

Reference Guide

VA IRRRL and VA Cash-Out Refinance Transactions

This **Reference Guide** clarifies requirements for how and where to enter data. Additionally, it provides **transaction-specific direction regarding the correct use of updated disclosures** and corresponding buckets, as well as department-specific guidance.

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VA IRRRL Initial Disclosures Required

(Disclosures print in initial application package.)

- Tangible Net Benefit Disclosure
- VA IRRRL Veteran's Statement & Certification

Tangible Net Benefit Disclosure

Net Tangible Benefit Disclosure Bucket, formerly Net Tangible Benefit Worksheet Bucket.

Upload





Form:

TANGIBLE NET BENEFIT DISCLOSURE

Borrower(s): **VA Flood**

Date: **September 17, 2019**

Bucket:

	MI Right To Choose Insurance Provider	
	Mortgage Fraud is Investigated by the FBI	
	Net Tangible Benefit Disclosure	
	Notice of Completion Narrative Information	

VA IRRRL Veteran's Statement & Certification *(formerly known as the VA - Rate Reduction Certificate.*

Upload to **VA IRRRL Veteran's Statement & Certification Bucket**, *(formerly the VA – Rate Reduction Certificate Bucket.*

Form:



Lender: **Gold Star Mortgage Financial Group, Corporation**
Lender Address: **100 Phoenix Drive, Ste 300, Ann Arbor, MI, 48108**

VA IRRRL Veteran's Statement and Certification

Borrower(s): **VA Flood**

Date: **Septembe**

Bucket:

VA 26-1820 Loan Disbursement
VA - Rate Reduction Certification
VA IRRRL Veteran's Statement & Certification
VA 26-1820 Loan Disbursement

***If payment increases by 20% at application, you will also need:**

VA Lender Certification – Increased Payment

Will be uploaded to VA - Lender Certification Bucket and provided by UW.

Form:

VA IRRRL Lender Certification – Payment Increase

Borrower(s) Name: **VA Flood**

Loan Number: **10100000**

Bucket:

	VA 26-1805 Reasonable Value	
	VA Entitlement Calculation Worksheet	VA Max Loan Amt
	VA Lender Certification	

VA Cash-Out Initial Disclosures Required

(Disclosures print in initial application package.)

NOTE: If Application taken *before* 5/1/2019: same as IRRRL Disclosures.
For applications taken *after* 5/1/19, use the disclosures below:

- VA Cash-Out Refinance Comparison Certification
- VA Cash-Out Refinance Home Equity Disclosure

VA Cash-Out Refinance Comparison Certification (Upload in bucket of same name.)

Form:

VA-GUARANTEED HOME LOAN CASH-OUT REFINANCE COMPARISON CERTIFICATION

Borrower(s): VA Flood

Date: September 19, 2019

Bucket:

8	VA Cash-Out Refinance Comparison Certification (Initial)	Initial Di:
if	VA Cash-Out Refinance Home Equity Disclosure	
ik	VA Questionnaire/Certification	
is	Verification of V.A. Benefits	

VA Cash-Out Refinance Home Equity Disclosure (Upload in bucket of same name.)

Form:

VA CASH-OUT REFINANCE HOME EQUITY DISCLOSURE

Borrower(s): VA Flood

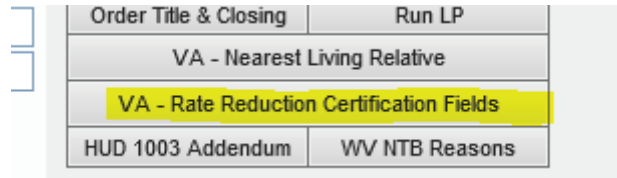
Date Sent: September 19, 2019

Bucket:

8	VA Cash-Out Refinance Comparison Certification (Initial)	Initial Di:
if	VA Cash-Out Refinance Home Equity Disclosure	
ik	VA Questionnaire/Certification	
is	Verification of V.A. Benefits	

Guidance for MLOs – Data Entry

Data Entry for the **IRRRL Disclosures** is completed by using the quick link on the GS Application Screen. **Select VA – Rate Reduction Certification Fields.**



A screenshot of a web form titled 'Quick Entry - VA Rate Reduction Certification Fields'. The form contains the following fields and values:

Previous VA Case Number	256345	New VA Case Number	5984
Original Term Length	360	New Term Length	360
Loan Amount	250,000.00	New Total Loan Amount	204,300.00
Interest Rate	5.000	New Interest Rate	4.750
Monthly Principal and Interest	1,342.05	New Principal and Interest	1,065.73
Monthly PTI	1,600.00	New PTI	1,415.73
Original Date of Loan	02/15/2010	Maximum Payment	1,920.00

The proposed refinance loan meets the following net tangible benefits (check all that apply):

- Eliminating private mortgage insurance.
- The term of the new loan is shorter than the term of the loan being refinanced.
- Obtaining a lower interest rate.
- Obtaining a lower monthly payment, including principal, interest, taxes, and insurance.
- The new loan results in an increase in the borrower's monthly residual income as explained by 38 CFR 36.4340(e).
- The new loan refinances an interim loan to construct, alter, or repair the primary home.
- The new loan amount is equal to or less than 90 percent of the reasonable value of the home.
- Changing from an adjustable rate loan to a fixed rate loan.

Borrower Received Reasonable, Tangible Net Benefit

lower rate

Data Entry for the **Cash-Out Refinance Disclosures** is completed by accessing **VA Management in Forms** and then selecting the **Cash-Out Refinance** tab.

- VA 26-6261A Veteran Status
- VA 26-8923 Rate Reduction WS
- VA Cert of Eligibility
- VA Management
- VA Rate Reduction Certification Fields
- VOD


VA Management						
Basic Information		Qualification		Cash-Out Refinance	Tracking	
Loan Comparison						
	EXISTING LOAN		PROPOSED LOAN		ESTIMATED IMPACT OF REFI	
VA Loan Number (LIN)	2563		5984		N/A	Increase/
Loan Balance	200,000.00		204,300.00		-4,300.00	Increase
	Show All (VOL)					
Monthly Payment	800.00		1,065.73		-265.73	
Remaining Term (months)	320		360		-40	Increase
Loan Type	VA-Fixed v		Fixed Rate v		N/A	
Interest Rate	6.000		4.750		1.250	Decreas
Total of the Remaining Scheduled Payments	256,000.00		360.00		255,640.00	Decreas
Loan-to-Value Percentage	100.000 %		66.667 %		33.333 %	Decreas
	Reasonable (Appraised) value		Reasonable (Appraised) value			
	280,000		300,000			
	Outstanding balance Property Liens -		Outstanding balance Property Liens -			
	220,000.00		204,300.00			
Home Equity Remaining	= 60,000.00		= 95,700.00		-35,700.00	Increase
Net Tangible Benefit						
The proposed refinance loan meets the following net tangible benefits (check all that apply):						
<input type="checkbox"/> The new loan eliminates monthly mortgage insurance, whether public or private, or monthly guaranty insurance						
<input type="checkbox"/> The term of the new loan is shorter than the term of the loan being refinanced						
<input checked="" type="checkbox"/> The interest rate on the new loan is lower than the interest rate on the loan being refinanced						
<input type="checkbox"/> The payment on the new loan is lower than the payment on the loan being refinanced						
<input type="checkbox"/> The new loan results in an increase in the borrower's monthly residual income as explained by 38 CFR 36.4340(e)						

Guidance for Underwriters

The following VA Lender Certifications have been created and made available in **Encompass under Custom Forms**.

Whenever used, they should be uploaded into the **VA – Lender Certification Bucket**:

- **VA Lender Certification – Increased Payment** (used for payment increase of 20% or more)
- **VA Lender Certification – Prior Loan Status** (Statement indicating Prior VA loan is current)
- **VA Lender Certification – Loan Quality** (Required on all VA loans, stating loan meets all requirements.)

 USDA Pre-Review Checklist
 VA - Active Duty Disability Questionnaire
 VA - Lender Certification - Loan Quality
 VA - PUD HOA Certification
 VA IRRRL Lender Certification - Payment Increase
 VA IRRRL Lender Certification - Prior Loan Status

SAMPLE CONDITIONS:

IRRRL Disclosure Condition:

*VA1005 - VA - IRRRL - Veteran's Statement & Certification/NTB Disclosure

Cash-Out Disclosure Condition:

*VA1035 - VA Refinance Disclosure Requirement

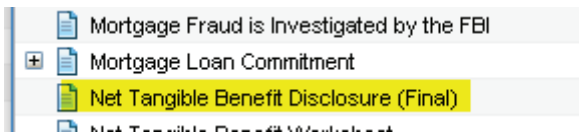
Loan Comparison Disclosure and Additional Home Equity Disclosure (Alt doc is Net Tangible Benefit Worksheet if application prior to 5/1/19)

Guidance for Insuring

VA IRRRL Closing Disclosure (Prints in Closing Package)

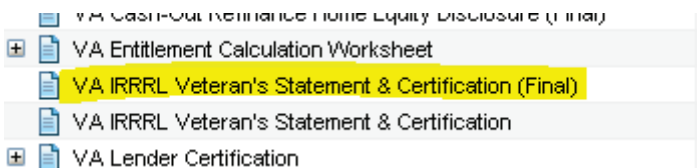
Tangible Net Benefit Disclosure

(Move to the Net Tangible Benefit Disclosure (**Final**) Bucket, formerly Net Tangible Benefit Worksheet Bucket)

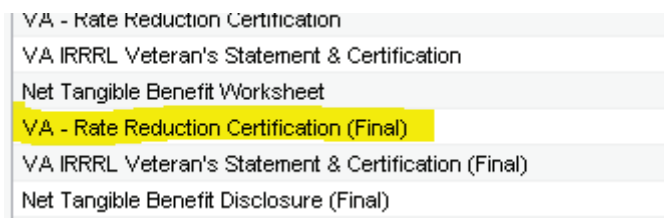


VA IRRRL Veteran’s Statement & Certification, formerly known as the VA Rate Reduction Certificate.

(Move to the VA IRRRL Veteran’s Statement & Certification (**Final**) Bucket, formerly known as VA – Rate Reduction Certification Bucket)



VA 26-8923 Rate Reduction Worksheet (completed by the Underwriter) (Move to the VA – Rate Reduction Certification (**Final**) bucket, only need to send final).

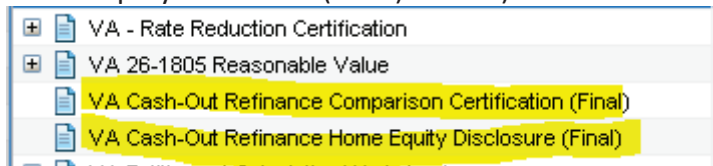


VA Cash-Out Closing Disclosures (Prints in Closing Package)

*Application Prior to 5/1/19: same as IRRRL Disclosures. Applications after 5/1/19:

VA Cash-Out Refinance Comparison Certification (Move to VA Cash-Out Refinance Certification (**Final**) Bucket)

VA Cash-Out Refinance Home Equity Disclosure (Move to VA Cash-Out Refinance Home Equity Disclosure (**Final**) Bucket)



+	VA - Rate Reduction Certification
+	VA 26-1805 Reasonable Value
	VA Cash-Out Refinance Comparison Certification (Final)
	VA Cash-Out Refinance Home Equity Disclosure (Final)

Guidance for Re-Disclosure

If purpose changes from a VA IRRRL to VA Cash-out or vice versa, updated corresponding disclosures must be sent.

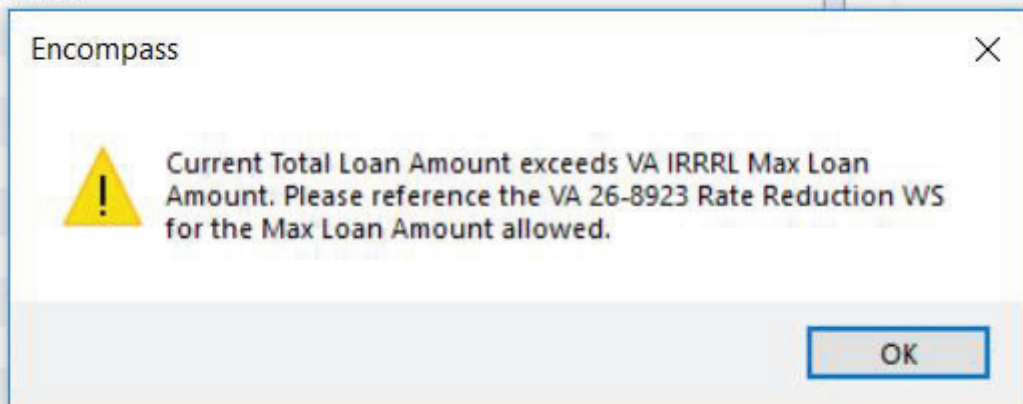
Guidance For Closing Department

New stop has been added to Encompass for VA IRRRLs:

If closing costs have changed - when Closing attempts to order closing docs, a pop-up will appear preventing the ordering of documents.

(This pop-up will appear when moving loan to the Doc Prep Milestone.)

d: 10/01/19



The condition below has been added as a closing condition:

Name	*CL1079 - Closing - VA - IRRRL
Description	Line 18 on the Rate Reduction Worksheet can not exceed the total loan amount. If it does, the loan must go back to underwriting to be updated.
Documents	VA 26-8923 Rate Reduction Worksheet

If anyone has questions regarding this **Reference Guide**, please contact your **Manager, Account Manager, or Compliance** at compliance@goldstarfinancial.com for assistance.