

DEPARTMENT OF VETERANS AFFAIRS LENDER TRAINING



Regional Loan Center
Toll free 1-877-827-3702

**PRESENTED BY THE
ST. PETERSBURG, FLORIDA
REGIONAL LOAN CENTER**

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HOW TO CONTACT US

QUESTIONS - CONTACT THE VA

Go to **WWW.BENEFITS.VA.GOV/HOMELOANS/**
Lenders Handbook (VA Pamphlet 26-7) and for
other additional VA lender information

CALL 1-877-827-3702, or email
FL/HOMELOAN@VA.GOV **or**
VASTAFFAPPRAISERS@VA.GOV

VA form 26-8937 can be faxed to 215-713-1297

WHY A VA LOAN?

- ❖ No Down Payment for loans up to \$453,100
- ❖ No Mortgage Insurance Premium (PMI)
- ❖ Limitation on Buyer's Closing Costs
- ❖ No prepayment penalty
- ❖ Servicing is available through the VA to avoid foreclosures. Please check VA Portal for VALERI updates. Borrowers should contact lender first.



EASY STEPS TO A VA LOAN

- ❖ Request the COE and Determine Available Entitlement
- ❖ Determine FF Exempt or Non Exempt Status on the COE
- ❖ COMPLETE ALL REQUIRED FORMS (CH 5)
- ❖ VERIFY CREDIT IS SATISFACTORY (CH 4)
- ❖ OBTAIN APPRAISAL & NOTICE OF VALUE (CH 13)
- ❖ OBTAIN VOEs AND AUS-IF USED (CH 4)
- ❖ ASSET VERIFICATION IF NEEDED (CH 4)
- ❖ OBTAIN VETERAN'S (IF EXEMPT) STATUS (COE)
- ❖ SELLER CONCESSIONS AND ALLOWABLE CLOSING COSTS (CH 8.2)
- ❖ CALCULATE FUNDING FEE
- ❖ Close the Loan

STEP 1 For Lenders REGISTER IN THE VA PORTAL

- ❖ Go to WWW.BENEFITS.VA.GOV/HOMELOANS/
- ❖ Access VA Portal and Register- Portal website is vip.vba.va.gov
- ❖ Must have a VA Lender ID



STEP 2

OBTAIN A CERTIFICATE OF ELIGIBILITY (COE)

Complete VA Form 26-1880 or create an electronic application

Access WEBLGY to get electronic COE (through the VA Portal) at WWW.BENEFITS.VA.GOV/HOMELOANS/ or VIP.VBA.VA.GOV

Upload supporting documents , *Forms 26-1880, DD214 (member 4 copy) and/or Statement of Service. Satisfaction of Mortgages, Recorded Deeds and Fully Executed Closing Disclosure will support restorations of entitlement*

Paper applications should be mailed to the office of jurisdiction.

SURVIVING SPOUSE COE

- ❖ Electronic application is the preferred method, however, paper applications are accepted, and this process may be lengthy. Mail in form 26-1817 and supporting docs immediately. [Chapter 2.3](#)
- ❖ Surviving Spouse COE requests can now be generated electronically through Web-LGY. Spouse COE must be requested with the spouses name and with his/hers Social Security number. Paper applications should be mailed to the office of jurisdiction.

ENTITLEMENT

BASIC ENTITLEMENT

- ❖ A Veteran's basic entitlement is
 $\$36,000 * 4 = \$144,000$
Note: "4" represents the 25% guaranty
- ❖ For loans greater than \$144,000,
additional entitlement is available.

BONUS ENTITLEMENT

- ❖ **Bonus Entitlement**
 $\$113,275 - \$36,000 = \$77,275$
- ❖ **Bonus Loan amount**
 $\$77,275 * 4 = \$309,100$
- ❖ **Max loan guaranty**
 $\$36,000 + \$77,275 = \$113,275$
- ❖ **Loan Amount**
 $\$113,275 * 4 = \$453,100$

RESTORATION OF ENTITLEMENT

- ❖ When entitlement is used, it must be restored to obtain a 25% guaranty.
- ❖ Complete VA Form 26-1880 and provide proof of service (upload all documents into WEBLGY)
- ❖ Provide proof of loan payoff and disposal of property, e.g. -

Closing Disclosure
Recorded copy of Deed
Release of Deed of Trust

Chapter 2-3

VERIFICATION OF BENEFITS

- ❖ In most cases, the Veteran's **Exempt Status** is now verified on the **Certificate of Eligibility(COE)**.
- ❖ Since the Funding Fee status is shown on the COE, **lenders** in most cases **will no longer be required to fax** VA Form 26-8937 to VA for processing. If the COE says submit VA form 26-8937, fax it to the RLC of loan jurisdiction.
- ❖ Do not send the form if the Veteran does not indicate they receive service-connected disability benefits from VA. Circular 26-11-11



Department of Veterans Affairs

REFERENCE NUMBER

NAME OF VETERAN

ENTITLEMENT CODE **10**

BRANCH OF SERVICE **Army**

CERTIFICATE OF ELIGIBILITY

FOR LOAN GUARANTY BENEFITS

SERVICE NUMBER
SOCIAL SECURITY NUMBER

FUNDING FEE **Exempt**

VA form 26-8937
not needed

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.homeloans.va.gov.

Issued By: Nick Fisseler

Date: May 20, 2011

CONDITIONS

Funding Fee - Veteran is exempt from Funding Fee due to receipt of service-connected disability compensation of \$1200 monthly (unless checked, the funding fee receipt must be remitted to VA with CA Form 26-1820, Report and Certification of Loan Disbursement).

Where To Get MILITARY RECORDS

- ❖ Request a DD214 with form SF 180 online to WWW.ARCHIVES.GOV
- ❖ Mail Standard Form 180 To:
National Personnel Records Center
1 Archives Drive
St Louis, MO 63138
Call 1-314-801-0800 or 1-866-272-6272
Fax 1-314-801-9195
- ❖ Reservist military records like NGB 22 & MGB 23, Report of Separations and Statements of Retirement Points can be requested.

ELIGIBLE LOAN PURPOSES



- ❖ Purchase or construct a home
- ❖ Refinance

IRRRL (streamline or rollover) > See New Circulars

26-18-1 - 26-18-3 – 26-18-14

Cash-Out or Regular Refinance-up to 100% of property Value. The Veteran must occupy.

- ❖ Alterations/Repairs Reference (Circular 26-18-6)
- ❖ Install Energy Efficient features

Question?

A Vet may use their benefit to purchase Land Only.

True or False

Chapter 3 & Chapters 6-7

HIGHLIGHTS FOR NEW VA ALTERATION'S LOANS

- ❖ Final inspection: When the property is 100% complete, the lender will contact the original VA fee appraiser to complete the VA final repair inspection.
- ❖ Guaranty. The guaranty for alteration and repair and loans will not be issued until a clear final inspection report has been completed by the VA fee appraiser.

REFINANCING LOANS

- ❖ Refer to Chapter 6
- ❖ Check occupancy rules, Chapter 3
- ❖ Verify there is an active VA Loan for **IRRRL** loans.
- ❖ Cash-Out up to 100% value; credit/income qualify, appraisal and occupancy required.
- ❖ IRRRL- No credit, No Appraisal required. Max cash back \$500. **No COE or 26-8937 required**

OTHER TYPES VA LOANS

- ❖ Joint Loans must be submitted to VA for Credit Underwriting and Prior Approval is required by VA
IE: VET-VET Loans (exception-2 veterans using both entitlements that are married to each other close automatic and upload closing package for guaranty)
- ❖ VET-NON VET
- ❖ A complete file must be submitted including appraisal, NOV and credit documents
- ❖ All loans for Veterans in receipt of Non Service Connected Pension must be submitted to VA for Credit Underwriting Prior Approval
- ❖ All loans for Veterans with a Fiduciary in receipt of Service Connected Compensation must be submitted to VA for underwriting

STEP 3

CREDIT APPROVAL ORIGINATION PROCESS

- ❖ Once it is determined the borrower is an eligible Veteran and has obtained a COE, begin the application process.
- ❖ *Please obtain the COE with the Verification of Benefits early – Not on the day of closing.*

REQUIRED DOCUMENTATION

- ❖ CAIVRS
- ❖ AUS (Automated underwriting Print out, Data Integrity).
- ❖ Debts and obligations (Credit reports)
- ❖ Notice of Value, Sales Contract & Appraisal
- ❖ Loan Application
- ❖ Executed URLA & 1802a
- ❖ Verified, available income, 2 years minimum
- ❖ Occupancy
- ❖ Assets
- ❖ Adverse Data (Credit - letter of explanation)
- ❖ Form 26-6393 Loan Analysis, fully executed

OCCUPANCY REQUIREMENT

- ❖ The Veteran borrower must intend to occupy the home as his/her primary residence
- ❖ This must be indicated on VA Form 26-1820 at closing
- ❖ The spouse or dependent child of single veteran are the "only" people that can satisfy the occupancy requirement - Guardianship documentation for the dependent child is required

DEBTS AND OBLIGATIONS

- ❖ Significant Debts must not be omitted from the total debts to determine repayment ability. Form 26-6393
- ❖ One full month of paystubs may reveal additional unreported debts such as alimony, garnishment, etc.
- ❖ Child care costs should be addressed if children in household age 12 and under
- ❖ Analyze Credit, Adverse data, supporting documents are required

Chapter 4

STEP 5

INCOME VERIFICATION

- ❖ Obtain either a verbal Verification of Employment or VA Form 26-8497
- ❖ Overtime, Bonus and Commission must be verified on VA Form 26-8497
- ❖ Active Duty – LES, PCS Orders and Statement of Service – Sea Pay, Flight Pay, etc must be verified as to how long these types of income will continue in the foreseeable future
- ❖ Paystubs –One stub will suffice if it covers one full month. If there is evidence from other documents of garnishments, provide additional documentation

ALLOWABLE FEES AND CHARGES

- ❖ 1% combined origination and settlement charges from lender
- ❖ Re-Key Fee from FNMA allowable under the 1%
- ❖ Pest Inspection charged to Veterans is allowable for our Jurisdiction
- ❖ Seller Concessions (4% MAXIMUM) of the NOV



Chapter 8

APPRAISAL REQUIREMENTS

- ❖ A **complete** Sales Contract must be uploaded into WebLGY for the appraiser . Failure to provide this will hold up the assignment.
- ❖ Title Study and Legal Description-lender must provide **complete** legal description on the 1805.
- ❖ Burglar Bars–VA is no longer offering waivers.
- ❖ Release on at least one window per room or rapid egress is required.
- ❖ Wood destroying Insect inspections are required in FL, MS, AL.
- ❖ PR and VI not required unless part of the property is constructed of wood.

STEP 6

CLOSE LOAN/PAY FUNDING FEE

- ❖ The funding fee is paid electronically by the lender within 15 days of closing. FFPS requires a password for access. FFPS can be accessed at www.ffps.vba.va.gov
- ❖ The lender must be Vendorized, Form SF-3881. Email vip.vbaco@va.gov (see Circular 26-15-3)
- ❖ All VA loans, including exempt cases must show a funding fee record in order to obtain Guaranty (LGC).

STEP 7

ISSUE AUTOMATIC GUARANTY(LGC)

- ❖ A Loan Guaranty Certificate (LGC) is obtained by automatic lenders through the WEBLGY System or **RLC for Prior Approval Loans**
- ❖ Log into VA Portal - **VIP.VBA.VA.GOV**
Select WEBLGY. Go into *Loan*, enter New Loan, select the Automatic Option and submit all information required as per loan closing documents.
- ❖ All data must coincide with Certificate of Eligibility, Property Information and Funding Fee System. Click submit. Loan Guaranty Certificate will be generated in seconds.

FULL REVIEWS AND LGC PROCESS

- ❖ WEBLGY is programmed to mark every 5th case for full review/audit as required in Circular 26-13-10
- ❖ Upload full package into WEBLGY when shows “YES” in the top right corner (shows once the loan has been guaranteed) (See Circular 26-15-24)
- ❖ If submitting package to VA for Loan Guaranty Certificate (LGC), provide documents required per Modified Submission Package (CI, section 6) **Upload as one document**
- ❖ IRRRL or Cash Out Refinance-refer to Chapter 6 and provide required documents

Chapter 5

FULL REVIEWS AND LGC PROCESS

- ❖ Refinance(cash-out or regular) loans should have proper coding on the COE and restoration is done simultaneously with the guaranty. Cash-out refinance information if VA will show on COE.
- ❖ Regular Refinance Loans are guaranteed at 100% of the value as determined by VA.
- ❖ Entitlement needs to be *restored* in order to obtain 25% guaranty.

THANK YOU

**Questions
Discussion**

