



**VA IRRRL
Fixed Rate Mortgage
Fully Amortizing
Standard and High Balance
Loan Amounts**

PRODUCT MATRIX

Refer to VA Handbook link:

http://www.benefits.va.gov/warms/M26_1.asp

PRIMARY RESIDENCE

Transaction Type	# of Units	Maximum LTV/CLTV ³	Minimum Credit Score
IRRRL VA Streamline Refinance. VA -guaranteed loan made to refinance an existing VA-guaranteed loan.	1	<u>STANDARD LOAN AMOUNTS</u> Unlimited LTV/CLTV ² in all eligible states except NY 110%/110% ^{1,2} in NY state	660
		<u>HIGH BALANCE LOAN AMOUNTS</u> 100%/100% ²	

¹Maximum loan amount including the VA Funding Fee \$424,100.00 for standard loan amounts and \$636,150.00 for High Balance Loan Amounts of appraised value based on a HVE. Refer to Property Valuation of the guideline section for requirements

² Refer to VA Form 26-8923 IRRRL Worksheet is required for calculating maximum loan amount.
<http://www.vba.va.gov/pubs/forms/VBA-26-8923-ARE.pdf>

³New Subordinate financing is not permitted. Note: An existing subordinate lien meeting VA guidelines for subordinate financing is permitted.

Maximum Loan Amounts (Continental US)

Maximum loan amounts by County (for determining maximum guaranty) can be located at
http://www.benefits.va.gov/HOMELOANS/loan_limits.asp

Units	Maximum Standard Loan Limits*	Maximum High Balance Loan Limits
1	\$424,100	\$636,150

* The maximum loan amount is the conventional loan limit. Loan amounts greater than the conventional loan limit are considered High Balance.

Terms	Standard Loan Amounts: 15, 30 year terms. (Increments of 12 Months) High Balance Loan Amounts: 15 and 30 year terms. (Increments of 12 Months)
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Borrower(s) may be an honorably discharged veteran, active duty service member, unmarried surviving spouse, Reservist or National Guardsman. The following types of borrowers are eligible:

- U.S. Veteran (refer to VA Handbook http://www.benefits.va.gov/warms/M26_1.asp)
- Unmarried surviving spouse of a U.S. Veteran

Guaranty / Entitlement

- The new IRRRL loan amount may be equal to, greater than, or less than, the original amount of the loan being refinanced. This may impact the amount of guaranty on the new loan, but not the veteran's use of entitlement.
- VA Guaranty is always 25% for all IRRRLs.

VA Funding Fee

IRRRLs = .50%



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VA IRRRL Requirements

Eligible Loans	<p>Fixed rate loans that have a term of 15 or 30 years. New loan term may not exceed original loan term plus ten years. The new loan term may never be greater than 30 years and 32 days. The maximum loan amount is the unpaid principal balance on the existing VA loan plus the following:</p> <ul style="list-style-type: none"> • Any late charges (the loan may not be delinquent), plus • Allowable closing costs • Prepaid expenses • Maximum of two discount points • VA funding fee <p>An IRRRL cannot be used to take equity out of the property or pay off debts, other than the VA loan being refinanced and related costs. Loan proceeds may be applied only to paying off the existing VA loan and to the costs of obtaining or closing the IRRRL. Therefore, the general rule is that the veteran cannot receive any cash proceeds from the loan. If necessary, the refinancing loan amount must be rounded down to avoid payments of cash to the veteran.</p> <p>Exceptions In a limited number of situations, the veteran may receive cash at closing. Some examples of situations in which VA does not object to the veteran receiving cash are:</p> <ul style="list-style-type: none"> • 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 existing loan. This often occurs when a party other than the present holder originates the loan.
Net Tangible Benefit	<p>Fee Recoupment: The recoupment period for all fees and charges financed as part of the loan or paid at closing may not exceed 36 months.</p> <ul style="list-style-type: none"> • Charges are defined as all Origination charges, services borrower did not shop for, services borrower did shop for, taxes and other government fees, other, or VA funding fee as described in VA Circular 26-18-1. <p>Net Tangible Benefit:</p> <ul style="list-style-type: none"> • If the previous VA loan had a fixed interest rate and the new refinanced loan will have a fixed interest rate; the new refinanced loan must have an interest rate that is not less than 50 basis • If the previous VA loan had a fixed interest rate and the new refinanced loan will have an adjustable interest rate, the new refinanced loan must have an interest rate that is not less than 200 basis points (2.00 less in interest rate) less than the previous loan, and <ul style="list-style-type: none"> - The lower interest rate is not produced solely from discount points unless; <ol style="list-style-type: none"> a) Such points are paid at closing; and b) For discount point amounts that are < 1 discount point, the maximum LTV < 100%; and c) For discount point amounts that are > 1 discount point, the maximum LTV < 90%.
Seasoning Requirement	<p>When the loan being paid off is a government loan (FHA, VA, Rural), the transaction must meet the following seasoning requirements:</p> <ul style="list-style-type: none"> • the borrower has made at least six consecutive monthly payments on the loan being refinanced, beginning with the payment made on the first payment due date; AND • the first payment due date of the new loan occurs no earlier than 210 days after the first payment due date of the loan paid off through the transaction.
Underwriting method	Manual Underwriting only - Loans cannot be submitted to an AUS.
Specific IRRRL Documentation	<ul style="list-style-type: none"> • Loan payoff demand statements must be included in the loan file at the time of underwriting. • The Note from the existing loan should be included in the loan file at the time of underwriting as documentation of the current loan terms. <p>VA IRRRL Documents The following VA documents should be included in the loan file:</p> <ul style="list-style-type: none"> • IRRRL Case Number printout (must include previous loan value) • Addendum to the URLA (VA 26-1802a) • Federal Collection Policy Notice (VA 26-0503) • Counseling Checklist for Military Homebuyers (VA 26-0592) • Child Care Letter • Statement of Nearest Living Relative • IRRRL Worksheet (VA 26-8923) • Request for Verification of Benefits (VA 26-8937) • VA Loan Comparison (see below) <p>Veteran is required to sign a statement acknowledging the impact of the refinance regarding payment and interest rate: The statement must reflect-</p> <ul style="list-style-type: none"> • interest rate and monthly payment for the new loan, and • interest rate and monthly payment for the existing loan, and • how long it would take to recoup ALL closing costs (both those included in the loan and those paid outside of closing). <p><u>If the monthly payment (PITI) increases by 20 percent or more, the loan is not eligible for an IRRRL transaction and must be processed as a VA regular refinance.</u></p>



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Credit Requirements	<ul style="list-style-type: none"> • EMM requires a full, three credit bureau tri-merge report or a Mortgage only credit report with credit scores. • Joint reports should be used only for married co-borrowers. <p>EMM requires that each borrower have a minimum of two credit scores.</p> <ul style="list-style-type: none"> • Use the middle score of three scores or the lower score of two scores of the lowest scoring borrower. • EMM will not accept mortgage or rental history with late payments recorded within the last 6 months (0X30, 6 months). • Minimum of six months mortgage payment history must be available on the current mortgage. • Mortgage payment history must be 0 x 30 in the last 12 months on all other financed properties (not primary). • Mortgage may not be past due at the time of closing.
Maximum Debt to Income Ratio	<p>Debt to Income ratios do not need to be calculated unless:</p> <ul style="list-style-type: none"> • the loan to be refinanced is 30 days or more past due or, • the monthly payment (P & I) will increase 20 percent or more <p>If ratios need to be calculated and are greater than 41%, Compensating factors as defined in the sellers guide must be identified.</p>
Employment / Income	<p>Employment History</p> <p>Salaried or commissioned borrowers must have a two-year employment history with no gaps, as verified by verbal verification of employment (VVOE).</p> <ul style="list-style-type: none"> • Employment gaps are not permitted, regardless of reason. Prior employment is fine as long there were no gaps. • Frequent changes in employment represent an additional risk. <p>Underwriters are advised to scrutinize loans with multiple and/or recent job changes. Letters of explanation may be requested at the underwriter's discretion.</p> <p>Self-employed borrowers must have a two-year history of self-employment.</p> <p>Fixed income borrowers (e. g. retirement/Social Security) are required to provide verification of the source of income.</p> <p>VA IRRRL files must not contain any reference to income on the loan application or on any other documentation in the file and a 4506-T must not be ordered.</p> <p>Income</p> <p>No income documentation required, except where the P&I payment increases 20% or when the 36-month closing cost recoup is not met.</p> <p>Documentation for loans if P&I payment increases by 20% or more</p> <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 by obtaining: • Pay stubs covering at least the most recent 30 day period • 2 years W2s • 2 years tax returns for self-employed borrowers • Verbal VOE of the borrower's current employment • 4506-T must be executed
Maximum Terms	<p>The maximum loan term is the original term of the VA loan being refinanced plus 10 years, but not to exceed 30 years. For example, if the old loan was made with a 15-year term, the term of the new loan cannot exceed 25 years.</p>
Occupancy	<p>Primary residence only.</p>
Maximum Loan Amount (IRRRL)	<p>(VA Form 26-8923, IRRRL Worksheet, must be used for the actual calculation.)</p> <ul style="list-style-type: none"> • Existing VA loan balance, plus • Allowable fees and charges, plus • Up to two discount points, plus • VA funding fee.
Qualifying Rate	<p>Note Rate</p>
Mortgage Payment History	<p>Any IRRRL made to refinance a loan that will be 30 days or more past due as of the date of closing, must be submitted to VA for Prior Approval.</p> <ul style="list-style-type: none"> • The lender must first obtain sufficient information and perform sufficient analysis to determine that: • the cause of the delinquency has been resolved, and • the veteran is willing and able to make the proposed loan payments.
Changing Borrowers	<p>Generally, the parties obligated on the original loan must be the same on the new loan and the veteran must still own the property.</p> <p>The underwriter should contact VA regarding a proposed IRRRL involving a change in obligors unless the acceptability of the IRRRL is clear.</p>
Cash to Close	<p>Assets required to close, if any, must be documented and verified</p>
Cash Back	<p>No cash back to the borrower is permitted. Minor adjustments at closing not to exceed \$500.00 cash back is eligible.</p>
Reserves	<p>Not required for IRRRLs.</p>
Buydowns	<p>Buydowns are not eligible.</p>
Escrow Waiver	<p>Not Permitted</p>
Property Valuation	<p>A Freddie Mac Home Value Estimate® (HVE®) must be ordered and must be in the file when delivered to EMM Underwriting and meet the following requirements:</p> <p>Standard Loan Amounts up to \$424,100.00 in the state of New York, LTV/CLTV ≤ 110% Max. For High Balance loan amounts up to \$636,150.00, LTV/CLTV ≤ 100% Max.</p> <p>Note- The veteran may not be charged for the HVE.</p>



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Real Estate Owned	The maximum number of financed residential properties a borrower may have is four. Borrowers with five or more financed residential properties are not eligible for financing with EMM.
Properties Listed for Sale	Properties listed for sale within the last six months are eligible provided- <ul style="list-style-type: none"> • Property was taken off the market no less than 30 days prior to the application date, and • Veteran provides written confirmation of their intent to occupy the property moving forward, and • Property may not be relisted during or after (at least 120 days) the loan closing.
Property Eligibility	<p>The property is assumed to be VA eligible since the original loan was approved and guaranteed as a VA loan.</p> <p>Ineligible Properties Although the VA guarantees loans on the following property types, they are not eligible for financing with EMM:</p> <ul style="list-style-type: none"> • Manufactured homes • Co-ops • Life estates for Specially Adapted Housing. • VA Indian Leasehold properties • Properties with non-permitted or illegal additions made since the original loan was guaranteed. • Two- to four-unit properties (considered on an exception basis only) <p>Geographic Restrictions Florida Condos are not eligible Texas 50(a)(6) loans are not eligible, regardless of whether or not the current loan contains a cash out provision.</p>

Standard Loan Amounts

Product Codes	Short Description	Long Description	AUS
VF15IRL		VF15-VA 15 Year IRRRL	Not Permitted, Manual Underwriting Required IRRRLs are underwritten by EMM underwriters under EMM delegated authority. External underwriting methods, such as contract underwriting, are not permitted.
VF30IRL		VF30 30 Year IRRRL	
VF15HBIRRL		VF15-VA 15 Year High Balance IRRRL	
VF30HBIRRL		VF30 - VA 30 Year High Balance IRRRL	



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