loan closing.</p> <p><b>Type II Refinance NTB</b> - One of the following NTB must exist for all Type II Refinances:</p> <ul style="list-style-type: none"><li>• The new loan eliminates monthly mortgage insurance, whether public or private, or monthly guaranty insurance;</li><li>• The term of the new loan is shorter than the term of the loan being refinanced;</li><li>• The interest rate on the new loan is lower than the interest rate on the loan being refinanced;<ul style="list-style-type: none"><li>○ Fixed Rate to Fixed Rate refinance requires an interest rate reduction of at least .5%</li><li>○ Fixed Rate to ARM refinance requires an interest rate reduction of at least 2%</li></ul></li><li>• The monthly principal and interest payment on the new loan is lower than the monthly principal and interest payment on the loan being refinanced;</li><li>• The new loan results in an increase in the borrower's monthly residual income (refer to the <b>VA Type II Cash-Out Refi – Residual Income NTB Calculator</b>);</li><li>• The new loan refinances an interim loan to construct, alter, or repair the home;</li><li>• The new loan amount is equal to or less than 90 percent of the reasonable value of the home, or;</li><li>• The new loan refinances an adjustable rate loan to a fixed rate loan.</li></ul> <p><b>Texas (a)(6) loans:</b> Not eligible</p>																																		
Occupancy	Owner occupied primary residences only.																																		
Loan Limits	<table><tr><th colspan="5">Maximum Base Loan Amount</th></tr><tr><th rowspan="2">Unit</th><th colspan="2">Contiguous States</th><th colspan="2">Alaska &amp; Hawaii</th></tr><tr><th>Conforming</th><th>Jumbo<sup>2</sup></th><th>Conforming</th><th>Jumbo</th></tr><tr><td>1</td><td>\$806,500</td><td>\$1,209,750</td><td>\$1,209,750</td><td>N/A<sup>1</sup></td></tr><tr><td>2</td><td>\$1,032,650</td><td>\$1,548,975</td><td>\$1,548,975</td><td>N/A<sup>1</sup></td></tr><tr><td>3</td><td>\$1,248,150</td><td>\$1,872,225</td><td>\$1,872,225</td><td>N/A<sup>1</sup></td></tr><tr><td>4</td><td>\$1,551,250</td><td>\$2,326,875</td><td>\$2,326,875</td><td>N/A<sup>1</sup></td></tr></table> <p><sup>1</sup> There are no properties in AK and HI with loan limits higher than the applicable base conforming limits. As a result, there are no Jumbo limits specific for these states.</p> <p><sup>2</sup> Manufactured Housing not eligible for jumbo loan amounts.</p>	Maximum Base Loan Amount					Unit	Contiguous States		Alaska & Hawaii		Conforming	Jumbo <sup>2</sup>	Conforming	Jumbo	1	\$806,500	\$1,209,750	\$1,209,750	N/A <sup>1</sup>	2	\$1,032,650	\$1,548,975	\$1,548,975	N/A <sup>1</sup>	3	\$1,248,150	\$1,872,225	\$1,872,225	N/A <sup>1</sup>	4	\$1,551,250	\$2,326,875	\$2,326,875	N/A <sup>1</sup>
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Eligible Borrowers	The borrower must be an eligible Veteran.																																		
Eligible Properties	<ul style="list-style-type: none"><li>• Attached/detached SFRs</li><li>• Attached/detached PUDs</li><li>• VA approved Condos</li><li>• 2-4 Units</li><li>• Manufactured Housing</li></ul>																																		
Reserves	<ul style="list-style-type: none"><li>• 1-Unit: No reserves are required unless borrower is retaining their prior residence</li><li>• 2-4 Units &amp; rental income IS NOT USED to qualify: No reserves are required.</li><li>• 2-4 Units &amp; rental income IS USED to qualify: 6 months PITIA reserves required.</li></ul>																																		
Refinance Seasoning	<p>The note date of the refinance loan must be on or after the later of:</p> <ul style="list-style-type: none"><li>• The date on which the borrower has made at least six consecutive 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> <p>If the subject loan is refinancing a modified loan, the seasoning is based on the modification, not the original loan that was subsequently modified</p> <ul style="list-style-type: none"><li>• If the loan being refinanced was in forbearance, the 6 month consecutive payments start post-forbearance</li></ul>																																		
Certificate of Eligibility	Certificate of Eligibility (COE) is required.																																		
Eligible Improvements	<p>All alterations and repairs must be permanently affixed to the property (dwelling or land) and be ordinarily found on similar properties of comparable value in the community.</p> <ul style="list-style-type: none"><li>• Project must be complete with the final inspection on appraisal form 1004D no later than 4 months (120 days) from the note date.</li><li>• The maximum renovation amount, including fees and contingency, must not exceed \$50,000. There is no minimum dollar amount for the repairs.</li><li>• Repairs should be non-structural although minor structural repairs are allowed.<ul style="list-style-type: none"><li>○ Any work that requires structural engineering reports or architectural specs is not allowed.</li><li>○ If any structural work is included, building/construction jurisdictional evidence that the project does not require engineer reports or architectural specs must be provided. e.g. local code pertaining to the type of structural repair, permits and/or other written verification from the jurisdiction. ( state, city, municipality or county)</li><li>○ Minor structural repairs must be those that can reasonably be expected to be completed within the 120 day time frame.</li></ul></li></ul>																																		

	<ul style="list-style-type: none"> <li>○ If structural repairs are included, the contractor's bid must include a statement addressing the fact that all structural repairs do not require engineering or architecture reports to obtain permits or meet local building codes and that such work will be completed within 4 months (120 days).</li> </ul> <p><b>Eligible Improvements to Manufactured Housing:</b></p> <ul style="list-style-type: none"> <li>• VA Renovation improvements to manufactured housing cannot involve structural changes</li> <li>• Renovation funds are limited to the lesser of 50% of the "as completed" appraised value or \$50,000</li> <li>• Eligible improvements include but are not limited to: <ul style="list-style-type: none"> <li>○ Improvements to kitchens and baths, or</li> <li>○ Installation of energy efficient heating and cooling, or</li> <li>○ Changes to address mobility and aging in place are allowed, or</li> <li>○ Installation of new windows, doors, siding, or roofing provided these changes do not alter the structure of the unit.</li> </ul> </li> </ul>
<b>Maximum Cost of Improvements</b>	Maximum amount of improvements is \$50,000 including fees, contingency and all allowable construction related costs.
<b>Self-Help</b>	Self-help is not allowed.
<b>Draws</b>	<ul style="list-style-type: none"> <li>• Maximum three (3) draws: <ul style="list-style-type: none"> <li>○ Two (interim) draws</li> <li>○ Final 1004D repair inspection from a VA appraiser</li> </ul> </li> <li>• The full amount is funded at closing. All draws are handled through loan servicing.</li> </ul>
<b>Contingency Reserve</b>	10-15% contingency fund will be withheld as part of the rehabilitation total and may be financed.
<b>HUD Consultant</b>	<p>A HUD Consultant is not required.</p> <p>A HUD Consultant work write up (WWU) is allowable for the benefit of the borrower. However, the cost may not be included in the financed cost of repairs.</p>
<b>Temporary Buydowns</b>	<p><b>Temporary Buydowns are eligible subject to the following:</b></p> <ul style="list-style-type: none"> <li>• 2-1 and 1-0 buydowns are offered</li> <li>• (Wholesale/Mini-Corr: Purchase transactions only</li> <li>• (Correspondent): Purchase or Rate/Term Refinance</li> <li>• Qualify at the note rate</li> <li>• Buydown Agreement must be included in the loan file</li> </ul>

Product Name	Product Code	Available Term in Months
VA Renovation 15 Yr Fixed	VA150A	180
VA Renovation 30 Yr Fixed	VA300A	181-360
VA Renovation 5/1 Treasury ARM	VA51TA	360
VA Renovation Jumbo 30 Yr Fixed	VAJUMBO30A	181-360
VA Renovation 30 Yr Fixed w/2-1 Buydown	VA300ABD21	360
VA Renovation 30 Yr Fixed w/1-0 Buydown	VA300ABD10	360

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