

Bulletin 19-56

VA and VA IRRRL Program Updates to Surviving Spouse and COE Requirement on IRRRLs

Homebridge is updating our VA and VA IRRRL guidelines to align with recent clarifications made by VA regarding the funding fee exemption for the surviving spouse of a veteran and the requirement to obtain a COE on IRRRL transactions.

[VA Circular 26-19-17 Change 1](#), issued October 17, 2019 provided updated guidance regarding a surviving spouse's exemption to the funding fee for all VA transactions and for COE requirements on IRRRL transactions

VA Program and VA IRRRL: Surviving Spouse

VA clarified that for a surviving spouse to be exempt from the funding fee, the surviving spouse must be receiving Dependency and Indemnity Compensation (DIC). If the surviving spouse indicates they are receiving DIC the following applies:

- The Broker or NDC/EB must have the surviving spouse complete [VA Form 26-8937](#), Verification of VA Benefits and submit the form to VA
- VA will confirm, in writing, if the surviving spouse is receiving DIC; if so the surviving spouse is **exempt** from the funding fee. Brokers or NDC/EBs must submit this documentation to Homebridge

NOTE: If the surviving spouse is not receiving DIC, they are **not exempt** and will be required to pay the funding fee

VA IRRRL: Exceptions to COE Requirement

VA added exceptions to their new requirement that a COE be obtained on all IRRRL transactions. A COE is **not required** on an IRRRL in the following situations:

- The VA case assignment indicates the veteran is exempt from the funding fee (example below), or



- The entitlement on the loan being refinanced belongs to a veteran who has since passed away and the IRRRL borrower is the spouse who was also a co-borrower on the loan being refinanced, or
- The borrower is a surviving spouse using the veteran's entitlement (no change to Homebridge current guides regarding COE however surviving spouse must be receiving DIC to be exempt from funding fee as detailed above)

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

These updates apply to new submissions and loans currently in the pipeline.

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