



7389 Florida Boulevard, Suite 200A | Baton Rouge, LA 70806 | 225.214.5000 | 888.883.5757 Toll Free

## Revised - 100% VA Cashout / Summary of VA Non-Allowable Fees

**GMFS is revising our 2/8/2016 announcement to allow a little more flexibility around Cashout rules.**

**GMFS will now offer up to 100% VA Cashout** Starting immediately GMFS will allow 100% for consolidation of any type of debt or cash in hand, previously we limited it to mortgage consolidation only.

All VA Cashout must meet the following conditions:

- Up to 100.00% LTV/ CLTV
  - No new subordinations are allowed
  - No High Balance loans over 90%
- For LTV >90%
  - Minimum Credit Score of 680 Required when borrower receives cash in hand greater than 2% of base UPB.
  - If paying off mortgages and/or paying down debts at closing the credit score can be down to 640.
- Approve/Eligible DU AUS Findings required for LTV > 90%
- 0X30 on mortgage over the last 12 month
- Seasoning requirement of 6 months or greater for COR over 90%
- Max Cash in Hand amount \$100,000
- No Refinance Permitted within 90 days of the property being listed for sale

At the next guide update, this information will be added. Until then, follow this announcement.

The rate sheet and system will be updated with the following price adjustments:

- VA Cashout with LTV/CLTV 90.00 to 95% – 0.25%
- VA Cashout with LTV/CLTV 95.01 to 100% - 0.375%

Remember, Optimal Blue cannot capture all the underwriting parameters so please make sure it meets GMFS guidelines before locking.





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**Summary of VA Non-Allowable Fees.** For all VA loans, GMFS would like to remind clients to review VA guidelines for the Non-Allowable VA Fees. Below is a quick reference list. This list is not all inclusive, only provided as a reminder to reference VA guide and bulletins for additional information.

### **Lender's Use of One Percent Flat Charge**

The lender's maximum allowable flat charge of one percent of the loan amount (or greater percentage in the case of construction loans) is intended to cover **all** of the lender's costs and services which are not reimbursable as "itemized fees and charges." The lender may pay third parties for services or do as it wishes with the funds from the flat charge, as long as the lender complies with the Real Estate Settlement Procedures Act (RESPA).

### **Attorney's Fees**

The lender may **not** charge the borrower for attorney's fees. However, reasonable fees for title examination work and title insurance can be paid by the borrower. They are allowable itemized fees and charges.

VA does not intend to prevent the veteran from seeking independent legal representation. Therefore, the veteran can independently retain an attorney and pay a fee for legal services in connection with the purchase of a home. Closing documents should clearly indicate that the attorney's fee is **not** being charged by the lender, but is being paid by the veteran as part of an independent arrangement with an attorney.

### **Brokerage Fees**

Fees or commissions charged by a real estate agent or broker in connection with a VA loan may **not** be charged to or paid by the veteran-purchaser.

While use of "buyer" brokers is not precluded, veteran-purchasers may **not**, under any circumstances, be charged a brokerage fee or commission in connection with the services of such individuals. Since information on property available for purchase and financing options is widely available to the public from a variety of sources, VA does not believe that preventing the veteran from paying buyer-broker fees will harm the veteran.

### **Prepayment Penalties**

A veteran obtaining a VA refinancing loan **cannot** use loan proceeds to pay penalty costs for prepayment of an existing lien.

A veteran purchasing a property with a VA loan **cannot** pay penalty costs required to discharge any existing liens on the seller's property.

### **HUD/ FHA Inspection Fee for Builders**

In proposed construction cases in which the dwelling was constructed under the Department of Housing and Urban Development (HUD) supervision, the cost of any inspections or re-inspections must be borne by the builder or sponsor and are **not** chargeable to the veteran-purchaser. This includes:

- re-inspections by VA or HUD of onsite or offsite work for which an escrow agreement was established, and
- any additional re-inspections deemed necessary by VA to assure conformity with VA regulations.





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