

## **Modernizing the VA Funding Fee Payment and Loan Guaranty Certificate Process**

1. **Purpose.** The Department of Veterans Affairs (VA) is publishing this Circular to notify the mortgage industry of the development of a new Loan Guaranty Service (LGY) application programming interface (API) known as the Guaranty Remittance API. Once deployed, this API will allow a lender's loan origination system (LOS) to electronically submit information necessary to report a loan to VA for purposes of requesting evidence of guaranty (i.e., the Loan Guaranty Certificate or (LGC)), including the payment of the VA funding fee, via an automated capability and without human intervention.

2. **Background.** Currently, when attempting to report a closed loan to VA, an authorized lender must pay the VA funding fee in the Funding Fee Payment System (FFPS), then login to WebLGY, manually provide certain loan data, and then manually download the LGC, which is then uploaded to the lender's systems in accordance with their procedures.

3. **Modernization Strategy.** To eliminate manual data entry, improve data integrity, and streamline the process, VA has begun modernizing the VA home loan lifecycle. This large-scale undertaking will be a years-long effort that includes an end-to-end API ecosystem that leverages existing industry standards, such as Mortgage Industry Standards Maintenance Organization (MISMO). VA will take a phased approach in deploying various APIs to realize its full modernization strategy.

4. **Guaranty Remittance API.** The first API being developed by VA is Guaranty Remittance, which will allow full automation of the funding fee payment, loan reporting, and issuance of the LGC. To begin aligning to the industry in data collection and data standardization efforts, the Guaranty Remittance API will also enable lenders to submit the Uniform Closing Dataset (UCD) and Uniform Loan Application Dataset (ULAD).

5. **Action.** Lenders and LOS providers should initiate planning and development activities to fully realize the benefits of Guaranty Remittance. The API is currently being developed and VA anticipates that industry testing could begin as early as January 2022. Further, VA anticipates a production-ready version of the Guaranty Remittance API to be deployed as early as October 1, 2022. In addition to the necessary technology changes, lenders should also consider the impact to their respective operations, policies and procedures.

a. VA has published the Guaranty Remittance technical specification, which is available at VA's Technology Knowledge Center webpage, located at: <https://www.benefits.va.gov/HOMELOANS/technology-knowledge-center.asp>. This specification provides the information that lender and LOS development teams will need to begin preparing for the use of the Guaranty Remittance API.

b. All modernization documentation including specifications, plans, training, further developments and announcements, will be published at VA's Technology Knowledge Center. VA's Technology Knowledge Center webpage is located at: <https://www.benefits.va.gov/HOMELOANS/technology-knowledge-center.asp>.

c. When the Guaranty Remittance API is available for use in production, its use will be optional and lenders may continue to use the current manual process to report loans.

6. Questions. All questions concerning VA modernization efforts, including the Guaranty Remittance API, should be submitted as a ticket through the [LGYHub Help Center](#). This will ensure your question reaches the appropriate staff. Information on technology modernization will not be provided at the toll-free customer care number. You can also view frequently asked questions at the [Technology Knowledge Center](#).

7. Rescission. This Circular is rescinded October 1, 2023.

By Direction of the Under Secretary for Benefits

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