

Virginia Housing Conventional No MI

Program Guidelines



Fannie Mae only (Freddie Mac not eligible)

Loan Term	30 year fixed rate only.
Maximum Lender Compensation	2.50% including SRP plus common and customary ancillary fees.
Loan-to-Value (LTV)	<p>Maximum 97% LTV based on the lower of the sales price / appraised value.</p> <p>Minimum 80.01% LTV, except:</p> <ul style="list-style-type: none"> If originated with a DPA Grant or Plus Second Mortgage, the Minimum LTV is 90%. Maximum 105% CLTV (Fannie Mae eligible Community Seconds* only allowed) <p>*The Originating Lender is responsible for ensuring the Community Second is acceptable to Fannie Mae. Refer to Fannie Mae's Community Seconds Checklist to assist in evaluating the Community Second program.</p>
Mortgage Insurance	No MI required up to maximum 97% LTV.
MCC Eligible	<u>Yes</u> (first-time homebuyer purchase only) in accordance with MCC guidelines.
SPARC Eligible	<u>Yes</u> (first-time homebuyer purchase only) in accordance with SPARC guidelines.
Plus Second Mortgage Eligible	<u>Yes</u> (first-time homebuyer purchase only) in accordance with Plus Second Mortgage guidelines.
DPA Grant Eligible	<u>Yes</u> (first-time homebuyer purchase only), in accordance with DPA Grant guidelines.
CCA Grant Eligible	No.
First-Time Homebuyer	<p>No requirement. Borrowers can own a maximum of 2 financed properties per agency requirements.</p> <p>If used with MCC, DPA Grant, or Plus Second Mortgage the following also applies: All borrowers and non-borrowers on title must be a first-time homebuyer (unless in a Targeted Area).</p> <ul style="list-style-type: none"> A borrower and non-borrower on title are considered a first-time homebuyer if they have not owned and occupied a primary residence in the last 3 years. <p>Acceptable documentation to evidence first-time homebuyer:</p> <ul style="list-style-type: none"> The fully executed Programs Disclosure and Borrower Affidavit (Exhibit E) signed by all borrowers and non-borrowers taking title; <p><i>Continued on next page</i></p>



Fannie Mae only (Freddie Mac not eligible)

First-Time Homebuyer	<p><i>Continued</i></p> <ul style="list-style-type: none"> • A completed Uniform Residential Loan Application (Form 1003); and • The credit report. <p>Note: If unable to confirm from the Exhibit E, Form 1003, or the credit report the borrowers and/or non-borrowers taking title are a first-time homebuyer, additional documentation may be required, such as:</p> <ul style="list-style-type: none"> • Three years' federal tax returns / tax transcripts • Rent verification(s) • Other reports such as a Lender Data Integrity Report (Examples: Drive Report, FraudGuard, Loansafe) 																
Income Limits	<table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="background-color: #005a7b; color: white; text-align: center; padding: 5px;">Income Limit Type:</th><th style="background-color: #005a7b; color: white; text-align: center; padding: 5px;">Conventional No MI only</th><th style="background-color: #005a7b; color: white; text-align: center; padding: 5px;">With MCC and/or Plus Second Mortgage</th><th style="background-color: #005a7b; color: white; text-align: center; padding: 5px;">With DPA Grant</th></tr> </thead> <tbody> <tr> <td style="text-align: center; padding: 5px;">Who to include:</td><td style="text-align: center; padding: 5px;">Standard Limits</td><td style="text-align: center; padding: 5px;">Standard Limits</td><td style="text-align: center; padding: 5px;">Lower Limits</td></tr> <tr> <td style="text-align: center; padding: 5px;">What Income to include:</td><td style="text-align: center; padding: 5px;">Borrowers only</td><td style="text-align: center; padding: 5px;">Borrowers and non-borrowing occupants on title</td><td style="text-align: center; padding: 5px;">All household members</td></tr> <tr> <td style="text-align: center; padding: 5px;">What Income to include:</td><td style="text-align: center; padding: 5px;">Eligible qualifying income</td><td style="text-align: center; padding: 5px;">Income of all borrowers and non-borrowing occupants on title*</td><td style="text-align: center; padding: 5px;">Income of all household members*</td></tr> </tbody> </table> <p>Virginia Housing's Income Limits apply; click here to see Virginia Housing's Income Limits. Fannie Mae's 80% AMI limits do not apply (and there are no LLPAs for the Conventional No MI program).</p> <p>*See Origination Guide for more information on how to calculate household income, what income types must be included, and what may be excluded.</p> <p>*See below for details on where income must be stated on the Programs Disclosure and Borrower Affidavit.</p>	Income Limit Type:	Conventional No MI only	With MCC and/or Plus Second Mortgage	With DPA Grant	Who to include:	Standard Limits	Standard Limits	Lower Limits	What Income to include:	Borrowers only	Borrowers and non-borrowing occupants on title	All household members	What Income to include:	Eligible qualifying income	Income of all borrowers and non-borrowing occupants on title*	Income of all household members*
Income Limit Type:	Conventional No MI only	With MCC and/or Plus Second Mortgage	With DPA Grant														
Who to include:	Standard Limits	Standard Limits	Lower Limits														
What Income to include:	Borrowers only	Borrowers and non-borrowing occupants on title	All household members														
What Income to include:	Eligible qualifying income	Income of all borrowers and non-borrowing occupants on title*	Income of all household members*														
Sales Price / Acquisition Cost Limits	<p>No maximum Sales Price / Acquisition Cost unless originated with MCC, DPA Grant, or Plus Second Mortgage. If originated with MCC, DPA Grant, or Plus Second Mortgage the following applies:</p> <ul style="list-style-type: none"> • Virginia Housing Sales Price / Loan Limits apply (even when the standard conforming loan limit is higher). • The limit applies to the highest of the gross loan amount, sales price, and acquisition cost. <p>The gross loan amount of the first mortgage (including any financed mortgage insurance premium, when applicable) and second mortgage combined cannot exceed the Virginia Housing Sales Price / Loan Limits if originated with the Plus Second Mortgage.</p>																
Maximum Loan Amount	<p>Maximum Loan Amount is the standard conforming loan limit.</p> <ul style="list-style-type: none"> • High-cost area limits do not apply. <p>Note: The standard conforming loan limit applies even when Virginia Housing Sales Price / Loan Limits are higher.</p>																



Fannie Mae only (Freddie Mac not eligible)

Eligible Purpose	Primary Residence Purchase / Limited Cash Out Refinance. MCC, DPA Grant, and Plus Second Mortgage are not eligible for refinance.
Residency	U.S. Citizen, Permanent Resident Alien, or Non-Permanent Resident Alien that meets applicable agency guidelines.
Programs Disclosure and Borrower Affidavit (<u>Exhibit E</u>)	<p>Pages 1 – 2 must be completed and signed (even if no MCC, DPA Grant, or Plus Second Mortgage) for purchase transactions.</p> <p>Pages 3 – 4 must also be completed if used with MCC, DPA Grant, or Plus Second Mortgage.</p> <ul style="list-style-type: none"> • Must be executed by all borrowers and non-borrowers taking title. • Income from all borrowers and non-borrowers taking title must be included on page 4 of the Exhibit E if used with MCC and/or Plus Second Mortgage. • Income from all household members must be included on page 4 if used with DPA Grant.
Seller Affidavit and Acknowledgment (<u>Exhibit F</u>)	Required if originated with MCC, DPA Grant, or Plus Second Mortgage.
Originating Lender's Submission Cover Letter (<u>Exhibit O</u>)	Required if originated with MCC, DPA Grant, or Plus Second Mortgage.
Recapture	Loan is subject to recapture only if originated with an MCC.
Homebuyer Education	<p>Required for one of all borrowers that are first-time homebuyers.</p> <p>If originated with MCC, DPA Grant, or Plus Second Mortgage:</p> <ul style="list-style-type: none"> • Required for all first-time homebuyers. <p>Complete Virginia Housing course, HUD Approved Counseling Agency course, Fannie Mae Framework, or Freddie Mac CreditSmart course prior to approval.</p> <p>Homebuyer Education Certificate is valid for 2 years.</p>
Tax Transcripts	Tax transcripts are required in addition to required income documentation for all borrowers and is dependent on qualifying income type(s) and number of years required per DU (i.e. W2 transcripts, 1099 transcripts, etc.) in addition to an executed 4506-T. If all of the borrower's income is validated by the DU validation service, tax transcripts are not required.



Fannie Mae only (Freddie Mac not eligible)

Business Use of Home	<p>Not applicable unless originated with MCC, DPA Grant, or Plus Second Mortgage.</p> <p>If originated with MCC, DPA Grant, or Plus Second Mortgage, no more than 15% of the financed dwelling may be used primarily in a trade or business. The borrowers and non-borrowers taking title must fully execute the Business Use of Home Certification if the borrower has disclosed that a part of the current residence is being used primarily for a trade or business or if there is any other evidence in the file, such as:</p> <ul style="list-style-type: none"> • The employment business address is the same as the borrower's current residence address on the 1003, or • Federal tax returns are provided and show the "business in home" deduction was taken (Typically this shows on Schedule C, line 30). <p>The Business Use of Home Certification certifies that not more than 15% of the total living area of the subject property will be used primarily in a trade or business. If greater than 15% will be used in the subject dwelling then the borrower is not eligible.</p>
Maximum Net Worth	<p>Not applicable.</p> <p>If originated with MCC, DPA Grant, or Plus Second Mortgage then cannot exceed 50% of sales price (See Origination Guide for details).</p>
Automated Underwriting System (AUS) / Manual Underwrites	<p>Desktop Underwriter Approve Eligible <u>only</u> (Manual Underwrite not allowed); OR</p> <p>DU will render a decision of Approve Ineligible if the qualifying income exceeds Fannie Mae's 80% AMI. It is acceptable to proceed using the No MI program as long as the only reason for the ineligibility is due to income exceeding 80% AMI.</p> <p>See below under Reserves / Acceptable Funds to Close for how subordinate financing is captured in DU.</p> <p>Community Lending Program in DU must be "HFA Preferred Risk Sharing" (Not "HFA Preferred" or "Home Ready").</p>
Minimum Credit Score	<p>660 (no exceptions).*</p> <p>If originated with the Plus Second Mortgage:</p> <ul style="list-style-type: none"> • 660-679 required for 3% LTV on second, • 680 required for 4.5% LTV on second for all borrowers. • If at least one borrower has no credit score (and the other has a 660 or higher credit score) then the maximum LTV for the Plus Second Mortgage is 3%. <p>*If at least one borrower has no credit score and the other borrower has a credit score (minimum 660), this is acceptable as long as all agency requirements are met and AUS decision is an Approve/Accept Eligible. If no borrower(s) has a credit score then this is not allowed.</p>
Maximum DTI	45%
Non-Occupant Co-Borrowers	Not allowed.



Fannie Mae only (Freddie Mac not eligible)	
Ineligible Qualifying Income	<ul style="list-style-type: none"> • Boarder Income • Non-Borrower Household Income • Accessory Unit Income
Foreclosures / Deed in Lieu / Short Sales	<p>Follow applicable agency waiting period requirements and:</p> <ul style="list-style-type: none"> • No less than 3 years from date of title transfer to application date (or applicable agency requirements if more restrictive or DPA Grant and/or Plus Second Mortgage requirements if more restrictive – see below). • No less than 5 years from date of title transfer to application date (or applicable agency requirements if more restrictive) if originated with DPA Grant and/or Plus Second Mortgage. • No significant derogatory credit since the event (bankruptcy/judgments). • No lates/collections last 3 years.
Collections / Judgments	Follow applicable agency requirements for collections and judgments.
Minimum Borrower Contribution	None.
Reserves / Acceptable Funds to Close	<p>Follow applicable agency / DU requirements for reserves.</p> <p>Follow Fannie Mae requirements for flexible funds to close (including a gift) / no cash on hand.</p> <p><u>Note:</u> When using other acceptable non-Virginia Housing down payment assistance in the form of a Community Second, the Originating Lender must enter the amount of the Community Second in the Subordinate Financing field of DU per Fannie Mae requirements (not input as a gift). When using a Plus Second Mortgage it must also be entered as a Community Second with a monthly payment included to qualify (not input as a gift).</p>
Interested Party Contributions	Follow applicable agency requirements for interested party contributions.
Property	<p>Single family (1 unit) detached, attached, applicable agency approved condominium (Originating Lender to certify condo approval and provide documentation). Manufactured Homes not allowed.</p> <p>Property must be located in Virginia.</p> <p>Include UCDP SSR (See below for additional Risk Score requirements).</p> <p>Acreage:</p> <ul style="list-style-type: none"> • Almost all Virginia Housing programs have an acreage limitation, however there is not an acreage limitation on Virginia Housing conventional financing unless it is originated with an MCC, Plus Second Mortgage, and/or DPA Grant. See below if it is originated with any of these, otherwise follow the applicable agency and/or insurer's requirements. <p><i>Continued on next page</i></p>



Fannie Mae only (Freddie Mac not eligible)

Property	<p><i>Continued</i></p> <ul style="list-style-type: none"> • If originated with MCC, DPA Grant, or Plus Second Mortgage: <ul style="list-style-type: none"> • The maximum lot size is 2 acres. • Exceptions are considered > 2 up to 5 acres. The Originating Lender's underwriter may review and render a decision on the acreage exception. See the Origination Guide for additional requirements and criteria. • If originated with DPA Grant or Plus Second Mortgage, but no MCC: <ul style="list-style-type: none"> • Exceptions are considered > 5 up to 10 acres as long as the loan is not originated with an MCC. The Originating Lender's underwriter may review and render a decision on the acreage exception. See the Origination Guide for additional requirements and criteria.
UCDP	<p>UCDP CU Risk Score of 4.00 and higher requires documentation to support identified risk.</p> <p>Upon request, Virginia Housing may require UCDP/Collateral Underwriter (CU) Appraisal Sharing for a specific appraisal. Virginia Housing's Aggregator # for this function is CRW157.</p>
Unfinished Area	<p>Not applicable unless originated with MCC, DPA Grant, or Plus Second Mortgage: In this case the cost to complete unfinished areas that are suitable to finish in the property must be included in the acquisition cost on the Exhibit E / Exhibit F (Examples: Unfinished basement, lower level of a tri-level, etc.).</p> <p>See the Origination Guide for more information.</p>
Post-Closing Repairs	<p>Escrows for post-closing repairs considered case by case as an exception and must be submitted to Virginia Housing for consideration. No structural or major mechanical repairs allowed.</p>
General Guidelines	<p>Unless otherwise noted follow Fannie Mae Home Ready (with program overlays).</p>



Virginia Housing Conventional No MI Procedures



Fannie Mae only (Freddie Mac not eligible)

Lock-In	Loans locked on Virginia Housing's LOS – Mortgage Cadence – Select C30F_CONV_NO_MI . Different pricing available for this Conventional No MI product than the regular Conventional product. Follow steps outlined in the Mortgage Cadence User Guide for registering and locking.
Loan Level Price Adjustments (LLPAs)	LLPAs do not apply at this time for the Conventional No MI program.
Origination	Loan originated in accordance with program guidelines, agency guidelines, and AUS findings (Recommend running AUS as soon as possible).
Lender Delegated Underwriting Availability	Delegated underwriting is available to all approved Virginia Housing delegated lenders. Lender's underwriter assumes full responsibility for compliance with agency underwriting requirements. Lenders can contact their Business Development Officer for questions / concerns about delegation.
Underwriting	Loans underwritten in accordance with program guidelines, Fannie Mae guidelines, and DU findings. Non-Delegated Lenders must submit to Virginia Housing prior to closing – must use the Underwriting Submission Checklist . Community Lending Program in DU must be correct (see Automated Underwriting System (AUS) / Manual Underwrites section above) Follow steps outlined in the Mortgage Cadence User Guide for submitting a Non-Delegated loan to Virginia Housing Underwriting or submitting for Delegated Approval. Data accuracy is critical.
Closing	Loans close in accordance with standard agency guidelines. Loan must be closed in the name of the lender, registered in MERS with MERS compliant documents.
UCD	Originating lender must upload the UCD file directly to Fannie Mae and provide the casefile ID and Findings Report.
Documents	Final AUS, 1003, and 1008 must match (standard agency tolerances allowed).
Funding	Originating lender will fund the first mortgage at closing.
Points and Fees	Virginia Housing is exempt from ATR (Ability to Repay) so a maximum of 3% points and fees does not apply, however the maximum points and fees for all Virginia Housing Conventional loans is 5%.
Tax Service Fee	Virginia Housing's tax service fee will be deducted from the Lender's net proceeds.



Fannie Mae only (Freddie Mac not eligible)

Delivery	Loans must be submitted to Virginia Housing within 10 calendar days of closing (disbursement for refinances). Follow steps outlined in the Mortgage Cadence User Guide available on Virginia Housing's website for submitting a closed loan package. Documents must be uploaded using the Virginia Housing Loan Stacking Form .
Pre-Purchase Review	Loans reviewed by Virginia Housing prior to purchase. If errors noted, Virginia Housing will contact lender – this may require rerun of AUS.
Post-Closing	Standard post-closing documents must be submitted to Virginia Housing.

Important: Refer to the [Origination Guide](#) for more information about Virginia Housing eligibility requirements.

The information contained herein (including but not limited to any description of Virginia Housing and its lending programs and products, eligibility criteria, interest rates, fees and all other loan terms) is subject to change without notice.

