

## RESIDUAL INCOME

PROGRAM ID: SP A3

**Program Description:** Ability to repay determined by Veterans Administration Residual Income calculation

### Products and Terms:

**5/1 ARM:** Fully Amortizing

**5/1 ARM:** With 7 or 10 year Interest Only period

**7/1 ARM:** Fully Amortizing

**7/1 ARM:** With 10 year Interest Only period

**Eligible borrowers:** Borrowers must have been continuously employed for 2 years, self-employed borrowers must have been operating the same business for 2 years

**Minimum residual income:** 300% of residual income required on applicable current VA tables for borrower's region, underwriters must complete Sprout form demonstrating sufficient residual income

**Minimum credit score:** 680, based on no less than three trade lines established for one or more years, no history of foreclosure or bankruptcy over past four years, and no late mortgage or rental payments over past two years

### Loan amounts and loan to value limits:

Purchase and rate & term refinance	Cash-out	Max Cash-out (Seasoning rules apply)
80% to \$850,000*	75% to \$400,000	\$150,000 to 75%
75% to \$1,650,000	70% to \$850,000	\$250,000 to 70%
65% to \$2,000,000	65% to \$1,650,000	\$400,000 to 65%
	60% to \$2,000,000	\$850,000 to 55%

**Acceptable occupancy:** Primary (no second homes or investor occupancy properties)

**Acceptable property types:** Single family and Fannie eligible condominiums

**Acceptable borrowers:** US Citizens and permanent resident aliens only

**Required reserves:** 4 months

**Acceptable states:** 50 states (US Territories not allowed)

ARM re-prices at 1 year LIBOR + 3.99% subject to 5% Initial, 2% periodic and 5% lifetime caps

Escrow for taxes and insurance

\*75% max LTV in NY.

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