

Product Guidelines

VA IRRRLS (STANDARD and HIGH BALANCE PROGRAM)

Program Codes: See table

Version 7.7 – 01/01/25



INTEREST RATE REDUCTION REFINANCE (IRRRL)

Occupancy	Maximum LTV/CLTV	Max Loan Amount	Min FICO	Max Ratios	Mortgage/Rental History
Primary	No Limit	\$806,500 - \$2,326,875 1-4 Units	No minimum*	N/A or 41% if PITI increasing 20%+	0 x 30 for last 12 months Current for month due
Non-Owner	No Limit	\$806,500 - \$2,326,875 1-4 Units	No minimum*	N/A or 41% if PITI increasing 20%+	0 x 30 for last 12 months Current for month due

*A FICO score is not required.

Underwriting Guidelines Requirements

MAXIMUM LOAN AMOUNTS

Number of Units	Conforming Loan Amounts		High Balance Loan Amounts	
	Continental U.S.	Alaska and Hawaii	Continental U.S.	Alaska and Hawaii
1 Unit	\$806,500	\$1,209,750	\$1,209,750	Not Applicable – Alaska and Hawaii do not have any high cost areas in 2025
2 Units	\$1,032,650	\$1,548,975	\$1,548,975	
3 Units	\$1,248,150	\$1,872,225	\$1,872,225	
4 Units	\$1,551,250	\$2,326,875	\$2,326,875	
Maximum Loan Amount (Base)		The new loan amount may include unpaid principal balance of existing VA loan, allowable closing costs, prepaids, maximum 2 discount points, VA Funding Fee.		

VA FUNDING FEE TABLE

Applies unless Veteran is Exempt

Interest Rate Reduction Loans	Percentage of .50% regardless of Subsequent Use
Disabled Veteran (Service-connected disability)	Partial or Full Fee Waiver as directed by VA

Product Guidelines

VA IRRRLS (STANDARD and HIGH BALANCE PROGRAM)

Program Codes: See table

Version 7.7 – 01/01/25



COLLATERAL

Condos	Must be VA-approved condominium complex and meet all requirements.
Eligible Properties	Owner Occupied, 1-4 Units, PUD's, Condos, Investment properties, Manufactured Homes permanently affixed to the foundation, built on or after June 15, 1976, and meet all VA requirements. Single wide manufactured homes must be currently serviced by CMS.
Ineligible Properties	Non-warrantable condos, mobile homes, single-wide manufactured homes, State-approved medical marijuana producing properties, co-ops, Condo Hotels, Energy Efficient Mortgages (EEM), properties encumbered with Property Assessed Clean Energy (PACE) or Home Energy Renovation Opportunity (HERO) obligations, properties serviced by hauled water, properties with cisterns, properties with a wastewater stabilization pond/lagoon (aka sewage lagoon), properties with individual water purification systems required to make the water safe for human consumption (does not include systems installed to improve the taste or softness of the water), properties in Hawaii with water catchment systems, Hawaiian properties in Lava Zones 1 and 2, and Department of Hawaiian Home Lands (DHHL) loans are ineligible.
Recent MLS Activity/ Properties Listed For Sale	Property cannot be listed for sale at time of application. For Streamline transactions without appraisals, the Underwriter must validate the subject property current MLS activity through RedFin. If RedFin doesn't identify the property, an alternative Google search (i.e., Zillow) is acceptable.
Appraisal Requirements	No appraisal required.
Limitations on other R.E. owned	Maximum of 4 Carrington Mortgage loans or \$2,000,000, whichever is less.

STATE SPECIFIC

State Specific:	Kansas	All Owner-occupied properties require the tax assessor's statement of value in order to meet Kansas law. If the loan amount (including funding fee) exceeds tax assessors 'statement of value,' provide written notice to consumer regarding High LTV mortgages and the availability of credit counseling.
	Texas	If the existing first or second mortgage is subject to Texas Section 50(a)(6), VA financing is ineligible, once cash out, always cash out. The title policy will reference Texas Section 50(a)(6) or Article XVI of the Texas Constitution effective January 1, 1998.
	West Virginia	West Virginia state specific requirements include the following: <ol style="list-style-type: none"> 1. Loans where the value is less than the combined loan amounts are ineligible; therefore, maximum LTV/CLTV is 100%. 2. All VA IRRRL transactions require credit qualifying.

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VA IRRRLS (STANDARD and HIGH BALANCE PROGRAM)

Program Codes: See table

Version 7.7 – 01/01/25



TYPES OF FINANCING

Term Increase	The term of the new loan may not exceed the original term by more than 10 years, subject to a maximum term of 30 years and 32 days. Where the term of the existing VA loan has been modified, the maximum term increase is based on the original term and not the modified term.
Interest Rate Decrease	The interest rate of the new loan must be less than the interest rate of the existing VA loan unless refinancing an ARM to Fixed Rate. See Net Tangible Benefit below.
Payment Increase 20% or more	Credit Qualifying required. Veteran's repayment ability must be documented with a YTD paystub covering most recent 30 days, 1-year W-2's, verbal verification of employment. The borrower's income to total debt ratios must be manually calculated. See Credit Qualifying below.
Interest Rate Reduction Refi (IRRRL)	Rate and term only. No cash back to borrower. Incidental cash back not to exceed \$500.
Vendee Loans	Not permitted. Must direct the borrower to the RLC of jurisdiction to pursue a direct refinance transaction with the VA.
Recoupment Period for Guaranty	Costs must be recouped within 36 months to be eligible for guaranty. Recoupment is calculated by dividing all fees, expenses, and closing costs by the reduction of the monthly PI payment. The VA funding fee and prepaid expenses, such as, insurance, taxes, special assessments, and homeowners' association (HOA) fees, are excluded from the recoupment calculation. Loans with term reductions or changing from an adjustable rate to a fixed rate are not exempt from the recoupment requirement; however, for an IRRRL that results in the same or higher monthly PI payment, recoupment is met when the Veteran has incurred no fees, closing costs, or expenses other than taxes, amounts held in escrow, and the Funding Fee.
Loan Comparison Statement	The veteran (and spouse, if applicable) must receive an initial Loan Comparison Statement within 3 days of the initial Loan Application to provide the Veteran with up-front information about the overall cost of the refinance, thereby helping the Veteran make an informed decision about whether to proceed with the refinance. The initial Loan Comparison Statement must be acknowledged by the veteran (and spouse, if applicable). A final Loan Comparison Statement will be executed with closing documents.
Recoupment for Disclosure	The recoupment calculation for the purposes of the Comparison Statement differs from the recoupment calculation required for guaranty above. Namely, the Statement must show the recoupment period (in months) for all fees, expenses, and closing costs, including taxes, amounts held in escrow, and the VA funding fee,
Net Tangible Benefit	Net Tangible Benefit (NTB) must be met as follows: <ul style="list-style-type: none"> 1) Fixed-to-Fixed: 50 basis point reduction in interest rate and 36-month Recoupment 2) ARM-to-Fixed: No rate reduction required, rate may increase. Costs must be Recouped within 36 months; if the PI payment is staying the same or increasing, the veteran may not pay for loan costs other than taxes, amounts held in escrow, and the Funding Fee. Refer to the CMS VA IRRRL Guidelines for detailed NTB requirements.
Qualified Mortgage(QM)	(i) The loan being refinanced was originated at least 6 months before the new loan's closing date, (ii) at least 6 payments have been made on the original loan, (iii) the recoupment period for all allowable fees and charges financed as part of the loan or paid at closing does not exceed 36 months.

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VA IRRRLS (STANDARD and HIGH BALANCE PROGRAM)

Program Codes: See table

Version 7.7 – 01/01/25



TYPES OF FINANCING, continued

Max Mortgage Calculation	<p>New loan amount may include unpaid principal balance, accrued interest for month due, allowable closing costs*, prepaid expenses, up to 2% discount points, late charges and VA funding fee. Late payments are not permitted.</p> <p>*Allowable closing costs = 1% origination (Retail only), appraisal, credit report, flood determination life of loan service but not flood determination fee, MERS, recording, recording taxes, mail & Federal Express fees exceeding per diem, survey (n/a condos), title exam, title insurance, title endorsements, transfer tax, property compliance inspection. Ineligible Fees = flat fees charged by second lien holders to subordinate existing secondary financing cannot be financed and must be paid by Veteran. Subordination processing, preparation, or any 3rd party fees are not allowed, Veteran cannot pay. Appraisals for reconsideration, attorney, brokerage, consulting, tax service, escrow, underwriting, document, processing, redraw fees, wire fee, settlement, trustee, duplicate fees, and all others not on allowable list.</p> <p>Refer to CMS VA Borrower Fee Policy for additional information on Lender Paid Compensation.</p>
Cash Out Refinance	Not Allowed. Minor adjustment at closing not to exceed \$500 (Texas = \$0)
CREDIT	
Credit Profile	For Credit Qualifying IRRRLs, a tri-merged credit report is required. The credit report may not be older than 120 days at closing. For non-credit qualifying IRRRLs, a mortgage rating is required for the subject lien only.
Social Security Numbers	Required for ALL borrowers.
CAIVRS	CAIVRS clearance must be obtained for all borrowers on the transaction.
Credit Score	A credit score is not required but will be used for pricing.
Bankruptcy	Active Chapter 7 Bankruptcy not permitted. Bankruptcy must be discharged. Chapter 13 Bankruptcy permitted with court approval and satisfactory trustee payment history.
Judgments/Liens	All outstanding judgments and liens must be paid prior to or at closing. Includes judgments and tax liens of non-purchasing spouse.
Mortgage History / Seasoning	<p>GNMA requires 6 months payment seasoning on the loan being refinanced and 210 Days must have elapsed between the first payment due date of the original loan being refinanced and the note date of the new loan. All liens for the subject property must be verified and paid current through the month due of closing.</p> <p>If a loan has been modified: seasoning is based on the loan as modified, and not the original loan. For example: if the original loan closed 02/17/2018 and a modification was completed 11/05/2019, the loan cannot be refinanced as an IRRRL until the 11/05/2019 modification has been seasoned.</p>

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VA IRRRLS (STANDARD and HIGH BALANCE PROGRAM)

Program Codes: See table

Version 7.7 – 01/01/25



CREDIT, continued

Non-Borrowing Spouse	Non-borrowing spouse may remain on title when refinancing. No other party other than the borrower or their spouse may be permitted to have a vested interest to the property.
Credit Qualifying VA IRRRL	Applies if the monthly payment (PITI) increases by more 20% or more. Credit qualifying VA IRRRLs must meet all standard VA credit requirements per CMS guidelines.
Non-Traditional Credit	Not Allowed
Debt Ratio	The max DTI = 41% w/o comp factors, and 50% with comp factors.
Income	Residual income requirements apply and vary by region/loan amount/property type. See above matrix. Pay stubs covering 30-day period, 2 years W-2s, 2 years tax returns for self-employed borrowers, Telephone VVOE for current employment, and 4506-C signed at closing.
Non-Taxable Income	Nontaxable income such as Social Security, Pension, Workers Comp, and Disability Retirement income must be grossed up.
Housing Events	Foreclosure / Short Sale / Deed In Lieu / Pre-foreclosure sale must be seasoned for a minimum of 2 years.
Minimum Payment	5% of outstanding balance for revolving accounts if no payment is indicated.
Non-Borrowing Spouse	Credit report required in community property states, debts must be added to DTI Ratio. The following states are known community property states: AZ, CA, ID, LA, NV, NM, TX, WA, and WI.
Non-Credit Qualifying VA IRRRL	<p>VA IRRRL loan transactions that exceed the Higher Priced threshold are permitted.</p> <p>Borrower's income is not verified. The URLA MUST NOT include income in Section V or the REO schedule Section VI. Income documentation is not required and the loan file CANNOT contain paystubs, W-2, tax returns, etc. In the event the initial URLA reveals income or the loan file documentation contains evidence of the borrower's current income, the loan must be converted to a credit qualifying VA IRRRL and qualifying ratios will be computed.</p> <p>Evidence of a valid Social Security Number must be confirmed without providing income documentation.</p> <p>Assets are not required to be verified on VA IRRRLs</p> <p>Must ensure that a repayment plan is in place if there is an IRS tax lien on credit or title. Must document in file that plan is in place.</p>

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VA IRRRLS (STANDARD and HIGH BALANCE PROGRAM)

Program Codes: See table

Version 7.7 – 01/01/25



Residual Income Charts (Applies if PITI increase exceeds 20%)

Residual Income Requirements when Credit Qualifying	Loan Amounts \$79,999 and below				
	Family Size	Northeast	Midwest	South	West
	1	\$390	\$382	\$382	\$425
	2	\$654	\$641	\$641	\$713
	3	\$788	\$772	\$772	\$859
	4	\$888	\$868	\$868	\$967
	5	\$921	\$902	\$902	\$1,004
	Above 5	Add \$75 for each additional member up to a family of seven			
	Loan Amounts \$80,000 and above				
	Family Size	Northeast	Midwest	South	West
1	\$450	\$441	\$441	\$491	
2	\$755	\$738	\$738	\$823	
3	\$909	\$889	\$889	\$990	
4	\$1,025	\$1,003	\$1,003	\$1,117	
5	\$1,062	\$1,039	\$1,039	\$1,158	
Above 5	Add \$75 for each additional member up to a family of seven				
* States are broken down by region. Check with Underwriting for breakdown.					
Verbal Verification of Employment	A verbal VOE is required on all loans. RETAIL ONLY: A VVOE is not required for non-credit qualifying IRRRLs.				
Uniform Residential Loan Application (URLA)	Complete current employment and REO schedule. Income, Assets, and Liabilities are omitted on non-credit qualifying IRRRLs.				

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Version 7.7 – 01/01/25



GENERAL

Underwriting	Underwritten by a VA Automatic and LAPP approved underwriter.																														
IRRRL Eligible Borrowers	Generally, the parties obligated on the original VA loan must be the same parties on the new loan and the veteran must still own the property. However, some ownership changes may be acceptable. The following outlines when a change in mortgagors is permitted with proper documentation as follows:																														
	<table border="1"> <thead> <tr> <th>Existing VA Loan</th> <th>New VA Loan</th> <th>Yes/No</th> </tr> </thead> <tbody> <tr> <td>Unmarried Vet</td> <td>Veteran & new spouse</td> <td>YES</td> </tr> <tr> <td>Unmarried Vet</td> <td>Spouse Only (deceased Vet)</td> <td>NO</td> </tr> <tr> <td>Vet</td> <td>Different Veteran who is substituting his/her entitlement</td> <td>YES</td> </tr> <tr> <td>Vet & Spouse</td> <td>Divorced veteran only</td> <td>YES</td> </tr> <tr> <td>Vet & Spouse</td> <td>Vet & different spouse</td> <td>YES</td> </tr> <tr> <td>Vet & Spouse</td> <td>Spouse Only (deceased Vet)</td> <td>YES (spouse must own & occupy property)</td> </tr> <tr> <td>Vet & Spouse</td> <td>Different Spouse only (deceased Vet)</td> <td>NO</td> </tr> <tr> <td>Vet & Non-Vet (joint)</td> <td>Veteran only</td> <td>YES</td> </tr> <tr> <td>Vet & Non-Vet (joint)</td> <td>Non-Veteran only</td> <td>No</td> </tr> </tbody> </table>	Existing VA Loan	New VA Loan	Yes/No	Unmarried Vet	Veteran & new spouse	YES	Unmarried Vet	Spouse Only (deceased Vet)	NO	Vet	Different Veteran who is substituting his/her entitlement	YES	Vet & Spouse	Divorced veteran only	YES	Vet & Spouse	Vet & different spouse	YES	Vet & Spouse	Spouse Only (deceased Vet)	YES (spouse must own & occupy property)	Vet & Spouse	Different Spouse only (deceased Vet)	NO	Vet & Non-Vet (joint)	Veteran only	YES	Vet & Non-Vet (joint)	Non-Veteran only	No
	Existing VA Loan	New VA Loan	Yes/No																												
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Vet & Non-Vet (joint)	Veteran only	YES																													
Vet & Non-Vet (joint)	Non-Veteran only	No																													
Surviving Spouse	VA IRRRL permitted provided the surviving spouse was obligated on the original note. Must have death certificate for veteran in file in order to close the new loan in the name of the surviving spouse with the case number in the veteran's name.																														
Non-Occupant Co-Borrowers	Not allowed																														
Occupancy	Investment or secondary residences are permitted. The veteran must certify the subject property was previously owner occupied at VA 26-1802(a) Addendum to URLA item 25.2.(c.)																														
Guaranty/Entitlement	The loan being paid off through the refinance must be the loan indicated on the COE. In some cases, a copy of the Note may be required to verify the LIN number. VA will guarantee 25 percent of the new IRRRL loan amount regardless of the Veteran's available entitlement and/or the conforming loan limits.																														
VA IRRRL Case Assignment	Evidence of new case number is required to verify that veteran's name and address match the new application																														
Cash to Close	CMS does not require documentation of funds at closing.																														
Prepayment Penalty	Not Permitted																														
Loan Terms Available	15-year fixed, 20-year fixed, 25-year fixed, 30-year fixed																														
Qualifying Fixed Products	Qualify at Note Rate																														

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Version 7.7 – 01/01/25



STANDARD IRRRL PROGRAM CODES	
Product Code	Loan Program Description
V15FIRRRL	VA 15-Year Fixed IRRRL
V20FIRRRL	VA 20-Year Fixed IRRRL
V25FIRRRL	VA 25-Year Fixed IRRRL
V30FIRRRL	VA 30-Year Fixed IRRRL
HIGH BALANCE IRRRL PROGRAM CODES	
Product Code	Loan Program Description
H15FVIRRRL	VA 15-Year Fixed IRRRL High Balance
H20FVIRRRL	VA 20-Year Fixed IRRRL High Balance
H25FVIRRRL	VA 25-Year Fixed IRRRL High Balance
H30FVIRRRL	VA 30-Year Fixed IRRRL High Balance