TOWNE MORTGAGE COMPANY

VA IRRRL PROGRAM

Features: An IRRRL is a VA-guaranteed loan made to refinance an existing VA guaranteed loan, generally at a lower interest rate than the existing loan, and with lower principal and interest payments than the current VA loan.

Requirements	• Loan must be currently guaranteed by VA • Loan must be current (no more than 30 days past due as of date of application) • New loan must meet VA Net Tangible Benefit requirements (see below)
Credit Requirements	• Minimum credit score (not currently serviced by Towne): 640 • No late payments on mortgage within the past 12 months • No income qualifying
Seasoning Requirements	The required seasoning is the LATER of: • The date that is 210 days after the date on which the first payment if made on the loan; and • The date on which the sixth monthly payment is made on the loan. • Borrowers may not prepay payments to meet this requirement.
Maximum LTV	With Appraisal – Up to 100%.
Mortgage Calculation	**Unpaid Balance** + Allowable Closing Costs + Prepaids + Reasonable Discount Points (Cannot exceed 2%). **See below appraisal requirements and LTV limitations when discount points are charged.** + .50 VA Funding Fee (if veteran is not exempt)
Maximum Loan Term	Maximum 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.
Documentation Requirements	• Application – Fully completed 1003 1. 1003 Application must be fully completed except for assets a. Must be fully completed and signed by borrower(s) and loan officer. b. Purpose i. Borrower representations regarding financial position and government monitoring ii. Provide information to verbally verify employment (ability to repay) • Credit Report – either 2 Bureaus or Tri-Merged • Assets (If funds are needed to close, you must verify and document assets) • Certificate of Eligibility (showing current VA loan guaranty) • 12-month mortgage payment history – through closing month • Current Payoff (A current payoff will be required by the underwriter prior to clearing the loan to close) • **VA Rate Reduction Certification** - both Initial Statement issued within 3 days of application and Final Statement issued with Final Closing Disclosure – see instructions below • All required Federal and State disclosure

Required Net Tangible Benefit	**Fixed rate to fixed rate:** • New rate must be at least .50% less than the current rate – this applies even if term is reduced **Fixed rate to ARM:** • New rate must be at least 2.00% less than the current rate If the Net tangible benefit is produced solely by charging of discount points, then a full appraisal is required and the following LTV limitations apply: • If ONE discount point is charged, maximum LTV is 100%. • If TWO discount points are charged, Maximum LTV is 90% * see below for appraisal requirements. **If the monthly payment (PITI) increases by 20% or more (due to term reduction), the lender must**: • Determine that the veteran qualifies for the new payment from an underwriting standpoint; such as, determine whether the borrower can support the proposed shelter expense and other recurring monthly obligations in light of income established as stable and reliable, and • Include a certification that the veteran qualifies for the new monthly payment, which exceeds the previous payment by 20% or more.
Appraisal Requirements	If required to meet NTB requirements above, acceptable forms of appraisal reports are: • Exterior-Only Inspection Residential Appraisal Report (Fannie Mae 2055) • Uniform Residential Appraisal Report (Fannie Mae 1004) • Exterior-Only Inspection Individual Condominium Unit Appraisal Report (Fannie Mae 1075) • Individual Condominium Unit Appraisal Report (Fannie Mae 1073) • Other industry accepted appraisal reports for manufactured and multi-unit homes If lenders require the Veteran to pay for the cost of the appraisal, the cost must be included as part of the recoupment cost. Loan-to-value is calculated by dividing the VA base loan amount (excluding the funding fee, if any) by the value determined in one of the methods listed above. **Appraisal must be uploaded in WEBLGY under the "LIN" page.**
Maximum Cash at Closing	Though VA expects loan amount to be lowered to prevent cash to borrower Veterans may receive **NO MORE THAN $500** at closing due to computation errors, final payoff changes.

<u>Please also refer to posted Overlays.**</u>**