

VA-Guaranteed Home Loan Cash-out Refinance Comparison Certification
PROPOSED REFINANCE LOAN

Section I – PROPOSED REFINANCE LOAN COMPARISON

(This section to be completed by the Lender or Broker. Please refer to instructions for more information.)

Loan Application #: _____ Loan Application Date: _____

	EXISTING LOAN	PROPOSED LOAN	ESTIMATED IMPACT OF REFINANCE
VA Loan Number (LIN)	_____	_____	NA
Loan Balance	_____	_____	_____
Monthly Payment	_____	_____	_____
Remaining Term (months)	_____	_____	_____
Loan Type	_____	_____	NA
Interest Rate	_____	_____	_____
Total of the Remaining Payments	_____	_____	_____
Loan-to-Value Percentage	_____	_____	_____
Home Equity Remaining	_____	_____	_____

Section II – NET TANGIBLE BENEFIT FOR PROPOSED REFINANCE LOAN

(This section to be completed by the Lender or Broker. Please refer to instructions for more information.)

To the best of our knowledge, _____ has determined that the proposed refinance loan outlined in **Section I** meets the following **net tangible benefits** (check all that apply):

- The new loan eliminates monthly mortgage insurance, whether public or private, or monthly guaranty insurance.
- The term of the loan is shorter than the term of the loan being refinanced.
- The interest rate on the new loan is lower than the interest rate on the loan being refinanced.
- The payment on the new loan is lower than the payment on the loan being refinanced.
- The new loan results in an increase in the borrower’s monthly residual income as explained by 38 CFR 36.4340(e).
- The new loan refinances an interim loan to construct, alter, or repair the primary home.
- The new loan amount is less than or equal to 90 percent of the reasonable value of the home.
- The new loan refinances an adjustable rate mortgage to a fixed rate loan.

Section III – BORROWER CERTIFICATION FOR PROPOSED REFINANCE LOAN

I/We hereby certify that I/we understand the estimated effect the proposed refinancing has on my loan balance, payments, interest rate, term, total payback of payments, and remaining equity in my home should I/we accept a refinance loan.

 Borrower Signature Date Co-Borrower Signature Date

INFORMATION AND INSTRUCTIONS FOR THE CASH-OUT REFINANCE COMPARISON CERTIFICATION

IMPORTANT: Please read the information below carefully to help you understand the information presented on this form. Some sections of the form also contain notes or specific instructions for completing that section.

What is the purpose of this certification?

This document is intended to provide the Borrower(s) with a comparison of key loan characteristics on both an existing loan and a proposed cash-out refinance loan. The information provides the Borrower(s) with information about the overall cost of the cash-out refinance loan and assists in making an informed decision about whether to proceed with the refinance loan.

Who completes this certification?

The Lender of the refinanced loan must provide the Borrower(s) with completed Sections I and II not later than 3 business days from the date of the loan application. The Lender must then provide the Borrower(s) with completed Sections IV, V, and VI at loan closing.

The Borrower(s) must review the form and certify via signature that he/she/they received the information on both occasions.

Do I need to keep a copy of this certification?

The Lender must maintain copies of all loan origination records of VA guaranteed home loans for at least 2 years from the date of loan closing. The Borrower(s) should also keep a copy of the certification as part of his/her/their own records.

Sections I and IV – Refinance Loan Comparison

The Lender should complete the Refinance Loan Comparison for both the initial disclosure at application and the disclosure at closing. **Important:** For the initial disclosure (e.g. Section I), when possible, the Lender may use estimated information about the existing loan and proposed loans. If such information is not available or is incomplete (i.e. current appraised value of the home), the Lender must estimate this information and explain this to the Borrower(s).

VA Loan Identification Number (LIN) should be provided for the existing loan and the proposed/new loan. If the existing loan is not a VA guaranteed or insured loan, the Lender should indicate the type of existing loan (i.e. Conventional, FHA, etc.).

The (Estimated) Impact of Refinance must be shown as an increase (or decrease) from the existing loan to the proposed/new loan.

Loan Balance reflects the remaining unpaid principal balance for the existing loan, including any second liens or HELOCs, and the principal balance for the proposed/new refinance loan. For the proposed/new refinance loan, this amount should include any VA funding fee and other (estimated) closing costs if such costs are financed as part of the loan.

Monthly Payment reflects the total monthly amount of principal, interest, and mortgage insurance (if any) owed by the Borrower(s) on the existing loan and proposed/new refinance loan.

The Lender should indicate the appropriate **Loan Type** for the existing loan and proposed/new refinance loan (i.e. Adjustable Rate Mortgage (ARM); Fixed, Home Equity Line of Credit (HELOC), Hybrid ARM). The Borrower should consult with the Lender if more information is needed about the listed loan type.

Total of the Remaining Scheduled Payments reflects the (estimated) total the Borrower(s) will have paid after making all remaining payments of principal, interest, and mortgage or guaranty insurance (if applicable) for the existing loan and proposed/new refinance loan.

The Loan-to-Value Percentage is calculated by dividing the Loan Balance by the Appraised Value of the property, expressed as a percentage. **Important:** For the initial disclosure (e.g. Section I), the Lender must estimate the appraised value of the property if a current appraisal is not available. The final disclosure (e.g. Section IV) must use the VA Notice of Value (NOV/appraisal) to calculate the Loan-to-Value Percentage.

Home Equity reflects the difference between the home's reasonable (appraised) value and the outstanding balance of all liens on the property.

Section II and VI – Net Tangible Benefit

To be eligible for VA guaranty, a cash-out refinance loan must demonstrate that it meets at least one of eight net tangible benefits. In completing this form, the Lender must select all net tangible benefits that apply to the proposed/new refinance loan. The Borrower(s) should consult with the Lender if additional information is needed about each net tangible benefit selected and how the Lender determined it was met.

Section V – Refinance Closing Summary

The Lender should complete this section only for the disclosure provided at closing. The purpose of this section is to provide the Borrower(s) with a summary of the proposed refinance loan BENEFIT (e.g. the amount of cash directly disbursed to the Borrower(s) and/or the amount of payoff disbursed on behalf of the Borrower(s) at closing) and COST (e.g. the amount of increase in total paid over the life of the refinance loan for this one-time cash disbursement). Payoffs should include all payoffs for debt on behalf of the Borrower(s), excluding mortgages, at time of closing. If the Borrower(s) has/have any concerns or questions about this information, he/she/they should discuss these with the Lender prior to closing.