

VA STANDARD/HI-BALANCE PROGRAMS & VA IRRRL

General

Conforming Terms Available	Fixed Rate: 15 and 30-year
AUS	DU: Approve/Eligible (Manual Underwrite Available)
Minimum Credit Score	580 (640 for Manufactured Homes)

Loan Limits

- The maximum loan amount depends upon:
 - The reasonable value of the property indicated on the Notice of Value (NOV) plus t the VA funding fee (with some exceptions for IRRRLs, Cash-Out Refinancing, etc.).
- **Exception:**

Exception	Maximum Loan
IRRRLs	<ul style="list-style-type: none"> • Existing VA loan balance, plus • Allowable fees and charges, plus • Up to (2) two discount points, plus • VA funding fee.
Regular Refinancing Loan (Cash-Out)	<ul style="list-style-type: none"> • 100% of the VA reasonable value, plus • VA funding fee.
Loans to Refinance: <ul style="list-style-type: none"> • A construction loan • An installment land sales contract • A loan assumed by the Veteran at an interest rate higher than that for the proposed Refinancing loan 	The lesser of the: <ul style="list-style-type: none"> • VA reasonable value, or • Sum of outstanding balance of loan plus allowable closing costs and discounts, plus • For construction loans, “balance of the loan” includes the balances of construction financing and lot liens, if any. • VA funding fee

N2 Funding VA Product Matrix

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Maximum Guaranty

The maximum guaranty varies depending on the location of the property.

Note: Percentage and amount of guaranty is based on loan amount including the funding fee portion when fee is paid from loan proceeds.

Maximum guaranty, assuming the Veteran has full entitlement:

Loan Amount	Maximum Potential Guaranty	Special Provisions
Up to \$45,000	50% of the loan amount.	Minimum guaranty of 25% on IRRRLs
\$45,001 - \$56,250	\$22,500	Minimum guaranty of 25% on IRRRLs
\$56,251 - \$144,000	40% of the loan amount, with a maximum of \$36,000	Minimum guaranty of 25% on IRRRLs
\$144,001 - \$417,000	25% of the loan amount	Minimum guaranty of 25% on IRRRLs
Greater than \$417,000	The lesser of: 25% of the VA county loan limit, or 25% of the loan amount	Minimum guaranty of 25% on IRRRLs

LTV MATRIX

Transaction Type	Purchase		Cash Out Refinance		VA IRRRL	
	LTV/CLTV	MIN FICO	LTV/CLTV	MIN FICO	LTV/CLTV	MIN FICO
AUS Approve/Eligible (Max DTI - Follow AUS)	100%	580	90%	580	N/A	N/A
Manual Underwrite (Max DTI - 49.99%)	100%	580	90%	580	100%	580

Min FICO 580: Up to \$1M loan amount (including FF)

Min FICO 700: Up to \$1.5M loan amount (including FF)

VA FUNDING FEE

Type of Loan	Down Payment	First Time Use	Subsequent Uses
Purchase and Construction	None	2.30%	3.600%
	5% - 10%	1.65%	1.65%
	≥ 10%	1.40%	1.40%
Cash-Out Refinance	N/A	2.30%	3.60%
IRRRLs	N/A	0.50%	0.50%

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LOAN PRODUCTS

Characteristics	Parameters
Loan Products	<ul style="list-style-type: none"> • Interest Rate Reduction Refinance Loans (IRRLs) – Streamline Refinancing Loans: <ul style="list-style-type: none"> – Used to refinance an existing VA loan at a lower interest rate – A Fixed Rate loan to refinance a VA Adjustable Rate Mortgage (ARM) may be at a higher interest rate. – No appraisal or underwriting is required, however, an AVM may be required. – Closing Costs may be financed in the loan. – Any reasonable discount points can be charged, but only 2 discount points can be financed in loan. – No cash to the Borrower • Cash-Out Refinance: <ul style="list-style-type: none"> – Discount points cannot specifically be included in the loan amount, but the Borrower can receive cash from loan proceeds, subject to maximum loan limits. – The cash received by the borrower can be used for any purpose acceptable to the lender, including payment of reasonable discount points.

LOAN PURPOSE

Characteristics	Parameters
Loan Purpose - Eligible	<ul style="list-style-type: none"> • Purchase/Construct: <ul style="list-style-type: none"> – A farm residence to be owned and occupied by the veteran as a home – A one-family residential unit in a condominium housing development approved by VA • Purchase a Manufactured Home and Lot: <ul style="list-style-type: none"> – A lot on which to place a manufactured home already owned by the veteran – A double-wide manufactured home – A double-wide manufactured home and a lot on which to place such home • Refinance: To: <ul style="list-style-type: none"> – Refinance an existing VA-guaranteed or direct loan to lower the Interest Rate (IRRL or Streamline Refinancing) – Refinance an existing mortgage loan or other indebtedness secured by a lien of record on a residence owned and occupied by the veteran as a home

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LOAN PURPOSE <i>(Continued)</i>	
<p>Loan Purpose – Eligible <i>(Continued)</i></p>	<ul style="list-style-type: none"> • Refinance – Manufactured Home: <ul style="list-style-type: none"> – To Refinance an existing loan guaranteed, insured, or made under this section. – To Refinance an existing loan that was made for the purchase of, and that is secured by, a manufactured home and to purchase a lot on which such manufactured home is or will be placed • Cash-Out Refinance: Limited circumstances ONLY <ul style="list-style-type: none"> – IRRRL – Cash-Out
<p>Loan Purpose - Ineligible</p>	<ul style="list-style-type: none"> • Purchase of unimproved land with the intent to improve it at some future date (that is, the land purchase is not in conjunction with a construction loan). • Purchase or construction of a dwelling for investment purposes. • Purchase or construction of a combined residential and business property, UNLESS: <ul style="list-style-type: none"> – The property is primarily for residential purposes, – There is not more than one business unit, and – The nonresidential area does not exceed 25 percent of the total floor area. • Purchase of more than one separate residential unit or lot unless the veteran will occupy one unit and there is evidence that the residential units: <ul style="list-style-type: none"> – Are unavailable separately, – Have a common owner, – Have been treated as one unit in the past, and – Are assessed as one unit, or – Partition is not practical, as when one unit serves the other(s) in some respect; for example, common approaches or driveways.
<p>VA IRRRL and Cash-Out Seasoning</p>	<ul style="list-style-type: none"> • Except as provided below, all VA IRRRL and Cash-Out Refinance loans, the Note Date of the new refinance loan must be on or after the later of: <ul style="list-style-type: none"> – The date that is 210 days after the first payment due date of the loan being refinanced, and – The date on which the sixth monthly payment is made on the loan being refinance. <hr/> <p>Note: If the prior loan was modified, the above seasoning requirement is calculated from the first payment due date on the loan modification agreement.</p>

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LOAN PURPOSE <i>(Continued)</i>	
Characteristics	Parameters
VA IRRRL and Cash-Out Seasoning <i>(Continued)</i>	<ul style="list-style-type: none"> VA Loans Refinancing Non-Mortgage Debts secured by the subject property such as tax or mechanic liens are not subject to the seasoning requirements stated above.
VA IRRRL Net Tangible Benefit Requirements	For Refinances in which the original loan being refinanced and the new refinance loan both have a fixed mortgage interest rate, the interest rate must be reduced by a minimum of 0.50%.
VA IRRRL Fee Recoupment	<ul style="list-style-type: none"> For an IRRRL that results in a lower monthly principal and interest payment, all fees except taxes, amounts held in escrow, and fees paid under Chapter 37 (e.g. VA Funding Fee) must be recouped by the savings from the lower monthly payments within 36 months of the Note Date. For an IRRRL that results in the same or higher monthly principal and interest payment, the Veteran must incur no fees, closing costs, or expenses other than taxes, amounts held in escrow, and fees paid under Chapter 37 (e.g. VA Funding Fees).
CREDIT	
Adverse Credit Data	In circumstances not involving Bankruptcy, satisfactory credit is generally considered to be re-established when Borrower(s) have made 12 months of satisfactory payments after the date last derogatory credit item was satisfied.
Adverse Credit Collection Accounts	<ul style="list-style-type: none"> Isolated collection accounts do not necessarily have to be paid off as a condition for loan approval. If a credit report reveals numerous unpaid collections and/or accounts that are not being paid timely, including some which have been outstanding for many years, then once the Borrower has satisfied the obligations, and then makes timely payments on subsequent obligations for at least 12 months, satisfactory credit is considered re-established. Collection accounts must be considered part of the Borrower's overall credit history and unpaid collection accounts should be considered open, recent credit.
Adverse Credit Charged Off Accounts	The underwriter must address the circumstances regarding the negative credit history when reviewing the overall credit of the Borrower(s).

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CREDIT *(Continued)*

Characteristics	Parameters
Credit History	<ul style="list-style-type: none"> • A poor credit history alone is a basis for disapproving a loan. If credit history is marginal, other factors such as residual income may be considered. • Credit Reports used in analyzing VA loans must be either Three-file Merged Credit Reports (MCR), or Residential Mortgage Credit Reports (RMCR). • The credit report must be less than 120-days old. • For automatically closed loans and prior approval loans, the date of the credit report must be within 120 days of the date the note is signed. • For Borrowers with no established credit history, the Lender can base the determination on the Borrower's payment record on alternative or nontraditional credit directly from the Borrower or creditor in which a payment history can be verified. Absence of a credit history is not generally considered an adverse factor.
Adverse Credit Disputed Accounts	<ul style="list-style-type: none"> • Lenders may consider a Veteran's claim of bona fide or legal defenses regarding unpaid debts except when the debt has been reduced to judgment. • Underwriter must document reason(s) for not considering an account on VA Form 26-6393, Loan Analysis.
Adverse Credit Judgments	Account balances reduced to judgment by a court must either be paid in full or subject to a repayment plan with a history of timely payments.
Adverse Credit Consumer Credit Counseling Plan	<ul style="list-style-type: none"> • A Borrower with a prior adverse credit who is participating in a Consumer Credit Counseling Plan is considered a satisfactory risk if he/she demonstrates 12 months' satisfactory payments and the counseling agency approves the new credit. • For a Borrower with a good prior credit who is participating in a Consumer Credit Counseling Plan, such participation must be considered a neutral factor or even a positive factor in determining creditworthiness.

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CREDIT *(Continued)*

Characteristics	Parameters
<p align="center">Bankruptcy</p>	<p>The fact that a Bankruptcy exists in a Borrower (or spouse's) credit history does not in itself disqualify the loan.</p> <ul style="list-style-type: none"> • Chapter 7: <ul style="list-style-type: none"> – If the Bankruptcy was discharged more than 2 years ago from the date of closing for purchases and refinances, it may be disregarded. – If the Bankruptcy was discharged within the last 1 to 2 years, both of the following requirements must be met: <ul style="list-style-type: none"> ▪ The Borrower(s) had obtained consumer items on credit subsequent to the Bankruptcy and has satisfactorily made the payments over a continued period. ▪ The Bankruptcy was caused by verified circumstances beyond the control of the Borrower or Spouse such as unemployment, prolonged strikes, medical bills not covered by insurance, etc. (Divorce is not generally viewed as beyond the control of the Borrower and/or Spouse.) – If the Bankruptcy was discharged within the past 12 months and was caused by failure of the business of a self-employed Borrower, all four (4) of the following requirements must be met: <ul style="list-style-type: none"> ▪ The Borrower obtained a permanent position after the business failed. ▪ There is not any derogatory credit information prior to the self-employment. ▪ There is not any derogatory credit information subsequent to the Bankruptcy. ▪ Failure of the business was not due to the Borrower's misconduct. • Chapter 13: <ul style="list-style-type: none"> – If the Borrower(s) has finished making all payments satisfactorily, the lender may conclude that the Borrower has re-established satisfactory credit. – If the Borrowers) has satisfactorily made at least 12 months' worth of the payments and the Trustee or the Bankruptcy Judge approves of the new credit, the lender may give favorable consideration.

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CREDIT *(Continued)*

<p>Foreclosure Deed-in-Lieu of Foreclosure Short Sale in Lieu of Foreclosure</p>	<ul style="list-style-type: none"> • The fact that a home loan Foreclosure (or Deed-in-Lieu (DIL) or Short Sale in lieu of Foreclosure (Pre-Foreclosure Sale)) exists in a Borrower(s) history does not in itself disqualify the loan. • If the Borrower's payment history on the property was not affected before the Short Sale or DIL and was voluntarily communicating with the Servicer or holder, then a waiting period from the date of transfer of the property may not be necessary. • If the Foreclosure, DIL or Short Sale was on a VA-guaranteed loan, then a Borrower may not have full entitlement available for the new VA loan. • Entitlement charged on a foreclosed loan cannot be restored until VA's loss on the loan has been fully repaid. Information about repayment of the loss may be obtained by contacting an RLC. • If a Foreclosure was finalized more than 2 years from the date of closing, the Lender may disregard it. • If the Foreclosure was finalized within the last 1 to 2 years from the date of closing, both of the following requirements must be met: <ul style="list-style-type: none"> – The Borrower (s) has obtained consumer items on credit subsequent to the Foreclosure and has satisfactorily made the payments over a continued period, and – The Foreclosure was caused by circumstances beyond the control of the Borrower (s) such as unemployment; prolonged strikes, medical bills not covered by insurance, and so on, and the circumstances are verified. • If a Foreclosure, DIL, or Short Sale process is in conjunction with a Bankruptcy, use latest date of either the discharge of Bankruptcy or transfer of title for the home to establish beginning date of re-established credit.
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BORROWER ELIGIBILITY

Characteristics	Parameters
<p>Certificate of Eligibility (COE)</p>	<ul style="list-style-type: none"> • A COE must be issued in WebLGY as proof of the Veteran's eligibility for the VA-guaranteed loan. • VA systems will not generate a VA case number for an Interest Rate Reduction Refinancing Loan (IRRRL) if there is no record of an active VA loan. This means if a lender successfully obtains a case number for an IRRRL, a COE is not required. • The Lender and the Veteran must comply with conditions listed on the COE.

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BORROWER ELIGIBILITY <i>(Continued)</i>	
Characteristics	Parameters
<p>Borrower Eligibility <i>(Continued)</i></p>	<ul style="list-style-type: none"> • VA does not allow an individual to take title to a property if that individual is not on either the Mortgage Note or a Mortgage Deed of Trust. If a spouse or other owner does not want to sign a Mortgage Note and be obligated for a VA-guaranteed home loan, that individual must sign a Mortgage Deed of Trust. • The Lender may rely on a Certificate of Eligibility (COE) as proof the Veteran is eligible for the home loan benefit. • The following individuals are eligible: <ul style="list-style-type: none"> – Members of the Army, Air Force, Navy, Marine Corps, and Coast Guard – Veterans: <ul style="list-style-type: none"> ▪ Discharged Veterans (Regular Military) ▪ Veterans on Active Duty ▪ Discharged Reserve/Guard Members ▪ Current Reserve/Guard Members – Unmarried surviving spouse of a Veteran, who died as a result of service or service-connected causes – Surviving spouse of a Veteran who dies on active duty or from service-connected causes, who remarries on or after age 57 and on or after December 16, 2003 – Spouse of an active duty member who is listed as Missing in Action (MIA) or a Prisoner of War (POW) for at least 90 days – Eligibility is limited to one-time use ONLY – Surviving spouses of Veterans who died from non-service-connected causes, if certain conditions are met – Surviving spouse who is eligible for or in receipt of certain types of Dependency Indemnity Compensation (DIC) <hr/> <p>Note: Congress periodically grants Veteran status to other groups, such as members of the Public Health Service, and cadets at the service academies. Contact one of the Regional Loan Centers (RLCs) for assistance when one of these unique cases is encountered.</p> <hr/> <ul style="list-style-type: none"> • Social Security Number is required (no ITINs). • Foreign nationals shall not be allowed for mortgage financing.

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INCOME / ASSETS

Characteristics	Parameters
Borrower Eligibility Documentation	<ul style="list-style-type: none"> • The Certificate of Eligibility (COE) issued in WebLGY is the proof of eligibility for the lender. • Proof of Service Requirements: <ul style="list-style-type: none"> – Discharged Veteran (Regular Military) – DD214 Form, Certificate of Release or Discharge from Active Duty – Veteran Still on Active Duty – Statement of Service (SOS), signed by, or by the direction of, the adjutant, personnel office, or commander of the unit or higher headquarters they are attached to – Discharged Reserve/Guard Member - NGB Form 22, Report of Separation and Record of Service, and NGB Form 23B, latest Retirement Points Summary Statement, with the COS document, along with evidence of honorable service. – Current Reserve/Guard Member - SOS signed by, or by the direction of, the adjutant, personnel office, or commander of the unit or higher headquarters they are attached to. There is no one form used uniformly by the military for an SOS (on military letterhead or electronic). • If called to active duty, a copy of the orders must accompany the SOS with the name and point of contact for the command or unit.
Borrower Ineligibility	<ul style="list-style-type: none"> • Title search indicates any encumbrances that would preclude the Borrower from obtaining a loan. • The Credit Alert Verification Reporting System (CAIVRS) or another source indicates the Borrower has delinquent Federal debt - The Borrower is not eligible until the delinquent account is brought current or satisfactory arrangement is made between the Borrower and the Federal agency. • The Borrower has a judgment lien against his or her property for a debt owed to the Government – The Borrower is ineligible until the judgment is paid or otherwise satisfied.
Assets	<ul style="list-style-type: none"> • The Borrower must have sufficient cash assets to cover: <ul style="list-style-type: none"> – Any closing costs, pre-pays, or discount points which are the Borrower's responsibility and are not financed into the loan, and – The difference between the sales price and the loan amount, if the sales price exceeds the reasonable value established by VA (i.e. negative equity). • However, the Borrower's ability to accumulate liquid assets and the current availability of liquid assets for unplanned expenses should be considered in the overall credit analysis. • A rental offset does not require additional assets to cover Principal, Interest, Taxes and Insurance (PITI).

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INCOME / ASSETS <i>(Continued)</i>									
Characteristics	Parameters								
Entitlement Amount	<p>The amount of basic entitlement (amount available for use on a loan) is \$36,000, or less if the Veteran has used entitlement before which has not been restored. Entitlement amount is reduced by the amount used on the prior loan(s).</p> <table border="1" style="margin-left: auto; margin-right: auto;"> <thead> <tr> <th style="background-color: #d9e1f2;">Loan Amount</th> <th style="background-color: #d9e1f2;">Available Entitlement</th> </tr> </thead> <tbody> <tr> <td style="text-align: center;">>\$144,000</td> <td style="text-align: center;">Bonus entitlement may be available</td> </tr> <tr> <td style="text-align: center;">>\$144,000 but <\$484,350</td> <td style="text-align: center;">25%</td> </tr> <tr> <td style="text-align: center;">>484,350</td> <td style="text-align: center;">25% of loan limit (varies by county)</td> </tr> </tbody> </table>	Loan Amount	Available Entitlement	>\$144,000	Bonus entitlement may be available	>\$144,000 but <\$484,350	25%	>484,350	25% of loan limit (varies by county)
Loan Amount	Available Entitlement								
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>\$144,000 but <\$484,350	25%								
>484,350	25% of loan limit (varies by county)								
Income Verification	<ul style="list-style-type: none"> • Income of a spouse who will be contractually obligated on the loan must be verified and treated the same as the income of a Veteran Borrower that will be obligated on the loan. <ul style="list-style-type: none"> – In community property states, information concerning a spouse may be requested and considered in the same manner as for the borrower, even if the spouse will not be contractually obligated on the loan. – The non-purchasing spouse’s (NPS) credit history does not need to be considered; however, the NPS’ liabilities must be considered to determine the extent of the household liabilities. • Paystub(s) covering the most recent 30-day period with year-to-date (YTD) information is required if the employer normally provides a paystub to the Borrower. <ul style="list-style-type: none"> – A current paystub is not required with an automated employment verification service. • If the employer does not indicate the probability of continued employment on the VOE, the Lender is not required to request any additional documentation on that subject. • Income of the spouse who will be contractually obligated on the loan must be verified and treated the same as of a Veteran Borrower that will be obligated on the loan. • The paystub may be an original, electronic, or a copy certified by the Lender to be a true copy of the original document. 								

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INCOME / ASSETS *(Continued)*

Characteristics	Parameters
<p>Income Verification <i>(Continued)</i></p>	<ul style="list-style-type: none"> • Paystub(s) must be no more than 120 days old from the closing date. <ul style="list-style-type: none"> – For loans closed automatically, the date of the paystub must be within 120 days of the date the Note is signed from the closing date. – For prior approval loans, the date of the paystub must be within 120 days of the date the application is received by VA from the closing date. • Additional documentation required for Borrowers employed in building trades or other seasonal employment: <ul style="list-style-type: none"> – Documentation of the Borrower's total earnings YTD – Signed and dated individual income tax returns for the previous 2 years – If Borrower works out of a union, evidence of the union's history with the Borrower. • For income from non-military employment, a minimum of two (2) years of employment must be verified.
<p>Rental Income Eligibility & Verification</p>	<ul style="list-style-type: none"> • Rental Income Eligibility: When all or a portion of the Borrower's income is derived from rental income, documentation and verification of the income are necessary to determine the likelihood of continuance. • Verification of Rental Offset of Property Occupied Prior to the New Home: <ul style="list-style-type: none"> – Required Documentation: <ul style="list-style-type: none"> ▪ A copy of the rental agreement for the property, if any, must be obtained. ▪ Documentation of cash reserves totaling at least three (3) months PITI ▪ Individual income tax returns, signed and dated or lender obtained tax transcripts, plus all applicable schedules for the previous two (2) years, which show rental income generated by the property – Required Documentation for Temporary Boarder Rental Income: <ul style="list-style-type: none"> ▪ Individual income tax returns, signed and dated, plus all applicable schedules for the previous two (2) years, which show boarder income generated by the property, and • The rental cannot impair the residential character of the property and cannot exceed 25% percent of the total floor area.

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INCOME / ASSETS <i>(Continued)</i>	
Characteristics	Parameters
Rental Income Calculation	<ul style="list-style-type: none"> • Prospective rental income must be used only to offset the mortgage payment on the rental property, and only if there is not an indication that the property will be difficult to rent. This rental income may not be included in effective income. • Each property must have a 2-year rental history itemized on the Borrower’s tax return. • For a multi-unit property securing the VA loan, one unit of which will be occupied by the Borrower as his/her residence: <ul style="list-style-type: none"> – Prospective rental income must be included in effective income, only if: <ul style="list-style-type: none"> ▪ The Borrower has a reasonable likelihood of success as a landlord, and ▪ Cash reserves total at least six (6) months mortgage payments (Principal, Interest, Taxes and Insurance or PITI) – The amount of rental income to include in effective income is based on 75% of the amount indicated on: <ul style="list-style-type: none"> ▪ The lease or rental agreement, unless a greater percentage can be documents (for an existing property). • The Appraiser’s opinion of the property’s fair monthly rental (for proposed construction)
Gifts Funds	<ul style="list-style-type: none"> • A gift can be provided by a donor that does not have any affiliation with the builder, developer, real estate agent, or any other interested party to the transaction. • A gift letter must specify: <ul style="list-style-type: none"> – Specify the dollar amount of the gift. – Include the donor’s statement that no repayment is expected. • Indicate the donor’s name, address, telephone number and relationship to the Borrower. • Acceptable documentation includes: <ul style="list-style-type: none"> – Evidence of the Borrower’s deposit, – A copy of the donor’s funds by check/electronic transfer to the Closing Agent, or • The Closing Disclosure (CD) showing receipt of the donor’s funds.

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INCOME / ASSETS <i>(Continued)</i>	
Characteristics	Parameters
Reserves	<ul style="list-style-type: none"> • Veterans Residence: VA does not require the Borrower(s) to have additional cash to cover a certain number of mortgage payments, unplanned expenses or other contingencies on the residence, or refinance of the Veteran's residence. • Rental Property: Reserves are required for Borrowers using rental income to qualify <ul style="list-style-type: none"> – Reserves are not needed to offset the mortgage payment on the property the Veteran occupies prior to the new loan if the Veteran will rent the previous home upon closing of the new home. – For multi-unit property securing the VA loan, one unit of which will be occupied by the Borrower as his/her residence, cash reserves must total at least six (6) months PITI. <ul style="list-style-type: none"> ▪ If each unit is separate and not under one Mortgage, six (6) months PITI must be verified for each separate unit. – If rental income is used to qualify, the Borrower must have: <ul style="list-style-type: none"> ▪ Cash reserves totaling at least three (3) months PITI ▪ For multiple properties, three (3) months PITI documented for each property <ul style="list-style-type: none"> ○ If there is no lien on the property, the Borrower must have three (3) months reserves to cover expenses such as taxes, hazard insurance, flood insurance, homeowner's association fees, and any other recurring fees, which must be documented. ▪ Equity in the property cannot be used as reserves. ▪ Gift funds cannot be used to meet reserve requirements. – Cash proceeds from a VA refinance cannot be counted as the required PITI on a rental property. The reserve funds must be in the Borrower's account before the new VA loan closes.
4506-C Transcripts	<p>IRS tax transcripts are required when qualifying with any of the following:</p> <ol style="list-style-type: none"> 1. Self-employed income 2. Commission income greater than 25% of the Borrower's total earnings 3. Rental income documented on Schedule E 4. Employed by a family-owned business 5. Fixed income when the 1040s are used in lieu of alternative documentation

N2 Funding VA Product Matrix

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INCOME / ASSETS <i>(Continued)</i>	
<p>4506-C Transcripts <i>(Continued)</i></p>	<p>W2 or 1099 transcripts are not required for:</p> <ol style="list-style-type: none"> 1. Wage-earners. 2. Fixed income (e.g. long-term disability, social security, retirement, etc.) if alternative documents such as award letter, social security benefits letter, 1099, or bank statements are provided. 3. Commission income less than 25% of the Borrower’s total earnings. <p>Tax transcripts are still required when the following is used to qualify:</p> <ol style="list-style-type: none"> 1. Non-taxable income, other than VA disability income, is grossed up 2. Other income types such as auto allowance, capital gains/losses, dividend/interest, or farm income/loss 3. Handwritten income documentation 4. Loan files where relationship exists between Borrower and an interested party of the subject transaction such as Seller, Loan Officer, or employee of a Mortgage Broker; or Seller has relationship to the Loan Officer
<p>Employment Verification (VOE)</p>	<ul style="list-style-type: none"> • VA Form 26-8497, Request for Verification of Employment (VOE) or any format which furnishes the same information as VA Form 26-8497 is acceptable – may be an original, faxed, or emailed copy of the original. • Lenders may use any employment verification service that provides the same information as the “full” verification generated through the “Work Number” for all applicants. • VOE can be an original document or an electronic copy. • For active-duty military Borrowers, a Leave and Earnings Statement (LES) is required instead of a VOE. <p>Employed Veteran Borrowers:</p> <ul style="list-style-type: none"> • VOE must be no more than 120 days old from the closing date. <ul style="list-style-type: none"> – For loans closed automatically, the date of the VOE must be within 120 days of the date the Note is signed from the closing date. – For prior approval loans, the date of the VOE must be within 120 days of the date the application is received by VA from the closing date. • Acceptable alternative documentation for VOE if Lender concludes Borrower’s income is stable: <ul style="list-style-type: none"> – Paystub(s) covering at least the most recent 30-day period with year-to date information – W-2 Forms for the most recent 2 years, and/or – Telephone verification of the Borrower's current employment.

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Characteristics	
Characteristics	Parameters
Employment Verification (VOE) <i>(Continued)</i>	Self-Employed Veteran Borrowers: <ul style="list-style-type: none"> Year-To-Date Profit and Loss statement (if the most recent year's tax return has not yet been prepared, provide a profit and loss statement for that year), Current Balance Sheet, and Individual income tax returns, signed and dated, plus all applicable schedules for the previous 2 years (or additional periods if needed to demonstrate a satisfactory earnings record). If the business is a corporation or partnership, include copies of the signed federal business income tax returns for the previous 2 years with all applicable schedules, and a list of all stockholders or partners showing the interest each holds in the business.
PROPERTY	
Characteristics	Parameters
Appraisals	<ul style="list-style-type: none"> Appraisals must be ordered online in WebGLY only after a Certificate of Eligibility (COE) is requested. In most cases, VA will automatically assign an Appraiser on VA's fee appraiser panel to perform the appraisal. After the Notice of Value (NOV) has been issued, no duplicate appraisals may be requested for the same Veteran on the same property during the validity period of the NOV.
Recently Listed Properties	Cash-Out and Rate and Term Refinance: Property must be off the market at least one (1) day prior to application.
Condominiums/PUDs	<ul style="list-style-type: none"> A Condominium or PUD development must be approved by VA. Lots or units securing VA loans in Condominiums must meet both title and lien-related VA regulatory requirements. Any mandatory homeowner association assessment must be subordinate to the VA-guaranteed mortgage. A wood-destroying insect inspection is required in low rise and high rise units only if the fee appraiser observes a potential problem.

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PROPERTY *(Continued)*

Characteristics	Parameters
<p>Occupancy</p>	<p>A veteran obtaining a VA-guaranteed loan to certify that he or she intends to personally occupy the property as his or her home.</p> <hr/> <p>Note: Single or married servicemembers, while deployed from their permanent duty station, are considered to be in a temporary duty status and able to meet the occupancy requirement.</p> <hr/> <ul style="list-style-type: none"> • Primary Residence: <ul style="list-style-type: none"> – 1 - 4 units - The Veteran/Borrower must occupy one unit as his/her residence. • As of the date of certification, the Veteran or the Veteran’s spouse or dependent must either: <ul style="list-style-type: none"> – Personally live in the property as his or her home, or – Intend, upon completion of the loan and acquisition of the dwelling, to personally move into the property and use it as his or her home within 60 days of loan closing (“reasonable time”). <ul style="list-style-type: none"> ▪ Occupancy beyond 12 months after loan closing is not considered “reasonable time” for occupancy. ▪ Exceptions are made for Home Improvement or Refinancing loans for extensive changes to the property which will prevent the Veteran from occupying the property within the reasonable time. <p>Exception: For IRRRLs, the veteran need only certify that he or she previously occupied the property as his or her home.</p> <ul style="list-style-type: none"> • A Veteran using entitlement on a joint loan (a loan made to the Veteran and one or more non-Veterans (not Spouse); to the Veteran and one of more Veterans (not Spouse) who may or may not be using their entitlements; to the Veteran and the Veteran’s Spouse who is also a Veteran and both entitlements will be used), must certify intent to personally occupy the property as his or her home.
<p>Properties - Eligible</p>	<ul style="list-style-type: none"> • Real property securing a VA-guaranteed loan must be located in the United States, its territories, or possessions (Puerto Rico, Guam, Virgin Islands, American Samoa and the Northern Mariana Islands). • The property must be a single, readily marketable, real estate entity - More than one parcel or lot may be included as long as all of the property is contiguous and legally marketable.

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PROPERTY *(Continued)*

Characteristics	Parameters																	
<p>Properties – Ineligible <i>(Continued)</i></p>	<ul style="list-style-type: none"> • A property that does not comply with current zoning regulations (however, a “legal non-conforming” use is acceptable) • A property that is primarily non-residential • A new or proposed construction, if the local building authority routinely performs construction inspections, but none were conducted • Condo-hotel properties (Condotels) where units are placed in a rental pool and “air” condominiums that do not have a homeowners association • A property for which any party of interest to the transaction, other than the Purchaser, is debarred Government-wide, or excluded from participation in the Loan Guaranty program due to a VA-imposed sanction • Properties in the following locations: <ul style="list-style-type: none"> – Airport Clear Zone (also known as a Runway Protection Zone), if the property is proposed construction – Lava Flow Hazard Zone 1 and 2 – Coastal Barrier Resources System (CBRS) areas – Special Flood Hazard Area (SFHA) if flood insurance is not available – Area subject to regular flooding, whether or not it has been designated an SFHA – Transmission line easement involving high-pressure gas, liquid petroleum or high voltage electricity if any part of the residential structure is within the easement – Area susceptible to geological or soil instability for new and proposed construction cases unless the builder provides evidence that the site is not affected or the instability has been addressed in the engineering design <table border="0" data-bbox="493 1161 1921 1380"> <tr> <td>• Co-ops</td> <td>• Land trust</td> <td>• Mixed-use</td> </tr> <tr> <td>• Indian/Tribal Lands</td> <td>• Mobile homes</td> <td>• Cooperatives</td> </tr> <tr> <td>• Condotels</td> <td>• Hotel condominiums</td> <td>• Timeshares</td> </tr> <tr> <td>• Working farms and ranches</td> <td>• Commercial properties</td> <td>• Leasehold estate condo projects</td> </tr> <tr> <td>• No non-traditional home types (geo-dome)</td> <td>• Unimproved land and property currently in litigation</td> <td></td> </tr> </table>			• Co-ops	• Land trust	• Mixed-use	• Indian/Tribal Lands	• Mobile homes	• Cooperatives	• Condotels	• Hotel condominiums	• Timeshares	• Working farms and ranches	• Commercial properties	• Leasehold estate condo projects	• No non-traditional home types (geo-dome)	• Unimproved land and property currently in litigation	
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MISCELLANEOUS *(Continued)*

Characteristics	Parameters
Discount Points	<ul style="list-style-type: none"> • Veterans may pay reasonable Discount Points. • The Lender and the Veteran may agree upon the amount of the Discount Points, based on the Principal amount of the loan after adding the VA Funding Fee, if the Funding Fee will be paid from loan proceeds. • The Veteran and Seller may negotiate for the seller to pay all or some of the points. • Discount Points may be rolled into the loan only in the case of Refinancing loans, subject to limitations. • Points may not be financed in the loan except with Interest Rate Reduction Refinancing Loans (IRRRLs).
Down Payment	<ul style="list-style-type: none"> • No downpayment is required by VA unless the purchase price exceeds the reasonable value of the property. • If the purchase price exceeds the reasonable value of the property, a downpayment in the amount of the difference must be made in cash from the Borrower’s own resources • The Lender may require a downpayment if the Veteran has less than full entitlement available, in order to meet secondary market requirements.
Escrow Waivers	<ul style="list-style-type: none"> • Escrow waivers not allowed.

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