

# VA IRRRL Program

## Conforming and High Balance

Fixed Rate and ARM

Primary Residence				
<i>Transaction Type</i>	<i>Units</i>	<i>LTV</i>	<i>CLTV</i>	<i>Credit Score</i>
IRRRL Conforming	1-4	Unlimited	Unlimited	580
IRRRL High Balance	1-4	Unlimited	Unlimited	620

### Interest Rate Reduction Refinance Loan (IRRRL) General Information

An IRRRL is a VA guaranteed loan made to refinance an existing VA guaranteed loan. The PITI payment on the new loan must be less than on the existing loan unless one of the following applies:

- The loan term is reduced, or
- The veteran is refinancing to a more stable product (i.e. ARM or GPM to fixed rate).

Highlights of an IRRRL include:

- VA to VA refinance
- No Income
- No assets (unless borrower needs funds to close, then asset verification required)
- No ratios
- No termite inspection
- No monthly MI
- Maximum loan term is the original term of the VA loan being refinanced plus 10 years. New loan term can never exceed 30 years and 32 days.
- The refinance of a loan originated by PBM (PBM to PBM) is subject to VA guidelines **only**; PBM overlays do **not** apply.

Credit qualification (tri-merge credit report and standard credit underwriting guidelines) will be required if:

- The borrower's PITI payment will increase by more than 20%,
- A spouse will be removed from the original loan, or
- High balance transactions with a credit score < 620

**If credit qualification required refer to the VA Program matrix for credit qualifying criteria.**

VA guidelines can be found at: [VA Lenders Handbook - VA Pamphlet 26-7](#)

## VA IRRRL Program Guidelines

Topic	Guideline
IRRRL Documents and Forms	<ul style="list-style-type: none"> <li>HUD/VA Addendum to URLA (VA Form 26-1802a) – pages 1 and 2 only</li> <li>Debt Questionnaire (VA 26-0551) – credit qualifying only</li> <li>Federal Collection Policy Notice (VA 26-0503)</li> <li>Counseling Checklist for Military Homebuyers (VA 26-0592) - active duty only</li> <li>Nearest Living Relative Statement</li> <li>Child Care Certification required on credit qualifying if dependents disclosed or at underwriter's discretion.</li> <li>VA Lender Certification</li> </ul>
4506-T	<p><b>Credit Qualifying</b></p> <ul style="list-style-type: none"> <li>Completed and signed 4506-T required prior to loan closing for both personal and business tax returns (if applicable).</li> <li>4506-T will be processed</li> </ul> <p>Refer to the VA Program guidelines at <a href="#">Product Guidelines</a> on the PBM website for complete 4506-T requirements.</p> <p><b>Non-Credit Qualifying</b></p> <p>4506-T not required</p>
Age of Documents	<ul style="list-style-type: none"> <li>All credit, income and asset documentation must be ≤ 120 days from the Note date</li> <li>Appraisal must be dated with 180 days of the Note date.</li> </ul>
Application (1003)	<ul style="list-style-type: none"> <li><b>Non-Credit Qualifying</b> <ul style="list-style-type: none"> <li>- Section IV Employment Information and Section VI Assets and Liabilities of the 1003 application are <b>not</b> required to be completed.</li> <li>- Section VIII Declarations section should be completed as applicable.</li> </ul> <p><b>NOTE: Income should never be indicated on the application for NCQ transactions</b></p> </li> <li><b>Credit Qualifying</b> <ul style="list-style-type: none"> <li>- Full 1003 required</li> </ul> </li> </ul>
Appraisals	Not required.

## VA IRRRL Program Guidelines

<b>Assets</b>	<ul style="list-style-type: none"> <li>• Not required unless funds are needed to close. Documentation is not required if funds needed to close is ≤ \$500.00.</li> <li>• If funds needed to close &gt; \$500.00, 2 months bank statements required</li> </ul>
<b>Assumptions</b>	Not allowed
<b>AUS</b>	Manual underwrite only
<b>Available Markets</b>	AZ, CA, CO, FL, ID, OR, TX, UT & WY
<b>Borrowers - Eligible</b>	<ul style="list-style-type: none"> <li>• Veteran or veteran and spouse. Must currently occupy the property.</li> <li>• A spouse may only be deleted from the new loan if the loan is credit qualified.</li> </ul> <p>The following require submission to VA for approval:</p> <ul style="list-style-type: none"> <li>• Joint loan (two veterans who are <b>not</b> married)*</li> <li>• Same-sex marriage*. The following documentation must be provided: <ul style="list-style-type: none"> <li>- Date and name of the state where the marriage occurred,</li> <li>- The state the borrowers were residing in at the time of the marriage,</li> <li>- State where the subject property is located,</li> <li>- Current state of residence, and</li> <li>- Estimated loan closing date.</li> </ul> </li> <li>• Loans to a veteran in receipt of VA non-service connected pension</li> <li>• Veteran has been rated incompetent by the VA</li> <li>• Proposed construction that is ≤ 95% complete</li> <li>• IRRRL to refinance a loan 30 days or more past due</li> <li>• Properties that are not held in fee simple ownership (e.g. leaseholds, ground rental arrangements, etc.). Submission to the VA Central office must include: <ul style="list-style-type: none"> <li>- Details of the ownership arrangement,</li> <li>- Copies of leases or applicable instrument creating the estate, and</li> <li>- The recommendation of the local VA office with jurisdiction</li> </ul> </li> <li>- *VA will review loans for the home loan guaranty benefit and determine if both spouses' income may be used.</li> </ul>
<b>Cash Back to Borrower</b>	Maximum \$500.00
<b>Credit Report</b>	<p><b>Conforming Loan Amounts</b></p> <ul style="list-style-type: none"> <li>• A mortgage only credit report with credit scores is acceptable unless the PITI payment is increasing by more than 20% or a spouse is being removed from the new loan then a tri-merge credit report is required.</li> </ul> <p><b>High Balance Loan Amounts</b></p> <ul style="list-style-type: none"> <li>• Full credit report to verify no major derogatory credit with the past 12 months. Major derogatory credit is defined as any payment &gt; 60 days delinquent, collections and/or judgments (excludes medical/utilities).</li> </ul>
<b>Credit Score</b>	<ul style="list-style-type: none"> <li>• Credit qualifying minimum 580 credit score and 620 for High Balance loans.</li> </ul>

## VA IRRRL Program Guidelines

<b>Documentation</b>	<ul style="list-style-type: none"> <li>• <b>All loans:</b> <ul style="list-style-type: none"> <li>- Legible photo ID and social security card</li> <li>- Most recent mortgage statement</li> <li>- Copy of existing Note</li> <li>- Payoff statement with valid expiration</li> </ul> </li> </ul>				
<b>Employment</b>	<p><b>Credit Qualifying:</b></p> <ul style="list-style-type: none"> <li>• A two year employment history is required</li> <li>• A verbal verification of employment is required within 10 days of the Note date for salaried borrowers and within 30 days of closing for self-employed borrowers.</li> </ul> <p><b>Non-Credit Qualifying:</b></p> <ul style="list-style-type: none"> <li>• <b>Employment verification/history not required.</b></li> </ul>				
<b>Impound Account</b>	<p>Required on all loans, no exceptions.</p>				
<b>Fees and Charges</b>	<p>VA allows the following fees and charges:</p> <ul style="list-style-type: none"> <li>• 1% origination fee based on total loan amount. Fees determined by VA as unallowable <b>cannot</b> be charged, <b>or</b></li> <li>• 1% unallowable fees based on the total loan amount. An origination fee <b>cannot</b> be charged, <b>or</b></li> <li>• 1% blend of origination fee and unallowable fees based on the total loan amount. Fees cannot exceed 1% of the total loan amount.</li> <li>• The veteran <b>cannot</b> pay any of the following fees: <ul style="list-style-type: none"> <li>- Attorney fees (unless the veteran independently retains an attorney)</li> <li>- Pre-payment fees</li> <li>- Real estate broker fees</li> <li>- FHA re-inspection fees</li> <li>- Termite inspection (allowed on refinance transactions only).</li> </ul> </li> </ul> <p><b>Unallowable Fees</b></p> <p>The following fees <b>cannot</b> be charged if a 1% origination fee is charged.</p> <table style="width: 100%; border: none;"> <tr> <td style="vertical-align: top;"> <ul style="list-style-type: none"> <li>• Lender's Inspection</li> <li>• Lender's Appraisal</li> <li>• Closing/Settlement Fee</li> <li>• Doc Prep Fees</li> <li>• Conveyance Fee</li> <li>• Underwriting Fee</li> <li>• Pest Inspection Fee</li> <li>• Well/Septic Fee</li> <li>• Escrow Fees</li> <li>• Notary Fee</li> <li>• Commitment fee</li> <li>• Trustee Fee</li> </ul> </td> <td style="vertical-align: top;"> <ul style="list-style-type: none"> <li>• Interest Rate Lock Fee</li> <li>• Postage/Mail Charges</li> <li>• Amortization Schedule</li> <li>• Tax Service Fee</li> <li>• Attorney's Services other than title work</li> <li>• Loan Application/Processing Fee</li> <li>• Fees for preparing Truth-in-Lending</li> <li>• Prepayment Penalties (refinance)</li> <li>• Any other fee not listed as allowable by VA</li> <li>• Fees to Loan Brokers, Finders or other 3rd party fees</li> </ul> </td> </tr> </table> <p><b>Allowable Closing Costs:</b> The following fees may be charged:</p> <table style="width: 100%; border: none;"> <tr> <td style="vertical-align: top;"> <ul style="list-style-type: none"> <li>• Loan Origination Fee</li> <li>• Reasonable Discount Points</li> <li>• Appraisal Fee / Compliance Inspection</li> <li>• Credit Report Fee (actual)</li> <li>• Title examination / Title Insurance Fees</li> <li>• Recording Fees &amp; Taxes</li> <li>• Prorated Taxes</li> <li>• Hazard Insurance</li> </ul> </td> <td style="vertical-align: top;"> <ul style="list-style-type: none"> <li>• Flood Insurance</li> <li>• Flood Determination</li> <li>• Federal Express / Express Mail (Refi only)</li> <li>• Closing Protection Letter</li> <li>• VA Funding Fee</li> <li>• MERS Registration</li> <li>• Survey / Plot Plan</li> </ul> </td> </tr> </table> <p>Refer to the <a href="#">VA Handbook</a> for detailed guidance on allowable fees and charges.</p>	<ul style="list-style-type: none"> <li>• Lender's Inspection</li> <li>• Lender's Appraisal</li> <li>• Closing/Settlement Fee</li> <li>• Doc Prep Fees</li> <li>• Conveyance Fee</li> <li>• Underwriting Fee</li> <li>• Pest Inspection Fee</li> <li>• Well/Septic Fee</li> <li>• Escrow Fees</li> <li>• Notary Fee</li> <li>• Commitment fee</li> <li>• Trustee Fee</li> </ul>	<ul style="list-style-type: none"> <li>• Interest Rate Lock Fee</li> <li>• Postage/Mail Charges</li> <li>• Amortization Schedule</li> <li>• Tax Service Fee</li> <li>• Attorney's Services other than title work</li> <li>• Loan Application/Processing Fee</li> <li>• Fees for preparing Truth-in-Lending</li> <li>• Prepayment Penalties (refinance)</li> <li>• Any other fee not listed as allowable by VA</li> <li>• Fees to Loan Brokers, Finders or other 3rd party fees</li> </ul>	<ul style="list-style-type: none"> <li>• Loan Origination Fee</li> <li>• Reasonable Discount Points</li> <li>• Appraisal Fee / Compliance Inspection</li> <li>• Credit Report Fee (actual)</li> <li>• Title examination / Title Insurance Fees</li> <li>• Recording Fees &amp; Taxes</li> <li>• Prorated Taxes</li> <li>• Hazard Insurance</li> </ul>	<ul style="list-style-type: none"> <li>• Flood Insurance</li> <li>• Flood Determination</li> <li>• Federal Express / Express Mail (Refi only)</li> <li>• Closing Protection Letter</li> <li>• VA Funding Fee</li> <li>• MERS Registration</li> <li>• Survey / Plot Plan</li> </ul>
<ul style="list-style-type: none"> <li>• Lender's Inspection</li> <li>• Lender's Appraisal</li> <li>• Closing/Settlement Fee</li> <li>• Doc Prep Fees</li> <li>• Conveyance Fee</li> <li>• Underwriting Fee</li> <li>• Pest Inspection Fee</li> <li>• Well/Septic Fee</li> <li>• Escrow Fees</li> <li>• Notary Fee</li> <li>• Commitment fee</li> <li>• Trustee Fee</li> </ul>	<ul style="list-style-type: none"> <li>• Interest Rate Lock Fee</li> <li>• Postage/Mail Charges</li> <li>• Amortization Schedule</li> <li>• Tax Service Fee</li> <li>• Attorney's Services other than title work</li> <li>• Loan Application/Processing Fee</li> <li>• Fees for preparing Truth-in-Lending</li> <li>• Prepayment Penalties (refinance)</li> <li>• Any other fee not listed as allowable by VA</li> <li>• Fees to Loan Brokers, Finders or other 3rd party fees</li> </ul>				
<ul style="list-style-type: none"> <li>• Loan Origination Fee</li> <li>• Reasonable Discount Points</li> <li>• Appraisal Fee / Compliance Inspection</li> <li>• Credit Report Fee (actual)</li> <li>• Title examination / Title Insurance Fees</li> <li>• Recording Fees &amp; Taxes</li> <li>• Prorated Taxes</li> <li>• Hazard Insurance</li> </ul>	<ul style="list-style-type: none"> <li>• Flood Insurance</li> <li>• Flood Determination</li> <li>• Federal Express / Express Mail (Refi only)</li> <li>• Closing Protection Letter</li> <li>• VA Funding Fee</li> <li>• MERS Registration</li> <li>• Survey / Plot Plan</li> </ul>				

## VA IRRRL Program Guidelines

<b>Funding Fee</b>	0.50%. The Certificate of Eligibility, issued by VA, will indicate if the veteran is exempt, or non-exempt from paying the VA Funding Fee.
<b>Guaranty</b>	A minimum 25% guaranty is required.
<b>Higher Priced Mortgage Loan</b>	Not eligible for non-credit qualifying.
<b>LDP/GSA/CAIVRS</b>	<p><b>LDP / GSA at <a href="#">LDP / GSA</a></b></p> <p>All of the following parties to the transaction, as applicable, must be checked against HUD's Limited Denial of Participation list and the General Service Administration's Excluded Parties List System.</p> <ul style="list-style-type: none"> <li>- Borrower(s),</li> <li>- Broker,</li> <li>- Loan Agent,</li> <li>- Appraiser (if applicable).</li> </ul> <p><b>CAIVRS at <a href="#">CAIVRS</a></b></p> <ul style="list-style-type: none"> <li>- All borrowers must be checked against the Credit Alert Interactive Voice Response System (CAIVRS) to determine if they have delinquent federal debt. Borrowers identified with a CAIVRS claim are generally ineligible.</li> <li>- Borrowers with a CAIVRS claim number due to a short sale are eligible for a VA loan if a minimum of two (2) years have passed since the short sale and the borrower otherwise qualifies for the loan. The borrower is required to provide an explanation of the event.</li> </ul>
<b>Maximum Loan Amount</b>	<p><b>Maximum Base Loan Amount ≤ \$417,000</b></p> <p>Lesser of:</p> <ul style="list-style-type: none"> <li>• Existing VA loan pay off - Unpaid principal balance (Including any charges/misc. fees charged by current lender to pay the loan in full) plus allowable VA closing costs, plus VA funding fee (if applicable), plus up to 2 discount points, <b>or</b></li> <li>• The appraised value (AVM or 2055) x 125%.</li> </ul> <p><b>Maximum Base Loan Amount ≥ \$417,001</b></p> <p>Lesser of:</p> <ul style="list-style-type: none"> <li>• Existing VA loan pay off – Unpaid principal balance (Including any charges/misc. fees charged by current lender to pay the loan in full) plus allowable VA closing costs, plus VA funding fee (if applicable), plus up to two discount points, <b>or</b></li> <li>• The appraised value (full conventional appraisal required) x 100% as applicable.</li> </ul> <p>Refer to the Fees and Charges topic above for details on allowable/unallowable fees.</p>
<b>Mortgage History/Seasoning</b>	<ul style="list-style-type: none"> <li>• 0 x 30 in previous 12 months on loan amounts ≤ \$417,000</li> <li>• Mortgage must be current and due for the month closing.</li> <li>• Borrower must have made a minimum of 12 mortgage payments prior to application.</li> </ul>
<b>Occupancy</b>	<ul style="list-style-type: none"> <li>• 1-4 unit owner-occupied primary residence (2-4 unit ineligible on high balance)</li> </ul>
<b>Prepayment Penalty</b>	Not permitted
<b>Products</b>	Fixed rate: 15, 20, 25 or 30 year ARM: 3/1 and 5/1; Treasury index; Caps: 1/1/5; Margin/floor: 2.00; Qualified at Note rate

## VA IRRRL Program Guidelines

---

<b>Properties Listed for Sale Within the Previous 12 months</b>	<ul style="list-style-type: none"> <li>Properties that were listed for sale in the previous 12 months must be taken off the market prior to the application date.</li> <li>A property listed for sale will be considered for a rate/term refinance as long as the listing has been cancelled, expired or withdrawn.</li> <li>A letter of explanation is required.</li> </ul>
<b>Refinance Transactions</b>	At least one of the borrowers on the refinance transaction is currently on the title of the property being refinanced.
<b>Reserves</b>	Not required
<b>Subordinate Financing</b>	<ul style="list-style-type: none"> <li>Eligible subject to the CLTV limits on the matrix located on page 1.</li> <li>New loan proceeds cannot be used to pay off any existing subordinate financing. Existing subordinate financing must subordinate to the new loan.</li> </ul>
<b>Temporary Buydowns</b>	Not allowed