

LENDERS UPDATE™

ALT & ASSOCIATES NEWSLETTER

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NEW GUIDANCE ON IRRRLs

As we know, some months ago, the VA issued *VA Circular 26-18-1*. This circular dealt with all VA refinances including IRRRLs and cash outs. Today the VA issued *Circular 26-19-22*. This deals with IRRRLs only and should not be confused with cash out regulatory guidance. The Circular also consolidates policy guidance for IRRL's into one document and supersedes the previous policy.

The new guidance deals with:

Fee Recoupment

This is the amount of time it takes for a Veteran to pay for costs associated with the refinance loan. The policy discusses the maximum recoupment period (generally 36 months), the documents needed to be uploaded to certify that fee recoupment has been met and the formula to calculate recoupment.

Net Tangible Benefit standards

The loan must be in the financial interest of the Veteran. The Guidance discusses the standards for fixed to fixed, fixed to ARM, and also valuation requirements.

Calculation of loan seasoning

Generally this is 210 days from the due date of the first monthly payment on the refinanced loan and after six consecutive monthly payments have been made.

Description of disclosures

This is a description of the disclosures that must be provided to the Veteran, including the timing and content and the necessity and method of a Veteran's certification of receipt.

The entire 5 page Circular may be found at:

https://www.benefits.va.gov/HOMELOANS/documents/circulars/26_19_22.pdf

ABOUT ALT & ASSOCIATES

Alt & Associates publishes the *Lenders Update* via e-mail as a complimentary service to our friends and clients in the financial industry in California and throughout the United States. Over the past three decades, members of the firm have represented Institutional Lenders and Mortgage Bankers and Brokers in all aspects of their business operations. Legal counsel provided to the mortgage industry includes, but is not limited to:

- ✚ Regulatory assistance, both state and federal
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- ✚ Operational advice
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You may direct any questions or comments directly to:

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