

Bulletin 19-42

Improvements and Updates to IRRRL Requirements

VA released [VA Circular 26-19-22](#) August 8, 2019 which clarified and updated VA IRRRL policy. Unless noted below, all other VA IRRRL requirements continue to apply

Homebridge has updated our IRRRL requirements to align with the new VA policy as detailed below.

Fee Recoupment Calculation

The funding fee is **no longer included** in the fee recoupment calculation (previously **included**)

- Recoupment is now calculated by dividing all fees, expenses, and closing costs (included in the loan amount or paid outside closing) by the reduction of the monthly P&I payment
- **Excluded** from the recoupment calculation: **VA funding fee**, escrow, prepaid expenses (e.g. insurance, taxes, HOA fees, etc.)

Loans where the principal and interest (P&I) payment is **decreasing**, fees must continue to be recouped in 36 months or less, **no exceptions**

Payment Increasing Requirement

When the new loan payment **stays the same or increases** the following now applies:

- The veteran **cannot incur any fees, closing costs or expenses (excluding** taxes, escrow amounts, and the funding fee) when the new loan payment stays the same or increases

NOTE: Transactions where the payment stays the same or increases, Brokers/NDCs may use a lender credit so that the veteran is not charged any fees

Loan Seasoning Calculation

The 210 day seasoning requirement is now measured from the first payment **due date** of the loan being refinanced to the Not date of the new loan (previously was measured from the date the first payment was **actually made** on the loan being refinanced and the subject loan Note date)

Net Tangible Benefit

The required interest rate reductions under NTB requirement was updated to **no longer require** a specific rate reduction amount on ARM to ARM transactions. A summary of interest rate requirements is detailed below:

- **ARM to ARM:** No reduction required (**new**; previously 2% drop in rate required)
- **Fixed to Fixed:** No change (minimum .50% drop in rate required)
- **Fixed to ARM:** No change (minimum 2% rate reduction required)
- **ARM to Fixed:** No change (no reduction required)

Homebridge AVM Requirement

Homebridge is **removing** our requirement for an AVM on all VA IRRRLs effective immediately (currently Homebridge requires an AVM with a standard deviation ≤ 18 ; if > 18 a 2055 required)

Reminder: Loans going from a fixed to ARM **and** discount points charged will continue to require a 2055/1075 appraisal (VA requirement) and VA's LTV restriction when $> 1\%$ discount point charged still applies

These enhancements may be applied to new submissions and loans currently in the pipeline.

The Homebridge VA IRRRL guidelines and VA Submission form have been updated and posted on the Homebridge website at www.homebridgewholesale.com

If you have any questions, please contact your Account Executive.