

RESIDUAL INCOME

PROGRAM ID: **SP A3**

Program Description: Ability to repay based on Veterans Administration Residual Income calculation

Products and Terms:

- 5/1 ARM:** Fully Amortizing
- 5/1 ARM:** With 7 or 10year Interest-Only period
- 7/1 ARM:** Fully Amortizing
- 7/1 ARM:** With 10year Interest-Only period
- 30-Yr Fixed:** With 7 or 10year Interest-Only period
- 30-Yr Fixed:** Fully Amortizing

Eligible borrowers: Citizens / US persons only, foreign borrowers not permitted.

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: 620, based on no less than three trade lines established for one or more years, no foreclosure or bankruptcy over past 48 months at standard LTVs and reserves. No foreclosure or bankruptcy over past 24 months available at a max LTV of 75% and reserves increased by 6 months. Maximum permitted mortgage or rental payment delinquency is 1x30x12

Loan amounts and loan to value limits *(example based on 700 min credit score):*

<u>Primary Residence / Purchase and Rate & Term Re-fi</u>	<u>Primary Residence / Cash-out</u>	<u>Investment / Business Purpose / Purchase and Rate & Term Re-fi</u>
85% to \$1,500,000	80% to \$1,500,000	80% to \$1,000,000
80% to \$2,000,000	75% to \$2,000,000	75% to \$1,500,000
75% to \$2,500,000	70% to \$2,500,000	
70% to \$3,000,000	65% to \$3,000,000	

Acceptable occupancy: Primary residences, second homes, investment properties

Acceptable property types: 1-4 units, warrantable / non-warrantable condo *(non-warrantable condos require a rate add-on)*

Required reserves: 3 - 12 months PITIA *(based on loan amount)*

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

Other Info: ARM Index - 1-yr LIBOR; Margins – owner occupied 3.25%; investor-occupied 5.25%; Floor (lifetime minimum rate) is initial note rate. Escrows required. 3-yr prepayment penalty required for investor occupancy loans where permitted by law; PPP buyouts may be available.