

VA IRRRL Transaction Requirements Quick Reference Guide

Seasoning	<p>Both VA and GNMA requirements apply:</p> <ul style="list-style-type: none"> A minimum of 210 days must have passed between the first payment due date on the existing loan (loan being refinanced) and the Note date of the new mortgage, AND A minimum of 6 consecutive payment have been made on the loan being refinanced as evidenced by the credit report or credit supplement <p>NOTE: The borrower cannot prepay the loan to meet the seasoning requirement and the 6th payment cannot be paid at loan closing. Seasoning requirements apply to the first mortgage only</p>
Fee Recoupment	<ul style="list-style-type: none"> P&I Payment Decreasing: Fees must be recouped within 36 months or less, no exceptions P&I Payment Stays the Same or Increases: The veteran cannot incur any fees, closing costs or expenses (excluding taxes, escrow amounts, and the funding fee) <p>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</p>
Net Tangible Benefit	<p>The following are acceptable as a net tangible benefit:</p> <ul style="list-style-type: none"> Fixed to Fixed: A minimum 50 basis point reduction required Fixed to ARM: A minimum 200 basis point reduction required ARM to ARM: A basis point reduction not required ARM to Fixed: A basis point reduction not required
Payment Test	<ul style="list-style-type: none"> P&I Payment Decreased: Fees/closing costs/expenses may be charged to the veteran P&I Payment Stays Same or Increases: If the payment stays the same or increases the veteran cannot incur any fees, closing costs or expenses (excluding taxes, escrow amounts and funding fee) <p>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</p>
Discount Points and Loan Changing from Fixed to ARM - Requires Appraisal	<p>When discount points are charged, regardless of reason, AND the loan is going from a fixed to ARM, an appraisal is required. The LTV (CLTV not limited) is based on the amount of the discount points charged:</p> <ul style="list-style-type: none"> Discount Point Amount ≤ 1 Point: Maximum 100% LTV Discount Point Amount > 1 Point: Maximum 90% LTV <p>NOTE: An appraisal is NOT required if discount points are charged and the LTV restrictions above do not apply when the loan is going from fixed to fixed, ARM to ARM or ARM to fixed</p> <p>LTV Determination:</p> <ul style="list-style-type: none"> The LTV is calculated by dividing the VA base loan amount (excluding the funding fee, if any) by the value determined by the appraisal report <p>Appraisal Requirements</p> <ul style="list-style-type: none"> An Exterior-Only Inspection Residential Appraisal Report (Fannie Mae form 2055), or Exterior-Only Inspection Individual Condominium Unit Appraisal Report (Fannie Mae 1075) <p>NOTE: Appraisal is not ordered from VA; appraisal is ordered from a HomeBridge approved AMC</p>