

VA Refinance IRRRL

This matrix is intended as an aid to help determine whether a property/loan qualifies for certain financing. It is not intended as a replacement for VA guidelines. Users are expected to know and comply with VA requirements.

NOTE: This matrix includes overlays, which may be **more restrictive** than VA requirements. A thorough reading of this matrix is recommended.

Program Qualifications

- Impac's VA Interest Rate Reduction Refinance Loan (IRRRL) is designed for the rate/term refinance at a reduced interest rate of an existing insured VA loan on an owner occupied primary residence up to a maximum of 115% LTV.

Eligibility Matrix Loan Amount & LTV Limitations

VA – Interest Rate Reduction Refinancing Loan (IRRRL) Primary Residence Only

Units	Maximum Base LTV
1-4	<p>Maximum LTV is 100% of AVM or appraised value calculated using Total Loan Amount (Base Loan Amount plus VA funding fee) when Total Loan Amount > \$417,000 (see <i>Appraisal Requirements</i>)</p> <p>Maximum LTV is 115% of AVM or appraised value calculated using Total Loan Amount (Base Loan Amount plus VA funding fee) when Total Loan Amount ≤ \$417,000 (see <i>Appraisal Requirements</i>)</p> <p>Minimum 620 score at all LTV's</p> <p>* All VA refinance loans that fall under Section 50(a)(6) of the Texas Constitution are ineligible</p>
<ul style="list-style-type: none"> Maximum 125% CLTV for existing subordinate financing The 25% minimum VA guaranty/entitlement is considered satisfied for Interest Rate Reduction Refinance Loans regardless of the dollar amount of guaranty being transferred from the previous loan. 	

Maximum Loan Amount

Continental US, Alaska and Hawaii	
Units	Highest Maximum Total Loan Amount
1	\$750,000
2 – 4	VA County Loan Limit or \$750,000 whichever is less

Refer to VA Form 26-8923 *Interest Rate Reduction Refinancing Loan Worksheet* to calculate loan amount. Loan amount must have sufficient VA guaranty

Product Description

- VA Fixed Rate 15 and 30 year term; fully amortized
- VA Fixed Rate 15 and 30 year term, high balance; fully amortized
- VA 3/1 and 5/1 ARMs, including high balance

Product Codes

15 Years	Product Code
VA 15 Years IRRRL	VF15IR
VA 15 Years IRRRL High Balance	VF15IRHB (base loan amount above \$417,000)

30 Years	Product Code
VA 30 Years IRRRL	VF30IR
VA 30 Years IRRRL High Balance	VF30IRHB (base loan amount above \$417,000)

Hybrid ARM	Product Code
VA 3/1 IRRRL	VA31IR
VA 3/1 IRRRL High Balance	VA31IRHB (base loan amount above \$417,000)
VA 5/1 IRRRL	VA51IR
VA 5/1 IRRRL High Balance	VA51IRHB

Eligibility Requirements

<p>Adjustable Rate Details</p>	<table border="1"> <tr> <td>Interest rate adjustment caps</td> <td>3/1 and 5/1 ARM = 1/1/5 Initial: 1% up/down; Subsequent: 1% up/down; Lifetime : 5% up</td> </tr> <tr> <td>Margin</td> <td>2.00%</td> </tr> <tr> <td>Index</td> <td>1-Year CMT, defined as the weekly average yield on United States (U.S.) Treasury securities adjusted to a constant maturity of one year</td> </tr> <tr> <td>Interest rate Floor</td> <td>The interest rate Floor is equal to the Margin</td> </tr> <tr> <td>Change dates</td> <td>3/1: The first Change Date is the 36th payment due date. There is a new Change Date every 12 months thereafter 5/1: The first Change Date is the 60th payment due date. There is a new Change Date every 12 months thereafter</td> </tr> <tr> <td>Conversion Option</td> <td>None</td> </tr> <tr> <td>Assumption</td> <td>Permitted after the first adjustment for qualified borrowers.</td> </tr> <tr> <td>Temporary Buydowns</td> <td>Temporary Buydowns may not be used with an ARM product</td> </tr> </table>	Interest rate adjustment caps	3/1 and 5/1 ARM = 1/1/5 Initial: 1% up/down; Subsequent: 1% up/down; Lifetime : 5% up	Margin	2.00%	Index	1-Year CMT, defined as the weekly average yield on United States (U.S.) Treasury securities adjusted to a constant maturity of one year	Interest rate Floor	The interest rate Floor is equal to the Margin	Change dates	3/1: The first Change Date is the 36 th payment due date. There is a new Change Date every 12 months thereafter 5/1: The first Change Date is the 60 th payment due date. There is a new Change Date every 12 months thereafter	Conversion Option	None	Assumption	Permitted after the first adjustment for qualified borrowers.	Temporary Buydowns	Temporary Buydowns may not be used with an ARM product
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<p>Appraisal Requirements</p>	<p>Valuation requirements for IRRRL transactions are as follows.</p> <p>Value may be obtained by using an AVM or an appraisal at the option of the borrower.</p> <p><u>An AVM is acceptable as follows:</u></p> <ul style="list-style-type: none"> • Credit Score ≥ 620; and • CoreLogic Geo AVM with Forecast Standard Deviation value of 14 or less, or • LPS Cascading AVM with minimum confidence score of 75. • If unable to meet the AVM requirements above, a 2055 appraisal is required • CoreLogic Geo AVM or LPS Cascading AVM are the only acceptable AVM valuations – no exceptions. • Notice of Reasonable Value is not required to be issued in webLGY. • Refer to <i>Geographic Locations/Restrictions</i> for additional state specific restrictions <p><u>If an appraisal is used for value, the following requirements apply:</u></p> <ul style="list-style-type: none"> • ≤ 100% LTV a 2055 is required from Impac's AMC, that meets Appraiser Independence Requirements (AIRs) • >100% LTV a full appraisal (1004) is required from Impac's AMC, that meets AIRs • Appraisal must be dated within 90 days of the Note date • No minimum requirements regarding length of ownership will apply to value • Market Conditions Addendum is required • Subject property must be rated as "average" or higher or C1 through C4 eligible; C5 & C6 ineligible. • Any repair requirements noted by appraiser impacting the safety, structural soundness and habitability of subject property must be completed. • Notice of Reasonable Value is not required to be issued in webLGY. • Refer to <i>Geographic Locations/Restrictions</i> for additional state specific restrictions <p><u>Natural Disasters</u> Loans secured by properties located in areas federally declared as major disaster areas must have additional inspections, contact Account Executive to review.</p>																
<p>Appraiser Requirements</p>	<p>Appraisal ordered through and appraiser assigned by Impac's AMC</p>																
<p>Assets</p>	<p>No asset verification required</p>																
<p>Assumptions</p>	<p>Permitted – Credit worthy borrows only</p>																
<p>Borrower Eligibility</p>	<ul style="list-style-type: none"> • Must be a veteran who served the minimum duty with other than a dishonorable discharge • Active duty with at least 181 days of duty • Un-remarried surviving spouse of eligible veteran (COE) • Reservists/National Guard • Joint loans involving a veteran and a non-veteran who is not the veteran's spouse (VA prior approval required. Refer to <i>Special Requirements/Restrictions</i> for more details) • Joint loans involving two unmarried veterans (VA prior approval required. Refer to <i>Special Requirements/Restrictions</i> for more details) • Inter Vivos Revocable Trust is allowed for owner occupied property only <ul style="list-style-type: none"> ○ Note: A Power of Attorney is not allowed for properties held in a trust 																

VA Refinance IRRRL

Certificate of Eligibility (COE)	<p>A Certificate of Eligibility (COE) and VA Form 26-8937 are not necessary for Interest Rate Reduction Refinancing Loans (IRRRLs).</p> <p>If a lender successfully requests a VA case number for an IRRRL a COE is NOT required by VA. If the case number also shows the veteran is Exempt from paying the funding fee, VA Form 26-8937 is NOT required.</p>
Co-borrowers	All borrowers must occupy the subject property
Credit	<p>Housing (Mortgage/Rental) payment history requirements</p> <ul style="list-style-type: none"> • It may be necessary to verify the current and previous mortgage to establish a 12-month payment history. Housing (Mortgage/Rental) Payment History (PITI) is inclusive of all liens regardless of lien position, as well as all occupancy types. • All loans must be current • 12 month payment history or life of loan if property is owned less than 12 months via a credit report, cancelled checks, or VOM to reflect no more than 0x30 during the previous 12 months. • Loans where the P&I increases more than 20% require credit report or tri-merged in-file <p>Minimum FICO Score Requirement</p> <ul style="list-style-type: none"> • Minimum 620 score required • Use the middle score of 3 repositories or lower score of 2 repositories to determine eligibility • If a tri-merged credit report is provided, the report must be analyzed to ensure there are no serious delinquent obligations in the last 12 months. Loans may be subject to further review and 12-month income documentation. • Non-traditional credit is ineligible.
Employment / Income	<p>No income documentation required, except where the P&I payment increases 20%.</p> <ul style="list-style-type: none"> • Documentation for loans if P&I payment increases by 20% or more <ul style="list-style-type: none"> • Determine the borrower has stable and reliable income to support the proposed housing payment along with other recurring monthly obligation <ul style="list-style-type: none"> • Pay stubs covering at least the most recent 30 day period • 2 years W2s • 2 years tax returns for self-employed borrowers • Telephone VOE of the borrower's current employment • 4506T must be executed • Refer to <i>Geographic Locations/Restrictions</i> for additional state specific restrictions
Escrow Holdback	Ineligible
Escrow Waivers	Ineligible
Financing Types	<p>Interest Rate Reduction Refinances Only</p> <ul style="list-style-type: none"> • Appraisal or AVM required, refer to <i>Appraisal /Appraiser Requirements</i> for specifics • No seasoning on first mortgage • New loan amount may include the following. <ul style="list-style-type: none"> • Unpaid principal balance, including accrued interest and late fees, if applicable • Allowable closing costs, refer to Section Special Restrictions Section for ineligible costs • Prepaid expenses • Maximum 2 discount points • Funding fee • 25% guaranty is considered satisfied • No cash back to borrower permitted, minor adjustment at closing not to exceed \$500 cash back is eligible • No satisfaction of junior liens • Premium pricing is permitted • Complete VA Form 26-8923 <i>Interest Rate Reduction Refinancing Worksheet</i> <p>Properties located in Texas (IRRRL)</p> <ul style="list-style-type: none"> • If the first mortgage is subject to Texas Section 50(a)(6), VA financing is ineligible, once a cash-out, always a cash-out. • If an existing second lien is subject to Texas Section 50(a)(6), VA financing ineligible, once a cash-out, always a cash-out. • The title policy will reference Texas Section 50(a)(6) or Article XVI of the Texas Constitution effective January 1, 1998 • When VA financing is permitted, underwriting conditions and closing instructions must indicate "No cash back to borrower is permitted," not even \$1 is allowed.

VA Refinance IRRRL

Geographic Locations/Restrictions, as applicable	<p>Eligible states are as follows:</p> <ul style="list-style-type: none"> Wholesale: AK, AL, AR, AZ, CA, CO, CT, DC, FL, GA, IA, ID, IL, IN, KS, KY, LA, MD, MI, MN, MS, MT, NC, ND, NE, NV, OK, OR, SC, SD, TN, TX, UT, VA, WA, WI, WV <p>Additional restrictions as follows: Texas Cash-out 50(a)(6) is ineligible State specific regulatory requirements supersede all underwriting guidelines set forth by Impac.</p> <p>Restrictions to specific states are as follows.</p> <ul style="list-style-type: none"> Colorado IRRRL's <ul style="list-style-type: none"> Income must be stated on the application No verification of income is required No analysis of income is performed
Guaranty/Entitlement	VA guaranty is always 25% for all IRRRL's
Internet Links	<p>The Appraisal System. Order Case Numbers, Appraisals and obtain Automated Certificates of Eligibility at VA Portal https://vip.vba.va.gov/portal/VBAH/Home VA Lenders Handbook http://www.benefits.va.gov/warms/pam26_7.asp VA Lender Resources http://benefits.va.gov/homeloans/lenders.asp VA Regional Loan Centers http://www.homeloans.va.gov/rlcweb.htm VA Forms http://www.va.gov/vaforms/</p>
Limitations on Other Real Estate Owned	None
Loan Amount	No minimum loan amount
Mortgage Insurance	Refer to <i>VA Funding Fee</i> located at the end of this document
Occupancy	Primary Residence
Prepayment Penalty	None
Property Types	<p>Eligible Properties</p> <ul style="list-style-type: none"> 1 – 4 units Condos - VA approved PUDs Modular housing <u>Manufactured Housing acceptable to VA that is classified as real estate and subject to the following restrictions:</u> <ul style="list-style-type: none"> Primary Residence Only Multi-width property only – no single wide No High Balance Loans Fixed Rate only, no ARMs No Manufactured Homes in Condo Projects MFH may not have been re-sited No MFH on leased land Built after June 15, 1976 as evidenced by HUD labels Permanently affixed to a foundation (see VA Lender Manual 12.10) <p>Ineligible Properties</p> <ul style="list-style-type: none"> Condo Hotels Co-ops Leasehold properties
Qualifying Rate and Ratios	<p>When applicable, qualify at initial Note Rate for all fixed and hybrid ARMs (e.g., 3/1, 5/1) Refer to <i>Geographic Locations/Restrictions</i> for additional requirements.</p> <p>The principal and interest payment on an IRRRL must be less than the principal and interest payment on the loan being refinanced unless one of the following exceptions applies</p> <ul style="list-style-type: none"> The IRRRL is refinancing an ARM Term of the IRRRL is shorter than the term of the loan being refinanced. <p>If the monthly payment (PITI) increases by 20 percent or more, the underwriter must credit qualify the borrower.</p>

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	<p>If credit qualifying borrower due to P&I increasing over 20%, the following applies:</p> <ul style="list-style-type: none"> • 41% maximum DTI ratio • 41% DTI ratio may be exceeded provided ratio does not exceed 50% • > 41% <=50% DTI ratios require residual income exceeding 120% in addition to significant documented compensating factors as follows. <ul style="list-style-type: none"> • Conservative use of consumer credit • Excellent credit history • Existence of equity in refinancing loans • Little or no increase in shelter expense • Long-term employment • Minimal consumer debt • Military benefits • Satisfactory homeownership experience • Significant liquid assets
Secondary Financing	<p>Existing secondary financing eligible. Must be approved by Impac. No cash back to the veteran from the VA first mortgage or second mortgage is permitted The second lien should not restrict the veteran's ability to sell the property (i.e. assumability feature) For existing subordinate financing there is a maximum of 125% CLTV limitation Secondary financing must meet requirements in VA Lender Handbook, Secondary Borrowing, Ch 9, Sec 4.</p>
Special Documentation Requirements	<p>Documents required to underwrite the full file are as follows.</p> <ul style="list-style-type: none"> • VA IRRRL Case Assignment screen print out to confirm new case number (verify veteran's name and address match the new application) • All veteran applicants whose income is being used to qualify for the loan transaction must complete and sign the VA Reserves or National Guard Certification. <ul style="list-style-type: none"> • The VA Underwriter must use this information to determine the veteran-borrower's true monthly qualifying income and service pay • Verification of VA Benefit (VA Form 26-8937) required if borrower or co-borrower is: <ul style="list-style-type: none"> • A surviving spouse of a veteran who died on active duty or as a result of a service connected disability <ul style="list-style-type: none"> • Submit form to the VA Regional Loan Center having jurisdiction over property state • Cannot issue final loan approval until VA completes and returns the form • Cannot submit loan to the VA for prior approval unless completed form is received from the VA <p>If automated Certificate of Eligibility shows veteran is exempt from paying the funding fee, VA Form 26-8937 is not required</p> <ul style="list-style-type: none"> • Original signed and completed Uniform Residential Loan Application (FNMA 1003) • Original HUD/VA Addendum to the URLA (VA Form 26-1802a) • Mortgage history for past 12 months • Current payoff statement for existing mortgage • Copy of original note • VA Interest Rate Reduction Refinancing Worksheet VA Form 26-8923 • VA Loan Summary Sheet (VA Form 26-0286) • CAIVRS information must be checked and noted on the IRRRL Worksheet in the remarks section • Nearest living relative information • Initial Good Faith Estimate and Truth in Lending disclosures • Affiliated Business Disclosure • Counseling checklist for Military Homebuyers VA Form 26-0592 required only for credit qualifying streamline and active duty borrowers • Federal Collection Policy Notice VA Form 26-0503 • VA Payment Comparison Letter and Lender Certification <ul style="list-style-type: none"> • Statement signed by the veteran acknowledging the effect of the refinance loan on the veteran's loan payments and interest. (The statement must show the interest rate and monthly payments for the new loan versus the old loan) • The statement must also disclose to the borrower how long it will take for him/her to recoup ALL closing costs (both those included in the loan and those paid outside of closing.) • If the monthly mortgage payment (P&I) increases by 20% or more, a Lender's Certification must also be completed by the VA Underwriter: • The VA Underwriter signs and certifies the Lender Certification that the "borrower qualifies for the new monthly mortgage payment which exceeds the previous payment by 20% or more"

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	<ul style="list-style-type: none"> • Provide all other applicable VA related forms <p>The following documents will be required at closing</p> <ul style="list-style-type: none"> • HUD/VA Addendum to the URLA • VA Transmittal List VA Form 26-0285 • Report and Certification of Loan Disbursement VA Form 26-1820 • Payment Comparison Letter must be signed at closing <p><u>Hardest Hit Funds</u> Various states are distributing federal Hardest Hit Funds (HHF) to help “underwater” borrowers (i.e., mortgage > appraised value) by paying down the existing mortgage at time of refinance. This assistance usually requires the borrower to sign an interest free promissory note (not a lien on the property) that is forgiven after 5 years so long as borrower has maintained the subject property as borrower’s primary residence.</p> <p>VA requires the veteran to sign a lender created simple statement of the terms of the promissory note. This statement must be part of the loan file when HHF funds are used.</p>																																	
<p>Special Requirements/Restrictions</p>	<p>IRRRL Eligible Borrowers</p> <ul style="list-style-type: none"> • Generally, the parties obligated on the original VA loan must be the same parties on the new loan and the veteran must still own the property. However, some ownership changes may be eligible. A change in mortgagors is eligible with proper documentation as follows. <table border="1" data-bbox="431 789 1094 1125"> <thead> <tr> <th>Existing VA Loan</th> <th>New Loan</th> <th>Yes/No</th> </tr> </thead> <tbody> <tr> <td>Unmarried Vet</td> <td>Veteran & new spouse</td> <td>Yes</td> </tr> <tr> <td>Unmarried Vet</td> <td>Spouse only (deceased veteran)</td> <td>No</td> </tr> <tr> <td>Vet</td> <td>Different veteran who has substituted his/her entitlement</td> <td>Yes</td> </tr> <tr> <td>Vet & Spouse</td> <td>Divorced veteran only</td> <td>Yes</td> </tr> <tr> <td>Vet & Spouse</td> <td>Veteran & different spouse</td> <td>Yes</td> </tr> <tr> <td>Vet & Spouse</td> <td>Spouse only (deceased veteran)</td> <td>Yes</td> </tr> <tr> <td>Vet & Spouse</td> <td>Divorced spouse only</td> <td>No</td> </tr> <tr> <td>Vet & Spouse</td> <td>Different spouse only (deceased veteran)</td> <td>No</td> </tr> <tr> <td>Vet & Non-Vet (joint obligors)</td> <td>Veteran only</td> <td>Yes</td> </tr> <tr> <td>Vet & Non-Vet (joint obligors)</td> <td>Non-Veteran only</td> <td>No</td> </tr> </tbody> </table> <p>Term Increase</p> <ul style="list-style-type: none"> • The term of the new loan may not exceed the original term by more than 10 years, subject to the maximum term of 30 years and 32 days. <p>Interest Rate Decrease</p> <ul style="list-style-type: none"> • The interest rate of the new loan must be less than the interest rate of the existing VA loan unless refinancing an ARM to a fixed rate. <p>Payment Increase</p> <ul style="list-style-type: none"> • P&I payment must be less than the P&I payment of the existing VA loan unless: <ul style="list-style-type: none"> • Refinancing an ARM to a Fixed Rate; OR • The term of the new loan is less than the term of the existing VA loan • If the P&I increases by 20% or more the veteran’s ability to repay must be demonstrated. <p>General Guidelines</p> <ul style="list-style-type: none"> • The loan being paid off through the refinance must be the loan indicated on the IRRRL Case number. In some cases, a copy of the note may be required to verify the VA loan number. • The minimum guaranty on an IRRRL is 25% regardless of the dollar amount of guaranty being transferred from the prior loan • If the veteran is deceased and the surviving spouse was a co-obligor, the spouse is considered a veteran for the IRRRL <ul style="list-style-type: none"> • Surviving spouse must own the property <p>Fees Ineligible to be Financed in Loan Amount</p> <ul style="list-style-type: none"> • Flat fees charged by second lien holders to subordinate existing secondary financing. Veteran must pay with own funds. • Processing type fees such as “Subordination prep” charged by closing agents or other third parties to process subordination is ineligible to be charged to Veteran. 	Existing VA Loan	New Loan	Yes/No	Unmarried Vet	Veteran & new spouse	Yes	Unmarried Vet	Spouse only (deceased veteran)	No	Vet	Different veteran who has substituted his/her entitlement	Yes	Vet & Spouse	Divorced veteran only	Yes	Vet & Spouse	Veteran & different spouse	Yes	Vet & Spouse	Spouse only (deceased veteran)	Yes	Vet & Spouse	Divorced spouse only	No	Vet & Spouse	Different spouse only (deceased veteran)	No	Vet & Non-Vet (joint obligors)	Veteran only	Yes	Vet & Non-Vet (joint obligors)	Non-Veteran only	No
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Underwriting	<ul style="list-style-type: none"> • Ineligible for submission to DU/LP • Manual underwriting only
VA Case Number	Order the case from the VA Portal. Remember on an IRRRL you order “case number only”
VA Funding Fee	VA Funding Fee applies unless veteran is exempt. See <i>VA Funding Fee Table</i> for specific percentages.

From Circular 26-11-19

November 22, 2011

P.L. 112-154 extended the Funding Fee structure through September 30, 2017

See VA Circular 26-12-9

VA Funding Fee Table - Loan Fee Structure for VA-Guaranteed Loans		
	Veteran	Reservist/National Guard
First Time Use		
Downpayment		
Less than 5 percent ¹		
*November 22, 2011 through September 30, 2017	2.15%	2.40%
At least 5 percent but less than 10 percent		
*November 22, 2011 through September 30, 2017	1.50%	1.75%
10 percent or more		
*November 22, 2011 through September 30, 2017	1.25%	1.50%
Second and Subsequent Use		
Downpayment		
Less than 5 percent ¹		
*November 22, 2011 through September 30, 2017	3.30%	3.30%
At least 5 percent but less than 10 percent		
*November 22, 2011 through September 30, 2017	1.50%	1.75%
10 percent or more		
*November 22, 2011 through September 30, 2017	1.25%	1.50%
Refinancing Loans		
Interest Rate Reduction Refinancing Loan	0.50%	0.50%
Other		
Assumptions	0.50%	0.50%
Service-connected disabled Veterans	0.00%	0.00%

¹ includes 'Cash-Out' Refinancing loans

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