

## VA Refinance IRRRL

This matrix is intended as an aid to help determine whether a property/loan qualifies for certain financing. It is not intended as a replacement for VA guidelines. Users are expected to know and comply with VA requirements. **Loans must meet the new guidance in VA Circular 26-18-13 dated May 25, 2018, and Ginnie Mae APM 18-04 dated May 30, 2018.**

**NOTE:** This matrix includes overlays, which may be **more restrictive** than VA requirements. A thorough reading of this matrix is recommended.

### Program Qualifications

- Impac's VA Interest Rate Reduction Refinance Loan (IRRRL) is designed for the rate/term refinance at a reduced interest rate of an existing insured VA loan on an owner occupied primary residence up to a maximum of 115% LTV.
- **Loan must meet VA QM guidelines (Safe Harbor or Rebuttable Presumption). Loans closed on or after 12/1/16 must be Safe Harbor Only. In all cases the recoupment period for all allowable fees and charges financed as part of the loan or paid at closing may not exceed thirty-six (36) months except when moving from ARM to Fixed Rate loan (Impac Overlay).** See *Financing Types* section for additional information.
- **Important new GNMA Loan Seasoning Requirements: See Guaranty/Entitlement – APM18-04**
- **Important new requirements per VA Circular 26-18-13 dated May 25, 2018.**
  - **Applies to applications dated May 25, 2018 and later. Loans that do not meet these requirements will not be eligible for guaranty by VA.**

### Eligibility Matrix Loan Amount & LTV Limitations

#### VA – Interest Rate Reduction Refinancing Loan (IRRRL) Primary Residence Only

Units	Maximum Base LTV
1-4	Maximum LTV is 100% of AVM or appraised value calculated using Total Loan Amount (Base Loan Amount plus VA funding fee) when Total Loan Amount > \$484,350 (see <i>Appraisal Requirements</i> )  Maximum LTV is 115% of AVM or appraised value calculated using Total Loan Amount (Base Loan Amount plus VA funding fee) when Total Loan Amount ≤ \$484,350 (see <i>Appraisal Requirements</i> )  * All VA refinance loans that fall under Section 50(a)(6) of the Texas Constitution are ineligible
	<ul style="list-style-type: none"> <li>• Maximum 125% CLTV for existing subordinate financing</li> <li>• The 25% minimum VA guaranty/entitlement is considered satisfied for Interest Rate Reduction Refinance Loans regardless of the dollar amount of guaranty being transferred from the previous loan.</li> </ul>

### Maximum Loan Amount

Continental US, Alaska and Hawaii		
Units	Highest Maximum Total Loan Amount	Credit Score
1 – 4 Units	> \$1,250,000 ≤ \$1,500,000	680
	> \$1,000,000 ≤ \$1,250,000	640
	≤ \$1,000,000	580

Refer to VA Form 26-8923 *Interest Rate Reduction Refinancing Loan Worksheet* to calculate loan amount. Loan amount must have sufficient VA guaranty

### Product Description

- VA Fixed Rate 15 and 30-year term; fully amortized
- VA Fixed Rate 15 and 30-year term, high balance; fully amortized
- VA 3/1 and 5/1 ARMs, including high balance

### Product Codes

15 Years	Product Code
VA 15 Years IRRRL	VF15IR
VA 15 Years IRRRL High Balance	VF15IRHB (base loan amount above \$484,350; Exception: base loan above \$726,525 in Alaska and Hawaii)
30 Years	Product Code
VA 30 Years IRRRL	VF30IR
VA 30 Years IRRRL High Balance	VF30IRHB (base loan amount above \$484,350; Exception: base loan above \$726,525 in Alaska and Hawaii)

## VA Refinance IRRRL

Hybrid ARM	Product Code
VA 3/1 IRRRL	VA31IR
VA 3/1 IRRRL High Balance	VA31IRHB (base loan amount above \$484,350; Exception: base loan above \$726,525 in Alaska and Hawaii)
VA 5/1 IRRRL	VA51IR
VA 5/1 IRRRL High Balance	VA51IRHB (base loan amount above \$484,350; Exception: base loan above \$726,525 in Alaska and Hawaii)

### Eligibility Requirements

<b>Adjustable Rate Details</b>	<table border="1"> <tr> <td><b>Interest rate adjustment caps</b></td> <td>3/1 and 5/1 ARM = 1/1/5 Initial: 1% up/down; Subsequent: 1% up/down; Lifetime : 5% up</td> </tr> <tr> <td><b>Margin</b></td> <td>2.00%</td> </tr> <tr> <td><b>Index</b></td> <td>1-Year CMT, defined as the weekly average yield on United States (U.S.) Treasury securities adjusted to a constant maturity of one year</td> </tr> <tr> <td><b>Interest rate Floor</b></td> <td>The interest rate Floor is equal to the Margin</td> </tr> <tr> <td><b>Change dates</b></td> <td>3/1 - Initial interest rate change date will occur within 36 to 42 months, depending on disbursement date. Interest rate will adjust every 12 months thereafter. 5/1 - Initial interest rate change date will occur within 60 to 66 months, depending on disbursement date. Interest rate will adjust every 12 months thereafter. Must meet GNMA requirements. Government ARM initial change dates are the first day of January, April, July, or October, depending on disbursement date.</td> </tr> <tr> <td><b>Conversion Option</b></td> <td>None</td> </tr> <tr> <td><b>Assumption</b></td> <td>Permitted after the first adjustment for qualified borrowers.</td> </tr> <tr> <td><b>Temporary Buydowns</b></td> <td>Temporary Buydowns may not be used with an ARM product</td> </tr> </table>	<b>Interest rate adjustment caps</b>	3/1 and 5/1 ARM = 1/1/5 Initial: 1% up/down; Subsequent: 1% up/down; Lifetime : 5% up	<b>Margin</b>	2.00%	<b>Index</b>	1-Year CMT, defined as the weekly average yield on United States (U.S.) Treasury securities adjusted to a constant maturity of one year	<b>Interest rate Floor</b>	The interest rate Floor is equal to the Margin	<b>Change dates</b>	3/1 - Initial interest rate change date will occur within 36 to 42 months, depending on disbursement date. Interest rate will adjust every 12 months thereafter. 5/1 - Initial interest rate change date will occur within 60 to 66 months, depending on disbursement date. Interest rate will adjust every 12 months thereafter. Must meet GNMA requirements. Government ARM initial change dates are the first day of January, April, July, or October, depending on disbursement date.	<b>Conversion Option</b>	None	<b>Assumption</b>	Permitted after the first adjustment for qualified borrowers.	<b>Temporary Buydowns</b>	Temporary Buydowns may not be used with an ARM product
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<b>Appraisal Requirements</b>	<p>Valuation requirements for IRRRL transactions are as follows.</p> <p>Value may be obtained by using an AVM or an appraisal at the option of the borrower. An appraisal is not required except when discount points are used. See Net Tangible Benefit.</p> <p><u>An AVM is acceptable as follows:</u></p> <ul style="list-style-type: none"> <li>• Credit Score <math>\geq</math> 580 (see matrix page one for loan amounts vs score); and</li> <li>• CoreLogic Geo AVM with Forecast Standard Deviation value of 14 or less, or</li> <li>• LPS Cascading AVM with minimum confidence score of 75.</li> <li>• If unable to meet the AVM requirements above, a 2055 appraisal is required</li> <li>• CoreLogic Geo AVM or LPS Cascading AVM are the only acceptable AVM valuations – no exceptions.</li> <li>• Notice of Reasonable Value is not required to be issued in webLGY.</li> <li>• Refer to <i>Geographic Locations/Restrictions</i> for additional state specific restrictions</li> </ul> <p><u>If an appraisal is used for value, the following requirements apply:</u></p> <ul style="list-style-type: none"> <li>• <math>\leq</math> 100% LTV a 2055 is required from Impac's AMC, that meets Appraiser Independence Requirements (AIRs)</li> <li>• <math>&gt;</math>100% LTV a full appraisal (1004) is required from Impac's AMC, that meets AIRs</li> <li>• Appraisal must be dated within 90 days of the Note date</li> <li>• No minimum requirements regarding length of ownership will apply to value</li> <li>• Market Conditions Addendum is required</li> <li>• Subject property must be rated as "average" or higher or C1 through C4 eligible; C5 &amp; C6 ineligible.</li> <li>• Any repair requirements noted by appraiser impacting the safety, structural soundness and habitability of subject property must be completed.</li> <li>• Notice of Reasonable Value is not required to be issued in webLGY.</li> <li>• Refer to <i>Geographic Locations/Restrictions</i> for additional state specific restrictions</li> </ul> <p><u>Natural Disasters</u></p> <p>Loans secured by properties located in areas federally declared as major disaster areas must have additional inspections, contact Account Executive to review.</p> <p>Note: The ECOA Valuations Rule requires copies of appraisals and other written valuations be delivered to borrower promptly upon completion, or three (3) business days before consummation, whichever is earlier.</p>																
<b>Appraiser</b>	Appraisal ordered through an appraiser assigned by Impac's AMC																

## VA Refinance IRRRL

<b>Requirements</b>	
<b>Assets</b>	No asset verification required
<b>Assumptions</b>	Permitted – Credit worthy borrows only
<b>Borrower Eligibility</b>	<ul style="list-style-type: none"> <li>• Must be a veteran who served the minimum duty with other than a dishonorable discharge</li> <li>• Active duty with at least 181 days of duty</li> <li>• Un-remarried surviving spouse of eligible veteran (COE)</li> <li>• Reservists/National Guard</li> <li>• Joint loans involving a veteran and a non-veteran who is not the veteran's spouse (VA prior approval required. Refer to <i>Special Requirements/Restrictions</i> for more details)</li> <li>• Joint loans involving two unmarried veterans (VA prior approval required. Refer to <i>Special Requirements/Restrictions</i> for more details)</li> </ul> <p><b>Ineligible</b></p> <ul style="list-style-type: none"> <li>• Non-Permanent Resident Aliens are ineligible</li> <li>• Inter Vivos Revocable Trust is not allowed as borrower or vested owner at closing <ul style="list-style-type: none"> <li>○ Loan must close with the veteran (as individual) and ownership may be transferred into an inter vivos trust at a separate later time in accordance with the VA Lender Manual.</li> </ul> </li> </ul>
<b>Certificate of Eligibility (COE)</b>	<p>A Certificate of Eligibility (COE) and VA Form 26-8937 are not necessary for Interest Rate Reduction Refinancing Loans (IRRRLs).</p> <p>If a lender successfully requests a VA case number for an IRRRL a COE is NOT required by VA. If the case number also shows the veteran is Exempt from paying the funding fee, VA Form 26-8937 is NOT required.</p>
<b>Co-borrowers</b>	All borrowers must occupy the subject property
<b>Credit</b>	<p>Housing (Mortgage/Rental) payment history requirements</p> <ul style="list-style-type: none"> <li>• All loans must be current</li> <li>• For the subject loan being refinanced, the veteran has not been more than 30 days past due during the 6 months preceding the new loan's closing date;</li> <li>• Loans where the P&amp;I increases more than 20% require credit report or tri-merged in-file</li> </ul> <p><b>Minimum FICO Score Requirement</b></p> <ul style="list-style-type: none"> <li>• See matrix page one for score requirement</li> <li>• Credit qualifying streamline files &lt; 620 score must be reviewed by an Impac Underwriting Manager</li> <li>• Standard non-credit qualifying streamline files do not need additional review</li> <li>• Use the middle score of 3 repositories or lower score of 2 repositories to determine eligibility</li> <li>• If a tri-merged credit report is provided, the report must be analyzed to ensure there are no serious delinquent obligations in the last 12 months. Loans may be subject to further review and 12-month income documentation.</li> <li>• Non-traditional credit is ineligible.</li> </ul> <p>Credit reports charged to veterans are limited to the <u>actual invoice price charged to the lender</u>, not to exceed a maximum combined total of \$100. Charge must be substantiated with an invoice.</p>
<b>Documentation</b>	<p><b>Important</b> – Review Circular 26-17-11 and Exhibits A and B, <i>Instructions Regarding Documentation of Allowable Fees and Charges on the TILA-RESPA TRID-CD Form</i> (dated 4-11-17)</p> <p><b>VA no longer accepts an itemized list of credits and charges.</b> Lenders must document all allowable fees and charges assessed against the borrower, in accordance with 38 C.F.R. 36.4313, as well as any lender credits on the TRID-CD.</p> <p>Fees charged to the veteran must be listed in the “Borrower Paid” column of the TRID-CD. Lender credits are to be listed in the “Paid by Others” column. Borrower closing costs, paid for by the lender, should be placed in the “Paid by Others” column. This eliminates the need to provide a separate itemized list of fees and charges.</p> <p>See <i>Special Documentation Requirements</i> for information on Form 26-8923 IRRRL Worksheet</p> <p><u>Clarification of Third-Party Verification Requirements (26-17-43)</u>  VA accepts third-party verifications, subject to 38 C.F.R. § 36.4340(j) which states, in relevant part.:</p> <ul style="list-style-type: none"> <li>• Lenders are fully responsible for developing all credit information; i.e., for obtaining verifications of employment and deposit, credit reports, and for the accuracy of the information contained in the loan application.</li> <li>• Verifications of employment and deposits, and request for credit reports, and/or credit information must be initiated and received by the lender.</li> </ul>

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	<ul style="list-style-type: none"> <li>• In cases where the real estate broker/agent, or any other party request any of this information the report(s) must be returned directly to the lender. This fact must be disclosed by appropriately completing the required certification on the loan application, or report and the parties must be identified as agents of the lender.</li> <li>• Where the lender relies on other parties to secure any of the credit, or employment information, or otherwise accepts such information obtained by any other party, such parties shall be construed for purposes of the VA submitted loan documents to be authorized agents of the lender, regardless of the actual relationship between such parties and the lender, even if disclosure is not provided to VA under paragraph (j)(3) of this section. Any negligent or willful misrepresentation by such parties shall be imputed to the lender as if the lender had processed those documents, and the lender shall remain responsible for the quality, and accuracy of the information provided to VA.</li> <li>• All such relationships must be disclosed on VA form 26-1820, Report and Certification of Loan Disbursement, section II, 24, j.</li> <li>• Under 38 C.F.R. § 36.4313, lenders may not charge to a Veteran the cost of obtaining third-party verifications of borrower income, employment and asset information.</li> </ul> <p><u>Policy Guidance for VA IRRRLs (see Circular 26-18-1 for complete information and post closing requirements)</u> Starting with loans closed on and after April 1, 2018, lenders should:</p> <ul style="list-style-type: none"> <li>• Provide the Veteran's Statement and Lender Certification (note: lender certification only needed for payment increases of 20 percent or more), as outlined in VA Lender's Handbook, Chapter 6 section 1d. Lenders should provide this information to the Veteran with the initial disclosure documents no later than the third business day after receiving the Veteran's application.</li> <li>• For the initial Statement, add the following categories from the Loan Estimate (this is the total costs plus the VA funding fee):             <ol style="list-style-type: none"> <li>1. Origination charges, services you cannot shop for, services you can shop for, taxes and other government fees, other, or VA funding fee</li> <li>2. For the initial Statement, VA would subtract any lender credits listed in section J.</li> <li>3. The remainder is the closing costs for the recoupment calculation.</li> <li>4. Divide the closing costs in (3) above by the decrease in monthly principal and interest payment for the number of months to recoup.</li> </ol> </li> <li>• For the final Statement, add the following categories from the Closing Disclosure:             <ol style="list-style-type: none"> <li>1. Origination charges, services borrower did not shop for, services borrower did shop for, taxes and other government fees, other, or VA funding fee</li> <li>2. For the final Statement, subtract any lender credits from section J.</li> <li>3. The remainder is the closing costs for the final recoupment calculation.</li> <li>4. Divide the closing costs in (3) above by the decrease in monthly principal and interest payment for the number of months to recoup.</li> </ol> </li> <li>• In the case of an increased principal and interest payment due to a lower term, or from changing from an adjustable rate to a fixed rate, it is not necessary to show the recoupment in months; however, lenders should show all other fields in the Statement.</li> </ul> <p><u>Clarification and Reminder per Circular 26-18-4 (February 23, 2018)</u> VA does not allow charges to the Veteran for unallowable costs, like cash advances on principal. A charge made to a Veteran in exchange for paying, crediting, funding, advancing, or otherwise establishing methods to advance funds to a Veteran on or after the VA loan closing (other than for advancing allowable charges) is prohibited.</p>
<b>Employment / Income</b>	<p>No income documentation required, except where the P&amp;I payment increases 20%.</p> <ul style="list-style-type: none"> <li>• Documentation for loans if P&amp;I payment increases by 20% or more             <ul style="list-style-type: none"> <li>• Determine the borrower has stable and reliable income to support the proposed housing payment along with other recurring monthly obligation                 <ul style="list-style-type: none"> <li>• Pay stubs covering at least the most recent 30 day period</li> <li>• 2 years W2s</li> <li>• 2 years tax returns for self-employed borrowers</li> <li>• Telephone VOE of the borrower's current employment</li> <li>• 4506T must be executed</li> </ul> </li> </ul> </li> <li>• Refer to <i>Geographic Locations/Restrictions</i> for additional state specific restrictions</li> </ul>
<b>Escrow Holdback</b>	Ineligible
<b>Escrow Waivers</b>	Ineligible
<b>Financing Types</b>	<p><b>Interest Rate Reduction Refinances Only</b></p> <ul style="list-style-type: none"> <li>• Appraisal or AVM required, refer to <i>Appraisal /Appraiser Requirements</i> for specifics</li> <li>• New loan amount may include the following.             <ul style="list-style-type: none"> <li>• Unpaid principal balance, including accrued interest and late fees, if applicable</li> <li>• Allowable closing costs, refer to Section Special Restrictions Section for ineligible costs</li> <li>• Prepaid expenses</li> </ul> </li> </ul>

## VA Refinance IRRRL

- Maximum 2 discount points
- Funding fee
- 25% guaranty is considered satisfied
- No cash back to borrower permitted, minor adjustment at closing not to exceed \$500 cash back is eligible
- No satisfaction of junior liens
- Premium pricing is permitted
- Complete VA Form 26-8923 *Interest Rate Reduction Refinancing Worksheet*

**VA IRRRL must meet VA Qualified Mortgage guidelines (Safe Harbor or Rebuttable Presumption)**  
**Loans closed on or after 12/1/16 must be Safe Harbor Only.**

**However, in all cases the recoupment period for all allowable fees and charges financed as part of the loan or paid at closing may not exceed thirty-six (36) months except when moving from ARM to Fixed Rate loan (Impac Overlay)**

- **Safe Harbor** - Loan must meet all of the following requirements
  - Loan being refinanced was originated at least 6 months before the new loan's closing date, and
    - Seasoning period begins from the date of the Note being refinanced
  - Veteran has made 6 months scheduled payments on the existing VA loan, and
  - The veteran has not been more than 30 days past due during the 6 months preceding the new loan's closing date;
  - The recoupment period for all allowable fees and charges (see 38 CFR 36.4313) financed as part of the loan or paid at closing does not exceed thirty-six (36) months (see *Recoupment Requirement Exceptions*); and
  - All other VA requirements for guaranteeing an IRRRL are met
  - **Additional GNMA requirements must be met. See *Guaranty/Entitlement***
- **Rebuttable Presumption** – Loan does not meet the Safe Harbor requirements above, but it meets the basic requirements for VA guaranty
  - Note: Rebuttable Presumption loans must still meet the 36 month recoupment period for allowable fees and charges, see above (except for ARM to Fixed Rate loan). (Impac Overlay)

**Loans using Rebuttable Presumption QM criteria must be closed PRIOR to 12/1/16.**

### **Recoupment Fees and Charges**

Only those expenses the veteran incurs as a cost of the IRRRL must be included in the recoupment period. It is not necessary to include in the recoupment period the costs of items the borrower would have paid anyway under the loan being refinanced. Example: If expenses such as homeowner's insurance premiums, taxes, special assessments, and homeowner's association fees were or would have been payable under the original loan, they are excluded from the recoupment calculation. Lender credits and premium pricing may be excluded from the recoupment calculation only to the extent they offset fees allowed to be paid by veteran (see 38 C.F.R. 36.4313) (see *VA Circular 26-16-03* and *Exhibit A* to circular).

### **Recoupment Requirement Exceptions**

VA excepts from the recoupment requirement the following three types of IRRRLs:

- Mortgages that include energy efficient improvements (Impac does participate in this program)
- Loans that are being refinanced from an adjustable-rate to a fixed-rate
- Loans which a refinance a fixed-rate loan into another fixed-rate loan of a shorter duration

### **Properties located in Texas (IRRRL)**

- If the first mortgage is subject to Texas Section 50(a)(6), VA financing is ineligible, once a cash-out, always a cash-out.
- If an existing second lien is subject to Texas Section 50(a)(6), VA financing ineligible, once a cash-out, always a cash-out.
- The title policy will reference Texas Section 50(a)(6) or Article XVI of the Texas Constitution effective January 1, 1998
- When VA financing is permitted, underwriting conditions and closing instructions must indicate "No cash back to borrower is permitted," not even \$1 is allowed.

### **New York Consolidation, Extension & Modification Agreement (NY CEMA)**

For all Impac refinance products, property located in the state of New York may be structured as a Consolidation, Extension, and Modification Agreement (CEMA) transaction. The most current version of Fannie Mae/Freddie Mac Uniform Instrument (Form 3172) must be used. The following documentation must be provided:

- NY Consolidation, Extension and Modification Agreement (Form 3172)
- Original Note(s) – Original documents signed by the borrower
- Gap Note and Gap Mortgage, if applicable
- Consolidated Note – Original documents signed by the borrower
- Exhibit A – Listing of all Notes & Mortgages being consolidated, extended and modified
- Exhibit B – Legal description of the subject property

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	<ul style="list-style-type: none"> <li>Exhibit C – Copy of the consolidated Note</li> <li>Exhibit D – Copy of the consolidated Mortgage</li> </ul> <p>Lost Note Affidavits are not an acceptable substitute for any of the required documents. If original documentation cannot be provided per above, then a CEMA is not allowed.</p>
<b>Geographic Locations/Restrictions, as applicable</b>	<p>Eligible states are as follows:</p> <ul style="list-style-type: none"> <li><b>Wholesale:</b> All states (including DC) are eligible except: <ul style="list-style-type: none"> <li>DE, ME, MA, RI, WY</li> </ul> </li> </ul> <p><u>See <i>New York Consolidation, Extension &amp; Modification Agreement (NY CEMA)</i> in <i>Financing Types</i> section above.</u></p> <p>Additional restrictions as follows:  Hawaiian Lava-Flow Hazard Zones – The U.S. Geological Survey (USGS) categorizes the <u>island of Hawaii</u> into nine "lava zones" based on each zones probability of exposure to lava flows caused by volcanic eruption. Properties in lava zones 1 and 2 are not eligible for loans funded or purchased by Impac Mortgage Corp. due to increased risk of property destruction from lava flows within these areas. The Hawaii Lava-Flow Hazard Zone Map can be accessed at: <a href="http://hvo.wr.usgs.gov/hazards/FAQ_LavaFlowHazardZone/">http://hvo.wr.usgs.gov/hazards/FAQ_LavaFlowHazardZone/</a> and <a href="http://pubs.usgs.gov/mf/1992/2193/">http://pubs.usgs.gov/mf/1992/2193/</a></p> <p>Texas Cash-out 50(a)(6) is ineligible</p> <p>State specific regulatory requirements supersede all underwriting guidelines set forth by Impac.</p> <p>Restrictions to specific states are as follows.</p> <ul style="list-style-type: none"> <li>Colorado IRRRL's <ul style="list-style-type: none"> <li>Income <b>must</b> be stated on the application</li> <li>No verification of income is required</li> <li>No analysis of income is performed</li> </ul> </li> </ul>
<b>Guaranty/Entitlement</b>	<p>VA guaranty is always 25% for all IRRRLs</p> <p><u>For a prior VA loan that is being refinanced as a VA IRRRL (streamline) GNMA requires:</u></p> <ul style="list-style-type: none"> <li>The borrower made at least six consecutive monthly payments on the loan being refinanced, referred to hereinafter as the Initial Loan, beginning with the payment made on the first payment due date; and</li> <li>The first payment due date of the new refinance loan occurs no earlier than 210 days after the first payment due date of the initial loan. (APM17-06)</li> <li>This requirement applies to each subsequent refinance using this program.</li> </ul>
<b>Internet Links</b>	<p><b>The Appraisal System.</b> Order Case Numbers, Appraisals and obtain Automated Certificates of Eligibility at VA Portal <a href="https://vip.vba.va.gov/portal/VBAH/Home">https://vip.vba.va.gov/portal/VBAH/Home</a></p> <p>VA Lenders Handbook <a href="http://www.benefits.va.gov/warms/pam26_7.asp">http://www.benefits.va.gov/warms/pam26_7.asp</a></p> <p>VA Lender Resources <a href="http://benefits.va.gov/homeloans/lenders.asp">http://benefits.va.gov/homeloans/lenders.asp</a></p> <p>VA Regional Loan Centers <a href="http://www.homeloans.va.gov/rlcweb.htm">http://www.homeloans.va.gov/rlcweb.htm</a></p> <p>VA Forms <a href="http://www.va.gov/vaforms/">http://www.va.gov/vaforms/</a></p>
<b>Liabilities</b>	<p><u>Student Loans (Lender's Handbook Ch. 4, section 5, para G) (VA Circular 26-17-02)</u></p> <ul style="list-style-type: none"> <li>If the veteran or other borrower provides written evidence that the student loan debt will be deferred at least 12 months beyond the date of closing, a monthly payment does not need to be considered.</li> <li>If a student loan is in repayment or scheduled to begin within 12 months from the date of VA loan closing, the lender must consider the anticipated monthly obligation in the loan analysis and utilize the payment established in (1) or (2) below. Calculate each loan at a rate of 5 percent of the outstanding balance divided by 12 months (example: \$25,000 student loan balance x 5% = \$1,250 divided by 12 months = \$104.17 per month is the monthly payment for debt ratio purposes). <ol style="list-style-type: none"> <li>The lender must use the payment(s) reported on the credit report for each student loan(s) if the reported payment is greater than the threshold payment calculation above.</li> <li>If the payment reported on the credit report is less than the threshold payment calculation above, the loan file must contain a statement from the student loan servicer that reflects the actual loan terms and payment information for each student loan(s). The statement(s) must be dated within 60 days of VA loan closing and may be an electronic copy from the student loan servicer's website or a printed statement provided by the student loan servicer.</li> </ol> </li> </ul>
<b>Limitations on Other Real Estate Owned</b>	None
<b>Loan Amount</b>	No minimum loan amount

## VA Refinance IRRRL

<b>Loan Seasoning</b>	<p>All VA-guaranteed loans must be seasoned for a period of time, before refinancing to an IRRRL (aka VA streamline refinance). The required seasoning is the later of:</p> <ul style="list-style-type: none"> <li>• The date that is 210 days after the date on which the first payment is made on the loan, or</li> <li>• The date on which the sixth monthly payment is made on the loan.</li> </ul>
<b>Mortgage Insurance</b>	<p>Refer to <i>VA Funding Fee</i> located at the end of this document</p>
<b>Net Tangible Benefit</b>	<p>See VA Circular 26-18-13  <u>The loan must meet the Net Tangible Benefit (NTB) test as follows:</u></p> <ul style="list-style-type: none"> <li>• A case in which the previous VA loan had a fixed interest rate and the new refinanced loan will have a fixed interest rate; the new refinanced loan must have an interest rate that is not less than 50 basis points (.50 less in interest rate) less than the previous loan.</li> <li>• A case in which the previous VA loan had a fixed interest rate and the new refinanced loan will have an adjustable interest rate, the new refinanced loan must have an interest rate that is not less than 200 basis points (2.00 less in interest rate) less than the previous loan, and</li> <li>• The lower interest rate is not produced solely from discount points <u>unless</u>: <ul style="list-style-type: none"> <li>○ Such points are paid at closing; and</li> <li>○ For discount point amounts that are <u>less than or equal to one discount point</u>, the resulting loan balance after any fees and expenses allows the property to maintain a <u>loan-to-value ratio of 100 percent or less</u>; or</li> <li>○ For discount point amounts that are <u>greater than one discount point</u>, the resulting loan balance after any fees and expenses allows the property with respect to which the loan was issued to maintain a <u>loan-to-value ratio of 90 percent or less</u>.</li> </ul> </li> </ul> <p><b><u>Instructions when determining value for IRRRLs with discount points</u></b>  A loan-to-value determination must be made when discount points are charged. When discount points are not charged, a value determination is not required as part of the NTB test.  The appraisals used for value determination are <b><u>not</u></b> ordered through WebLGY or the VA Fee Panel. Lenders use their appraisal management and assignment process to complete a value determination.</p> <p><u>Acceptable forms of appraisal reports are:</u></p> <ul style="list-style-type: none"> <li>• Exterior-Only Inspection Residential Appraisal Report (Fannie Mae 2055)</li> <li>• Uniform Residential Appraisal Report (Fannie Mae 1004)</li> <li>• Exterior-Only Inspection Individual Condominium Unit Appraisal Report (Fannie Mae 1075)</li> <li>• Individual Condominium Unit Appraisal Report (Fannie Mae 1073)</li> <li>• Other industry accepted appraisal reports for manufactured and multi-unit homes</li> </ul> <p>If lenders require the veteran to pay for the cost of the appraisal, <u>the cost must be included as part of the recoupment cost</u>. The veteran may only be charged a reasonable and customary amount, and only charged for one appraisal.</p> <p>Loan-to-value is calculated by dividing the VA base loan amount (excluding the funding fee, if any) by the value determined in one of the methods listed above.</p> <p>Appraisal must be uploaded in WebLGY prior to loan guaranty.</p>
<b>Occupancy</b>	<p>Primary Residence</p> <p><u>Second Home and Investment Property</u>  A property with an existing VA loan that is currently used as a <u>second home or investment property</u> may be refinanced with a VA IRRRL (streamline) so long as veteran certifies that he or she previously occupied the property as his or her home. (VA Lender's Handbook Ch. 3, 5-a)</p>
<b>Prepayment Penalty</b>	<p>None</p>
<b>Property Types</b>	<p>Eligible Properties</p> <ul style="list-style-type: none"> <li>• 1 – 4 units</li> <li>• Condos - VA approved <ul style="list-style-type: none"> <li>○ All condos must be VA approved, even 2 unit condos require VA approval <ul style="list-style-type: none"> <li>▪ The list of VA approved Condo Projects may be found on VA's Condo/Builder Website located at: <a href="https://vip.vba.va.gov/portal/VBAH/VBAHome/condopudsearch">https://vip.vba.va.gov/portal/VBAH/VBAHome/condopudsearch</a></li> </ul> </li> <li>○ Impac will not submit condo projects for VA approval</li> </ul> </li> <li>• PUDs</li> <li>• Modular housing</li> <li>• <u>Manufactured Housing acceptable to VA that is classified as real estate and subject to the following restrictions:</u></li> </ul>

## VA Refinance IRRRL

	<ul style="list-style-type: none"> <li>○ Primary Residence Only</li> <li>○ Multi-width property only – no single wide</li> <li>○ No High Balance Loans</li> <li>○ Fixed Rate only, no ARMs</li> <li>○ No Manufactured Homes in Condo Projects</li> <li>○ MFH may not have been re-sited</li> <li>○ No MFH on leased land</li> <li>○ Built after June 15, 1976 as evidenced by HUD labels</li> <li>○ Permanently affixed to a foundation (see VA Lender Manual 12.10)</li> </ul> <p><u>Individual Condominium Loan Processing (26-17-34)</u>          Condominium identification (Condo ID) fields were removed from sections of WebLGY used for ordering a VA Loan Identification Number (LIN)/Appraisal, as well as when issuing a Notice of Value (NOV). While the fields have been removed, requesters can still order VA LINs/Appraisals without inputting this data. Likewise users with proper authority can still issue an NOV without having a Condo ID associated with that LIN.</p> <ul style="list-style-type: none"> <li>• Requestors should ensure that the Condo Project is on the list of VA approved Condo Projects.</li> </ul> <p>Ineligible Properties</p> <ul style="list-style-type: none"> <li>• Condo Hotels</li> <li>• Co-ops</li> <li>• Leasehold properties</li> </ul>
<p><b>Qualifying Rate and Ratios</b></p>	<p>When applicable, qualify at initial Note Rate for all fixed and hybrid ARMs (e.g., 3/1, 5/1)          Refer to <i>Geographic Locations/Restrictions</i> for additional requirements.</p> <p>The principal and interest payment on an IRRRL must be less than the principal and interest payment on the loan being refinanced unless one of the following exceptions applies</p> <ul style="list-style-type: none"> <li>• The IRRRL is refinancing an ARM</li> <li>• Term of the IRRRL is shorter than the term of the loan being refinanced.</li> </ul> <p>If the monthly payment (PITI) increases by 20 percent or more, the underwriter must credit qualify the borrower. If credit qualifying borrower due to P&amp;I increasing over 20%, the following applies:</p> <ul style="list-style-type: none"> <li>• 41% maximum DTI ratio</li> <li>• 41% DTI ratio may be exceeded provided ratio does not exceed 50%</li> <li>• &gt; 41% &lt;=50% DTI ratios require residual income exceeding 120% in addition to significant documented compensating factors as follows.             <ul style="list-style-type: none"> <li>• Conservative use of consumer credit</li> <li>• Excellent credit history</li> <li>• Existence of equity in refinancing loans</li> <li>• Little or no increase in shelter expense</li> <li>• Long-term employment</li> <li>• Minimal consumer debt</li> <li>• Military benefits</li> <li>• Satisfactory homeownership experience</li> <li>• Significant liquid assets</li> </ul> </li> </ul>
<p><b>Secondary Financing</b></p>	<p>Existing secondary financing eligible.          Must be approved by Impac.          No cash back to the veteran from the VA first mortgage or second mortgage is permitted          The second lien should not restrict the veteran's ability to sell the property (i.e. assumability feature)          For existing subordinate financing there is a maximum of 125% CLTV limitation          Secondary financing must meet requirements in VA Lender Handbook, Secondary Borrowing, Ch 9, Sec 4.</p>
<p><b>Special Documentation Requirements</b></p>	<p>Documents required to underwrite the full file are as follows.</p> <ul style="list-style-type: none"> <li>• VA IRRRL Case Assignment screen print out to confirm new case number (verify veteran's name and address match the new application)</li> <li>• All veteran applicants whose income is being used to qualify for the loan transaction must complete and sign the VA Reserves or National Guard Certification.</li> <li>• The VA Underwriter must use this information to determine the veteran-borrower's true monthly qualifying income and service pay</li> </ul> <ul style="list-style-type: none"> <li>• Verification of VA Benefit (VA Form 26-8937) required if borrower or co-borrower is:             <ul style="list-style-type: none"> <li>• A surviving spouse of a veteran who died on active duty or as a result of a service connected disability</li> <li>• Submit form to the VA Regional Loan Center having jurisdiction over property state</li> <li>• Cannot issue final loan approval until VA completes and returns the form</li> <li>• Cannot submit loan to the VA for prior approval unless completed form is received from the VA</li> </ul> </li> </ul>



## VA Refinance IRRRL

	<p>If automated Certificate of Eligibility shows veteran is exempt from paying the funding fee, VA Form 26-8937 is not required</p> <ul style="list-style-type: none"> <li>• Original signed and completed Uniform Residential Loan Application (FNMA 1003)</li> <li>• Original HUD/VA Addendum to the URLA (VA Form 26-1802a)</li> <li>• Mortgage history for past 6 months</li> <li>• Current payoff statement for existing mortgage</li> <li>• Copy of original note</li> <li>• VA Interest Rate Reduction Refinancing Worksheet VA Form 26-8923</li> <li>• VA Loan Summary Sheet (VA Form 26-0286)</li> <li>• CAIVRS information must be checked and noted on the IRRRL Worksheet in the remarks section</li> <li>• Nearest living relative information</li> <li>• Initial Good Faith Estimate and Truth in Lending disclosures</li> <li>• Affiliated Business Disclosure</li> <li>• Counseling checklist for Military Homebuyers VA Form 26-0592 required only for credit qualifying streamline and active duty borrowers</li> <li>• Federal Collection Policy Notice VA Form 26-0503</li> <li>• VA Payment Comparison Letter (aka Veteran's Statement) and Lender Certification             <ul style="list-style-type: none"> <li>▪ <b>See Documentation and Circular 26-18-1 for additional information and requirements</b></li> <li>▪ Statement signed by the veteran acknowledging the effect of the refinance loan on the veteran's loan payments and interest. (The statement must show the interest rate and monthly payments for the new loan versus the old loan)</li> <li>▪ The statement must also disclose to the borrower how long it will take for him/her to recoup ALL closing costs (both those included in the loan and those paid outside of closing.)</li> <li>▪ If the monthly mortgage payment (P&amp;I) increases by 20% or more, a Lender's Certification must also be completed by the VA Underwriter:                 <ul style="list-style-type: none"> <li>• The VA Underwriter signs and certifies the Lender Certification that the "borrower qualifies for the new monthly mortgage payment which exceeds the previous payment by 20% or more"</li> </ul> </li> </ul> </li> <li>• Provide all other applicable VA related forms required by VA IRRRL transactions</li> </ul> <p>The following documents will be required at closing</p> <ul style="list-style-type: none"> <li>• HUD/VA Addendum to the URLA</li> <li>• VA Transmittal List VA Form 26-0285</li> <li>• Report and Certification of Loan Disbursement VA Form 26-1820</li> <li>• Payment Comparison Letter must be signed at closing</li> </ul> <p><u>Instructions for Completion of VA Form 26-8923 IRRRL Worksheet (Circular 26-17-12 dated 4-12-17, Circular 26-17-12 Change 1 dated 5-12-17)</u></p> <p>As the validation of the payoff occurs and the fees adjust due to payoff updates, it may be necessary to change the loan amount and fees during the processing of the loan. If a lender issues a restated TRID-LE, a new IRRRL Worksheet may need to be completed to ensure an accurate maximum loan amount. Any changes allowed under Reg. Z, that reflect an adjustment to Line J, will require the IRRRL Worksheet to be re-calculated. <b>Refer to Circular 26-17-12 (and Change 1) for an explanation of the form fields and limitations.</b> A final lender signed copy of the IRRRL Worksheet is required on all loans.</p> <p><b>CAIVR System</b> Access the FHA Connection to check CAIVRS for all borrowers on the transaction: Borrowers, co-borrowers and co-signors if applicable</p> <p>'A' in front of the CAIVRS number deems the authorization acceptable 'C' in front of CAIVRS number means the borrower has an open federal debt. Debt must be documented as:</p> <ul style="list-style-type: none"> <li>• Paid in full, or</li> <li>• Payment plan established (documented payments)</li> </ul> <p>FHA'C' CAIVRS numbers can be ignored because FHA loans require monthly mortgage insurance and there is no debt. FHA posts these 'C' claims to track their own foreclosure time frames.</p> <p><u>Access to property / Private Road Maintenance Agreement (Ch. 12, Sec 12.05)</u> Private streets must be</p> <ul style="list-style-type: none"> <li>• Protected by a permanent easement, and</li> <li>• Maintained by a homeowners association or joint maintenance agreement</li> </ul> <p>All streets must have an all-weather surface (Dirt is not acceptable; gravel is acceptable with maintenance agreement)</p> <p><u>Hardest Hit Funds</u> Various states are distributing federal Hardest Hit Funds (HHF) to help "underwater" borrowers (i.e., mortgage &gt; appraised value) by paying down the existing mortgage at time of refinance. This assistance usually requires the</p>
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## VA Refinance IRRRL

	<p>borrower to sign an interest free promissory note (not a lien on the property) that is forgiven after 5 years so long as borrower has maintained the subject property as borrower's primary residence.</p> <p>VA requires the veteran to sign a lender created simple statement of the terms of the promissory note. This statement must be part of the loan file when HHF funds are used.</p>																																	
<p><b>Special Requirements/Restrictions</b></p>	<p><b>IRRRL Eligible Borrowers</b></p> <ul style="list-style-type: none"> <li>Generally, the parties obligated on the original VA loan must be the same parties on the new loan and the veteran must still own the property. However, some ownership changes may be eligible. A change in mortgagors is eligible with proper documentation as follows.</li> </ul> <table border="1" data-bbox="431 478 1091 814"> <thead> <tr> <th>Existing VA Loan</th> <th>New Loan</th> <th>Yes/No</th> </tr> </thead> <tbody> <tr> <td>Unmarried Vet</td> <td>Veteran &amp; new spouse</td> <td>Yes</td> </tr> <tr> <td>Unmarried Vet</td> <td>Spouse only (deceased veteran)</td> <td>No</td> </tr> <tr> <td>Vet</td> <td>Different veteran who has substituted his/her entitlement</td> <td>Yes</td> </tr> <tr> <td>Vet &amp; Spouse</td> <td>Divorced veteran only</td> <td>Yes</td> </tr> <tr> <td>Vet &amp; Spouse</td> <td>Veteran &amp; different spouse</td> <td>Yes</td> </tr> <tr> <td>Vet &amp; Spouse</td> <td>Spouse only (deceased veteran)</td> <td>Yes</td> </tr> <tr> <td>Vet &amp; Spouse</td> <td>Divorced spouse only</td> <td>No</td> </tr> <tr> <td>Vet &amp; Spouse</td> <td>Different spouse only (deceased veteran)</td> <td>No</td> </tr> <tr> <td>Vet &amp; Non-Vet (joint obligors)</td> <td>Veteran only</td> <td>Yes</td> </tr> <tr> <td>Vet &amp; Non-Vet (joint obligors)</td> <td>Non-Veteran only</td> <td>No</td> </tr> </tbody> </table> <p><b>Term Increase</b></p> <ul style="list-style-type: none"> <li>The term of the new loan may not exceed the original term by more than 10 years, subject to the maximum term of 30 years and 32 days.</li> </ul> <p><b>Interest Rate Decrease</b></p> <ul style="list-style-type: none"> <li>The interest rate of the new loan must be less than the interest rate of the existing VA loan unless refinancing an ARM to a fixed rate.</li> </ul> <p><b>Payment Increase</b></p> <ul style="list-style-type: none"> <li>P&amp;I payment must be less than the P&amp;I payment of the existing VA loan <b>unless</b>:             <ul style="list-style-type: none"> <li>Refinancing an ARM to a Fixed Rate; <b>OR</b></li> <li>The term of the new loan is less than the term of the existing VA loan</li> </ul> </li> <li>If the P&amp;I increases by 20% or more the veteran's ability to repay must be demonstrated.</li> </ul> <p><b>General Guidelines</b></p> <ul style="list-style-type: none"> <li>The loan being paid off through the refinance must be the loan indicated on the IRRRL Case number. In some cases, a copy of the note may be required to verify the VA loan number.</li> <li>The minimum guaranty on an IRRRL is 25% regardless of the dollar amount of guaranty being transferred from the prior loan</li> <li>If the veteran is deceased and the surviving spouse was a co-obligor, the spouse is considered a veteran for the IRRRL             <ul style="list-style-type: none"> <li>Surviving spouse must own the property</li> </ul> </li> </ul> <p><b>Fees Ineligible to be Financed in Loan Amount</b></p> <ul style="list-style-type: none"> <li>Flat fees charged by second lien holders to subordinate existing secondary financing. Veteran must pay with own funds.</li> <li>Processing type fees such as "Subordination prep" charged by closing agents or other third parties to process subordination is ineligible to be charged to Veteran.</li> </ul>	Existing VA Loan	New Loan	Yes/No	Unmarried Vet	Veteran & new spouse	Yes	Unmarried Vet	Spouse only (deceased veteran)	No	Vet	Different veteran who has substituted his/her entitlement	Yes	Vet & Spouse	Divorced veteran only	Yes	Vet & Spouse	Veteran & different spouse	Yes	Vet & Spouse	Spouse only (deceased veteran)	Yes	Vet & Spouse	Divorced spouse only	No	Vet & Spouse	Different spouse only (deceased veteran)	No	Vet & Non-Vet (joint obligors)	Veteran only	Yes	Vet & Non-Vet (joint obligors)	Non-Veteran only	No
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<p><b>Underwriting</b></p>	<ul style="list-style-type: none"> <li>Ineligible for submission to DU/LP</li> <li>Manual underwriting only</li> </ul>																																	
<p><b>VA Case Number</b></p>	<p>Order the case from the VA Portal. Remember on an IRRRL you order "case number only"</p>																																	
<p><b>VA Funding Fee</b></p>	<p>VA Funding Fee applies unless veteran is exempt. See <i>VA Funding Fee Table</i> for specific percentages. VA Funding Fee may be split with part paid in cash and part financed.</p>																																	

## VA Refinance IRRRL

From Circular 26-11-19 (Funding Fee Table) November 22, 2011  
 P.L. 112-154 extended the Funding Fee structure through September 30, 2017  
 See VA Circular 26-12-9  
 (Note: Continue to use this table throughout 2018 or until VA publishes any changes)

<b>VA Funding Fee Table - Loan Fee Structure for VA-Guaranteed Loans</b>		
	Veteran	Reservist/National Guard
<b>First Time Use</b>		
Downpayment		
Less than 5 percent <sup>1</sup>		
*November 22, 2011 through September 30, 2017	2.15%	2.40%
At least 5 percent but less than 10 percent		
*November 22, 2011 through September 30, 2017	1.50%	1.75%
10 percent or more		
*November 22, 2011 through September 30, 2017	1.25%	1.50%
<b>Second and Subsequent Use</b>		
Downpayment		
Less than 5 percent <sup>1</sup>		
*November 22, 2011 through September 30, 2017	3.30%	3.30%
At least 5 percent but less than 10 percent		
*November 22, 2011 through September 30, 2017	1.50%	1.75%
10 percent or more		
*November 22, 2011 through September 30, 2017	1.25%	1.50%
<b>Refinancing Loans</b>		
<b>Interest Rate Reduction Refinancing Loan</b>	<b>0.50%</b>	<b>0.50%</b>
<b>Other</b>		
Assumptions		
Service-connected disabled Veterans	0.50%	0.50%
	0.00%	0.00%

<sup>1</sup> includes 'Cash-Out' Refinancing loans

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