

PLANET HOME LENDING – VA IRRRL GUIDELINES 12 10 2020

VA IRRRL Program Guidelines

4506-T

Credit Qualifying

Tax transcripts are required per AUS findings or can be obtained in lieu of W-2 or tax returns both personal and business.

4506-T must be signed by all borrowers at loan closing if transcripts were not obtained to qualify the borrower.

NOTE: Due to the hacking incidents, Planet will accept transcripts that the borrower obtained from the IRS along with a certification that the returns are true and correct.

Affidavit of Identity

Planet may require an Affidavit of Identity if a borrower signature appears incomplete or illegible.

Age of Documents

All credit, income and asset documentation must be ≤ 120 days from the Note date.

Appraisal must be dated within 180 days of the Note date.

Application (1003)

Credit Qualifying

Full 1003 required

Non-Credit Qualifying

Section IV Employment Information and Section VI Assets and Liabilities of the 1003 application are not required to be completed.

Section VIII Declarations section should be completed as applicable.

NOTE: Income should never be indicated on the application for NCQ transactions.

Appraisals

The discount points in conjunction with the base loan amount is used to determine appraisal requirement. See "Appraisal Requirements When Discount Points are Charged" on the next page for additional information.

An AVM or 2055 is required:

- A CoreLogic GeoAVM with a standard deviation ≤ 18 for all loan amounts. If standard deviation > 18 , a 2055 will be required; or
- ProTeck AVM with a confidence score of 80% or more. If confidence score is $< 80\%$ a 2055 will be

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required; $> VA$ Conforming Loan Limit requires a confidence score of $\geq 90\%$ or a 2055 is required, or

- 2055

The appraisal may be charged to the borrower.

Properties located in a FEMA Disaster Declaration area will be subject to additional appraisal review (as applicable). See "Chapter 8: Loan Purchasing" on page 510 for detailed information.

Appraisal Requirements When Discount Points are Charged

The Protecting Veterans from Predatory Lending Act requires an LTV determination when discount

points are charged when moving from a Fixed to an ARM. Appraisals should be ordered through a

Planet-approved AMC and **not** through the VA portal. Acceptable forms of appraisal reports:

Exterior-Only Inspection Residential Appraisal Report (Fannie Mae 2055)

Uniform Residential Appraisal Report (Fannie Mae 1004)

Exterior-Only Inspection Individual Condominium Unit Appraisal Report (Fannie Mae 1075)

Individual Condominium Unit Appraisal Report (Fannie Mae 1073)

Other industry accepted appraisal reports for manufactured and multi-unit homes

Assumptions

Planet follows agency guidelines.

AUS

Manual underwrite only.

Available Markets

Planet will purchase loans from delegated Sellers in **all** states.

Blue Water Navy Vietnam Veterans Act of 2019

NOTE: No change to the maximum amount available to veterans for loans \leq the \$144,000 regardless of conforming limits.

Full entitlements do not require Freddie Mac CLL consideration.

Entitlements previously used but has not been restored:

- The maximum guaranty amount is the lesser of 25% of the loan amount, or the maximum amount of guaranty available.

The maximum amount of guaranty entitlement is 25% of the Freddie Mac CLL, reduced by the amount of entitlement previously used (not restored) .

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Entitlements may be restored for a cash-out refinance of active VA-guaranteed loans when ordering or correcting the Certificate of Eligibility (COE).

Borrowers — Eligible

Per VA guidelines. Borrower(s) must certify that he or she previously occupied the property.

A spouse may only be deleted from the new loan if the loan is credit qualified.

Cash Back to Borrower

Incidental cash back not to exceed \$500.00 (\$0.00 in Texas).

Credit Report

Conforming Loan Amounts

A mortgage only credit report with credit scores is acceptable unless the PITI payment is increasing

by more than 20% or a spouse is being removed from the new loan then a tri-merge credit report

is required.

High Balance Loan Amounts

Full credit report to verify no major derogatory credit with the past 12 months. Major derogatory

credit is defined as any payment > 60 days delinquent, collections and/or judgments (excludes medical/utilities).

Credit Report – Fraud Alert

When a fraud alert, active duty alert or freeze is included with a credit report, additional steps are

required to verify the borrower's identity and documentation must be provided.

Documentation should include, but is not limited to:

A letter of explanation from the borrower, and

A copy of the identity theft report, and

An additional form of identity verification, and

If the credit alert contains a phone number for a verbal verification prior to credit being issued, documentation must be provided that the borrower was contacted.

Credit Score

Credit qualifying minimum 580 credit score.

Non-credit qualifying minimum 640 credit score.

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Credit Score 580-599

Credit qualifying only. See [VA Lenders Handbook](#) for complete credit qualifying guidelines.

1-unit only (all occupancies)

Conforming and high balance

Maximum 90% LTV/CLTV

Minimum 2 year payment history on the loan being refinanced with a 0x30 in previous 24 months; < 2-year payment history the loan is ineligible.

VA residual income requirements apply.

Employment

Credit Qualifying

A two year employment history is required.

A verbal verification of employment is required within 10 days of the Note date for salaried borrowers and within 30 calendar days of the Note date for self-employed borrowers.

Sellers must independently obtain the phone number, and when possible, the address of the wage earner borrowers employer using directory assistance/internet/phone book, etc.

Self-employed borrower's business requires verification of the business by a third party source (e.g. CPA, Federal Tax ID Certificate, Business License).

NOTE: A sample VVOE form is posted on the CORE Seller Portal at www.phlcorrespondent.com under

Forms and Resources. Sellers are not required to use this exact form; however any form used must provide the information contained on the Planet form.

A military Leave and Earnings Statement (LES) is required for active duty military in lieu of a VVOE. The LES must be an original or certified copy of original. The LES must be no more than 120 days old (180 days for new construction).

Non-Credit Qualifying

Employment verification/history not required.

Escrow/Impound Account

Required on all loans, no exceptions.

Fees and Charges

VA allows the following fees and charges:

1% origination fee based on VA Form 26-8923, IRRRL Worksheet calculation. 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

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1% blend of origination fee and unallowable fees based on the total loan amount. Combined 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 fees
- Termite inspection (allowed on refinance transactions only)

Unallowable Fees

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

Lender's Inspections

Lender's Appraisal

Closing/Settlement Fee

Doc Prep Fees

Conveyance Fee

Underwriting Fee

Pest/Inspection Fee

Fax/Email/Copying Fee

Escrow Fee

Notary Fees

Trustee Fee

Interest Rate Lock Fee

Postage/Mail Charges

Amortization Schedule

Tax Service Fee

Attorney's Services other than title work

Loan Application/Processing Fee

Fees for preparing TRID

Prepayment Penalties (refi)

Any other fee(s) not listed as allowable by VA

Fees to Loan Brokers, Finders or Other 3rd Party Fees

Commitment Fees

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Allowable Closing Costs

The following fees may be charged:

Loan Origination

Reasonable Discount Points

Appraisal Fee/Compliance Inspections

Credit Report Fee (actual cost)

Title Examination/Title Insurance Fee

Recording Fees & Taxes

Prorated Taxes

Hazard Insurance

Flood Insurance
Flood Determination
Federal Express/Express Mail (refi only)
Closing Protection Letter
VA Funding Fee
MERS Registration
Survey/Plot Plan
Well and Septic Inspections Fees

The above lists may not be all inclusive. See [VA Lenders Handbook](#) for detailed guidance on allowable/unallowable fees and charges.

A copy of the borrower's recoupment statement must be provided in the loan file along with certification that all fees and incurred cost have been recouped on or before the date which is 36

months after the date of application as determined by the note date.

Recoupment periods greater than 36 months are not eligible. This includes ARM to Fixed transactions or transactions with a reduction in loan term. These transactions are not exempt from

the recoupment requirement.

Net Tangible Benefit to borrower:

- If an existing fixed rate loan is being refinanced into a new fixed rate loan, the interest rate of the refinanced loan must not be less than .50 bps below the previous loan.
- If an existing fixed rate loan is being refinanced into an ARM loan, the interest rate of the new refinanced loan must not be less than 2.00 bps below the previous loan, and
- The lower interest rate is not from discount pts unless paid at closing.

Discount point amounts ≤ 1%, the LTV is limited to a maximum 100%

Discount points >1% is limited to a maximum 90% LTV.

See "Appraisals" on page 429 for minimum appraisal requirements.

Funding Fee

0.50%. The Certificate of Eligibility, issued by VA, will indicate if the veteran is exempt, or nonexempt

from paying the VA Funding Fee.

Funding Fee Waived for active duty Purple Heart recipients.

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Guaranty

A minimum 25% guaranty is required

The guaranty is limited to the veteran's portion of ownership interest in the property. (i.e., if the veteran is the only person on title but **adds someone other than their spouse to title**, the final loan guaranty would be half of the veteran's entitlement).

Maximum Loan Amount

Maximum Base Loan Amount ≤ VA Conforming Loan Limits. Lesser of:

Existing VA loan pay off - Unpaid principal balance (Including any charges/misc. fees charged by current lender to pay the loan in full) , plus allowable VA closing costs, plus VA funding fee (if applicable), plus up to 2 discount points, or

The appraised value (AVM or 2055) x125%.

Maximum Base Loan Amount > VA Conforming Loan Limits. Lesser of:

Existing VA loan pay off – Unpaid principal balance, (Including any charges/misc. fees charged by current lender to pay the loan in full), plus allowable VA closing costs, plus VA funding fee (if applicable), plus up to two discount points, or
The appraised value (AVM or 2055) x 100% as applicable. See "Fees and Charges" on page 432 for details on allowable/unallowable fees.

Mortgage History

Credit Qualifying

0x30 in previous 12 months on loan amounts > VA Conforming Loan Limits.

Non-Credit Qualifying

0x30 in previous 24 months for loan amounts > VA Conforming Loan Limits.

If < 24 months on current mortgage for subject property, prior mortgages may be used to meet the

24 month history requirement. No increase from current housing payment allowed.

Mortgage Seasoning

Loan seasoning applies to any loan being refinanced into a VA loan. The note date of the refinance

loan must be on, or after, the later of:

The date on which the borrower has made at least six monthly payments on the loan being refinanced; and

The date that is 210 days after the first payment due date of the loan being refinanced.

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NOTE: Refinance of loans on which fewer than six (6) consecutive regularly scheduled payments have been

made are not eligible for financing.

Credit score of 580-599: A minimum 24-month mortgage seasoning with 0 x30 in previous 24 months on the loan currently being refinanced. Borrowers without a 24-month mortgage seasoning

on the current loan are **ineligible**.

Occupancy

1-4 unit owner-occupied primary residence (2-4 unit ineligible on high balance)

1 unit second home (ineligible on high balance)

1-4 unit investment (ineligible on high balance)

Prepayment Penalty

Not permitted.

Products

Fixed Rate: 15, 20, 25 or 30 year

ARM: 3/1 and 5/1; T-Bill; Caps: 1/1/5; Margin/Floor: 2.00; Qualified at Note rate

Properties Listed for Sale within the Previous 12 Months

Properties that were listed for sale in the previous 12 months must be taken off the market prior to the application date.

A property listed for sale will be considered as long as the listing has been canceled, expired or withdrawn.

A letter of explanation is required.

Refinance Transactions

Continuity of obligation requires that at least one of the borrowers on the refinance transaction is currently on the title of the property being refinanced.

Reserves

Not required.

Subordinate Financing

New loan proceeds cannot be used to pay off any existing subordinate financing. Existing subordinate financing must subordinate to the new loan

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Documents and Forms

HUD/VA Addendum to URLA (VA Form 26-1802a) – pages 1 and 2 only

Debt Questionnaire (VA 26-0551) – credit qualifying only

Federal Collection Policy Notice (VA 26-0503)

Counseling Checklist for Military Homebuyers (VA 26-0592) - active duty only

Nearest Living Relative Statement (sample form on website)

Child Care Certification required on credit qualifying if dependents disclosed or at underwriter's discretion. (sample form on website)

VA Lender Certification (sample form on website)

All Loans

Legible photo ID and social security card

Most recent mortgage statement

Copy of existing Note

Payoff statement with valid expiration