Brain Test

Question:
Can a salaried wage earner claim unreimbursed expenses on form 2106 in their federal tax return?

Answer:
Yes, certain types of business expenses can be deducted from income on Form 2106.
**Old Process**

- The Lender’s Handbook was silent on the treatment of 2106 expenses deducted on tax returns.
- Lenders generally reduce income by the amount deducted on Form 2106.
- These would even be deducted if the borrower did not have commission income or self employment
- Not established VA policy

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**New Process**

- Commission income 25% or less of total annual employment income
  - 2106 expenses are not deducted from income
  - Tax returns are not required to document income or deductions
- Commission income of 25% or more of annual income
  - Deduct 2106 expenses from income
  - Tax returns are required for documentation

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**New Process**

- Automobile Expenses and 2106 deduction exception
  - Lender determines if the 2106 automobile expenses should be deducted from income or treated as a liability
    - If the reported 2106 expenses exceed the allowance, deduct the net calculation in Section D of VA Form 26-6393
      - If expenses are less than the allowance then add the net to Veterans income in block 38 and document in notes
  - Document all decisions in Remarks field to explain treatment of 2106 expenses
Questions???

Thank you

Appraisal Process
Raymond Chang
Loan Guaranty Officer, Honolulu

OBJECTIVES

- Basic procedures with portal screen shots
- How to deal with minor issues
- General issues surrounding appraisals
Getting Started

- Access the VIP Portal @ https://vip.vba.va.gov/portal/VBAH/Home
- User must be registered
  - If not registered: Click User Registration
  - If registered, Proceed to log in

Initial Portal Page

Locating WebLGY
Common Request Issues

- Lender must have ID number and/or sponsor ID
- Contact information to complete fully i.e. phone, emails
- Condo ID should be checked to determine if it will require approval
- Broker and/or key location
- Status: Proposed/Existing/Built less than one year and never occupied
- Borrower information- Purchase or Refinance

Certification

- Email is sent to the appraiser- Includes the 1805 (VA order form)
- Lender must upload the contract to WebLGY (If applicable)
- Appraiser will make contact to schedule the appointment
- Appraisal Report will be uploaded to WebGLY
Common Questions/Problems

• IND or LAPP?
• LGI-Servicers/Lenders/Other requester
• Additional Fees
• What Constitutes a New Assignment?

Questions???

Thank you

Resolving Policy Issues

Mark Connors, Lender Liaison
Research First

Research scenario prior to contacting RLC

- Research Lenders Handbook
- Remember – VA uses guidelines – relatively few hard and fast rules
- Check with colleagues
- The next slide is Very Important!!

In the words of Bill White

"I would suggest the best training guide already exists - the Lenders Handbook. Chapter 4 is the primary tool for underwriting VA loans. Because it encourages flexibility in delivering the VA benefit, it gives wide latitude to lenders. The expectation is that lenders, especially lenders with automatic authority, will use their own judgment when necessary. As long as lenders document their reasoning, it’s extremely unlikely VA staff would ever take issue with their decision. **

We deliberately promulgated wide ranging credit guidelines, rather than attempting to deal with minute scenarios. This way, lenders can use their judgment and expertise when processing VA loans."

** Document! Document!! Document!!! Tell the story!!!

Resolving Policy Issues

1. Case-specific questions
   - Contact RLC with jurisdiction
   - Discuss with Loan Specialist
   - Elevate to ALPOLPO if not resolved
   - Elevate to Lender Liaison if still unresolved

2. Audit finding questions
   - Attempt to resolve with auditor
   - Elevate to ALPOLPO
   - Elevate to Lender Liaison if still unresolved

3. General questions
   - Research in Lenders Handbook
   - Refer to Bill White’s guidance
   - Contact RLC with jurisdiction
My Contact Information

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GovDelivery:
https://public.govdelivery.com/accounts/USVAVBA/subscriber/new?preferences=true

Questions???

Thank you

Lender Scorecard

John Bell, Assistant Director
Kent Koehler, Loan Production Officer