

This matrix is intended as an aid to help determine whether a property/loan qualifies for certain financing. It is not intended as a replacement for VA guidelines. Users are expected to know and comply with VA's requirements. Refer to [VA Circular 26-19-22](#) for current IRRRL requirements.

Eligibility Matrix

Interest Rate Reduction Refinance – Primary Residence			
Units	Credit Score	Maximum LTV ¹	Maximum Base Loan Amount ²
1-4	580	100%	\$999,999
	700		\$3,000,000

Footnotes:

- Maximum LTV/CLTV excludes the VA Funding Fee. 100% of AVM or appraised value calculated using Base Loan Amount.
- Refer to VA Form 26-8923 Interest Rate Reduction Refinancing Loan Worksheet to calculate loan amount. The Veteran must have sufficient entitlement to guaranty the loan (see Guarantee/Entitlement below).

Product Codes

Conforming		High Balance	
Product Code	Term	Product Code	Term
VF15IR	15 Year Fixed	VF30IRHB	30 Year Fixed High Balance
VF30IR	30 Year Fixed		

Underwriting Requirements

Appraisal Requirements	<p>Appraisal (full or exterior-only) or AVM is required to determine value. Acceptable AVM's include:</p> <ul style="list-style-type: none"> Core Logic GeoAVM Core product (ValuePoint 4, PASS, HPA, and PowerBASE 6) Freddie Mac HVE with Forecast Standard Deviation of 0.20 or less <p>If an appraisal is obtained, properties with a Condition Rating of C5 or C6 are <u>not</u> eligible.</p> <p><u>Disaster Area Protocol:</u> When the subject property is located within a FEMA-declared disaster area where individual assistance is available, an exterior re-inspection (interior as well if the disaster is flood, hurricane or water-related) dated after the incident period end date is required unless the appraisal is dated after the incident period end date. All property inspection products must affirmatively indicate there is no adverse impact to value, condition, or marketability as a result of the disaster. If damage exists, repairs must be completed and an interior/exterior 1004D must be obtained confirming repairs were made and the property is habitable.</p>
Assets	<p>Most recent asset statement must be dated within 60 days of the Note Date for all assets used for funds to close. If the asset is reported quarterly, the most recent statement is required.</p> <p>Stocks, stock options and mutual funds (including IRA/SEP/Keough/401K) must show proof of liquidation if used for closing costs or down payment.</p> <p>Cryptocurrency (e.g. Bitcoin and Ethereum) may be used for funds to close under the following conditions:</p> <ul style="list-style-type: none"> Funds must be liquidated into U.S. dollars. Only 70% of the liquidated amount can be used for funds to close.
Borrower Eligibility	<p>A Certificate of Eligibility (COE) is required for Interest Rate Reduction Refinancing Loans (IRRRLs). If the Veteran indicates they are exempt from the VA Funding Fee and the COE does not show that the Veteran is exempt, the lender must ask the Veteran if he or she has a claim for compensation pending with VA. If so, the lender must obtain an updated COE no earlier than 3 days before loan closing using the COE "Correct" function in WebLGY.</p> <p><u>Ineligible:</u></p> <ul style="list-style-type: none"> Foreign National Deferred Action for Childhood Arrivals (DACA)
COVID-19 Attestation	<p>All borrowers must sign and date Impac's COVID-19 Attestation with regard to forbearance and the borrower's ability to repay the loan.</p>
Credit	<p>All borrowers must generate a traditional credit score from at least one repository (tri-merge report), non-traditional credit is not allowed.</p> <p><u>Mortgage History:</u></p> <ul style="list-style-type: none"> 0x30 in the past 12 months on all mortgages for all properties <p><u>Forbearance (COVID-related):</u> Lenders are reminded that all IRRRLs must meet loan seasoning, fee recoupment, discount points and net tangible benefit requirements per VA policy guidance. Periods of forbearance cannot count</p>

	<p>toward seasoning; however, forbearance under the CARES Act does not, alone, cause the loan to fail to meet the seasoning standard. If a loan being refinanced met seasoning requirements before a Veteran invoked a CARES Act forbearance, the seasoning requirement remains satisfied. A loan being refinanced is seasoned if both of the following conditions are met as of the date the borrower closes the refinance loan:</p> <ul style="list-style-type: none"> • The borrower has made at least six consecutive monthly payments on the loan being refinanced. For example, in a case where a borrower made five consecutive payments before invoking a CARES Act forbearance, such borrower would need to make six additional consecutive payments, post forbearance, in order to meet the seasoning requirement. • The date of closing for the refinance loan is 210 or more days after the first payment due date of the loan being refinanced. <p>See VA Circular 26-20-25 for additional details around forbearance.</p>
<p>Disclosures</p>	<p>The Veteran should be presented twice with a comparison of the refinance loan to the loan being refinanced. The loan comparison statement will 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. See Exhibit C for a sample comparison statement.</p> <p><u>Timing of Disclosures:</u> Present the Veteran with the comparison statement within 3 business days from the initial date of the loan application and again at closing.</p> <p><u>Content:</u> Refer to Exhibit C. The comparison statement must show the recoupment period (in months) for all fees, expenses, and closing costs, (including taxes, amounts held in escrow, and fees paid under chapter 37 such as VA funding fee), whether included in the loan or paid outside of closing.</p> <p><u>Note:</u> The recoupment calculation for the purposes of the comparison statement differs from the statutory recoupment calculation detailed further below in the Fee Recoupment section of this matrix. Namely, the comparison statement will gauge how the Veteran’s payment of taxes, amounts held in escrow, and fees paid under chapter 37 affect the cost of the new refinance loan. As discussed in the Fee Recoupment section, the Act excludes such items from the 36-month recoupment calculation that affects whether VA can guarantee a refinance loan. To complete the recoupment calculation for the purposes of the comparison statements:</p> <ol style="list-style-type: none"> a) Add the following items from the Loan Estimate (initial disclosure) or Closing Disclosure (final disclosure): origination charges, services you cannot shop for, services you can shop for, taxes, other government fees, and the VA funding fee. b) Subtract any lender credits. c) Divide that amount by the decrease in monthly P&I payments. Note that the monthly PI payment is calculated using the total loan amount, including any financed VA funding fee. <p><u>Note:</u> If the IRRRL results in the same or increased monthly P&I payment, the lender should still complete paragraphs (a) and (b) and present the Veteran with the total costs associated with the IRRRL.</p> <p><u>Veteran Certification:</u> The Veteran must communicate that he/she received the comparison statements, e.g. via written letter, e-signature, email from the Veteran certifying receipt, system time/date stamp where the Veteran certified receipt, etc. Retain evidence of such communications in the loan file.</p>
<p>DTI</p>	<p>Not Applicable – Credit Qualifying IRRRLs are <u>NOT</u> permitted</p>
<p>Escrow Waivers</p>	<p>Escrow waivers are not allowed</p>
<p>Fee Recoupment</p>	<p>Recoupment describes the length of time it takes for a Veteran to pay for certain fees, closing costs, and expenses that were necessitated by the refinance loan. The recoupment standard applies to all IRRRLs. Including, but not limited to, IRRRLs where the principal balance is increasing, term of loan is decreasing, or the loan being refinanced is an ARM.</p> <ol style="list-style-type: none"> 1. The lender must ensure, and certify to VA, that: <ol style="list-style-type: none"> (a) For an IRRRL that results in a lower monthly principal and interest (P&I) payment, the recoupment period of fees, closing costs, and expenses (other than taxes, amounts held in escrow, and fees paid under chapter 37 (e.g., VA funding fee collected under 38 U.S.C. § 3729)), incurred by the Veteran, does not exceed 36 months from the date of the loan closing. (b) For an IRRRL that results in the same or higher monthly P&I payment, the Veteran has incurred no fees, closing costs, or expenses (other than taxes, amounts held in escrow, and fees paid under chapter 37 (e.g., VA funding fee collected under 38 U.S.C. § 3729)). 2. Lenders must upload the following documentation during the Loan Guaranty Certificate (LGC) process to certify that fee recoupment has been met: <ol style="list-style-type: none"> (a) If the recoupment period shown on the final loan disclosure outlined above in the Disclosures section is 36 months or less, the lender may upload this disclosure.

	<p>(b) If the recoupment period shown on the final loan disclosure outlined above in the <u>Disclosures</u> section is more than 36 months, the lender must provide documentation showing the recoupment calculation outlined below (<u>Calculating Recoupment</u>).</p> <p>(c) For an IRRRL that results in the same or higher monthly PI payment, the lender should submit to VA evidence that the Veteran has incurred no fees, closing costs, or expenses (other than taxes, amounts held in escrow, and fees paid under chapter 37).</p> <p><u>Calculating Recoupment</u>: Recoupment is calculated by dividing all fees, expenses, and closing costs, whether included in the loan or paid outside of closing (i.e. an appraisal fee), by the reduction of the monthly P&I payment. The VA funding fee, escrow, and prepaid expenses, such as, insurance, taxes, special assessments, and homeowners' association (HOA) fees, are excluded from the recoupment calculations. See <u>Exhibit B</u> for more specific instructions and calculation examples.</p> <p style="text-align: center;"><u>Fees, Expenses, and Closing Costs (FECC) to be Recouped</u></p> <p>Refer to the below table for information about specific fees and charges to be included in or excluded from the recoupment calculation. Please continue to refer to Chapter 8 of VA Lenders Handbook (M26-7) for information about allowable fees, expenses, and closing costs.</p> <table border="1" data-bbox="393 699 1500 1058"> <thead> <tr> <th style="text-align: center;"><u>Included FECC</u></th> <th style="text-align: center;"><u>Excluded FECC</u></th> </tr> </thead> <tbody> <tr> <td style="vertical-align: top;"> <ul style="list-style-type: none"> • Allowable fees and charges <ul style="list-style-type: none"> ○ Included in the loan amount ○ Paid outside of closing • Credit report • Appraisal fee¹ (if applicable and the lender requires Veteran to pay) • Reasonable discount points <ul style="list-style-type: none"> ○ Included in the loan amount ○ Paid outside of closing <p><u>Note</u>: Lender credits may be used to offset allowable fee and charges (including discount points)</p> </td> <td style="vertical-align: top;"> <ul style="list-style-type: none"> • VA funding fee • Per diem interest • Escrow • Prepaid expenses <ul style="list-style-type: none"> ○ Insurance ○ Taxes (including delinquent taxes) ○ Special assessments ○ HOA fees <p><u>Note</u>: This is not an all-inclusive list of prepaid expenses.</p> </td> </tr> </tbody> </table> <p>¹ The Veteran may only be charged a reasonable and customary amount, and only charged for one appraisal.</p> <p><u>IMPORTANT CLARIFICATION</u>: The fee recoupment calculation in this section is known as the “Statutory” calculation. This calculation determines whether or not VA will guaranty the loan (i.e. fees are recouped within 36 months). Do not confuse the “Statutory” calculation with the Comparison Statement calculation described in the Disclosures section. This calculation is different from the “Statutory” calculation and does not determine whether or not the VA will guaranty the loan. It is only used for disclosure purposes to the Veteran.</p>	<u>Included FECC</u>	<u>Excluded FECC</u>	<ul style="list-style-type: none"> • Allowable fees and charges <ul style="list-style-type: none"> ○ Included in the loan amount ○ Paid outside of closing • Credit report • Appraisal fee¹ (if applicable and the lender requires Veteran to pay) • Reasonable discount points <ul style="list-style-type: none"> ○ Included in the loan amount ○ Paid outside of closing <p><u>Note</u>: Lender credits may be used to offset allowable fee and charges (including discount points)</p>	<ul style="list-style-type: none"> • VA funding fee • Per diem interest • Escrow • Prepaid expenses <ul style="list-style-type: none"> ○ Insurance ○ Taxes (including delinquent taxes) ○ Special assessments ○ HOA fees <p><u>Note</u>: This is not an all-inclusive list of prepaid expenses.</p>
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<p>Financing Type</p>	<p>Interest Rate Reduction Refinances Only</p> <ul style="list-style-type: none"> • Must be the refinance of an existing VA that meets all Fee Recoupment, NTB, Loan Seasoning and Disclosure requirements as detailed in VA Circular 26-19-22 • New loan amount may include the following. <ul style="list-style-type: none"> • Unpaid principal balance, including accrued interest and late fees, if applicable • Allowable closing costs • Prepaid expenses • Maximum 2 discount points • Funding fee • 25% guaranty is considered satisfied • No cash back to borrower permitted, minor adjustment at closing not to exceed \$500 cash back is eligible • No satisfaction of junior liens <p>Texas: Cash back (including incidental) is not permitted. Underwriting conditions and closing instructions must indicate “No cash back is permitted. (\$1 is not allowed).</p>				
<p>Fraud Report</p>	<p>Fraud Report is required.</p>				
<p>Geographic Restrictions</p>	<p><u>Ineligible States</u>: DE, MA, ME, MO, WY</p> <p><u>Additional Restrictions</u>:</p> <ul style="list-style-type: none"> • <u>Hawaii</u>: Lava zones 1 and 2 <u>not</u> eligible. • <u>Illinois</u>: Illinois Land Trust not allowed. • <u>New York</u>: CEMA not allowed. • <u>Texas</u>: 50(a)(6) not permitted. 				

VA IRRRL – Non-Credit Qualifying

	<ul style="list-style-type: none"> • <u>Colorado:</u> <ul style="list-style-type: none"> ○ Income must be stated on the application ○ No analysis or verification of income is required. 		
Guaranty/Entitlement	VA Guaranty is always 25% for all IRRRLs.		
Income / Employment	<p>Income is not documented/validated. However, an income source is required.</p> <p><u>Verbal Verification of Employment (VVOE):</u></p> <ul style="list-style-type: none"> • <u>Salaried:</u> Must be dated within 10 calendar days prior to funding. • <u>Self-employed:</u> Must be dated within 20 calendar days prior to funding. Examples include: <ul style="list-style-type: none"> ○ Evidence of current work (e.g., executed contracts or signed invoices that indicate the business is operating on the day the Seller verifies self-employment) ○ Evidence of current business receipts within 20 calendar days prior to funding (e.g., payment for services performed) ○ Lender certification the business is open and operating (e.g., the lender confirmed through a phone call or other means) ○ Business website demonstrating activity supporting current business operations (e.g., timely appointments for estimates or service can be scheduled) <p>As a reminder, Impac does NOT allow a VVOE (or alternative documentation detailed herein) to be obtained post-closing. Further, a VVOE cannot be obtained on the actual Note Date.</p>		
Loan Amount	<p>Minimum loan amount is \$100,000</p> <p>While Freddie Mac Conforming Loan Limits do not apply to IRRRLs as VA will guarantee 25% of the loan amount regardless of the Veteran's entitlement, Freddie Mac Conforming Loan Limits are considered for pricing purposes as it relates to whether or not a loan is considered a Conforming loan or a High Balance loan. As such, for pricing purposes, where the 2023 Freddie Mac Conforming Loan Limit is higher than the 2022 county loan limit, pricing for a Conforming loan will be based on the 2023 loan limit. Where the 2023 Freddie Mac Conforming loan limit is lower than the 2022 Freddie Mac Conforming Loan Limit, pricing for a Conforming loan will be based on the 2022 Freddie Mac Conforming Loan Limit for loan applications signed prior to January 1, 2023, where the loan closed on or after January 1, 2023.</p>		
Loan Seasoning	<p>All IRRRLs must meet VA's seasoning requirement. The due date of the first payment is used to determine loan seasoning. A loan is considered seasoned if both of the following conditions are met as of the note date of the new refinance loan:</p> <ul style="list-style-type: none"> • The due date of the first monthly payment of the loan being refinanced is 210 days or more prior to the note date of the new refinance loan. When the VA loan being refinanced with an IRRRL has been modified, the seasoning must be measured from the first payment date due date listed on the modification agreement, not from the first payment due date of the original loan. A copy of the note (or modified note) for the loan being refinanced must also be obtained to confirm seasoning requirements are met (review by UW management may be required); and • Six (6) consecutive monthly payments have been made on the loan being refinanced. <p><u>Example:</u> The loan being refinanced closed on March 8, 2019. The first payment is due May 1, 2019. If the Veteran makes six consecutive monthly payments, the loan being refinanced will be seasoned on November 27, 2019.</p> <p>IMPORTANT NOTE: Periods of forbearance cannot count toward seasoning; however, forbearance under the CARES Act does not alone cause the loan to fail to meet the seasoning standard. If a loan being refinanced met seasoning requirements before a Veteran invoked a CARES Act forbearance, the seasoning requirement remains satisfied. However, in a case where a borrower made only five consecutive payments before invoking a CARES Act forbearance, such borrower would need to make six additional consecutive payments, post forbearance, in order to meet the seasoning requirement.</p>		
Net Tangible Benefit	<p><u>Fixed Rate to Fixed Rate:</u> In cases where the loan being refinanced has a fixed interest rate and the refinance loan will also have a fixed interest rate, the refinance interest rate must be not less than 0.50 percent (50 basis points) lower than the interest rate of the loan being refinanced. For example, if the interest rate of the loan being refinanced is 3.75 percent (fixed), then the interest rate of the refinance loan may not be greater than 3.25 percent (fixed).</p>		
Property Types	<table border="0" style="width: 100%;"> <tr> <td style="width: 50%; vertical-align: top;"> <p><u>Eligible:</u></p> <ul style="list-style-type: none"> • SFR/PUD • Condo (VA approved) • 2-4 Units </td> <td style="width: 50%; vertical-align: top;"> <p><u>Ineligible:</u></p> <ul style="list-style-type: none"> • Manufactured homes • On-frame modular construction • Co-op share loans • Agricultural properties (farms, ranches) • Leasehold property </td> </tr> </table>	<p><u>Eligible:</u></p> <ul style="list-style-type: none"> • SFR/PUD • Condo (VA approved) • 2-4 Units 	<p><u>Ineligible:</u></p> <ul style="list-style-type: none"> • Manufactured homes • On-frame modular construction • Co-op share loans • Agricultural properties (farms, ranches) • Leasehold property
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<p>Special Requirements / Restrictions</p>	<p>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 eligible. A change in mortgagors is eligible with proper documentation as follows.</p> <table border="1" data-bbox="475 338 1422 569"> <thead> <tr> <th>Existing VA Loan</th> <th>New Loan</th> <th>IRRRL Eligible?</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 veteran)</td> <td>No</td> </tr> <tr> <td>Vet</td> <td>Different veteran who has substituted 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>Veteran & different spouse</td> <td>Yes</td> </tr> <tr> <td>Vet & Spouse</td> <td>Spouse only (deceased veteran)</td> <td>Yes</td> </tr> <tr> <td>Vet & Spouse</td> <td>Divorced spouse only</td> <td>No</td> </tr> </tbody> </table> <p>Term Increase:</p> <ul style="list-style-type: none"> 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. <p>Interest Rate Decrease:</p> <ul style="list-style-type: none"> 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. <p>Payment Increase:</p> <ul style="list-style-type: none"> P&I payment must be less than the P&I payment of the existing VA loan unless: <ul style="list-style-type: none"> 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 P&I increases by 20% or more, the Veteran would have to credit qualify. Credit qualifying IRRRLs are NOT allowed. 	Existing VA Loan	New Loan	IRRRL Eligible?	Unmarried Vet	Veteran & new spouse	Yes	Unmarried Vet	Spouse only (deceased veteran)	No	Vet	Different veteran who has substituted his/her entitlement	Yes	Vet & Spouse	Divorced veteran only	Yes	Vet & Spouse	Veteran & different spouse	Yes	Vet & Spouse	Spouse only (deceased veteran)	Yes	Vet & Spouse	Divorced spouse only	No
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<p>Subordinate Financing</p>	<p>Allowed per VA guidelines</p>																								
<p>Underwriting</p>	<ul style="list-style-type: none"> Manual Underwriting only (DU/LPA not allowed). For loan amounts > \$1,500,000, pre-qualification and final approval must be approved by Senior Management. Extended turn around times will apply. 																								
<p>VA Funding Fee</p>	<p>VA Funding Fee applies unless the Veteran is exempt. The VA Funding Fee may be split with part paid in cash and part financed.</p> <table border="1" data-bbox="394 1157 1502 1234"> <thead> <tr> <th colspan="4">VA Funding Fee Table as of 1/1/2020</th> </tr> <tr> <th>Transaction Type</th> <th>Down Payment</th> <th>First Time Use</th> <th>Subsequent Use</th> </tr> </thead> <tbody> <tr> <td>IRRRL</td> <td>N/A</td> <td>0.50%</td> <td>0.50%</td> </tr> </tbody> </table>	VA Funding Fee Table as of 1/1/2020				Transaction Type	Down Payment	First Time Use	Subsequent Use	IRRRL	N/A	0.50%	0.50%												
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