

LOAN OFFICER QUICK REFERENCE

VA IRRRL: Application to Processing

A 15-step path from a new file to a clean hand-off, plus the gates that stop a file and the words to use with borrowers.

Keep it simple. An IRRRL is a lightweight loan. Confirm the benefit, complete the VA forms, send disclosures, and hand off clean. Don't over-document.

Written for loan officers who already know their loan origination system (e.g., Encompass) and WebLGY. It supports, and doesn't replace, your manager's direction or official policy.

Before you start

Confirm the borrower is VA-eligible and pull the **Certificate of Eligibility (COE)** from WebLGY. It shows entitlement and whether the funding fee is waived.

Rule	What it means for the file
No income, employment, or assets	Leave those sections of the 1003 blank.
No appraisal	Value = the original loan amount of the existing VA loan.
Payment test	The rate must drop at least 0.50%, unless the loan goes from ARM to fixed, to a shorter term, or includes energy-efficient improvements.
Recoupment	Closing costs must be recovered through monthly savings in 36 months or less.
Funding fee	0.50%, unless the COE shows the veteran is exempt.
Occupancy	The veteran (or spouse of an active-duty veteran) certifies they live or lived in the home as a primary residence.

Documents to gather now: COE, homeowners insurance declarations page, property tax report, and the current mortgage statement if the loan is a transfer refi.

Two kinds of IRRRL in this guide: an **in-house refi** is a loan your company already services. A **transfer refi** is a VA loan serviced somewhere else.

Step by step

#	Step • When	What to do
1	Start the file <i>As soon as you're ready to build the loan</i>	Create a new loan from the VA IRRRL Fixed template. If the term isn't standard (e.g., 23 years = 276 months), enter 360 , add a comment with the actual term, and processing will update it. You can't disclose with an odd term.

#	Step • When	What to do
2	Refinance information <i>Right after creating the file</i>	In-house refi: check <i>Deduct Escrow from Loan Balance</i> . Transfer refi: check <i>Return Escrow Account Balance to Borrower</i> , and tell the borrower refunds usually arrive 2–3 weeks after closing.
3	FHA/VA information <i>Right after refinance info</i>	Select Interest Rate Reduction Refinance Loan . This is the key trigger: it turns on streamline logic for the file.
4	Subject property & credit <i>After setting the IRRRL type</i>	Enter the original loan amount of the existing VA loan as the value. In-house: skip credit. Transfer: order mortgage-only credit (MTR).
5	Occupancy <i>Before pricing and fees</i>	Choose Primary, Second Home, or Investment. Pricing differs, so get this right.
6	VA Loan Information form <i>After occupancy</i>	Complete the service items, upload the COE , and mark the funding fee Exempt or Non-Exempt based on the COE. Non-exempt fee = 0.50%.
7	1003 / URLA <i>After the VA form</i>	Lender: No Cash-Out Streamline; Refinance with Original Creditor = Yes (in-house only); Program = Interest Rate Reduction. Part 1: Military service = Yes, with status. Part 2: leave blank. Part 3: current mortgage only. Part 4: leave blank. Complete the COE fields.
8	VA/HUD addendum <i>Right after the 1003</i>	#19 correct vesting • #20 Yes • #23 Yes • #25 select the top line.
9	Loan Estimate <i>Before fees and disclosures</i>	On LE page 3, click Get Late Fee , then save.
10	VA-specific forms <i>After the LE</i>	Rate Reduction Certification: months remaining, original borrowers, recoupment under 36 months, Net Tangible Benefit = Fixed. 26-8216a: complete the lower section.
11	Fees & title <i>Before disclosures</i>	Run your fee quote tool and select your approved title provider. Confirm Present Monthly Housing Expense is filled in.
12	Upload documents <i>After fees</i>	COE (always) • HOI declarations page • property tax report • current mortgage statement (transfer refis only).
13	Recoupment check <i>Before sending disclosures</i>	Total closing costs ÷ monthly P&I savings = months to recoup. Must be 36 or less. Leave out the funding fee, escrows, and prepaids; subtract any lender credits.
14	Send disclosures <i>After recoupment passes</i>	Do a quick accuracy pass (program, occupancy, fees, VA forms). Send initial disclosures through the borrower portal and track the acknowledgment.

#	Step · When	What to do
15	Hand off to processing <i>After the borrower acknowledges</i>	Select the processor, mark Finished, and submit to processing. Add a note: in-house or transfer, which escrow option, credit status, and any occupancy details you explained.

Stop gates

If any of these is true, don't send disclosures yet.

- COE is missing or the funding fee exemption isn't confirmed.
- The rate drops less than 0.50% with no valid exception.
- Recoupment is more than 36 months.
- Occupancy is set wrong, which affects pricing and eligibility.
- Fees haven't been run or the LE wasn't saved.
- A VA form is incomplete.

Talk tracks

When the borrower asks...	You can say
About their escrow (in-house refi)	"You can either deduct your current escrow from the new loan balance or get it back as a refund. Refunds usually arrive 2–3 weeks after closing."
Why no income check or appraisal	"The VA already guarantees your loan, so this streamlined program focuses on lowering your rate and payment quickly."
About the 36-month rule	"By rule, your monthly savings have to cover your closing costs within 36 months. We check that before we send your disclosures."

Final checklist

- ☐ COE pulled and funding fee status confirmed
- ☐ VA IRRRL Fixed template; term entered correctly
- ☐ Escrow option set (deduct for in-house, return for transfer)
- ☐ IRRRL selected in FHA/VA information
- ☐ Value = original loan amount; credit skipped (in-house) or MTR ordered (transfer)
- ☐ Occupancy set
- ☐ VA Loan Information form complete and COE uploaded
- ☐ 1003 lender section and Parts 1–4 complete
- ☐ VA/HUD addendum #19, #20, #23, #25 complete
- ☐ LE page 3 late fee pulled and saved
- ☐ Rate Reduction Certification and 26-8216a complete
- ☐ Fees run, title provider selected, present housing expense filled
- ☐ Documents uploaded
- ☐ Recoupment is 36 months or less
- ☐ Disclosures acknowledged; submitted to processing with a clean note