

MortgageIT

VA Interest Rate Reduction Refinance Loan (IRRRL) Checklist

Borrower: _____

VA Case # _____

MIT Loan Number: _____

Previous Case # _____

Category

Description

Property Type

1-4 Unit Primary Residence.

Occupancy

Veteran must certify that he or **she occupies or has previously occupied** the property as his or her home with a signed statement.

Product Type

1) VA Fixed Rate Only.
2) Maximum loan term is the original term of the VA loan being refinanced plus 10 years, but not to exceed 30 years and 32 days.

Seasoning

IRRRL must replace an existing VA loan as the first lien on the same property (there are NO seasoning requirements for VA IRRRLs).

Mortgage Amount/

1) The maximum loan amount is:

Maximum LTV

--Existing VA loan balance, plus
--Allowable fees and charges (including up to 2 discount points), plus
--The cost of any energy efficiency improvements, plus
--The VA Fund Fee.

2) For refinance loans 30 days or more past due, the loan must be brought current since delinquent loans must be submitted for VA prior approval. For delinquent loans, VA does allow the following to be included in the new loan:

--Late payments and late charges on the old loan, and
--Reasonable costs if legal action to terminate the old loan has commenced.

3) Final loan amount cannot exceed \$203,000.

4) No maximum CLTV.

Subordinate Liens

- 1) Second liens must be subordinated.
- 2) The borrower cannot pay off liens other than the existing VA loan from IRRL proceeds.

Closing Costs, Financing Costs,
And Prepaid Items

The following fees and charges may be included:

- The VA Funding Fee, and
- Any allowable fees and lender's flat charge, and
- Financing of up to 2 discount points.

Cash Bank to Borrower

- 1) Energy efficiency improvements up to \$6000 completed within the 90 days immediately preceding the date of loan closing may be reimbursed to the borrower.
- 2) VA does not object to the borrower receiving cash when:

- Required to correct computational errors
- Changes in final pay-off figures
- Up-front fees paid for the appraisal and/or credit report that are later added into the loan, and
- Refund of the escrow balance on the old loan (this often occurs when a party other than the present holder originates the loan).
- Cash back on the HUD-1 to the veteran that exceeds \$500 should be reviewed with VA.

Change in Borrowers

- 1) The veteran (or surviving co-obligor spouse) must still own the property.
- 2) See VA Lender Handbook Section 6.01 for other situations.

Borrower Qualifications

Loan must be credit underwritten when:

- The loan to be refinanced is 30 days or more past due (by VA).
- The monthly payment (PITI) will increase 20% or more.
- A borrower with a recent Chapter 13 bankruptcy may need approval of the trustee for the new loan.

Credit Report

If either of these requirements are not met, then the borrower must be credit qualified:
--Credit report is not required unless VA requires that the borrower must be credit qualified, or
--A one bureau in-file credit report (tri-merge) with a mortgage pay history to show no 30 day late payments during the previous 30 months.

Mortgage Payment History
On Existing First Mortgage

A delinquent mortgage (defined as 30 or more days past next payment due date) is not eligible for IRRRL processing until the loan is brought current.

Minimum Income Documentation
Asset Documentation
Appraisal

Not required.
Not required.
Not required, unless the mortgage pay history described herein is not met, in which case the subject property must be collateral qualified.

Maximum Guaranty

- 1) Maximum guaranty is \$50,750.
- 2) Minimum guaranty is at least 25%.

Automated Underwriting
Additional Documentation

- Not eligible for AUS (LP or DU).
- 1) VA Form 26-8923: IRRRL Worksheet.
 - 2) VA Form 26-8937: Verification of VA Benefit-Related Indebtedness.
 - 3) VA Form 26-8320 (or 26-8320a): Certificate of Eligibility.
 - 4) Uniform Residential Loan Application (URLA).
 - 5) VA Form 26-1820: Report and Certification of Loan Disbursement.
 - 6) Copy of discount/interest rate commitment signed by Veteran.
 - 7) Statement signed by Veteran acknowledging his/her understanding of the effect of the refinance in regards to payment and interest. Statement must reflect the old loan payment and interest rate in relation to new loan payment and rate.
 - 8) URLA and VA Form 26-1886A Addendum to URLA.
 - 9) Closing Documents.
 - 10) Updated/re-issued title policy.
 - 11) Copy of the original survey, if applicable.