

VA Fixed and Adjustable Rate IRRRL



WHOLESALE

See full Product Guide for complete information.

Revised 09-28-21

Given the current situation associated with COVID-19, refer to Credit Policy 20-07 for temporary guidance related to certain credit, income and collateral requirements.

Loan Amounts and LTVs	<p>Minimum mortgage calculation</p> <ul style="list-style-type: none"> Existing unpaid principal balance <p>Maximum Loan Amounts:</p> <ul style="list-style-type: none"> The maximum mortgage calculation amount may include: <ul style="list-style-type: none"> the outstanding principal balance of the existing VA first lien the current interest due eligible closing costs VA funding fee The new loan amount may not include any delinquent interest from the existing mortgage. No cash back at closing, however, if adjustments need to be made at closing the borrower may not receive more than \$500.00 cash back. <p>LTV/CLTV:</p> <ul style="list-style-type: none"> No Maximum LTV/CLTV Refer to Net Tangible Benefit section for LTV and appraisal requirements when discount points are being charged. No AVM required 	
Amortization	<ul style="list-style-type: none"> 10, 15, 20, 25, 30 Year 30 Year only for ARM transactions Odd terms allowed for FRM transactions only 	
Eligible Properties	<ul style="list-style-type: none"> 1-4 Units Warrantable Condo, PUD, Townhouse Properties in Lava Zones 1 & 2 <ul style="list-style-type: none"> Must follow VA Local Requirements Manufactured Housing (Minimum double-width) <ul style="list-style-type: none"> Must not have been previously installed or occupied another site or location. 	<ul style="list-style-type: none"> Leaseholds – Permitted on a case by case basis All Leaseholds must have approval from VA prior to issuance of NOV or final approval for IRRRL transactions
Ineligible Properties	<ul style="list-style-type: none"> Non-warrantable Condo/PUD/Townhouse Manufactured Housing Leaseholds Properties with deed restrictions (other than VA acceptable Age Restricted properties) Any other ineligible properties as defined in the VA lenders handbook Timeshare Working Farm 	<ul style="list-style-type: none"> Mixed Use Mobile Home Cooperative Condo/PUD Hotel Commercial Property Properties that have been assumed by non-veterans Life Estates Community Land Trust
Occupancy	<p>Primary Residence</p> <ul style="list-style-type: none"> 1-4 Unit One unit must be occupied by veteran <p>Secondary/Vacation</p> <ul style="list-style-type: none"> 1 unit only The loan file must contain documentation that the veteran previously occupied the subject property as their primary residence at one point in time. 	<p>Investment Property (1-4 Family)</p> <ul style="list-style-type: none"> Permitted The loan file must contain documentation that the veteran previously occupied the subject property as their primary residence at one point in time. <p>Condos</p> <ul style="list-style-type: none"> Permitted
Net Tangible Benefit	<p>A loan that provides a net tangible benefit (NTB) means that it is in the financial interest of the Veteran.</p> <p>Fixed Rate to Fixed Rate IRRRLs</p> <ul style="list-style-type: none"> In cases where the VA IRRRL is a fixed-rate to fixed-rate refinance, the new loan's interest rate must be at least 0.50% lower than the interest rate of the loan being refinanced. 	<p>Fixed Rate to Adjustable Rate IRRRLs.</p> <ul style="list-style-type: none"> In cases where the VA IRRRL is a fixed-rate to ARM refinance, the new loan's interest rate must be at least 2.00% lower than the interest rate of the loan being refinanced. <u>Valuation for Fixed-to-ARM IRRRLs.</u> A new appraisal will enable FMC to determine the LTV for Fixed-to-ARM IRRRLs.

<p>Recoupment</p>	<p>The recoupment standard applies to all VA IRRRL transactions:</p> <ul style="list-style-type: none"> Lender must ensure and certify to VA, that: <ul style="list-style-type: none"> For an IRRRL that results in a lower monthly P&I payment, the recoupment period of fees, closing costs and expenses (other than the VA funding fee, escrow, and prepaid expenses such as insurance, taxes, special assessments and HOA fees) incurred by the Veteran does not exceed 36 months from the date of loan closing, or For an IRRRL that results in the same or higher monthly P&I payment, the Veteran has incurred no fees, closing costs or expenses (other than the VA funding fee, escrow and prepaid expenses such as insurance, taxes, special assessments and HOA fees.) Lender must upload VA Loan Comparison during the Loan Guaranty Certificate (LGC) process to certify that recoupment requirements have been met: <ul style="list-style-type: none"> If the recoupment period shown on the final VA Loan Comparison is 36 months or less, FMC may upload this disclosure, or If the recoupment period shown on the final VA Loan Comparison is more than 36 months, FMC must provide documentation showing the recoupment calculation and supporting that recoupment is 36 months or less, or For an IRRRL that results in the same or a higher monthly P&I payment, FMC should submit to VA evidence that the Veteran has incurred no fees, closing costs or expenses (other than the VA funding fee, escrow, and prepaid expenses such as insurance, taxes, special assessments and HOA fees.) 																													
<p>Underwriting</p>	<p>Automated Underwriting:</p> <ul style="list-style-type: none"> Not Permitted <p>Ratios:</p> <ul style="list-style-type: none"> DTI calculation is not required for non-credit qualifying transactions Credit Qualifying IRRRLs: Ratios for a Manual Underwrite are permitted in accordance to VA Lender Handbook Chapter 4, 10-b, not to exceed 43%. <p>Credit Profile:</p> <ul style="list-style-type: none"> A Mortgage-Only Tri-merged credit report which must include credit scores is required for Non-Credit Qualifying IRRRLs. For non-FMC to FMC transactions, minimum 580 representative credit score for all borrowers. For FMC to FMC transactions, minimum 550 representative credit score for all borrowers Minimum 640 representative credit score for all borrowers for Manufactured Housing 		<p>Payment History:</p> <ul style="list-style-type: none"> The VA loan being refinanced must be current at the time of final approval and at time of closing/note date. VA requires evidence confirming that the loan being refinanced was properly seasoned. Such evidence includes a payment history documenting all payments, or a credit supplement that clearly identifies all payments made in that time frame. <ul style="list-style-type: none"> File must be documented with payment history supporting 0x30 during a six (6) month period following inception of the loan being refinanced. VA's seasoning requirement is for "six months consecutive payments." Borrowers with any six-month period of timely payments between the first payment due date of the loan being refinanced and the Note Date of the new IRRRL are acceptable. Additionally, the borrower must be current at closing. <p>Subject Property Seasoning:</p> <ul style="list-style-type: none"> Loan seasoning refers to the age of the loan being refinanced. If the loan being refinanced is not seasoned on or before the date that the refinance loan closes, VA will not guarantee the refinance loan. Calculating Loan Seasoning: The due date of the first payment is used to determine loan seasoning. <i>Please refer to the full product guide for specific conditions.</i> 																											
<p>VA Funding Fee</p>	<table border="1" data-bbox="285 1367 1533 1621"> <thead> <tr> <th colspan="6">VA Funding Fee Table</th> </tr> <tr> <th colspan="2"></th> <th colspan="2">First Time Use</th> <th colspan="2">Second of Subsequent Use (Entitlement Code #5)</th> </tr> <tr> <th>Loan Type</th> <th>LTV</th> <th>Veteran of Active Duty</th> <th>National Guard / Reservist</th> <th>Veteran of Active Duty</th> <th>National Guard / Reservist</th> </tr> </thead> <tbody> <tr> <td>Rate Reduction Refinance</td> <td>All Loan Amounts (Reasonable Discount Allowable)</td> <td>0.50</td> <td>0.50</td> <td>0.50</td> <td>0.50</td> </tr> </tbody> </table>						VA Funding Fee Table								First Time Use		Second of Subsequent Use (Entitlement Code #5)		Loan Type	LTV	Veteran of Active Duty	National Guard / Reservist	Veteran of Active Duty	National Guard / Reservist	Rate Reduction Refinance	All Loan Amounts (Reasonable Discount Allowable)	0.50	0.50	0.50	0.50
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