

VA Streamline / IRRRL Refinance Program

Program Overview

- The Veterans Administration (VA) offers a streamline refinance program that requires less paperwork than a traditional mortgage refinance, making the process easier for you
- The VA streamline refinance program is also known as an IRRRL (Interest Rate Reduction Refinancing Loan) or a "VA to VA" refinance
- Except when refinancing an existing VA guaranteed adjustable rate mortgage (ARM) into a fixed rate mortgage, the VA streamline refinance must result in a lower interest rate. When refinancing from an existing VA ARM mortgage to a fixed rate mortgage, the interest rate may increase
- No appraisal or credit underwriting package is required by VA. Lenders, however, may have their own conditions and require an appraisal and credit report
- A certificate of VA eligibility is not required. The lender may use the VA's email confirmation procedure for a VA streamline refinance in lieu of a certificate of eligibility
- Some lenders offer "no cost" refinances (actually, no out-of-pocket expenses to the borrower) by including all costs in the new loan or by making the new loan at an interest rate high enough to enable the lender to pay the closing costs
 - If a lender charges a higher interest rate to pay for the closing costs, the interest rate on the new mortgage must still be lower than the rate on the old mortgage unless you refinance an ARM into a fixed rate mortgage
- The borrower may also pay for closing costs out of his or her pocket and achieve a lower interest rate
- The only cost required by VA is a funding fee of one-half of one percent of the mortgage amount which may be paid in cash or included in the mortgage
 - Lenders may charge additional fees or closing costs but these costs are not required by the lender

Program Eligibility

- The mortgage to be refinanced must be a VA mortgage ("VA to VA" refinance)
 - The refinance will reuse the entitlement you originally used to obtain a VA mortgage on the property
- The mortgage to be refinanced should be current (not delinquent)
- No cash may be taken out on mortgages refinanced using the streamline refinance process
- The occupancy requirement for a VA streamline refinance is different from other VA loans. For a VA streamline refinance you do not need to currently occupy the property, you only need to certify that you previously occupied the property
- The new mortgage amount may not exceed the sum of the outstanding balance on the existing VA mortgage, plus allowable fees and closing costs, including the VA funding fee (.5% of the mortgage amount) and up to 2 discount points. You may also add up to \$6,000 of energy efficiency improvements into the mortgage
- No loan other than the existing VA loan may be paid from the proceeds of a streamline refinance. If you have a second mortgage, the holder must agree to subordinate that lien so that your new VA loan will be a first mortgage
- If you are eligible for a VA streamline refinance, you can refinance your mortgage through a VA-approved lender, such as a bank, mortgage broker or credit union
- Contact your mortgage servicer (the company to which you make your mortgage payments) to determine if they offer VA streamline refinancings
- Even if your mortgage servicer offers VA streamlined refinancings you should contact multiple lenders that are VA-approved before selecting a lender to refinance your mortgage