

Bulletin 20-41

Update to Forbearance Seasoning Requirements on VA Cash-Out and IRRRL Transactions

VA issued [Circular 26-20-25](#) on June 30, 2020 that provided clarification to the seasoning requirement when the borrower has entered a forbearance plan as a result of the COVID-19 pandemic on all VA cash-out and IRRRL transactions.

Six Payment Seasoning Requirement

VA currently requires a minimum 6 consecutive payments on the loan being refinanced on both cash-out and IRRRL transactions. The Circular clarified seasoning requirements when the borrower has entered into a forbearance plan:

- If the borrower made 6 consecutive payments on the subject loan **prior to** forbearance, the 6 payment requirement **has been met** even if the borrower is currently in forbearance
REMINDER: Homebridge policy requires borrowers in forbearance to be current with no missed payments or the loan is ineligible
- If the borrower entered into forbearance prior to making the required 6 consecutive payments, VA will require the borrower to make **6 consecutive payments after the forbearance period**. Written documentation from the servicer will be required to confirm borrower is out of forbearance

Example:

- The borrower made 5 payments on the subject loan but then entered into a forbearance plan
- VA will require the borrower make 6 consecutive payments **after** the forbearance period has ended (any payment(s) made during forbearance **cannot** be used to meet the 6 consecutive payment requirement)

There is no change to the 210 seasoning requirement.

This policy is effective immediately and applies to new submissions and loans currently in the pipeline.

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

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