

VA IRRRL Product Parameters

Overview		
Overview	Refinance of a VA loan only, no cash out and cannot payoff a 2nd mortgage	
Occupancy	Principal residences or previously occupied the home	
Borrowers	Generally the parties obligated on the original loan (there is a chart with exceptions)	
Recoupment	Recoupment of closing costs must be under 36 months (can exclude funding fee, escrow and prepaids) - Calculated from <u>Forms - VA Management - Qualification Tab</u>	
Waiting period	Later of the date on which the 6th monthly payment is made OR the date that is 210 days after the date on which the first payment is due on the existing loan	
Loan Amount calculation	Payoff of mortgage loan plus VA funding fee plus VA allowable closing costs plus max of 1% of non-allowable	
Term	Term should be the same	
Reduce Term	Can only reduce the term if all closing costs are recouped with monthly savings, so there HAS to be enough monthly savings to reduce the term. (Normally this does not work)	
Processing		
COE	Needed when the prior loan validation does not indicate funding fee exempt (most loans need it)	
Case Number	Order a Prior loan validation on WEBLGY to get the new VA case number	
VA Funding Fee	.5% of the base loan amount (unless funding fee exempt)	
Income	Not required	
Debts	Not required	
Funds to Close	Must verify borrower's funds to close if any cash to closing	
Cash out at Closing	Maximum of \$500 cash out at closing	
Appraisal	Not Required	
Net Tangible Benefit	Required to show monthly savings for recoupment purposes and rate is going down by min of .5 for Fixed or 2% for ARM	
AUS	Do not run through DU or LP, loan must be manually underwritten	
DRIVE	Not needed	
1003	Purpose of loan is No Cash-out streamline Do not list jobs, income, assets or liabilities (unless cash to close)	
Encompass Set up	Go to <u>Forms - VA Management Screen - Qualification Tab</u>	Enter in Original VA loan #, Original Loan amount, Loan Term, Rate, Amort Type, Existing Loan Date, Existing loan 1st Payment Date, VA Loan Code - IRRRL
Credit & Pricing		
Credit Report	Mortgage only credit report	
Credit Score	No score on credit, use 720 for pricing	
Mortgage	Mortgage cannot be 30 days or more past due	
DTI	Not calculated	
CAIVRS	Required	
Interest Rate	Fixed to Fixed - must reduce rate by .50 minimum	Fixed to ARM, must reduce rate by 2% and the lower interest rate cannot be produced solely from discount points. (max 2 discount pts)
Pricing	Use regular pricing engine to price - maximum of 240 bps (for par marker and any overage as lender credit)	

updated 6/1/21