



VA
5/1, 7/1 ARM Mortgage
Fully Amortizing Standard Loan Amounts

PRODUCT MATRIX

VA Handbook link:

http://www.benefits.va.gov/warms/M26_1.asp

5/1 ARM	Rate Fixed for the first 60 months, then adjusts every 12 months - 30 year amortization
7/1 ARM	Rate Fixed for the first 84 months, then adjusts every 12 months - 30 year amortization

PRIMARY RESIDENCE

Transaction Type	# of Units ¹	LTV/CLTV	Minimum Credit Score
Purchase Standard	1-4	100.00/100.00%	620
Refinance Standard ²		100.00/100.00% ³	620

- 1** Refer to ineligible property types for restrictions on properties in New Jersey.
- 2** VA does not distinguish between rate and term and cash-out refinance transactions.
- 3** CLTV on a refinance transaction is calculated using the total loan amount, not the base loan amount

Maximum Loan Amounts (Continental US)

Maximum loan amounts by County (for determining maximum guaranty) can be located at
http://www.benefits.va.gov/homeloans/purchaseco_loan_limits.asp

The 2018 effective loan limits are posted at: http://www.benefits.va.gov/homeloans/purchaseco_loan_limits.asp. Note that for purposes of determining the VA guaranty, lenders are instructed to reference only the One-Unit Limit column in the Federal Housing Finance Agency (FHFA) Table "Loan Limits for Calendar Year 2018- All Counties" (<https://www.fhfa.gov/DataTools/Downloads/Pages/Conforming-Loan-Limits.aspx>). While a Veteran may use the VA home loan guaranty benefit to acquire a property up to 4-units in size, VA's maximum guaranty amount will be based on the One-Unit (single-family residence) limit, as prescribed by FHFA in the aforementioned table. For example, if a Veteran plans to purchase a four-unit dwelling for \$700,000, in a county where the FHFA One-Unit (single-family residence) limit is \$453,100, then VA's maximum guaranty amount would be 25 percent of the \$453,100."

ARM Parameters

Index	The weekly average yield on U.S. Treasury securities adjusted to a constant maturity of one year
Margin	2.00%
CAPs	5/1: 1/1/5 7/1: 2/2/6
Interest Rate Adjustment	The interest rate is fixed for the initial period and is then subject to change on an annual basis thereafter, using the most recent index figure 45 days prior to the interest rate adjustment. The interest rate is rounded to the nearest 1/8 of one percent point after adding the mortgage margin to the index.
Assumable	Allowed, Subject to conditions and fees.
Temporary Buydown	Not Available
Qualifying rate	Initial Note Rate
Interest Only	Not Available

Guaranty / Entitlement

VA Loans are guaranteed by the Veteran's Administration and are offered exclusively to the veterans of the United States Military and their families.
 At least one borrower must be a veteran (active duty, retired or discharged, honorably or higher) of the US Military or a surviving spouse.

VA Funding Fee

A funding fee is required on all VA loans unless the Veteran is exempt, as verified by VA form 26-8937. The funding fee is added to the base loan amount but is not factored into the LTV. VA will not guarantee the loan without the funding fee.

Purchase Loans

Type of Veteran	Down Payment	Fee for First Time (%)	Fee for Subsequent (%)
Regular Military	<5.00%	2.15	3.30
	5.00-9.99%	1.50	1.5
	≥10.00%	1.25	1.25
Reserves/National Guard	<5.00%	2.40	3.30
	5.00-9.99%	1.75	1.75
	≥10.00%	1.50	1.50

Regular Refinance (Cash-Out)

Type of Veteran	Down Payment	Fee for First Time (%)	Fee for Subsequent (%)
Regular Military	N/A	2.15	3.30
Reserves/National Guard	N/A	2.40	3.30



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VA ARM Rate Requirements
Refer to Sellers Guide for Complete VA Guidelines

Mortgage Entitlement

Standard Loan Amount - Maximum entitlement¹ is determined by the lesser of the following:

- VA county loan limit, or
- Borrower's maximum entitlement on the COE or
- Results of the table below

Loan Amount	Maximum Entitlement Guaranty
Up to \$45,000	50% of the loan amount
\$45,001 to \$56,250	\$22,500.00
\$56,251 to \$144,000	40% of the loan amount, max \$36,000.00
\$144,001 to \$424,100	25% of the loan amount, max \$104,250.00
\$424,101 to \$1,500,000	25% of the loan amount, max \$273,656.00

¹ Entitlement is not increased for non-IRRR loans.

Tangible Net Benefit	VA refinance transaction must follow EMM Tangible Net Benefit guidelines.
Borrower Eligibility	Borrower(s) may be an honorably discharged veteran, active duty service member, unmarried surviving spouse, Reservist or National Guardsman. The following types of borrowers are eligible: <ul style="list-style-type: none"> • U.S. Veteran • Unmarried surviving spouse of a U.S. Veteran
Ineligible Borrowers	The following borrower types are not eligible: <ul style="list-style-type: none"> • Surviving spouse that is remarried • Divorced spouse of a veteran • Veterans with a dishonorable discharge designation • Non-occupant co-borrower • All trust types, including inter vivos revocable trusts
Loan Documentation	Full documentation Income, employment and assets are stated and verified. VA Documents <ul style="list-style-type: none"> • Certificate of Eligibility (COE) • Addendum to the URLA (26-1802a) • Request for Reasonable Determination of Value • Federal Collection Policy Notice (26-0503) • Counseling Checklist for Military Homebuyers (26-0592) - active duty only • Child Care Letter • Statement of Nearest Living Relative • VA Loan Analysis (26-6393) • Master Certificate of Reasonable Value (26-1843a) • Request for Verification of Benefits (26-8937) – if the borrower is exempt from the funding fee. • Certificate of Commitment (26-1866) • VA Loan Summary Sheet (26-0286)
Credit Requirements	<ul style="list-style-type: none"> • EMM requires a full, three credit bureau tri-merge report or a residential mortgage credit report for all borrowers. • Joint reports should be used only for married co-borrowers. • EMM requires that each borrower have a minimum of two credit scores. • Use the middle score of three scores or the lower score of two scores of the lowest scoring borrower. Credit History If required, mortgage or rental history of 0x30 is required for the lesser of the last 12 months or the life of the loan. Short sale waiting period- Standard Loan Amounts <ul style="list-style-type: none"> • If the loan was current at the time of the short sale, does not have a history of delinquency on the mortgage and the borrower's credit was/is otherwise good than no waiting period is required. • If the loan was delinquent at the time of the short sale, a minimum of two years must have elapsed from the short sale completion date to the Note date for the subject transaction. The borrower must also have re-established credit with a solid 12 month history.
Maximum Debt to Income Ratio	Debt Ratio - Standard Loan Amounts <ul style="list-style-type: none"> • Maximum DTI is 50%.
Qualifying Rate	Note Rate
Employment/Income	A verbal verification of employment (VVOE) with no reference to income is required for salaried or commissioned borrowers. If the employer does not indicate the probability of continued employment on the VVOE, then no additional information is required. A two-year employment history is required.
Asset Requirements	Reserves Reserves are generally not required; however, DU may require reserves for higher risk loans. <ul style="list-style-type: none"> • Reserves required by DU must be verified. • If borrower owns other residential investment properties, a minimum of three months' of PITIA reserves are required. • Reserves used as a compensating factor must be verified.
Occupancy	Primary Residence



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Real Estate Owned	The maximum number of financed residential properties a borrower may have is four. Borrowers with five or more financed residential properties are not eligible for financing with EMM.
Property Valuation	Required Appraisal A VA appraisal ordered through the VA Portal is required. Every appraisal must be ordered as a Lender Appraisal Processing Program (LAPP) appraisal. EMM issues the Notice of Value.
Properties Listed for Sale	Properties listed for sale within the last six months are eligible provided- <ul style="list-style-type: none"> • Property was taken off the market prior to the application date, and • Borrower provides written confirmation of their intent to occupy the property moving forward, and • Property may not be relisted during or after (at least 120 days) the loan closing.
Ineligible Property Types	Although the VA will guarantee loans on the following property types, they are not eligible for financing with EMM Non-Warrantable Condominiums Manufactured Homes Co-op Life Estates or Specially Adapted Housing VA Indian Leasehold properties Properties with non-permitted or illegal additions (on a refinance, this includes those made since the original loan was guaranteed) Two-to 4 unit properties are not eligible in NJ Texas 50(a)(6) loans IRRRLs
Escrow Waiver	Not Permitted

Standard Loan Amounts			
Product Codes	Short Description	Long Description	AUS
VF51	VA 5 YR ARM	VF51-VA 5-1 ARM	DU Approve/Eligible VA loans are underwritten by EMM underwriters under EMM delegated authority. External underwriting methods, such as contract underwriting are not permitted
VF71	VA 7 YR ARM	VF71- VA 7-1 ARM	

Product and program guidelines subject to change without notice.
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