

ORVET LOAN ORIGINATION GUIDE AND SYNOPSIS

Effective date: JANUARY 1, 2022

THIS PROGRAM SYNOPSIS IS INTENDED FOR USE BY LENDING PROFESSIONALS ONLY, AND IS NOT TO BE CONSTRUED AS THE FINAL AUTHORITY ON ELIGIBILITY, UNDERWRITING OR FINAL LENDING DECISIONS.

ODVA LOANS ARE CONVENTIONAL LOANS AND ARE NOT AFFILIATED WITH FEDERAL VA LOANS. DO NOT USE FEDERAL VA FORMS. PROCESS THE FILE USING A 1003 & 1008 (FNMA) MORTGAGE INSURANCE IS REQUIRED FOR ALL PURCHASE MONEY TRANSACTIONS IN EXCESS OF 80% LTV.

PROPERTY TYPE	MAXIMUM LTV	MAXIMUM CLTV	MAXIMUM LOAN AMOUNT
Site Built 600 sq. ft. min.	95% Purchase	100% - All Property Type	\$647,200 per loan. 1 st lien position, conventional loan limit. * 4 loan maximum lifetime benefit. *
Townhouse/Non- Condo Project 600 sq. ft. min.	95% Purchase	Purchase Money seconds are acceptable.	
Manufactured Home Dbl. Wide + 600 sq. ft. min.	80% Purchase		
Condominiums 600 sq. ft. min.	80% Purchase		
Manufactured Home Single Wide 400 sq. ft. min.	80% Purchase	100% CLTV	\$647,200 see above *
Qualified Property Refinance R/T only	80% LTV max.	100% CLTV	\$647,200 see above *
Farm/Comm'l Prop.	Not Eligible	Not Eligible	Not Eligible
Manuf. Home in Park/Land Lease	Not Eligible	Not Eligible	Not Eligible
ADU's – Any R/E	Not Eligible	Not Eligible	Not Eligible
Tiny Home	Not Eligible	Not Eligible	Not Eligible
Multiple Dwellings	Not Eligible	Not Eligible	Not Eligible

LENDERS/BROKERS: Loans with MI and their AUS findings may be submitted or resubmitted to the respective Insurer for review at the sole discretion of ODVA. Additionally, following the requirements to the AUS findings may not be acceptable to ODVA. This may impact our ability and/or willingness to purchase the transaction. Selling to ODVA is not analogous to FNMA. ODVA reserves the right to mitigate.

GENERAL PROGRAM PARAMETERS

<p>LOAN PROGRAM AND ELIGIBILITY</p>	<p>The veteran must have received at least one DD 214 evidencing qualifying military service. Use Member/Service Copy 2, 4 or 6. To be eligible, the veteran must have served on active duty, as documented on the DD214, with the United States Armed Forces and meet one of the following criteria:</p> <ul style="list-style-type: none"> <input type="checkbox"/> Beginning on or before January 31, 1955 served more than 90 consecutive days and was discharged or released under honorable conditions; OR <input type="checkbox"/> Beginning after January 31, 1955 served more than 178 consecutive days and was discharged or released under honorable conditions; OR <input type="checkbox"/> Served 178 days or less and was discharged or released under honorable conditions because of a service-connected injury or illness; OR <input type="checkbox"/> Served 178 days or less and was discharged or released under honorable conditions and has a disability rating from the United States Department of Veterans Affairs; OR <input type="checkbox"/> Served at least one day in a combat zone and was discharged or released from active duty under honorable conditions; OR <input type="checkbox"/> Received a combat, campaign or expeditionary ribbon or medal for service and was discharged or released under honorable conditions; OR
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	<p><input type="checkbox"/> Is receiving a non-service connected pension from the United States Department of Veterans Affairs.</p> <p>To be program-eligible, veterans did not have to enter the service from Oregon nor be discharged back into the state.</p> <p>An eligible veteran is generally limited to 4 ODVA loans and is a lifetime benefit. Each loan cannot exceed \$647,200 which is the current conventional conforming loan limits as set by Fannie Mae for 2022.</p> <p>This information is general. For specifics, or to have an Eligibility Application sent to you, call 503-373-2012 or go to our website at www.orvethomeloans.com Eligibility turn time is about 24 hours.</p>
PROPERTY TYPE	Property securing an ODVA loan is limited to Owner Occupied Primary Single-Family Residence located within the State of Oregon. Farm, Commercial, Houseboat, RV, ADU or multi-unit properties are not allowed. There are no pricing or rate adjustments for any property types. Residential value emphasis is on the dwelling, such contributory value of significant excess acreage or ancillary outbuildings may be discounted; see Federal Tax Code for provisions
LOAN TERM	15, 20 & 30 year terms only.
LOAN AMOUNT LIMITATIONS	<p>Minimum: None. No pricing adjustments.</p> <p>Maximum: Currently for 2022 is \$647,200</p>
INCOME LIMITATIONS	There are no income limitations for ODVA loan applicants, other than evidence of capacity to repay the loan.
RECAPTURE	ODVA loans are not subsidized, therefore no recapture penalty.
PREPAYMENT PENALTY	<p>None for Borrower(s).</p> <p>See origination agreement amendments for Brokers & Lenders.</p>
OCCUPANCY REQUIREMENT	ODVA requires the loan to be closed as an Owner Occupied Primary Single Family Residence and the property must be located in the State of Oregon. Owner Occupied 2 to 4 Unit Properties or Non-Owner Occupied 1 to 4 Unit Properties not eligible. Occupancy must occur within 60 days of closing. See Matrix.

<p>MORTGAGE INSURANCE</p>	<p>See DU narrative findings for reference to coverage.</p> <p>MI Coverage requirements for a 30, 20 & 15 year term: 90.01 - 95% LTV = 16% coverage. 85.01 - 90% LTV = 12% coverage. 80.01 - 85% LTV = 6% coverage.</p> <p>ELIGIBLE FOR BROKER SUBMISSIONS ONLY AS OF 1/1/19</p>
<p>SELLER-PAID CLOSING COSTS</p>	<p>Unlike FEDERAL VA loans ODVA does not require the seller to pay any or some of the borrower’s closing costs. Participating Lenders or Mortgage Brokers are not expected to pay any of the closing costs.</p>
<p>SELLER CONTRIBUTIONS</p>	<p>Please see Fannie Mae guidelines for seller contributions, the seller may contribute 3%, 6% or 9% of the transaction amount toward closing costs, depending upon the LTV. See 301.02 IPC’s.</p>
<p>LENDER AND MORTGAGE BROKER COMPENSATION AND FEE LIMITATIONS</p>	<p>Lenders retain the ODVA-allowed origination fee of up to 1.375%, and may charge up to \$600 as a documentation fee. No other fees may be charged <u>and retained</u>. Lenders <u>may</u> charge all true pass-through costs such as appraisal, credit, 442, and courier fees. ODVA will add a premium to the loan purchase price to bring the lender fee income to 2.00% from the scheduled loan origination fee which is tied to the specific interest rate selected by the borrower.</p> <p>Mortgage Brokers will quote the scheduled loan origination fee tied to the specific interest rate selected plus a \$635 loan processing fee (\$600 to broker and \$35 to ODVA for redraw document fee) both to be collected from the borrower at escrow by ODVA. These amounts are to be reflected in the Fee Worksheet. Pursuant to Section 8 of the Mortgage Brokers’ Origination Agreement, at closing ODVA will remit funds to escrow to pay the originating mortgage brokerage 1.60% of the loan amount, plus \$600 processing fee. Mortgage brokers may also charge, but not retain, all true pass-through costs such as appraisal, 442, and credit fees. If the origination/processing fee is not disclosed or charged by Broker or Lender, it will not be paid as compensation.</p>
<p>UNDERWRITING OPTIONS</p>	<p>ODVA loans “may be” underwritten to FNMA conventional conforming guidelines and/or other residential local lending guidelines as set forth or authorized through ORS and/or OAR.</p>

	<p>All loans “may be subject to” fully manually underwritten upon receipt by ODVA. Oregon Administrative Rules direct that, except for certain underwriting aspects, ODVA may conform to FNMA underwriting guidelines. Applications processed through DU, which receive Approve/Eligible findings, are generally accepted, however, ODVA reserves the right to mitigate these findings in all cases. The submitted file must support the data provided by the DU findings. ODVA does have some limitations on DU findings, e.g. ODVA requires a full 1004 Uniform Residential Appraisal Report. Special Note: ODVA recognizes DU findings only. Any loan requiring mortgage insurance is “subject to” the underwriting requirements of the mortgage insurer.</p>
<p>CO-BORROWER LIMITATIONS</p>	<p>Federal law restricts who may be a co-borrower to any ODVA loan. Co-borrowers may only be the lawfully spouse of the veteran borrower, <u>including same-gender marriages that were performed in states where such marriages are legal</u>; Oregon Registered Domestic Partners are acceptable. Evidence may be required.</p>

<p>UNDERWRITING SPECIFICS (Alphabetically listed)</p>	<p>AGE OF DOCUMENTATION: Asset and credit documentation age must comply with Fannie Mae requirements. ODVA reserves the right to request supplemental or more current documentation.</p> <p>APPRAISAL Appraisers: Must be licensed in the State of Oregon. There is No approved appraiser list.</p> <p>Appraisal Format: ODVA requires a full (URAR) Uniform Residential Appraisal Report (Form 1004). (Form 1073 for condos), for each loan, with no exceptions, even where DU indicates a reduced appraisal allowance. Federal VA appraisals are not accepted. Appraisal must note remaining economic life, site, dwelling and other structure values (If the appraisal is void of these values, the appraisal will NOT be accepted).</p> <p>Single Wide manufactured homes must have at least 2 comparable sales of similar type. If the appraiser is unable to find comparable sales an “under contract to sell” may be substituted.</p>
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ASSETS

ODVA overlay for both checking and savings account statements are required for the most recent two-month period. This is in addition to any asset account represented. Asset accounts that are represented must be proven.

ASSUMABILITY OF LOANS

ODVA loans are **NOT** assumable. Loans are due and payable upon Sale or Transfer.

AUTOMATED UNDERWRITING

DU FINDINGS are required on all loans where Mortgage Insurance applies and an Approve/Eligible finding is required. DU findings are encouraged to be submitted for all LTV transactions. No reduced appraisal documentation is accepted as a full **URAR** is required for all loans even if DU notes such. **LP findings are not accepted. NOTE: ODVA reserves the right to mitigate DU findings in all cases.**

BI-MONTHLY PAYMENTS: Not available.

BORROWERS

Only a veteran who has established his or her ODVA eligibility as described under "Loan Program and Eligibility", above, is program eligible. See the marginal "Co-borrower Limitations" section above for recently expanded co-borrower opportunities.

Natural Persons Only: Only a natural person may be a borrower. Trusts, corporations, and other such entities are not eligible and therefore the loan must close in the individual name(s).

BROKER-PAID CLOSING COSTS

ODVA does not require a mortgage broker to pay any of the borrower's closing or prepaid costs, exceptions may extend to Loan Estimate violations. Mortgage Insurer guidelines must be adhered to should it apply.

BUSINESS USE OF HOME - PROPERTY

Federal regulations strictly limit business use of property securing an ODVA loan. Not more than **15%** of the square footage of the dwelling may be used for business purposes, and any income derived from such use must be “incidental” in nature. Any activity that allows a borrower to take a “business use of home” tax deduction, such as a daycare business, may disqualify the property as ODVA loan security. Foster care for juveniles is an exception to this rule, as long as such foster care is not the principal source of income for the household.

CASH-OUT PURCHASE TRANSACTIONS

Not available for any Purchase Money loan transaction.

CLOSING COSTS AND PREPAID

Any Fannie Mae approved source of funds for closing costs and prepaid costs is acceptable. ODVA does not prohibit interested-party contributions from paying recurrent costs or prepaid costs; however, contributions must conform to the 3% / 6% / 9% FNMA rule.

CLOSING DOCUMENTS FOR LENDERS

ODVA will **NOT** purchase any loan that cites an entity other than the originating lender as nominee, beneficiary, or grantee. **MERS TRANSACTIONS ARE NOT ACCEPTED!**

CO-BORROWERS

Federal law restricts who may be a co-borrower on an ORVET loan. Co-borrowers may **ONLY** be the lawful married spouse of the veteran borrower, including same-gender marriages that were performed in states where such marriages are legal; OR Oregon Registered Domestic Partners. (File documentation of spousal or Partner status may be required at ODVA’s sole discretion.) As such, non-registered partners, friends, parents, siblings, guarantors, or non-occupant co-borrowers are prohibited. The borrower and co-borrower may be unmarried or non-partners at time of application, but must be married or have an Oregon Registered Domestic Partnership before the loan closes.

COMMERCIAL or AGRICULTURE USE

Prohibited for any ODVA loan. See limitation for business use.

CONDOMINIUMS

The current maximum LTV for condos is 80%. An HO-6 insurance policy will be required should coverages be deemed inadequate in the Master Condo Insurance Policy. The Master Condo Policy is required. See Insurance/Homeowners/Hazard.

CONSTRUCTION LOANS

ODVA does not offer course-of-construction loans. See Refinance Section for maximum LTV. Takeout of the Construction Loan is Limited to "Actual Costs" plus closing costs to a **maximum LTV of 80%** of the Appraised value **OR** the payoff of the Construction Loan plus closing costs to a **maximum LTV of 80%** of Appraised value. Borrower vested interest in title to the real property may affect the 18 or 24 month window for the refinance transaction. Call the ODVA Underwriter for specifics.

CONTINUITY OF INCOME

An applicant's source of qualifying income is expected to continue for at least three years. However, mitigating the continuance of income and obtaining such documentation that Social Security/Disability, Social Security Retirement, VA Disability, or other retirement income, is at the discretion of ODVA, Loan Underwriter or Program Manager.

CONVERSION OF EXISTING RESIDENCE

See FNMA guidelines for this underwriting condition. ODVA exceptions may be allowed where the LTV is 80% or lower.

CREDIT

For Brokered Loans applicants should have at least 3 reporting trade lines seasoned 12 to 24 months. Call for exceptions. If mortgage insurance is required the underwriting guidelines for that insurer shall prevail.

Adverse Credit: Though not score-driven, ODVA is primarily an "A" and "B plus" lender. However, ODVA underwriting may mitigate other such credit types with reasonable documented explanations for derogatory history. If the LTV is in excess of 80% a mortgage insurer underwriting requirements prevail with no exceptions. A large down payment (lower LTV's) may compensate for some negative history. Adverse credit stemming from military activation: ODVA recognizes that individuals were unexpectedly ordered to extended military service; and that such service to country often resulted in financial hardship. ODVA will consider applications from impacted veterans with documented evidence and on a case-by-case basis. Attempts to exercise prudent underwriting latitude may be employed. However, mortgage insurer underwriting guidelines may limit ODVA latitude in the underwriting process.

Alternative credit: ODVA will consider independently verifiable alternative credit; however, mortgage insurers may limit such consideration.

Bankruptcy, Foreclosure, Deed-In-Lieu: ODVA may have expanded latitude for considering applicants with a prior bankruptcy, foreclosure or deed-in-lieu and a minimum of 20% down. It is vital that such applicants be able to demonstrate to ODVA that the derogatory report arose from circumstances that were truly beyond the applicant's control and that are unlikely to recur. A history of re-established credit is a must, and any bankruptcy case must be officially closed, not just discharged. Generally, at least four years must have passed since the negative event. **CONTACT the UNDERWRITER for EXCEPTIONS or CONSIDERATIONS.** If mortgage insurance is required, major adverse credit incidents must be at least 4 years old at the time of loan application or as the mortgage insurer underwriting guidelines require.

CREDIT cont.

Collections, Judgments, Liens, Charge Offs etc. aggregates per FNMA guidelines or DU findings may be mitigated at the sole discretion of ODVA. Ongoing judgments for child support, spousal support, etc. will be required to be paid current with supporting proof.

Credit explanation letters: A letter of explanation and documentation should be in the file when submitted.

Credit report: The credit report must be a tri-merge, or RMCR, with scores. For an LTV at or below 80% a minimum of 3 trade-lines may be required. If a borrower does not have 3 trade-lines, a combination of least 4 trade-lines and/or alternative credit/payment references may be required. Mortgage insurance credit history requirements may be more stringent, **mitigation of exceptions not allowed with MI structured loans.**

Credit Scores: If any loan requires mortgage insurance the mortgage insurer underwriting requirements prevail and take precedence over any potential ODVA latitude or overlay.

Extenuating Circumstances: An extenuating circumstance is considered to be an event over which the applicant had no control, such as catastrophic medical bills, an extended period of unemployment, divorce. For consideration as a compensating factor, the extenuating circumstance must be documented. Re-established credit may be required. Consideration may be given to documented VA disability cases that were awarded significant disability compensation after financial failure, and have subsequent satisfactory credit. Loan approval is not guaranteed.

DEBT

Alimony, child support, spousal support and installment debt: Such obligations must be included in ratios unless the applicant can document that the obligation will terminate in 10 months or less or see FNMA guidelines. Business debt, Co-signed debt, Court ordered Assignment of debt: Will follow the FNMA (Fannie Mae) guidelines or in such cases where Mortgage Insurance is required default to those Underwriting requirements and/or valid DU findings that prevail. Mitigation of all Non-Mortgage Insured loans may occur at the discretion of ODVA, Loan Underwriter or Program Manager. Business-paid debts may be excluded from the borrower's ratio if documentation is provided showing that the business actually pays the debt. Generally this will be 12 months of canceled checks, and a corresponding deduction on the business tax return. Insufficient evidence will require the inclusion of that debt in to the borrower's debt ratio calculations.

Tax liens and judgments must be paid in full or satisfied. No exceptions.

401-K/IRA/Insurance loans: Loans secured by the borrowers' own financial asset, such as 401-K accounts, IRAs, stocks, bonds, et al, may be construed as contingent liabilities. However, if the borrower provides a copy of the pertinent loan instrument, the contingent liability will likely not be included in the debt ratio. Note that if the borrower intends to use the same asset account as part of the reserve requirement, the value of the asset must be reduced by the outstanding loan amount. For Student loans where deferred installment debt, including student loans, must be included as part of the applicant's recurring monthly debt. The monthly payment can be obtained from the student's payment letter or forbearance agreement; a copy of which should be included in the loan file (FNMA guidelines shall prevail with all MI required loans).

AUTOMATED UNDERWRITING/AUS

Oregon Administrative Rules direct ODVA's underwriter to pay special heed to (FNMA) Fannie Mae underwriting guidelines. A loan that has been approved by DU may be challenged by ODVA underwriting, at the sole discretion of ODVA. Mortgage Brokers and Lenders are encouraged to utilize DU prior to submitting loans to ODVA. ODVA will not accept the reduced appraisal documentation requirements if noted in the DU findings, a full URAR is required. LP/Loan Prospector approvals or other AUS may not be used.

DOWN PAYMENT

Down payment funds may come from any Fannie Mae-approved source for the same LTV ratio.

DOWN PAYMENT ASSISTANCE PROGRAMS (DPA)

True grant programs, agency silent seconds, tribal donations and the like are welcomed. However, ODVA will not participate in a transaction involving any down payment assistance program that requires an offsetting contribution from the seller or other interested party or has any potential or real financial impact on the Veteran borrower. Minimum borrower contribution of own funds may be required with greater than 80% LTV loans. **All DPA programs must be approved by ODVA and where mortgage insurance is required, it must be approved by the respective Private Mortgage Insurance Company.**

ELIGIBILITY

A veteran must establish his or her eligibility for the ODVA loan program. This is different from Federal VA eligibility. For eligibility questions call direct to 503-373-2012 or toll free inside Oregon at 888-673-8387 extension 32012.

FEE ADD-ONS

ODVA will add only the cost of a flood cert plus a \$635 processing fee for a brokered transaction and \$600 for a lender transaction. Other than any applicable loan origination fee, there are no other ODVA fees associated with a transaction. **NO PRICING ADJUSTMENTS!**

FUNDING FEE: Not Applicable to ODVA

FUNDS TO CLOSE

Funds to close may come from any approved source by FNMA (Fannie Mae) or approved Mortgage Insurance provider. **Two months bank statements are required coupled with REO sale proceeds Final SS and paper trail supplement.**

LOAN ESTIMATE/CD/LE ERRORS

LENDERS will be expected to cure and document any Loan Estimate tolerance issues prior to presenting the loan to ODVA for purchase.

IMPOUNDS

Property tax, hazard insurance and applicable mortgage insurance impounds are required where LTV exceeds 80%. Whereas impounds for 80% or less LTV loans are "voluntarily." Note that if impounds are elected to be held, **both** taxes & hazard insurance(s) will be required to be held in escrow holdings and not just one, there are no exceptions. There are **no fees** for waiver of impounds. ODVA reserves the right to require impounds.

INCOME DOCUMENTATION

- Files for employed applicants should contain YTD paystubs covering the most recent 60-day period, plus W-2 statements for the last two years. Loans in excess of 80% LTV should additionally include a verbal verification of employment.

- ❑ Social security, retirement, and disability income should be documented with a copy of the award letter, plus two months most recent bank statements verifying the continuing deposit of the benefit.
- ❑ Self-employment, investment, rental, or other income sources shall be documented with copies of the most recent 2 years' personal and business federal tax returns. (Partnership, LLC, S and C Corp. the entire Tax Return must be included). Only the front page of the 1040, and applicable Schedules B, C, D, E, F need to be submitted for all other sole proprietor income. All tax returns must be signed. With an ODVA LTV of 80% or less.
- ❑ Trust income must be documented with a letter from the Trustee stating the amount, frequency and duration of payments, and affirming that such income will be stable and continue for at least three more years; accompanied by copies of the applicants' federal tax returns and schedules for the last two years. Lump-sum trust distributions may be used for down payments and closing costs if verified by a copy of the check and deposit slip or trustee's letter citing the distribution amount.

INCOME LIMITATIONS

No minimum income restrictions noted for LTV's of 80% or less, prudence applied for debt servicing requirements, reserve position and DTI ratios.

INSURANCE, HOMEOWNERS/HAZARD

*ODVA Loss Payee Clause:
Oregon Department of Veterans' Affairs
P. O. Box 25048
Dallas, TX 75225*

The maximum deductible is \$2500 or 1% of the face value of the policy for all dwelling types. The insurance policy/binder coverage shall be at least the appraised value or replacement cost of the improvements. This includes Other Structures. Any exception to higher deductibles must be pre-approved.

INSURANCE: CONDO PROJECTS

Condominiums: An HO6 policy is required for "Walls Out" coverage where not evidenced or contained in the Condominium Master Insurance Policy. The minimum coverage required is 20% of the Loan Amount or Appraised Value whichever is the greater.

LOAN TO VALUE

NOTE: See the matrix for LTV maximums.

LOCKING A LOAN – 60 DAY TERM

To lock a rate/reserve funds submit the LOCK REQUEST FORM via email to: submissions@odva.oregon.gov
ODVA does not offer rate lock extensions.

MANUFACTURED HOUSING

Must be real property. Double wide or larger MH must be a minimum of 600 square feet. Single Wide must be 12 feet or greater in width and a minimum of 400 square feet. All Single Wide MH must have a manufacture date of 10 years or less as dated from the effective calendar year or appraisal date to qualify for financing. Previous movement of the manufactured home more than 1 time are allowed.

See Matrix.

See appraisal requirements for Single Wide MH.

MAXIMUM LOAN AMOUNT

The ODVA maximum loan amount for **2022** is **\$647,200**.

MERS RELATED TRANSACTIONS

Not accepted under any circumstance and will be returned.

MINIMUM LOAN AMOUNT

NONE

MORTGAGE INSURANCE is required for all loans greater than an 80% LTV. ODVA reserves the right to mitigate any AUS findings.

NUMBER OF LOANS

Only **ONE** open ODVA loan is allowed at a time. The maximum number of loans per lifetime is **4**.

ODVA FEES

ODVA allows fees charged such as a Processing Fee (Broker) or Documentation Fee (Lender), Origination Fee if applicable, Flood Certificate, Credit report, Title and Recording Fees. No Junk Fees are allowed.

PROPERTY REQUIREMENT/LIMITATION

Federal rules impose restrictions on the types of property that may secure an ODVA loan. These include but are not limited to:

- Owner Occupied Primary "Single" Family Residence.
- Owner must occupy within 60 days of closing.
- Property securing an ODVA loan must be located in the State of Oregon.
- No Multiple or Business use properties allowed.
- Manufactured Home as Real Property only.
- Maximum LTV/CLTV see matrix.
- No land lease or lease hold estates.
- **See Matrix for minimum square footage requirements.**

RATIOS

ODVA has no fixed maximum DTI ratio for loans of 80% or less LTV. Loan files are evaluated to ensure prudence for the ability to repay. **Call for exceptions of 50.01% and above DTI ratios. PMI underwriting DTI maximums must be followed.**

REFINANCES

ODVA should not be viewed as a refinance lender, Federal tax laws controlling ODVA's lending program restricts refinancing ability. ODVA cannot refinance a property where the vested title ownership of 18 months or longer. Exceptions to the 18-month timeline for construction loan take-outs; please see the Construction Loan section. ODVA is prohibited from refinancing its own loans. No cash back of any amount is allowed. Construction Loan takeout and the Refinance of another lenders mortgage may not exceed an 80% LTV, it may pay off an existing subordinate lien, if it's a Purchase Money 2nd. Call the ODVA Underwriter for specifics.

RESERVES/ASSETS

Liquid Reserves: Borrowers will be required to have a minimum of **two months** PITIMHOA in reserve after closing. Exceptions may be approved on a case-by-case basis where LTV is 80% or lower and strong credit profile exists and DTI ratios are at or lower than 40%. Tax and Insurance Reserves are required if the LTV exceeds 80%. Loans with LTV ratios at or below 80% may have impounds waived, unless impounds are required to be held as part of the loan approval conditions. See Impounds.

SECONDARY FINANCING/PURCHASE

ODVA cannot offer second lien loans. ODVA allows purchase money second financing, the ODVA first lien position must be 80% or less.

SELLER-PAID CLOSING COSTS

ODVA does NOT require a Seller, Lender or Broker to contribute to the buyer's closing costs, however, a voluntarily contribution up to 3%, 6% or 9% per Fannie Mae guidelines is allowed.

SOURCE OF FUNDS

ODVA is sensitive to the source of funds. It is expected that each file will contain a minimum 60-day history of funds used for closing, coupled with a HUD-1/Settlement Statement for an REO sale will be provided at closing. Significant recently acquired funds must be documented through a paper trail. **SEE FNMA OR MORTGAGE INSURER GUIDELINES OR ODVA GUIDELINES AS APPLICABLE.**

SPRING/SURFACE WATER SOURCES:

ODVA **does not** lend against properties with springs or other surface water flow as a domestic water source. However, exceptions **may be** mitigated dependent upon strengths of the transaction. If a waiver/exception is granted, the following shall be adhered to:

- Credit position must be strong and absent of any derogatory history.
- Reserve liquidity must exceed 24 months of total debt servicing.
- Residual income position must be strong and shall not exceed 40%.
- LTV must be at 80% or less.

Potable tests must be completed at both the spring or water source, holding tank and end piping to residence. Holding tank(s) shall be in place in all situations, including spring box or spring house. Evidence of protection from tampering, contamination from debris, animals, or other potential contaminants must be in place.

TAX RESERVES – See Impounds

TRUSTS

Loans may not be closed in the name of a Trust. After closing transfer into the Trust (Revocable only) may be considered.

UNDERWRITING

By Oregon Administrative Rule, ODVA may underwrite to FNMA (Fannie Mae) guidelines. AUS findings do not in itself guarantee final approval or denial of transaction. **ODVA reserves the right to mitigate FNMA guidelines as ODVA policies supersede this in all cases.**

UPCHARGING - PROHIBITED

WELL TESTS – PURITY & FLOW

If a property is served by a domestic well, ODVA requires copies of the results of purity, nitrate and arsenic test, such tests are required by law when a property is served by a domestic well **See Real Estate Transaction Law**. In addition, a 4-hour flow/pump test is required. Wells flowing less than 5 GPM **may be** required to meet on-site water storage requirements, less than 2 GPM are not acceptable. **Applies to purchase money transactions only**. Exceptions “may” be considered with strong credit and reserve positions.

END DOCUMENT