



MFM Bulletin: 006-2022

Date: February 1, 2022

Subject: VA IRRRL guidelines (reduction in loan terms)

We are making changes to our program guidelines for VA interest Rate Reduction Refinancing loans (IRRRL) and providing guidance and clarification on VA IRRRL loans where principal and interest (P&I) payment will increase due to a reduction in loan term.

Per the requirements in VA Circular 26-19-22 under Fee Recoupment:

“For an IRRRL that results in the same or higher monthly PI payment, the Veteran can incur no fees, closing costs, or expenses (other than taxes, amounts held in escrow, and fees paid under chapter 37 (e.g., VA funding fee).”

This means if a VA loan is being refinanced as an IRRRL, and P&I is increasing because the loan term was reduced (e.g., 30-year to a 15-year term), then no fees can be charged to the Veteran other than those listed above.

This is likely to be the case on most term reductions and therefore, **MFM will no longer offer pricing on 15-year VA IRRRL loans.** However, you may reach out to the MFM Secondary Marketing department for pricing exceptions in situations where the P&I is lower on the new loan.

Our VA IRRRL guidelines and MFM overlays will be modified to reflect these policy updates, please contact the MFM Underwriting department (underwriting@memberfirstmortgage.com) if you have any questions or concerns.

Thank you