

# ORVET LOAN ORIGINATION GUIDE - SYNOPSIS

Revised edition amendments effective 1/1/2024

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. IT IS TO BE USED ONLY AS A GENERAL OUTLINE TOOL AND MAY NOT CONTAIN ALL PROGRAM LENDING PARAMETERS.

**ODVA LOANS ARE CONVENTIONAL LOANS IN STRUCTURE AND ARE SEPARATE AND DISTINCT FROM THE FEDERAL VA LOAN PRODUCT.**

**LENDERS/BROKERS:** The Oregon Department of Veterans Affairs (ODVA) represents itself to follow FNMA guidelines, however, ODVA reserves the right not to follow FNMA guidelines. Reasons include, but are not limited to, internal policies, Federal or State legislative limitations, restrictions, impediments or prudent lending practices. Furthermore, ODVA reserves the right not to accept or adhere to an AUS, Desk Top Underwriting (DU) Approve/Eligible findings for any loan or property type at any LTV level and reserves the right to mitigate any submitted transaction, with or without DU findings at its sole discretion.

<b>PROPERTY TYPE</b>	<b>MAXIMUM LTV</b>	<b>MAXIMUM CLTV</b>	<b>MAXIMUM LOAN AMOUNT</b>
Site Built <b>600 sq. ft. min.</b>	<b>95% Purchase</b>	<b>100% - All Property Type</b>	\$766,550 per loan. 1 <sup>st</sup> lien position, conventional loan limit. Effective 1/1/24
Town/Row House Non-Condo Project <b>600 sq. ft. min.</b>	<b>95% Purchase</b>	Purchase Money seconds are acceptable.	As above.
Manufactured Home Dbl. Wide + <b>600 sq. ft. min.</b>	<b>80% Purchase</b>	ODVA 1 <sup>st</sup> lien 80% or less with PM 2 <sup>nd</sup> .	As above.  As above.
Condominiums <b>600 sq. ft. min.</b>	<b>80% Purchase</b>		
Manufactured Home Single Wide <b>400 sq. ft. min.</b>	<b>80% Purchase</b>	100% CLTV	As above.
<b>Qualified Property Refinance R/T only NO CASH OUT</b>	<b>80% LTV max.</b>	100% CLTV	As above.
Farm/Agricultural or Commercial	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

## GENERAL PROGRAM PARAMETERS

<b>LOAN PROGRAM AND ELIGIBILITY</b>	<p><b>ODVA LOANS ARE NOT ASSUMABLE.</b></p> <p><b>ODVA LOANS ARE DUE AND PAYABLE UPON SALE OR TRANSFER.</b></p> <p><b>FIXED RATES ONLY AVAILABLE.</b></p> <p><b>The veteran must have received at least one DD 214 evidencing qualifying military service. Use Member/Service Copy 2, 4 or 6.</b> 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"><li><input type="checkbox"/> Beginning on or before January 31, 1955 served more than 90 consecutive days and was discharged or released under honorable conditions; <b>OR</b></li><li><input type="checkbox"/> Beginning after January 31, 1955 served more than 178 consecutive days and was discharged or released under honorable conditions; <b>OR</b></li><li><input type="checkbox"/> Served 178 days or less and was discharged or released under honorable conditions because of a service-connected injury or illness; <b>OR</b></li><li><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; <b>OR</b></li><li><input type="checkbox"/> Served at least one day in a combat zone and was discharged or released from active duty under honorable conditions; <b>OR</b></li><li><input type="checkbox"/> Received a combat, campaign or expeditionary ribbon or medal for service and was discharged or released under honorable conditions; <b>OR</b></li><li><input type="checkbox"/> Is receiving a non-service connected pension from the United States Department of Veterans Affairs.</li></ul> <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 \$726,200 which is the current conventional conforming loan limits as set by (FNMA) Fannie Mae for 2023.</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 <a href="http://www.orvethomeloans.com">www.orvethomeloans.com</a> Eligibility turn time is about 24 hours.</p>
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<b>INELIGIBLE PROPERTY TITLE TYPES</b>	<p>Any land held by a Lease, Lease Hold Estate, Lease option, Co-op, etc. that does not allow for or inhibits, restricts, compromises or otherwise is prohibitive to secure full interest, right and title to the real property in its entirety at any time.</p> <p>Exception for such is Condominium financing where the land may not be held in title. Co-ops, Leases, Time Share, Hotel, Motel, Stock Ownership, Shared or Split Loan of any kind or in relation thereto are not eligible.</p>
<b>PROPERTY TYPES</b>	<p>Property securing an ODVA loan are limited to Owner Occupied Primary Single-Family Residence located within the State of Oregon. Non-owner occupied 1 to 4 units, Farm/Ag, Commercial, Houseboat, RV, ADU/Second Residential dwelling or multi-use properties are <b>not</b> allowed.</p>
<b>PRICING/RATE ADJUSTMENT</b>	<p>There are no pricing or rate adjustments for any property types, credit scores, DTI or LTV. Residential value emphasis is on the dwelling, such contributory value of significant excess acreage or ancillary outbuildings are discounted from value and reviewed with the appraisal. See Federal Tax Code for restrictive provisions.</p>
<b>LOAN-TERM</b>	<p>15, 20, &amp; 30 year terms only. See rate sheet for rates and term.</p>
<b>LOAN AMOUNT LIMITATIONS</b>	<p><b>Minimum:</b> None.</p> <p><b>Maximum:</b> For 2024 is \$766,550</p>
<b>INCOME LIMITATIONS</b>	<p>There are no income limitations for ODVA loan applicants, other than evidence of capacity to repay indebtedness.</p>
<b>RECAPTURE</b>	<p>ODVA loans are not subsidized, therefore no recapture penalty.</p>
<b>PREPAYMENT PENALTY</b>	<p><b>None for Borrower(s).</b></p> <p><b>See EPO parameters contained in the loan origination agreement or amendment addendum for Brokers &amp; Lenders</b></p>
<b>OCCUPANCY REQUIREMENT</b>	<p>ODVA requires the loan to be an Owner Occupied Primary Single-Family Residence and the property must be located within the State of Oregon.</p>
<b>MORTGAGE INSURANCE</b>	<p><b>See DU narrative findings for reference to coverage.</b></p> <p>MI Coverage requirements for 30, 20 &amp; 15 year terms:  90.01 - 95% LTV = 16% coverage.  85.01 - 90% LTV = 12% coverage.  80.01 - 85% LTV = 6% coverage.</p> <p><b>ELIGIBLE FOR BROKER SUBMISSIONS ONLY.</b></p>
<b>SELLER-PAID CLOSING COSTS</b>	<p>Unlike FEDERAL VA loans ODVA does <b>not</b> require the seller to pay all or part of the borrower's closing costs. Participating Lenders or Mortgage Brokers are not expected to pay any of the closing costs.</p>

<p><b>SELLER CONTRIBUTION</b></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><b>LENDER AND MORTGAGE BROKER COMPENSATION AND FEE LIMITATIONS</b></p>	<p><b>Lenders</b> retain the ODVA origination fee as applicable to the interest rate chosen if said rate includes an origination fee charge of up to 1.375% or as amended from time to time, and may charge up to \$600 as a documentation fee. If the documentation fee is not charged, ODVA will not pay as compensation that like amount to the Lender. Refer to the Mortgage Lenders' Purchase Agreement. No other fees may be charged or retained. Lenders <u>may</u> charge all true pass-through costs such as appraisal, credit, 1004-D, and courier fees. <b>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.</b></p> <p><b>NOTE: a lesser documentation fee may be charged, however the \$35 as noted above will be deducted in any case.</b></p> <p><b>EXAMPLE: \$200 documentation fee charged, compensation paid is \$165 as the \$35 is deducted.</b></p> <p><b>Mortgage Brokers:</b> May quote or charge the scheduled loan origination fee applicable to the specific interest rate chosen, if said rate includes an origination fee charge of up to 1.375% or as amended from time to time, if it is not quoted and charged this fee will be deducted from compensation paid. Additionally, a \$635 loan processing fee may be charged to the Borrower, \$600 of this fee will be paid as compensation to the Broker and the remaining \$35 is retained by ODVA for redraw document fee. Both \$600 and \$35 (combined amount \$635) are to be collected from the borrower at escrow closing. These amounts are to be reflected in the Fee Worksheet. Pursuant to the Mortgage Brokers' Loan Origination Agreement, <b>at closing ODVA will remit funds to escrow to pay the originating mortgage brokerage 1.60% of the loan amount, plus the \$600 processing fee.</b> Mortgage brokers may also charge, but not retain, all true pass-through costs such as appraisal, 1004-D, and credit fees. <b>If the origination/processing fee is not disclosed or charged by Broker or Lender, it will not be paid as compensation. Example: \$100 processing fee charged, ODVA will deduct the \$35 and compensation paid is \$65.</b></p>
<p><b>UNDERWRITING OPTIONS</b></p>	<p>ODVA loans <b>"may be"</b> underwritten to FNMA (Fannie Mae) conventional conforming guidelines. Additionally, other local lending practices, underwriting policies, procedures and standards may be applied as applicable to the proposed loan, or as set forth or authorized by and through ORS and/or OAR.</p> <p>All loans (<b>Lender or Broker</b>) <b>"may be subject to"</b> a full manual underwrite upon receipt by ODVA. Oregon Administrative Rules direct that, except for certain underwriting aspects, ODVA may conform to FNMA underwriting guidelines. Any loan requiring mortgage insurance is <b>"subject to"</b> the underwriting requirements of the mortgage insurer and/or ODVA limitations or restrictions. <b>See first page narrative LENDERS/BROKERS.</b></p>

<b>CO-BORROWER LIMITATIONS</b>	<b>FEDERAL LAW (not State of Oregon Law)</b> restricts who may be a co-borrower to any ODVA loan. Co-borrowers may only be the legal 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 and evidence of the RDP is required.

<b>UNDERWRITING SPECIFICS</b>	<p><b>AGE OF DOCUMENTATION:</b> Asset and credit documentation age must comply with Fannie Mae requirements. ODVA reserves the right to request supplemental or more current documentation.</p> <p><b>APPRAISAL</b> Appraisers: Must be licensed in the State of Oregon. There is No approved appraiser list.</p> <p>Appraisal Format: ODVA <b>requires a full</b> (URAR) Uniform Residential Appraisal Report (Form 1004). (Form 1073 for condos), for each loan, with <b>no exceptions</b>, even where DU indicates a reduced appraisal allowance. Federal VA appraisals are not accepted. <b>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).</b></p> <p><b>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.</b></p> <p><b>ASSETS</b> 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. <b>"Asset accounts that are represented must be proven".</b></p> <p><b>ASSUMABILITY OF LOANS</b> ODVA loans are <b>NOT</b> assumable. Loans are due and payable upon Sale or Transfer.</p> <p><b>AUTOMATED UNDERWRITING</b> <b>DU FINDINGS</b> are required on all loans where Mortgage Insurance applies, and where an Approve/Eligible finding is required. DU findings are encouraged to be submitted for all other LTV transactions but are not required. Reduced appraisal documentation is <b>NOT</b> accepted as a full <b>URAR</b> is required for all loans even if DU notes otherwise. <b>LP findings are not accepted. NOTE: ODVA reserves the right to mitigate DU findings in all cases.</b> See Underwriting Options above.</p> <p><b>BI-MONTHLY PAYMENTS: Not available.</b></p>
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## 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/BACK                      REFINANCE                      or  
PURCHASE                      TRANSACTIONS                      NOT  
ALLOWED.**

## 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 usual and customary closing costs and prepaid costs

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 (not State 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. Documentation of Spousal or Partner status may be required at ODVA's sole discretion.) As such, non-spouse or non-registered partners, friends, parents, siblings, guarantors, or non-occupant co-borrowers are prohibited.

## FARM/AGRICULTURE OR COMMERCIAL USE: Prohibited transaction in ALL cases. See Matrix.

### CONDOMINIUMS

The current maximum LTV for condos is 80%. An HO-6 insurance policy will be required should coverages be deemed inadequate or Walls Out coverage is determined from the Master Condo Insurance Policy. The Master Insurance Condo Policy, Condo Questionnaire and Condo Association By-Laws are required. There is no approved Condo list published by ODVA.

### 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 approval. 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 for Social Security Disability, Social Security Retirement, VA Disability, or other retirement income, is reserved for and at the sole discretion of ODVA, Loan Underwriter or Program Manager.

### CREDIT

All loan 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. ODVA does not publish minimum credit score requirements, it is however primarily an "A" and "B" credit lender. However, ODVA underwriting may mitigate credit types with reasonable documented and prudent explanations for derogatory history. If the LTV is greater than 80%, mortgage insurer underwriting requirements prevail with **NO** exceptions. A large down payment (lower LTV's) may mitigate negative credit 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 or prohibit ODVA latitude in the underwriting process.

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

ODVA does not publish minimum credit score requirements for any loan LTV of 80% or less.

Bankruptcy, Foreclosure, Deed-In-Lieu: ODVA may have expanded latitude for considering applicants with a prior bankruptcy, foreclosure, short sale 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, however, **CONTACT the UNDERWRITER for mitigating EXCEPTIONS** . 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.

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. Derogatory credit explanation letters should be included with 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 are not allowed with MI structured loans.**

Credit Scores: If any loan requires mortgage insurance the mortgage insurer underwriting requirements prevail with NO exceptions and will take precedence over any potential ODVA latitude or overlay.

ODVA does not publish minimum credit score requirements. Any loan requiring PMI will default to the insurers UW guidelines.

## 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 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 the borrower's debt ratio calculations.



**Liens and Judgments: must be paid in full or will require full satisfaction with proof, NO exceptions granted!**

401-K/IRA/Insurance loans secured by the borrowers' own financial asset, such as 401-K accounts, IRAs, stocks, bonds, etc., may be construed as contingent liabilities. However, if the borrower provides a copy of the pertinent loan instrument, the contingent liability may 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 deferred that debt 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. (FNMA guidelines shall prevail for MI required loans). **ODVA will default to 1% of the outstanding balance for payment calculation for student loans.**

## **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: must be established prior to an application for an ODVA loan.**

## **EMPLOYMENT**

- Minimum 2-year job history. \*
- Job gap may NOT be greater than 3 months. \*
- Job gap exceptions or shorter length of employment may be considered where a Graduate or Undergraduate degree in the like field of employment or prior military service or non-military service where the new or current employment is in a like field. \*
- Income trends must be stable or increasing.
- Declining income with job gap greater than 3 months will not be accepted with LTV greater than 80%.
- Averaging of income or lower income calculations will be applied where employment is less than 2 years with no job gap. \*
- Commission/Bonus only income or a heavy reliance on this income type where employment is less than 2 years will not be accepted. \*
- New future employment will require a Letter of Employment offer. See FNMA or PMI underwriting guides for additional requirements for this issue.

**Exceptions may be granted where LTV is 80% or less. \***

## SELF EMPLOYMENT

A minimum of 2 years of self-employment is required or where interest is at 25% or greater. Exceptions may be granted where PMI is "not" required. Personal and Business Federal Tax Returns are required in all cases (do not submit State returns). Included shall be K-1's as applicable. Copies of the tax returns must be signed and evidenced as filed with the IRS. Interim Profit & Loss statements and Balance Sheet will be required. **Less than 2 years of self-employment may be considered where LTV is 80% or less.**

Tax return documentation with all Schedules will be required for: Sole Proprietor, LLC's, Partnerships, S & C Corporations, Trust with assigned EIN, 25% or greater interest or employed by family. Additionally, incomes declared for capital gains, dividends, interest, commissions/bonuses of 25% or greater of base salary/income, foreign income or other income from Schedules filed will require tax returns. Tax transcripts are not accepted as substitutes and DU validation is not accepted. Schedule E for 2 years are required for rental/lease income. If none, a fully executed copy of the Rental/Lease agreement is required and "**must be**" a minimum of a 12 month/1-year term agreement.

## 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 except for specific rates chosen.**

**FUNDING FEE: None.**

## 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%. 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 for any loan LTV at or less than 80%.

## INCOME DOCUMENTATION

- All income documentation for the most recent 2-year period is required, it must include the following as applicable for each loan submitted: 2 months/60 days paystubs, W-2's, 1099-R's, SSA 1099's, 1099 Misc. Retirement/Pension statements/letters, Federal Tax returns which verify and represent any additional incomes such as, but are not limited to, Capital Gains/Loss, Installment Sale income, Interest income, etc. that have been continual per Federal Tax returns.
- Asset depletion, trailing Co-Bor. income or expense account reimbursement will NOT be considered.  
**Exception may apply to where LTV is 80% or less.**

## INCOME LIMITATIONS

There are no minimum income restrictions. Prudence is applied for debt servicing requirement (DTI) ratios.

## INSURANCE, HOMEOWNERS/HAZARD

*ODVA Loss Payee/Additional Insured Clause:  
Oregon Department of Veterans' Affairs  
P. O. Box 800099  
Dallas, TX 75380*

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, replacement cost of the improvements may be considered. This includes Other Structures. Any exception to higher deductibles or coverages must be pre-approved for both Brokers & Lenders.

## 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. Call for exception.

## 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](mailto: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 newer as dated from the effective calendar year or appraisal date to qualify for financing. No restrictions to MH movement, LTV requirements are 80% or less. **See Matrix.**

**See appraisal requirements for Single Wide MH.**

## MAXIMUM LOAN AMOUNT

The ODVA maximum loan amount for **2024** is **\$766,550**.

## MERS RELATED TRANSACTIONS

Not accepted under any circumstance and will be returned.

## MINIMUM LOAN AMOUNT

NONE

## MORTGAGE INSURANCE

Required for all loans greater than an 80% LTV. ODVA reserves the right to mitigate any AUS D Approve/Eligible findings.

## NUMBER OF LOANS/OPEN LOANS

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

**ODVA FEES: See Broker/Lender section.**

## 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.
- No ADU or second/additional dwelling allowed.
- Owner must occupy within 60 days of closing.
- Property securing an ODVA loan must be located within the State of Oregon.
- No Multiple or Business mix use properties allowed.
- Manufactured Home as Real Property only.
- Maximum LTV/CLTV see matrix.
- No land lease or lease hold estates.
- **Tiny Homes are not allowed. See minimum sq. ft.**

## RATIOS

ODVA has no fixed maximum DTI ratio for loans where the LTV is 80% or less. Loan files are evaluated to ensure prudence for the ability to repay. **BROKERS, please call for DTI ratio exceptions greater than 50.00%. PMI DTI ratio underwriting will be adhered to.**

## 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 only if it is a Purchase Money 2<sup>nd</sup>.

## RESERVES/ASSETS

Liquid Reserves: Borrowers will be required to have a minimum of **two months** PITIMHOA in reserves after closing. Exceptions may be approved on a case-by-case basis where LTV is 80% or less with strong credit profile and where DTI ratios are at or lower than 35%. 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/does not 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.

## 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 **may not** lend against properties with springs or other surface water flow as a domestic water source, exceptions **may be** mitigated.

If a waiver/exception is granted, the following shall be adhered to with NO exceptions.

- Credit position/scores must be strong and absent of "any" derogatory credit history of any kind.
- Reserve liquidity position must exceed 24 months of total debt servicing.
- Residual income position must be strong and DTI 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. A copy of the Trust must be submitted along with a letter of request for transfer to the Trust.

## UNDERWRITING

By Oregon Administrative Rule, ODVA **“may”** underwrite to FNMA (Fannie Mae) guidelines or other local or regional credit guidelines. AUS (DU Approve/Eligible) findings do not guarantee approval. **ODVA reserves the right to mitigate FNMA or other guidelines as ODVA policies or restrictions 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, etc. such tests are required by RET Law when a property is served by a domestic well **See (RET) Real Estate Transaction Law**. In addition, a 4-hour well flow/pump test is required. Well flow test of less than 5 GPM **“may be”** required to meet and install an on-site water storage. Well flow tests where a less than 5 GPM flow rate may not be accepted, at the sole discretion of ODVA. **This applies to purchase money transactions only.** Exceptions **“may”** be considered with strong credit, income and reserve positions. **No exceptions will be granted where PMI is required. These Well tests are NOT waived.**

**END DOCUMENT**