

BULLETIN # 2019-30

TO: Distribution

DATE: June 24, 2019

RE: CMG Financial Correspondent Lending Updates

EFFECTIVE: As noted below

### CMG FINANCIAL CORRESPONDENT LENDING UPDATES

Topics Covered in this Announcement:

- VA IRRRL RECOUPMENT

#### VA IRRRL RECOUPMENT

**Summary:** Effective immediately, we are clarifying the policy regarding recoupment on VA IRRRLs. Based on review of the law, all IRRRLs need to meet the 36 month recoupment requirement. Lenders must adhere to the requirements in both the written law and guidance issued via VA Circulars. In the below excerpt from the law, the requirement applies to all IRRRLs (subsection (d) is referencing cash-outs which are covered separately). There is no exception noted in the law for an increasing payment associated with an ARM to fixed or reduction in term that exempts the IRRRL from the required recoupment.

U.S. Code Title 38. VETERANS' BENEFITS Part III. READJUSTMENT AND RELATED BENEFITS Chapter 37. HOUSING AND SMALL BUSINESS LOANS Subchapter I. GENERAL Section 3709. Refinancing of housing loans

1. **Fee Recoupment.**—Except as provided in subsection (d) and notwithstanding section 3703 of this title or any other provision of law, a loan to a veteran for a purpose specified in section 3710 of this title that is being refinanced may not be guaranteed or insured under this chapter unless—
  - the issuer of the refinanced loan provides the Secretary with a certification of the recoupment period for fees, closing costs, and any expenses (other than taxes, amounts held in escrow, and fees paid under this chapter) that would be incurred by the borrower in the refinancing of the loan;
  - all of the fees and incurred costs are scheduled to be recouped on or before the date that is 36 months after the date of loan issuance; and
  - the recoupment is calculated through lower regular monthly payments (other than taxes, amounts held in escrow, and fees paid under this chapter) as a result of the refinanced loan.

Further communications on this topic will follow if the VA publishes additional guidance.

**Effective Date:** Immediate. CMG's VA guidelines and the [VA IRRRL Qualified Mortgage Policy](#) will be updated and reposted today. For current loans in process, please contact your National Sales Manager or Client Liaison.

*Please contact your Correspondent National Sales Manager  
or your Correspondent Liaison with any questions.*



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