



Date: December 29, 2011

From: Underwriting

Subject: VA Guideline Updates

We have updated our VA guidelines to reflect the improved changes outlined below. We feel this move is consistent with our commitment to producing quality products, while remaining competitive in today's market.

These changes are effective immediately and are reflected in our posted guidelines:

Credit Score has been reduced to 640, down from 660

Converting current home into a rental has been relaxed to reflect the following:

- Borrowers must qualify for both PITI payments.
- Have minimum reserves of 3 months PITI for the retained property. (previously required 6 months for both the new and old property)
- Rental income may be used to offset the payment with the following documentation:
 - A properly executed lease agreement at least 12 months in duration from the date the loan closes, and evidence that the homebuyer received the security deposit and/or 1st month's rent. (removed 30% equity)

Please let underwriting know if you have any questions.