




# The Road Ahead at Loan Guaranty Service

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## Today's challenges...

### Record breaking loan volume

 **\$1.246M** Guaranteed loans for Veterans in FY20, and **Over 428,000** Veterans purchasing a home

**Evolving legislation** requires LGY to rethink **how benefits are delivered to Veterans...**

### COVID-19 + CARES ACT Response

**Agile policy** approaches for **continuous benefit delivery** in times of crisis



## Drive innovation for LGY's future...



### API Forward Approach

While still allowing for a manual upload of the XML file, the future state of LGY Hub will be built around Application Programming Interfaces (API) allowing for a seamless integration with, and data transmission to LGY.



### End-to-End Processing

Our modernized solution will have the functionality to process the entire loan within LGY Hub, providing a simplified, streamlined process for the lending community.



### Industry Alignment

LGY's modernization effort will align LGY with the current standards of the uniform datasets (Uniform Loan Application Dataset (ULAD), Uniform Appraisal Dataset (UAD v2.6), Uniform Closing Dataset (UCD v3.3), and Uniform Loan Delivery Dataset (ULDD v3.0)), the Mortgage Industry Standards Maintenance Organization (MISMO 3.4), to align LGY with that of the lending community and Federal agencies.



### Guaranty Certificate & Funding Fee Remittance

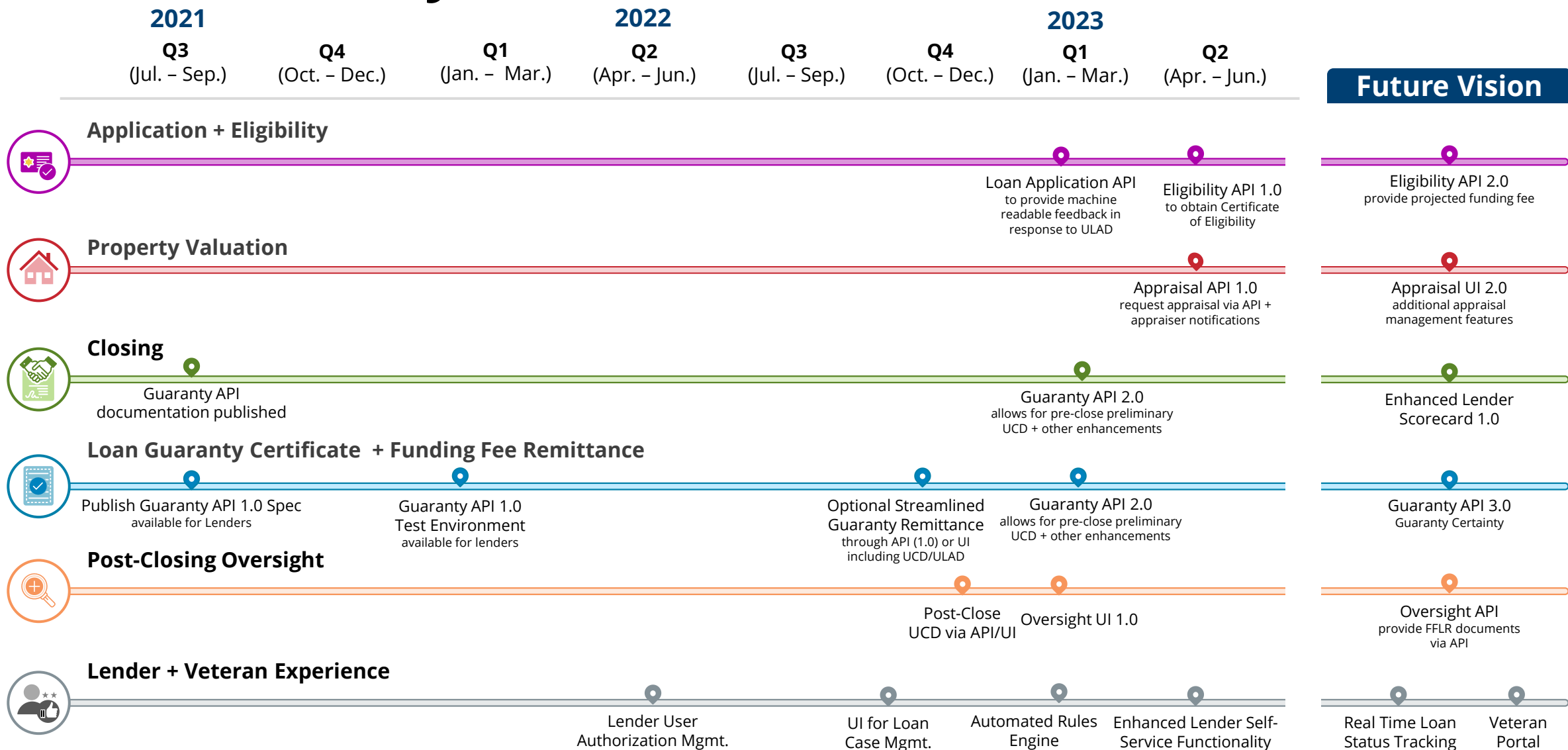
Our new solution will leverage the UCD and ULAD to remit the funding fee, obtain the loan guaranty certificate, and enhance the Full File Loan Review (FFLR), allowing LGY to provide a quicker determination of the borrower, streamlining the lending process with confidence – serving as the foundation for Guaranty Certainty.



### Improved Veteran Experience

Modernizing LGY means an increased focus on our customers, Veterans. Customer Relationship Management (CRM) best practices enable stakeholders to see real-time, relevant loan information throughout the loan lifecycle.

# Loan Guaranty Service' End-to-End Modernization



# Application + Eligibility



## Functionality

### Loan Application API

- Provides machine readable feedback in response to ULAD
- ULAD versioning on the backend

### Eligibility API 1.0

- Eligibility API 1.0 to obtain Certificate of Eligibility (COE)

### Eligibility API 2.0

- Provides Veteran COE feedback in response to ULAD
- Provides projected funding fee

## Benefits

- ✓ Reduced **time to close**
- ✓ **Early feedback** from VA around COE and funding fee
- ✓ Ability to provide Veterans with **early** and **certain funding fee** and **COE** information
- ✓ **Reduced manual intervention** in COE process



# Property Valuation

## Functionality

### Appraisal API 1.0

- Order an appraisal from VA

### Appraisal User Experience

- Order an appraisal from VA
- Rudimentary appraisal management
- Appraisal User Interface 2.0 for advanced appraisal management

## Benefits

- ✓ Reduced future lender costs allow **incrementally lower VA loan note rates** for the Veteran
- ✓ More **automated** and earlier establishment of case and loan parameters with LGY
- ✓ **Faster** and **smoother** appraisal process
- ✓ **Less manual intervention** in early case processing and lender question and answer

# Closing

## Functionality

### Guaranty API Documentation Published

### Guaranty API 2.0

- Utilize Guaranty API to support loan compliance

### Enhanced Lender Scorecard 1.0

- Automated lender-facing scorecard leveraging ULAD and UCD datasets

## Benefits

- ✓ Earlier **validation** in the loan lifecycle enables lenders **guaranty certainty** prior to the loan closing
- ✓ **Reduces** financial **risk** to lenders and Veteran borrowers

# Loan Guaranty Certificate + Funding Fee Remittance

## Functionality

### Guaranty API Maturity (1.0 to 3.0)

- API driven transmission of UCD, ULAD, and other data
- Enables lenders to receive confirmation of funding fee remittance and loan guaranty certificate within their Loan Origination System (LOS)
- Allows the future retirement of the Funding Fee Payment System (FFPS)
- Provides the foundation for Guaranty Certainty

## Benefits

- ✓ Leverages **MISMO data standards**
- ✓ Creates a **simplified, one-step process** for lenders to remit the funding fee and request the loan guaranty certificate
- ✓ Enables lenders to **fully automate** the funding fee remittance and loan guaranty request processes
- ✓ Create rules for funding fee remittance that **prevent funding fees from being remitted in error**
- ✓ Electronic UCD and ULAD submission **reduces manual entry**

# Post-Closing Oversight

## Functionality

### Oversight Experience 1.0

- User interface to prepopulated and streamlined FFLR oversight

### Oversight API 1.0

- Lenders can provide FFLR loan file documents via API

### Oversight Experience 2.0

- User interface to support machine-assisted review
- Workflow-related enhancements to allow for automated feedback

## Benefits

- ✓ **Reduces frequency of late-breaking funding fee** or other closing cost changes for **Veteran**
- ✓ **Reduced manual effort** to **scan** and submit **loan package**
- ✓ Provides VA significant **labor savings** in FFLR process
- ✓ Increases **automation** in FFLR process
- ✓ Reduces frequency of **FFLR defects**



# Lender + Veteran Experience

## Functionality

- Push notifications to lenders with actionable feedback from UCD
- Enhanced lender user authorization management
- VA specific Automated Underwriting Rules Engine
- Veteran-facing Portal – including real-time loan status tracking

## Benefits

- ✓ **Reduces future lenders costs** which indirectly allows **incrementally lower VA loan note rates**
- ✓ Enhances lender's insight into **program standing** and **compliance**
- ✓ Enables Veterans to **track the progress** of their loan application
- ✓ Underwriting Rules Engine offers lenders the option to **obtain automated mortgage insurance** eligibility indicators **directly from VA**

# LGY Modernization Online Resources

The LGY Technology Updates page is your go-to resource for the latest developments on these modernization initiatives. Visit the [LGY Technology Knowledge Center](#) to stay current with:



**API  
Documentation**



**Testing timeframes**



**Roadmap  
Developments**

Technology Knowledge Center URL - [https://www.benefits.va.gov/HOMELOANS/technology\\_knowledge\\_center.asp](https://www.benefits.va.gov/HOMELOANS/technology_knowledge_center.asp)