



MFM Bulletin: 020-2024

Date: September 12, 2024

Subject: VA Manual Underwriting Program Guidelines

We are pleased to announce that Member First Mortgage will now offer manual underwriting on VA mortgage loans. Attached are our MFM VA Manual Underwriting Program Guidelines. Loans may be locked under this program immediately.

Program Features:

- Minimum credit score 600 for purchase, 640 for cash out refinance
- Borrowers with no credit score allowed (servicing retained only)
- Current housing is required, with no late payments
- Ratios up to 45% (if residual income exceeds guideline by at least 120%)
- Manufactured housing allowed up to 95%
- Allowed for both servicing retained and released

Please contact the MFM Underwriting Dept. (underwriting@memberfirstmortgage.com) if you have any questions or concerns.

Thank you

VA Manual Underwriting Guidelines



MFM requires that all VA loans are submitted through Fannie Mae Desktop Underwriter OR Freddie Mac Loan Product Advisor. These guidelines will apply to loans that are either returned with a "Refer" or "Caution" feedback or Approved/Eligible loans that must be downgraded to a refer.

Below are instances where manual downgrade to refer is required:

- The mortgage file contains information or documentation that cannot be entered into or evaluated by DU or LPA.
- Additional information, not considered in the Automated Underwriting System (AUS) recommendation affects the overall VA Guaranty of the mortgage.
- Undisclosed mortgage debt (not on credit report) that reflects:
 - A current delinquency;
 - Any delinquency within 12 months of the case number assignment date; or

Origination and Underwriting Requirements	
Minimum Credit Score	Purchase: 600 Cash out REFI: 640
Current Housing History	<p>Borrowers must be currently paying rent or mortgage payment. Borrowers with no current housing are not eligible for manual underwriting.</p> <ul style="list-style-type: none"> • 24 month rent payment history required: <ul style="list-style-type: none"> • 24 months cancelled checks or bank statements showing withdrawal of rent payment along with copy of lease. • Payment history from professional management company is allowed as long as actual payment date is provided. • Private VORs will not be accepted. • Mortgage Payment must be on credit report or payment history directly from lender. • Housing Payment history <ul style="list-style-type: none"> • 0 X 30 in most rent 24 months
Installment and Revolving History	<p>Installment:</p> <ul style="list-style-type: none"> • 0 X 30 in past 12 month • 1 X 30 in months 13-24 <p>Revolving:</p> <ul style="list-style-type: none"> • 0 X 30 in past 12 months • 1 X 30 in month 13-24 <p>A detailed explanation of all delinquencies is required.</p>
Collections/Charge Offs	<ul style="list-style-type: none"> • No collections or charged off accounts (other than medical) within the past 12 months. • Medical collections and medical charge offs may be disregarded as long as not reduced to judgment or lien. • Non-medical collection accounts without established payment arrangements are to be included with a calculated monthly payment using 5% of the outstanding balance of the collection. Borrowers with a history of such accounts should have re-established satisfactory credit in order to be considered a satisfactory credit risk.
Minimum Tradelines	<ul style="list-style-type: none"> • Minimum 2 tradelines open and active for 12 months; or • 1 tradeline open and active for 12 months and at least two closed 12-month tradelines active within the past 36 months AND one additional housing reference such as utility payment history, cell phone or land line payment history, renter's insurance*. <p>*Payment history must show balance due and payment made each month.</p>

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<p>Borrowers with No Credit Score - Servicing Retained ONLY</p>	<p>Three credit references are required:</p> <ul style="list-style-type: none"> • 24 month rental payment history required (See current housing history above) with no lates in past 12 months. • Two additional references with no lates in the past 12 months, may include: <ul style="list-style-type: none"> • Utility company reference (if not included in rent) including gas, electricity, water, internet service. • Insurance premiums not payroll deducted (for example, medical, auto, life, renter’s insurance); • Rent-to-own (for example, furniture, appliances); or • A documented 12-month history of savings evidenced by regular deposits resulting in an increased balance to the account. <p>*Payment history must show balance due and payment made each month.</p>
<p>Judgements/Tax Liens/ Bankruptcy/Foreclosure</p>	<ul style="list-style-type: none"> • Borrower must have no outstanding judgments or paid judgments within past 36 months. • Chapter 7 Bankruptcy must be discharged at least 2 years with re-establish credit (must meet minimum credit requirements above). • Chapter 13 - Chapter 13 bankruptcy does not disqualify a Borrower if at the time of case number assignment at least 12 months of the pay-out period under the bankruptcy has elapsed. BK must have been due to extenuating circumstances outside borrower’s control which have been resolved and not likely to recur. Must meet minimum credit history requirements above. • No tax liens within the past 36 months. • No foreclosures or Deed in Lieu of F/C with the past 36 months. • No short sales within the past 36 months. • Must not currently be in credit counseling plan.
<p>Maximum DTI</p>	<ul style="list-style-type: none"> • Maximum DTI 41% (VA considers only one (total debt) ratio. Must meet Residual Requirement. <p>Exceptions:</p> <ul style="list-style-type: none"> • 45% ONLY IF RESIDUAL INCOME EXCEEDS GUIDELINE BY AT LEAST 120%. • NO EXCEPTIONS OVER 45%. • NO ADDITIONAL RISK FACTORS MAY BE PRESENT.
<p>Employment History / Documentation Requirements</p>	<ul style="list-style-type: none"> • Borrower must be on current job for at least one year. Two years employment history is required and must be verified. • Must be self-employed for minimum two years and income must be increasing – no exceptions. • Current paystub, two years W/2s required for wage earners. • Two years personal and business tax returns required for self-employed. • Two year history is required for Overtime, second jobs, Part-time (primary job) and bonuses. • 2 year history required for commission income.
<p>Required Reserves</p>	<p>Reserves are not required unless using rental income is being used to qualify.</p> <ul style="list-style-type: none"> • 3 months PITI for rental property is required for one-unit rental properties. • 6 months PITI for rental property is required for multi-unit properties.
<p>Property Restrictions</p>	<ul style="list-style-type: none"> • Manufactured Home Max 95% LTV.