

**DEPARTMENT OF VETERANS AFFAIRS  
HOME LOAN TRAINING GUIDE**



**ST. PAUL REGIONAL LOAN CENTER  
2016**

From the **Desk** of the **LPO**

# A Time Of Innovation



This training guide was designed by the St. Paul Regional Loan Center specifically for lenders. Our goal is to make the program as easy to navigate as possible, so that you can offer Veterans more and better loan options. If you have suggestions on topics we may have missed, or areas that we could make clearer, I'd love to hear from you.

One of the things that I would like to bring to your attention is the ability for lenders to submit files and deficiency responses through electronic upload. Some exciting developments in electronic submissions is our nationwide processing of COEs and, on the horizon, is electronic submission for prior approvals and manual guarantees. This is a huge advance that will save time and money for both lenders and the Department of Veterans Affairs. You'll find a complete "how to" in the back of this training guide.

Besides improvements to the program itself, the St. Paul RLC has taken significant steps to increase the visibility and availability of VA personnel. Our Training Team has personally visited lenders, real estate professionals and Veterans that have requested training. Loan Guaranty Central Office is also utilizing listserv emails to inform lenders of new circulars and developments to the VA Loan Program. If you are interested in becoming a member of our listserv or want more information on VA webinars, please visit <https://public.govdelivery.com/accounts/USVAVBA/subscriber/new?preferences=true>.

On behalf of the more than 23 million Veterans and myself, I'd like to thank you for participating in the VA Home Loan program. In almost every case, a VA Home Loan is the best option available to a Veteran borrower. Like many people, you probably see and hear a lot of stories about the struggles our Servicemembers experience when they return home, and ask, "I wonder what I can do to help?" Quite simply, you honor the job performed by every eligible Veteran and Servicemember every time you put him or her in the best home loan product available to them.

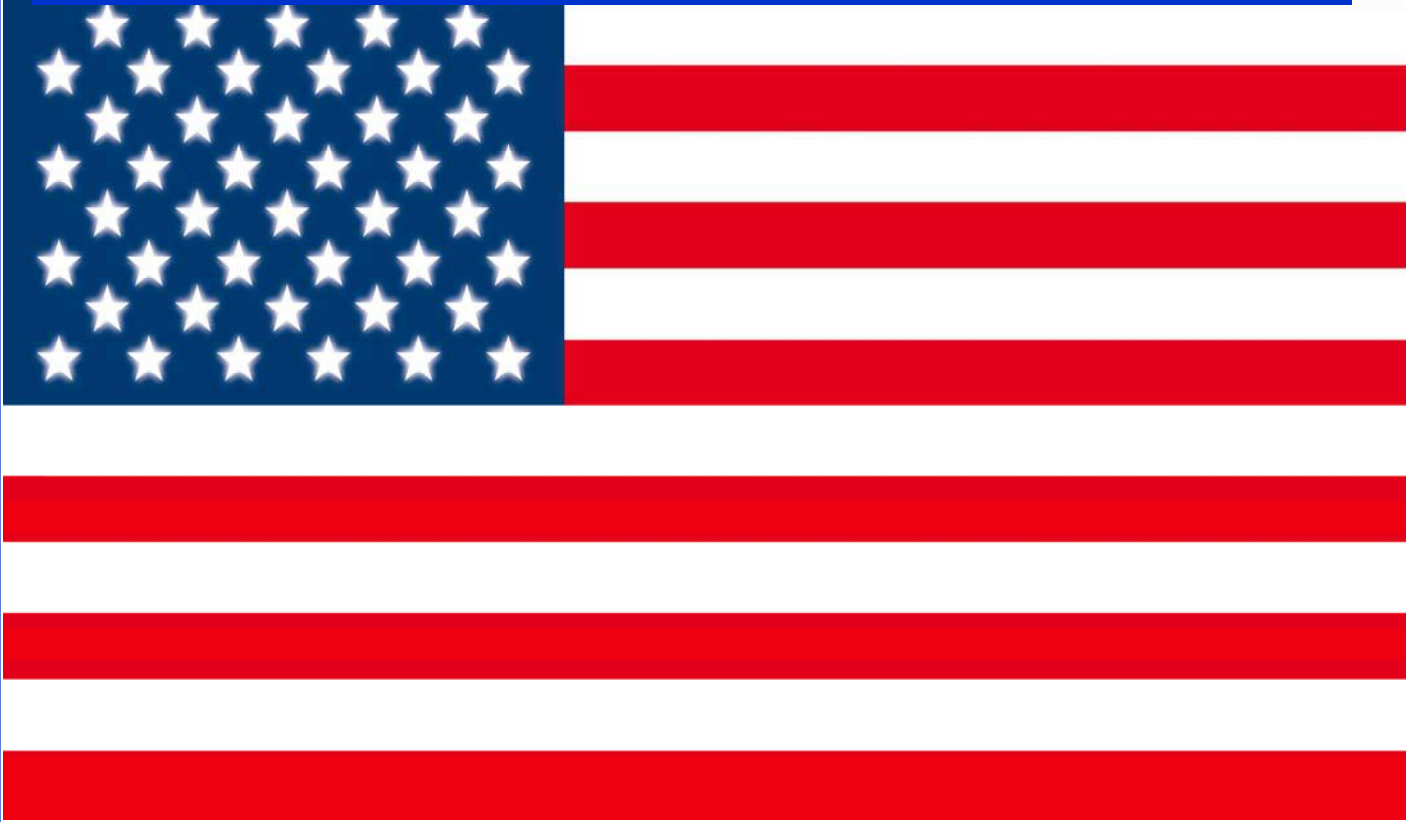
*Kent A. Koehler*

Kent Koehler  
Loan Production Officer  
St. Paul Regional Loan Center

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# St. Paul Regional Loan Center



## ADDRESS

Department of Veterans Affairs  
Regional Loan Center (264)  
Bishop Henry Whipple Federal Building  
1 Federal Drive, Fort Snelling  
St. Paul, MN 55111-4050

## EMAIL ADDRESSES

[rlc335@va.gov](mailto:rlc335@va.gov) (Loan Production)  
[rlctt@va.gov](mailto:rlctt@va.gov) (Training Opportunities)  
[cv335@va.gov](mailto:cv335@va.gov)  
(Construction & Valuation)  
[sarsupport.vbaco@va.gov](mailto:sarsupport.vbaco@va.gov)  
(SAR Support)  
[vip@vba.va.gov](mailto:vip@vba.va.gov) (VIP Help Desk)

## INTERNET ADDRESSES

<http://www.homeloans.va.gov>  
(National Site)

[www.warms.vba.va.gov/pam26\\_7.html](http://www.warms.vba.va.gov/pam26_7.html)  
(Lender's Handbook)

<http://www.vba.va.gov/ro/central/stpau/Pages/homeloans.html>  
(St. Paul Regional Loan Center)

[www.benefits.va.gov/homeloans/resources\\_circulars.asp](http://www.benefits.va.gov/homeloans/resources_circulars.asp)  
(VA Circulars)

<http://www.va.gov/vaforms/>  
(VA Forms)

<http://vip.vba.va.gov/>  
(Veterans Information Portal)

[www.ffps.vba.va.gov](http://www.ffps.vba.va.gov)  
(Funding Fee Payment System)

[www.dod.mil/militarypay/](http://www.dod.mil/militarypay/)  
(Dept. of Defense military pay & benefits info)

[www.eBenefits.va.gov](http://www.eBenefits.va.gov) (Veteran Benefit Website)

# St. Paul Regional Loan Center

**1-800-827-0611**

Option 1: [Loan Administration:](#)

Fax: 612-970-5495

➤ Loan servicing of delinquent mortgages

Option 2: [Construction & Valuation:](#)

Fax: 612-970-5499

➤ Appraisals ➤ NOV's ➤ Change Sponsor ID ➤ Change Address  
➤ Property Requirements ➤ Update Case Assignments ➤ Specially  
Adapted Housing

Option 3: [Loan Production:](#)

Fax: 215-991-5043

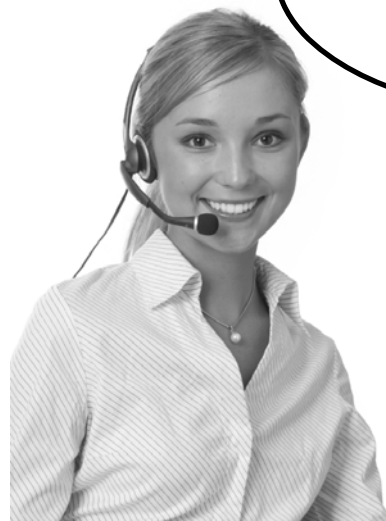
➤ Underwriting ➤ Loan Originations ➤ Refinancing ➤  
Eligibility

Option 4: [Release of Liability](#)

Option 5: [Warranty Deeds](#)

Did you know?

If a Veteran has  
questions about other VA  
benefits they can call the  
nationwide hotline  
1-800-827-1000



You can now contact any  
Regional Loan Center to update  
information on the Veteran's  
Certificate of Eligibility

\*\*The information contained in  
this Training Guide is specific to  
the St. Paul Regional Loan Centers  
Jurisdiction\*\*



# Department of Veterans Affairs Home Loan Guaranty Summary



## What is a VA Guaranteed Loan

### ➤➤ What is a VA Guaranteed Loan?

- VA guaranteed loans are made by private lenders to eligible Veterans for the purchase or refinance of a home.
- Max guaranty is up to 25% of the Federal Housing Finance Agency loan limit.

### **Example**

- Loan limit for single-family residence is \$417,000\*\*
- VA would guaranty up to 25% of the loan with a maximum guaranty of \$104,250

### **VA Loans OFFER The Following Important Features:**

- No down payment required
- Buyer informed of appraised value
- Negotiable interest rate
- Ability to finance the VA funding fee
- Flexible credit standards
- When you encounter a problem on a loan, we are here to help you
- No mortgage insurance premiums
- An assumable mortgage
- Right to prepay without penalty
- Easy to use online systems
- VA assistance to borrowers in default
- Lenders control the pace of the transaction

\*\*<http://www.fhfa.gov/DataTools/Downloads/Pages/Conforming-Loan-Limits.aspx>

# The Veterans Information Portal

## Initial Registration

1. Go to:  
<http://vip.vba.va.gov>
2. Select "User Registration"
3. Select "VA Affiliate"
4. Enter all required information
5. Passwords are sent to e-mail account provided in registration
6. Upon initial login to VIP, user will be required to change password. Pick a password you can remember!

## Lost Username/Password

1. Go to: <http://vip.vba.va.gov>
2. Select "LOST PASSWORD" or "LOST USER NAME" on the left side of the homepage  
**\*CLICK ONLY ONCE\***
3. Enter current portal username or e-mail address that the VA has on record.
4. You will get a password each time you click LOST PASSWORD link.
5. Please note: LOST PASSWORD will NOT unlock an account.

## VIP Account Locked

1. If the login attempt fails after 3 attempts with your password please email:  
**VIP@VBA.VA.GOV**
2. Be sure to include your: username, contact information and the last four digits of your SSN.

## VIP Helpdesk

For Veteran Information Portal technical support please contact the Helpdesk at:

**[vip@vba.va.gov](mailto:vip@vba.va.gov)**

The Helpdesk can assist you with PINs, access, password resets, security issues, changing employers and registering new employees.

## Lender PIN

You can obtain your PIN number from your VA POC.

The Lender PIN is needed to re-validate or activate users.

PIN numbers are re-set every 30 days.

## Did You Know?

The VA Credit Standards Course is available in the Portal to users who are registered as a lender. SARS that change their role will not lose the ability to issue the Notice of Value.

# WebLGY



## What is it?

**A one-stop shop for all VA loan processing systems.**

<http://vip.vba.va.gov>

**Q.** Where can I find information about lender approval, automatic authority or agents?

**&**

**A.**

All of this information is contained in Chapter One of the VA Lender's Handbook. The Handbook can be found online at [http://www.warms.vba.va.gov/pam26\\_7.html](http://www.warms.vba.va.gov/pam26_7.html).

## What can WebLGY do for you?

- Real-time guarantees
- Search by VA loan Number
- Search by date range
- View loan status, loan summary, history, and notification of audit selection
- Submit loan analysis for prior approval loans
- Order an IRRRL case number

- Print duplicate loan guaranty certificates
- Pre-populates data previously entered into funding fee payment system & appraisal system
- Real-time Certificate of Eligibility (COE) determinations
- Order appraisals
- Upload files and deficiency responses

- Electronic 26-1880 to submit requests for COE when a determination cannot be made
- Upload correspondence with COE application
- View the status of COE application
- E-mail notification when electronic COE issued
- Print COE
- Search COE



# WebLGY

## Ordering an Appraisal

1. Log into Veteran's Information Portal
  2. Go into WebLGY
  3. Click "Request Appraisal"
  4. Select "Appraisal Type"
  5. Click "Single property"
  6. Complete required information
  7. Click "Submit"
- Agents ordering appraisals under LAPP for a LAPP approved sponsor will need the sponsor's 10-digit lender ID number.
  - Click on the submit button once you have completed the form and VA Form 26-1805 will appear on the screen. Scroll down to Box 41 to find the name, address and phone number of the appraiser.
  - If for any reason you are uncertain of your success in getting an assignment, select Loan in WebLGY, then Loan Inquiry and search to see if you obtained a case number and appraiser. Call Construction and Valuation for assistance at 800-827-0611 option 2.

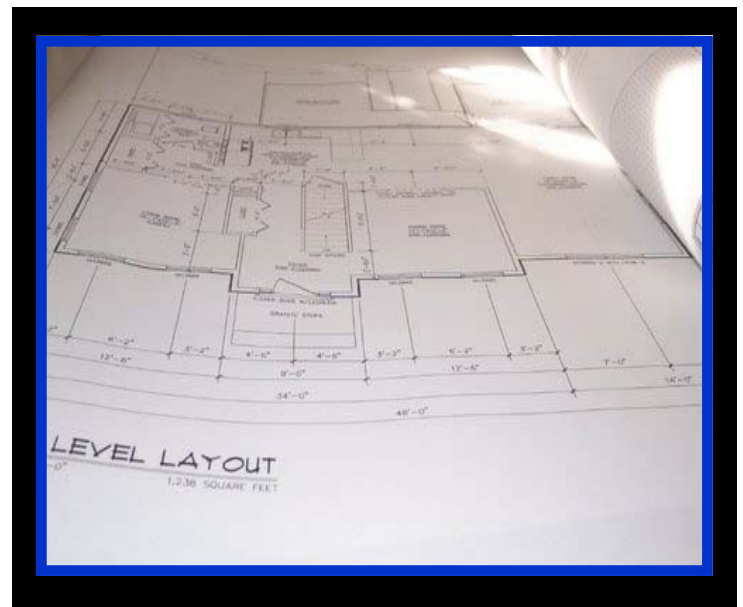
**\*\*See screen prints of steps on page 75.**



*For technical difficulties involving the Veterans Information Portal or WebLGY, please contact the Portal Help Desk at [VIP@va.vba.gov](mailto:VIP@va.vba.gov).*

## Ordering a Case Number for an IRRRL Only

Please see step by step directions on page 73.



**Note: Choosing the review/update existing case radial button will allow you to edit a previously ordered appraisal request.**

# WebLGY

Continued...



**Hint: The list of useful links on the WebLGY homepage can be used to locate NOVs, appraisal records, and certificates of eligibility.**

## The Condominium/Planned Unit (PUD) and Builder (CPB) System

The CPB system was created to assist VA registered lenders and builders as well as Veterans in obtaining VA information about condominiums. A password is not required to access this system. The CPB system can be found through the Veterans Information Portal. Additionally, PUDs do not need VA approval but should be acceptable to the lender.

**If the CPB system states a condominium is “HUD Approved” it will need to be submitted for full VA approval.**

## Requesting Condominium Approval

The lender/sponsor must provide the following documents to the respective VA Regional Loan Center:

- Written request for VA approval
- A copy of the condominium’s organizational documents (See chapter 16 of the VA Lender’s Handbook for complete list)

*These documents will be reviewed by VA to determine whether the property meets VA guidelines.*

## Requesting Builder Approval

The builder must complete the following and submit to respective VA Regional Loan Center:

- Certifications found in Chapter 10 Figure 1 of VA Lender’s Handbook (*on builder’s letterhead*)
- VA Form 26-421, Equal Employment Opportunity Certification
- VA Form 26-8791, VA Affirmative Marketing Certification

*Quick Tip:*

**Always enter the sponsoring lender’s VA ID Number when ordering an appraisal**



## Construction & Valuation

### Frequently Asked Questions

**Q Can an appraisal be re-assigned?**

**A** Yes. An appraisal can be reassigned for the following reasons:

- The appraiser is out of the office for an extended period of time
- The appraiser is unable to complete the appraisal report in the required amount of time
- The appraiser has a conflict of interest in the case.

Please note: VA is required to contact the appraiser to verify the information.

**Q How do I know if the NOV has been issued?**

**A** The status of a case can be determined by using the Loan Inquiry search function in WebLGY.

**Q How long do appraisers have to upload the appraisal report?**

**A** The local timeliness standard is 10 business days (20 for ND). If, after 10 days, you have contacted the appraiser and are unable to obtain the appraisal, call our C&V section and ask for assistance.

**Q Can the lender associated with a specific appraisal be updated?**

**A** Yes. Only the SAR assigned to the case can use the review/update existing case function in WebLGY to update the lender. You can also email the St. Paul RLC at: cv335@va.gov, providing the case number and the new lender's ID number.

**Q Can VA issue the NOV when the case is ordered as a LAPP?**

**A** Yes. The SAR must contact the St. Paul RLC directly to request that VA issue the NOV. The SAR must email cv335@va.gov giving a detailed explanation as to why he/she is not willing to issue the NOV. The SAR must attempt to resolve all issues with the appraiser prior to contacting the VA.

**Q Does the VA set water purity standards?**

**A** If a water test is required the sample must meet local standards. If no local standards are in place, the sample must meet US EPA standards.

**Q Who's responsibility is it to make sure the appraiser charges the correct amount?**

**A** The lender is responsible for ensuring that no overcharges occur. If they do, VA will expect the lender to issue a refund or reduce the principal balance.

**Q Will the VA accept a partial package for credit approval prior to the appraisal being ordered?**

**A** No. The VA requires a complete loan package to underwrite a loan for commitment. A complete list of required package content is contained in Chapter 5.4 in the VA Lender's Handbook on pages 5-8 and 5-9.

**Q What should we do if we believe the value on the appraisal, or NOV is too low?**

**A** Any interested party can request a reconsideration of value. This could include the lender, the borrower, or the Realtor.

**Q When postponing completion of improvements, when are lenders not required to escrow funds?**

- A**
1. When the work to be completed is limited to the installation of landscaping features, such as lawns and shrubs.
  2. When the estimate of the cost to complete the work is not greater than \$500
  3. When the work can be completed timely and satisfactorily (usually 90 to 120 days)

**Q Can a SAR adjust an appraised value?**

**A** No, A SAR can no longer adjust the value of a subject property. All reconsiderations of value should be submitted to the office of jurisdiction for review.

**Q Besides infestation, what other information on the pest inspection requires action?**

**A** If Box 2B3 is checked, on the NPMA form 33, a structural professional needs to examine to property to determine if any repairs to the property should be completed prior to loan closing. Please remember that VA requires the Veteran's signature on the pest inspection form.



# Determining Eligibility

## How can a Certificate of Eligibility (COE) be obtained?

- The COE can be accessed at [vip.vba.va.gov](http://vip.vba.va.gov) under the WebLGY online database.
  - Lender inputs data
  - Determination within seconds
- Or**
- By the Veteran through eBenefits

## If eligibility cannot be determined in WebLGY?

- The lender will receive an “unsuccessful” message stating the determination cannot be made and a reference number will be provided.
- An unsuccessful message indicates that eligibility cannot be determined automatically by the lender. It does **not necessarily mean** the Veteran is not eligible.

### Choose one of the following options...

1. Select “Electronic Application” to complete an online request for a COE. Follow the instructions provided and upload the requested documents.
2. Mail VA Form 26-1880, Request for Certificate of Eligibility and evidence of service to:

## COE

**VA** Department of Veterans Affairs **CERTIFICATE OF ELIGIBILITY**  
**REFERENCE NUMBER** [REDACTED] **FOR LOAN GUARANTY BENEFITS**  
**NAME OF VETERAN** [REDACTED] **SERVICE NUMBER** [REDACTED]  
**SOCIAL SECURITY NUMBER** [REDACTED]  
**ENTITLEMENT CODE** 10 **BRANCH OF SERVICE** Marine Corps **FUNDING FEE** EXEMPT

Prior Loans charged to entitlement					
VA Loan Number	State	Loan Amount	Date of Loan	Entitlement Charged	Status

**THIS VETERAN'S BASIC ENTITLEMENT IS \$36,000\***  
**TOTAL ENTITLEMENT CHARGED TO PREVIOUS VA LOANS IS \$0\***

The veteran is eligible for the benefits of Chapter 37, Title 38, U.S. Code, subject to any condition(s) cited below. Basic entitlement for veterans who have not previously used home loan benefits is \$36,000. Additional entitlement is available for most loans in excess of \$144,000. In such cases, the entitlement amount is 25% of the VA loan limit for the county where the property is located. VA county loan limits are adjusted annually, and the current limits are available at [www.benefits.va.gov/homeloans](http://www.benefits.va.gov/homeloans).

Issued By: [REDACTED] Date: January 18, 2012

#### CONDITIONS

Funding Fee - Veteran is exempt from Funding Fee due to receipt of service-connected disability compensation of \$369 monthly.

## Mailing Address

VA Loan Eligibility Center  
 PO Box 100023  
 Decatur, GA 30031

**Phone Number: 1-888-768-2132**

\*See page 67 for a step-by-step walk through on obtaining the COE.

# DOCUMENTATION NEEDED FOR OBTAINING A COE



## Currently on Active Duty:

Statement of Service signed and dated by the Commanding Officer on official letterhead that includes:

- Servicemember's Name
- Date of Birth
- SSN and/or Service Number
- Enlistment Date
- Contain the phrase "No Time Lost" (if applicable), or list any Time Lost.
- If the Servicemember is in the Reserves or National Guard, Indicate If he/she is serving under the Authority of Title 10 or Title 32

\*More info on non-active duty reservists and National Guard members on the next page

## Discharged Veterans (Regular Military)

### To obtain a DD 214 please contact:

Please provide Certificate of Release or Discharge From Active Duty (DD 214, Member Copy 4).

National Personnel Records Center  
Military Personnel Records  
1 Archives Drive  
St. Louis, MO 63138-1002  
(866) 272-6272 Opt #2

Check out this website!



Veteran borrowers or next of kin can request copies of Military Personnel Records from the National Personnel Records Center online at:

<http://www.archives.gov/veterans/evetrecs/>

# EVIDENCE OF SERVICE

*Continued...*

## ♣ **Current Reserve/Guard Members**

1. Statement of Service signed and dated by the applicants Commanding Officer on official letterhead and **must** include:
  - Veteran's Full Name
  - Social Security Number (SSN)
  - Entry Date of Applicant's Reserve/Guard Duty
2. Point Summary Statement

Note: The statement must clearly indicate that the applicant is an "active" reservist and not in a control group (inactive status).

## ♣ **Discharged Reserve/Guard Members**

To obtain copies of a *points statement* or other documentation that reflects 6 years of participation along with evidence of honorable discharge please contact the following:

Branch	Type of Form	Telephone
Air Force Reserve	Record of Service AF 526, Point Summary Sheet	(800) 525-0102
Air National Guard	NGB Form 22, Report of Separation & Record of Service	
Army Reserve	DARP Fm 249-2E or ARPC Fm 606, Retirement Points Statement and Discharge Certificate	(888) 276-9472
Army National Guard	NGB Form 22, Report of Separation & Record of Service	
Navy Reserve	NRPC 1070-124, Annual Retirement Point Record	(866) 827-5672
USMC Reserve	NAVMC 798, Reserve Retirement Credit Report	(800) 268-3710
Coast Guard Reserve	CG 4175, USCG Reserve Retirement Points Statement	(866) 772-8724





# COE CONDITIONS



## Did You Know:

Verifying conditions is important because different types of military service pay different funding fee percentages

Condition	Condition Description
<b>Active Duty Service Member</b>	Valid unless discharged or released subsequent to date of this certificate. A certification of continuous active duty as of date of note is required.
<b>Subsequent Use Funding Fee</b>	Entitlement code of '5' indicated previously used entitlement has been restored. The Veteran must pay a subsequent funding fee on any future loan unless Veteran is exempt.
<b>Regular Military</b>	No condition description.
<b>Reservist/National Guard Funding Fee</b>	Entitlement is based on service in the Selected Reserve and/or National Guard so increased Funding Fee is required.
<b>One time Restoration</b>	Entitlement previously used for 00-00-0-0000000 has been restored without disposal of the property, under provision of 38 U.S.C. 3702b (4). Any future restoration requires disposal of all property obtained with a VA loan
<b>Refinance Restoration (Cash out)</b>	This Certificate of Eligibility is valid only for "cash out" refinance loan on the property that secured VA loan number 00-00-0-0000000. VA guaranty on a "cash out" refinance loan is limited to the basic entitlement available shown on this certificate.

**Q.**

Does a COE expire?

**A.**

A Certificate of Eligibility does **NOT** expire. However, some investors require a recently issued COE.

# How to clear loans off a COE



It's called restoration...and there are two types:

**NORMAL** and **SPECIAL**

## Normal Restoration

Restoration of previously used entitlement is possible if:

- The VA guaranteed loan which secured the property has been paid in full **and** the borrower no longer owns the property, or
- The loan listed was assumed by another Veteran, who substituted their entitlement.

## Special Restoration Cases

Request special restoration of the entitlement under either of the following circumstances:

- If the borrower is refinancing a loan that is listed on the COE as paid in full, you would get a "restoration for refinance only."
- The prior VA loan has been **paid in full**, but the Veteran has not disposed of the property securing the loan. This is referred to as a "one time restoration." Future COEs will indicate One Time Restoration.

### Note:

Use a HUD-1 from the previous sale to show the property paid in full and no longer owned by the Veteran.

# How to clear loans off a COE

## How to Apply for Restoration

- Veteran must complete a VA Form 26-1880, Request for a Certificate of Eligibility
- Send to the Eligibility Center either by mail or electronic submission through WebLGY.
  - Include evidence of payment in full of any prior loans (I.e. HUD-1 Settlement Statement)
  - And any previously issued COEs
- If the Veteran is applying for restoration in order to **obtain another VA loan on the same property** (as described in “Special Restoration Cases”), the Veteran should include a copy of the loan application submitted to the lender along with VA Form 26-1880.
- Un-remarried surviving spouses applying for restoration of entitlement need to complete VA Form 26-1817, supplying the deceased Veterans military service data and VA claim file number.

**See pages 72 and 73 for step by step COE instructions.**

## Back-To-Back Closings

In some cases, a Veteran’s Certificate of Eligibility lists entitlement charged to a current VA Loan that the Veteran plans on paying in full by selling the property. If the Veteran plans on simultaneously purchasing a new property with their VA benefit, you do not need to request restoration prior to the new loan closing. You will receive a full 25% guaranty if you follow the steps below.

- Veteran must complete a VA Form 26-1880, Request for a Certificate of Eligibility
- Close sale of previous property on same date, or prior to, the new purchase.
- Submit the 26-1880, HUD-1 from the sale of the previous property and the guaranty package of the new loan to the Regional Loan Center with jurisdiction over the loan.
- The Regional Loan Center will simultaneously pay the old loan in full, restore the Veteran’s entitlement and guaranty the new loan.



# VA LOAN BASICS

## Eligible Loan Purposes

- To buy or build a home with up to four family units, including townhouses or condominium units in a VA approved project, where one unit will be owner occupied by the Veteran
- To buy a manufactured home that is affixed to a permanent foundation and taxed as real estate
- To improve a home by installing energy efficient improvements such as solar or heating/cooling systems, water heaters, insulation, weather-stripping/caulking, storm windows/doors or other energy efficient improvements approved by the lender and VA
- To refinance an existing home loan
  - Cash-out refinance
  - IRRRL (Interest Rate Reduction Refinance) to reduce the interest rate

## Requirements For VA Loan Approval

To obtain a VA loan, the law requires:

- The applicant must be an eligible Veteran who has available entitlement
- The loan must be for an eligible purpose
- The Veteran must occupy the property as a primary residence within a reasonable period after closing the loan
- The Veteran must be a satisfactory credit risk
- The income of the borrower(s) must be shown to be stable and sufficient to meet the mortgage payments, cover the cost of owning a home, take care of other obligations and expenses and have enough left over for family support.



# Maximum Guaranty on VA Loans



## Maximum Guaranty Table

The maximum guaranty on a VA loan is the lesser of:

- The Veteran's available entitlement (which can be increased up to an amount equal to 25 percent of the Freddie Mac single family conventional conforming loan limit for certain loans over \$144,000), or
- The maximum potential guaranty amount indicated below.

Loan Amount	Loan Type(s)	Maximum Potential Guaranty	Special Provisions
Up to \$45,000	All	50% of the loan amount	Minimum guaranty of 25% on IRRRLs
\$45,001 to \$56,250	All	\$22,500	Minimum guaranty of 25% on IRRRLs
\$56,251 to \$144,000	All	40% of the loan amount, with a maximum of \$36,000	Minimum guaranty of 25% on IRRRLs
Greater than \$144,000	All	Up to an amount equal to 25% of the Freddie Mac single family conventional conforming loan limit	Minimum guaranty of 25% on IRRRLs
Any	Joint Loans		See Lender's Handbook Section 7.1
	Energy Efficient Mortgages		See Lender's Handbook Section 7.3
	Construction loans on which construction is incomplete		See Lender's Handbook Section 7.2
	Supplemental loans		See Lender's Handbook Section 7.5



# PRIOR APPROVAL LOANS

## Loan Types Requiring Prior Approval

All lenders must submit the following types of loans to VA for prior approval:

- Joint loans
- Loans to Veterans in receipt of VA non service-connected pension
- Loans to Veterans rated incompetent by VA
- IRRRLs made to refinance a delinquent VA loan

VA expects lenders with automatic authority to make their own lending decisions on the approvability of **all** loans other than prior approval loans.

It is **NOT** appropriate for lenders to submit prior approval loans that do not meet income or credit guidelines.

### Helpful Hint:

VA has 10 days to review the loan once all required documentation is received.  
Please plan ahead!





# PRIOR APPROVAL LOANS

## REQUIRED FORMS

The following loan documentation, in sequence, must be submitted under the prior approval procedure:

1. Lender's cover letter (if used)
2. VA Form 26-8320, Certificate of Eligibility, or Automated Certificate of Eligibility
3. URLA (Uniform Residential Loan Application) with revised VA Form 26-1802a, HUD/VA Addendum to Uniform Residential Loan Application; (submission requirement of Debt Questionnaire met by submission of URLA, submission requirement of Federal Collection Policy Notice met by submission of the HUD/VA addendum to the URLA)
4. VA Form 26-0592, Counseling Checklist for Military Home Buyers (if applicable)
5. VA Form 26-8923, Interest Rate Reduction Refinancing Loan Worksheet (if applicable)
6. VA Form 26-8937, Verification of VA Benefits (if applicable)
7. VA Form 26-6393, Loan Analysis
8. All original credit reports obtained in connection with the loan and any related documentation, including LOX for derogatory credit
9. VA Form 26-8497a, Request for Verification of Deposit, and other related documents
10. VA Form 26-8497, Request for Verification of Employment (or equivalent), verifications of income
11. Purchase/Earnest money contract (which includes the Escape Clause, please refer to page 43 of the Training Guide for clarification)
12. LAPP Notice of Value (NOV) and any special requirements or conditions applicable to the property
13. The original Freddie Mac Form 70/Fannie Mae Form 1004, Uniform Residential Appraisal Report (URAR), including all addendum, photographs, and any documents revising or correcting the fee appraiser's original (URAR). (Note: the URAR, etc. is not required when VA Form 26-1843a MCRV, is submitted).
14. Verification of Rent/Mortgage for the last 12 months (Note: this is the most commonly forgotten document and if it is not included it will delay approval)

# JOINT LOANS



## What Are They?

A joint loan generally refers to a loan for which:

- A Veteran and any person other than his or her spouse are liable, and
- the Veteran and the other obligor(s) own the security.

A joint loan is made to:

- The Veteran and one or more non-Veterans (not spouse).
- The Veteran and one or more Veterans (not spouse) who will not be using their entitlement.
- The Veteran and one or more other Veterans (not spouse), all of whom will use their entitlement.

## Occupancy

- Any person who uses entitlement on a joint loan must certify intent to personally occupy the property as his or her home.
- Any borrower on a joint loan who does not use entitlement for the loan, such as a non-Veteran, does not have to intend to occupy the property.

# JOINT LOANS

*Continued...*



## Examples

- A Veteran and his or her future spouse will receive the maximum available guaranty only after they marry. Otherwise, it would be half, in accordance with joint loan guidelines.
- Any joint loan for which title to the property will be held by the Veteran and any person other than the Veteran's spouse must be submitted for prior approval.
- Any loan for which title to the property will be held by the Veteran and the Veteran's spouse, whether or not the spouse also uses entitlement, may be closed automatically by a lender with automatic authority.
- Veteran/Non-Veteran Joint Loan - Guaranty is limited to that portion of the loan allocable to the Veteran's interest in the property.

### **Can a Veteran purchase a home with their fiancé/fiancée using a VA loan?**

The Veteran can purchase a home with any individual they choose, however; VA will only guaranty the portion of the loan attributed to the Veteran. For example, if the Veteran intends to purchase a home with a fiancée prior to marriage and will share the same interest in the property, VA would guaranty half of the loan.

## Q's

### **What is the maximum guaranty on a joint loan for two Veterans?**

The use of two certificates does not mean you can double the guaranty or loan amount. As with a non-joint loan, potential maximum guaranty on a joint loan is calculated based on the total loan amount and cannot exceed \$104,250 even if the available entitlement of the Veterans involved adds up to a greater amount.



## ENERGY EFFICIENT MORTGAGES (EEM)

### What is an EEM?

- Loans made for the purpose of making energy efficient improvements to:
  - A newly purchased dwelling
  - Refinancing with an IRRRL or a cash-out refinance

**Note:**  
The Funding Fee is calculated on the entire loan amount (including the cost of any energy efficient improvements)

### The mortgage may be increased by...

- Up to \$3,000 based solely on the documented costs of the energy improvements
- OR**
- Up to \$6,000 provided the increase in monthly mortgage payment does not exceed the likely reduction in monthly utility costs
- OR**
- More than \$6,000 subject to a value determination by VA.

### What if improvements are not completed before closing?

- Establish an escrow account and close loan
- A formal escrow is not required
- Only hold the amount of money needed to complete improvement
- Complete within 6 months from closing date

**Reference:** Lender's Handbook, VA Pamphlet 26-7, Chapter 7, page 7-16

**Q.** Is a final inspection of EEM improvement required?

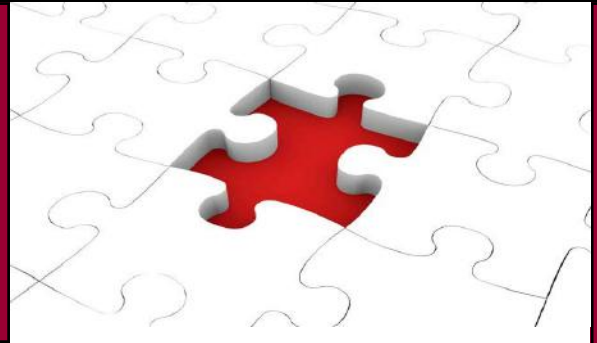
**A.** No, instead the lender must certify that the improvement is complete.

## Cash-Out Refinancing

- The loan limit is: 100% of the Notice of Value + the funding fee + the cost of any energy efficient improvements up to \$6,000.
- Must pay off existing lien(s)
- Itemization of the debts paid off by loan proceeds is required.
- Cash proceeds beyond the amount needed to pay off the lien(s) may be taken as cash by the borrower for any purpose acceptable to the lender.



# Interest Rate Reduction Refinancing Loans (IRRRL)



## When can an IRRRL be done?

- When reusing the Veteran's entitlement on a VA to VA refinance.

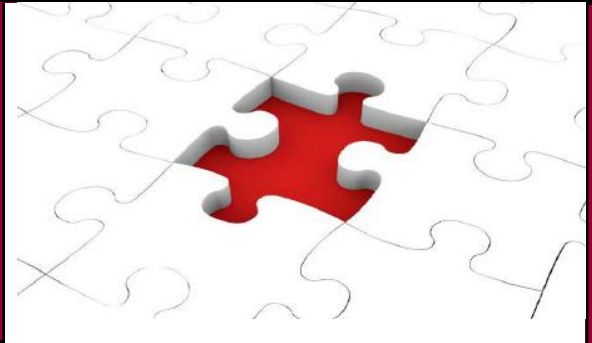
## Requirements:

**Order a new VA case number** through the WebLGY home page or from the "Loan" drop down or from the "Available Functionalities" select "Order IRRRL" and follow the on-screen steps. (see page 73)

- When you order a new case number in WebLGY, it automatically determines whether or not an active VA loan exists in the system. A COE is not required.
- **Occupancy requirement:** The Veteran or spouse must certify that he or she previously occupied the property as his or her home, which satisfies the occupancy requirement.
- **Use VA Form 26-8923**, IRRRL Worksheet, to calculate the maximum loan amount.  
**FORMULA:** Existing VA loan balance + allowable fees and charges (including not more than 2 discount points) + energy efficient improvements + funding fee.
- **No credit information or underwriting is required unless** the loan to be refinanced is 30 days or more past due or the monthly payment (PITI) will increase 20 percent or more. A borrower with a recent Chapter 13 bankruptcy may need approval of the trustee for the new loan.
- The **interest rate of the new loan must be lower than the previous loan**, unless refinancing an ARM to a fixed rate.
- **Include all costs in the new loan**, including the VA funding fee and any allowable fees and charges.



# Interest Rate Reduction Refinancing Loans (IRRRL)



## Continued...

- The principal and interest payment must be less than the principal and interest payment of the VA loan being refinanced, unless an adjustable rate mortgage is being refinanced by a fixed rate VA IRRRL, the term of the IRRRL is shorter than the term of the previous VA guaranteed loan (the interest rate must still be lower in this case), or energy efficient improvements are included in the IRRRL.
- No lien other than the existing VA loan may be paid from the proceeds of the IRRRL. It may be necessary that the holder of the second lien subordinate that lien. (Subordination fee may not be included in the loan amount.)
- The guaranty on all IRRRLs will be 25 percent. Unmarried Veteran, non-Veteran joint loans will only receive a guaranty on the Veterans portion of the loan.
- Any lender, including those without authority to process other VA loans on an automatic basis, may process IRRRLs on an automatic basis as long as the existing loan is not in default.
- If the existing loan is delinquent, or it is a joint loan, the IRRRL must be submitted for prior approval.
- The maximum term is the existing term plus 10 years, not to exceed 30 years & 32 days.

### Did You Know?

As of August 15, 2012, the prior loan validation function is no longer available in WebLGY.

# Who can obtain an IRRRL?

Parties Obligated on Old VA Loan	Parties to be Obligated on new IRRRL	Is IRRRL Possible?
Unmarried Veteran	Veteran and new spouse	Yes
Veteran and spouse	Divorced Veteran alone	Yes
Veteran and spouse	Veteran and different spouse	Yes
Veteran alone	Different Veteran who has substituted entitlement	Yes
Veteran and spouse	Spouse alone (Veteran died)	Yes
Veteran alone-married	Veteran and same spouse	Yes
Veteran and non-veteran joint loan obligors	Veteran alone	Yes
Veteran and spouse	Divorced spouse alone	No
Unmarried Veteran	Spouse alone (Veteran died)	No
Veteran and spouse	Different spouse alone (Veteran died)	No
Veteran and non-Veteran joint loan obligors	Non-Veteran alone	No
Veteran and non-Veteran where the non-Veteran is not obligated	Non-Veteran alone	No
Veteran and wife where the wife is not obligated	Non-Veteran alone (Veteran deceased) Can she do a SOE, then do the IRRRL?	No Yes
Veteran and spouse	Non-Veteran spouse (no divorce)	No
Veteran alone non purchasing spouse not on title	Non-purchasing spouse, who is now in title (Vet deceased)	No
Vet and Spouse (who is a Vet)	Same two Vets, but they are now divorced	Yes (must be sent in as prior) ½ guaranty
2 unmarried Vets as a joint loan, each using their entitlement	2 married Vets, using only 1 entitlement	Yes

Generally, the party(ies) obligated on the original loan must be the same on the new loan (and the Veteran must still own the property). The lender should contact VA regarding a proposed IRRRL involving a change in obligors unless the acceptability of the IRRRL is clear based on information and examples in this section. The table above provides some examples.

# Refinance Comparison



	Regular Cash-Out	IRRRL Rate Reduction
<b>Statutory Authority</b>	38 USC 3710 (a) (5)	38 USC 3710 (a) (8)
<b>Guaranty Entitlement Required</b>	Yes	No
<b>Cash to Veteran</b>	Yes	No
<b>Loan Limit</b>	100% of value shown on NOV plus the cost of any energy efficiency improvements plus the VA funding fee	VA loan balance plus allowable closing costs and funding fee (plus up to \$6,000 for energy efficient improvements)
<b>Must Veteran Own Property</b>	Yes	Yes
<b>Must Veteran Occupy Property</b>	Yes	No (must have once occupied)
<b>Maximum Loan Term</b>	30 years + 32 days	Existing VA loan term plus 10 years not to exceed 30 years and 32 days
<b>Maximum Interest</b>	Negotiated Rate	Rate must be lower than rate on present VA loan (unless refinancing ARM to fixed rate)
<b>Lien of Record Required</b>	Yes	Yes
<b>OK to Refinance Other Liens</b>	Yes	No
<b>Appraisal Required</b>	Yes	No
<b>Credit Package Required</b>	Yes	No (unless delinquent)
<b>OK for Automatic Processing</b>	Yes, Automatic lenders	Yes, all lenders <b>unless</b> existing VA loan is delinquent

Full List on pages 6-19 & 20 of VA Lender's Handbook, Revised, Change 4

# Adjustable Rate Mortgages

## and Hybrid ARMs

The Veterans Benefit Act of 2004 gave VA authority to guaranty “traditional” Adjustable Rate Mortgages (ARMs) in a manner similar to that by which HUD insures adjustable rate mortgages.

The Veterans Benefits Improvement Act of 2008 provided authority to VA for Adjustable Rate Mortgages.

The law also extended VA’s authority to guaranty Hybrid ARM loans.



Type of Loan	Initial Period Rate Fixed (Yrs)	Annual Change	Maximum Change
Hybrid ARM -on or before 12-9-04	Minimum 3 years	+/- 1%	+ 5%
Hybrid ARM -effective 12-10-04	Less than 5 years	+/- 1%	+ 5%
Hybrid ARM -effective 12-10-04 through 6-14-2006	5 years or more	First Change +/- 2% Subsequent Changes +/- 1%	+ 6%
Hybrid ARM -effective 6-15-2006	5 years or more	+/- 2%	+ 6%
ARM -effective 12-10-04	Minimum 1 year & underwritten 1% above the initial rate	+/- 1%	+ 5%

## *Income*

### Standard Documentation

- Income claimed by an applicant that is not or cannot be verified should **not** be given consideration.
- A minimum of two years employment should be verified (including past employers if needed).
- Verifications of employment dated within 120 days of the note, 180 days for new construction.
- An original or certified copy of the applicant's pay stub, when furnished by the employer, must be provided.
- The employment verification should be compared with the pay stub for consistency.



### VA permits lenders to use faxed and Internet downloaded documents for income/employment or assets verifications.

- **Faxed documents:** Must provide same information as standard VOE or VOD, clearly identify employer or depository's name and source of information. Lenders are responsible to ensure authenticity of the document by examining banner information provided at the top of each page of the fax, review for errors such as incorrect area codes, unreadable names, income, assets or debts not adequately completed on the form, and the form must contain name and telephone number of the person who can verify the faxed information.
- **Internet downloads:** Must show the employer or depository's name source of information. Downloaded pages should show the Uniform Resource Locator (URL) and the date and time printed. Lenders are responsible for ensuring the document is valid by reviewing information contained on headers/footers, banner portion of the Web Pages.

**Tip:** Generally, applicants should be with their current employer for 12 months or have related experience.

Income  
Continued...



Helpful Hint

If the spouse is on the application, the spouse's income can be used.

## Alternative Documentation

- Telephone verifications should be obtained and similar in content to the employment verification form. Phone verifications should show the person contacted, their position, phone number and date contacted.
- Furnish the original pay stub(s) covering the most recent 30 day period together with W-2 forms for the previous 2 years.
- If documents are questionable in authenticity/consistency, or if the employer is unwilling to provide a verbal verification, then a standard verification of employment form is required.
- Alternative documentation can be used in conjunction with Verification of Employment forms to meet the two-year period requirement.
- "Full" Verifications of Employment through "The Work Number for Everyone," a service of the TALX Corporation. (No pay stub is needed with the "FULL" TALX verification.)



## **Reservists, National Guard & ACTIVE DUTY Applicants**

Active Duty Borrowers who have less than one-year remaining time in service (ETS date) must certify that they are going to re-enlist, along with their commander certifying they are eligible to re-enlist. If the applicant does not plan to continue with the military, he or she must provide a firm job commitment or contract from the new employer verifying the job position, rate of pay, starting date, hours scheduled per week and probability of continued employment.

The continuation of military pay/allowances must be determined to count as income. If the duration of these pay/allowances cannot be determined then the pay/allowances will only be used to offset intermediate debts of 24 months or less. It is the lender's responsibility to separate allowances into taxable and tax-free categories.

Commissioned Officers with all 0's or 9's in the ETS date field require a signed statement from the Servicemember indicating he or she intend's to remain in service.

### **HELPFUL HINT**

**YOU CAN FIND MORE  
INFORMATION ON MILITARY PAY AND  
ALLOWANCES AT  
[MILITARYPAY.DEFENSE.GOV/PAY](http://MILITARYPAY.DEFENSE.GOV/PAY)**



# VERIFYING INCOME

## Sample Leave and Earnings Statement (LES)



Pay special attention to areas indicated on each statement

DEFENSE FINANCE AND ACCOUNTING SERVICE MILITARY LEAVE AND EARNINGS STATEMENT																				
ID	NAME (LAST, FIRST, MI)				SOC. SEC. NO.	GRADE	PAY DATE	YRS SVC	ETS	ADSN/DSN	PERIOD COVERED									
ENTITLEMENTS				DEDUCTIONS				ALLOTMENTS				SUMMARY								
TYPE		AMOUNT		TYPE		AMOUNT		TYPE		AMOUNT										
A B C D E F G H I J K L M N	See Bullet #2				See Bullet #3						See Bullet #5		+ AMT FWD							
													+ TOT ENT							
													- TOT DED							
													- TOT ALMT							
													= NET AMT							
													- CR. FWD							
TOTAL														= EOM PAY						
LEAVE		BF BAL	ERND	USED	CR. BAL	ETS BAL	LV LOST	LV PAID	USE/LOSE	FED TAXES		WAGE PERIOD	WAGE YTD	M/S	EX	ADD'L TAX	TAX YTD			
FICA TAXES		WAGE PERIOD		SOC WAGE YTD		SOC TAX YTD		MED WAGE YTD		MED TAX YTD		STATE TAXES		ST	WAGE PERIOD		WAGE YTD	M/S	EX	TAX YTD
PAY DATA		BAQ TYPE	BAQ DEPN	VHA ZIP	RANT AMT	SHARE	STAT	JFTR	DEPNS	2D JFTR	BAS TYPE	CHARITY YTD		TPC	PACIDN					
REMARKS		YTD ENTITLE _____				YTD DEDUCT _____														

1. A LES that shows zeroes or "Indefinite" in the field that normally reflects the ending date of obligated service (ETS) typically means the person is an officer, and not necessarily subject to a specific term of service (i.e. 2 years, 4 years, etc.).
2. Under the "Entitlements" column, BAS/BAH can be used as tax free income.
3. Pay attention to the "Deductions" column and be aware of items that may not appear on a credit report (i.e. child support).
4. The "Years of Service" box will show how long the Veteran has been employed by the military
5. Check the "Allotments" section to determine if any amount is going towards debts owed by the Veteran. This section can be compared with bank statements.

## TYPES OF INCOME

### *Self-employment* *Income*

- Income from **self-employment** may be used when the applicant has been self-employed for at least **2 years**. If the applicant has related **experience** and/or extensive specialized **training**, consideration may be given after **1 year**.
- Copies of the past **2 years** business **and/or** individual **tax returns** must be provided.
- The current **year-to-date profit and loss** statement and **balance sheet** are required. These exhibits can be prepared by the business or the Veteran, if adequate information is provided.
- Normal business expenses that can be “**added-back**” to the net profit include **depreciation, business interest, and amortization of organizational fees** (corporations).
- **Business debts** listing the name of a Sole-Proprietor on a **Schedule C** must be counted against the Veteran on the **loan analysis**. The same applies to **partnerships** filed on **IRS Form 1065**. Only corporate debts are exempt from the Veteran’s loan analysis.
- On partnerships and corporations, furnish a list of the primary **owners** and their **percentage** in the business. This can usually be found on the **K-1 Forms** for partnerships and **sub-chapter S corporations** or on the **1120 Form, Schedule E** for standard corporations.
- Taxable **income** listed on the bottom of a corporate tax return (**IRS Form 1120**) may be **divided** by the Veteran’s **percentage** of ownership and then used as **additional income** (subject to tax).

## TYPES OF INCOME CONTINUED...

### *Commission Income*

When a major portion of an applicant's income is from commissions, a **verification** exhibit is needed. It must show the **year-to-date** commissions, the basis for computing commission, and how **frequently** commissions are **paid** to the applicant.

Generally commission **income** can be considered **stable** after the applicant has received it for **two years**. Commissions can be considered after **one year**, if the applicant has prior **related experience** or **extensive** specialized **training**. Income should be **averaged** over a **12 to 24 month** period.

Commission income received for **less than one year** can **rarely** be **counted**. To conclude the stability of "short-term" commissions, the lender would be required to do an in-depth development and verify stability.

The prior **two years** income **tax returns** (additional periods if needed) must be provided with **W-2s** and **1099-MISC** Forms. These individual returns must be complete with all schedules, signatures and dates included.

## TYPES OF INCOME CONTINUED...

### *Rental Income*

#### Multi-Unit Property Securing the VA Loan

Verify:

- Cash reserves totaling at least 6 months PITI, and
- Documentation of the applicant's prior landlord or property maintenance experience
- The amount of rental income used on existing units would be based on 75% of the verified prior rent, unless a higher percentage can be documented.
- If the units are proposed property, then VA would require a letter from the appraiser stating the "fair rental value" and a vacancy/operating cost reduction of that rental figure



**Rental of existing property** - Existing single-family property may be used to "off-set" the mortgage payment if there is a positive cash-flow, and there is no indication the property will be difficult to rent. A copy of the lease should be furnished (if available) and it is the underwriter's responsibility to be familiar with the local rental market. On "off-setting" the mortgage payment, the debt should still be listed on the loan analysis, but shown as a "rental offset."

- If the existing single-family property is located in a weak rental market or has a negative cash flow, the rental income and expenses must be listed separately on the loan analysis.

**Other Rental Property** - If the applicant has other rental property cash reserves equaling three months PITI + previous 2 years tax returns showing rental income generated by the property.

- The strength of the local rental market should be evaluated to determine the property will not be difficult to rent. Depreciation & interest may be added back when tax returns are used to determine effective income.

## GENERAL RULES ABOUT STABILITY OF INCOME

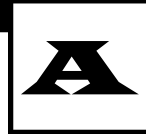


### TYPE OF INCOME

### GENERAL REQUIREMENT

Standard Income	Minimum of 12 months (may include training or related experience)
Overtime or Part-time	Minimum of 2 years
2nd Job Income	Minimum of 2 years
Public Assistance	That it will continue for at least 3 more years
Workers Compensation	That it will continue into the foreseeable future
Seasonal income	Carefully document the past history and provide evidence that it will continue into the foreseeable future
VA Pension	Call us! It's possible, however unlikely they can use this type of income
VA Educational Allowance	Can not be used as a source of income





## Income

### Frequently Asked Questions

#### Spousal Income

**Q** If a Veteran is not employed, may the **income of the non-Veteran spouse** be used to qualify the Veteran for the home loan?

**A** If the spouse is on the application, you can use the spouse's income.

**Q** Can the income from a **non-qualifying spouse** (a spouse not listed on the application) be used to **qualify** the Veteran?

**A** If the spouse is not on the application you cannot use the income when completing the loan analysis form. However, should the spouse choose to provide documentation concerning his/her employment (e.g. pay stub and W-2), the underwriter could consider removing the spouse from the residual requirement (reduce the number of family members by one). The spouse cannot be forced to provide this data. The underwriter must document the exception in the remarks section of the loan analysis.

**Q** Can we use income of a **trailing spouse**?

**A** Income from a trailing spouse can generally not be considered as the spouse does not have employment in the new location and there is no guarantee of employment when he/she moves. The income may be used to offset the expense of the spouse in his/her current location. Under certain circumstances, the lender may find it possible to document a demand in the new location for the spouse's profession and the underwriter may consider using the income for offsetting some obligations with the potential income. Use of this income in any form should be considered on a case-by-case basis and documented in the remarks section of the loan analysis.

**Q** Can the income of a **spouse who is not a US citizen** be considered? If so, does the VA require documentation that the spouse has a **green card**?

**A** The income of a spouse who is not a US citizen may be considered if the spouse is on the loan application. The VA does not require any documentation that the spouse has a green card. Lenders should check with investors to verify secondary mortgage market requirements.

**Q** If a Veteran's spouse is not on the application and is receiving **child support payments**, could these funds be considered to offset the children in the residual?

**A** Yes, as long as the motivation for payment (such as a court order) and consistent receipt of the funds are documented.

#### Self-Employment

**Q** How **long** should the applicant be **self-employed** to consider it a source of income?

**A** The VA prefers the applicant to be self-employed for a two-year period. The underwriter may consider a candidate that has a full year of documented self-employment and past regular employment or education in the same line of work. Specifics concerning self-employment income can be found in the VA Lender's Handbook.

**Q** What else can be considered to compute net income for a **self-employed** applicant?

**A** Depreciation claimed on the tax returns and financial statements can be added to net income to calculate qualifying income. Should the underwriter choose to include additional items in net effective income, these must be specified on the loan analysis with documentation contained in the file.

**Q** Can **Year to Date (YTD) Profit and Loss (P&L) statements** be used to derive income for **self-employed** applicants? If so, must the P&L statement be audited or prepared by an accountant?

**A** The VA will average the earnings based on a YTD P&L statement if they are consistent with previous earnings. Generally VA does not require financial statements to be audited. Under some circumstances the underwriter may feel it is necessary to obtain an audited financial statement to clarify income or resolve discrepancies. Specifics concerning self-employment documentation can be found in the VA Lender's Handbook.



## Income

### Frequently Asked Questions

#### Rental Income

**Q** What **landlord experience requirements** must be met for the VA to accept rental income for qualification?

**A** There are many types of rental properties that are specifically discussed in the VA Lender's Handbook. For example: If a Veteran is purchasing a multi-family home to occupy as a primary residence, VA requires the lender to document Veteran's reserves and previous landlord experience when the rental income is needed to qualify for the home loan. For landlord experience, the Veteran must have owned a multi-family home, had prior experience managing rental units or other background involving property maintenance/trades and rental or collections experience. If the Veteran can support the mortgage without the rental income above requirements are not needed. Any landlord experience or equivalent must be properly documented in the file and unusual situations addressed in the remarks section of the loan analysis, i.e. the Veteran may initiate a contract with a property manager for a year in lieu of the landlord experience. This contract may be noted in the remarks section and could be accepted by the underwriter on a case-by-case basis in lieu of the standard regulation.

**Q** What **reserve requirements** must be met for the VA to accept **rental income** for loan qualification?

**A** If a Veteran is purchasing a multi-family home to occupy as a primary residence, the VA requires the lender to document the Veteran's reserves and previous landlord experience when the rental income is needed by the Veteran to qualify for the home loan. In this instance, 6 months of Principal, Interest, Taxes and Insurance (PITI) reserves must be documented (above and beyond closing costs). If the Veteran can support the mortgage without the rental income, neither the landlord experience nor reserve requirements are needed.

#### Other Income

**Q** What are the requirements to consider **disability compensation** as a source of income?

**A** There is no time of receipt required to use disability income. The lender must document that the compensation is currently being received and that this income will continue for a three-year period generally, or be able to draw the conclusion that it will continue in the foreseeable future. In lieu of obtaining this documentation through the insurance company or Social Security Administration, it is possible to obtain a doctor's written confirmation regarding the applicant's probability of returning to work. If the disability will not continue for a three-year period/"foreseeable future," the underwriter may choose to consider the compensation to offset debt. The underwriter's decision should be documented in the remarks section of the loan analysis form. Specifics concerning disability income can be found in the VA Lender's Handbook.

**Q** Can **commission income** be considered a source of income if the applicant has not been receiving it for two years?

**A** If applicant hasn't received commission income for a two-year period, the underwriter must carefully review applicant's previous work experience and commission history. If applicant has been receiving commissions for at least one full year and has a background in the field, it may be possible to use that income or offset some debt. If Veteran has not been receiving commission income for at least a year, it is unlikely this income can be used.

**Q** How long does **child support** have to continue in order to be considered as income?

**A** Child support must continue for a three-year period or into the foreseeable future. If the support is going to be for less than three years, the underwriter may consider offsetting the children in the residual guideline if consistent receipt of the support is verified. If the underwriter chooses to offset the children in the residual guideline or offset an intermediate obligation, this should be noted in the remarks section of the loan analysis. Specifics concerning child support income and the documentation required can be found in the VA Lender's Handbook.



## Income

### Frequently Asked Questions

#### Other Income

**Q** What are the requirements for income to be considered if a Veteran is employed by a "Temp" agency for more than 9 months with a well-established employer, can the income be used?

**A** Generally, it would be difficult to consider earnings from Temp agency employment without an established two-year history. If a person is a career Temp agency employee, the overall earnings and employment history should be evaluated. Stability of income and a pattern of earnings may be established after a year. Any income used without a year history should be addressed in the remarks section of the loan analysis. The underwriter must give careful consideration to these scenarios and address how stability and the average income are derived.

**Q** Is it possible to consider the income of an applicant who has worked in a current job for less than one year, and the current job is not related to his/her previous job?

**A** In general, VA would prefer that an applicant had worked on a current job for a year. Consideration may be given to the Veteran if there has been a recent job change but is in the same line of work or has specialized training in the field. The underwriter should also consider the employer's evaluation on the probability of continued employment, how much of that applicant's income is needed and if there are any compensating factors. If the Veteran does not have a full year at his/her current job (even if it is not related) this does not result in an automatic denial. Specifics concerning income stability can be found in the VA Lender's Handbook. In all cases employment must be verified for a two-year period and any gaps of employment addressed by the applicant in a written format.

**Q** Can part-time employment be considered as additional income for an applicant that also has a full-time job?

**A** VA requires that overtime, part-time and bonus income is documented as consistent over a two-year period and is likely to continue. This is to show that the income is stable and the Veteran is able to work beyond the normal work hours over a long period. If the income has been received consistently for 12 months and is likely to continue, the underwriter may choose to offset debt with this income. Income received for less than a 12-month period may be considered as a compensating factor by the underwriter. Specifics concerning overtime, second job or bonus income can be found in the VA Lender's Handbook.

**Q** Can non-taxable income be grossed up?

**A** Non-taxable income can be grossed up for determining the ratio only. Item 39 of the Loan Analysis must list the actual income, not the grossed up figure. Use current income tax withholding tables to determine an amount which can be prudently employed to adjust the borrower's actual income.



# Credit

## *General Rules on Adverse Items*

### In General

A borrower with **no derogatory references within the last 12 months** can generally be considered to have acceptable credit.

### Judgments

A loan cannot be approved with an unpaid judgment, unless the Veteran is on an acceptable repayment plan with an acceptable payment history.

### Federal Debts

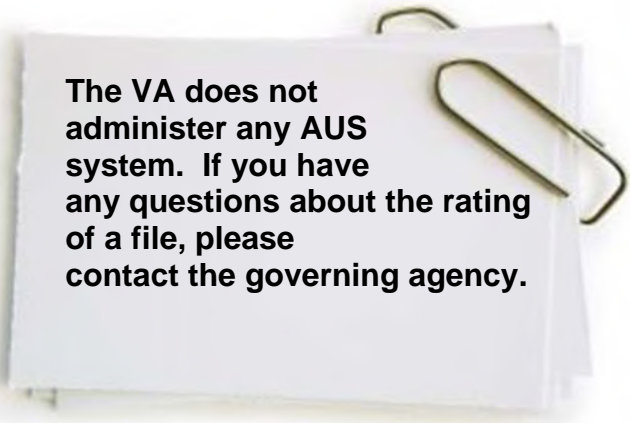
Must be paid in full, in non-collectible status, or on a repayment plan with an acceptable payment history.

### No Credit

Lack of references is not a reason for disapproval. Obtain references from non-traditional sources of credit.

### Collection Accounts

A borrower with an unacceptable credit history does not become acceptable simply by paying collection accounts. Conversely, a borrower with an overall favorable history might be considered acceptable with an isolated unpaid collection.



The VA does not administer any AUS system. If you have any questions about the rating of a file, please contact the governing agency.



# Credit

## *General Rules on Adverse Items*

### **Consumer Credit Counseling**

Borrowers using a consumer credit counselor should have 12 months of timely payments before being considered a reasonable credit risk.

### **Bankruptcy: Chapter 13:**

Requires 12 months satisfactory payment history and approval of the court.

### **Bankruptcy: Chapter 7:**

Borrowers should have 24 months of timely payments before they can be considered a reasonable risk.

### **Divorce Situations**

Disregard delinquent payments made after assignment of responsibility to ex-spouse.

### **DIL and Short Sale**

In either case, the Government may have suffered a loss on the loan. The affect on the Veteran's credit must be examined on a case by case basis as the short sale or DIL may have been caused by circumstances beyond the borrower's control.

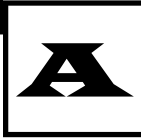


### **Quick Fact:**

CAIVRS is administered by HUD not the VA.  
Please go to the link below for more information.

<https://entp.hud.gov/caivrs/public/home.html>





## Credit

### Frequently Asked Questions

**Q** When can a person with a **bankruptcy** on their credit report apply for a VA loan?

**A** The date of the discharge is the major determining factor. If a bankruptcy was discharged more than 2 years ago it may be disregarded. If the bankruptcy was discharged between 1-2 years ago, the Veteran must have reestablished credit by some means and the cause of the bankruptcy must be documented as having been beyond the control of the applicant (e.g., job loss or medical issues). If the bankruptcy was discharged less than a year ago, it will not generally be possible to ascertain satisfactory credit risk. Marginal cases should be addressed in the remarks section of the Loan Analysis. The guidelines for bankruptcy can be found in the VA Lender's Handbook.

**Q** How do you treat **Consumer Credit Counseling Services (CCCS)**?

**A** If an applicant is currently in consumer credit counseling, they must have demonstrated a 12-month history of timely payments and the counseling agency must approve of the new credit. Occasionally an applicant chooses to participate in consumer credit counseling to obtain assistance with finances, even without being behind in payments. In these cases, consumer credit counseling may be considered a neutral or even a positive factor. Do not treat this as a negative credit item if the Veteran entered the consumer credit counseling plan before reaching the point of having bad credit. Specifics on consumer credit counseling may be found in the VA Lender's Handbook.

**Q** The Veteran has been **living with his/her parents** and does not have any loans or credit cards. What does the Veteran need to provide to be considered credit worthy?

**A** The underwriter must look at these cases individually and consider if there were any past credit or other compensating factors. The VA does not consider the lack of credit a negative factor. The underwriter may also consider non-traditional sources of credit such as pagers, cell phones, or car insurance.

**Q** Is a Veteran eligible for a loan if he/she is **behind on child support payments**?

**A** Child support is a credit obligation and if it is in arrears, it must be addressed. The Veteran may have a legal action pending. In those cases underwriter must look at the documentation and explanation submitted. If documentation supports a Veteran's claim that they are not responsible for debt and merely awaiting the court records to be finalized, this would not be considered a derogatory item. All other cases with pending legal action must be looked at on a case-by-case basis. If the Veteran is behind due to financial matters, the underwriter must take the following into account: Is there is a repayment schedule? How it will be repaid? Will the cause of the delinquency have an impact on the Veteran's proposed loan scenario? The underwriter must exercise good judgment on a case-by-case basis.

**Q** To determine whether the Veteran has a **satisfactory payment history**, how many months must be reviewed?

**A** Generally, VA requires a 12-month history of satisfactory payment. Any late payments within the past year should be developed for an explanation and supporting documentation obtained if needed. The underwriter must make a credit decision based on all the documentation of that particular Veteran. Comments should be placed in the remarks section of the Loan Analysis for any loans approved that have late payments in the past year. In marginal cases it may be helpful to review the mortgage or rental history carefully as the applicant's past repayment history could establish how motivated the applicant is to make timely mortgage payments in the future. Information on adverse credit or other scenarios such as bankruptcy and foreclosures may be found in the VA Lender's Handbook.





## Credit

### Frequently Asked Questions

**Q** Does VA use **credit scoring**? If so, is there a minimum?

**A** No, VA does not use credit scoring. The underwriter should review the credit of each Veteran individually. VA does recognize that credit scoring is a standard mortgage industry practice and a high credit score may be listed as one of several compensating factors in the remarks section of the Loan Analysis. If the underwriter is using an automated underwriting system such as Loan Prospector, they would follow specific guidelines in accordance to the automated underwriting system.

**Q** Can **payment plans** be used on derogatory credit? If so, how long do they have to have been established?

**A** If there are derogatory credit issues (e.g., a collection account, IRS lien, back due child support), but the Veteran has been making payments for a full year, the underwriter may consider this a positive factor. Be sure to list the payment as an obligation. If the borrower has been making payments for less than a year, the underwriter must review all factors for the loan to determine if the overall credit is acceptable. The underwriter must use judgment on a case-by-case basis. These decisions should be documented in the remarks section of the Loan Analysis.

**Q** In what states does VA require lenders to consider the credit of a **non-purchasing spouse**?

**A** VA requires lenders to consider the credit of non-purchasing spouses in community property states. The community property states are Arizona, California, Idaho, Louisiana, Nevada, New Mexico, Texas, Washington and Wisconsin.

# Underwriting

## Debts and Obligations

Debts and obligations of the applicant must be rated and a credit report must be obtained. When a pay stub or Leave-and-Earnings Statement indicates an allotment, the lender must investigate the nature of the allotment and determine if it is debt related.

Include a written explanation for any un-rated obligation. All credit reports and verifications must be no more than 120 days old or 180 days for new construction.

ECOA prohibits requests for or consideration of, credit information on a spouse who will not be contractually obligated on the loan except:

- If the applicant is relying on alimony, child support, or maintenance payments from the spouse (or former spouse), or
- In community property states, consider the spouse's credit information whether or not the spouse will be personally liable on the note and whether or not the applicant or spouse chooses to have income considered.



Debts that are less than 10 months, and not significant, can generally be excluded from your analysis. Since no specific rule determines what constitutes a significant debt, analyze the effect of the monthly payment for each debt on a case by case basis. Typically, if the debt is two to three percent of the monthly gross income, it is considered significant.

Reference: [Lender's Handbook, Chapter 4](#)

# Underwriting

## Assets

Applicant or spouse must have sufficient cash to cover:

- Closing costs or points which are not financed in the loan. **NOTE: Points can only be rolled into the loan in the case of refinancing.**
- The down payment, if a Graduated Payment Mortgage, and
- The difference between the sales price and the loan amount, if the sales price exceeds the reasonable value established by VA.



TIP: VA does not require additional cash to cover a certain number of mortgage payments. Liquid assets must be verified to the extent that are needed to close the loan.

TIP: Retirement funds that are not available to the Veteran cannot be included as liquid assets.

TIP: Lenders must verify any and all assets included in AUS.

Reference: [Lender's Handbook, Chapter 4](#)



## Debts & Obligations



### Frequently Asked Questions

**Q** Does the VA consider **childcare** costs a debt? If so, what documentation is required?

**A** Yes, VA considers childcare expenses as a debt. The lender must obtain a letter from the Veteran documenting the childcare expense or detailing why no expense is incurred. Ensure that the current daycare provisions will remain logical based on the location of the new home. If applicable, the name and address of the childcare provider should be obtained. This expense should be listed under section D, line 30, job related expense on the VA Loan Analysis.

**Q** How is **child support** considered from a debt and credit standpoint?

**A** Child support is considered as a debt and must be listed in section D of the Loan Analysis. If late payments appear on the credit report, it should be addressed and considered in the overall credit picture.

**Q** Are **alimony and child support** payments deducted from income the same way?

**A** No. Alimony is deducted pre-tax, so it can be deducted before taxes are removed from a borrower's income. Child support is deducted post tax, so it would be considered a normal debt and deducted after the borrower's income is taxed.

**Q** Is it required to obligate the Veteran for a mortgage that has been assigned to the **ex-spouse** by the courts?

**A** No, in general, you do not have to obligate the Veteran for a debt that the courts assigned to an ex-spouse - even if that debt is delinquent, however; investor requirements may vary on this issue, therefore; it is always a good practice to verify this requirement with the investor. This is specified in the VA Lender's Handbook.

**Q** How are **401K loans** considered?

**A** 401K loans may be disregarded.

**Q** For military applicants, do we need to consider **separate household expenses** if the applicant will be living in quarters and says he will not have any expense?

**A** If the Veteran states that he/she will be living in military quarters at no cost and his/her spouse will be living in the subject property, you do not have to consider separate household expenses. However, if a review of the Leave and Earnings Statement shows a withdrawal for housing or there is any indication in the file of current expenses, clarification should be obtained.

**Q** Can we disregard the Veteran's monthly debt if it is to be **paid off within the next 5 months**?

**A** The underwriter must consider the following for installments with less than 10 months remaining: The payment must not be so large that it will have a severe impact on the financial situation of the household. The amount of "severe impact" is left to the underwriter's discretion. If the payment is large, the underwriter may consider if there are reserves to cover the debt after closing or a source of income they were unable to use in the analysis. If a debt is not considered and the logic is not highly visible, a notation should be made in the remarks section of the loan analysis. In the case of revolving or open-ended accounts with a continued pattern of use, the underwriter must include the regular monthly payment/minimum payment on the Loan Analysis. Specifics may be found in the VA Lender's Handbook.

**Q** If a Veteran **co-signed a loan**, must it be considered as their obligation?

**A** Not always, the debt may be disregarded if there is proof in the file that the payments are being made by someone else (e.g., a year's worth of canceled checks) and there is no reason to believe this will not continue. This is specified in the VA Lender's Handbook.



## Debts & Obligations

### Frequently Asked Questions

**Q How are student loans considered?**

**A** Student loans must be reviewed on a case-by-case basis. Factors to consider include whether the payment is deferred or if there will be new or additional income to offset this expense. Federal regulations require lenders to postpone the student loan program payments of active duty military personnel. Military personnel who have been deployed or mobilized are not required to make student loan payments during their absences. This applies to members of the National Guard and Ready Reserves who have been called to active duty, as well as to active duty personnel whose duty station has been changed as a result of a military mobilization. The regulations apply to student loans made under the Federal Family Education Loan, William D. Ford Federal Direct Loan and Federal Perkins Loan program. Loans deferred for more than a year may generally be disregarded. Should the underwriter choose to exclude a student loan as an obligation, a notation should be made in the remarks section of the Loan Analysis.

**Q Do unpaid obligations, such as collections and charge-offs listed on a credit report, have to be paid off? What about judgments or liens?**

**A** The VA does not require charge-offs and collection accounts to be paid off, however, the investor may require them to be paid. The underwriter should obtain the Veteran's explanation and supporting documentation if needed. If the accounts are on a steady repayment plan, this may be considered as a positive factor. If there has not been repayment scheduled, paying them off now does not alter the unsatisfactory credit. Judgments, federal debts and liens must be paid in full or be on a repayment plan with a satisfactory history. Written repayment agreements must be included in the debt section of the loan analysis. This is specified in the VA Lender's Handbook.

**Q Are union dues, life insurance or medical insurance included in the debt section of the Loan Analysis?**

**A** No, all of these factors are considered part of the residual requirement. The residual is the net income after shelter, debts and taxes is removed. The residual income covers items the Veteran and family needs such as food, clothing, healthcare, gas, etc. Additional information concerning residual income may be found in the VA Lender's Handbook.

## Table of Residual Income by Region

### For loan amounts of \$79,999 and below

Family Size	Northeast	Midwest	South	West
1	\$390	\$382	\$382	\$425
2	\$654	\$641	\$641	\$713
3	\$788	\$772	\$772	\$859
4	\$888	\$868	\$868	\$967
5	\$921	\$902	\$902	\$1,004
over 5	Add \$75 for each additional member up to a family of 7			

### For loan amounts of \$80,000 and above

Family Size	Northeast	Midwest	South	West
1	\$450	\$441	\$441	\$491
2	\$755	\$738	\$738	\$823
3	\$909	\$889	\$889	\$990
4	\$1,025	\$1,003	\$1,003	\$1,117
5	\$1,062	\$1,039	\$1,039	\$1,158
over 5	Add \$80 for each additional member up to a family of 7			

The residual income figures can be reduced by 5 percent if the active duty borrower or spouse will continue to have access to nearby military-based facilities. This reduction may also be applied to retired military applicants when the property is located reasonably near a military base or installation. (This reduction applies to both of the above tables.)

<b>Northeast</b>	Connecticut	New Hampshire	Pennsylvania
	Maine	New Jersey	Rhode Island
	Massachusetts	New York	Vermont
<b>Midwest</b>	Illinois	Michigan	North Dakota
	Indiana	Minnesota	Ohio
	Iowa	Missouri	South Dakota
	Kansas	Nebraska	Wisconsin
	Alabama	Kentucky	Puerto Rico
<b>South</b>	Arkansas	Louisiana	South Carolina
	Delaware	Maryland	Tennessee
	District of Columbia	Mississippi	Texas
	Florida	North Carolina	Virginia
	Georgia	Oklahoma	West Virginia
	Alaska	Hawaii	New Mexico
<b>West</b>	Arizona	Idaho	Oregon
	California	Montana	Utah
	Colorado	Nevada	Washington
	Wyoming		



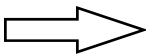
# Debt To Income Ratio



The ratio is determined by taking the sum of PITI, homeowners, and other assessments (items 15, 16, 17, 18 and 20 from the loan analysis) plus obligations to be deducted from income (item 40 from the loan analysis) divided by the total of gross salary or earnings (item 31 from the loan analysis) plus other compensation or net income (item 38 from the loan analysis).

$$(lines\ 15,16,17,18,20 + line\ 40) / (line\ 31 + line\ 38) = \text{income ratio}$$

## Maintenance and Utility Costs



**Remember:**  
Calculate M&U costs using 14 cents per square foot (above grade).

**For example:**  
A 1500 square foot home would have a M&U cost of \$210 (1500 X .14 = \$210)

SECTION C - ESTIMATED MONTHLY SHELTER EXPENSES (This Property)				SECTION D - DEBTS AND OBLIGATIONS (Itemize and indicate by (✓) which debts considered in Section E, Line 41) (if additional space is needed please use reverse or attach a separate sheet!)		
ITEMS	AMOUNT		ITEMS	(✓)	MO. PAYMENT	UNPAID BAL.
14. TERM OF LOAN: YRS.		22.			\$	\$
15. MORTGAGE PAYMENT (Principal and Interest) @ ____ %	\$	23.				
		24.				
16. REALTY TAXES		25.				
17. HAZARD INSURANCE		26.				
18. SPECIAL ASSESSMENTS		27.				
19. MAINTENANCE & UTILITIES		28.				
20. OTHER (HOA, Condo fees, etc.)		29.	JOB RELATED EXPENSE (e.g., child care)			
21. TOTAL	\$	30.	TOTAL		\$	\$
SECTION E - MONTHLY INCOME AND DEDUCTIONS						
ITEMS		SPOUSE	BORROWER	TOTAL		
31. GROSS SALARY OR EARNINGS FROM EMPLOYMENT		\$	\$	\$		
32. FEDERAL INCOME TAX						
33. STATE INCOME TAX						
34. DEDUCTIONS RETIREMENT OR SOCIAL SECURITY						
35. OTHER (Specify)						
36. TOTAL DEDUCTIONS	\$	\$	\$	\$		
37. NET TAKE-HOME PAY						
38. PENSION, COMPENSATION OR OTHER NET INCOME (Specify)						
39. TOTAL (Sum of lines 37 and 38)		\$	\$	\$		
40. LESS THOSE OBLIGATIONS LISTED IN SECTION D WHICH SHOULD BE DEDUCTED FROM INCOME						
41. TOTAL NET EFFECTIVE INCOME						
42. LESS ESTIMATED MONTHLY SHELTER EXPENSE (Line 21)						
43. BALANCE AVAILABLE FOR FAMILY SUPPORT					GUIDELINE	\$
44. RATIO (Sum of items 15, 16, 17, 18, 20 and 40 / sum of items 31 and 38)						%

# CLOSING SUMMARY



The Veteran can pay a maximum of:

- Reasonable and customary amounts for any or all of the “Itemized fees and Charges” designated by the VA, *plus*
- a 1% flat charge by the lender, *plus*
- reasonable discount points.

## ITEMIZED FEES AND CHARGES:

Charge	Description
Appraisal and Compliance Inspections	The Veteran can pay the fee of a VA appraiser and VA compliance inspectors. The Veteran can pay for a second appraisal if they are requesting reconsideration of value. Veteran cannot pay for an appraisal requested by the lender or seller for reconsideration of value. The Veteran cannot pay for appraisals requested by parties other than the Veteran or lender.
Recording Fees	The Veteran can pay for recording fees and recording taxes or other charges incident to recordation.
Credit Report	Both credit reports and Automated Underwriting System (AUS) evaluations require invoices, the combined total of which, cannot exceed \$100. In the event that invoices are not provided or the amount exceeds \$100, a refund will be required. An AUS “Refer” case is the only situation where both a credit report and an AUS may be charged to the Veteran and the \$100 limit still applies.
Prepaid Items	The Veteran can pay that portion of taxes, assessments, and similar items for the current year chargeable to the borrower and the initial deposit for the tax and insurance account.
Hazard Insurance	The Veteran can pay the required hazard insurance premium. This includes flood insurance, if required.
Flood Zone Determination	The Veteran can pay the actual amount charged for a determination of whether a property is in a special flood hazard area, if made by a third party who guarantees the accuracy of the determination. <ul style="list-style-type: none"> <li>• The Veteran can pay a charge for a life-of-the-loan flood determination service purchased at the time of loan origination.</li> <li>• A fee may <b>not</b> be charged for a flood zone determination made by the lender or a VA appraiser.</li> </ul>
Survey	The Veteran can pay a charge for a survey, if required by the lender or requested by the Veteran. Any charge for a survey in connection with a condominium loan must have the prior approval of VA.
Title Examination and Title Insurance	The Veteran may pay a fee for title examination and title insurance, if any. If the lender decides that an environmental protection lien endorsement to a title policy is needed, the cost of the endorsement may be charged to the Veteran.
Special Mailing Fees for Refinancing Loans	For refinancing loans only, the Veteran can pay charges for Federal Express, Express Mail, or a similar service when the saved per diem interest cost to the Veteran will exceed the cost of the special handling.
VA Funding Fee	Unless exempt from the fee, each Veteran must pay a funding fee to VA.
Other Fees Authorized by VA	Additional fees attributable to local variances may be charged to the Veteran <b>only</b> if specifically authorized by VA. The lender may request VA to approve such a fee if it is <ul style="list-style-type: none"> <li>• normally paid by the borrower in a particular jurisdiction, and</li> <li>• considered reasonable and customary in the jurisdiction.</li> </ul> <p style="text-align: center;"><b>State specific allowable fees and charges can be found at</b>  <a href="http://benefits.va.gov/homeloans/documents/docs/state_deviations.pdf">http://benefits.va.gov/homeloans/documents/docs/state_deviations.pdf</a></p>

# VA ORIGATION FEE REQUIREMENTS

The origination charge consists of all costs associated with the origination of the loan.

Examples of origination fees include, but are not limited to:

- Processing Fee
- Application Fee
- Document Preparation Fee
- Lender Inspection
- Attorney Fees for Document Preparation
- Administration Fee
- Underwriting Fee
- Wire Fee
- Mortgage Broker Fee
- Commitment Fee
- Lock Extension

The above fees are lumped together and entered as “Our Origination Charge.”

## ORIGINATION CHARGE

VA limits the amount in “our origination charge” to 1% of the loan balance, plus the MERS fee. If points were included in “Our Origination Charge,” you should subtract them on line 802 of the HUD-1.

On IRRRLs, the 1% is based on the payoff amount of the previous loan, as indicated on the HUD-1.

Use VA Form 26-8923, IRRRL Worksheet, for the calculation.



## Unallowable Charges to the Veteran Borrower

Pest inspection, commission/broker fees, certain attorney fees and some re-inspection fees are not chargeable to the Veteran. However, if charged to the borrower a refund may not be necessary. We will include these fees in our origination charge calculation. A refund maybe required if the total is over 1%.

# VA Premium Pricing Policy

## Example

In the example below, the loan amount is \$200,000.

800. Items Payable in Connection with Loan			
801. Our origination charge	1.5% Origination Charge	\$ 3,000.00	(from GFE #1)
802. Your credit or charge (points) for the specific interest rate chosen		\$ -1,000.00	(from GFE #2)
803. Your adjusted origination charges			(from GFE #A) 2,000.00

VA considers any premium pricing credit to be the Veteran's funds. These funds can't cover any fees that are included in the 1% origination fee limit. In the case above the lender would have to refund \$1,000.00 for the origination fee overcharge, as well as any other unallowable fees charged to the Veteran.



# VA Premium Pricing

Funds received as a result of a premium pricing credit may **not** be used as a vehicle to provide buyers with cash back.

Premium pricing credits Cannot be applied to the origination fee or any other unallowable fees. Premium pricing credits can cover reasonable and customary fees.



Lenders should advise what fees any seller and lender credits are to be applied to.

This is important since VA limits the origination fee to 1%, and does **not** allow some other costs to be incurred by the borrower.

Did you know:

VA doesn't limit what closing costs a seller can pay.

# Changes to VA Fee Policy

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VA policy on fees and charges can change with little to no warning. Stay up to date on recent policy and guidance issued from VA Central Office by reading new circulars at the following link.

[http://www.benefits.va.gov/homeloans/resources\\_circulars.asp](http://www.benefits.va.gov/homeloans/resources_circulars.asp)



Want to receive updates as well as opportunities to attend training events and other exciting news from the Loan Guaranty program? Join our ListServ mailing list by visiting the address below.

[https://public.govdelivery.com/accounts/USVAVBA/  
subscriber/new\\_preferences=true](https://public.govdelivery.com/accounts/USVAVBA/subscriber/new_preferences=true)



# Seller

## Concessions

**Seller concessions, or any combination of concessions, may not exceed 4% of the established reasonable value.**

**The borrower should not receive cash back at closing. In the event that the accounting on the HUD-1 would not balance without refunding the borrower a small amount at closing, lenders may do so, but must include a written explanation with the file.**

**Any amounts refunded to the borrower:**

- **Must not be funds provided by the VA.**
- **Must be nominal.**
- **Must be directly related to the accounting issue as explained within the lender/settlement agent's letter.**

**Seller concessions include but are not limited to the following:**

- **Payment of the buyer's VA funding fee**
- **Prepayment of buyer's property taxes and insurance**
- **Gifts such as a TV or microwave**
- **Payment of extra points to provide permanent interest rate buy downs**
- **Provision of escrowed funds to provide temporary interest rate buy-downs, and payoff of credit balances or judgments on behalf of the buyer.**

**Seller concessions do not include:**

- **Payment of the buyer's closing costs, or**
- **Payment of points as appropriate to the market.**



# Power Of Attorney

VA will allow a Veteran to use an attorney-in-fact to execute any documents necessary to obtain a VA guaranteed loan. This enables active duty service persons stationed overseas, and other Veterans who cannot be present to execute loan documents, to obtain VA loans.

The Veteran must execute a general or specific power of attorney, which is valid and legally adequate. The Veteran's attorney-in-fact may use this power of attorney to apply for a Certificate of Eligibility and initiate processing of a loan on behalf of the Veteran.



## What type of POA can you use?

<h3>General POA</h3>	<p>The Veteran has signed the purchase agreement and the URLA for the transaction.</p>	<p>The POA must comply with state regulations</p>
<h3>Specific POA</h3> <p><i>*Please note, a special POA for Real Estate does not meet VA specific guidelines.</i></p>	<p>The Veteran has not signed the purchase agreement and the URLA for the transaction.</p>	<p>In addition to complying with state regulations, the POA must encompass the following elements:</p> <ul style="list-style-type: none"> <li>• <b>Entitlement</b>—A clear intention to use all or a specified amount of entitlement</li> <li>• <b>Purpose</b>—A clear intention to obtain a loan for purchase, construction, repair, alteration, improvement or refinancing.</li> <li>• <b>Property Identification</b>—Identification of the specific property</li> <li>• <b>Price and Terms</b>—The sales price, if applicable, and other relevant terms of the transaction</li> <li>• <b>Occupancy</b>—The Veteran's intention to use the property as a home to be occupied by the Veteran (or other applicable VA occupancy requirement).</li> </ul>

\*Reference: Lender's Handbook, Chapter 9

# Power Of Attorney *Continued...*

## Veteran's Status as Alive and not MIA:

At the time of loan closing, the lender must:

- Verify that the Veteran is **alive**, and if on **active military duty, not missing in action**.

For Servicemembers who are deployed, an e-mail certification that the Servicemember is alive and not missing in action is acceptable, but the e-mail must be identifiable that it came from a military installation.

VA may deny guaranty on a loan if the lender failed to properly verify the Veteran's status and the Veteran was deceased (or MIA) at the time the loan was closed.



Did you know:

A specific power of attorney and an alive and well statement is still needed when processing an IRRRL.

# VA Funding Fee



## LENDER RESPONSIBILITIES:

1. Verify if Veteran may be exempt from the funding fee
2. Determine the amount of funding fee
3. Collect funding fee at closing
4. Remit funds to VA timely
5. Obtain proof of payment online
6. Submit proof of paid funding fee or exemption to VA with the closed loan package, when applicable

## VETERAN MAY BE EXEMPT IF:

1. Veteran is receiving VA compensation from service-connected disabilities or would be if they did not receive retirement pay.
2. Surviving spouse of Veteran who died in service or from a service-connected disability.

If needed per COE VA Form 26-8937, Verification of VA Benefits, must be submitted to the RLC with jurisdiction.

For St. Paul RLC requests, Fax to:  
Loan Production Section  
215.991.5043

Questions?  
Call 1.800.827.0611 Option 3

## Did you know?

VA form 26-8937 should only be faxed to VA for processing if the COE states that there is insufficient information to determine a Veteran's exemption status.

# VA Funding Fee

# Schedule



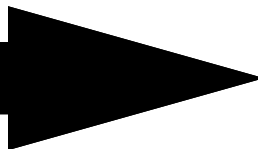
## Funding Fee for Purchase and Construction Loans

Type of Veteran	Down Payment	1st Time Use	Subsequent Use
Active Duty (AD) Veterans of (AD) Service	None	2.15%	3.30%**
	5% - 10%	1.5%	1.50%
	10% or more	1.25%	1.25%
Reserves/ National Guard*	None	2.40%	3.30%**
	5%-10%	1.75%	1.75%
	10% or more	1.5%	1.50%

\*If a reservist qualifies using either their active duty service, charge the lower percentage when calculating the funding fee.

\*\*The higher subsequent use fee does not apply if the Veteran's only prior use of entitlement was for a manufactured home loan.

### EXAMPLE



Joe Smith has been in the reserves for 10 years (which qualifies him for a VA Home Loan as a reservist). He is called to active duty in support of Operation Iraqi Freedom, and is sent to Iraq, where he serves 12 months. Once Joe has been on active duty in Iraq for more than 90 days, he would be eligible for benefits as an active duty serviceman.

## Funding Fee for Other Loan Types

Type of Loan	1st Time and Subsequent Use
IRRRL	.5%
VA Assumption	.5%

## Funding Fee for Cash-Out Refinancing Loans

Type of Veteran	1st Time Use	Subsequent Use
Active Duty (AD)/ Veterans of (AD) Service	2.15%	3.30%**
Reserves/ National Guard*	2.40%	3.30%**



# Funding Fee Payment System (FFPS)



## What is FFPS?

An online system enabling lender's to input loan information and pay the appropriate VA funding fee.

A screenshot of the VA FFPS website's login page. At the top left is the VA logo with the text 'VA FFPS'. Below it is a 'VA FFPS Login' section with a 'Username:' field (containing a yellow box), a 'Password:' field, and a 'Login' button. To the right of the login fields is a black arrow pointing towards the 'Login' button. Below the login section are three menu categories: 'Public Information' (with links for Contact Information/ Forgot Password, Privacy Policy, and FAQs), and 'Lender Registration' (with a link for Register Lender).

## How do I use FFPS?

1. Access Online: <https://www.ffps.vba.va.gov>
2. Enter Lender ID and Password to log into system
3. Select the function you would like to complete.  
eg. Submit new payment or search

## Things to Note

- When inputting a new funding fee, the system will automatically calculate the amount owed.
- A 4% late fee will be charged to lenders paying the funding fee more than 15 days after the loan has closed. Fees paid more than 30 days late will be assessed an interest charge in addition to the late fee.
- After a funding fee payment is made, a receipt will be available to print off within 24 hours.
- Loans cannot be guaranteed in WebLGY for 24 hours after funding fee payment is made.
- A record needs to be generated for **ALL** Veterans, even if exempt.

For Funding Fee Payment System  
problems, contact FFPS customer service:

[vip.vbaco@va.gov](mailto:vip.vbaco@va.gov)



# Loan Guaranty Certificates

*VA's gone virtual... Get your loans guaranteed online in moments!*

## WebLGY

Lenders receive the Loan Guaranty Certificate online **immediately** upon submission through WebLGY

Access **online** at:

<http://.vip.vba.va.gov>

## Things to know: Online Processing

- Most information will be pre-populated from the Funding Fee Payment System (FFPS) and WebLGY. Be sure to check this data's accuracy! **If the pre-populated data is incorrect, it will have to be corrected at its source (FFPS or WebLGY).**
- Reference VA Loan Summary Sheet (26-0286), for the additional information needed.
- Before guaranteeing a loan, a funding fee has to be paid in the Funding Fee Payment System. A record must be established for exempt Veterans as well.
- WebLGY will display cases required to be submitted for full review.
- Print duplicate Loan Guaranty Certificates through WebLGY.

See page 74 for more "How to" information on guarantees

## Modified Guaranty Submission Procedure

If you are unable to obtain the guaranty on-line, submit the following to the Regional Loan Center of jurisdiction

1. VA Form 26-0286, Loan Summary Sheet
2. Certificate of Eligibility (VA Form 26-8320)
3. Print out of the Funding Fee Receipt or VA Form 26-8937 if the borrower is exempt
4. Notice of Value
5. Report and Certification of Loan Disbursement (VA Form 26-1820)
6. HUD-1 Settlement Statement
7. Mailing address and e-mail which may be used in requesting file for full review or post audit

# Post Closing Issues

WHEN, WHAT & HOW VA REVIEWS WORK

## When Files Get Selected

The loan summary screen will automatically indicate if your file has been selected for audit.

If sent in for guaranty, VA will identify cases selected for full review and notify the lender via letter or e-mail.

Loans guaranteed 60 days after closing will *automatically* be selected for review.

## ?? Did you know ??

Lenders can self report loans that may be egregious to the Regional Loan Center of Jurisdiction.



## How the review process works

Each selected file is reviewed by a VA Loan Specialist to verify that VA regulations are complied with.

If deficiencies are identified, a letter is sent to the lender detailing the items.

\*\*VA Central Office audits file reviews completed by the Regional Loan Centers to ensure uniformity across all jurisdictions.

## Important Time Frames

Submit file for initial review.....**20 Days**  
Respond to Deficiency Letter.....**60 Days**

Non-compliant notification letters will be sent out to lenders that do not meet the timeframe above. Lenders who are chronically non-compliant may be suspended from participating in the VA Loan Program.

**Access Online:**

http://  
www.homeloans  
.va.gov/circulars/  
26\_08\_17.pdf

# Borrower Certifications

COMMON  
CERTIFICATIONS

## *Adjustable Mortgage (ARM) Certification*

The undersigned borrower(s) acknowledge receipt of the appropriate ARM loan program disclosure and the "Consumer Handbook on Adjustable Rate Mortgages" prior to submitting an ARM loan application or payment of any non-refundable fee.

\_\_\_\_\_  
Borrower Signature

\_\_\_\_\_  
Date

## *Interest Rate Reduction Refinancing Loan (IRRRL) Certification*

Previous Loan Number \_\_\_\_\_ Loan Amount \$ \_\_\_\_\_

Original Term \_\_\_\_\_

Monthly Payment \$ \_\_\_\_\_ Interest Rate \_\_\_\_\_

Original Obligors \_\_\_\_\_

New Loan Number \_\_\_\_\_ Proposed Loan Amount \$ \_\_\_\_\_

Proposed Term \_\_\_\_\_

Proposed Monthly payment \$ \_\_\_\_\_ Interest Rate \_\_\_\_\_

Obligors \_\_\_\_\_

Monthly decrease in payments \$ \_\_\_\_\_

Total Closing Costs \$ \_\_\_\_\_

Recoup Closing Costs \_\_\_\_\_ Months

I/We hereby certify that I/we understand the effect of the loan payment and interest rate involved in refinancing our home loan.

\_\_\_\_\_  
Borrower signature

\_\_\_\_\_  
Date

**Access Online:**  
[http://  
www.homeloans  
.va.gov/circulars/  
26\\_08\\_17.pdf](http://www.homeloans.va.gov/circulars/26_08_17.pdf)

COMMON  
CERTIFICATIONS

# Lender Certifications

## **Lender Certification for Payment Increase**

I hereby certify that the borrower(s) qualify for the new payment (PITI) which exceeds the previous payment by at least 20 percent.

\_\_\_\_\_  
Lender Representative

\_\_\_\_\_  
Date

## **Interest Rate Reduction Refinancing Loan (IRRRL) Loan Status**

I hereby certify that the VA loan being refinanced was current (not more than 30 days past due) at the time of loan closing.

\_\_\_\_\_  
Lender Representative

\_\_\_\_\_  
Date

## **Power of Attorney Certification**

I hereby certify that written evidence in the form of correspondence from the Veteran or, if on active military duty, statement of his or her commanding officer or designee, indicating that the Veteran was alive and, if the Veteran is on active military duty, not missing in action status on \_\_\_\_\_, was examined by the undersigned and that said date is subsequent to the date the note and security instruments were executed on the Veteran's behalf by the attorney-in-fact.

\_\_\_\_\_  
Lender Representative

\_\_\_\_\_  
Date

## **Loan Quality Certification**

The undersigned lender certifies that the loan application, all verifications of employment, deposit, and other income and credit verification documents have been processed in compliance with 38 CFR Part 36; that all credit reports obtained in connection with the processing of this borrower's loan application have been provided to VA; that, to the best of the undersigned lender's knowledge and belief, the loan meets the underwriting standards recited in chapter 37 of title 38 United States Code and 38 CFR Part 36; and that all information provided in support of this loan is true, complete and accurate to the best of the undersigned lender's knowledge and belief.

\_\_\_\_\_  
Lender Representative

\_\_\_\_\_  
Date

## **Lender's Loan Current Certification**

If loan is submitted more than 60 days after loan closing, a statement signed by a corporate officer of the lender which identifies the loan, provides the specific reasons for late reporting and certifies that the loan is current, must be submitted. This statement must be submitted with any late request for issuance of a Loan Guaranty Certificate.

# Common Disclosures

## Assumption Clause

“THIS LOAN IS NOT ASSUMABLE WITHOUT THE APPROVAL OF THE DEPARTMENT OF VETERANS AFFAIRS OR ITS AUTHORIZED AGENT.”

The instruments evidencing the loan must bear the exact language of this assumption clause in:

- conspicuous position
- capital letters
- first page of the document
- type at least 2-1/2 times larger than the regular type on such page



## Purchase Agreement Escape Clause

It is expressly agreed that, notwithstanding any other provisions of this contract, the purchaser shall not incur any penalty by forfeiture of earnest money or otherwise or be obligated to complete the purchase of the property described herein, if the contract purchase price or cost exceeds the reasonable value of the property established by the Department of Veterans Affairs. The purchaser shall, however, have the privilege and option of proceeding with the consummation of this contract without regard to the amount of the reasonable value established by the Department of Veterans Affairs. (Authority: 38 U.S.C. 501(a), 3703 (c) (1))

**Q****&****A**

## Miscellaneous

### Frequently Asked Questions

**Q** Is **off base housing authorization** required for Veterans currently serving in the Armed Forces to process a loan package?

**A** DD Form 1747 is no longer required.

**Q** Where can I find information about **lender approval, automatic authority, or agents**?

**A** All of this information is contained in Chapter One of the VA Lender's Handbook. The Handbook can be found online at [http://www.warms.vba.va.gov/pam26\\_7.html](http://www.warms.vba.va.gov/pam26_7.html). A checklist and specific points to consider when applying for automatic underwriting authority can also be found there.

**Q** If the spouse is not on the mortgage can he/she be on **title**?

**A** VA is not concerned if the spouse is on title, but not on the mortgage. If the property is a community property state, the lender must follow state regulations. Lenders should contact their legal counsel for further guidance.

**Q** Should **gift funds** be verified in the donor's or applicant's account?

**A** There is no specific requirement in the VA Lender's Handbook. The lender must obtain a gift letter as a minimum. Many lenders obtain documentation of the Veteran's receipt of funds from a donor.

**Q** Is there a **less than arms-length transaction** requirement?

**A** No, VA has no less than arms-length transaction restrictions.

**Q** Can a Veteran purchase a home that is more than **50 miles** away from place of employment and **commute**?

**A** Yes, as long as the Veteran can commute to his primary residence a VA loan can be used. If the Veteran is going to be making an unusually long commute, the underwriter must consider commuting expenses in the loan analysis.

**Q** What procedures should I follow if I get a **CAIVRS "hit"**?

**A** The following steps should be taken: Contact the Veteran or co-applicant regarding the claim to find out if they know about it, or have proof that it has been paid in full/resolved. If the applicant is not aware of the item or needs to resolve it, someone must contact the federal agency listing the debt. If it is determined that there is no claim against the Veteran, the lender should document this by written confirmation from the agency or the lender telephone certification. The Housing and Urban Development's (HUD's) CAIVRS system may not be updated quickly so do not hold up the approval or closing. If there is a loss to the government, the lender must obtain proof of payoff or a written repayment agreement.





# HOW TO...

OBTAIN A COE  
ORDER AN IRRRL CASE NUMBER  
ORDER AN APPRAISAL  
GUARANTY A LOAN  
UPLOAD DOCUMENTATION



# HOW TO...

## OBTAIN A COE

### 1. Access WebLGY through the Veteran's Information Portal

The screenshot shows the WebLGY 10.3 interface. The top navigation bar includes 'HOME', 'LOAN', 'ELIGIBILITY', and 'CONTACT RLC'. A 'Recently Accessed' section lists 'Automated Certificate of Eligibility'. A callout box points to the 'ELIGIBILITY' tab with the text: '2. Click on the Eligibility Tab and Select "Automated COE"'. Below the navigation bar, there are sections for 'Available Functionalities' and 'Eligibility Links'.

3. Fill in all of the Veteran's information. If there is adequate information in the system the COE will automatically generate.

The screenshot shows the 'Automated Certificate of Eligibility Result' page. The page title is 'Automated Certificate of Eligibility Result'. Below the title, it displays 'Reference Number: 000000'. A callout box points to the reference number with the text: '4. If there isn't adequate information, the system will generate a reference number and an electronic application will need to be submitted.'

5. Fill in all information and upload supporting documentation

The screenshot shows the 'Eligibility Application' form. It includes a list of checkboxes for 'Veteran', 'Active Duty', 'Reserve Duty', and 'Prior Loans'. Below this is a 'Veteran Information' section with input fields for 'First' and 'Middle' names.

# How To...

## OBTAIN A COE

**6. Check the status of the application at any time by entering the reference number**

**VA** Department of Veterans Affairs **CERTIFICATE OF ELIGIBILITY**  
**REFERENCE NUMBER** FOR LOAN GUARANTY BENEFITS

NAME OF VETERAN: \_\_\_\_\_ SERVICE NUMBER: \_\_\_\_\_ PRIORITY NUMBER: \_\_\_\_\_

**7. You're Done! Print off the COE.**

ENTITLEMENT CODE: **10** BRANCH OF SERVICE: **Marine Corps** FUNDING FEE: **EXEMPT**

Prior Loans charged to entitlement					
VA Loan Number	State	Loan Amount	Date of Loan	Entitlement Charged	Status

**THIS VETERAN'S BASIC ENTITLEMENT IS \$36,000\***  
**TOTAL ENTITLEMENT CHARGED TO PREVIOUS VA LOANS IS \$0\***

The veteran is eligible for the benefits of Chapter 37, Title 38, U.S. Code, subject to any condition(s) cited below. Basic entitlement for veterans who have not previously used home loan benefits is \$36,000. Additional entitlement is available for most loans in excess of \$144,000. In such cases, the entitlement amount is 25% of the VA loan limit for the county where the property is located. VA county loan limits are adjusted annually, and the current limits are available at [www.benefits.va.gov/homeloans](http://www.benefits.va.gov/homeloans).

Issued By: \_\_\_\_\_ Date: January 18, 2012

**CONDITIONS**

**Funding Fee** - Veteran is exempt from Funding Fee due to receipt of service-connected disability compensation of \$389 monthly.

**Veterans' exemption status now shows on the COE!**  
 \*VA Form 26-8937, Verification of VA Benefits, should only be faxed in if indicated in the Conditions section, or if the Veteran disputes the exemption status.

# HOW TO...

## ORDER AN IRRRL CASE NUMBER

1. Access WebLGY through the Veteran's Information Portal

The screenshot shows the WebLGY 10.3 interface. At the top, there is a navigation bar with links for HOME, LOAN (with a dropdown arrow), ELIGIBILITY (with a dropdown arrow), and CONTACT RLC. Below the navigation bar, there are two main sections: "Recently Accessed Loans" and "Available Functionalities".

**Recently Accessed Loans:**

- 00-00-0-0000000 (GI JOE)
- 00-00-0-0000000 (GI JANE)

**Available Functionalities:**

- Obtain New VA loan number (LIN) for IRRRL
- Order IRRRL
- Loan Links
- Eligibility Links
  - Automated Certificate of Eligibility
  - Search
  - Prior Loan Validation
- Loan Status Inquiry

A callout box points to the "Order IRRRL" link in the "Available Functionalities" section.

2. Within the "Loan" drop down or from the "Available Functionalities" select "Order IRRRL"

The screenshot shows the "Order IRRRL Case" form. At the top, there is a header "Order IRRRL Case". Below the header, there is a text box with the instruction: "Please enter either the LIN of the current Loan being refinanced with an IRRL, or the VA loan number and their birth date." Below this text box, there are three input fields:

- SSN
- Original LIN
- Veteran Birth Month/Year \*

At the bottom of the form, there are two buttons: "Submit" and "Reset".

A callout box points to the input fields, containing the instruction: "3. Enter the Veteran's Social Security Number or the VA loan number and their birth date."

# HOW TO...

## ORDER AN IRRRL CASE NUMBER

Requester Information	
Original LIN	00-00-0-0000000
Requester Identification Indicator	Lender
Lender ID	000000 <span style="color: red;">Will be pre-populated with your lender ID number</span>
Other Requester ID	
Sponsor Lender ID	<input type="text"/> <span style="color: red;">Enter Sponsor ID number if applicable</span>
Requester Name *	SMITH <span style="color: red;">These fields will be pre-populated with requestor info</span>
Requester Phone *	<input type="text"/>
Requester Phone Extension	<input type="text"/>

Please ensure that the veteran and property address are correct before continuing.

4. If everything looks accurate click "Submit"

IRRRL Ordered Successfully

IRRRL loan Information	
New IRRRL LIN	00-00-0-0000000
Original LIN	00-00-0-0000000
Veteran Name	GIJOE
Property Address	123 SOMEWHERE STREET ANYTOWN, USA 54321
County	ANYWHERE
Requester Identification Indicator	Lender
Lender ID	000000
Other Requester ID	
Sponsor Lender ID	
Requester Name	SMITH
Requester Phone	(000)000-0000
Requester Phone Extension	

**You're Done! A new IRRRL LIN has been issued**

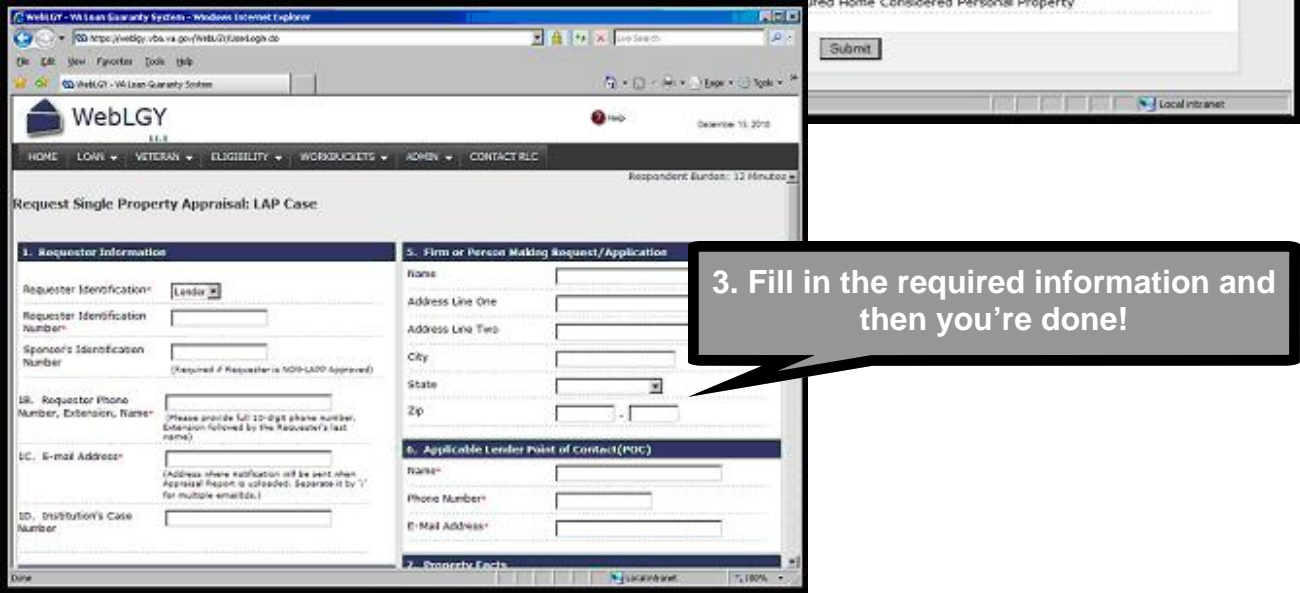
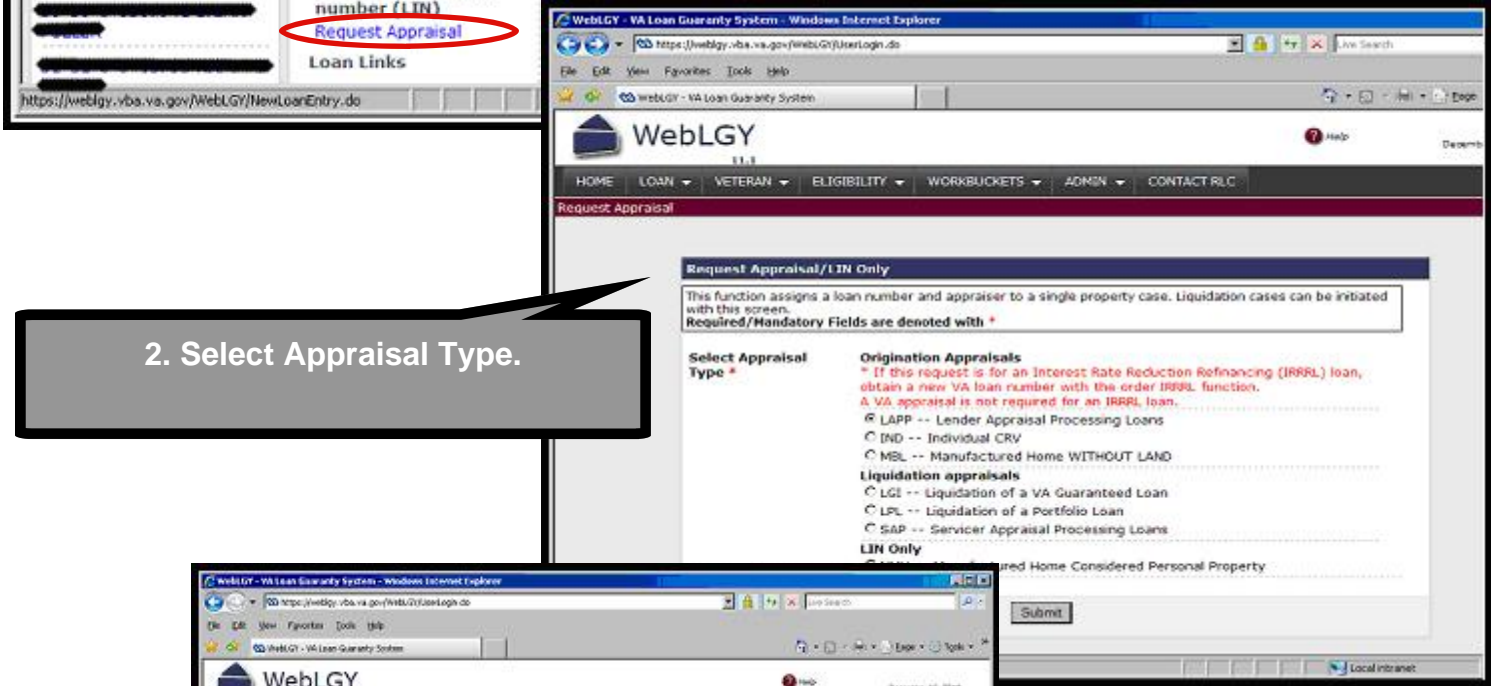
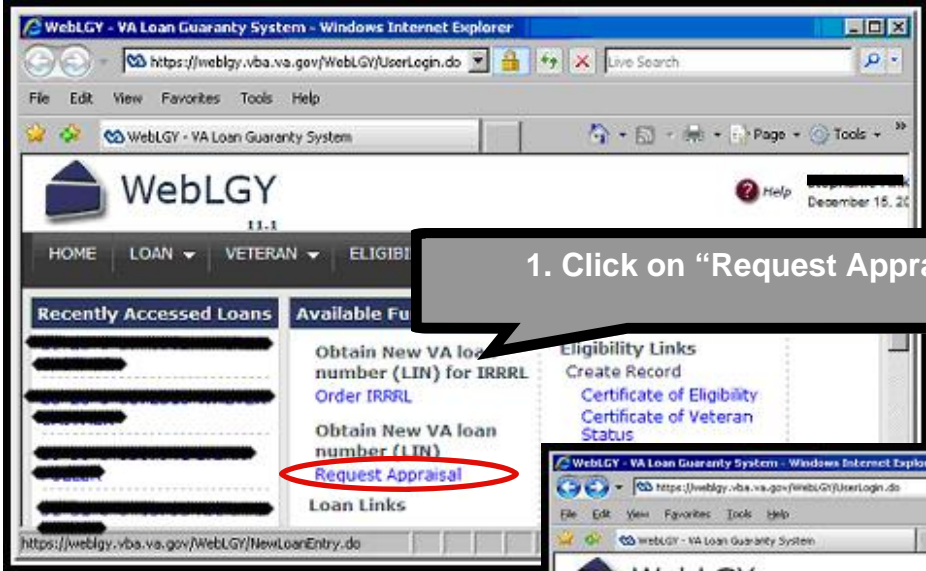
NEW!

The Veteran's funding fee exempt status now shows on the IRRRL case number screen!





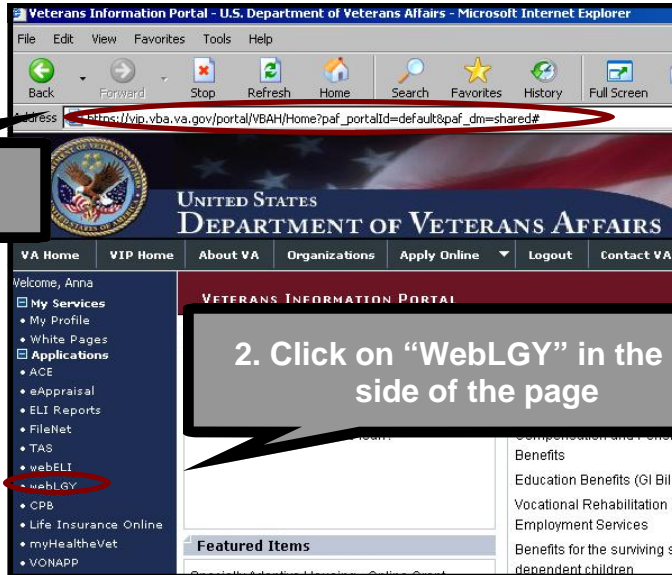
# HOW TO... ORDER AN APPRAISAL





# HOW TO...

## GUARANTY A LOAN

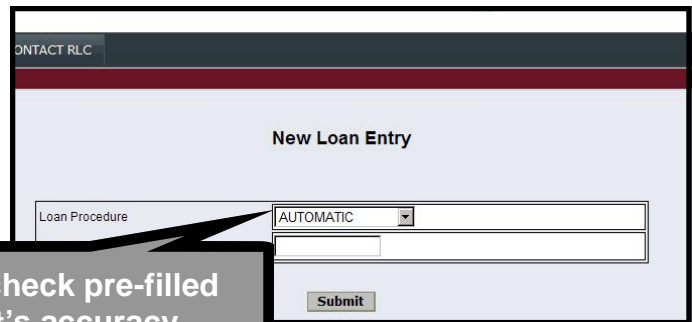


1. Access: <http://vip.vba.va.gov>

2. Click on "WebLGY" in the left side of the page



3. Within the "Loan" drop down or from the "Loan Links" select "Enter New Loan"



4. Enter data and check pre-filled data to ensure it's accuracy



5. Print off a copy of the Loan Guaranty Certificate for your records

# HOW TO...

## SUBMIT A FILE ELECTRONICALLY

1. WebLGY indicates if a file was selected for audit in the upper right hand corner of the status and history screen.

WebLGY 12.2 Build 33

HOME LOAN ELIGIBILITY CONTACT RLC

Notes  
Status & History  
Summary  
Certificates  
Activity  
Correspondence  
LR STANDARD  
LAPP 11/08/2007  
CRV/NOV/MCRV  
Issued

LIN: 09-09-6- RLC: 325 - CLEVELAND Loan Status: Guaranty Issued Appraisal Type: LAPP - Origination Status: CRV/NOV/MCRV Issued

**Status & History** Audit: YES

**Veteran / Obligor Information**

Obligor Name  
Date of Birth  
SSN XXXX-XX-  
Entitlement Code 10 Persian Gulf  
Entitlement Charged \$65,120  
Restoration Code No Restoration

**Property Information**

Property Doc(s) Appraisal Report  
Property Address HADDON HEIGHTS, NJ  
County:

**Loan Information**

Refinance / Loan Code 1-Purchase  
Purchase Price \$255,000  
Down Payment

**Guaranty Information**

2. Once all the documents are saved as one file, click on the correspondence tab to upload.

WebLGY 12.2.1 Build 3

HOME LOAN ELIGIBILITY CONTACT RLC

Notes  
Status & History  
Summary  
Certificates  
Activity  
Correspondence  
LR STANDARD  
LAPP 11/08/2007  
CRV/NOV/MCRV  
Issued

LIN: 09-09-6- RLC: 325 - CLEVELAND Appraisal Type: LA - Origination Status: CRV/NOV/MCRV Issued

**Correspondence**

**Enter Correspondence**

Submission Date 06/06/2012  
Document Association \* LoanReview  
Correspondence Type Document Received  
Document Type LR File  
File to Upload \* Browse...  
Document Name LR File

User  
Note Public

Submit

**Loan Correspondence History**

Submission	Document Type	Document Name	Correspondence	Submitting
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3. Within the Correspondence page, select "Loan Review" for the Document Association. Document type is "LR File".

4. Click on Browse to find the file location on your computer.

5. Name it LR File or Full Review Package. Something that is easy to identify.

6. Click Submit. You're Done!  
The full review package will be uploaded and available for review immediately.

# FULL REVIEW REQUIRED DOCUMENTS AND STACKING ORDER

IRRRLS	PURCHASE/CASH OUT REFINANCES
<ul style="list-style-type: none"> <li>• Lender’s cover letter (if used)</li> <li>• Uniform Residential Loan Application (URLA)               <ul style="list-style-type: none"> <li>◦ VA Form 26-1802a, HUD/VA Addendum to URLA</li> </ul> </li> <li>• HUD-1 Settlement Statement or Closing Disclosure Statement</li> <li>• HUD-1 itemization attachments (Breakout of lines 801 and 802, 1100 (title fees), 200 (credits), etc.). <b>*For loan applications taken prior to October 3, 2015.</b></li> <li>• Report and Certification of Loan Disbursement (VA Form 26-1820)</li> <li>• Statement signed by the Veteran acknowledging the effect of the refinancing loan on the Veteran’s loan payments, interest rate and term of the loan.</li> <li>• VA Form 26-8923, <i>Interest Rate Reduction Refinancing Loan Worksheet</i></li> <li>• VA Form 26-8937, <i>Verification of VA Benefits</i>, (if applicable)</li> <li>• Lender’s certification that the prior loan was current (not 30 days or more past due) at the time of loan closing</li> <li>• Credit Alert Verification Report System (CAIVRS): borrower, co-borrower</li> <li>• VA Form 26-0503, <i>Federal Collection Policy Notice</i></li> <li>• VA Form 26-0286, <i>VA Loan Summary Sheet</i></li> <li>• If guaranteed more than 60 days after loan closing, a statement signed by a corporate officer of the lender which identifies the loan, provides the specific reason(s) for late reporting, and certifies that the loan is current</li> <li>• TIL– Truth in Lending <b>*If submitting with a HUD-1</b></li> <li>• GFE—Good Faith Estimate <b>*If submitting with a HUD-1</b></li> <li>• Documentation of the cost of energy efficiency improvements included in the loan.</li> <li>• Other necessary documents (POA, Lenders Loan Quality Cert, etc.)</li> </ul>	<ul style="list-style-type: none"> <li>• Lender’s cover or transmittal list (if used)</li> <li>• Evidence of compliance with Notice of Value (NOV) requirements</li> <li>• Uniform Residential Loan Application (URLA)               <ul style="list-style-type: none"> <li>◦ <i>With revised VA Form 26-1802a, HUD/VA Addendum to URLA</i></li> </ul> </li> <li>• Purchase/earnest money contracts               <ul style="list-style-type: none"> <li>◦ <i>Including the VA Escape Clause</i></li> </ul> </li> <li>• HUD-1 Settlement Statement or Closing Disclosure Statement</li> <li>• HUD-1 itemization attachments (Breakout of lines 801 and 802, 1100 (title fees), 200 (credits), etc.). <b>*For loan applications taken prior to October 3, 2015.</b></li> <li>• VA Form 26-1820, <i>Report and Certification of Loan Disbursement</i></li> <li>• VA Form 26-8497, <i>Request for Verification of Employment</i>, and other verifications of income such as pay stubs and tax returns.</li> <li>• Credit Alert Verification Report System (CAIVRS): borrower, co-borrower</li> <li>• All original credit reports obtained and any related documentation such as explanations for adverse credit</li> <li>• VA Form 26-8497a, <i>Request for Verification of Deposit</i>, and other related documents</li> <li>• For AUS Cases: Feedback certificate and underwriters certification</li> <li>• VA Form 26-6393, <i>Loan Analysis</i></li> <li>• VA Form 26-0286, <i>VA Loan Summary Sheet</i></li> <li>• If guaranteed more than 60 days after loan closing, a statement signed by an officer of the lender which identifies the loan, provides the specific reason(s) for late reporting, and certifies that the loan is current</li> <li>• VA Form 26-0592, <i>Counseling Checklist for Military Homebuyers</i>, if on active duty</li> <li>• TIL– Truth in Lending <b>*If submitting with a HUD-1</b></li> <li>• GFE—Good Faith Estimate <b>*If submitting with HUD-1</b></li> <li>• Other necessary documents (POA, Lenders Loan Quality Cert, etc.)</li> </ul>

Where in the world are VA's Regional Loan Centers?

**Atlanta**

PO Box 100023  
Decatur, GA 30031  
E: atlloanprod@va.gov  
P: 888.768.2132  
F: 404.929.5401  
States: GA, SC NC, TN

**Cleveland**

1240 East Ninth Street  
Cleveland, OH 44199  
E: vahomesite@va.gov  
P: 800.729.5772  
F: 216.522.3101  
States: CT, NJ, DE, PA, OH, IN,  
MA, ME, MI, NH, NY, RI, VT

**Denver**

155 Van Gordon Street  
Denver, CO 80228  
E: lgyemail@va.gov  
P: 888.349.7541  
F: 303.914.5666  
States: AK, CO, ID, MT,  
OR, UT, WA, WY

**Houston**

6900 Almeda Road  
Houston, TX 77030  
E: houstonlgy@va.gov  
P: 888.232.2571  
F: 713.383.1772  
States: AR, OK, LA, TX

**Roanoke**

210 Franklin Road SW  
Roanoke, VA 24011  
E: lplender.vbaroa@va.gov  
P: 800.933.5499  
F: 215.842.7217  
States: DC, KY, MD, VA, WV

**Phoenix**

3333 N. Central Avenue  
Phoenix, AZ 85012  
E: lpgc.vbapho@va.gov  
P: 888.869.0194  
F: 602.627.3221  
States: AZ, CA, NV, NM

**St. Petersburg**

9500 Bay Pines Blvd.  
St. Petersburg, FL 33708  
E:  
homeloan.vbaspt@va.gov  
P: 888.611.5916  
F: 727.319.7763

**Hawaii**

P: 808-433-0481  
\*\*\*Not an RLC. Only  
handles HI loans.

**St. Paul**

1 Federal Drive  
St. Paul, MN 55111  
E: rlc335@va.gov  
P: 800-827-0611  
F: 215.991.5043  
States: IA, IL, KS, MN, MO,  
ND, NE, SD, WI

Web addresses for each Regional Loan Center can be found at: <http://benefits.va.gov/homeloans>



## Frequently used VA Forms

Form	Title or Description
26-0286	VA Loan Summary Sheet
26-0503	Federal Collection Policy Notice
26-0551	Debt Questionnaire
26-0592	Counseling Checklist for Military Homebuyers
26-1802a	HUD/VA Addendum to Uniform Residential Loan Application
26-1817	Determination of Loan Guaranty Eligibility- Unmarried Surviving Spouse
26-1820	Report and Certification of Loan Disbursement
26-1880	Request for a Certificate of Eligibility
26-1859	Warranty of Completion of Construction
26-6393	Loan Analysis
26-8497	Request for Verification of Employment
26-8736a	Non-supervised Lender's Nomination and Recommendation of Credit Underwriter
26-8812	VA Equal Opportunity Lender Certification
26-8923	Interest Rate Reduction Refinancing Loan Worksheet
26-8937	Verification of VA Benefits

Did you  
know?

All VA forms are conveniently located at:  
[Http://www.va.gov/vaforms](http://www.va.gov/vaforms)

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