

VA FIXED RATE

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1. PRODUCT DESCRIPTION	<ul style="list-style-type: none"> VA Fixed Rate Mortgage 15, 20, or 30 year terms Fully Amortizing 																																																												
2. QUALIFYING RATE & RATIOS	<p>Qualifying Ratios</p> <ul style="list-style-type: none"> AUS Approve – Ratios evaluated by AUS <p>Residual Income Requirements <u>Table of residual incomes by region</u> (for loan amounts \$79,999 and below)</p> <table style="margin-left: 40px;"> <thead> <tr> <th><u>Family Size</u>¹</th> <th><u>Northeast</u></th> <th><u>Midwest</u></th> <th><u>South</u></th> <th><u>West</u></th> </tr> </thead> <tbody> <tr><td>1</td><td>\$390</td><td>\$382</td><td>\$382</td><td>\$425</td></tr> <tr><td>2</td><td>\$654</td><td>\$641</td><td>\$641</td><td>\$713</td></tr> <tr><td>3</td><td>\$788</td><td>\$772</td><td>\$772</td><td>\$859</td></tr> <tr><td>4</td><td>\$888</td><td>\$868</td><td>\$868</td><td>\$967</td></tr> <tr><td>5</td><td>\$921</td><td>\$902</td><td>\$902</td><td>\$1004</td></tr> </tbody> </table> <p>¹ Add \$75 for each additional member up to a family of seven</p> <p><u>Table of residual incomes by region</u> (for loan amounts \$80,000 and above)</p> <table style="margin-left: 40px;"> <thead> <tr> <th><u>Family Size</u>¹</th> <th><u>Northeast</u></th> <th><u>Midwest</u></th> <th><u>South</u></th> <th><u>West</u></th> </tr> </thead> <tbody> <tr><td>1</td><td>\$450</td><td>\$441</td><td>\$441</td><td>\$491</td></tr> <tr><td>2</td><td>\$755</td><td>\$738</td><td>\$738</td><td>\$823</td></tr> <tr><td>3</td><td>\$909</td><td>\$889</td><td>\$889</td><td>\$990</td></tr> <tr><td>4</td><td>\$1025</td><td>\$1003</td><td>\$1003</td><td>\$1117</td></tr> <tr><td>5</td><td>\$1062</td><td>\$1039</td><td>\$1039</td><td>\$1158</td></tr> </tbody> </table> <p>¹ Add \$80 for each additional member up to a family of seven</p> <p>Refer to #22 Special Requirements/ Restrictions for a breakdown of states by region</p>	<u>Family Size</u> ¹	<u>Northeast</u>	<u>Midwest</u>	<u>South</u>	<u>West</u>	1	\$390	\$382	\$382	\$425	2	\$654	\$641	\$641	\$713	3	\$788	\$772	\$772	\$859	4	\$888	\$868	\$868	\$967	5	\$921	\$902	\$902	\$1004	<u>Family Size</u> ¹	<u>Northeast</u>	<u>Midwest</u>	<u>South</u>	<u>West</u>	1	\$450	\$441	\$441	\$491	2	\$755	\$738	\$738	\$823	3	\$909	\$889	\$889	\$990	4	\$1025	\$1003	\$1003	\$1117	5	\$1062	\$1039	\$1039	\$1158
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3. TYPES OF FINANCING	<p>Purchase Mortgages</p> <p>Interest Rate Reduction Refinance Loan (IRRRL) ¹</p> <ul style="list-style-type: none"> No seasoning on first mortgage VA to VA refinances only 																																																												

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	<ul style="list-style-type: none"> • 640 minimum FICO <p>Rate and Term/ Cash-Out Refinance</p> <ul style="list-style-type: none"> • Cash out not permitted in Texas • Subject property must have an existing lien • No seasoning of first mortgage or junior liens • 620 minimum FICO • 90% max LTV/CLTV on rate and term refinances <p>Refinance of Construction Loan and Installment Land Sales Contracts</p> <ul style="list-style-type: none"> • Loan amounts may not exceed the lesser of <ul style="list-style-type: none"> • The VA reasonable value plus the VA funding fee OR • The sum of the outstanding balance of the loan to be refinanced plus allowable closing costs (including the funding fee) and discount points • Loan must be set up as a purchase in the system to permit the LTV to exceed 90% of the reasonable value <p>¹ Refer to the VA Refinance Options Matrix for specific details</p>				
4. MAXIMUM LOAN AMOUNT (Including financed Funding Fee)	<p>All Transactions</p> <p><u>Continental U.S.</u> \$417,000</p> <p>Refer to the VA Refinance Options matrix for specific instruction on calculating the maximum loan amount</p>				
5. LOAN AMOUNT AND LTV LIMITATIONS	<p>Purchases & Interest Rate Reduction Refinances</p> <p><u>Continental U.S.</u></p> <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="text-align: center;"><u>LTV</u></td> <td style="text-align: center;"><u>Max Total Loan Amount</u> (including financed funding fee)</td> </tr> <tr> <td style="text-align: center;">100%</td> <td style="text-align: center;">\$417,000</td> </tr> </table> <ul style="list-style-type: none"> • For purchase transactions, total loan amounts > \$144,000 and <= \$417,000 VA will provide guarantee of 25% of the total loan amount subject to Veterans available entitlement • The 25% minimum guarantee is considered satisfied for Interest Rate Reduction Refinance Loans regardless of the dollar amount of guaranty being transferred from the previous loan. • Refer to VA Refinance Option Matrix 	<u>LTV</u>	<u>Max Total Loan Amount</u> (including financed funding fee)	100%	\$417,000
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	<p>Rate and Term/ Cash-Out Refinance</p> <p><u>Continental U.S.</u></p> <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="text-align: left;"><u>LTV</u></td> <td style="text-align: center;"><u>Max Total Loan Amount</u> (including financed Funding Fee)</td> </tr> <tr> <td style="text-align: left;">90%</td> <td style="text-align: center;">\$417,000</td> </tr> </table> <ul style="list-style-type: none"> For total loan amounts > \$144,000 and <= \$417,000 VA will provide guaranty amount of 25% of the total loan amount for a 1 unit dwelling subject to Veterans available entitlement. Bonus entitlement is available. Refer to attached Maximum Guarantee Calculation Worksheet. The loan-to-value ratio may not exceed 90% of appraised value The total loan amount (Base Loan Amount plus Financed Funding Fee) may not exceed the conforming loan limits for the area Refer to CHF VA Refinance Option Matrix for details on arriving at the actual loan amount 620 minimum FICO <p><u>Refinance of Construction Loans and Installment Land Sales Contracts</u></p> <ul style="list-style-type: none"> Completed like cash-out refinances except: <ul style="list-style-type: none"> Maximum LTV can be 100% of determined value No cash back to borrowers 	<u>LTV</u>	<u>Max Total Loan Amount</u> (including financed Funding Fee)	90%	\$417,000
<u>LTV</u>	<u>Max Total Loan Amount</u> (including financed Funding Fee)				
90%	\$417,000				
6. SECONDARY FINANCING	<ul style="list-style-type: none"> Permitted. However, secondary financing cannot be used to offset required down payment, pay closing costs or cover any portion of the purchase price that exceeds the reasonable value Interest rate of second mortgage cannot exceed the rate on the VA loan The second lien should not restrict the veteran's ability to sell the property (i.e. assumability feature) The total CLTV should never exceed 100% of the lesser of the sales price or appraised value 				
7. PROPERTY TYPES	<p>Eligible Property Types</p> <ul style="list-style-type: none"> 1 unit only PUDs – VA or CHF approved Condos – VA approved Modular Pre-Cut/ Panelized housing <p>Ineligible property Types</p> <ul style="list-style-type: none"> Co-ops Manufactured homes 				

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8. OCCUPANCY	Primary Residence
9. GEOGRAPHIC LOCATIONS / RESTRICTIONS	<ul style="list-style-type: none"> • Colorado • Florida • Louisiana • Oklahoma • Oregon • Texas
10. ESCROW WAIVERS	Not permitted
11. PREPAYMENT PENALTY	None
12. UNDERWRITING	<ul style="list-style-type: none"> • Approve/ Eligible only – manual underwriting allowed in certain circumstances <ul style="list-style-type: none"> • Additional documentation may be required by underwriter to strengthen loan <ul style="list-style-type: none"> • Refer to Section 16 Credit for additional restrictions <p>VA reserves or National Guard Certification</p> <ul style="list-style-type: none"> • All veteran applicants whose income is being used to qualify for the loan transaction must complete and sign a <u>VA Reserves or National Guard Certification</u> form • CHF must then use this information to determine the veteran borrower’s true monthly qualifying income
13. PROCESSING STYLES	<ul style="list-style-type: none"> • Standard • Streamline (IRRRL)
14. BORROWER ELIGIBILITY	<ul style="list-style-type: none"> • Must be a veteran who served the minimum duty with other than a dishonorable discharge • Active duty with at least 181 days of duty • Un-remarried surviving spouse of eligible veteran (COE) • Reservists/ National Guard • Certificate of Eligibility must have sufficient entitlement to meet minimum 25% guarantee
15. CO-BORROWERS	<ul style="list-style-type: none"> • All borrowers must occupy the subject property – only spouses allowed as co-borrower
16. CREDIT	<p>Housing (Mortgage/ Rental) Payment History (PITIA) is inclusive of all liens regardless of position, as well as occupancy types.</p> <ul style="list-style-type: none"> • AUS Approved loans – CHF will assess credit risk

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	<p>Minimum FICO Score Requirements</p> <ul style="list-style-type: none"> • Regardless of AUS decision: 640; 620 FICO on an exceptional basis only • Refer to VA Refinance Options Matrix for additional requirements for IRRRL transactions <p>Non-traditional credit is ineligible</p>
<p>17. ASSETS</p>	<p>Minimum borrower investment</p> <ul style="list-style-type: none"> • No minimum borrower investment is required for loan amounts up to \$417,000 provided the veteran has full entitlement. <p>Seller Contributions</p> <ul style="list-style-type: none"> • Seller can pay 100% of discount points and borrower's non-recurring closing costs • Seller can provide an additional amount not to exceed 4% of the estimated reasonable value to assist the borrower payment of buy down points, prepaid expenses and funding fee <p>Gifts</p> <ul style="list-style-type: none"> • Acceptable - must be from an immediate family member <p>Cash Reserves</p> <ul style="list-style-type: none"> • No reserves required
<p>18. LIMITATIONS ON OTHER R.E. OWNED</p>	<p>None</p>
<p>19. APPRAISER REQUIREMENTS</p>	<p>VA approved/ VA Fee panel appraisers</p>
<p>20. APPRAISAL REQUIREMENTS</p>	<ul style="list-style-type: none"> • LAPP – Notification of Value (NOV) to be issued by CHF- LAPP Approved Underwriter via The Appraisal System (TAS) at https://tas.vba.va.gov • VA Notice of Value issued by VA • VA REO's – properties purchased as VA Real Estate Owned (REO's) are not eligible for LAPP Appraisals. The VA will issue the Notice of Value (NOV) if the Liquidation Appraisal issued by the VA is less than 6 months old <ul style="list-style-type: none"> • To request a NOV from the VA submit a completed paper copy of VA Form 26-018-5 to the VA Regional Loan Center. VA will then transfer the appraisal from the current servicer, if applicable, to CHF and issue a new case number • The VA underwriter still needs to perform complete credit underwriting on these transactions
<p>21. VA FUNDING FEE</p>	<p>VA funding fee applies unless veteran is exempt, refer to attached chart for specific percentages</p>
<p>22. SPECIAL REQUIREMENTS/ RESTRICTIONS</p>	<p>CAIVRS System must be checked For loan amounts up to and including \$144,000</p> <p>The maximum amount of available entitlement minus the amount of entitlement currently in use equals the remaining amount of available entitlement. In our example (\$36,000 - \$7500 = \$28,500). This means the veteran can obtain another zero down payment VA loan for no more than \$114,000 (\$28,500 x 4 = \$114,000)</p>

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BONUS ENTITLEMENT

Bonus Entitlement is available:

- Only for loan amounts greater than \$144,000 up to \$417,000
- For veterans with full basic entitlement available
- For veterans with partial entitlement available

Bonus Entitlement when the Veteran has FULL Entitlement

If the veteran has full entitlement, Bonus Entitlement or additional entitlement is calculated as follows:

$$\$417,000 \times 25\% = \$104,250 - \$36,000 = \$68,250$$

It is this bonus entitlement that allows a veteran to purchase a zero down payment home for greater than \$144,000 and still received full VA guaranty up to \$417,000

Bonus Entitlement when the Veteran has PARTIAL Entitlement

If veteran only has partial entitlement, meaning he still has a open VA loan, he may still be able to obtain another VA loan for more than \$144,000, using bonus entitlement, provided he intends to occupy this property

Example – For loan amounts over \$144,000*

Current entitlement in use \$7500.

Veteran's wishes to purchase a home for \$250,000

- $\$250,000 \times 25\% = \$62,500$ (purchase price x 25% as required by Ginnie Mae)
- $\$104,250 - \7500 (in use) = \$96,750- maximum amount of available entitlement for the new loan
- The maximum loan amount the veteran can obtain without a down payment is $\$96,750 \times 4 = \$387,000$
- In this case the borrower is able to purchase this property without a down payment

Guaranty Guidelines

- The maximum guaranty amount for loans up to and including \$144,000 is \$36,000
- The maximum guaranty amount for loans above \$144,000 is calculated as Sales Price/ Appraised Value (whichever is less) x 25%
- The maximum guaranty of 25% must be based on the lesser of the purchase price or appraised value
- VA's guaranty will be limited to that portion of the loan allocable to the veteran's interest in the property
 - The veteran must qualify for his or her percentage of ownership interest in the property; i.e., if ownership interest is 50/50, the veteran must qualify for half (50%) of the PITI plus his or her portion of other personal debts

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VA Funding Fee

- The funding fee is calculated on the veteran's portion of the loan. If a reduced funding fee percentage is required as a result of a down payment requirement, the veteran benefits from this reduction as the funding fee will be calculated on his/her portion of the loan

Maintenance and utility cost for all regions:

- 14 cents per square foot
- Example:
 - 1500 square foot home x .14 = \$210.00/mo

Geographic Regions for Residual Income Guidelines

<u>Northeast</u>	<u>Midwest</u>	<u>South</u>	<u>West</u>
Connecticut	Illinois	Alabama	Alaska
Maine	Indiana	Delaware	Arizona
Massachusetts	Iowa	Florida	California
New Hampshire	Kansas	Kentucky	Hawaii
New Jersey	Michigan	Maryland	Montana
New York	Minnesota	North Carolina	New Mexico
Pennsylvania	Ohio	Puerto Rico	Oregon
Rhode Island	South Dakota	Tennessee	Washington
Vermont	Wisconsin	Virginia	Utah
		West Virginia	Wyoming

Non-Purchasing Spouse in a Community Property State

Arizona	New Mexico
California	Texas
Idaho	Washington
Louisiana	Wisconsin
Nevada	

If property is located in a community property state, or the borrower resides in a community property state, the following requirements apply

- A credit report for the non-purchasing spouse is required to determine any joint or individual debts. The spouse's authorization to pull a credit report must be obtained. If the spouse refuses to provide authorization for the credit report, the loan must be rejected.
 - Even if the non-purchasing spouse does not have a social security number, the credit reporting company should verify that the non-purchasing spouse has no credit history and no public records recorded against him/her
 - Credit company should be given non-purchasing spouse information: Name(s), address, birth date and any other significant information requested in order to do the record check

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- Except for those obligations specifically excluded by state law, the debts of the non-purchasing spouse must be considered in the qualifying ratios. If the debts are the sole responsibility of the non-purchasing spouse, do not consider debt in the DTI.
- The greater of the monthly payment amount or 5% of the outstanding balance (if minimum payment is not reflected on credit report) of the non-purchasing spouse must be included in the qualifying ratios
 - Disputed debts of the non-purchasing spouse need not be counted provided the file contains documentation to support the dispute
 - Credit history of the non-purchasing spouse should not be the basis for declining the loan. The FICO score for the non-purchasing co-borrower is not considered for eligibility

	Louisiana	Texas
When are Community Property State laws effective	Married and domicile in same state	Married and domicile in same state
Include debts in DTI analysis (ratios)	Yes, unless spouse agrees to waive Homestead rights	Yes
Exclude debts in DTI analysis if acquired prior to the marriage	No. can be excluded with a specific Pre-marital agreement	No. can be excluded with a specific Pre-marital agreement
The Non-Purchasing Spouse can sign the Mortgage (VA ONLY)	No, if waiving Homestead rights	Yes

Additional State Specific Restrictions:

Louisiana

- The non-purchasing spouse is permitted to sign or intervene in the mortgage to indicate his/her intention to waive homestead exemption rights. Item #23 on the mortgage addresses the waiver of homestead
- When the non-purchasing spouse chooses to intervene in the mortgage to waive homestead exemption rights:
 - A copy of the recorded document (“waiver of interest and ownership”), evidencing such waiver, must be included in the loan file. This document is executed and recorded at the time of the execution of the sales contract
 - The Direct Endorsement Underwriter must condition the file (closing condition) for evidence that the non-purchasing spouse signed the mortgage as the “intervenor”

Exclude debts of the non-purchasing spouse in the qualifying ratios

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VA FUNDING FEE TABLE

PURCHASE TRANSACTIONS			
TYPE OF VETERAN	DOWN PAYMENT	PERCENTAGE FOR FIRST TIME USE	PERCENTAGE FOR SUBSEQUENT USE¹
		10/1/04 to 9/30/2011	10/1/2006 to 9/30/2007
Active Duty or Veteran	0% to 4.99%	2.15%	3.35%
			10/1/2007 to 9/30/2011
			3.30%
			10/1/2004 to 9/30/2011
Reserves or National Guard	>=5% <10%	1.50%	1.50%
	>=10%	1.25%	1.25%
Reserves or National Guard	0% to 4.99%	2.40%	10/1/2006 to 9/30/2007
			3.35%
			10/1/2007 to 9/30/2011
			3.30%
			10/1/2004 to 9/30/2011
		>=5% <10%	1.75%
		>=10%	1.50%
CASH OUT REFINANCE			
TYPE OF VETERAN	PERCENTAGE FOR FIRST TIME USE		PERCENTAGE FOR SUBSEQUENT USE¹
			10/1/2007 to 9/30/2011
			3.30%
Reserves or National Guard	2.40%		10/1/2006 to 9/30/2007
			3.35%
INTEREST RATE REDUCTION LOANS AND ASSUMPTIONS <i>(FUNDING FEE REMAINS UNCHANGED)</i>			
TYPE OF LOAN	PERCENTAGE FOR EITHER TYPE OF VETERAN WHETHER FIRST TIME OR SUBSEQUENT USE		
Interest Rate Reduction Refinancing Loans	0.50%		
Assumptions	0.50%		
¹ The higher subsequent use fee does not apply to these types of loans if the veteran's only prior use of entitlement was for a manufactured home NOT classified as real estate Funding Fee Calculations All loans EXCEPT IRRRLS - Apply the appropriate funding fee percentage to the loan amount IRRRLs - Calculate the funding fee by completing VA Form 26-8923-VA Interest Rate Reduction Refinancing Worksheet Joint Loans- Apply the appropriate funding fee percentage to any portion of the loan allocable to a veteran using his/her entitlement who is not exempt from the funding fee			

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VA Entitlement Codes	
Entitlement Code	Meaning
01	World War II
02	Korean
03	Post Korean
04	Vietnam
05	Entitlement Restores
06	Un-remarried Surviving Spouse
07	Spouse of POW/MIA
08	Post World War II
09	Post Vietnam
10	Persian Gulf War
11	Selected Reserves

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**REQUIRED CASH DOWNPAYMENT AND PERCENTAGE OF GUARANTY CALCULATION
WORKSHEET
FOR LOAN AMOUNTS UP TO \$417,000**

Purchase Transactions

Refer to 2009 VA County limits

If the county name does not appear on this list, the VA limit is set at \$417,000

The primary goal is to verify that the minimum guaranty required by Ginnie Mae is satisfied through veteran’s available entitlement/maximum VA guaranty and or cash down payment.

Special reminders:

- No portion of the cash down payment may be derived from borrowed funds.
- Minimum Guaranty required by Ginnie Mae is calculated as 25% of the lesser of the sales price or appraised value
- Maximum VA Guaranty/Available Entitlement is based on the loan amount including the funding fee, if financed into the loan. Refer to table below.

Loan amount (Base Loan plus Financed Funding Fee)	Maximum Potential Guaranty (subject to veteran’s available entitlement)
Up to \$45,000	50% of the loan amount
\$45,001 to \$56,250	\$22,500
\$56,251 to \$144,000	40% of the loan amount
\$144,001 to \$417,000	25% of the loan amount or 25% of the county limit, whichever is less

Example 1: Veteran has Full Entitlement

Property is located in:	Montgomery County, PA
VA County Limit for Montgomery County	\$417,000
Sales Price (SP)	\$300,000
Appraised Value (AV)	\$300,000
Veteran Funding Fee Factor (first time use of entitlement)	2.15%
Borrower is requesting loan amount (base + financed FF)	\$306,450
Min. Guaranty required by CHF (25% of \$300,000 (SP))	\$75,000
Maximum VA Guaranty/ Available entitlement = 25% of \$306,450 since the Min. Guaranty required by CHF is less than the maximum guaranty VA will provide, no cash down payment is required from the borrower and the request loan amount is	\$76,612.50

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acceptable

Example 2 – Veteran has Partial Entitlement Available

(Veteran has used \$36,000 of entitlement on a prior loan, which may not be restored)

Property is located in	Montgomery County, PA
VA County Limit for Montgomery:	\$417,000
Property Appraised for	\$320,000
Sales Price	\$320,000
Veteran Funding Fee factor (subsequent use of entitlement)	3.3%
Borrower is requesting Loan Amount of (base + financed FF)	\$330,560
Min Guaranty required by CHF = 25% of \$320,000 (AV)	\$80,000
Maximum VA Guaranty/(remaining) Available Entitlement = 25% of \$417,000 = \$104,450 less \$36,000	\$68,250
Since the min guaranty required by CHF is greater than the maximum guaranty VA will provide less the entitlement in use, the veteran needs to have a cash down payment to meet the CHF requirement	
Down payment = minimum CHF requirement less remaining available entitlement \$80,000 less \$68,250	\$11,750
Since a down payment is required, the base loan amount must be reduced by the amount of the down payment	
Adjusted base loan amount = sales price less down payment \$320,000 less \$11,750	\$308,250
Percentage of Guaranty = available entitlement plus cash down payment divided by sales price \$68,250 plus \$11,750 = \$80,000 divided by \$320,000	25% Min guaranty is met – loan is saleable
Adjusted funding fee = base loan amount x applicable factor \$308,250 x 3.3%	\$10172.50
Adjusted Total Loan Amount = Base Loan Amount plus Funding Fee \$308,250 plus \$10,172.50	\$318,422

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VA CASH-OUT REFINANCE REQUIRED EQUITY AND PERCENTAGE OF GUARANTY CALCULATION WORKSHEET FOR LOAN AMOUNTS UP TO \$417,000

Bonus Entitlement is available for Cash Out Refinance loans closed on or after 1/1/09

Your primary goal is to verify that:

1. Ginnie Mae's required minimum 25% guaranty is met. (Ginnie Mae requires a minimum of 25% of appraised value in the form of entitlement and/or equity in the property)
2. The base LTV does not exceed 90% of appraised value (while VA permits LTV on a cash-out to 100%, CHF continues to restrict the LTV to 90% of the appraised value)

Maximum VA Guaranty Amount/ Veteran's Available Entitlement – provided by VA

Loan Amount	Maximum Potential Guaranty (subject to veteran's available entitlement)
Up to \$45,000	50% of the loan amount
\$45,001 to \$56,250	\$22,500
\$56,251 to \$144,000	40% of the loan amount
\$144,001 to \$417,000	25% of the loan amount

[2009 VA County Limits Greater than \\$417,000](#) (2010 County limits will be made available as soon as possible)

For all counties not appearing on this list, the VA limit is \$417,000

Example 1: Veteran has Full Entitlement

Property is located in:	Montgomery County, PA
VA County Limit for Montgomery County	\$417,000
Appraised Value (AV)	\$300,000
Veteran Funding Fee Factor (first time use of entitlement - Reservist)	2.4%
Borrower is requesting loan amount (base + financed FF)	\$276,480
90% of appraised + FF (\$270,000 + \$6,480)	
Min. Guaranty required by CHF (25% of \$300,000 (A))	\$75,000
Maximum VA Guaranty/ Available entitlement = 25% of \$276,480	\$69,120
Since the min. Guaranty required by CHF is greater than the maximum guaranty VA will provide, The borrower must have sufficient equity in the property to help meet the minimum required guaranty and the requested base loan amount must be reduced.	
Equity is calculated as appraised value less base loan amount	\$30,000
\$300,000 less \$270,000	
Minimum required equity = \$75,000 less \$69,120	\$5,880
Since additional equity is required, the base loan amount must be reduced by the amount of the min. required equity	
Percentage of Guaranty = available entitlement plus minimum required equity divided by appraised value	25% min Guaranty is met – loan is saleable
\$69,120 + \$5880 = \$75,000 divided by \$300,000	
Adjusted base loan amount = Requested base loan amount less required equity	\$264,120

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(\$270,000 less \$5,880) Adjusted funding fee = adjusted base loan amount x applicable factor	\$6,338.88
(\$264,120 x 2.4%) Adjusted Total Loan Amount = \$6,338.88	\$270,458

Example 2 – Veteran has Partial Entitlement Available (Veteran has used \$27,500 of entitlement on a prior loan, which may not be restored)	
Property is located in	Montgomery County, PA
VA County Limit for Montgomery County:	\$417,000
Appraised Value	\$320,000
Veteran Funding Fee factor (subsequent use of entitlement)	3.3%
Borrower is requesting Loan Amount of (base + financed FF) Appraised Value x 90% + FF	\$297,504
\$288,000 + \$9,504	
Min Guaranty required by CHF = 25% of \$320,000 (AV)	\$80,000
Maximum VA Guaranty/(remaining) Available Entitlement = 25% of \$417,000 = \$104,250 less \$27,500	\$76,750
Since the min guaranty required by CHF is greater than the maximum guaranty VA will provide minus the entitlement in use, the veteran needs to have sufficient equity in the property to meet the CHF requirement	
Equity is calculated as appraised value less base loan amount \$320,000 less \$288,000	\$32,000
Min required Equity = minimum CHF requirement less remaining available entitlement (\$80,000 - \$76,750)	\$3,250
Since additional equity is required, the base loan amount must be reduced by the amount of the min required equity	
Adjusted base loan amount = requested base loan amount less required equity (\$288,000 less \$3,250)	\$284,750
Percentage of guaranty = Available entitlement plus minimum required equity divided by appraised value \$76,750 plus \$3,250 = \$80,000 divided by \$300,000	25% min guaranty is met – loan is saleable
Adjusted funding fee = adjusted base loan amount x applicable factor (\$284,750 x 3.3%)	\$9,396.75
Adjusted Total Loan Amount = Base loan amount plus funding fee (\$284,750 plus \$9,396.75)	\$294,146