

Magnolia Bank Inc VA IRRRL Overlays and Guidelines

Maximum LTV/CLTV and FICO requirements		
Occupancy	Maximum LTV/CLTV	MIN FICO
Owner-Occupied	No Max	600
Second Home	No Max	600
LTV based upon Loan Amount (loan amount prior to financed funding fee)		
Appraisal	Current value required. Current value determined by: <ul style="list-style-type: none"> • A 2055E/1075 drive by appraisal report, or full appraisal. 	
Assignment of Mortgages	All loans must be registered with MERS at time of delivery to Magnolia Bank and a MERS transfer of beneficial rights and transfer of servicing rights must be initiated by the Seller, to Magnolia Bank Corp, LLC, within 24-hours of purchase.	
Borrowers	<ul style="list-style-type: none"> • Resident Alien permitted as long as primary borrower is a veteran. • Joint loans are not allowed. A veteran borrower plus spouse co-borrower is not considered a joint loan. • The borrower must be the same except: <ul style="list-style-type: none"> *for the removal of a non-veteran spouse due to death or divorce (provide supporting documentation indicating event occurred at least 12 months before the time of application). 	
Buy Downs	No Temp Buy Downs	
Condominiums	Condo approval not required	
Credit	<ul style="list-style-type: none"> • All borrowers must return at least 1 credit score via three-in-file merged credit report. Non-traditional credit is not allowed. • 0x30 for all mortgages/housing in the last 12 months. *If mortgage/housing history is less than 12 months, verify 0x30 for all history. 	
Disaster Policy	Magnolia Bank Inc. may require a post-disaster inspection when the appraisal occurred before the incident end date of the disaster.	
Documentation	<ul style="list-style-type: none"> • Tri-merge credit report or mortgage account(s) rating is required. • Tax Transcripts and the 4506-T are not required for non-credit qualifying IRRRL transactions. 	
Employment Verification	The following Income and Employment documentation are required at a minimum: <ul style="list-style-type: none"> *Salaried borrowers require a Verbal VOE *Self employed borrowers require verification of the business through a 3rd party source 	

Employment Verification Cont.	<ul style="list-style-type: none"> *Retirement and/or social security income requires the most recent bank statement or award letter • Housing Choice Voucher Homeownership Program income (commonly known as Section 8 for homeowners) paid via Housing Assistance Payments (HAPs) are an acceptable source of income. However due to operational constraints, transactions involving HAPs paid directly to the Servicer are ineligible for purchase by Magnolia Bank. Transactions with HAPs paid directly to the borrower continue to remain eligible for purchase.
Eligible Mortgage Products - Existing	VA to VA Refinance
Eligible Mortgage Products - New Loan	<ul style="list-style-type: none"> • Fixed Rate: 10, 15, 20, 25 and 30 year terms. High Balance allowed on all terms. • CMT ARM: 5/1 (1/1/5 caps). High Balance allowed on ARMs. 7/1 ARMs are no longer allowed.
Escrows / Impounds	An impound account for collection of taxes and insurance (or additional escrow items) is required.
Exclusionary List	All borrowers must be screened by CAIVRS to determine there have been no late payments on Federal debt obligations
Funding Fee	<ul style="list-style-type: none"> • The Funding Fee may be financed in the loan. • The following Veterans are exempt from paying the funding fee: <ul style="list-style-type: none"> *Veterans receiving VA compensation for service connected disabilities *Veterans who would be entitled to receive compensation for service connected disabilities if they did not receive retirement pay *Veterans who are rated by VA as eligible to receive compensation as a result of pre-discharge disability exam and rating *Veterans entitled to receive compensation, but who are not presently in receipt of the compensation because they are on active duty
High Cost/High Priced	<ul style="list-style-type: none"> • Magnolia Bank Inc. will not purchase High Cost Loans Higher Priced Mortgage Loans (HPML) transactions are eligible for purchase. HPML guidelines require: <ul style="list-style-type: none"> *Establishment of an escrow account for taxes and insurance premiums on any transaction secured by a principal residence. *Must meet all applicable state and/or federal compliance requirements. *A prohibition on ARM loans with an initial fixed rate period of less than seven years (7/1 ARMs are eligible).
Loan Limits	<ul style="list-style-type: none"> • VA Loan Limits by geographic region can be located at: http://www.benefits.va.gov/homeloans/loan_limits.asp • Maximum base loan amount cannot exceed \$1,500,000. Base loan amounts greater than \$1,000,000 must have a minimum FICO of 700. If the loan limit for a county decreased in 2015, Magnolia Bank will allow a loan using the previous higher limit if there is proof of a pre-approval based on a sales contract and URLA executed on or before December 31, 2014.
Loan Purpose	<ul style="list-style-type: none"> • Interest Rate Reduction Refinance Loan (IRRRL). • Borrower should receive no cash back at closing. However, cash back to the Borrower can never exceed \$500. • Credit Qualifying is allowed. When credit qualifying, all existing Magnolia Bank VA overlays are still in effect, including but not limited to credit history and tax transcripts for income validation.
Occupancy	<ul style="list-style-type: none"> • Owner-occupied only • Second Homes not allowed

Occupancy Cont.	*Veteran must certify that he or she previously occupied the property as his or her home.
Property, Eligible Types	<ul style="list-style-type: none"> • Single Family Detached • 2–4 Unit Detached/Attached • PUDs • Condominiums
Property, Ineligible Types	<ul style="list-style-type: none"> • Manufactured homes (built on a permanent chassis and attached to permanent foundations) • Modular Homes • Cooperatives • Condotels • Hotel Condominiums • Timeshares • Geodesic Domes • Working Farms and Ranches • Unimproved Land and property currently in litigation • Commercial Enterprises (e.g. Bed and Breakfast, Boarding House, Hotel) • 2-4 Unit properties in New Jersey, effective with commitments issued on or after 7/1/13.
Qualifying	<p>For Credit Qualifying</p> <ul style="list-style-type: none"> • Fixed rate qualify at the Note rate. • 5/1 and 7/1 ARMs qualify at the Note rate.
Recent Listed Properties	<ul style="list-style-type: none"> • The listing must have been expired or been withdrawn on or before the application date. <p>Note: if the property was listed in the prior 30 days to the application date, the Early EPO provision will be extended to one year.</p>
Reserves / Funds to Close	Reserves are not required. Source of funds to close are not required on an IRRRL.
Seasoning	<p>Current loan being refinanced must have 6 payments made before being eligible</p> <p>Recoupment Perio fo VA must be <=36 months</p>
State Restriction	<ul style="list-style-type: none"> • Texas 50 (a) (6) Refinance Mortgages are prohibited • 2-4 Unit properties in New Jersey, effective with commitments issued on or after 7/1/13.
Title Insurance	Required
Underwriting Method	Manual underwriting only
Important Note	Any loan ith a credit score below 620 must meet Magnolia Bank Inc. Sub 620 Over Lay.