

## 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 10 year Interest-Only period
- 5/1 Interest Only LIBOR ARM:** 40-yr term with 10 year Interest-Only period
- 7/1 ARM:** Fully Amortizing
- 7/1 ARM:** With 10 year Interest-Only period
- 7/1 Interest Only LIBOR ARM:** 40-yr term with 10 year Interest-Only period
- 15-Yr Fixed:** Fully Amortizing
- 30-Yr Fixed:** Fully Amortizing

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

**Minimum residual income:** 300% of minimum permitted 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, bankruptcy, deed-in-lieu or short sale over past 48 months at standard LTVs and reserves. No foreclosure, bankruptcy, deed-in-lieu or short sale 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 &amp; Term Re-fi</u>	<u>Primary Residence / Cash-out</u>	<u>Investment / Business Purpose / Purchase and Rate &amp; 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 condos *(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.