



WHOLESALE ANNOUNCEMENT 2019-39 August 28, 2019

Guideline Update

VA IRRRL

Effective Immediately, FCM is aligning with the updates to the fee recoupment calculation on a VA IRRRL announced in VA Circular 26-19-22. VA requires up to 2 possible recoupment calculations. The first one is the comparison calculation which includes all fees (closing costs, escrows, VA funding fee, POC fees etc) minus any lender credits. If this calculation exceeds 36 month recoupment period, the lender is required to complete the statutory calculation. This calculation includes all fees incurred excluding escrows and the funding fee minus any lender credits. This calculation must reflect a fee recoupment of 36 months or less or the loan is ineligible for VA financing.

If the P&I payment is increasing, the veteran cannot incur any fees (other than taxes, escrows and the funding fee). This includes a payment increase due to a term reduction and if the loan is refinanced from an ARM to a fixed rate loan.

VA also requires a loan comparison statement along with the comparison calculation listed above to be presented to the borrower within 3 days of the initial loan application date and again at loan closing. The Veteran must communicate to the lender that they received the comparison statements within 3 days of the initial application date and again at closing.