

How to refinance a VA loan

Answers to your VA refinancing questions

To refinance a VA loan, you need to get a new mortgage. You replace your current VA home loan with a new loan that has better rates or better terms. Refinancing can lower your interest rate and monthly payments. It can have other benefits too! By refinancing, the total finance charges may be higher over the life of the loan.

Many homeowners choose a [VA IRRRL](#) – which is also known as a “streamline” refinance – when they want to refinance their current VA loan with a new VA loan. IRRRLs are popular with VA homeowners because they are easier and faster to complete compared to other kinds of mortgage refinances. Current Freedom Mortgage customers can keep their remaining term the same when they refinance with us.

To get your refinance approved, you will need to complete an application, meet your lender’s financial requirements, and pay [closing costs](#). Here are answers to questions homeowners often ask about refinancing a VA loan.

What is a “net tangible benefit”?

The VA wants to make sure that refinancing makes financial sense for you after you pay the fees and closing costs. They call this getting a “net tangible benefit.” Significantly reducing your interest rate is one way to meet this standard. You will need a net tangible benefit to qualify for IRRRL refinancing.

How soon can you refinance a VA loan?

You generally need to have your current VA loan for six months before you can refinance it with an IRRRL. (This is sometimes called “seasoning.”) You’ll need to have made six monthly payments and be current on your mortgage payments, too.

How much are closing costs for a VA refinance?

The closing costs for streamline refinance can average between 1% and 3% of the loan amount according to the Mortgage Reports website. Closing costs vary because some lenders may charge you lender fees or discount points. Freedom Mortgage does not charge lender fees to its customers for VA streamlines. Most VA homeowners will need to pay a [VA funding fee](#) when they refinance, which is



currently set at 0.5% of the loan amount for IRRRL refinances. Some borrowers may be able to finance the funding fee in the loan amount.

How long does it take to refinance a VA loan?

When you want a [IRRRL refinance](#), you can often close your new VA loan in 30 days. Many Freedom Mortgage customers can close in less than 30 days with the streamline process because the application is shorter, you need to provide fewer income and financial documents, and a home appraisal is usually not required. Other types of refinancing often take more than 30 days.

How many times can you refinance with VA loans?

There is no limit on the number times you can refinance your home with VA loans. You will need to meet the same standards each time you refinance, including having your current loan for six months and receiving a net tangible benefit from the refinance. Each time you refinance, you replace your current VA loan with a new VA loan.

Can you get cash from your home equity when you refinance?

You can't get cash from your home equity when you use the streamline program to refinance your VA loan. You will need to apply for a cash-out refinance instead.

Talk to Freedom Mortgage about VA refinancing today!

Freedom Mortgage is the #1 VA lender¹ in the United States. Our experienced Loan Advisors will be happy to speak with you about how to refinance a VA loan. To get started, please call 844-267-6544 or [fill out our online form](#).

¹. Inside Mortgage Finance, January to September 2020



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