

VA IRRRL Loans and FHA Rental Income

Purpose

This announcement includes the following topic:

- ✓ Note requirement for VA IRRRL loans
 - ✓ FHA rental income – *temporary guidance*
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Required Documentation

VA requires that the VA IRRRL Veteran's Statement and Certification is to be disclosed to the Veteran within 3 days of application and again at closing. This document contains a comparison chart of the existing loan versus the new loan and must be filled out with accurate information.

If the existing loan is a fixed mortgage: A copy of the existing loan Note must be turned in at time of disclosure.

If the existing loan is an ARM mortgage: A copy of the existing loan Note ***and*** a current mortgage statement must be turned in at time of disclosure.

Note: Please ensure the existing VA Case Number is on the Note or additional documentation will be required.

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VA IRRRL Loans and FHA Rental Income, Continued

**FHA Rental
Income –
temporary
guidance**

FHA [Mortgagee Letter 2020-24](#) addresses temporary changes to the Rental Income policy to address receipt of rental income.

In addition to the requirements in SF Handbook 4000.1, when a borrower is qualifying utilizing rental income, for each property generating rental income the following applies:

- Reduce the effective income associated with the calculation of rental income by 25%, **or**
 - Verify 6 months PITI reserves, **or**
 - Verify the borrower has received the previous 2 months rental payments as evidenced by borrower’s bank statements showing the deposit (this option is only applicable for borrowers with a history of rental income from the property).
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Effective Date

Immediately

Questions

Retail – Please contact your Manager
Mod Corr – Please contact your Account Executive
