

**Closing costs normally associated
with an Interest Rate Reduction
Refinance Loan (IRRRL)**

- ✓ Origination Fee *
- ✓ Discount Points
- ✓ Prepaid Taxes and Hazard Insurance
- ✓ Title Examination Fee
- ✓ Title Insurance Fee
- ✓ Flood Zone Determination
- ✓ Environmental Endorsements
- ✓ Recording Fees
- ✓ Special Mailing Fees
(Example: Fed-Ex or Courier Fees)
- ✓ VA Funding Fee

*The loan origination fee is limited to 1% of the loan amount. The lender may charge this flat fee or itemize the following fees not to exceed 1%:

- Application and Processing Fees
- Document Preparation Fee
- Loan Closing or Settlement Fee
- Notary Fees
- Interest Rate Lock-In Fee
- Tax Service Fee
- Reconveyance Fees
- Commitment or Marketing Fees
- Trustee's Fees or Charges

This is not an all exclusive list of fees and charges. If you have any questions concerning fees and charges on a VA Loan, contact the Phoenix Regional Loan Center.

Department of Veterans Affairs
VA Regional Loan Center
3333 North Central Avenue
Phoenix, AZ 85012

Toll-free number:
1-888-869-0194
Monday through Friday
7:30 a.m. to 4:00 p.m. MST

Phoenix RLC Website
www.vba.va.gov/ro/phoenixlgy/index.htm

National VA Loan Guaranty Website:
www.homeloans.va.gov

To contact the VA Eligibility Center
call 1-888-244-6711
Email: NCELGIB@vba.va.gov

or write to:
VA Eligibility Center
P.O. Box 20729
Winston-Salem, NC 27120

To sign up for our new Email
Notification Service, logon to
[http://mailman.listserve.com/
listmanager/listinfo/phoenixrlc](http://mailman.listserve.com/listmanager/listinfo/phoenixrlc)

For more information on
other VA benefits call
1-800-827-1000



**INTEREST RATE
REDUCTION
REFINANCE
LOANS
(IRRRLs)**



April 2008

What is an IRRRL?

IRRRL stands for Interest Rate Reduction Refinancing Loan. You may also see it referred to as a “VA Streamline”. It is used to refinance an existing VA guaranteed loan to reduce the interest rate or to refinance an adjustable rate mortgage (ARM) to a fixed rate.



What are the requirements?

The loan you are refinancing must have been guaranteed using your VA entitlement. The new loan will re-use the entitlement you originally used. A Certificate of Eligibility is not required. Your lender can verify your previous loan information by using our automated system.

No appraisal or credit underwriting is required by VA. However, you should be aware that some lenders may require them anyway.

Also, the occupancy requirement is different from other VA loans. When you originally obtained your VA loan, you certified that you occupied or intended to occupy the home. For an IRRRL, you only need to certify that you previously occupied it.

What if I have a 2nd Mortgage?

No loan other than the existing VA loan may be paid from the proceeds of an IRRRL. If you have a 2nd mortgage, the holder must agree to subordinate that lien so that your new VA loan will be a first mortgage.

Can I take cash out if I have equity in the property?

No, you must not receive any cash from the loan proceeds. The new loan amount may not exceed the sum of the outstanding balance on the existing VA loan, plus allowable fees and closing costs. You may also add up to \$6,000 of energy efficient improvements into the loan. See your lender for details.

How much will this cost?

An IRRRL may be done with “no money out of pocket” by including all costs into the new loan. Some lenders may say that VA requires certain closing costs to be charged and included in the loan. The only cost required by VA is a funding fee* of ½ % of the new loan amount. This may be paid in cash at closing or added to the new loan.

In addition to the energy efficient improvements, you may also include up to 2 discount points into the loan.

Note: Refinancing frequently or adding all of these items into your loan, may result in a situation in which you owe more than the fair market value of the house. This can reduce the benefit of refinancing since your payment will not be lowered as much as it could be. Also, you could have difficulty selling the house for enough to pay off your loan balance.

**Veterans entitled to VA compensation may be exempt from the Funding Fee.*

I received a letter in the mail about a “special” refinance program for veterans. Is this the same program?

Some lenders may contact you suggesting that they are the only lender with the authority to make IRRRLs. This is not so. Any lender of your choice may process your application for an IRRRL. While it may be the best place to start shopping for an IRRRL, you do not have to go to the lender you make your payments to now or to the lender from whom you originally obtained your loan.

VETERANS ARE STRONGLY URGED TO CONTACT SEVERAL LENDERS WHEN CONSIDERING AN IRRRL. THERE MAY BE BIG DIFFERENCES IN THE TERMS OFFERED BY THE VARIOUS LENDERS YOU CONTACT.

