Correspondent
(Non-Delegated)

First Guaranty Mortgage Corporation®
Correspondent Division
1900 Gallows Road, Suite 800
Tysons Corner, Virginia 22182
www.fgmccorrespondent.com

Revised: 11/29/2016

		Purchase / Refinance	Refinance – IRRRL	Home Sweet Home
Credit:	Minimum 530 FICO & including No Score; Full tri-merged credit report w/ scores.	✓		✓
	Income Qualifying: Minimum 530 FICO; Full tri-merge credit report with scores and documentation supporting mortgage payment history. Non-Income Qualifying: Documentation supporting mortgage payment history		✓	
AUS Requirement:	Approve/Accept and Manual Underwriting permitted	✓		✓
	Manual Underwriting only		✓	
Loan Terms:	**Fixed Rate Mortgage:** 10 – 30 year terms	✓	✓	✓
	ARM: 5/1	✓	✓	
	ARM: 3/1		✓	
Max LTV:	100% plus VA funding fee and the cost of any energy efficient improvements	✓		✓
	No Maximum LTV		✓	
Max CLTV:	Community Seconds and Non-Profit grants permitted.	✓	✓	✓
	Follow VA Lenders Handbook; Additional liens must subordinate to new first mortgage	✓	✓	✓
Occupancy:	Owner Occupied	✓	✓	✓
	Non-owner occupied properties: Borrower must provide a letter of explanation stating that they previously occupied the subject as their primary residence.		✓	
Property Eligibility:	SFD, VA Approved Condo & Manufactured (*Double-wide or Larger*). Manufactured Homes: Must be titled as real property.	✓	✓	✓
	2-4 Units	✓	✓	
	Modular (Off-Frame Modular Only. On-Frame Modular homes are NOT permitted)	✓	✓	✓
	Properties that were eligible at origination remain eligible.		✓	
	Note: Loan may include simultaneous purchase of the land/lot, or loan can be guaranteed for the construction of home on land/lot already owned by the veteran. A portion of the loan may be used to refinance a purchase money mortgage or sales contract for the purchase of the land/lot, subject to reasonable value requirements (land equity will not be considered).			✓
Qualifying Ratios:	**AUS Approve / Accept loans:** AUS maximum **AUS Refer:** All manually underwritten loans are capped at 41/41 ratios, unless compensating factors can be sufficiently documented.	✓		✓
	Income Qualifying: Required if PITI payment is increasing ≥ 20%. Refer to VA Lenders Handbook. Non-Income Qualifying: Not Required		✓	
Non-Purchasing Spouse:	Credit Report Required in Community Property States. Monthly obligations must be included in DTI. Credit history not considered.	✓		✓
Assets/Reserves:	Reserves required per agency guidelines; cannot be gifted for manually approved loans.	✓		✓
	Assets to be documented as per AUS and/or guidelines. Land equity will not be considered as assets.			✓
	Refinance: Reserves not required unless borrower owns other real estate, per VA Lenders Handbook.	✓		
	Not required to verify assets.		✓	

Unless specified otherwise, refer to the applicable agency guidelines.

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EQUAL HOUSING OPPORTUNITY

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Cash to Borrower:	**Cash-out Refinance:** Debt payoff without limits to max 100% LTV with acceptable benefit to borrower. Cash in hand acceptable provided the property is secured by a lien which is being paid off; Cash in hand $1,000 max on manually approved loans.	✓		
	Maximum $500 for incidentals		✓	
	Texas Cash Out Refinances NOT eligible	✓	✓	✓
Appraisal/Value:	Follow VA Lenders Handbook.	✓		✓
	No valuation required.		✓	
Rent/Mortgage History:	Follow AUS Approve or VA Lenders Handbook for manual underwriting.	✓		✓
	Must be current at time of closing.		✓	
	Private Verifications of Rent (VOR) will not be accepted	✓	✓	✓
Credit History:	Borrowers with traditional credit histories and credit scores will be underwritten on their own merits. Borrowers with no score must provide alternate credit references. Credit must meet VA credit standards as described in the VA Lenders Handbook.	✓		✓
	Letter of Explanation required addressing all credit related events and lack of traditional credit within the past 2 years on manually approved loans.	✓		✓
	Active Chapter 13 bankruptcies require trustee approval, Chapter 7 bankruptcies may require copy of discharge to evidence completion.	✓	✓	✓
	Credit history not evaluated.		✓	
Repair Escrow:	Weather related repairs or MPR repairs are permitted (escrow 1.5x) as per VA Lenders Handbook.	✓		
Mortgage Credit Certificate (MCC):	Follow VA Lenders Handbook.	✓	✓	✓
New York CEMA:	Eligible	✓	✓	✓
Not Eligible:	Individual Taxpayer Identification Numbers (ITINs) in lieu of Social Security Numbers	✓	✓	✓
Contractor Estimates:	All contractor estimates must be signed & dated by the borrower(s) and contractor(s).			✓
Construction Draw Funds:	Construction funds will be administrated by FGMC or FGMC chosen admin vendor. Construction approval required for CTC and prior to closing. FGMC Builder Liaison will initiate FGMC and Builder contact.			✓
Interest Rate:	The permanent mortgage loan interest rate is established at closing. FGMC may offer a "ceiling-floor" where the veteran "floats" the interest rate during construction. The agreement must provide that at lock-in, the permanent interest rate will not exceed a specific maximum interest rate, yet also permit the borrower to lock-in at a lower rate based on market fluctuations. Note: The borrower must qualify for the mortgage at the maximum rate.			✓

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What Fees the Builder Must Pay:	On VA construction to permanent loans, the builder is TYPICALLY (though not required) responsible for:
	• Interest payments during the construction period.
	• Fees normally paid by a builder who obtains an interim construction loan including, but not limited to:
	  o Inspection fees and re-inspection fees
	  o Title update fees
	  o Construction loan fees
				✓

What Fees the Veteran Can Pay:	The veteran may not pay any fees that are the builder's responsibility. FGMC can charge an additional flat charge on construction loans. If FGMC supervises the progress of construction and makes advances in excess of 50% of the loan amount during construction, FGMC may charge the veteran up to 2% of the loan amount. If FGMC does not supervise the progress of construction or make advances in excess of 50% of the loan amount during construction, FGMC may charge the veteran up to 1% of the loan amount. The FGMC charge as explained above is in addition to the FGMC allowed 1% flat charge, itemized fees and charges allowed per VA Lenders Handbook and discount points. Fees the veteran can pay are described in Chapter 8 of the guidelines.			✓
Funding Fee and Loan Reporting:	The funding fee is due and payable to VA within 15 days of loan closing; that is, it is not tied to the commencement or completion of construction. The loan must be reported to VA within 60 days of receipt of a clear final compliance inspection report.			✓
LGC:	Although the loan will normally be considered guaranteed upon closing, the LGC on a construction / permanent home loan will not be issued until clear final compliance inspection report has been received by VA.			✓
If Loan Proceeds are Not Fully Disbursed:	If construction is not fully completed and loan proceeds are not fully disbursed, guaranty will apply only to the proper pro rata part of the loan. To calculate the proper pro rata part of the loan: • Take loan proceeds disbursed for construction purposes; • Add any other payments made by the builder by or on behalf of the veteran; • Take the lesser of the above total or 80% of the value of that portion of the construction actually completed, and • Add any loan disbursements made for the purchase of the land on which the construction is situated.			✓

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