

VA INTEREST RATE REDUCTION REFINANCE LOANS

IRRRL Facts

- No appraisal or credit underwriting package is required when applying for an IRRRL.
- An IRRRL may be done with "no money out of pocket" 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 costs.
- When refinancing from an existing VA ARM loan to a fixed rate loan, the interest rate may increase.
- No lender is required to give you an IRRRL, however, any VA lender of your choosing may process your application for an IRRRL.
- Veterans are strongly urged to contact several lenders because terms may vary.
- You may NOT receive any cash from the loan proceeds.

Eligibility

An IRRRL can only be made to refinance a property on which you have already used your VA loan eligibility. It must be a VA to VA refinance, and it will reuse the entitlement you originally used.

Additionally:

- A Certificate of Eligibility (COE) is not required. If you have your Certificate of Eligibility, take it to the lender to show the prior use of your entitlement.
- No loan other than the existing VA loan may be paid from the proceeds of an IRRRL. 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.
- You may have used your entitlement by obtaining a VA loan when you bought your house, or by substituting your eligibility for that of the seller, if you assumed the loan.
- The occupancy requirement for an IRRRL is different from other VA loans. For an IRRRL you need only certify that you previously occupied the home.

Source: <https://www.benefits.va.gov/homeloans/index.asp>

