

TOWNE FAMILY OF COMPANIES RETAIL/WHOLESALE VA IRRRL PROGRAM

Features: An IRRRL is a VA-guaranteed loan made to refinance an existing VA guaranteed loan, generally at a lower interest rate than the existing loan, and with lower principal and interest payments than the current VA loan.

Requirements:	<ul style="list-style-type: none"> • Loan must be currently guaranteed by VA • Loan must be current (no more than 30 days past due as of date of application) • New loan must meet VA Net Tangible Benefit requirements (see below)
Credit Requirements:	<ul style="list-style-type: none"> • Minimum credit score (not currently serviced by Towne): 640 • No late payments on mortgage within the past 12 months • No income qualifying
Seasoning Requirements:	<p>The required seasoning is the LATER of;</p> <ul style="list-style-type: none"> • The date that is 210 days after the date on which the first payment is made on the loan and • The date on which the sixth monthly payment is made on the loan. • Borrowers may not prepay payments to meet this requirement
Maximum LTV:	<ul style="list-style-type: none"> • None, except to meet Net tangible Benefit requirement below.
Mortgage Calculation:	<p>Unpaid Balance</p> <ul style="list-style-type: none"> + Allowable Closing Costs + Prepays + Reasonable Discount Points (Cannot exceed 2%). See below appraisal requirements and LTV limitations when discount points are charged. + .50 VA Funding Fee (if veteran is not exempt)
Maximum Loan Term:	<p>Maximum loan term is the original term of the VA loan being refinanced plus 10 years, but not to exceed 30 years and 32 days.</p> <p>For example, if the old loan was made with a 15-year term, the term of the new loan cannot exceed 25 years.</p>

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<p>Documentation Requirements:</p>	<ul style="list-style-type: none"> • Application: <ul style="list-style-type: none"> ✓ Non-Towne to Towne: **SEE ATTACHED OVERLAYS. ✓ Towne To Towne: Abbreviated loan application can be completed as follows: Not required to complete sections IV, V, VI and VIII (A) through VIII (K). • A verbal VOE will not be required on loans currently serviced by Towne. • Credit Report – either 2 Bureaus or Tri-Merged. • Assets (If funds are needed to close, you must verify and document assets) • Certificate of Eligibility (showing current VA loan guaranty) • 12-month mortgage payment history – through closing month • Current Payoff (A current payoff will be required by the underwriter prior to clearing the loan to close) • VA Rate Reduction Certification - both Initial Statement issued within 3 days of application and Final Statement issued with Final Closing Disclosure – see instructions below • All required Federal and State disclosure
<p>Required Net Tangible Benefit:</p>	<p>Fixed rate to fixed rate:</p> <ul style="list-style-type: none"> • New rate must be at least .50% less than the current rate – this applies even if term is reduced. <p>Fixed rate to ARM:</p> <ul style="list-style-type: none"> • New rate must be at least 2.00% less than the current rate. <p>If the Net tangible benefit is produced solely by charging of discount points, then a full appraisal is required and the following LTV limitations apply:</p> <ul style="list-style-type: none"> • If ONE discount point is charged, maximum LTV is 100%. • If TWO discount points are charged, Maximum LTV is 90% * see below for appraisal requirements <p>If the monthly payment (PITI) increases by 20% or more (due to term reduction), the lender must:</p> <ul style="list-style-type: none"> • Determine that the veteran qualifies for the new payment from an underwriting standpoint; such as, determine whether the borrower can support the proposed shelter expense and other recurring monthly obligations in light of income established as stable and reliable, and • Include a certification that the veteran qualifies for the new monthly payment, which exceeds the previous payment by 20% or more.

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<p>Appraisal Requirements:</p>	<p>If required to meet NTB requirements above, acceptable forms of appraisal reports are:</p> <ul style="list-style-type: none"> • Exterior-Only Inspection Residential Appraisal Report (Fannie Mae 2055) • Uniform Residential Appraisal Report (Fannie Mae 1004) • Exterior-Only Inspection Individual Condominium Unit Appraisal Report (Fannie Mae 1075) • Individual Condominium Unit Appraisal Report (Fannie Mae 1073) • Other industry accepted appraisal reports for manufactured and multi-unit homes <p>If lenders require the Veteran to pay for the cost of the appraisal, the cost must be included as part of the recoupment cost.</p> <p>Loan-to-value is calculated by dividing the VA base loan amount (excluding the funding fee, if any) by the value determined in one of the methods listed above.</p> <p style="text-align: center;">Appraisal must be uploaded in WEBLGY under the "LIN" page.</p>
<p>Maximum Cash at Closing:</p>	<p>Though VA expects loan amount to be lowered to prevent cash to borrower Veterans may receive NO MORE THAN \$500 at closing due to computation errors, final payoff changes</p>
<p>Rate Reduction Certification:</p>	<p>Rate Reduction Certification must be delivered to the veteran TWICE within the loan process as follows:</p> <p>Initial Statement must be issued within 3 days of application and completed as follows, using costs from the initial Loan estimate (LE)</p> <p>Add the following categories from the Loan Estimate (this is the total costs plus the VA funding fee):</p> <ul style="list-style-type: none"> • Origination charges, services you cannot shop for, services you can shop for, taxes and other government fees, other, or VA funding fee • For the initial Statement, VA would subtract any lender credits listed in section J. • The remainder is the closing costs for the recoupment calculation. • Divide the closing costs in (3) above by the decrease in monthly principal and interest payment for the number of months to recoup. <p>Final Statement, add the following categories from the Closing Disclosure (CD):</p> <ul style="list-style-type: none"> • Origination charges, services borrower did not shop for, services borrower did shop for, taxes and other government fees, other, or VA funding fee • For the final Statement, subtract any lender credits from section J. • The remainder is the closing costs for the final recoupment calculation. • Divide the closing costs in (3) above by the decrease in monthly principal and interest payment for the number of months to recoup.
<p>Maximum Number of Recoupment Months:</p>	<p>36 months – loan is not eligible for VA guaranty of number of months to recoup costs exceeds 36.</p>