



PLAZA HOME MORTGAGE, INC.

VA IRRRL - Streamline Refinance

Program Overview

An Interest Rate Reduction Refinancing Loan (IRRRL) is a VA-guaranteed loan made to refinance an existing VA-guaranteed loan, generally at a lower interest rate than the existing VA loan, and with a lower principal and interest payment than the existing VA loan.

VA loans currently serviced by Plaza Home Mortgage, Inc. or Wells Fargo do not require a new appraisal. All other VAIRRRLs require either an AVM or a full 1004 conventional appraisal ordered in compliance with AIR. The appraisal requirement will be determined by the LTV, property type and occupancy.

Program Codes and Terms

VA INTEREST RATE REDCUCTION REFINANCE PRODUCTS	Program Code
VA 15 Year Fixed – Full Appraisal	VA150IRRRL
VA 20 Year Fixed – Full Appraisal	VA200IRRRL
VA 25 Year Fixed – Full Appraisal	VA250IRRRL
VA 30 Year Fixed – Full Appraisal	VA300IRRRL
VA 30 Year Fixed Jumbo – Full Appraisal	VAJ30IRRRL
VA 15 Year Fixed – AVM	VA15IRRRLA
VA 20 Year Fixed – AVM	VA20IRRRLA
VA 25 Year Fixed – AVM	VA25IRRRLA
VA 30 Year Fixed – AVM	VA30IRRRLA
VA 30 Year Fixed Jumbo – AVM	VAJ30IRRRLA
VA 15 Year Fixed - Plaza Serviced / No Appraisal	VA15IRRRLR
VA 20 Year Fixed - Plaza Serviced / No Appraisal	VA20IRRRLR
VA 25 Year Fixed - Plaza Serviced / No Appraisal	VA25IRRRLR
VA 30 Year Fixed - Plaza Serviced / No Appraisal	VA30IRRRLR
VA 30 Year Fixed Jumbo - Plaza Serviced / No Appraisal	VAJ30IRRRLR
VA 15 Year Fixed - Wells Fargo Serviced / No Appraisal	VA15IRRL10
VA 20 Year Fixed - Wells Fargo Serviced / No Appraisal	VA20IRRL10
VA 25 Year Fixed - Wells Fargo Serviced / No Appraisal	VA25IRRL10
VA 30 Year Fixed - Wells Fargo Serviced / No Appraisal	VA30IRRL10
VA 30 Year Fixed Jumbo IRRRL - Wells Fargo Serviced / No Appraisal	VAJ30IRL10



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The matrix below identifies the major differences between the product options. Review the remaining guidelines for all requirements.

DataTrac data input requirements can be found in the [VA IRRRL Underwriter Worksheet](#).

Product Code Specific Highlights				
Product Code	Appraisal Requirement	Max LTV/CLTV	Seasoning	Misc.
"VAIRRRRL"	A 1004 Conventional appraisal in compliance with AIR.	<ul style="list-style-type: none"> Max LTV 125% Unlimited CLTV for existing subordinate financing 	<p>6 regularly scheduled monthly payments must be made on the loan being refinanced.</p> <p>All 6 payments must be made prior to the Note Date of the new loan.</p>	<p>Min. credit score:</p> <ul style="list-style-type: none"> 620 <= 100% 640 > 100% 640 > \$417,000 (> \$625,500 AK & HI)
"VAIRRRRLA"	AVM from Plaza approved vendor. See Appraisal section.	<ul style="list-style-type: none"> Max LTV 105% Unlimited CLTV for existing subordinate financing 	<p>6 regularly scheduled monthly payments must be made on the loan being refinanced.</p> <p>All 6 payments must be made prior to the Note Date of the new loan.</p>	<p>Min. credit score:</p> <ul style="list-style-type: none"> 620 <= 95% 640 > 95% 640 > \$417,000 (> \$625,500 AK & HI) Primary residence only
"VAIRRRRLR"	No appraisal is required	Per VA	<p>6 regularly scheduled monthly payments must be made on the loan being refinanced.</p> <p>All 6 payments must be made prior to the Note Date of the new loan.</p>	<ul style="list-style-type: none"> Must be paying off a loan currently serviced by Plaza. Min. credit score: <ul style="list-style-type: none"> 620 for <=\$417K 640 for > \$417K (> \$625,500 AK & HI)
"VAIRRL10"	No appraisal is required	Per VA	No seasoning on existing loan.	<ul style="list-style-type: none"> Must be paying off a loan currently serviced by Wells Fargo. Min. credit score: <ul style="list-style-type: none"> 620 for <=\$417K 640 for > \$417K (> \$625,500 AK & HI)



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Occupancy

- Primary Residences
- Second Home
- Investment Property

For second home and investment property transactions:

- VAIRRRL, VAIRRRLR, VAIRRRL10 are eligible. VAIRRRLA is not eligible.
- Maximum 100% LTV on VAIRRRL
- 1 unit properties only
- Max loan amount \$417,000 (\$625,500 in Alaska and Hawaii)
- Documentation must be provided evidencing the veteran previously occupied the subject property as their primary residence.
- There can be no history of late payments on the subject property or on the borrower's primary residence.

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:

Existing VA Loan	New Loan	Eligible?
Unmarried Vet	Veteran & new spouse	Yes
Unmarried Vet	Spouse only (deceased Veteran)	No
Vet	Different Veteran who has substituted their entitlement	Yes
Vet & Spouse	Divorced Veteran only	Yes
Vet & Spouse	Veteran and different spouse	Yes
Vet & Spouse	Spouse only (deceased Veteran)	Yes
Vet & Spouse	Divorced spouse only	No
Vet & Spouse	Different spouse only (deceased Veteran)	No
Vet & Non-Vet (joint obligors)	Veteran	Yes
Vet & Non-Vet (joint obligors)	Non-Veteran only	No

For loans involving a Power of Attorney, refer to the [VA Lender's Guide](#), Chapter 9, section 7.



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Loan Amounts and LTV Limits

All references to Loan Amount refer to the Total Loan Amount including the VA Funding Fee.

The new loan amount may include the existing VA loan balance plus the following:

- Any late payments* and late charges
- Allowable fees and charges (includes up to two discount points)
- The cost of any energy efficiency improvements
- The VA funding fee

Always use [VA Form 26-8923, IRRRL Worksheet](#), to calculate the maximum loan amount.

*Any IRRRL that includes delinquent payments in the loan amount must be submitted for prior approval, even when a lender has automatic authority.

Maximum Loan Amount by Program

Program	Units	Continental US	Alaska and Hawaii
Conforming/non-Jumbo	1-4	\$417,000	\$625,500
Jumbo	1-4	\$1,000,000	\$1,000,000

Maximum LTV by Program

Program	Max LTV
VAIRRRL / VAJIRRRL	125%
VAIRRRLA / VAJIRRLA	105%
VAIRRRLR / VAJIRRLR	NA
VAIRRL10 / VAJIRL10	NA



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Appraisal Requirement

When an appraisal is required, a full conventional appraisal must be ordered in compliance with AIR. Appraisals must not be ordered through WebLGY.

When an AVM is used, the LTV is based off of the actual AVM value. There is no allowance for a value tolerance when using the AVM to determine the LTV.

Program	Appraisal Requirement
VAIRRRL / VAJIRRRL	One full appraisal is required
VAIRRRLA / VAJIRRLA	One AVM, from a Plaza approved AVM company, is required. <ul style="list-style-type: none"> • RELS, RES Direct - Wells Fargo • SiteX, Advantage Cascade - LPS • Collateral Expert - PlatinumData • Fraudguard - Interthinx • RealQuest - CoreLogic • HVE - Freddie Mac • ValueComp - StreetLinks
VAIRRRLR / VAJIRRLR	No appraisal is required
VAIRRL10 / VAJIRL10	No appraisal required

Loan Guaranty

The 25% minimum VA guaranty/entitlement is considered satisfied for IRRRLs regardless of the dollar amount of guaranty being transferred from the previous loan.

Special Restrictions/Requirements

- **Term Increase:** The term of the new loan may not exceed the original term by more than 10 years, subject to the maximum term of 30 years and 32 days.
- **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 a Fixed Rate.
- **Payment Increase:** The P&I payment must be less than that of the existing VA loan unless:
 - Refinancing an ARM to a Fixed Rate; **OR**
 - The term of the new loan is less than the term of the existing VA loan.
 - IF the PITI increases 20% or more, refer to the income section for additional requirements.



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Cash Out is not allowed

An IRRRL cannot be used to take equity out of the property or pay off debts, other than the VA loan being refinanced. Loan proceeds may only be applied to paying off the existing VA loan and to costs of obtaining or closing the IRRRL. Therefore, the general rule is that the borrower cannot receive any cash proceeds from the loan. If necessary, the refinancing loan amount must be rounded down to avoid payments of cash to the veteran. In a limited number of situations, like computational errors and changes in final pay-off figures, the borrower may receive a maximum of \$500. In Texas, there may be absolutely no cash to the borrower.

Energy Efficient Mortgages are eligible.

An EEM can be utilized and will allow the borrower to roll the cost of certain energy saving improvements into the refinance transaction. The EEM can cover up to \$3000 of improvements based solely on documented costs, or up to \$6,000 provided the increase in monthly mortgage payment does not exceed the likely reduction in monthly utility costs. EEM improvements are limited to \leq \$6000 on any Plaza IRRRL program.

If the cost of the improvements causes the new loan payment (PITI) to be 20 percent or more higher than the payment on the loan being refinanced, then the underwriter must include the lender's certification that the veteran qualified for the higher payment.

ARMs are not eligible.

Online Status Inquiry in Lieu of COE

The Prior Loan Validation (PLV) or Certificate of Eligibility (COE) is not required on an IRRRL transaction. Lenders still have the ability to obtain a PLV even when WebLGY automatically determines an active loan exists for a particular IRRRL case.

Eligible Properties

- Attached/Detached SFR
- Attached/Detached PUD
- Condos
- 2-4 Units

Properties must not be listed for sale at the time of application.



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Ineligible Properties

- Commercial Property
- Condotels
- Cooperatives
- Geothermal Homes
- Manufactured Housing or Mobile Homes
- Timeshares
- Working Farms, Ranches, Orchards

Geographic Restrictions

State or geographic restrictions are identified here. At this time Plaza may not be lending in all states listed. Properties are limited to those states where Plaza is currently authorized to originate loans.

Hawaii: Properties in Lava Flow Zones 1 or 2 are not allowed.

Iowa: An attorney's opinion of title is acceptable in lieu of a title policy, or a title policy may be ordered through the Title Guaranty Division (TGD) of the Iowa Financial Authority.

Kansas: The tax assessor's statement of value or AVM is required to establish value. If the loan amount exceeds the tax assessor's statement of value or AVM value, a minimum of an exterior appraisal must be provided. Written notice to the consumer must be provided regarding High LTV mortgages and the availability of credit counseling. The borrower must receive a free copy of the appraisal. Plaza form KS-1070 is required to be delivered to the borrower at least 3 days prior to closing and will be included in the Plaza initial disclosures and closing documents.

Mississippi: Not eligible.

Montana: Lot size of the property may not exceed 40 acres.

Texas:

- If the first mortgage is subject to Texas 50(a)(6), VA financing is not permitted.
- If an existing second lien is subject to Texas 50(a)(6), VA financing is not permitted.
- The title policy will reference Texas Section 50(a)(6) or Article XVI of the Texas Constitution
- When VA financing is permitted, underwriting must condition and closing instructions must indicate "No cash back to borrower is permitted" (not even one dollar is permitted)

West Virginia: Not eligible.



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Underwriting Method

- All loans must be manually underwritten. Automated underwriting is not allowed.
- VAJIRL10 transactions greater than \$700K require investor prior approval.
- Underwriters must complete the. [VA IRRRL Underwriter Checklist](#).
- The state specific or multi state net tangible benefit test must be satisfied in order to be eligible. The borrower must recoup closing costs not covered by YSP within 48 months or meet one of the other benefits per the NTB form.
- DataTrac data input requirements can be found in the [VA IRRRL Underwriter Checklist](#).

Credit

Credit Scores

- A tri-merged credit report is required
- For a credit score to be considered valid, the score must be generated from a minimum of 3 traditional trade lines evaluated for at least 12 months
- The qualifying score is the lower of 2 or the middle of 3 scores and must be reviewed for each borrower
- The lowest qualifying score of all applicants is used to qualify
- Each borrower must have at least one credit score
- Borrowers with non-traditional credit or without enough traditional established credit to generate at least one valid and qualifying credit score are not eligible

Credit Score Requirements by Program x& LTV

Program	LTV	Loan Amount / Credit Score	
		<=\$417,000 (<= \$625,500 AK & HI)	> \$417,000 (> \$625,500 AK & HI)
VAIRRL	100%	620	640
	125%	640	640
VAIRRLA	95%	620	640
	105%	640	640
VAIRRLR	NA	620	640
VAIRRL10	NA	620	640

In addition to the minimum credit score requirement, the underwriter will review the borrower's credit for multiple late payments, collection accounts and/or other derogatory credit any of which may result in a decline. Open bankruptcies are not eligible under any circumstance.

Housing Payment History

0 x 30 mortgage payment history is required.

For loans that are seasoned less than 12 months, the existing loan may not have any mortgage lates of 30 days or greater since the inception of the loan and, there may be no 30 day or greater lates on any mortgage loan associated with the borrower or property in the most recent 12 months.



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Pay off of collection accounts

Collection accounts are not required to be paid off.

Tax Liens and Judgments

In all cases, outstanding tax liens and judgments must be paid at or before closing.

Bankruptcy / Foreclosure / Deed-in-lieu / Short Sale

- Loan amount \leq \$417,000 (\$625,500 AK and HI): Must be seasoned a minimum of 2 years.
- Loan amount $>$ \$417,000 (\$625,500 AK and HI): Must be seasoned a minimum of 7 years.

Income and Employment

A verbal VOE is required on all loans. Retired borrowers must provide evidence of retirement.

No income documentation required, nor should the loan application reference income, except where PITI will increase 20% or more.

If the PITI increases by 20% or more:

- Determine that the borrower has stable and reliable income to support the proposed payment along with other recurring monthly obligations with the following:
 - Pay stubs covering at least the most recent 30 day period.
 - 2 years W2s
 - Verbal verification of employment
- The underwriter must complete [VA form 26-6393](#) to determine the borrower qualifies for the new loan.
- The maximum DTI of 41% applies. Loans with DTIs $>$ 41% up to a max of 50% may be considered if the loan meets the compensating factor requirement per the [VA Lender's Guide](#) Chapter 4, section 10.

IRS Form 4506-T

4506-T is not required unless the borrower is qualifying due to a PITI increase of 20% or more as referenced above.



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Assets

No asset verification is required.

Disaster Areas

For properties located in an area which has been federally declared as a disaster area within the last 90 days, refer to the Plaza's Disaster Policy in the [Loan Closing Manual](#) for requirements.

Subordinate Financing

Loans with existing subordinate financing are eligible.

Escrow / Impound Accounts

Escrow/impound accounts are required for property taxes and insurance.

Maximum Financed Properties

There is no maximum to the number of properties a borrower owns or has financed; however, the Schedule of Real Estate on the application must be completed with all of the properties the borrower owns per the credit report and per MERS.

Maximum Loans/Maximum Exposure

A maximum of 4 Plaza loans or \$1,500,000 is permitted to one borrower, whichever is less.

Temporary Buydowns

Not eligible.