

## VA Renovation Program Conforming and High Balance

Fixed Rate

Primary Residence Full Documentation					
Transaction Type	Units	LTV <sup>4,6</sup>	CLTV <sup>4</sup>	Loan Amount <sup>1,2,3</sup>	Credit Score <sup>4</sup>
Purchase and Cash-Out Refinance <sup>5</sup>	1	100%	100%	VA Limit	550

**Footnotes:**

1. VA loan limits can be found at [VA Loan Limits](#)
2. Minimum loan amount \$60,000.
3. Maximum loan amount \$1,000,000 excluding Hawaii; maximum loan amount in Hawaii \$1,500,000. Loan amounts that exceed the county limit established by VA will require a down payment from the borrower.
4. Credit score 550-579 max 90% LTV; additionally standard Homebridge credit score requirements apply. Refer to the HomeBridge standard [VA Guidelines](#) for specific requirements and restrictions for credit scores 550-579
5. Refinance Transactions: A Net Tangible Benefit to the borrower is required. Refer to Homebridge standard VA Program guidelines, located on the [Products and Guidelines](#) page of the Homebridge website, for NTB acceptable to VA
6. Refinance Transactions: If the funding fee is being financed it must be included in the LTV calculation

VA Funding Fee*		
Regular Military		
Down Payment	First Time Use	Subsequent Use
None	2.15%	3.30%
≥ 5%	1.50%	1.50%
≥10%	1.25%	1.25%
Reserves / National Guard		
Down Payment	First Time Use	Subsequent Use
None	2.40%	3.30%
≥ 5%	1.75%	1.75%
≥ 10%	1.50%	1.50%
Refinance Transactions		
Type of Veteran	First Time Use	Subsequent Use
Regular Military	2.15%	3.30%
Reserves / National Guard	2.40%	3.30%
Type of Loan	% for All Veterans	
Loan Assumptions	0.50%	

\*The Certificate of Eligibility (COE), issued by VA, will indicate if the veteran is exempt or non-exempt from paying the VA Funding Fee and the amount of the veteran's entitlement.

VA guidelines can be found at: [VA Lenders Handbook - VA Pamphlet 26-7](#)

**For topics not addressed, refer to the HomeBridge standard [VA Program](#) guidelines**

## VA Renovation Program Guidelines

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### VA Renovation Program Overview

The VA Renovation program is designed for minor rehabilitation/renovation projects that allow a borrower to obtain a single loan to purchase a property **or refinance an existing loan** and complete repairs and improvements after loan closing using the “After-Improved” value

### General Parameters

- Repairs/renovation limited to a maximum of \$35,000 (including **all** renovation costs, fees, financed contingency reserve; contingency reserve **not** included if **borrower funded**). There is no minimum renovation amount
- The total mortgage amount on the property, including the cost of repairs, must fall within the VA mortgage limit for the area where the property is located.
- Renovation work is limited to minor remodeling/renovation and non-structural repairs
- All renovation work must start within 15 days of closing. The work cannot stop for more than 15 days during the rehab process and must be completed within 90 days of loan closing.
- **A payment of up to 50% of the total up-front material costs identified in the project estimate may be provided to the borrower and contractor, in the form of a check, at loan close to order project materials. Invoices/orders required to document material cost.**
- An escrow account is established and funds are released as work is completed. A maximum of 3 draws per contractor are allowed.
- The mortgage amount is based on the projected value of the property with all work completed (“After-Improved” value)
- Hazard insurance must meet Standard Coverage Requirements; refer to the Insurance Quick Reference Guide located on the HomeBridge website under [Working with HomeBridge](#) topic for details.
- All contractors must be licensed, insured, VA approved (a VA Builder Identification Number must be provided) and accepted by HomeBridge. Contractors provide written work plans and cost estimates. The work plan must indicate which items will require permits. A maximum of three (3) contractors are allowed to complete the repairs/renovations.
- A HUD Consultant and Feasibility Study are **not** required
- Self-help is **not** eligible

## VA Renovation Program Guidelines

Topic	Guideline
<b>Renovation Specific Forms and Documents</b>	<ul style="list-style-type: none"> <li>• <b>VA Renovation Contractor Acknowledgement</b></li> <li>• <b>VA Renovation Homeowner/Contractor Agreement</b></li> <li>• <b>VA Renovation Draw Disbursement Check Waiver and Consent Form</b></li> <li>• <b>VA Renovation Important Summary Notice</b></li> <li>• <b>VA Permits/Certifications Required Form</b></li> <li>• <b>VA Renovation Maximum Mortgage Worksheet</b></li> <li>• <b>Renovation Acknowledgement Form</b></li> <li>• <b>Contractor bid(s).</b> The bids must include:               <ul style="list-style-type: none"> <li>- A written proposal and costs, broken down by labor and materials.</li> <li>- It must state all work is non-structural</li> <li>- If permits are required the contractor must address the expected time frame to obtain the permit prior to beginning work</li> </ul> <p>NOTE: Refer to the <a href="#">Contractor Bids</a> topic for complete requirements</p> </li> <li>• <b>Completed W-9</b> (if contractor not currently accepted by HomeBridge)</li> <li>• <b>Contractor Profile</b> (Fannie Mae Form 1202) required if contractor not currently accepted by HomeBridge. All contractors must be licensed and insured as required by state and local requirements</li> <li>• Refer to the <a href="#">Contractor Requirements</a> topic for information on obtaining a VA Builder ID if the contractor does not currently have one</li> <li>• To view contractors currently registered with VA: <a href="#">VA Builder Search</a></li> </ul>
<b>4506-T</b>	<ul style="list-style-type: none"> <li>• Signed 4506-T required prior to closing for both personal and business tax returns (if applicable)</li> <li>• Tax transcripts are <b>not</b> required</li> </ul> <p>NOTE: At underwriter discretion transcripts may be required in certain circumstances (e.g. handwritten paystubs, borrower employed by family member, etc.)</p> <ul style="list-style-type: none"> <li>• HomeBridge will order transcripts at random for qualify control purposes</li> </ul>
<b>Age of Documents</b>	<ul style="list-style-type: none"> <li>• All credit, income and asset documentation must be ≤ 120 days from the Note date</li> <li>• Appraisal must be dated with 180 days of the Note date</li> </ul>
<b>Appraisals</b>	<ul style="list-style-type: none"> <li>• Appraisal must be performed by a VA appraiser. Appraisals are ordered through VA.</li> <li>• <b>The appraisal cannot be ordered until:</b> <ul style="list-style-type: none"> <li>- <b>The contractor/builder has a valid VA builder identification number, and</b></li> <li>- <b>The signed contractor bids have been received</b></li> </ul> </li> <li>• A copy of the sales contract, any applicable addendums, and the final signed contractor bid(s) must be provided to the appraiser within one (1) business day of the appraisal assignment</li> <li>• The appraiser must comment in the appraisal on the scope of work being completed</li> <li>• An “After-Improved “value aka “As-Completed” value (value after improvements completed) <b>is required</b></li> <li>• The value of the property is the lesser of:               <ul style="list-style-type: none"> <li>- Appraised value, or</li> <li>- Purchase price plus renovation costs</li> </ul> </li> <li>• If the property is vacant, the appraiser must note in the “Improvements” section under “Condition of Property whether the utilities were on or not at the time of the appraisal inspection. Refer to the <a href="#">Utilities</a> topic for requirements when utilities are not on</li> <li>• The Notice of Value (NOV) must be provided to the veteran within 3 business days.</li> <li>• The NOV must be issued at the appraised value reflected on the appraisal report.</li> <li>• The appraisal must include clear, illustrative, original photographs showing the front and rear view (preferably including a different side view in each photograph) and a street scene of the subject property.</li> </ul>

## VA Renovation Program Guidelines

<b>Appraisals (cont.)</b>	<ul style="list-style-type: none"> <li>• The interior photos must include the following:             <ul style="list-style-type: none"> <li>- Kitchen,</li> <li>- All bathrooms,</li> <li>- Main living area,</li> <li>- Examples of any physical deterioration, if present, and</li> <li>- Examples of any recent updates, such as restoration, remodeling, and renovation if present.</li> </ul> </li> <li>• Modular/prefabricated homes: The appraiser must address the marketability of the property.</li> <li>• A photograph of the front of each comparable is required. Photographs of the comparable listings are not required.</li> <li>• The source of the closed comparable sales used in the appraisal must be from one of the following or a desk review will be required:             <ul style="list-style-type: none"> <li>- A Multiple Listing Service (<a href="#">MLS</a>), or</li> <li>- MRIS at <a href="http://www.mris.com">www.mris.com</a>, or</li> <li>- Midwest Real Estate Dated (MRED) at <a href="http://www.mredllc.com">www.mredllc.com</a>, or</li> <li>- North Texas Real Estate Information Systems, Inc. (NTREIS) at <a href="http://www.ntreis.net">www.ntreis.net</a>, or</li> <li>- San Antonio Board of Realtors at <a href="http://www.sabor.com">www.sabor.com</a>, or</li> <li>- GeoData at <a href="http://www.geodataplus.com">www.geodataplus.com</a>, or</li> <li>- Comps Inc. at <a href="http://www.compsny.com">www.compsny.com</a></li> </ul> <p>NOTE: Comparables from a public independent source are only eligible in the states of Maine, New Hampshire, and Vermont.</p> <p>Copies of photographs from the multiple listing service are acceptable only with an explanation of why original photos are not provide, i.e. gated communities where access may require trespass to photograph, etc.</p> </li> <li>• Comparable sales used for new construction (Certificate of Occupancy must have been issued) properties are subject to the following:             <ul style="list-style-type: none"> <li>- If all three of the comparable sales used to support the value of the subject property were obtained from one of the above sources (public source eligible in Vermont and Maine only) no further action is required.</li> <li>- If the comparable sales are not all obtained from a MLS, MRIS, MRED, NTREIS, or public source (public source Vermont/Maine only). the appraiser must comment that the subject property development is being marketed in an “open” or “public” environment (i.e. newspaper advertisements, bill board signs, website, etc.).</li> <li>- Additionally, the following applies:                 <ul style="list-style-type: none"> <li>- One of the comparable sales must be outside the project the subject property is located in and be from an MLS or MRIS, MRED, or NTREIS, or public source (public source Maine/New Hampshire/Vermont only).</li> <li>- Two of the comparable sales must be from sources other than the subject property builder.</li> </ul> </li> </ul> <p>NOTE: The appraiser is always allowed to provide more than three comparable sales in order to support the property value.</p> </li> <li>• Property must meet VA minimum property standards</li> <li>• The subject and all comparable must be appropriately identified. Refer to the <a href="#">Minimum Property Standards</a> topic for property requirements.</li> </ul>
<b>Assets</b>	Refer to the HomeBridge standard <a href="#">VA Program</a> guidelines for complete requirements
<b>Assumptions</b>	Not allowed

## VA Renovation Program Guidelines

<b>AUS</b>	<ul style="list-style-type: none"> <li>All loans are run through DU. HomeBridge accepts the following AUS Findings on VA loans:</li> <li>“Approve/Eligible”, <b>or</b></li> <li>“Refer/Eligible”. A “Refer/Eligible” will require a manual underwrite</li> <li>An “Approve/Eligible” Finding <b>must be downgraded</b> to a manual underwrite when any of the following are present: <ul style="list-style-type: none"> <li>- The mortgage history has a 1 x 30 in the previous 12 months</li> <li>- There is disputed information and the <b>cumulative outstanding balance(s) for all borrowers is ≥\$1,000</b>. Disputed information is defined as: <ul style="list-style-type: none"> <li>- Disputed tradelines with late payments in the last 24 months, <b>and/or</b></li> <li>- Collection accounts, <b>and/or</b></li> <li>- Charge-off accounts</li> </ul> </li> </ul> </li> </ul> <p style="margin-left: 40px;">NOTE: Disputed medical accounts and disputed accounts that are the result of identity theft (documented with police report or other appropriate document) are <b>excluded</b> from the calculation for cumulative balances</p> <ul style="list-style-type: none"> <li>- Disputed accounts may be required to be resolved at the discretion of the underwriter</li> <li>- A manual downgrade is <b>not required</b> when: <ul style="list-style-type: none"> <li>- The cumulative balance is &lt; \$1,000, and/or</li> <li>- The disputed account is &gt; 24 months old.</li> </ul> </li> <li>- Subject loan was a previously restructured/modified mortgage. <ul style="list-style-type: none"> <li>- A minimum of 12 months of 0x30 payments have been made on the restructured/modified loan.</li> <li>- Mortgages in default at time of loan restructure/modification are not eligible.</li> </ul> </li> </ul>
<b>Available Markets</b>	<ul style="list-style-type: none"> <li>All 50 states</li> <li>Guam, Puerto Rico and the Virgin Islands are ineligible.</li> </ul>
<b>Borrowers – Eligible</b>	<ul style="list-style-type: none"> <li>Veteran</li> <li>Veteran and spouse</li> </ul> <p>The following circumstances are <b>ineligible</b> with HomeBridge as VA requires them to be submitted to VA for review and approval:</p> <ul style="list-style-type: none"> <li>Joint loan (two veterans who are <b>not</b> married)</li> <li>Loans to a veteran in receipt of VA non-service connected pension</li> <li>Veteran has been rated incompetent by the VA</li> <li>Proposed construction that is ≤ 95% complete</li> <li>IRRRL to refinance a loan 30 days or more past due</li> </ul>

## VA Renovation Program Guidelines

<p><b>CAIVRS/LDP/GSA and Mortgage Fraud</b></p>	<ul style="list-style-type: none"> <li>• <b>CAIVRS at <u>CAIVRS</u></b> <ul style="list-style-type: none"> <li>- All borrowers must be checked against the Credit Alert Interactive Voice Response System (CAIVRS) to determine if they have delinquent federal debt. Borrowers identified with a CAIVRS claim are generally ineligible.</li> <li>Borrowers with a CAIVRS claim number due to a short sale are eligible for a VA loan if a minimum of two (2) years have passed since the short sale and the borrower otherwise qualifies for the loan. The borrower is required to provide an explanation of the event.</li> </ul> </li> <li>• Borrowers previously convicted of mortgage fraud are ineligible</li> <li>• <b><u>LDP / GSA</u></b> <ul style="list-style-type: none"> <li>- All of the following parties to the transaction, as applicable, must be checked against HUD's Limited Denial of Participation list and the General Service Administration's Excluded Parties List System. <ul style="list-style-type: none"> <li>- Borrower(s)</li> <li>- Seller</li> <li>- Real Estate Listing and Selling Agent(s)</li> <li>- Appraiser,</li> <li>- AMC,</li> <li>- Broker</li> <li>- Loan Officer,</li> <li>- Loan Processor,</li> <li>- Underwriter,</li> <li>- Closing Agent, and</li> <li>- Title Company</li> </ul> </li> </ul> </li> <li>• Any transaction where any of the interested parties to the transaction have been convicted of mortgage fraud will require review and approval by HomeBridge management.</li> </ul>
<p><b>Compensating Factors</b></p>	<p>VA considers the following when considering compensating factors:</p> <ul style="list-style-type: none"> <li>• Excellent credit history</li> <li>• Conservative use of consumer credit</li> <li>• Minimal consumer debt</li> <li>• Long-term employment</li> <li>• Military benefits</li> <li>• High residual income</li> <li>• Low DTI ratio</li> <li>• Significant liquid assets</li> <li>• Sizable down payment</li> <li>• The existence of equity in refinance loans</li> <li>• Little or no increase in shelter expense</li> <li>• Satisfactory homeownership experience</li> <li>• Tax credits for child care</li> <li>• Tax benefits of home ownership</li> </ul>

## VA Renovation Program Guidelines

<b>Contingency Reserve</b>	<ul style="list-style-type: none"> <li>• A contingency reserve account is required to cover any unplanned health, safety expenses arising from the renovation (e.g. mold, termites, etc.).</li> <li>• The contingency reserve may be financed or funded by the borrower from their own funds.</li> <li>• Contingency reserve requirement:             <ul style="list-style-type: none"> <li>- 10% of the cost of repairs bid if utilities on</li> <li>- 15% of the cost of repairs bid if utilities are off</li> </ul> </li> <li>• Contingency reserve funds <b>cannot</b> be used for change orders, or work not included in the original bid (i.e. unplanned work <b>not resulting</b> from a health or safety issue) NOTE: The maximum renovation/repair amount <b>cannot exceed \$35,000</b>. Borrower funded contingency reserve is <b>not included</b> when determining the maximum renovation/repair amount.</li> <li>• When the contingency reserve funds are financed any funds remaining at the end of the renovation process:             <ul style="list-style-type: none"> <li>- May be used for the correction/completion of fire/health/safety issues as well as the completion of work <b>that was part of the original work write-up, or</b></li> <li>- Must be applied as a principal reduction</li> </ul> </li> <li>• When the contingency reserve funds are provided by the borrower, any funds remaining at the end of the renovation process are returned to the borrower.</li> </ul>
<b>Contractor Requirements</b>	<ul style="list-style-type: none"> <li>• A maximum of three (3) contractors are allowed</li> <li>• <b>All contractors must have a valid VA Builder Identification Number</b></li> <li>• <b>Contractors must be accepted by HomeBridge.</b> If the contractor is not currently on the HomeBridge Accepted Contractor list specific documents must be provided:             <ul style="list-style-type: none"> <li>- Contractor Profile</li> <li>- W-9</li> </ul> </li> <li>• Contractor must be licensed and insured as required by local regulations</li> <li>• Proof of insurance as required by state/local government, including, but not limited to:             <ul style="list-style-type: none"> <li>- General Liability (\$1,000,000)</li> <li>- Workmen's compensation</li> </ul> </li> <li>• The contractor must agree in writing to:             <ul style="list-style-type: none"> <li>- Complete the work for the amount of the cost estimate, and</li> <li>- Complete the work within the allotted time frame</li> </ul> </li> <li>• The contractor must obtain all required permits prior to starting work and all repairs and improvements must meet local codes and ordinances</li> </ul> <p><b>Obtaining a Builder ID from VA</b></p> <ul style="list-style-type: none"> <li>• The contractor must complete the following forms and submit to VA:             <ul style="list-style-type: none"> <li>- Builder Information and Certification (must be submitted on company letterhead)</li> <li>- Equal Employment Opportunity Certification (VA Form 26-421)</li> <li>- VA Affirmative Marketing Certification (VA Form 8791)</li> </ul> </li> </ul> <p>The forms and submission information are available on the <a href="#">HomeBridge</a> website on the Forms page under "Renovation", "VA Specific"</p>
<b>Contractor Bids</b>	<p>Bids received from contractors are subject to the following requirements:</p> <ul style="list-style-type: none"> <li>• The borrower name and property address must be included on all bids.</li> <li>• Bids must be signed by both the borrower <b>and</b> contractor.</li> <li>• The bid(s) must clearly state the nature and type of repair/renovation and cost for completion of each work item as follows:             <ul style="list-style-type: none"> <li>- The material and labor cost of each individual item</li> <li>- General description of each material item</li> </ul> </li> <li>• The bid(s) cannot include an expiration date</li> <li>• If permits required it must be stated on the bid and address the timeframe required to obtain the permit and to begin the work</li> </ul> <p>NOTE: Cost plus bids are not allowed</p>

## VA Renovation Program Guidelines

<b>Credit Report/Scores</b>	<ul style="list-style-type: none"> <li>• The minimum credit score is 550. Refer to the HomeBridge standard <a href="#">VA Program</a> guidelines posted on the HomeBridge website for specific restrictions for borrowers with a credit score of 550-579.</li> <li>• A tri-merged credit report is required for all borrowers.</li> <li>• The representative credit score is determined as follows:             <ul style="list-style-type: none"> <li>- If there are three (3) valid scores, the middle score is used. If two of the three scores are a duplicate, the duplicate score is used.</li> <li>- If there are two (2) valid scores, the lower of the two is used</li> <li>- If there is one (1) valid score, that score is used</li> </ul> </li> <li>• The borrower(s) must address <b>all</b> credit inquiries indicated on the credit report within the previous 90 days and indicate the reason for and result of the inquiry (i.e. was new credit obtained or not).</li> <li>• Veterans with an absence of credit history are eligible. HomeBridge will use non-traditional credit sources (utilities, rent, car insurance, etc.) to determine satisfactory credit risk</li> </ul>
<b>Derogatory Credit</b>	Refer to the HomeBridge standard <a href="#">VA Program</a> guidelines for complete requirements
<b>Down Payment</b>	Not required unless the purchase price exceeds the full reasonable value of the property <b>or</b> the loan amount exceeds the county limit established by VA then a down payment is required by the borrower from the borrower's own funds. VA also requires a down payment on all GPMs.
<b>Down Payment Assistance/Grants</b>	Not eligible
<b>DTI</b>	Refer to the HomeBridge standard <a href="#">VA Program</a> guidelines for complete requirements
<b>Employment/Income</b>	Refer to the HomeBridge standard <a href="#">VA Program</a> guidelines for complete requirements
<b>Escrow/Impound Account</b>	Required on all loans, no exceptions.



## VA Renovation Program Guidelines

**Fees and Charges – Standard**  
Also see [Fees and Charges - Renovation Specific](#) topic

VA allows the following fees and charges:

- 1% origination fee based on total loan amount. Fees determined by VA as unallowable **cannot** be charged, **or**
- 1% unallowable fees based on the total loan amount. An origination fee **cannot** be charged, **or**
- 1% blend of origination fee and unallowable fees based on the total loan amount. Fees cannot exceed 1% of the total loan amount.
- The veteran **cannot** pay any of the following fees:
  - Attorney fees (unless the veteran independently retains an attorney)
  - Pre-payment fees
  - Real estate broker/commission fees
  - Re-inspection fees

**Unallowable Fees**

The following fees **cannot** be charged if a 1% origination fee is charged.

- |                          |   |
|--------------------------|---|
| • Lender’s Inspection    | • Interest Rate Lock Fee                                |
| • Lender’s Appraisal     | • Postage/Mail Charges                                  |
| • Closing/Settlement Fee | • Amortization Schedule                                 |
| • Doc Prep Fees          | • Tax Service Fee                                       |
| • Conveyance Fee         | • Attorney’s Services other than title work             |
| • Underwriting Fee       | • Loan Application/Processing Fee                       |
| • Pest Inspection Fee    | • Fees for preparing Truth-in-Lending                   |
| • Well/Septic Fee        | • Prepayment Penalties (refinance)                      |
| • Escrow Fees            | • Any other fee not listed as allowable by VA           |
| • Notary Fee             | • Fees to Loan Brokers, Finders or other 3rd party fees |
| • Commitment fee         | • Trustee Fee   |

**Allowable Closing Costs:**

The following fees may be charged:

- |  |  |
|--|--|
| • Loan Origination Fee                     | • Flood Insurance                            |
| • Reasonable Discount Points               | • Flood Determination                        |
| • Appraisal Fee / Compliance Inspection    | • Federal Express / Express Mail (Refi only) |
| • Credit Report Fee (actual)               | • Closing Protection Letter                  |
| • Title examination / Title Insurance Fees | • VA Funding Fee                             |
| • Recording Fees & Taxes                   | • MERS Registration                          |
| • Prorated Taxes                           | • Survey / Plot Plan                         |
| • Hazard Insurance                         |  |

Refer to the [VA Handbook](#) for detailed guidance on allowable fees and charges.

## VA Renovation Program Guidelines

<b>Fees and Charges - Standard (cont.)</b>	<p><b>Third Party Charges</b></p> <p>Third party charges are limited to the invoice charge regardless of the amount charged for the loan origination fee (i.e. you cannot charge the borrower more than the invoice amount even if the total amount of fees is less than 1% of the total loan amount). VA limits the fee charged for an appraisal. View the appraisal fee list at <a href="#">VA Appraisal Fee Schedules</a>.</p> <p><i>Example:</i></p> <p>The loan amount is \$100,000 and the lender is charging an \$800.00 origination fee. The charge for the credit report on the HUD-1 is \$50.00 however the invoice for the credit report indicates a charge of \$20. The borrower must be refunded the \$30.00 overcharge.</p> <p><i>Example:</i></p> <p>The loan amount is \$100,000 and the lender is charging an \$800.00 origination fee. The charge for the appraisal on the HUD-1 is \$500.00 however the maximum fee VA allows for an appraisal in the state where the property is located is \$425.00. The borrower must be refunded the \$75.00 overcharge.</p> <p><b>Subordination Fees</b></p> <p>Subordination fees cannot be financed into the loan regardless of the amount charged for the origination fee. If a subordination fee is charged the borrower must either pay the fee in cash or have a premium pricing credit that is large enough to cover the subordination fee.</p>
<b>Fees and Charges - Renovation Specific</b>	<p>The following renovation related fees and charges apply:</p> <ul style="list-style-type: none"> <li>• <b>Inspection Fee(s).</b> A maximum of <b>two (2) inspections</b> per contractor; inspections are completed by the appraiser. Inspection fees are included in the total renovation costs</li> <li>• <b>Draw Administration Fee;</b> Draw administration fee, paid by the borrower, is required. The fee is in addition to the standard 1% allowable fees/charges. The draw admin. fee is the lesser of: <ul style="list-style-type: none"> <li>- \$600, or</li> <li>- 1% of the loan amount</li> </ul> </li> <li>• Final title update fee</li> </ul>
<b>Financed Properties</b>	<ul style="list-style-type: none"> <li>• Owner-occupied properties: No limit.</li> <li>• Multiple properties financed (5-10): Must meet Fannie Mae guidelines.</li> <li>• HomeBridge limits its exposure to a maximum of 4 loans per borrower.</li> </ul>
<b>Fund Disbursement</b>	<p>No funds are disbursed at loan closing <b>except as noted below:</b></p> <ul style="list-style-type: none"> <li>• <b>A payment of up to 50% of the total up-front material costs identified in the project estimate may be provided to the borrower and contractor, in the form of a check, at loan close to order project materials. Invoices/orders required to document material cost.</b></li> </ul> <p>Remaining funds are disbursed as follows:</p> <ul style="list-style-type: none"> <li>• When using one (1) general contractor a maximum of three (3) draws is allowed as follows: <ul style="list-style-type: none"> <li>- <b>First draw:</b> Funds disbursed when 20% of the project is completed</li> <li>- <b>Second draw:</b> Funds disbursed when 60% of the project is completed</li> <li>- <b>Final draw:</b> Funds disbursed at project completion</li> </ul> </li> <li>• When using specialty contractors a maximum of two (2) draws are allowed as follows: <ul style="list-style-type: none"> <li>- <b>First draw:</b> Funds disbursed when 50% of the project is completed</li> <li>- <b>Final draw:</b> Funds disbursed at project completion.</li> </ul> </li> </ul> <p><b>NOTE:</b> Any funds remaining at project completion will be applied to the principal balance of the loan. If the borrower funded the contingency reserve from their own funds, any residual funds may be released to the borrower or applied to the principal balance.</p>
<b>Gift Funds</b>	<p>Refer to the HomeBridge standard <a href="#">VA Program</a> guidelines for complete requirements</p>

## VA Renovation Program Guidelines

<b>Gift of Equity</b>	<ul style="list-style-type: none"> <li>A gift of equity is acceptable from an immediate family member only subject to the following: <ul style="list-style-type: none"> <li>A gift letter is required, and</li> <li>The CD indicates "gift of equity".</li> </ul> </li> </ul>
<b>Guaranty/Entitlement</b>	<ul style="list-style-type: none"> <li><b>A minimum 25% guaranty is required.</b> <b>Reminder:</b> When determining the VA guaranty, the <b>one unit</b> column limit on the <a href="#">FHFA Table</a> is used to determine the applicable guaranty (e.g. if a veteran is purchasing a 4-unit dwelling for \$700,000 in a county where the 1-unit limit is \$484,350, then VA's maximum guaranty amount would be 25% of \$484,350)</li> <li>The guaranty is limited to the veteran's portion of ownership in the property. (i.e. if the veteran is the only person on the Note but <b>adds someone other than their spouse to title</b>, the final loan guaranty would be half of the veteran's entitlement)</li> <li>If the veteran has previously used their entitlement, the entitlement must be restored prior to the closing of the new loan.</li> </ul>
<b>Improvements – Eligible</b>	<p>The VA Renovation program allows for minor remodeling and non-structural projects. Eligible improvements include, but are not limited to:</p> <ul style="list-style-type: none"> <li>Repair/replacement of roof, gutters, down spouts, window, and doors</li> <li>Repair/replacement/upgrade of existing HVAC, plumbing and electrical systems</li> <li>Repairs of an existing well or septic system</li> <li>Repair of an existing driveway</li> <li>Repair/replace existing fencing, exterior decks, patios, or porches</li> <li>Repair/replace flooring</li> <li>Minor remodeling of kitchens or bathrooms (non-structural)</li> <li>Repair/ replace appliances (freestanding okay),</li> <li>Exterior/interior painting</li> <li>Weatherization (i.e. storm windows and doors, insulation, weather stripping, etc.)</li> <li>Basement and attic finishing/remodeling (non-structural)</li> <li>Pool repairs</li> <li>Elimination of health/safety hazards (lead based paint, mold, etc.) Follow state and local government requirements where property is located for removal and testing. Stabilization/abatement or remediation must be completed within a 15-30 day timeframe.</li> <li>Minor landscape/hardscape (e.g. deck, patio, etc.)</li> </ul> <p><b>NOTES:</b></p> <ol style="list-style-type: none"> <li>All exterior projects require HomeBridge RCD review and approval due to the 90 day window for repairs to be completed. Exterior projects that may be delayed beyond 90 days due to inclement weather may be considered on a case-by-case basis</li> <li>Any work that requires a permit/variance must indicate as such on the work proposal/bid and state the required expected timeframe to obtain. Any permit/variance that is expected to exceed 15 days requires HomeBridge RCD approval</li> </ol>
<b>Improvements - Ineligible</b>	<p>Ineligible improvements include, but are not limited to:</p> <ul style="list-style-type: none"> <li>Structural repairs</li> <li>Relocation of load bearing walls</li> <li>Room additions/new construction</li> <li>Major landscaping improvements</li> <li>Renovations/repairs that would require architectural plans and/or exhibits or would require a consultant to develop a Specification of Repairs</li> <li>Any repair/improvement that prevents the borrower from occupying the property for more than 15 days during the renovation period <b>or</b> that do not allow the borrower to occupy the property at close or within 15 days of closing</li> <li>Swimming pool installation</li> <li>Luxury items such as tennis courts, barbeque pits, outdoor fireplaces, exterior spas, whirlpool baths, saunas, etc.</li> <li>Television satellite dishes/antennas</li> <li>Additions or alterations to provide for commercial generators</li> </ul>

## VA Renovation Program Guidelines

<b>Inspections – Termite/Well/Septic</b>	<ul style="list-style-type: none"> <li>• <b>Termite Inspection:</b> A termite inspection is required in all states where termites are present or when the appraiser has indicated a need for a termite review due to wood-destroying insect damage or an active insect infestation. Refer to <a href="#">VA Department - Local Requirements</a> for additional details.</li> <li>• <b>Well Inspections:</b> Well inspections are required in all cases (private or shared) and <b>must be performed by a disinterested third party</b>. Additionally the following applies:             <ul style="list-style-type: none"> <li>- The disinterested third party may be:                 <ul style="list-style-type: none"> <li>- A local health authority,</li> <li>- A commercial testing laboratory,</li> <li>- A licensed sanitary engineer, or</li> <li>- Other party that is acceptable to the local health authority.</li> </ul> </li> <li>- The sample must be collected and transported by the disinterested third party</li> <li>- <b>The sample cannot be collected or transported by the borrower or any interested party to the transaction.</b></li> <li>- The water must meet the requirements established by the local authority. If the local authority has not established specific water requirements then the applicable State health authority or, if no state requirements, then the Environmental Protection Agency (EPA) standards will be applied.</li> <li>- The test is valid for 90 days from the date certified by the local health authority.</li> </ul> </li> <li>• <b>Septic Inspections:</b> Septic inspection is required when the appraiser indicated the need for one. Septic tests or certifications are valid for 90 days unless local law requirements vary.</li> </ul> <p>NOTE: Connection to public water and/or sewer is only mandatory when required by local building, planning or health authorities.</p>
<b>Liabilities</b>	<p>All debts will be run through DU to ensure accurate DU Findings.</p> <p>Refer to the HomeBridge standard <a href="#">VA Program</a> guidelines for complete requirements regarding liabilities</p>
<b>LTV Calculation</b>	<p>The maximum LTV is 100%.</p> <p><b>Purchase Transactions:</b> The LTV is based on the <b>lesser of:</b></p> <ul style="list-style-type: none"> <li>• The contract price plus repair costs, <b>or</b></li> <li>• 100% of the “after-improved” appraised value</li> </ul> <p><b>NOTE:</b> If the “after-improved” value is less than the contract price plus repair costs the borrower must provide the funds for the difference in the form of a down payment or adjust the scope of the repairs</p> <p><b>Refinance Transactions:</b> The LTV is based on the <b>lesser of:</b></p> <ul style="list-style-type: none"> <li>• Payoff of the existing loan <b>plus</b> repair costs <b>plus</b> closing costs (including funding fee), <b>or</b></li> <li>• 100% of the “after-improved” appraised value (including the funding fee)</li> </ul>
<b>Maximum Loan Amount</b>	<ul style="list-style-type: none"> <li>• The maximum loan amount, including renovation costs and allowable VA fees and charges, cannot exceed the eligible loan limit for the county</li> <li>• Maximum base loan amount \$484,350 (Alaska/ Hawaii \$726,525)</li> <li>• Maximum total loan amount \$1,000,000 in all states except Hawaii.</li> <li>• Maximum total loan amount \$1,500,000 in the state of Hawaii.</li> </ul> <p>To view the 2019 loan limits by county: <a href="#">VA Loan Limits</a></p>

## VA Renovation Program Guidelines

<b>Minimum Property Standards (MPR)</b>	<p>VA has the following minimum property standards (MPR).</p> <ul style="list-style-type: none"> <li>• Each property requires the following to assure a suitable living environment: <ul style="list-style-type: none"> <li>- Living</li> <li>- Sleeping</li> <li>- Cooking and dining accommodations,</li> <li>- Sanitary facilities</li> <li>- Mechanical systems must: <ul style="list-style-type: none"> <li>- Be safe to operate</li> <li>- Be protected from destructive elements</li> <li>- Have a reasonable future utility, durability and economy, and</li> <li>- Have an adequate capacity and quality</li> </ul> </li> <li>- Heating must be adequate for healthful and comfortable living conditions <ul style="list-style-type: none"> <li>- Homes with wood burning stoves as the primary heating source must have a permanently installed conventional heating system that will maintain a temperature of 50° in areas where there is plumbing.</li> </ul> </li> <li>- Each unit must have a water supply and sanitary facilities as follows: <ul style="list-style-type: none"> <li>- Domestic hot water</li> <li>- A continuous supply of safe and potable water for drinking and other household uses,</li> <li>- Sanitary facilities with a safe method of sewage disposal. A connection to a public or community water/sewage system is required when dictated by local building, planning or health authorities.</li> <li>- Any required well or septic tests/certifications are valid for 90 days unless local health authority indicates differently.</li> </ul> </li> </ul> </li> <li>• An MPR for existing construction can be waived by the VA field office it: <ul style="list-style-type: none"> <li>- A veteran is under contract to purchase the property, <b>and</b></li> <li>- The property is habitable from the standpoint of safety, structural soundness and sanitation, <b>and</b></li> <li>- VA is satisfied the non-conformity has been depreciated accurately in the VA value.</li> </ul> </li> </ul>
<b>Mortgage/Rental History</b>	Refer to the <a href="#">HomeBridge VA Program</a> guidelines for requirements
<b>Multiple Renovation Loans</b>	HomeBridge limits the number of open renovation loans in process to one. Multiple renovation loans in process at the same time are not allowed.

## VA Renovation Program Guidelines

<b>Occupancy</b>	<ul style="list-style-type: none"> <li>Owner-occupied primary residence.</li> <li>The veteran must certify their intent to occupy the property within a “reasonable time”, generally within 60 days of loan closing.</li> </ul> <p>NOTE: Service members, while deployed from their permanent duty station are considered to be in a temporary duty status and able to meet the occupancy requirement.</p>
<b>Prepayment Penalty</b>	Not permitted
<b>Product</b>	<b>Fixed Rate with 30 year term</b>
<b>Properties – Eligible</b>	<ul style="list-style-type: none"> <li>1-unit primary residence</li> <li>Townhomes/PUDs (attached/detached)</li> <li>Condominiums (VA approved prior to submission).</li> <li>Site Condos (Site condos require VA Project Approval.)</li> <li>New Construction – must be completed (completed &lt; 1 year and never occupied): <ul style="list-style-type: none"> <li>Builder must be VA approved,</li> <li>1 year VA Builder Warranty OR enrolled in a 10 year protection plan, and</li> <li>A Certificate of Occupancy has been issued</li> </ul> </li> <li>Manufactured</li> </ul>
<b>Properties – Ineligible</b>	<ul style="list-style-type: none"> <li>2-4 units</li> <li>New construction where a Certificate of Occupancy has not been issued</li> <li>Properties with health and safety issues that cannot be remedied through the renovation</li> <li>Proposed construction</li> <li>Properties currently boarded up, condemned and uninhabitable</li> <li>Non-VA approved condo projects</li> <li>Leasehold properties (unless prior VA approval is obtained)</li> <li>Properties located within electrical line easements</li> <li>Properties subject to regular flooding</li> <li>Properties located in an unacceptable noise zone (e.g. airport)</li> <li>Rural properties &gt; 10 acres</li> <li>Properties located in Hawaii in lava zone 1. Properties in lava zone 2 eligible only if lava insurance equaling the amount of the mortgage can be obtained.</li> </ul>
<b>Property Eligibility- Condos</b>	<p>Condos are eligible subject to the following:</p> <ul style="list-style-type: none"> <li>Condo must be located in a condominium project approved by VA</li> <li>Renovations are limited to the interior of the unit; exterior renovations are ineligible</li> <li>Rehab at any one time or limited to the lesser of: <ul style="list-style-type: none"> <li>5 units, or</li> <li>25% of the total number of units in the project.</li> </ul> </li> </ul>
<b>Property Acquired at Auction</b>	<p>If the subject property is purchased at auction, the buyer’s premium may be included in the calculation of the final sales price. The amount of the buyer’s premium must be reasonable and customary for the area.</p> <p>NOTE: The premium <b>cannot be included in the closing costs</b></p>
<b>Reserves</b>	<ul style="list-style-type: none"> <li>1-unit property: not required</li> <li>Other rental real estate owned: 3 months PITI for each additional property owned. Reserves <b>not</b> required if rental income <b>not used</b> for qualifying.</li> </ul>

## VA Renovation Program Guidelines

### Residual Income

- Residual income is the net income remaining after deducting:
    - Federal and state taxes, Social Security and Medicare,
    - Proposed PITI mortgage payment,
    - Revolving and installment debt,
    - Child support or alimony obligations,
    - Child care or job expenses, and
    - Home maintenance (calculated at 14¢ per square foot)
  - Grossed-up income **cannot** be used to meet residual income requirements.
  - Residual income requirement may be reduced by 5% if the veteran is on Active Duty.
- The residual income chart below details VA requirements by loan amount, family size and region.

Loan Amounts ≤ 79,999				
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	\$1,004
<b>Over 5</b>	Add \$75.00 for each additional family member up to 7.			
Loan Amounts ≥ 80,000				
Family Size	Northeast	Midwest	South	West
1	\$450	\$441	\$441	\$491
2	\$755	\$738	\$738	\$823
3	\$909	\$889	\$889	\$990
4	\$1,025	\$1,003	\$1,003	\$1,117
5	\$1,062	\$1,039	\$1,039	\$1,158
<b>Over 5</b>	Add \$80.00 for each additional family member up to 7			

Exceptions to the above:

- Individuals may be omitted from the “family size” if they are fully supported from a source of verified income that is not included in the effective income analysis. For example:
  - A spouse not obligated on the Note what has stable and reliable income sufficient to support their living expenses, **or**
  - A child for whom sufficient foster care payments or child support payments are received regularly.

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

## VA Renovation Program Guidelines

<b>Self-Help</b>	Not allowed
<b>Seller Contributions</b>	<ul style="list-style-type: none"> <li>• VA defines seller concessions as anything of value added to the transaction by the seller or builder which is not customarily expected, is not required to pay or provide for which the borrower pays nothing.</li> <li>• Seller concessions include, but are not limited to:             <ul style="list-style-type: none"> <li>- Payment of the borrower's VA funding fee,</li> <li>- Prepayment of the borrower's property taxes and insurance,</li> <li>- Gifts (e.g. T.V., microwave, etc.)</li> <li>- Payment of extra points to provide permanent interest rate buydowns,</li> <li>- Provision of escrowed funds to provide temporary interest rate buydowns, and</li> <li>- Payoff of credit balances or judgments on behalf of the borrower.</li> </ul> </li> </ul> <p>Seller concessions do <b>not</b> include payment of the buyer's closing costs or appropriate discount points (e.g. if customary discount points would be two the seller's payment of two points would not be a seller concession, however if the seller paid five points, three of the points would be considered a seller concession).</p> <ul style="list-style-type: none"> <li>• Maximum seller concession is 4% of the established reasonable value of the property.</li> <li>• Seller is allowed to pay 100% of the normal discount points and the borrower's non-recurring closing costs. Normal discount points and closing costs are <b>not</b> included in the 4% calculation</li> </ul>
<b>Special Flood Hazard Area (SFHA)</b>	<p>Properties located in an SFHA are eligible subject to the following:</p> <ul style="list-style-type: none"> <li>• Flood insurance is available and obtained</li> <li>• If proposed/new construction the elevation of the lowest floor must be located above the 100 year flood level and flood insurance is required</li> </ul> <p>NOTE: Properties located in areas subject to regular flooding, even if not in a designated SFHA, are <b>ineligible</b> regardless of whether flood insurance is obtained</p>
<b>Subordinate Financing</b>	<ul style="list-style-type: none"> <li>• Eligible subject to the CLTV limits on the matrix located on page 1.</li> <li>• Eligible at underwriter's discretion. The veteran cannot be placed in a substantially worse position than if the entire amount had been guaranteed by VA.</li> <li>• The CA HERO/PACE program is ineligible subordinate financing</li> </ul>
<b>Temporary Buydowns</b>	Not allowed
<b>Transactions – Eligible</b>	<ul style="list-style-type: none"> <li>• Purchase transactions</li> <li>• <b>Cash-out refinance</b></li> <li>• Transactions secured by a 1-unit property</li> <li>• Transactions where the work will take ≤ 90 days to complete</li> </ul>
<b>Transactions – Ineligible</b>	<ul style="list-style-type: none"> <li>• Transactions that require submission to VA for VA review and approval</li> <li>• EEM (Energy Efficient Mortgage)</li> <li>• MCC (Mortgage Credit Certificates) – Borrower allowed to do an MCC after closing, but MCC cannot be used to qualify.</li> <li>• Second home and investment transactions</li> <li>• Texas Section 50(a)(6)</li> <li>• Transaction with CA HERO program subordinate financing</li> </ul>



## VA Renovation Program Guidelines

<b>Transaction Types</b>	<p><b>Purchase Transactions</b></p> <ul style="list-style-type: none"> <li>• Maximum loan amount is calculated based on borrower's entitlement. When the purchase price does not exceed the county limits established by VA, the total loan amount, including the funding fee, cannot exceed the VA county limit.</li> <li>• When the purchase price exceeds the county limit established by VA the borrower will be required to make a cash down payment on the amount greater than the county limit to ensure a 25% guaranty is achieved. The funding fee can be financed.</li> <li>• Additionally if the "after-approved" value is less than the original contract price plus repair costs the borrower will be required to make a cash down payment for the difference or change the scope of repairs to lower the cost</li> </ul> <p><b>Cash-Out Refinance Transactions</b></p> <ul style="list-style-type: none"> <li>• <b>Maximum loan amount is calculated based on borrower's entitlement</b></li> </ul>
<b>Utilities</b>	<ul style="list-style-type: none"> <li>• Utilities must be inspected to ensure they are in proper working order unless they are being completely updated.</li> <li>• If the utilities were not on at the time of the appraisal/inspection or are determined to not be in good working order, a 15% contingency reserve must be established (including homes that have been "winterized")</li> <li>• When obtaining bids, the contractor should provide a bid that allows for any repairs that may be required.</li> </ul> <p><b>Utilities on at Time of Appraisal/Inspection</b></p> <ul style="list-style-type: none"> <li>• Appraiser or other licensed professional (contractor, inspector, plumber, electrician) must confirm in writing that the utilities have been visually inspected and appear to be in good working order.</li> </ul> <p><b>Utilities NOT on at time of Appraisal Inspection</b></p> <ul style="list-style-type: none"> <li>• If utilities were not on at the time of the appraisal and the contractor bid(s) do not include repairs to the utilities, HomeBridge will accept alternative documentation to validate condition of utilities. <ul style="list-style-type: none"> <li>- If home was winterized, a winterization certification indicating all utilities were working properly when turned off.</li> <li>- A certification by a licensed professional (contractor, inspector, plumber, electrician) that the utilities have been inspected and appear to be in good working order.</li> <li>- If bank or Agency owned (no HUD REOs) a copy of the home inspection from the listing report indicating the utilities were on and in good working order at the time of the home inspection</li> </ul> </li> <li>• If the utility inspection reveals utilities are not in good working order, the contractor bid(s) must include detailed required repairs and include the cost on the bid(s).</li> </ul>