

**Loan Guaranty Service
Quick Reference Document
For
Cash-Out Refinances**

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Introduction

Procedures outlined in this Quick Reference Document (QRD), assists lenders with guaranteeing cash-out refinance loans in WebLGY. This self-service functionality is available following the WebLGY 19.3 software release.

The overview of the process:

- Lender Appraisal Processing Program (LAPP) or Independent (IND) Appraisal Request
- Upload the appropriate documents to appraisal correspondence
- Issue the Guaranty for the Cash-Out Refinance Loan

Appraisal Request for Cash-Out Refinance

WebLGY → Loan → Request Appraisal → Select LAPP or IND Request Type

- Complete the required fields in the Appraisal Request form

- Ensure 3G. “Sale or Refinance?” input is “Refinance Price” in the Property Information Section of the appraisal request.

The screenshot shows the WebLGY interface for an appraisal request. The top navigation bar includes 'HOME', 'LOAN', 'VETERAN', 'ELIGIBILITY', 'WORKBUCKETS', 'REO', 'REGIONAL COUNSEL', 'APPEALS', 'ADMIN', and 'CONTACT RLC'. The main section is titled '3. Property Information' and contains several sub-sections:

- 3A. Name of Owner**: A text input field.
- 3B. Property Address**: Fields for Street Number*, Address One Text*, Address Two Text, City*, State* (dropdown), County* (dropdown with 'Select the State first' option), and Zip* (two input fields).
- 3C. Legal Description of the Property***: A large text area.
- 3D. Title Limitations and Restrictive covenants**: A large text area.
- 3E. Mineral Rights Reserved?**: A dropdown menu with 'Please Explain' text.
- 3F. Annual Real Estate Taxes**: A text input field.
- 3G. Sale or Refinance?***: A dropdown menu with 'Refinance Price' selected. This field is highlighted in yellow.
- Sale or Refinance Amount \$**: A text input field.
- 3H. Proposed Sale**: A dropdown menu set to 'No'.

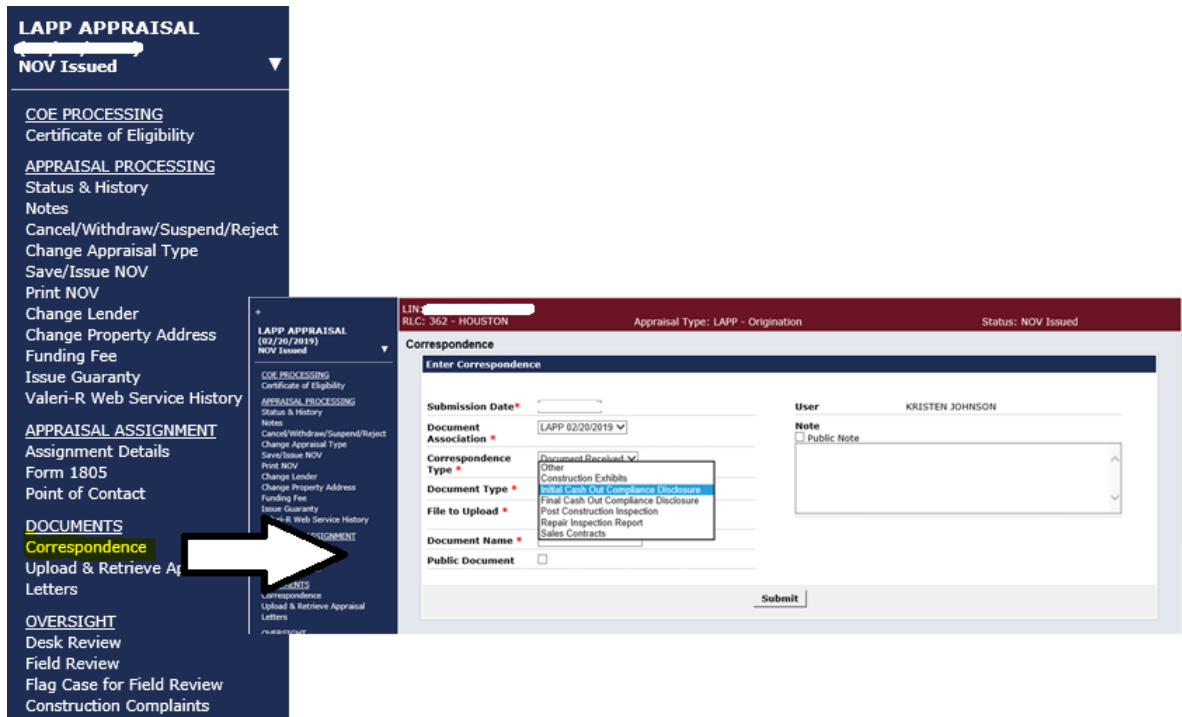
On the right side of the form, there are additional sections:

- Total Square Feet**: Irregular Square Feet (text input) and Acres (text input).
- 7B. Utilities**: Dropdown menus for Electric, Water, Gas, and Sewer.
- 7C. Equipment**: Checkboxes for Clothes Dryer, Range/Oven, Dishwasher, Vent Fan, Clothes Washer, Refrigerator, Garbage Disposal, and WW Carpet.
- 7D. Building**: Radio buttons for Status* (Proposed, Existing, Built less than one year and never occupied), a Builder ID text input, and a 'Builder' link.
- 7E. Builder Information**: Checkboxes for No Builder ID, Builder Name, Address One, City, State and Zip Code, Phone Number, and Construction completion Date.

Compliance Disclosures for Cash-Out Refinance Loans

Upon successful creation of the appraisal request, upload the Initial Cash-Out Compliance Disclosure and the Final Cash-Out Compliance Disclosure documents to the appraisal record.

WebLGY → Appraisal → Documents → Correspondence



With an original loan application date on, or after February 15, 2019, at least one of each of the documents listed below are required for the guaranty issue of a Cash-Out refinance.

- Initial Cash-Out Compliance Disclosure
- Final Cash-Out Compliance Disclosure

Issuing the Guaranty for Cash-Out Refinance Loans

1. Loan being refinanced information is required
2. Initial Disclosure of new loan information is required
3. Auto-calculation to determine Type 1 versus Type 2 refinance
4. Auto-determination of net tangible benefit(s) to the Veteran for the refinance; at least 1 must be found.
5. Seasoning certification is required for all VA to VA refinances
6. Recoupment certification is required for all Type 1 VA to VA refinances

Cash-Out Refinance Loan Information Page

A guaranty is **not allowed** for a Cash-Out refinance if the compliance disclosures have not been uploaded to appraisal correspondence for the Loan Identification Number (LIN). See Compliance Disclosures for Cash-Out Refinance Loans for more information.

Once the appraisal is in the Notice of Value (NOV) Issued status, the Issue Guaranty link on the left navigation menu of the appraisal is available. The user must have access to the Establish New Loan functionality in order to access the Issue Guaranty link. For more information please contact your Regional Loan Center (RLC) representative.

WebLGY → Appraisal → Appraisal Processing → Issue Guaranty

Selecting the Issue Guaranty link takes the user to the Cash-Out Refinance Loan Information page to enter the Original Loan Application Date (MM/DD/YYYY).

Note: The original loan application date must be on, or before the date of the appraisal request.

The image shows a screenshot of the LAPP APPRAISAL system. On the left is a dark blue navigation menu with the following sections and items:

- LAPP APPRAISAL**
 - NOV Issued (with a dropdown arrow)
- COE PROCESSING**
 - Certificate of Eligibility
- APPRAISAL PROCESSING**
 - Status & History
 - Notes
 - Cancel/Withdraw/Suspend/Reject
 - Change Appraisal Type
 - Save/Issue NOV
 - Print NOV
 - Change Lender
 - Change Property Address
 - Funding Fee
 - Issue Guaranty (highlighted with a white arrow)
 - Valeri-R Web Service
- APPRAISAL ASSIGNMENT**
 - Assignment Details
 - Form 1805
 - Point of Contact
- DOCUMENTS**
 - Correspondence
 - Upload & Retrieve Appraisal Letters
- OVERSIGHT**
 - Desk Review
 - Field Review
 - Flag Case for Field Review
 - Construction Complaints

On the right is the 'Cash Out Refinance Loan Information' form. At the top, it shows 'VA Loan Number' and 'Status: Automatic Application Entry'. The form fields are:

- Original Loan Application Date *
- Payoff Amount of Loan being Refinanced * (with a dollar sign symbol)
- Is this loan refinancing an existing VA guaranteed loan? * (with a dropdown arrow)
- LIN of existing VA loan *

At the bottom of the form is a button labeled 'Veteran Information'.

For any loan with an original loan application date before February 15, 2019, the original application date is the only required field. All other fields will be grayed. Selecting the Veteran Information link will allow the user to proceed through to the standard issue guaranty process.

For loans with an original loan application date on, or after February 15, 2019, the following additional information is required on the Cash-Out Refinance Loan Information page:

- Payoff amount of loan being refinanced
- Is this loan refinancing an existing VA-guaranteed loan? (Yes/No)
 - If refinancing an existing VA-guaranteed loan, the LIN of the loan being refinanced is required.

VA Loan Number: [] Status: Automatic Application Entry

Cash Out Refinance Loan Information

Original Loan Application Date * []

Payoff Amount of Loan being Refinanced * \$ []

Is this loan refinancing an existing VA guaranteed loan? * [v]

LIN of existing VA loan * []

[Veteran Information](#)

Note: When 'Yes' is selected for the question: "Is this loan refinancing an existing VA-guaranteed loan?" and the LIN is entered, several validations are performed on the LIN.

- The LIN entered must be a valid, 12-digit VA loan ID number.
- The loan must be in 'Active' status.
- The Veteran Social Security Number (SSN) on the Funding Fee record for the LIN must be the same as the Veteran SSN on the Funding Fee Record for the new loan. (The primary obligor SSN is compared in the case that multiple obligors exist.)
- **AND** at least one of the following 2 validations must be true:
 - The Office of Origination – Office of Jurisdiction (OO-OJ) Code (first 4 digits of the LIN) must be the same as the OO-OJ code of the new loan.
 - The city, state, county (all considered together) must be the same as the new loan.

Selecting the Veteran Information link after completing all required fields will direct the user to proceed through to the new Loan Summary/Issue Guaranty page for Cash-Out Refinance Loans.

Veteran Information Page

In the case that the Veteran information is not complete, the Veteran information page is presented to the user for updates. Required fields must be entered before the user is allowed to proceed to the loan summary/issue guaranty page.

Veteran Information	
Property Address	
Veteran Remove Veteran	
Social Security Number *	<input type="text"/> Show / Hide Validate Veteran
Name	<input type="text"/>
Service Number	<input type="text"/>
Gender *	<input type="text"/>
Date of Birth *	<input type="text"/>
Email Address	<input type="text"/>
Ethnicity *	<input type="text"/>
Race *	<input type="checkbox"/> White <input type="checkbox"/> Black or African American <input type="checkbox"/> American Indian or Alaskan Native <input type="checkbox"/> Asian <input type="checkbox"/> Native Hawaiian or Pacific Islander <input type="checkbox"/> Hispanic <input type="checkbox"/> Other <input type="checkbox"/> Unknown
Entitlement Code *	10 Persian Gulf
Entitlement Available *	35,000
Branch of Service *	<input type="text"/>
Military Status *	Not in Service
First Time Home Buyer *	<input type="text"/>
Subsequent Use *	N
Funding Fee Exempt *	N
Loan Summary	

Type 1 vs. Type 2 Cash-Out Refinance

Based on the data entered about the loan being refinanced on the Cash-Out Loan Information Page, the system will determine for the user if the new loan is a Type 1 or Type 2 cash-out refinance.

A Type 1 cash-out refinance occurs when the loan amount of the new loan is less than or equal to 100 percent of the payoff amount of the loan being refinanced.

Requirements for Type 1 VA to VA Refinance:

- Seasoning Certification
- Fee Recoupment Period Certification
- At least one Net Tangible Benefit to the Veteran
- Document Type = Initial Cash-Out Disclosure uploaded to Appraisal Correspondence
- Document Type = Final Cash-Out Disclosure uploaded to Appraisal Correspondence

Requirements for Type 1 non-VA to VA Refinance:

- At least one Net Tangible Benefit to the Veteran
- Document Type = Initial Cash-Out Disclosure uploaded to Appraisal Correspondence
- Document Type = Final Cash-Out Disclosure uploaded to Appraisal Correspondence

A Type 2 cash-out refinance occurs when the loan amount of the new loan is greater than 100 percent of the payoff amount of the loan being refinanced.

Requirements for Type 2 VA to VA Refinance:

- Seasoning Certification
- At least one Net Tangible Benefit to the Veteran
- Document Type = Initial Cash-Out Disclosure uploaded to Appraisal Correspondence
- Document Type = Final Cash-Out Disclosure uploaded to Appraisal Correspondence

Requirements for Type 2 non-VA to VA Refinance:

- At least one Net Tangible Benefit to the Veteran
- Document Type = Initial Cash-Out Disclosure uploaded to Appraisal Correspondence
- Document Type = Final Cash-Out Disclosure uploaded to Appraisal Correspondence

All data for the new loan should be entered into the Loan Summary as usual. The inputs should reflect what is in the final disclosure documents for the new loan. Where comparisons are made with the loan being refinanced, the data will auto-fill and will not have to be entered twice.

Initial Disclosure of New Loan

The user is required to disclose data from the Initial Disclosure of the new loan on the Loan Summary. The loan-to-value percentage and home equity will auto-calculate for the user in the initial disclosure section. Although the data from the initial disclosure of the new loan is displayed to the user in a comparison chart, the data from the initial disclosure is not used to determine net tangible benefit(s).

Initial Disclosure of New Loan	
Data Element	Data Definition
Loan Amount	Currency - \$1,234,567.89

Type of Mortgage	Drop-Down Lender must select from one of the same options available in WebLGY: 0 - Regular Fixed 1 - GPM Never Exceed Reasonable Value 2 - GPM Other 3 - GEM 4 - TMP Buyout 5 - Hybrid ARM 6 - ARM
Interest Rate	Numeric/Percentage 12.345%
Loan Term	Numeric/Month - 3 digit
Monthly Principal, Interest and PMI (if applicable) Payment (Do not include escrow for taxes, insurance or HOA)	Currency - \$12,345.67
Total payments the Veteran will have paid after making all remaining principal, interest, and PMI (if applicable) payments as scheduled	Currency - \$1,234,567.89
Residual Income	Currency - \$12,345.67
Is this loan refinancing an interim construction loan?	Checked = Yes

If the loan being refinanced was a VA loan, then several of the data elements about the loan will be auto populated in the Initial Disclosure section and the Final Disclosure section. The loan-to-value percentage and home equity will auto-calculate. The user must manually enter other required data. Requirements for manually entered fields are listed below.

Loan being refinanced (VA)	
Data Element	Data Definition
Interest Rate	<p>If interest rate entered does not equal what is currently on record for the LIN, the following question is asked of the user: ‘Was the loan modified or was it an ARM loan?’ Yes/No (Default = Blank)</p> <p>If Yes, the user is allowed to proceed.</p> <p>If No, then the following error message will display to the user: "The interest rate that you have entered does not match our records. Please correct what you have entered or contact your local RLC for assistance." The user will not be allowed to issue the guaranty.</p>
Total payments the Veteran will have paid after making all remaining principal, interest, and PMI (if applicable) payments as scheduled	Currency - \$1,234,567.89
Residual Income	Currency - \$12,345.67

If the loan being refinanced was a non-VA loan, data about the loan is required. The payoff amount will auto populate. The loan-to-value percentage and home equity will auto-calculate once the required data is entered for the calculation. Requirements for manually entered fields are listed below.

Loan being Refinanced (non-VA)

(All fields are required.)

Data Element	Data Definition
Type of Mortgage	Lender must select from one of the same options available in WebLGY: 0 - Regular Fixed 1 - GPM Never Exceed Reasonable Value 2 - GPM Other 3 - GEM 4 - TMP Buyout 5 - Hybrid ARM 6 - ARM
Interest Rate	Numeric/Percentage
Loan Term	Numeric/Month - 3 digit
Monthly Principal, Interest and PMI (if applicable) Payment (Do not include escrow for taxes, insurance or HOA)	Manually entered: Currency - \$12,345.67
Amount of PMI included in Monthly Payment	Value must be entered. '0' indicates there is no PMI.
Total payments the Veteran will have paid after making all	Currency - \$1,234,567.89

remaining principal, interest, and PMI (if applicable) payments as scheduled	
Residual Income	Currency - \$12,345.67
Is this loan refinancing an interim construction loan?	Checked = Yes

Comparison of Loan being Refinanced to New Loan

The net tangible benefit(s) to the Veteran are auto-determined based on the comparison of the loan being refinanced to the new loan. At least one net tangible benefit must be met before the guaranty will be issued.

VA to VA Refinance

Cash Out Refinance - Final Disclosure			
	Loan Being Refinanced	Refinancing New Loan	Impact of Refinance
LIN			
Loan Amount	\$ 148,117.00	\$ 152,340.00	\$ 4,223.00
Payoff Amount	\$ 50,000.00		\$ 102,340.00
Type of Mortgage	0 Regular Fixed	0 Regular Fixed	
Interest Rate	4.250 %	4.5 %	0.250 %
Was the loan modified or was it an ARM loan?			
Loan Term	360 months	360 months	0
Monthly Payment (Do not include escrow for taxes, insurance or HOA.)	\$ 728.65	\$ 771.88	\$ 43.23
PMI included in Monthly Payment	\$ 0.00		
Total the Veteran will have paid after making all remaining principal and PMI payments as scheduled (if applicable)	\$ 262,312.78	\$ 277,876.80	\$ 15,564.01
Loan to Value Percentage	92.573 %	101.560 %	8.987 %
Home Equity	\$ 11,883.00	\$ -2,340.00	
Residual Income	\$ 1,136.00	\$	
Is this loan refinancing an interim construction loan?		<input type="checkbox"/>	

Non-VA to VA Refinance

Cash Out Refinance - Final Disclosure			
	Loan Being Refinanced	Refinancing New Loan	Impact of Refinance
LIN			
Loan Amount	\$ 175,000.00	\$ 152,400.00	\$ -22,600.00
Payoff Amount	\$ 76,987.00		\$ 75,413.00
Type of Mortgage	0 Regular Fixed	0 Regular Fixed	
Interest Rate	4.5 %	4.8 %	0.300 %
Was the loan modified or was it an ARM loan?			
Loan Term	360 months	360 months	0
Monthly Payment (Do not include escrow for taxes, insurance or HOA.)	\$ 989.00	\$ 799.59	\$ -189.40
PMI included in Monthly Payment	\$ 120.00		
Total the Veteran will have paid after making all remaining principal and PMI payments as scheduled (if applicable)	\$ 356,040.00	\$ 287,852.40	\$ -68,187.59
Loan to Value Percentage	98 %	101.600 %	3.600 %
Home Equity	\$ 4,398.00	\$ -2,400.00	
Residual Income	\$ 1,700.00	\$	
Is this loan refinancing an interim construction loan?		<input type="checkbox"/>	

Net Tangible Benefit Criteria

Net Tangible Benefit (NTB) Criteria	
Elimination of Monthly Mortgage Insurance	If 'PMI Included in Monthly Payment' = Yes (Checked) for the non-VA loan being refinanced then the criteria is met. If no, criteria is not met. If loan being refinanced is a VA loan, the question does not apply, so the criteria is not met.
Decreased Loan Term	Compares the loan term of the loan being refinanced to the loan term of the refinancing new loan. If the loan term of the refinancing new loan is less than the loan term of the loan being refinanced then the criteria is met.
Decreased Monthly Principal and Interest Payment	Compares the monthly P&I of the loan being refinanced to monthly P&I of refinancing new loan. If the monthly P&I of refinancing the new loan is less than the monthly P&I of the loan being refinanced, then the criteria is met.

Reduced Interest Rate	Compares the interest rate of loan being refinanced to interest rate of the refinancing new loan. If interest rate of refinancing new loan is less than interest rate on loan being refinanced, then the criteria is met.
Maintained Loan-to-Value equal to or less than 90%	If loan-to-value percentage of refinancing new loan is equal to or less than 90 percent, then the criteria is met.
Refinanced an Interim Construction Loan	If 'Is this an interim construction loan?' = Yes on loan being refinanced, then the criteria is met.
Increased Monthly Residual Income	If residual income of refinancing new loan is more than the residual income of the loan being refinanced, criteria is met.
Refinanced from an Adjustable Rate Loan to a Fixed Rate Loan	<p>If the type of mortgage loan being refinanced is not a fixed rate and the type of mortgage of the refinancing new loan is fixed, then the criteria is met.</p> <ul style="list-style-type: none"> • 0 - Regular Fixed - Fixed • 1 - GPM Never Exceed Reasonable Value - Adjustable • 2 - GPM Other - Adjustable • 3 - GEM - Adjustable • 4 - TMP Buydown/Buyout- Adjustable • 5 - Hybrid ARM - Adjustable • 6 - ARM - Adjustable

Seasoning Certification

For all cash-out refinances paying off an existing VA loan seasoning certification is required. The number of days from closing of loan being refinanced and loan closing of new loan will auto-calculate and cannot be less than 210 (days) or the guaranty will not be issued.

Cash Out Refinance - Seasoning	
Have six or more monthly payments been made on the loan being refinanced?	<input checked="" type="checkbox"/>
Number of days from closing of loan being refinanced and loan closing of new loan	729

Recoupment Certification

For all Type 1 cash-out refinances paying off an existing VA loan the fee recoupment period is required and it must be between 0 and 36 (months), or the guaranty will not be issued.

Cash Out Refinance - Recoupment	
Fee Recoupment Period	<input type="text"/>

Note: The fee recoupment period must be between 0 and 36.

WARNING: In the case that the Issue Guaranty page is submitted and either no net tangible benefit to the Veteran is found or no cash-out compliance documents have been uploaded to appraisal correspondence, when the error message is returned to the user all data entered on the page will be lost. The user will have to re-enter all of the data to issue the guaranty.