## Thursday Morning Agenda and PowerPoint Slides

### April 13, 2017

<table>
<thead>
<tr>
<th>Time</th>
<th>Session</th>
<th>Speakers</th>
</tr>
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<tbody>
<tr>
<td>7:45</td>
<td>Administrative Notes</td>
<td>Mark Connors</td>
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<tr>
<td>8:00</td>
<td>LGY Director’s Address</td>
<td>Jeff London, Director, Loan Guaranty Service</td>
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<tr>
<td>8:30</td>
<td>Condominiums</td>
<td>Phyllis Chilton</td>
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<tr>
<td>8:45</td>
<td>Panel Discussion: Latest Trends in the Appraisal Industry</td>
<td>John Bredemeyer, President, Realcorp; Alan Hummel, Chief Appraiser, First American Mortgage Solutions; Greg Stephens, Chief Appraiser/Compliance, Metro-West Appraisal Co., LLC; Gerald A. Kifer, Supervisory Appraiser; Moderator: John Bell III, Assistant Director for Loan Policy and Valuation</td>
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<tr>
<td>10:15</td>
<td>Break</td>
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<td>10:35</td>
<td>Construction Loans</td>
<td>Kent Koehler, Greg Nelms</td>
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<td>11:05</td>
<td>Summary of Discussion and Next Steps</td>
<td>John Bell III, Chiefs</td>
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<td>12:00</td>
<td>Lunch</td>
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Condominiums

Presented by:
Phyllis Chilton, Valuation Officer, Phoenix RLC

HOW TO SUBMIT

• VBA Circular 26-16-35, dated November 3, 2016

• Program participants are required to upload condominium association documents into WebLGY in PDF format

• Establish condominium record in WebLGY

• Follow stacking and labeling order

• Remember to include your point of contact information with phone number and a valid e-mail address
FHA APPROVED CONDOMINIUMS

• Effective December 7, 2009, VA no longer accepts HUD/FHA condominium project approvals in lieu of VA project review

• Condominiums previously accepted by VA, based upon HUD/FHA acceptance, continue to be acceptable to VA
  – New Phase additions cannot be added to condominiums that are HUD/FHA accepted
  – Complete package must be submitted to RLC for approval

Condo Functions
Search Condo

Condo Search

Wild-card search can be performed using a * on the condo name field.

Condo ID

Condo Name

State*

Status

Search

Search Results

Search Results

<table>
<thead>
<tr>
<th>ID</th>
<th>Condo Name</th>
<th>State</th>
<th>Status</th>
</tr>
</thead>
<tbody>
<tr>
<td>001234</td>
<td>ABC Condos</td>
<td>CA</td>
<td>Accepted Without Conditions</td>
</tr>
<tr>
<td>002234</td>
<td>BCD Condos</td>
<td>CA</td>
<td>Accepted Without Conditions</td>
</tr>
<tr>
<td>003234</td>
<td>CDE Condos</td>
<td>CA</td>
<td>Accepted Without Conditions</td>
</tr>
</tbody>
</table>
Create Condo Record

REQUIRED DOCUMENTS

Required Stacking Order and Naming Convention

- Declaration
- Bylaws
- Amendments
- Plat Map
- Rules and Regulations
- Meeting Minutes
- Budget
- Special Assessment Letter
- Litigation Letter
- Presale Letter
- Other

Be sure to include the condo address including zip code and county
MOST COMMON ISSUES

- Creating multiple ID numbers for same association
- Incomplete Package
- Missing Pages
- Illegible Documents
- Documents Are Not Recorded
- Incomplete Contact Information

VA Condominiums

Please save your questions for today’s Open Forum
References for Construction, Alteration & Repair

• USC 38 3710

• VA Lender Handbook 26-7, Ch. 7, Loans Requiring Special Underwriting, Guaranty and Other Considerations

• Additional guidance in development
Important Points to Consider

LGC will not be issued until a clear final compliance inspection report has been issued, and

Must meet MPR’s, Reasonable Value and Funding Fee paid

Must have a VA builder ID prior to closing (all types)

Repair and Alterations must be those ordinarily found on similar properties of comparable value in the community

Lender Expertise

Lenders should have the specialized experience to originate, process, underwrite (borrower, project and builder), close, service and administer such loans.

It is recommended that lenders participating in VA construction, repair, alteration, and improvement loans, have internal policy to address issues that are common to this type of lending.
Determining the Acquisition Cost

The loan is closed prior to the start of construction based on the lesser of the acquisition cost or the "as completed" value as specified on the VA Notice of Value

Purchase price of lot or land payoff + construction costs (including builder fee/profit) + interest reserve (if not in construction costs), or

Inclusive purchase contract (Construction, lot, builder fee/profit, interest reserve), or

Purchase price + construction costs (including builder fee/profit) + interest reserve (if not in construction costs), or

Refinance of all existing liens + construction costs (including builder fee/profit) + interest reserve (if not in construction costs) + closing costs

Ordering the Appraisal

WebLGY
- Proposed- VA builder ID required
- Existing
- Built less than one year and never occupied

Construction to Permanent
- Construction Exhibits, 26-7 Ch. 10, sect. 10.10

Alteration, Improve & Repair
- See 26-7 Ch. 10, sect. 10.05
Notice of Value

Does the NOV expire?

Under contract & continuous processing toward the closing of the loan, then the NOV is not considered to be expired & no new appraisal would be necessary.

Funding Fee

Construction Loans Only

Equity in the secured property counts as a downpayment for calculating the funding fee. 26-7, Ch. 8, sect. 8.g.
Benefits

Veteran Benefits
• Veteran opportunity to purchase a home that does not initially meet MPRs
• Build their dream home
• Include special features to help the Veteran
• Using own land- the ideal location!
• Cost effective way to improve the home

Lender Benefits
• Lender expertise adds to the product line
• Increased revenue, 26-7 Ch. 8, sect. 2

Questions?
Thank you