VA Lenders Handbook (VA Pamphlet 26-7), Chapter 3, Topic 6 — Interest Rates

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6. Interest Rates Change Date November 8, 2012, Change 21 • This section has been updated to make minor grammatical edits. a. Requirement VA no longer prescribes interest rates for VA-guaranteed loans. The interest rate is negotiated between the veteran-borrower and the lender to allow the veteran to obtain the best available rate. b. Changes to the Agreed Upon Interest Rate The lender and borrower are expected to honor any lock-in or other agreements they have entered into which impact the interest rate on the loan. VA does not object to changes in the agreed upon rate, as long as no lender/borrower agreements are violated. The following procedure applies in such cases. Any increase in the interest rate of more than one percent requires: • re-underwriting to ascertain the veteran's continued ability to qualify for the loan, • documentation of the change, and • a new or corrected Uniform Residential Loan Application, (URLA) with any corrections initialed and dated by the borrower. Reference: For prior approval loans, see section 4 of chapter 5. VA Pamphlet 26-7, Revised Chapter 3: The VA Loan and Guaranty 3-17

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