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â€˜IRRRL or Interest Rate Reduction Refinance Loanâ€™ is also called â€˜VA Streamline Refinance Loan Veterans can use the IRRRL to refinance their VA mortgage loans.

Types of VA Mortgage Refinance

There are two types of VA mortgage refinance options that you can select from.

â€¢There is a cash-out VA loan or one that does not have a fixed interest rate. Refinancing is possible for this only from an original VA loan to a second VA loan. For eligibility for cash-out loan, you should reside in the property which also has to be your main residence.

â€¢A VA Streamline refinance or an IRRRL is another type available to those with a VA loan. In this only the first VA loan can be settled. A second loan cannot be incorporated in the mortgage.

â€¢A rate- term VA mortgage refinancing allows veterans to refinance 100% of the cost of their home.

Benefits of VA Mortgage Refinance

â€¢The biggest advantage of VA mortgage refinancing is the lower rate of interest. However, if you are refinancing from an old VA â€˜adjustable rate mortgage or ARMâ€™ to fixed rate, you can expect an increase in interest rate.

â€¢Credit underwriting or appraisals are not required by VA. Nonetheless, lenders may ask for reports of credit and appraisal.

â€¢A certificate of eligibility is also not necessary.

â€¢You can get an IRRRL done with absolutely no expense from your side. All costs can be included in the new VA mortgage.

â€¢Sometimes lenders may offer to shorten the loan period from 30 to say 15 years which will help you in saving a lot of interest. However, if you do not get a minimum of 1% reduction in interest rate, your monthly payments may be too high.

â€¢A deceased veteranâ€™s spouse can get an IRRRL making use of the CEO of the deceased veteran. But he/she should have been a co-borrower of the first VA loan.

Rules on VA Mortgage Refinancing

With the Veterans Benefits Improvement Act of 2008, there are numerous options available for VA mortgage refinance.

â€¢Now veterans can now refinance their conventional loan from an earlier limit of 90% to 100%.

â€¢If a conventional loan is used by a veteran, he/she can have a full entitlement for VA refinancing loan.

â€¢Besides a loan application for VA refinancing, checking credits and several other verifications are

necessary.

â€¢If a veteran wishes to take a second VA mortgage loan or refinance a conventional loan, after an earlier VA loan, he should provide proof of full settlement of the first loan.

â€¢Rules for VA refinancing are flexible; hence itâ€™s important to check with authorities before you proceed.

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