

### Frequently Asked Questions (FAQ)

Answers to FAQ's regarding Circular 26-18-1, Policy Guidance for VA Interest Rate Reduction Refinance Loans (IRRRL).

Question 1: The Circular is effective beginning with closed loans April 1, 2018. For loans in process that have been disclosed what should our company do?

Answer: For loan applications impacted due to this timing, VA encourages lenders to make every effort to provide the Statement to the Veteran as soon as possible. If lenders are having difficulty complying, they should contact a VA Regional Loan Center (RLC) with Loan Guaranty operations by calling 1-877-827-3702 with hours of operation between 8am to 6pm EST. Your call will be placed in the national queue.

Question 2: Will WebLGY change due to this new policy VA is implementing?

Answer: Full functionality will be available for lenders to certify and upload the disclosures in WebLGY on May 21, 2018. For loans guaranteed on April 1 and prior to May 21, 2018, lenders will not have to upload the disclosures; however, lenders may be asked to produce those documents in an onsite audit, or a file review audit.

Question 3: Since the Circular states that the Lender's Certification must be provided at the time of initial disclosure if the payment increases 20 percent or more. How can we provide that certification, which is attesting that the Veteran qualifies for the principal, interest, taxes and insurance (PITI) increase, when we have not underwritten the file?

Answer: This requirement has been removed from the initial disclosure period. The lender will be required to provide the Lender's Certification for payment increases 20 percent or more at closing, and will also be required to make this same certification in the Loan Guaranty Certificate (LGC) process.

Question 4: Please confirm when it is required that the Veteran's Statement is to be signed by the Veteran.

Answer: It is preferred that the Veteran acknowledge, by signature, the Statement provided in the initial disclosure package, it is understood that these actual documents are not always returned to the lender. VA does expect the lender to be able to show the disclosure statement at a minimum was sent and received by the Veteran. The Veteran should also acknowledge receipt by signing the final Statement with the closing documents. In the file review process, VA will review the date on the initial Statement with the Loan Estimate to ensure it was disclosed timely.

Question 5: In our disclosures the Veteran's Statement and Lender Certification are two separate documents. Is this acceptable?

Answer: Yes

Question 6: Will lenders be required to send subsequent statements or certifications when the loan attributes (that impact the recoupment period) change during processing?

Answer: VA understands that variance exists in an initial application and a final application and is not requesting lenders to provide updated disclosure(s) during the loan process.

Question 7: Do escrows of property taxes and insurance fall under the definition of taxes in (1) origination charges, services you cannot shop for, services you can shop for, taxes and other government fees, other, or VA funding fee?

Answer: Property taxes do not fall under the description in 3. b. (1). Note: titles of the categories listed are identical to the titles on the Loan Estimate (LE). 3.b. (1) is referring to these title headings.

It is not necessary to include title headings F. Prepays, and G. Initial Escrow Payment at closing in the recoupment calculation.

Although the funding fee is often included in F. or G. of the LE or closing disclosure (CD), the funding fee should be included as a cost to be recouped regardless of where it is positioned on the LE or CD.

Question 8: Based on section 3.b. (1) of the Circular, it would appear that the fees would need to be itemized on the Veteran's Statement based on the categories stated, and the lump sum calculation of closing costs would no longer be acceptable?

Answer: The Circular is giving lenders guidance on what to use in order to determine the total closings costs required for the recoupment calculation. It is acceptable to provide a lump sum of the total closing costs on the Veteran's statement. It is also acceptable to itemize these charges on the Veteran's statement, but it is not required. This is not intended to give guidance on completing the CD. Guidance on completing the CD can be found in Circular 26-17-11, Instructions Regarding Documentation of Allowable Fees and Charges on the Truth in Lending Act- Real Estate Settlement Procedures Act (TILA-RESPA) Integrated Disclosure Closing Disclosure (TRID-CD Form).