



## VA INTEREST RATE REDUCTION REFINANCE LOAN (IRRRL)

PROGRAM SPECIFICATIONS	
<b>Description</b>	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.
<b>Channels</b>	<ul style="list-style-type: none"> <li>• Broker</li> <li>• Correspondent               <ul style="list-style-type: none"> <li>○ Table Funded</li> <li>○ Non-Delegated UW</li> <li>○ Delegated UW</li> </ul> </li> </ul>
<b>FICO</b>	<ul style="list-style-type: none"> <li>• 620 Minimum Qualifying Credit Scores for all qualifying borrowers:               <ul style="list-style-type: none"> <li>○ 620-659: A minimum of 2 qualifying credit scores are required for all qualifying borrowers. Use the middle score if 3 credit scores or the lower of the two if 2 credit scores.</li> <li>○ 660+: A minimum of 1 qualifying credit score is required for all required borrowers.</li> <li>○ Lowest representative score from all borrowers will be used for qualification purposes.</li> </ul> </li> </ul>
<b>UW Method</b>	<ul style="list-style-type: none"> <li>• Manual Underwrite</li> </ul>
<b>Eligible Terms</b>	<ul style="list-style-type: none"> <li>• 10Yr., 15Yr., 20Yr., 25Yr., 30Yr. Fixed</li> </ul>
<b>Eligible Transaction Types</b>	<ul style="list-style-type: none"> <li>• No Cash Out Refinance (Rate/Term)</li> </ul>
<b>Eligible Property Types</b>	<ul style="list-style-type: none"> <li>• 1-2 Unit Primary Residences</li> <li>• VA-Approved Condominiums</li> <li>• PUDs</li> <li>• Singlewide &amp; Multiwide Manufactured Housing</li> </ul>
<b>Maximum LTV</b>	<p><b><u>The AVM Policy applies to transactions with Minimum Qualifying Credit Scores &lt; 660</u></b></p> <p><b><u>AFR AVM Policy</u></b>            AFR will accept an AVM from all of our lending partners from the following vendors:</p> <ul style="list-style-type: none"> <li>• Freddie Mac’s HVE</li> <li>• First American Core Logic’s Pass, Power Base 6, or HPA</li> <li>• Real Quest’s ValuePoint4</li> <li>• Fidelity National Data Service’s SiteX</li> <li>• DataVerify’s Property Verify Value AVM</li> <li>• CDR Business Solution’s RELAR</li> </ul> <p>If an AVM is sent in that is acceptable, AFR will base the LTV off of that document.</p> <p>If the AVM is <b>not</b> acceptable, AFR will pull our own.            Examples of an AVM not being acceptable are:</p> <ul style="list-style-type: none"> <li>• Not being in the initial submission;</li> <li>• Not provided by one of AFR’s approved AVM vendors (see above);</li> <li>• Additional documentation suggests the value is not supported by the submitted AVM; or</li> <li>• Confidence score less than 75</li> </ul> <p>If AFR pulls an AVM due to the AVM not being acceptable, AFR’s AVM will be the one used in determining the LTV. The Lending partner will not have the ability to pull another one from another source once the LTV has been established with the documentation received.</p> <p>If the <b>LTV is greater than 125%</b> or there is not sufficient data to render a value or the <b>confidence score is less than 75</b>, a pricing adjustment (LLPA) <u>will</u> be applied.</p> <p>AFR will send all AVM’s used in the underwriting analysis to the Applicant as required by the ECOA Valuations Rule regardless of whether we used the AVM we requested or the one submitted by the Lending Partner.</p>
<b>Maximum DTI</b>	Follow VA Guidelines
<b>Maximum Loan Amount</b>	<ul style="list-style-type: none"> <li>• <b>FHFA’s county loan limit for the subject property county</b></li> </ul> 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:





	<ul style="list-style-type: none"> <li>○ allowable fees and charges (includes up to two discount points), plus</li> <li>○ the VA funding fee.</li> </ul> <p><b>Note:</b> 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.</p>
<b>Mortgage History</b>	<p>0x30x12 months required; if loan originated less than 12 months, all payments must be paid as agreed. AFR does not permit delinquent payments.</p> <p><b>Note:</b> AFR will follow <a href="#">Circular 26-20-25</a> pertaining to Borrowers in forbearance with or without missed payments.</p>
<b>Qualified Mortgage</b>	<p><b>AFR requires all IRRRLs to be Safe Harbor Qualified Mortgages and does not permit Rebuttable Presumption.</b></p> <p>In order for an IRRRL to be considered a safe harbor the loan must meet all of the requirements of <a href="#">36.4300(c)(1)</a>:</p> <ul style="list-style-type: none"> <li>● The note date of the refinance loan must be on, or after, the later of: <ul style="list-style-type: none"> <li>○ The date on which the borrower has made at least six monthly payments on the loan being refinanced; and</li> <li>○ The date that is 210 days after the first payment due date of the loan being refinanced.</li> </ul> </li> <li>● The recoupment period for all allowable fees and charges (see <a href="#">38 CFR 36.4313</a>) 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</li> <li>● Fixed Rate to Fixed Rate transactions must provide an NTB at a minimum of .5% interest rate reduction.</li> <li>● All other VA requirements for guaranteeing an IRRRL are met.</li> <li>● <u>And</u> by meeting AFR's mortgage history requirement outlined above.</li> </ul> <p>Safe harbor protections will only apply to such an IRRRL if it meets the seasoning and recoupment requirements.</p>
<b>Guidelines</b>	<p><a href="http://www.benefits.va.gov/warms/pam26_7.asp">http://www.benefits.va.gov/warms/pam26_7.asp</a> Chapter 6,1</p>
<b>Forms</b>	See FORMS Section in the Resource Center
<b>OVERLAYS</b>	
<p>Follow all overlays outlined in the VA Fully Amortizing Fixed Program and:</p> <ul style="list-style-type: none"> <li>▪ Rebuttable Presumption Mortgages are not permitted; all IRRRLs must be Safe Harbor Qualified Mortgages</li> <li>▪ If the <b>LTV is greater than 125%</b> or there is not sufficient data to render a value or the <b>confidence score is less than 75</b>, a pricing adjustment (LLPA) <u>will</u> be applied.</li> <li>▪ 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.</li> </ul>	
<p><b>Disclaimer:</b> 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.</p>	

