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VA loans refinancing has become very popular among the U.S military personnel as veterans can avail of low interest rates. Hence most veterans who have a VA loan go in for refinancing. It's a simple and uncomplicated program which helps numerous American veterans plan their finances well.

## Benefits of VA Refinance Loans

There are several advantages of using VA refinance loans.

- This loan will give you a lower interest rate than your current VA loan. In fact, only if you have a VA loan can you qualify for refinancing.

- Document underwriting which is a long process is not required in this type of loan.

- Lenders do not ask for a credit report nor do they want home appraisals.

- The VA loans refinancing will use the entitlement you used for your original VA loan.

- You can get the loan with no money in your pocket. With VA refinance loans, all expenses can be added on to the loan.

- The streamline financing can be an adjustable rate mortgage (ARM), a fixed rate or a hybrid adjustable rate.

- Monthly payments made should be lower than what was for the old loan, unless refinancing of ARM is done. Additionally, if the new mortgage term is shorter, then your monthly payment will obviously be higher.

- It's possible to pay VA refinance loans for 2 months.

## Difference between Cash-Out Refinance and VA IRRRL

- A VA IRRRL is used to refinance in order to get lower interest than your current VA loan. You can use cash-out to repay any debt or receive money from your home equity.

- Using an IRRRL loan you are permitted to only add 2 points to the loan whereas with cash-out you can utilize any number of points as long as you are within the 90% of the value of the home.

- The monthly payment for VA IRRRL should be less than the first loan. For cash-out VA loans refinance, there is no such requirement.

- You can only refinance the current loan for VA IRRRL. But for cash-out you can receive cash up to 90% of the house value.

## Conventional to VA Streamline Refinance

Veterans can also refinance from a conventional loan to VA loans refinance. In this type of loan you have to pay for the funding fee which can be included in the loan. This works to 2.2% if they

borrower is using it for the first time. Whatever be your credit history, you can qualify for this loan which will benefit you with a low interest. Further, you don't have to pay the monthly loan insurance. You should remember however, that the government only backs this loan; they will not service it fully.

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