

VA INTEREST RATE REDUCTION REFINANCE LOAN (IRRRL)

PROGRAM SPECIFICATIONS	
Description	An IRRRL is a VA-guaranteed loan made to refinance an existing VA-guaranteed loan, generally at a lower interest rate than the existing VA loan, and with lower principal and interest payments than the existing VA loan.
Channels	• Broker • Correspondent ○ Non-Delegated UW ○ Delegated UW
FICO	Minimum Qualify Credit Scores • 580 Non-Credit Qualifying: • Require a soft pull credit report with one bureau. Reflected score must be a 580 or higher and show current mortgage payment. Credit and Income Qualifying IRRRL's: • 1 credit score required for all qualifying borrowers, • Use the middle score if 3 credit scores, or • The lower of the two if 2 credit scores. • Lowest representative score from all borrowers will be used for qualification.
UW Method	• Manual Underwrite
Eligible Terms	• 10Yr., 15Yr., 20Yr., 25Yr., 30Yr. Fixed
Eligible Transaction Types	• No Cash Out Refinance (Rate/Term)
Eligible Property Types	• 1-4 Unit Primary Residences • VA-Approved Condominiums • PUDs • Singlewide & Multiwide Manufactured Housing
Maximum DTI	• Not Applicable
Maximum Loan Amount	• 3 million VA Form 26-8923, IRRRL Worksheet, must be used to calculate the maximum loan amount. The maximum loan amount is the existing VA loan balances plus the following: ○ allowable fees and charges (includes up to two discount points), plus ○ the VA funding fee. Note: There is no maximum dollar amount for VA IRRRL loans. Since an IRRRL rolls the above items into the new loan, and VA guarantees at least 25 percent of the loan amount (without regard to the veteran's entitlement), the new loan amount may be more than the limits established by the secondary market.
Mortgage History	0x30x12 months required; if loan originated less than 12 months, all payments must be paid as agreed. AFR does not permit delinquent payments. Note: AFR will follow Circular 26-20-25 pertaining to Borrowers in forbearance with or without missed payments.
Qualified Mortgage	AFR requires all IRRRLs to be Safe Harbor Qualified Mortgages and does not permit Rebuttable Presumption. In order for an IRRRL to be considered a safe harbor the loan must meet all of the requirements of 36.4300(c)(1): • The note date of the refinance loan must be on, or after, the later of: ○ The date on which the borrower has made at least six monthly payments on the loan being refinanced; and ○ The date that is 210 days after the first payment due date of the loan being refinanced. • The recoupment period for all allowable fees and charges (see 38 CFR 36.4313) financed as part of the loan or paid at closing through the Veteran's own assets does not exceed <u>thirty six (36) months</u>, applies to all IRRRL's including ARM to Fixed and term reduction refinances; and • Fixed Rate to Fixed Rate transactions must provide an NTB at a minimum of .5% interest rate reduction. • All other VA requirements for guaranteeing an IRRRL are met. • <u>And</u> by meeting AFR's mortgage history requirement outlined above.

	Safe harbor protections will only apply to such an IRRRL if it meets the seasoning and recoupment requirements.
Geographic Restrictions	• Hawaii ○ AFR does not operate in the state of Hawaii and does not permit loans with a subject property in Hawaii for all programs in all channels with the exception of Correspondent Delegated UW transactions. • AFR requires the use of AFR's Texas counsel on all Texas transactions with the exception of Correspondent Delegated loans. AFR utilizes this 3rd party for document preparation and require 48 hours for both title review and to generate a closing package.
Guidelines	http://www.benefits.va.gov/warms/pam26_7.asp Chapter 6,1
Forms	See FORMS Section in the Resource Center
OVERLAYS	
Follow all overlays outlined in the VA Fully Amortizing Fixed Program and: ▪ Rebuttable Presumption Mortgages are not permitted; all IRRRLs must be Safe Harbor Qualified Mortgages ▪ AFR does not permit IRRRL transactions when the refinance results in the same or higher monthly Principle and Interest payment and the 36 month recoupment is not met. ▪ Escrow waivers are generally permitted without restriction on taxes and insurance, except as outlined below: ○ Illinois: Not permitted ○ Minnesota: Not permitted ○ New Mexico: Not permitted with LTV ≥ 80%	
Disclaimer: All overlays herein are subject to change by AFR without notice. Where AFR is silent, the UW must follow all guidelines outlined in the Lender's Handbook - VA Pamphlet 26-7.	