



BULLETIN

TO: Our Valued Clients

Date: May 30, 2018

**SUBJECT: VA INTEREST RATE REDUCTION GUIDELINE
CHANGES**

BULLETIN: 18MAY30

***** IMPORTANT NOTICE *****

On May 25, 2018, VA issued Circular 26-18-13 containing significant changes to the VA Interest Rate Reduction Program (IRRRL). These changes are in addition to the introduction of the new VA Rate Reduction Certification disclosure forms outlined in our bulletin issued March 30, 2018. These changes became effective immediately with the circular and are therefore apply to all IRRRL applications dated on or after May 25, 2018.

The changes are as follows:

- New minimum net tangible benefit requirements of .50% rate reduction from current rate when refinancing from a fixed rate to a new fixed rate loan and 2% on a fixed rate to an ARM loan
- Maximum 36-month fee recoupment after the closing date
- Minimum seasoning requirements before refinancing to an IRRRL. The required seasoning is now the **later** of 210 days after the date on which the first payment is made on the loan, and the date on which the sixth monthly payment is made on the loan.
- Maximum LTV requirements when veteran is paying discount points to lower the rate.
 - Max 100% when veteran is paying one discount point
 - Max 90% when paying 2 discount points
 - **An appraisal is required in both instances**

Our updated VA IRRRL Guidelines are attached and will be posted to intranet and TPO connect sites today.

Thank you,
Towne Family of Companies