

## 11:1 USDA/GUARANTEED RURAL HOUSING

This Product Description contains program restrictions imposed by BB&T Correspondent Lending. For links to standard USDA/Guaranteed Rural Housing guidelines, Administrative Notices, and forms visit: [www.rurdev.usda.gov/rhs](http://www.rurdev.usda.gov/rhs)

Unless otherwise stated, follow USDA/Guaranteed Rural Housing Guidelines.

Correspondents are expected to be approved lenders with USDA and be knowledgeable of the Guaranteed Rural Housing Program in order to deliver these loans to BB&T Correspondent Lending in fundable condition.

**USDA/Guaranteed Rural Housing loans originated by a Third Party are eligible for purchase by BB&T.**

LOAN PRODUCT CODE	LOAN PRODUCT	AMORTIZATION TERM*
501	30 Year Fixed Rate	360 months

\*Minimum Amortization Term – 360 months

Refer to BB&T's current [Overlay Matrix- Government](#) for additional information.

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### **AGE OF LOAN AT DELIVERY TO BB&T**

Loans must not be more than six months old at time of delivery to BB&T.

### **ASSUMABILITY**

Not assumable

### **BITCOIN AND RELATED PRODUCTS**

Bitcoin and related products are not an acceptable source of funds for the down payment, closing costs, or financial reserves.

A large deposit from bitcoin converted to cash must be excluded from the funds used for qualifying purposes.

### **CERTIFICATIONS**

Qualified Mortgage (QM), Higher-Priced (HPML) and High Cost (HCL) Mortgage Loan Certification or comparable form that validates QM status, HPML and HCL. BB&T does not purchase high cost loans.

### **CONTACT FOR FOLLOW UP DOCUMENTATION (POST FUNDING)**

Secondary Marketing Operations  
864-242-9590 (fax)

Branch Banking & Trust Company  
Secondary Marketing Operations  
111 Millport Circle  
Greenville, SC 29607

Branch Banking & Trust Company  
Secondary Marketing Operations  
P.O. Box 3029  
Greenville, SC 29602

**Note:** Correspondents must provide a contact name, phone number, and fax number for BB&T to contact regarding missing documentation.

**CONTACT FOR GENERAL INFORMATION**

**CLIC** (Correspondent Lending Information Central)

1-877-700-5848

[CorrLending@bbandt.com](mailto:CorrLending@bbandt.com)

**CONTACT FOR LOAN DELIVERY**

Loans to be **funded** are to be sent to BB&T's office in Wilson, NC.

BB&T Correspondent Lending  
Attention: Funding  
2713-B Forest Hills Road  
Wilson, NC 27893  
800-748-7003

**CREDIT SCORE VALIDATION/MINIMUM CREDIT REPUTATION**

Follow USDA requirements as noted in HB-1-3555 Chapter 10.

<http://www.rd.usda.gov/files/3555-1chapter10.pdf>

**FROZEN CREDIT**

The credit report utilized to make the credit decision for loans delivered to BB&T must reflect all three credit repositories have been accessed and none are currently frozen.

**CREDIT INQUIRIES**

A written explanation is required from the Borrower for all inquiries shown on the credit report that were made within the last 90 days. Any new debt payments resulting from inquiries listed on the credit report must be included when calculating the debt-to-income ratios.

**CREDIT SCORE**

**Minimum Credit Score 640 for program eligibility and credit underwriting. Each borrower on the loan transaction must meet the minimum requirement of 640.**

LOAN PURPOSE	LOAN AMOUNT	CREDIT SCORE
Purchase and No Cash-Out Refinance	All Loan Amounts	640

**Credit Score Selection:**

<b>THREE SCORES</b>	Select the middle score- 750, <b>721</b> , 712
<b>TWO SCORES</b>	Select the lower score- <b>662</b> , 675
<b>ONE SCORE</b>	Must meet the minimum requirement of <b>640</b> for program eligibility AND non-traditional credit must be verified for credit underwriting. See "Underwriting" section below for guidance regarding non-traditional credit.
<b>NO SCORE</b>	Loan is ineligible for sale to BB&T.
<b>REPEATING SCORE</b>	Eligible for selection- 750, <b>750</b> , 735

**A Non-Traditional Mortgage Credit Report (NTMCR) score is not eligible for consideration.**

Use of the Guaranteed Underwriting System (GUS) is not mandatory; however, if GUS is used, Accept/Eligible responses will be required. Please refer to the Underwriting section of this guide for information regarding USDA required manual downgrades from Accept/Eligible responses. A copy of the response must accompany the loan file.

**Note: the minimum credit score requirement of 640 for each borrower applies.**

**Rescoring and Credit Repair**

BB&T prohibits the use of credit repair designed to help a borrower manipulate the credit data in order to obtain financing for which they would not otherwise qualify. The following documents will be required at the time of delivery to validate the borrower qualified for the initial loan.

- Initial credit report and LP/DU findings, at the time of application, with an acceptable response of Accept/ Approve Eligible.
- The final credit report (if another was pulled for loan file decisioning) and LP/DU findings with an acceptable response of Accept/ Approve Eligible.

**DOCUMENT COMPLETION**

For all USDA loans being sold to BB&T, the information listed below should be used to complete the following documents:

**Conditional Commitment for Single Family Housing Loan Guarantee**

**Lender Certifications for SFH Guaranteed Loan**

Holding Lender and Servicing Lender Boxes:

- Lender Tax & Branch ID#: 56-1074313 Branch #029
- Lender Name: BB&T
- Address: 111 Millport Circle, Greenville, SC 29607

## Guaranteed Rural Housing Lender Record Change, RD 3555-11

This form is required if the information on the Lender Certification is not completed.

Boxes B and C:

- Lender: BB&T
- Lender Tax & Branch ID#: 56-1074313 Branch #029
- Address: 111 Millport Circle, Greenville, SC 29607

Also refer to the USDA/Guaranteed Rural Housing Checklist

### ELIGIBLE DOWNPAYMENT ASSISTANCE PROGRAMS

- Federal Home Loan Bank (FHLB)
- BB&T approved Affordable Downpayment Assistance Programs – please refer to the [Downpayment Assistance Approval List](#) located on the BB&T Correspondent Lending website for additional information.

### EMPLOYMENT AND INCOME

#### Tax Returns

Self-Employed and any other income from sources that must be documented by tax returns:

- Follow USDA/Rural Development guidelines.
- Personal tax returns: Borrower signature not required as long as validating current tax transcripts are provided.
- Business tax returns: Borrower signature required.

#### Tax Transcripts (IRS Record of Account)

Follow USDA guidelines

**Note:** An IRS Record of Account is acceptable in lieu of Tax Transcripts. References to “Tax Transcripts” and “Record of Account” are interchangeable for purposes of this product description.

#### IRS Form 4506-T

The requirement for a fully completed, signed, and dated IRS 4506-T form applies to ALL loans.

- Provide an initial 4506-T signed (if required by the Agency) and one signed at closing.
- The 4506-T form is required whether or not the borrowers are employed.
- The 4506-T form is required whether or not the loan is income qualifying.

#### Section 8 Income

##### Repayment Income:

The monthly Section 8 housing subsidy is treated in the following manners to qualify as **repayment income**:

- If the subsidy is paid directly to the applicant, it is “grossed up” by 25 percent to compensate for any non-taxable status, **or**
- If the subsidy is paid directly to the loan servicer, it is deducted from the monthly PITI payment to determine the debt-to-income ratio.

Lenders who utilize GUS for this type of repayment income must use the first option noted above.

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**Annual Income:**

The Section 8 subsidy cannot be included in annual income. Pursuant to USDA requirements, an Annual Household Income calculation for eligibility for program and a separate calculation for repayment must be performed.

**For additional information regarding income, refer to the USDA, HB-1-3555 Chapter 9,**

<http://www.rd.usda.gov/files/3555-1chapter09.pdf>

**ESCROWS**

Required regardless of LTV.

**ESCROWS FOR COMPLETION OF CONSTRUCTION OR REPAIRS**

BB&T does not encourage escrowing for completion or repairs; however, if the improvements or repairs cannot be completed for valid reason, i.e. inclement weather or shortages of materials, funds may be escrowed. BB&T does not require review for approval of escrow holdbacks.

Loans subject to an escrow holdback should follow and conform to agency guidelines. Please refer to the following link for additional information: <https://www.rd.usda.gov/files/hb-1-3555.pdf>. A fully executed Escrow Holdback Agreement indicating the amount of holdback and an itemized list of repairs to be completed should be submitted with the loan file. Correspondents are responsible for emailing the final certificate of completion to [MLFinalDocs@bbandt.com](mailto:MLFinalDocs@bbandt.com).

**GUARANTEE FEE/ANNUAL FEE**

**Conditional Commitments Issued On and After October 1, 2016**

Guarantee Fee	
Purchases	1.00% of the loan amount
Refinances	1.00% of the loan amount
Annual Fee	
0.35%	

A copy of the check for the Guarantee Fee sent to USDA must accompany the loan file.

**HOMEOWNERSHIP COUNSELING DISCLOSURE**

Homeownership Counseling Disclosure required per the 2013 HOEPA Rule, an amendment to Regulation X (RESPA).

**INELIGIBLE LOAN TYPES AND PROGRAMS**

- Construction Modification loans
- Energy Efficient Mortgages (EEMs)
- Lending on Native American Tribal Lands
- Properties subject to Property Assessed Clean Energy (PACE) Obligations
- Cash Out Refinances including Texas Equity Refinance Section 50(a)(6) loans
- Texas Equity Refinance Section 50(f)(2) loans
- Streamline Refinances

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### **LETTERS OF EXPLANATION**

Letters of explanation addressing issues deemed material to the credit decision must be signed with a “wet signature” or an “electronic signature.” All electronic signatures by the borrower must be in compliance with the E-Sign Act and the loan file must include a properly disclosed and executed E-Sign Disclosure and a Consent Form from each borrower.

### **MAXIMUM INTEREST RATE**

Follow Section 3555.104(a)(3) of the USDA/Rural Development 7 CFR 3555 and HB-1-3555, Chapter 6, Attachment 6-A and Chapter 7, Section 7.3B.

### **MAXIMUM LOAN AMOUNT**

The maximum base loan amount cannot exceed current conforming conventional limit. The Guarantee Fee **may be** added to the base loan amount to arrive at a Total Loan Amount.

### **MINIMUM LOAN AMOUNT**

None

### **OVERLAYS**

Refer to BB&T’s current [Overlay Matrix- Government](#) for additional information.

### **POINTS AND FEES CAPS**

- 3% of the total loan amount for a loan amount greater than or equal to \$105,158
- \$3,155 for a loan amount greater than or equal to \$63,095 but less than \$105,158
- 5% of the total loan amount for a loan greater than or equal to \$21,032 but less than \$63,095
- \$1,052 for a loan amount greater than or equal to \$13,145 but less than \$21,032
- 8% of the total loan amount for a loan less than \$13,145

### **PRICING**

Refer to the current [Price Adjustments and LTV Charts](#) for any price adjustments that might be applicable.

### **PROPERTY FLIPPING**

- Seller must have held title to property for a minimum of 10 days prior to loan closing (90 days if property was acquired through a Bank Short-Sale).
- Concurrent or same-day seller acquisitions of title are not acceptable.
- Sales contract cannot reflect buyer as "to be determined" or reference an assignment of contract.
- If the difference between the seller's acquisition price and sales price is 25% or greater, Correspondent must document the file to justify increase (evidence of repairs, renovations, etc.).
- The appraisal must include an address, the seller's acquisition of the subject in the property/title transfer history or an addendum, and an analysis of the transfer in determining market value.

The following transactions are exempt from Flipping restrictions:

- Properties being resold by a lender from inventory/Other Real Estate Owned;
- Transactions occurring as the result of a divorce settlement, inheritance, or other inter-family transfer; and
- Properties being resold by a company through an employee relocation program.

### **PROPERTY TYPES**

- Approved Condominiums
- Single Family Detached
- Single Family Attached
- PUDs

### **Attached PUDs**

Property Insurance requirements:

- HO3/comparable full coverage homeowners insurance policy; **OR**
- HO6 policy required with coverage, as determined by the insurer, which is sufficient to repair the unit to its condition prior to a loss claim event for attached PUDs where the homeowners association has a blanket policy covering the exterior structure only; **OR**
- Homeowners Association blanket policy covering the exterior **AND** interior of the unit.
- HO6 coverage will not be escrowed separately if blanket policy covers the exterior **and** interior of the unit.
- HO3/comparable full coverage policies will be escrowed.

### **Condominiums**

Correspondents are responsible for verification that Condo projects are approved. Condominiums must be approved or accepted by Freddie Mac, Fannie Mae, HUD or VA. Proof of agency approval must be included within the loan file.

Property Insurance requirements:

- HO6 policy required with coverage, as determined by the insurer, which is sufficient to repair the unit to its condition prior to a loss claim event for Condominiums where the condominium master policy covers the exterior structure only; **OR**
- Condominium master policy covering the exterior **AND** interior of the unit.
- HO6 coverage will not be escrowed separately if master policy covers the exterior **and** interior of the unit.

### **Solar Panels**

Properties with solar panels must meet USDA/Guaranteed Rural Housing guidelines to be eligible for delivery to BB&T.

### **Ineligible Property Types**

Manufactured Housing, Condotels, Geodomes, Earth Homes, Quonset Huts, Co-Ops, Properties encumbered by PACE Obligations, Properties located in mudslide zone

Properties located in a Flood Zone are eligible, **IF**:  
The Correspondent follows 3555.5(d)(5) and 3555.5(d)(7) and HB-1-3555, Chapter 12.10B

### **QM STATUS**

Safe Harbor: Mortgage that does not exceed limits on upfront points and fees; has an APR relative to the APOR that is equal to or less than 1.5% for first-lien loans.

Rebuttable Presumption: Mortgage than does not exceed limits on upfront points and fees; has an APR that exceeds the APOR as of the date the interest rate is set by 1.5% or more for first-lien loans. Also known as "Higher-Priced".

### **REFINANCES**

#### **No Cash Out Refinance**

No cash out refinance must meet the following eligibility requirements:

- The new interest rate must be fixed and not exceed the rate of the existing loan being refinanced;
- The existing loan to be refinanced was closed 12 months prior to the request for conditional commitment being received by the USDA office;
- The borrower has been current on their existing USDA loan for the **180 day** period prior to the request for conditional commitment; and
- The new monthly principal, interest, taxes and insurance (PITI) amount is less than the current monthly PITI of the existing loan.

#### **Cash Out Refinance**

Ineligible for delivery to BB&T.

#### **Streamlined Assist Refinance**

See [Streamlined Assist Refinance](#) section for details.

#### **Streamline Refinance**

Ineligible for delivery to BB&T.

### **RESIDENCY STATUS**

- US Citizens
- Permanent Resident Alien
- Non-Permanent Resident Alien – See Eligible Visa Types and Employment Authorization Documentation Cards below. If Non-Permanent Resident Alien borrowers are unable to provide evidence of an eligible Visa Type or EAD Card listed below, the loan is ineligible for purchase.



Non-Permanent Resident Aliens (Temporary Workers) Eligible Visa Types for Loans Delivered to BB&T
<ul style="list-style-type: none"> <li>• A-1, A-2, A-3 and must verify no diplomatic immunity on each type</li> <li>• E-1, E-2, E-3</li> <li>• G-1, G-2, G-3, G-4, G-5 and verify no diplomatic immunity on each type</li> <li>• H-1B, H-1B1, H-4 (H-4 requires H-1B or H-1B1 on the loan)</li> <li>• I</li> <li>• J-1, J-2 (J-2 requires J-1 on the loan)</li> <li>• K-1, K-2, K-3, K-4 <b>and</b> a US spouse (for K-1) or US citizen (for K-2, K-3 or K-4) on the loan</li> <li>• L-1, L-2</li> <li>• O-1, O-2, O-3 (O-3 requires O-1 or O-2 on the loan)</li> <li>• Q-2</li> <li>• R-1, R-2 (R-2 requires R-1 on the loan)</li> <li>• TN-1, TN-2, TD (TD requires TN-1 or TN-2 on the loan)</li> <li>• V-1, V-2, V-3 <b>and</b> requires a permanent resident alien on the loan for each type.</li> </ul>

Non-Permanent Resident Aliens (Temporary Workers) Eligible Employment Authorization Documentation Cards for Loans Delivered to BB&T
<ul style="list-style-type: none"> <li>• A03</li> <li>• A05</li> <li>• A08</li> <li>• A12 – If the country of birth is El Salvador, Honduras or Nicaragua</li> <li>• A17 – Requires spouse with E-1 or E-2 Visa on the loan</li> <li>• A18 – Requires spouse with L-1 Visa on the loan</li> <li>• C02 – Requires spouse with E-1 Visa on the loan</li> <li>• C08</li> <li>• C12 – Requires spouse with E-2 Visa on the loan</li> <li>• C36 – Requires spouse with E-3, H-1B, H-1B1, L-1 or O-1 Visa on the loan</li> </ul>

**SECURITY INSTRUMENT**

Use the applicable Freddie Mac and Fannie Mae security instrument for the state in which the property is located.

**SIGNATURE REQUIREMENTS**

**Verifications of Employment – Verbal and Written**

All verifications of employment must be signed with a “wet signature” or an “electronic signature”.

**Verifications of Deposit**

All verifications of deposit (VOD) must be signed by the Borrower and Correspondent with either a “wet” or an “electronic” signature.

The depository institution is required to complete all verifications of deposit requests received from the Correspondent with a “wet” signature, unless:

- The verification is generated by the depository institution on company letterhead and contains all requested information, date, name, title and signature of the associate fulfilling the verification request. **Or,**
- It is a satisfactory company generated form, directly from the depository institution, that contains all the required information for a VOD.

### **Verifications of Rent or Mortgage**

All verifications of rent or mortgage (VOR/VOM) must be signed by the Borrower and Correspondent with either a “wet” or an “electronic” signature.

The rental management or mortgage company is required to complete all verifications of rent/mortgage requests received from the Correspondent with a “wet” signature, unless:

- The verification is generated by the rental management or mortgage company on company letterhead and contains all requested information, date, name, title and signature of the associate fulfilling the verification request. Or,
- It is a satisfactory company generated form, directly from the rental management or mortgage company, that contains all the required information for a VOR/VOM.

**Note:** All electronic signatures by the borrower must be in compliance with the E-Sign Act and the loan file must include a properly disclosed and executed E-Sign Disclosure and a Consent Form from each borrower.

### **TAX ID NUMBER AND BRANCH NUMBER**

BB&T’s Tax ID - 56-1074313

Branch Number- 029.

### **TEMPORARY BUYDOWNS**

Not Allowed

### **UNDERWRITING**

**Non-traditional credit is required for applicants with one credit score.** Correspondents may order a NTMCR or develop their own report. Non-traditional credit sources may **not** be used to enhance poor payment records or low credit scores.

Two trade references are required when at least one of the trade references includes verification of rental housing payments or mortgage loan payments. If verification of rent/mortgage is unavailable, at least three trade references must be used to determine if an applicant has a sufficient credit history. Traditional trade lines with a 12 month payment history listed on the credit report can be combined with non-traditional trade lines to obtain the required number of trade lines noted above.

**For complete guidelines, see 7 CFR 3555 and HB-1-3555 at the following link:**

<https://usdalinc.sc.egov.usda.gov/USDALincTrainingResourceLib.do>

Guaranteed Underwriting System (GUS) submissions are allowed. Use of GUS is not mandatory; however, if GUS is used, Accept/Eligible responses will be required. If USDA requires the GUS findings be manually downgraded from Accept/Eligible, the following must be provided:

- Copy of final GUS submissions reflecting a REFER status.
- Comment on the transmittal summary (1008) indicating the reason why the findings have been manually downgraded.
- Copy of the previous GUS findings that reflected an Accept/Eligible status.

Loans submitted to GUS receiving an automated “Refer” or “Refer with Caution” and switched to manual underwriting are not eligible for delivery to BB&T Correspondent Lending.

**Note: the minimum Credit Score requirement of 640 for each borrower applies.**

A copy of the response must accompany the loan file.

**With the exception of loans submitted as a Streamlined Assist Refinance, all loans submitted to BB&T for purchase require an appraisal.**

### **WORKSHEETS**

Points and Fees Worksheet or comparable form

Ability to Repay Worksheet or comparable form **Or,**

- Income calculation for each borrower on either the Transmittal Summary or on a separate form; **AND**
- Income and debt amounts must match on the Transmittal Summary, final application and final AUS submission; **AND**
- Total debt-to-income ratio on the Transmittal Summary and final AUS submission must match.

## **USDA STREAMLINED ASSIST PROGRAM**

### **General Mortgage Eligibility**

#### **PROGRAM ELIGIBILITY**

To be eligible for the USDA Streamlined Assist Program, the following requirements must be met:

- The loan being refinanced must be an existing USDA Guaranteed loan that is serviced by BB&T.
- The borrower must meet the current USDA income eligibility requirements
- The borrower must reside in an eligible rural area or an area that was eligible at the time of the original loan closing
- The mortgage being refinanced must have been paid on time for the past 12 months. No 30, 60 or 90+ day late payments allowed in the last 12 months. Loans that have been established for less than 12 months are ineligible.
- The new interest rate must be fixed and cannot be greater than the borrower(s) current interest rate
- There must be a tangible benefit, defined as:
  - A \$50 or greater reduction in principal, interest, and annual fee payment on the new guaranteed loan when compared to the existing principal, interest and annual fee payment
  - The net tangible benefit must be notated by the underwriter on the Transmittal Summary

**LOAN PROGRAM CODES**

LOAN PRODUCT CODE	LOAN PRODUCT
501	30 Year Fixed Rate

**PROGRAM IDENTIFICATION**

The special mortgage type: USDA SL Assist

**LOAN TERM / AMORTIZATION**

30 Year amortization

**NEGATIVE LOAN AMORTIZATION**

None

**PREPAYMENT PENALTY**

None

**ASSUMPTION**

Not Permitted

**ESCROWS**

Required regardless of LTV

**GUARANTEE FEE/ANNUAL FEE**

*Conditional Commitments Issued On and After October 1, 2016*

Guarantee Fee	
Purchases	1.00% of the loan amount
Refinances	1.00% of the loan amount
Annual Fee	
0.35%	

A copy of the check for the Guarantee Fee sent to USDA must accompany the loan file.

**TEMPORARY BUYDOWNS**

Not Permitted

**PRICING**

Refer to the current [Price Adjustments and LTV Charts](#) for any price adjustments that might be applicable.

[-Internal-]

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### **PRODUCT PURPOSE**

No Cash-Out Refinance Only

The proceeds of the USDA Streamlined Assist Mortgage may be used to pay off the principal balance and interest of the first mortgage plus either a portion of or the full upfront guarantee fee and eligible loan closing costs. The borrower cannot receive cash back at closing, but may be reimbursed for items paid in advance of closing, such as appraisal or credit report fees.

### **LOAN-TO-VALUES**

No Restriction – The loan amount can include the unpaid principal balance and interest of the current USDA loan plus the upfront guarantee fee and eligible closing costs.

### **MAXIMUM LOAN AMOUNT**

The maximum base loan amount cannot exceed current conforming conventional limit. The Guarantee Fee **may be** added to the base loan amount to arrive at a Total Loan Amount.

### **SECONDARY FINANCING**

Permitted.

Subordinate financing such as home equity seconds and downpayment assistance “silent” seconds cannot be included in new loan amount. Any existing liens must be subordinate to the new first lien.

### **SEASONING REQUIREMENTS**

12 months

### **MAXIMUM INTERESTED PARTY CONTRIBUTIONS (IPC)**

6%

## **Borrower Eligibility**

### **UNDERWRITING METHOD**

Manual Underwriting Only.

### **RESIDENCY STATUS**

U.S Citizen and Permanent Resident Alien

### **BORROWER BENEFIT**

The interest rate on the new mortgage cannot be greater than the borrower’s current interest rate.

### **MINIMUM CREDIT SCORE**

NONE – However, a merged credit report must be pulled and placed in file.

### **QUALIFYING RATIOS**

N/A – Re-Qualifying the borrower based on ratios is NOT required. Only the mortgage payment history will be used in the underwriting of the borrower.

### **CREDIT REQUIREMENTS**

The mortgage being refinanced must have been paid on time for the past 12 months. No 30, 60 or 90+ day late payments allowed in the last 12 months. Loans that have been established for less than 12 months are ineligible.

Proof of mortgage payment history is required.

Credit waivers or explanations for adverse credit that may be present on the credit report are not required.

### **NON-OCCUPANT CO-BORROWERS**

Not Permitted

### **MINIMUM BORROWER CONTRIBUTION**

None

### **RESERVES**

None

### **GIFT FUNDS**

Gift funds must be documented through an executed gift donor letter and establish the gift does not have to be repaid. Documentation of gift fund transfer is always required. Gift funds may be provided by the borrower's relative, employer, labor union, a charitable organization or government agency. Gift funds are considered the applicant's personal funds, but remaining funds may not be considered as cash reserves.

### **EMPLOYMENT DOCUMENTATION**

Follow USDA guidelines

### **ASSET DOCUMENTATION**

Verification of funds to close is required. All other assets may be stated.

### **INCOME DOCUMENTATION**

The income used to determine program eligibility may not be the same as the income used for qualifying purposes.

### **FOLLOW USDA GUIDELINES**

Addition or Removal of Borrower(s) from Note

Borrower(s) may be added to the new mortgage Note.

Borrowers, including those deceased, cannot be removed from the loan being refinanced.

## Property Eligibility

### OCCUPANCY TYPE

1 unit Primary Residences Only

### PROPERTY TYPES:

Single Family Dwellings, Approved-Condominiums, and PUDs

### INELIGIBLE PROPERTY TYPES

Manufactured Housing, Condotels, Geodomes, Earth Homes, Quonset Huts, Co-Ops, Properties encumbered by PACE Obligations, Properties located in mudslide zone

Properties located in a Flood Zone are eligible, **IF:**

The Correspondent follows 3555.5(d)(5) and 3555.5(d)(7) and HB-1-3555, Chapter 12.10B

### APPRAISAL REQUIREMENT

N/A – New appraisals are NOT required.

### HOME INSPECTIONS

Not Required

## 11:2 FEDERAL HOUSING ADMINISTRATION (FHA)

### BB&T LENDER ID #35029

LOAN PRODUCT CODE	LOAN PRODUCT	LOAN TERM/AMORTIZATION TERM*
201	30 Year Fixed Rate	181-360 months
202	15 Year Fixed Rate	120-180 months

\*Minimum Amortization Term – 120 months

Refer to [FHA Single Family Housing Policy Handbook \(HUD Handbook 4000.1\)](#), and BB&T's current [Overlay Matrix- Government](#) for additional information.

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### ACCEPTABLE LOAN PROGRAMS

- 203(b)
- 234(c)
- Limited 203(k) Program - Fully disbursed with the final inspection in file at time of delivery to BB&T.
- FHA Test Cases- Submission package **must** contain the Mortgage Insurance Certificate to be eligible for funding.

### ASSUMABILITY

Assumable

### BITCOIN AND RELATED PRODUCTS

Bitcoin and related products are not an acceptable source of funds for the down payment, closing costs, or financial reserves.

A large deposit from bitcoin converted to cash must be excluded from the funds used for qualifying purposes

### CERTIFICATIONS

- **Owner Occupied:** Qualified Mortgage (QM), Higher-Priced (HPML) and High Cost (HCL) Mortgage Loan Certification or comparable form that validates QM status, HPML and HCL. BB&T does not purchase high cost loans.
- **FHA Identity Certification** form must be signed by the Correspondent associate responsible for reviewing and verifying the Borrower's identity using valid government-issued photo ID. The completed form must be included in the submission package. A copy of the photo ID should not be provided to BB&T Correspondent Lending.

[-Internal-]

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**CREDIT SCORE**

Minimum credit scores are required for all programs and loan purposes, including Streamline Refinances, as follows:

LOAN PURPOSE	BASE LOAN AMOUNT	MINIMUM CREDIT SCORE
Purchase, Rate and Term Refinances, Simple Refinances, Cash-Out Refinances, BB&T Serviced Owner-Occupied Streamline Refinances, HUD REO Properties	<=\$484,350	660
	>\$484,350 to <=\$750,000	680
Streamline Refinances- Non-owner occupied- BB&T serviced loans only.	All Loan Amounts	720

**Rescoring and Credit Repair**

BB&T prohibits the use of credit repair designed to help a borrower manipulate the credit data in order to obtain financing for which they would not otherwise qualify. The following documents will be required at the time of delivery to validate the borrower qualified for the initial loan.

- Initial credit report and LP/DU findings, at the time of application, with an acceptable response of Accept/ Approve Eligible.
- The final credit report (if another was pulled for loan file decisioning) and LP/DU findings with an acceptable response of Accept/ Approve Eligible.

**Frozen Credit**

The credit report utilized to make the credit decision for loans delivered to BB&T must reflect all three credit repositories have been accessed and none are currently frozen.

**CREDIT INQUIRIES**

A written explanation is required from the Borrower for all inquiries shown on the credit report that were made within the last 90 days. Any new debt payments resulting from material inquiries listed on the credit report must be included when calculating the debt-to-income ratios.

**DEBT-TO-INCOME RATIO (DTI)**

A Debt-to-Income ratio not to exceed 50% is required for all purposes, regardless of LPA Accept or DU Approve. This does not apply to Non-Credit Qualifying Streamline Refinances.

FHA Jumbo loans are limited to 45% DTI regardless of AUS findings.

- Follow the FHA income guidelines for the borrower(s).

**ELIGIBLE DOWNPAYMENT ASSISTANCE PROGRAMS**

- Federal Home Loan Bank (FHLB)
- BB&T approved Affordable Downpayment Assistance Programs – please refer to the [Downpayment Assistance Approval List](#) located on the BB&T Correspondent Lending website for additional information.
- Individual Development Accounts (IDAs)

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## **EMPLOYMENT AND INCOME**

### **RE-VERIFICATION OF EMPLOYMENT/VERBAL VERIFICATION OF EMPLOYMENT (VOE)**

Re-verification of employment must be completed within **10 calendar days prior to the Note Date**.

### **PROJECTED INCOME**

Borrower's employment offer must be non-contingent, and the non-contingent offer letter must be retained in the file. In the event the borrower provides an offer letter with contingencies, the file must contain an additional letter from the employer stating that all contingencies have been cleared for employment. Borrower's written acceptance of the employment offer must also be retained in the file.

### **TAX RETURNS**

Self-employment and any other income from sources that must be documented by tax returns:

- Follow FHA income guidelines.
- Personal tax returns: Borrower signature not required as long as validating current tax transcripts are provided.
- Business tax returns: Borrower signature required.

### **TAX TRANSCRIPTS (IRS RECORD OF ACCOUNT)**

Note: An IRS Record of Account is acceptable in lieu of Tax Transcripts. References to "Tax Transcripts" and "Record of Account" are interchangeable for purposes of this product description.

Most recent years full Personal Tax transcripts are required for income used to qualify the borrower if:

- The borrower is self-employed and owns 25% or more of the business (including a Schedule C), **or**
- The borrower is commissioned, and the commission income represents 25% or more of their total annual employment income, **or**
- Other income from a tax return is being used to qualify (i.e. dividend/interest, rental income, capital gains, notes receivable, etc.)

***Tax Transcripts are not required for FHA Streamline Refinances.***

### **IRS FORM 4506-T**

The requirement for a fully completed, signed, and dated IRS 4506-T form applies to ALL loans.

- Provide an initial 4506-T signed (if required by the Agency) and one signed at closing.
- The 4506-T form is required whether or not the borrowers are employed.
- The 4506-T form is required whether or not the loan is income qualifying.

### **SECTION 8 HOMEOWNERSHIP VOUCHERS INCOME**

- Section 8 homeownership assistance payments paid directly to the Borrower are an acceptable source of qualifying income.
  - If the income is non-taxable, the correspondent can develop an adjusted gross income for the borrower as the income will be "grossed up" by 15 percent.
  - The subsidy must continue for at least three years.
- If the housing subsidy is paid directly to the servicing lender, it can be utilized to offset the monthly mortgage payment. The monthly mortgage payment can be reduced by the amount of the subsidy prior to the determination of the payment-to-income and debt-to-income ratios.

**Note: For additional information and documentation requirements for Employment and Income refer to the [HUD Handbook 4000.1](#).**

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## **ESCROW WAIVER**

Not Permitted

## **ESCROWS FOR COMPLETION OF CONSTRUCTION OR REPAIRS**

Permitted on a case-by-case basis. If the improvements or repairs cannot be completed for valid reason, i.e. inclement weather or shortages of materials, funds may be escrowed for one and half times the required amount to complete the work. (Examples of typical items commonly escrowed include landscaping, wallpaper, minor trim, minor painting or minor repairs). The appraiser or party completing the work should notify the Correspondent of the amount required to complete or repair the property. The borrower must have sufficient assets verified on deposit if he/she will be responsible for the repairs. The items not completed may not adversely affect the habitability or structural integrity of the property, and the incomplete items may not exceed 10% of the value of the completed mortgage premises. Mortgage Insurance and Title Insurance must not take exception to the escrow and completion normally takes two weeks to thirty days.

The escrowed funds are to be held by the closing attorney. Correspondent is required to submit to BB&T a final inspection with pictures, if applicable, to document that the repairs are completed prior to releasing the escrow funds.

## **HOMEOWNERSHIP COUNSELING DISCLOSURE**

Homeownership Counseling Disclosure required per the 2013 HOEPA Rule, an amendment to Regulation X (RESPA).

## **INELIGIBLE LOAN TYPES AND PROGRAMS**

- Construction Modification loans
- Cooperative Mortgages
- Disaster Victims Mortgages 203(h)
- Energy Efficient Mortgages (EEMs)
- Good Neighbor Next Door (GNND)
- Home Equity Conversion Mortgages (HECMS)
- Lending on Native American Tribal Lands
- Non-BB&T Serviced Streamline Refinances
- Properties subject to Property Assessed Clean Energy (PACE) Obligations
- Refinance of Borrowers in Negative Equity Positions
- Texas Equity Refinance Sections 50(a)(6) and 50(f)(2) loans
- Non-Credit Qualifying Streamline Refinances with an Appraisal
- Federal Tax Lien in First Lien Position

## **LETTERS OF EXPLANATION**

Letters of explanation addressing issues deemed material to the credit decision must be signed with a “wet signature” or an “electronic signature.” All electronic signatures by the borrower must be in compliance with the E-Sign Act and the loan file must include a properly disclosed and executed E-Sign Disclosure and a Consent Form from each borrower.

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## **LOAN PURPOSE**

- Purchase
- Rate and Term Refinance
- Simple Refinance
- Cash-Out Refinance
- Streamline Refinances- **BB&T Serviced Loans Only**

## **MAXIMUM LOAN AMOUNT**

The maximum base loan amount is the lesser of the [Nationwide Mortgage Limits](#) for the area (**base loan amount not to exceed \$750,000, regardless of number of units**), or a percentage of the Adjusted Value. The MIP may be added to the base loan amount to arrive at a Total Loan Amount.

For purchase transactions, the Adjusted Value is the lesser of:

- Purchase price less any inducements to purchase; or
- The Property Value.

For refinance transactions:

- For properties acquired by the Borrower within 12 months of the case number assignment date, the Adjusted Value is the lesser of:
  - the Borrower's purchase price, plus any documented improvements made subsequent to the purchase; or
  - the Property Value.
- Properties acquired by the Borrower within 12 months of the case number assignment by inheritance or through a gift from a family member may utilize the calculation of Adjusted Value for properties purchased 12 months or greater.
- For properties acquired by the Borrower greater than or equal to 12 months prior to the case number assignment date, the Adjusted Value is the Property Value.

## **MINIMUM LOAN AMOUNT**

None

## **MORTGAGE INSURANCE**

On 203(b) and 234(c) loans, an upfront MIP (UFMIP) is required and may be paid either all up front at closing or added to and amortized with the loan amount. 203(b) and 234(c) both require an annual MIP be paid.

BB&T cannot accept FHA loans where part of the UFMIP is financed and part is paid in cash.

<b>UPFRONT MIP PREMIUM STRUCTURE</b>	
<b>Mortgage Transaction Type</b>	<b>Upfront Premium Requirements* On or After 9/14/2015</b>
Purchase Money Mortgages	1.75%
Credit Qualifying Rate and Term Refinances	1.75%
Simple Refinances	1.75%
Streamline Refinances	1.75%
Simple Refinances & Streamline Refinances: Endorsement date on or before May 31, 2009	0.01%

<b>ANNUAL PREMIUMS</b>		
<b>All FHA Loans including Simple Refinances &amp; Streamline Refinances with Endorsement Date after May 31, 2009</b>		
<b>Annual Premiums for Loans &gt;15 Years*</b>		
<b>Base Loan Amount</b>	<b>LTV</b>	<b>On or After 9/14/2015</b>
<=\$625,500	<=95.00%	0.80%
<=\$625,500	>95.00%	0.85%
>\$625,500 & <=\$750,000	<=95.00%	1.00%
>\$625,500 & <=\$750,000	>95.00%	1.05%

<b>Annual Premiums for Loans &lt;=15 Years*</b>		
<b>Base Loan Amount</b>	<b>LTV</b>	<b>On or After 9/14/2015</b>
<=\$625,500	<=90.00%	0.45%
<=\$625,500	>90.00%	0.70%
>\$625,500 & <=\$750,000	<=78.00%	0.45%
>\$625,500 & <=\$750,000	>78.00% & <=90.00%	0.70%
>\$625,500 & <=\$750,000	>90.00%	0.95%

\*Date of case number assignment. Endorsement date is located on the Case Query screen in FHA Connection.

**NOTE**

Standard FHA Fixed Rate

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**OCCUPANCY REQUIREMENTS**

- Owner Occupied: Purchase, No Cash-Out including Simple Refinances, Cash-Out and Streamline Refinance transactions
- Non-Owner Occupied: Streamline Refinance transactions

**OVERLAYS**

Refer to BB&T’s current [Overlay Matrix- Government](#) for additional information.

**POINTS AND FEES CAPS**

- 3% of the total loan amount for a loan amount greater than or equal to \$105,158
- \$3,155 for a loan amount greater than or equal to \$63,095 but less than \$105,158
- 5% of the total loan amount for a loan greater than or equal to \$21,032 but less than \$63,095
- \$1,052 for a loan amount greater than or equal to \$13,145 but less than \$21,032
- 8% of the total loan amount for a loan less than \$13,145

**PRICING**

Refer to the current [Price Adjustments and LTV Charts](#) for any price adjustments that might be applicable.

**PROPERTY FLIPPING**

***Mortgages that are made on properties in which sales contracts have been executed after December 31, 2014, are not eligible for the property flipping waiver - 24 CFR 203.37a (b)(2) and must meet the 90 day restriction to be eligible for FHA financing.***

The table below outlines which property flipping waiver or regulation to follow based on the resale and contract date of the property.

<i>If the resale is...</i>	<i>And the contract is fully executed...</i>	<i>Then the mortgage application is...</i>
0-90 days from the seller’s acquisition	1/1/2015 or after	Ineligible for FHA financing.
91-180 days from the seller’s acquisition	On any date	Eligible if it meets FHA’s <i>Property Flipping Guideline</i> .

**FHA** defines the:

- Seller’s date of acquisition as the date of settlement on the seller’s purchase of that property (acquisition of legal ownership), and
- Resale date as the date of execution of the sales contract by all parties.

**Exceptions to the 90-day Restriction**

The *only* exceptions to the 90-day resale restriction are for:

- Properties acquired by an employer or relocation agency in connection with the relocation of an employee;
- Resales by HUD under its Real Estate Owned (REO) program\*;
- Sales by other United States Government agencies of single family properties pursuant to programs operated by these agencies;

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- Sales of properties by nonprofits approved to purchase HUD-owned single family properties at a discount with resale restriction;
- Sales of properties that are acquired by the seller by inheritance;
- Sales of properties by state and federally-chartered financial institutions and government sponsored enterprises;
- Sales of properties by local and state government agencies, and
- Sales of properties within Presidentially Declared Disaster Areas.

#### **HUD REO Properties:**

- Follow BB&T Correspondent Lending minimum credit score requirements list in “Credit Score” section.
- All borrowers must owner occupy the property
- REO property sales must be executed HUD Form 9548 (contract of sale)
- Appraisal requirements:
  - The REO appraisal ordered by HUD is used to establish the list price only. It is no longer used to calculate the maximum mortgage amount.
  - Lenders are required to order a new appraisal for REO purchase transactions. Lenders will no longer be provided with the REO appraisal ordered by HUD.
  - The intended use of the appraisal is to develop the as-is Market Value.
  - The DE Underwriter is solely responsible for determining the stated value is accurate and the property meets FHA’s Minimum Property Requirements (MPRs). The REO Asset Manager no longer has any responsibility for making those determinations.
  - The maximum mortgage amount is no longer based on the lower of appraised value, sales price or original REO list price. The maximum mortgage will be based on the adjusted value only (lower of sales price or appraised value).
- All repairs must be completed prior to loan purchase by BB&T.

#### **PROPERTY TYPES**

1-4 Units Owner Occupied Primary Residences

#### **FHA Approved Condominiums:**

- Property Insurance requirements:
  - HO6 policy required with coverage, as determined by the insurer, which is sufficient to repair the unit to its condition prior to a loss claim event for Condominiums where the condominium master policy covers the exterior structure only; **OR**
  - Condominium master policy covering the exterior **AND** interior of the unit.
  - HO6 coverage will **not** be escrowed separately if master policy covers the exterior **and** interior of the unit.
- Correspondents are responsible for verification that Condominium projects are approved by FHA.
- Condominium projects approved through the HUD Review and Approval Process (HRAP) and Direct Endorsement Lender Review and Approval Process (DELRAP) are allowed.
- Correspondents are responsible for documenting that a condominium unit not located in an FHA-approved Condominium Project was approved using the Single Unit Approval process.

**Exception:** Streamline Refinance transactions where the condominium project is no longer insurable under FHA guidelines or the project was DE approved and not HUD approved are acceptable for delivery to BB&T, if **BB&T currently services the loan.**

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### Townhomes and Attached PUDs:

- Property Insurance requirements:
  - HO3/comparable full coverage homeowners insurance policy; **OR**
  - HO6 policy required with coverage, as determined by the insurer, which is sufficient to repair the unit to its condition prior to a loss claim event for attached PUDs where the homeowners association has a blanket policy covering the exterior structure only; **OR**
  - Homeowners Association blanket policy covering the exterior **AND** interior of the unit.
  - HO6 coverage will **not** be escrowed separately if blanket policy covers the exterior **and** interior of the unit.
  - HO3/comparable full coverage policies will be escrowed.

### Ineligible Property Types

- Properties with an individual residential water purification system.
- Manufactured Housing, Single or Double-wide Manufactured Homes, Condotels, Geodomes, Earth Homes, Quonset Huts, and Co-ops.

### **QM STATUS**

Safe Harbor: Mortgage that does not exceed limits on upfront points and fees; has an APR for a first-lien mortgage relative to the APOR that is equal to or less than the sum of 115 basis points plus ongoing annual Mortgage Insurance Premium (MIP).

Rebuttable Presumption: Mortgage that does not exceed limits on upfront points and fees; has an APR that exceeds the APOR as of the date the interest rate is set by more than the sum of the ongoing annual Mortgage Insurance Premium (MIP) plus 115 basis points for a first-lien mortgage.

### **REFINANCES**

Rate and Term Refinances, Simple Refinances, Streamline Refinances - BB&T Serviced Loans only, and Cash Out Refinances are eligible. Unless otherwise noted, follow [HUD Handbook 4000.1](#) in relation to Refinances.

**For all Streamline and Cash Out Refinance transactions:** The first payment due date of the refinance loan occurs no earlier than 210 days after the first payment due date of the Initial Loan (loan being refinanced). This requirement applies regardless of whether the existing mortgage being refinanced is a FHA, VA or Conventional loan.

#### **Streamline Refinances:**

- Loan being refinanced must currently be serviced by BB&T
- If there is more than one borrower, only one of the borrowers may have **NO** credit score. AUS approved/accept will preclude any further development of the credit profile. However, due to the added risk, BB&T will apply a price adjustment- refer to BB&T's [Price Adjustments and LTV Charts](#)
- For Borrowers who have erroneous credit information reported on their credit report that results in a LPA or DU "Refer" rating, the file must contain third party documentation verifying the information is erroneous. Only in this case is the minimum credit score requirement waived. A price adjustment will be assessed for these loans as stated in BB&T's [Price Adjustments and LTV Charts](#)
- All FHA loans which are manually underwritten, due to the credit report containing erroneous data, must reflect prudent underwriting judgment.
- Non-traditional credit will not be accepted in the absence of a traditional credit report.
- All credit scores for borrowers(s) must be entered into the FHA Connection.  
*Reminder: BB&T has minimum credit scores for Streamline Refinances.*

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- Follow standard FHA requirements for Credit Qualifying and Non-Credit Qualifying Streamline Refinances.
- A **fully completed** initial URLA and HUD/VA Addendum to the URLA is now required when taking a loan application for a FHA Streamline Refinance, therefore, the abbreviated version to the URLA is no longer an option. The URLA and HUD 92900-A Addendum must be signed and dated by the borrower(s) before the loan is processed and underwritten. This allows the various disclosure requirements and certifications to be given as early as possible in the process.

#### **Credit Qualifying Streamline Refinances:**

- Payment History Requirements
  - The Borrower must have made the payments for **all** mortgages secured on the **subject property** within the month due for the **twelve months** prior to the mortgage disbursement.
  - For all mortgages on all other properties with less than six months of mortgage payment history, the Borrower must have made all payments within the month due.
  - For all mortgages on all other properties with greater than six months of mortgage payment history, the Borrower must have made all mortgage payments within the month due for the six months prior to the case number assignment and have no more than one 30-day late payment for the previous six months.
- A delinquent mortgage is **not** eligible for streamline refinancing.
- Documentation Requirements for Streamline Refinances
  - If the mortgage on the subject property is not reported in the Borrower's credit report, Correspondents must obtain a verification of mortgage to evidence all payments have been made by the Borrower in the month due for the previous twelve months.
  - In addition, if the credit report does not reflect a payment history through the current month, Correspondent must obtain additional documentation as described above as evidence the mortgage is current.
- All Streamline Refinances must be manually underwritten. Loans may be scored through TOTAL, however, the findings are invalid.
- The DE Underwriter must sign and use his or her (CHUMS) identification number on page 3 of the HUD 92900-A, and page 1 of the FHA Loan Underwriting and Transmittal Summary.
- Loan must comply with BB&T overlays for FHA Streamline Refinances.

Debt-to-Income Ratio not to exceed 50% is required for Credit Qualifying Streamline Refinances.

Credit Qualifying Streamline Refinances with an appraisal are no longer eligible.

#### **Non-Credit Qualifying Streamline Refinances:**

- Payment History Requirements
  - The Borrower must have made the payments for **all** mortgages on the **subject property** within the month due for the **twelve months** prior to the case number assignment.
  - The Borrower must have made the payments for **all** mortgages secured by the **subject property** within the month due for the month prior to the mortgage disbursement.
  - A delinquent mortgage is **not** eligible for streamline refinancing.
- Documentation Requirements for Streamline Refinances
  - If the mortgage on the subject property is not reported in the Borrower's credit report, Correspondents must obtain a verification of mortgage to evidence all payments have been made by the Borrower in the month due for the previous twelve months.

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- In addition, if the credit report does not reflect a payment history through the current month, Correspondent must obtain additional documentation as described above as evidence the mortgage is current.
- All Streamline Refinances must be manually underwritten. Loans may be scored through TOTAL, however, the findings are invalid.
- If the Mortgagee inadvertently uses TOTAL, it must not enter “ZFHA” as the underwriter in FHA Connection. Instead, the Mortgagee must use its Direct Endorsement (DE) Underwriter designation, **AND**
- The DE Underwriter must sign and use his or her (CHUMS) identification number on page 3 of the HUD 929000-A and page 1 of the FHA Loan Underwriting and Transmittal Summary.
- Loan must comply with BB&T overlays for FHA Streamline Refinances.

**RESIDENCY STATUS**

- US Citizens
- Permanent Resident Alien
- Non-Permanent Resident Alien – See Eligible Visa Types and Employment Authorization Documentation Cards below. If Non-Permanent Resident Alien borrowers are unable to provide evidence of an eligible Visa Type or EAD Card listed below, the loan is ineligible for purchase.

Non-Permanent Resident Aliens (Temporary Workers) Eligible Visa Types for Loans Delivered to BB&T
<ul style="list-style-type: none"> <li>• A-1, A-2, A-3 and must verify no diplomatic immunity on each type</li> <li>• E-1, E-2, E-3</li> <li>• G-1, G-2, G-3, G-4, G-5 and verify no diplomatic immunity on each type</li> <li>• H-1B, H-1B1, H-4 (H-4 requires H-1B or H-1B1 on the loan)</li> <li>• I</li> <li>• J-1, J-2 (J-2 requires J-1 on the loan)</li> <li>• K-1, K-2, K-3, K-4 <b>and</b> a US spouse (for K-1) or US citizen (for K-2, K-3 or K-4) on the loan</li> <li>• L-1, L-2</li> <li>• O-1, O-2, O-3 (O-3 requires O-1 or O-2 on the loan)</li> <li>• Q-2</li> <li>• R-1, R-2 (R-2 requires R-1 on the loan)</li> <li>• TN-1, TN-2, TD (TD requires TN-1 or TN-2 on the loan)</li> <li>• V-1, V-2, V-3 <b>and</b> requires a permanent resident alien on the loan for each type.</li> </ul>

Non-Permanent Resident Aliens (Temporary Workers) Eligible Employment Authorization Documentation Cards for Loans Delivered to BB&T
<ul style="list-style-type: none"> <li>• A03</li> <li>• A05</li> <li>• A08</li> <li>• A12 – If the country of birth is El Salvador, Honduras or Nicaragua</li> <li>• A17 – Requires spouse with E-1 or E-2 Visa on the loan</li> <li>• A18 – Requires spouse with L-1 Visa on the loan</li> <li>• C02 – Requires spouse with E-1 Visa on the loan</li> <li>• C08</li> <li>• C12 – Requires spouse with E-2 Visa on the loan</li> <li>• C36 – Requires spouse with E-3, H-1B, H-1B1, L-1 or O-1 Visa on the loan</li> </ul>

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## **SECONDARY FINANCING**

- Permitted. Maximum CLTV is 105%.
- Follow HUD Handbook 4000.1 for calculation of subordinate financing.

## **SECURITY INSTRUMENT**

Use the applicable Freddie Mac and Fannie Mae security instrument for the state in which the property is located.

## **SIGNATURE REQUIREMENTS**

*All electronic signatures by the borrower must be in compliance with the E-Sign Act and the loan file must include a properly disclosed and executed E-Sign Disclosure and a Consent Form from each borrower.*

### **Verifications of Employment – Verbal and Written**

All verifications of employment must be signed with a “wet signature” or an “electronic signature”.

### **Verifications of Deposit**

All verifications of deposit (VOD) must be signed by the Borrower and Correspondent with either a “wet” or an “electronic” signature.

The depository institution is required to complete all verifications of deposit requests received from the Correspondent with a “wet” signature, unless:

- The verification is generated by the depository institution on company letterhead and contains all requested information, date, name, title and signature of the associate fulfilling the verification request. **Or,**
- It is a satisfactory company generated form, directly from the depository institution, that contains all the required information for a VOD.

### **Verifications of Rent or Mortgage**

All verifications of rent or mortgage (VOR/VOM) must be signed by the Borrower and Correspondent with either a “wet” or an “electronic” signature.

The rental management or mortgage company is required to complete all verifications of rent/mortgage requests received from the Correspondent with a “wet” signature, unless:

- The verification is generated by the rental management or mortgage company on company letterhead and contains all requested information, date, name, title and signature of the associate fulfilling the verification request. **Or,**
- It is a satisfactory company generated form, directly from the rental management or mortgage company that contains all the required information for a VOR/VOM.

## **SOLAR PANELS**

Properties with solar panels must meet FHA guidelines to be eligible for delivery to BB&T.

## **TEMPORARY BUYDOWNS**

Not Allowed

## **UNDERWRITING**

BB&T Correspondent Lending requires an automated system approval (LPA Accept or DU Approve/Eligible) for FHA loans. TOTAL Scorecard run through an approved FHA vendor is acceptable. The list of approved vendors is accessible in FHA Connection.

Loans must be underwritten in compliance with [FHA Handbook 4000.1](#) and are subject to the BB&T [Government Overlay Matrix](#).

**BB&T does not underwrite FHA loans nor provide sponsorships.**

## **WORKSHEETS**

Points and Fees Worksheet or comparable form

Ability to Repay Worksheet or comparable form **Or,**

- Income calculation for each borrower on either the Transmittal Summary or on a separate form; **AND**
- Income and debt amounts must match on the Transmittal Summary, final application and final AUS submission; **AND**
- Total debt-to-income ratio on the Transmittal Summary and final AUS submission must match.

### 11:3 DEPARTMENT OF VETERANS AFFAIRS (VA)

BB&T LENDER ID # 660112000

LOAN PRODUCT CODE	LOAN PRODUCT	LOAN TERM/AMORTIZATION TERM *
204	30 Year Fixed Rate	181-360 months
205	15 Year Fixed Rate	120-180 months

\*Minimum Amortization Term – 120 months

Refer to BB&T’s current [Overlay Matrix- Government](#) for additional information.

\*\*\*\*\*

#### ASSUMABILTY

Assumable

#### BITCOIN AND RELATED PRODUCTS

Bitcoin and related products are not an acceptable source of funds for the down payment, closing costs, or financial reserves.

A large deposit from bitcoin converted to cash must be excluded from the funds used for qualifying purposes.

#### CERTIFICATIONS

Owner Occupied:

Qualified Mortgage (QM), Higher-Priced (HPML), and High Cost (HCL) Mortgage Loan Certification or comparable form that validates QM status, HPML and HCL. BB&T does not purchase high cost loans.

#### CREDIT SCORE

Minimum credit scores are required for all programs and loan purposes, including IRRRLs, as follows:

LOAN PURPOSE	LOAN AMOUNT	CREDIT SCORE
Purchase and Cash-Out Refinance- Owner Occupied	<=\$484,350	620
	>\$484,350 to <=\$750,000	660
IRRRLs - Owner Occupied – BB&T Serviced Loans	All Loan Amounts	620
IRRRLs - Owner Occupied – Non-BB&T Serviced Loans	<=\$484,350	640
IRRRLs - Owner Occupied – Non-BB&T Serviced Loans	>\$484,350 to <=\$750,000	660
IRRRLs - Non-Owner Occupied –BB&T Serviced Loans Only	All Loan Amounts	700

If there is more than one borrower, only one of the borrowers may have NO credit score. AUS approved/accept will preclude any further development of the credit profile.

Although VA does not require credit underwriting on IRRRLs, BB&T Correspondent Lending requires a credit report (In-File or Tri-Merge) on all IRRRLs to determine compliance with BB&T’s minimum credit score requirements. Non-traditional credit will not be accepted in the absence of a traditional credit report.

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For Borrowers who have erroneous credit information reported on their credit report that results in a LPA or DU "Refer" rating, the file must contain third party documentation verifying the information is erroneous. Only in this case is the minimum credit score requirement waived.

A price adjustment will be assessed for these loans as stated in BB&T's [Price Adjustments and LTV Charts](#).

All VA loans which are manually underwritten, due to the credit report containing erroneous data, must reflect prudent underwriting judgment.

### **Rescoring and Credit Repair**

BB&T prohibits the use of credit repair designed to help a borrower manipulate the credit data in order to obtain financing for which they would not otherwise qualify. The following documents will be required at the time of delivery to validate the borrower qualified for the initial loan.

- Initial credit report and LP/DU findings, at the time of application, with an acceptable response of Accept/ Approve Eligible.
- The final credit report (if another was pulled for loan file decisioning) and LP/DU findings with an acceptable response of Accept/ Approve Eligible.

### **Frozen Credit**

The credit report utilized to make the credit decision for loans delivered to BB&T must reflect all three credit repositories have been accessed and none are currently frozen.

### **ELIGIBLE DOWNPAYMENT ASSISTANCE PROGRAMS**

- Federal Home Loan Bank (FHLB)
- BB&T approved Affordable Downpayment Assistance Programs – please refer to the [Downpayment Assistance Approval List](#) located on the BB&T Correspondent Lending website for additional information.

### **EMPLOYMENT AND INCOME**

#### **Tax Returns**

Self-Employment and any other income from sources that must be documented by tax returns:

- Follow VA income guidelines.
- Personal tax returns: Borrower signature not required as long as validating current tax transcripts are provided.
- Business tax returns: Borrower signature required.

**Note:** Tax returns are no longer required for borrowers qualifying with commission income, regardless of the percentage.

#### **Tax Transcripts (IRS Record of Account)**

Note: An IRS Record of Account is acceptable in lieu of Tax Transcripts. References to "Tax Transcripts" and "Record of Account" are interchangeable for purposes of this product description.

Most recent years full personal Tax Transcripts are required for income used to qualify the borrower if:

- The borrower is self-employed and owns 25% or more of the business (including a Schedule C), or
- Other income from a tax return is being used to qualify (i.e. dividend/interest, rental income, capital gains, notes receivable, etc.)

**Tax Transcripts are not required for VA Interest Rate Reduction Refinance loans (IRRRLs).**

#### **IRS FORM 4506-T**

The requirement for a fully completed, signed, and dated IRS 4506-T form applies to ALL loans.

- Provide an initial 4506-T signed (if required by the Agency) and one signed at closing.
- The 4506-T form is required whether or not the borrowers are employed.

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- The 4506-T form is required whether or not the loan is income qualifying.

### **Section 8 Income**

Section 8 housing subsidies are allowed as qualifying income. Income from public assistance must be verified and evidence of probability of continuance for a minimum of 3 years is required.

**For additional information, refer to the [Lender's Handbook Chapter 4 2-r: Other Types of Income](#)**

### **ESCROW WAIVER**

Not Permitted

### **ESCROWS FOR COMPLETION OF CONSTRUCTION OR REPAIRS**

BB&T does not encourage escrowing for completion or repairs; however, if the improvements or repairs cannot be completed for valid reason, i.e. inclement weather or shortages of materials, funds may be escrowed. BB&T does not require review for approval of escrow holdbacks. Loans subject to an escrow holdback should follow and conform to agency guidelines. Please refer to the following link for additional information: [Chapter 9. Legal Instruments, Liens, Escrows and Related Issues](#). A fully executed Escrow Holdback Agreement indicating the amount of holdback and an itemized list of repairs to be completed should be submitted with the loan file. Correspondents are responsible for emailing the final certificate of completion to [MLFinalDocs@bbandt.com](mailto:MLFinalDocs@bbandt.com).

### **GUARANTY REQUIREMENT**

BB&T requires a minimum of 25% Guaranty for a loan to be eligible for GNMA pools. Loans that do not meet the 25% Guaranty requirement, but do meet this requirement as a result of a combination of Guaranty plus Downpayment/Equity must have a completed and satisfactory Guaranty Worksheet in the file and be eligible for GNMA pools. The Guaranty Worksheet may be created by the Correspondent, provided the calculations are accurate.

### **HOMEOWNERSHIP COUNSELING DISCLOSURE**

Homeownership Counseling Disclosure required per the 2013 HOEPA Rule, an amendment to Regulation X (RESPA).

### **INELIGIBLE LOAN TYPES AND PROGRAMS**

- Energy Efficient Mortgages (EEMs)
- Lending on Native American Tribal Lands
- Properties subject to Property Assessed Clean Energy (PACE) Obligations
- Texas Equity Refinance Sections 50(a)(6) and 50(f)(2) loans
- VA Construction Modification loans
- VA Vendee Financing Program
- VA IRRRLs that result in the same or higher monthly P&I payment

### **JOINT LOANS**

BB&T follows VA guidelines as published in the [VA Lender's Handbook, Chapter 7.1](#).

**Note:** BB&T requires a minimum of 25% Guaranty for a loan to be eligible for GNMA pools.

### **LETTERS OF EXPLANATION**

Letters of explanation addressing issues deemed material to the credit decision must be signed with a "wet signature" or an "electronic signature." All electronic signatures by the borrower must be in compliance with the E-Sign Act and the loan file must include a properly disclosed and executed E-Sign Disclosure and a Consent Form from each borrower.

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**LOAN PURPOSE**

- Purchase
- Cash-Out Refinance
- Interest Rate Reduction Refinance (IRRRL)

**LOAN-TO-VALUE/TOTAL LOAN-TO-VALUE**

Use the base (excluding Funding Fee) loan amount for the following LTV calculations:

- Purchase - max 100% LTV / 105% TLTV

**Note:** When obtaining secondary financing, the combined amount of the 1<sup>st</sup> and 2<sup>nd</sup> lien cannot exceed the value on the NOV.

Use the total (including Funding Fee) loan amount for the following LTV calculation:

- Refinance of Interim Financing (New Construction Only) – max 100% LTV / 105% TLTV. LTV's >90% must be registered as a Cash-Out Refinance with "VARefiConstruction" selected under the *Special Mortgage Type* field on the BB&T Correspondent Lending website.
- Non-IRRRL Refinances - max 90% LTV. Due to Ginnie Mae restriction.

**Note:** LTV is not calculated on VA IRRRLs except when refinancing from a Fixed Rate to an ARM and charging discount points. BB&T Correspondent Lending does not currently offer ARMs on VA loans.

**MAXIMUM LOAN AMOUNT**

The maximum base loan amount is \$750,000, regardless of number of units. The Funding Fee **may be** added to the base loan amount to arrive at a Total Loan Amount.

**MINIMUM LOAN AMOUNT**

None

**NOTE**

Standard VA Fixed Rate.

**OCCUPANCY REQUIREMENTS**

- Primary Residence
- Non-Owner Occupied Interest Rate Reduction Refinances (IRRRL's) allowed on BB&T serviced loans only.

**OVERLAYS**

Refer to BB&T's current [Overlay Matrix- Government](#) for additional information.

**POINTS AND FEES CAPS**

- 3% of the total loan amount for a loan amount greater than or equal to \$105,158
- \$3,155 for a loan amount greater than or equal to \$63,095 but less than \$105,158
- 5% of the total loan amount for a loan greater than or equal to \$21,032 but less than \$63,095
- \$1,052 for a loan amount greater than or equal to \$13,145 but less than \$21,032
- 8% of the total loan amount for a loan less than \$13,145

**PRICING**

Refer to the current [Price Adjustments and LTV Charts](#) for any price adjustments that might be applicable.

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**PROPERTY FLIPPING**

- Seller must have held title to property for a minimum of 10 days prior to loan closing (90 days if property was acquired through a Bank Short-Sale).
- Concurrent or same-day seller acquisitions of title are not acceptable.
- Sales contract cannot reflect buyer as "to be determined" or reference an assignment of contract.
- If the difference between the seller's acquisition price and sales price is 25% or greater, Correspondent must document the file to justify increase (evidence of repairs, renovations, etc.).
- The appraisal must include an address, the seller's acquisition of the subject in the property/title transfer history or an addendum, and an analysis of the transfer in determining market value.

**The following transactions are exempt from Flipping restrictions:**

- Properties being resold by a lender from inventory/Other Real Estate Owned;
- Transactions occurring as the result of a divorce settlement, inheritance, or other inter-family transfer; and
- Properties being resold by a company through an employee relocation program.

**PROPERTY TYPES****Primary Residence - 1-4 Units****VA Approved Condominiums**

- Correspondents are responsible for verification that Condominium projects are approved by VA.
- Property Insurance requirements:
  - HO6 policy required with coverage, as determined by the insurer, which is sufficient to repair the unit to its condition prior to a loss claim event for Condominiums where the condominium master policy covers the exterior structure only; **OR**
  - Condominium master policy covering the exterior **AND** interior of the unit.
  - HO6 coverage will **not** be escrowed separately if master policy covers the exterior **and** interior of the unit.

**Townhouses and Attached PUDs**

## Property Insurance requirements:

- HO3/comparable full coverage homeowners insurance policy; OR
- HO6 policy required with coverage, as determined by the insurer, which is sufficient to repair the unit to its condition prior to a loss claim event for attached PUDs where the homeowners association has a blanket policy covering the exterior structure only; OR
- Homeowners Association blanket policy covering the exterior AND interior of the unit.
- HO6 coverage will not be escrowed separately if blanket policy covers the exterior and interior of the unit.
- HO3/comparable full coverage policies will be escrowed.

**Properties with solar panels must meet VA guidelines to be eligible for delivery to BB&T.****Ineligible Properties**

Refer to the [Government Overlay Matrix](#)

**QM STATUS**

**Safe Harbor:** Mortgage that does not exceed limits on upfront points and fees; has an APR relative to the APOR that is equal to or less than 1.5% for first-lien loans.

Rebuttable Presumption: Mortgage that does not exceed limits on upfront points and fees; has an APR that exceeds the APOR as of the date the interest rate is set by 1.5%. Also known as “Higher-Priced”.

## **REFINANCES**

Permitted within VA guidelines unless otherwise noted below.

Copy of mortgage Note, or comparable, from loan being refinanced is required.

The threshold for the fee recoupment period applies to IRRRLs and Type I cash-out refinances that payoff an existing VA mortgage (VA-to-VA). The VA funding fee is excluded from the recoupment calculation.

VA IRRRLs that result in the same or higher monthly P&I payment are not eligible for delivery to BB&T.

## **BB&T Serviced VA Interest Rate Reduction Refinance (IRRRLs)**

### ***Recoupment***

For an IRRRL that results in a lower monthly principal and interest (P&I) payment, the recoupment calculation excludes taxes, escrows and the VA funding fee. Veterans must be able to recoup their closing costs within 36 months of loan closing on all IRRRL loans.

The Loan Comparison, which is disclosed to the Veteran, must include taxes, escrows and the VA funding fee in the recoupment calculation.

- If the recoupment period on the Loan Comparison is greater than 36 months because of taxes, escrows, VA funding fee, etc., a recoupment calculation and documentation to certify that the fee recoupment has been met must be included in the loan file.

### ***Seasoning Requirement***

The note date of the refinance loan must be on or after the later of:

- The date that is 210 days after the first payment due date of the existing loan being refinanced, and
- The date on which 6 full monthly payments have been made on the loan being refinanced.

**Note**: Seasoning requirement applies regardless of whether the existing mortgage being refinanced is a FHA, VA, USDA, or Conventional loan.

For validation, please submit:

- Credit report containing the mortgage reference or a Verification of Mortgage
- Promissory Date (Note or comparable)
- Loan Amount
- 1<sup>st</sup> Payment Date
- Interest Rate and Term
- P&I Payment

### ***Additional Requirements***

- Non-owner occupied Interest Rate Reduction Refinances (IRRRLs)
  - Allowed for BB&T serviced loans only.
  - The veteran or the spouse of an active service member must certify that he or she previously occupied the property as his or her home.

## **Non-BB&T Serviced VA Interest Rate Reduction Refinance (IRRRLs)**

### ***Recoupment***

For an IRRRL that results in a lower monthly principal and interest (P&I) payment, the recoupment calculation excludes taxes, escrows and the VA funding fee. Veterans must be able to recoup their closing costs within 36 months of loan closing on all IRRRL loans.

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The Loan Comparison, which is disclosed to the Veteran, must include taxes, escrows and the VA funding fee in the recoupment calculation.

- If the recoupment period on the Loan Comparison is greater than 36 months because of taxes, escrows, VA funding fee, etc., a recoupment calculation and documentation to certify that the fee recoupment has been met must be included in the loan file.

### ***Seasoning Requirement***

The note date of the refinance loan must be on or after the later of:

- The date that is 210 days after the first payment due date of the existing loan being refinanced, and
- The date on which 6 full monthly payments have been made on the loan being refinanced.

**Note:** Seasoning requirement applies regardless of whether the existing mortgage being refinanced is a FHA, VA, USDA, or Conventional loan.

For validation, please submit:

- Credit report containing the mortgage reference or a Verification of Mortgage
- Promissory Date (Note or comparable)
- Loan Amount
- 1st Payment Date
- Interest Rate and Term
- P&I Payment

### ***Additional Requirements and/or Restrictions***

- Non-owner occupied Interest Rate Reduction Refinances (IRRRLs)
  - Allowed for BB&T serviced loans only.
  - The veteran or the spouse of an active service member must certify that he or she previously occupied the property as his or her home.

### **Cash-Out Refinances**

#### ***Seasoning Requirement***

Copy of mortgage Note, or comparable, from loan being refinanced is required.

The note date of the refinance loan must be on or after the later of:

- The date that is 210 days after the first payment due date of the existing loan being refinanced, and
- The date on which 6 full monthly payments have been made on the loan being refinanced.
- For loans being refinanced within 1 year from the date of closing, provide a payment history/ledger documenting all payments, unless a credit bureau supplement clearly identifies all payments made in that timeframe.

**Note:** Seasoning requirement applies to all Cash-out Refinances regardless of whether the existing mortgage being refinanced is a FHA, VA, USDA, or Conventional loan.

### **RESIDENCY STATUS**

- US Citizens
- Permanent Resident Alien
- Non-Permanent Resident Alien – See Eligible Visa Types and Employment Authorization Documentation Cards below. If Non-Permanent Resident Alien borrowers are unable to provide evidence of an eligible Visa Type or EAD Card listed below, the loan is ineligible for purchase.

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<b>Non-Permanent Resident Aliens (Temporary Workers) Eligible Visa Types for Loans Delivered to BB&amp;T</b>
<ul style="list-style-type: none"> <li>• A-1, A-2, A-3 and must verify no diplomatic immunity on each type</li> <li>• E-1, E-2, E-3</li> <li>• G-1, G-2, G-3, G-4, G-5 and verify no diplomatic immunity on each type</li> <li>• H-1B, H-1B1, H-4 (H-4 requires H-1B or H-1B1 on the loan)</li> <li>• I</li> <li>• J-1, J-2 (J-2 requires J-1 on the loan)</li> <li>• K-1, K-2, K-3, K-4 <b>and</b> a US spouse (for K-1) or US citizen (for K-2, K-3 or K-4) on the loan</li> <li>• L-1, L-2</li> <li>• O-1, O-2, O-3 (O-3 requires O-1 or O-2 on the loan)</li> <li>• Q-2</li> <li>• R-1, R-2 (R-2 requires R-1 on the loan)</li> <li>• TN-1, TN-2, TD (TD requires TN-1 or TN-2 on the loan)</li> <li>• V-1, V-2, V-3 <b>and</b> requires a permanent resident alien on the loan for each type.</li> </ul>

<b>Non-Permanent Resident Aliens (Temporary Workers) Eligible Employment Authorization Documentation Cards for Loans Delivered to BB&amp;T</b>
<ul style="list-style-type: none"> <li>• A03</li> <li>• A05</li> <li>• A08</li> <li>• A12 – If the country of birth is El Salvador, Honduras or Nicaragua</li> <li>• A17 – Requires spouse with E-1 or E-2 Visa on the loan</li> <li>• A18 – Requires spouse with L-1 Visa on the loan</li> <li>• C02 – Requires spouse with E-1 Visa on the loan</li> <li>• C08</li> <li>• C12 – Requires spouse with E-2 Visa on the loan</li> <li>• C36 – Requires spouse with E-3, H-1B, H-1B1, L-1 or O-1 Visa on the loan</li> </ul>

**SECONDARY FINANCING**

Permitted within VA guidelines. For maximum TLTV refer to the [Loan-to-Value section](#).

**SECURITY INSTRUMENT**

Use the applicable Freddie Mac and Fannie Mae security instrument for the state in which the property is located.

**SIGNATURE REQUIREMENTS**

**Verifications of Employment – Verbal and Written**

All verifications of employment must be signed with a “wet signature” or an “electronic signature”.

**Verifications of Deposit**

All verifications of deposit (VOD) must be signed by the Borrower and Correspondent with either a “wet” or an “electronic” signature.

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The depository institution is required to complete all verifications of deposit requests received from the Correspondent with a “wet” signature, unless:

- The verification is generated by the depository institution on company letterhead and contains all requested information, date, name, title and signature of the associate fulfilling the verification request. Or,
- It is a satisfactory company generated form, directly from the depository institution, that contains all the required information for a VOD.

### **Verifications of Rent or Mortgage**

All verifications of rent or mortgage (VOR/VOM) must be signed by the Borrower and Correspondent with either a “wet” or an “electronic” signature.

The rental management or mortgage company is required to complete all verifications of rent/mortgage requests received from the Correspondent with a “wet” signature, unless:

- The verification is generated by the rental management or mortgage company on company letterhead and contains all requested information, date, name, title and signature of the associate fulfilling the verification request. Or,
- It is a satisfactory company generated form, directly from the rental management or mortgage company, that contains all the required information for a VOR/VOM.

**Note:** All electronic signatures by the borrower must be in compliance with the E-Sign Act and the loan file must include a properly disclosed and executed E-Sign Disclosure and a Consent Form from each borrower.

### **TEMPORARY BUYDOWNS**

Not Allowed

### **UNDERWRITING**

All loans must be eligible to receive VA Loan Guaranty. BB&T Correspondent Lending requires an automated system approval for VA Fixed Rate loans.

VA Interest Rate Reduction Refinance Loans (**IRRRLs**) are not to be submitted through an automated system.

VA Test Cases- Submission packages **must** contain the Loan Guaranty Certificate to be eligible for funding.

**BB&T does not underwrite VA loans nor provide sponsorships.**

### **VA FUNDING FEE**

A VA Funding Fee is required on all VA loans (except in cases where the Veteran is exempt) and may be paid either all up front at closing or added to and amortized with the loan amount. The Funding Fee may also be paid by multiple parties and can be partially paid in cash or partially financed.

### **WORKSHEETS**

- Points and Fees Worksheet or comparable form
- Ability to Repay Worksheet or comparable form; OR
  - Income calculation for each borrower on either the Transmittal Summary or on a separate form; **AND**
  - Income and debt amounts must match on the Transmittal Summary, final application and final AUS submission; **AND**
  - Total debt-to-income ratio on the Transmittal Summary and final AUS submission must match.