

# VA Refinance comparison & Cheat Sheet

	VA Cash Out Refinance	VA IRRRL Refinance
<b>Loan Type</b>	<p>This loan may be used to pay off any mortgage and does not require the mortgage to be a VA loan that will be paid off. This loan type may be used to consolidate debt, payoff junior liens and allow the borrower cash in hand. Closing costs can be included in the loan amount</p> <p>Only requirement for this loan is that there <b>MUST</b> be a lien to pay off. A Free &amp; Clear property is not eligible for this loan type.</p>	<p>Loan can be used to cover the payoff, Funding Fee, closing costs and prepaids.</p> <p>Discount points are limited to 2% allowed for financing into the loan.</p> <p>The purpose of the IRRRL is to lower the P&amp;I. On occasion, these other purposes may apply:</p>
<b>Max LTV</b>	90%	100%
<b>Minimum Credit Score</b>	620	620
<b>Minimum Loan Amount</b>	\$30,000	\$30,000
<b>Interest Rate</b>	Any negotiated rate	Rate must be lower on the new loan by at least .50% or more.
<b>Max Loan Amount</b>	Per VA County Limits Check in VA Portal	Not Applicable
<b>Max Loan Term</b>	Not Applicable	The max loan term is the original term of the VA loan being refinanced plus 10 years but not to exceed 30 years and 32 days. For example, if the old loan was made with a 15-year term, the term of the new loan cannot exceed 25 years
<b>Seasoning Requirements</b>	A minimum of 6 payments on the mortgage have been paid AND 210 days must have passed from the first payment of the mortgage that is being refinanced to the date the new case number is pulled	A minimum of 6 payments on the VA insured mortgage have been paid AND 210 days must have passed from the 1 <sup>st</sup> payment of the mortgage that is being refinanced to the date the new case number is pulled
<b>No Score Borrowers Allowed</b>	Never allowed on a refinance	Never allowed on a refinance
<b>Contract for Deed Allowed</b>	<p>Must be recorded contract for deed. If not recorded, then this will be a purchase.</p> <p>The loan may not exceed the lesser of:</p> <ul style="list-style-type: none"> <li>• The VA reasonable value plus the VA Funding Fee OR</li> <li>• The sum of the outstanding balance of the loan to be refinanced plus allowable closing costs and discounts</li> </ul>	<p>Not allowed</p> <p>Only VA to VA refi is allowed</p>

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	Borrower will need to supply proof of mortgage payments made on time.	
<b>Case Number</b>	Case number will be ordered when the Appraisal is ordered. All orders are placed directly through the VA Portal. VA 1805 is the form to order the Appraisal & LIN (Loan Identification Number) this document will be needed by underwriting. Please print immediately after order is placed.	IRRRL case number required to be ordered through the VA Portal. This is also considered a VA 1805 and must be printed at time of request for IRRRL case number and uploaded to the file.
<b>Appraisal</b>	Required	Appraisal is not required
<b>Termite Requirements</b>	No, unless appraisal shows evidence of pest/termite damage	No
<b>New Construction end loan allowed?</b>	Yes	No
<b>Occupancy</b>	Primary Residence Only Borrower must prove property is currently occupied by them through standard loan documentation	Primary Residence or Non-Owner Occupant Borrower must prove property is currently occupied by them through standard loan documentation OR The Veteran (or Spouse) must certify that he or she previously occupied as his or her home.
<b>AUS</b>	DU Only Findings must show an Approve/Eligible or a Refer/Eligible for submission to underwriting.  Refer/Eligible will require manual guidelines to be met. Please see Manual Requirements Section	No Findings  Do Not Run AUS as an IRRRL is a Manual Underwrite
<b>Entitlement</b>	Must have sufficient entitlement  If existing VA loan on the same property is being refinanced, entitlement can be restored for the refinance	Veteran re-uses entitlement used on the existing VA loan – the IRRRL does not impact the amount of entitlement the veteran has in use
<b>Non-Owner Occupant Borrower</b>	Not Allowed	Not Allowed

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<b>Removal/Addition of any Current Borrowers</b>	Veteran must be on loan and title. Additional borrowers that are not a Spouse will affect distribution of entitlement and may require Prior Approval from VA	No changes may occur to add or remove borrowers from the note without additional documentation to be provided to allow the underwriter to confirm that the changes will not adversely affect the loan repayment.
<b>Application</b>	<p>Full 1003 is required</p> <p>Application must be taken and signed by borrower prior to ordering a new case number or refi authorization</p>	<p>Sections that should not be completed are:</p> <p><b>V. Income</b> 2 years employment history is still required</p> <p><b>VI. Assets</b> Only show enough assets to satisfy cash to close, if applicable</p> <p><b>VI. Liabilities</b> Only list the mortgages</p> <p>Application must be taken and signed by borrower prior to ordering a new case number or refi authorization</p>
<b>Ratios</b>	<p>Approve/Eligible – ratios determined by AUS, not to exceed 50%</p> <p>Refer/Eligible – ratios capped at 41% for manual underwrite</p>	Ratios not calculated on this product
<b>Credit Reports</b>	<p>Full credit report required</p> <p>Approve/Eligible – provides credit acceptance</p> <p>Refer/Eligible – manual credit guidelines must be met. 0X30 in past 12 months and no more than 2X30 in previous 24 months</p>	<p>Mortgage Only credit report with scores is required</p> <p>No mortgage delinquencies within the past 12 months</p>
<b>What can be included in loan?</b>	<ul style="list-style-type: none"> <li>• Mortgage &amp; Liens</li> <li>• Other Debt</li> <li>• Cash to borrower</li> <li>• Funding Fee</li> <li>• Closing Costs</li> <li>• Prepays</li> </ul>	<ul style="list-style-type: none"> <li>• VA Mortgage/Payoff</li> <li>• Reasonable Closing costs, prepays &amp; discount points (no more than 2 discount points may be financed)</li> </ul> <p>Cash back to borrower is not allowed</p>
<b>Net Tangible Benefit</b>	Loan must have a net tangible benefit to the Veteran. See VA Matrix for details.	<p>See matrix for specific Net Tangible Benefits located in Refinance Section</p> <p>When a loan will lower the term from 30 to 15 year, the borrower cannot be charged closing costs.</p>

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		<p>IF the PITI payment increases by 20% or more, the lender may request additional documentation for the borrower to verify if the borrower can support the proposed expense.</p> <p>Veteran must be able to recoup the closing costs fees within 36 months.</p>
<b>Worksheets</b>		<p>Always use the VA Form 26-8923 IRRRL Worksheet to calculate the maximum loan amount</p>