

Tuesday Agenda and PowerPoint Slides

April 11, 2017

Time	Session	Speakers
7:45	Registration (Name badge is required prior to entrance.)	Name badge pickup – Outside Basie Ballroom
8:45	Welcome – starts promptly at 8:45	Mark Connors
9:20	Opening Remarks from the Assistant Director for Loan Policy and Valuation	John Bell III
9:50	Keynote	Curtis L. Coy, Deputy Under Secretary for Economic Opportunity
10:30	Break	
10:50	VA's Minimum Property Requirements	Mike Andrews, Kathy Bernheim, Myron Head
11:35	Credit and Income Underwriting	Mark Jamison, Laura Rodriguez, Cherie Castanares
12:30	Lunch	
2:00	Ginnie Mae	John F. Getchis, Richard Perrelli, Stephanie A. Schader, Kathy Gibbons
3:00	Eligibility	Maxine Henry, Ricardo Holloway, Paula Jesse
4:00	Break	
4:15	Open Forum	Policy and Valuation Chiefs, SMEs



Minimum Property Requirements (MPRs)

Presented by:

Mike Andrews, Valuation Officer, Atlanta RLC
Kathy Bernheim, Asst. Loan Guaranty Officer, St. Pete RLC
Myron Head, Valuation Officer, Houston RLC

Veterans Benefits Administration

VA



U.S. Department
of Veterans Affairs

Objectives

- MPR Overview and Purpose
- MPR Violations – What to do?
- MPR Waivers – How does that work?
- Single Real Estate Entity
- Non-residential Use Limitations
- Repair Inspections

**Please hold specific unusual and complex situations (we will address individually)

myVA

VA



U.S. Department
of Veterans Affairs

2

MPR Purpose

- To protect Veterans and stakeholders by providing general acceptability criteria for properties which will become security for VA-guaranteed loans.
- MPR's generally fall under the following:
 - Safe
 - Sound
 - Sanitary

Where to find MPR guidelines

- Chapter 12, VA Lenders Handbook
- Local requirements established by VA are listed at:
http://www.benefits.va.gov/HOMELOANS/appraiser_cv_local_req.asp
- Local Authority or other regulatory agency

Examples of MPRs

- Lead-based paint
- Roof
- Heating
- High Voltage Electric Transmission Lines

Prior to 1978?



Reasonable future utility?



Heating

- Adequate for Healthful and Comfortable Living
- Non-electric, non-vented fireplace or other non-vented space heater must be acknowledged by Veteran and certified by heating contractor to have oxygen depletion sensor and meets code
- Solar systems must meet HUD guidelines and have a back-up
- Check local requirements webpage for climate considerations

High Voltage Electric Lines



Residential structure is outside transmission line easement - meets MPR

Dirty carpet vs. unsanitary pet stains



Cosmetic Repairs are not required



- Cosmetic work is not an MPR
- Updating is not an MPR
- Yard work is not an MPR, unless causing damage
- No MPRs are visible

Appraisal Review Considerations

- Appraiser should prepare appraisal “subject to” MPR items
- If a required repair does not appear to be an MPR, request clarification from appraiser
- If items visible in photos raise a concern about potential repairs, request clarification from the appraiser

MPR Waivers

- Must be approved by VA
- Veteran and lender must request the waiver in writing
- Property must be habitable from a safe, sound, sanitary perspective
- Contributory value of waived item must be considered in estimate of market value

Single Real Estate Entity



- As long as parcels are contiguous, no need to modify tax ID or legal description
- Properties divided by a road or waterway will be analyzed on a case by case basis
- No limit on number of acres that can be included

Non Residential Use Limitations

- Does not detract from residential character of property
- Does not exceed 25% of floor area

Example – Non residential use



With the exception of paint colors (cosmetic) this house used as a day care center still has residential character. This property would be eligible if appraised as a house, with no value given to the commercial use.

Example – Non residential use



This property is not eligible due to the commercial use as the property does not have residential character and the commercial use exceeds 25%.

*my*VA

VA



U.S. Department
of Veterans Affairs

Example – Non residential use



While currently being used as a professional office, this structure still has residential character and would be eligible with the appraisal performed as residential using other nearby homes, not offices, as comparable sales.

*my*VA

VA



U.S. Department
of Veterans Affairs

Repair Completion Certification

- Appraiser may use
 - FHLMC Form 442
 - FNMA 1004D, Part B
 - Letterhead
- Certification must list all repairs on NOV
- Lender certify to save the Veteran the cost of the inspection fee
- Provide photos of complete repairs and non-compliance items
- Upload completed report into WebLGY



U.S. Department of Veterans Affairs

Uploading Repair Certification in WebLGY

Correspondence

Enter Correspondence

Submission Date *	02/15/2017	User	RYAN NELSON
Document Association *	LAPP 01/31/2017	Note	<input type="checkbox"/> Public Note
Correspondence Type *	Document Received		
Document Type *	Repair Inspection Report		
File to Upload *	<input type="text"/> Browse...		
Document Name *	Repair Inspection Report		
Public Document	<input checked="" type="checkbox"/>		

The repair inspection report must be uploaded in WebLGY



U.S. Department of Veterans Affairs



Questions?

Veterans Benefits Administration

VA



U.S. Department
of Veterans Affairs

Thank
you

myVA

VA



U.S. Department
of Veterans Affairs



Credit and Income Underwriting

Mark R. Jamison, LPO Cleveland
Laura Rodriguez, ALPO Houston
Cherie Castanares, Loan Specialist Honolulu

Veterans Benefits Administration



U.S. Department
of Veterans Affairs

What is an Egregious VA Loan?

- Disregard for credit standards – Did the Veteran re-establish credit after a derogatory credit event? (VA Pamphlet 26-7, Ch. 4, Section 7c)
- Income stability not established. (VA Pamphlet 26-7, Ch. 4, Section 2f)
- Use of active duty income when income will be extinguished within one year. (VA Pamphlet 26-7, Ch. 4, Section 2k)
- High DTI and residual income well below VA guidelines. (VA Pamphlet 26-7, Ch. 4, Section 10)
- Not considering debts or credit of a spouse in a community property state. (VA Pamphlet 26-7, Ch. 4, Section 2c)



U.S. Department
of Veterans Affairs

Egregious Case #1

- VA home loan closed for \$102,047 in September 2014.
- Active duty income from a recent national guard activation was used to qualify.
- Service member separated from active duty November 2014.
- There was no evidence of re-enlistment, nor evidence of a civilian job upon separation.
- Below average credit with several charge-offs and collections.



VA



U.S. Department
of Veterans Affairs

Is it Egregious?

- Yes. In September 2016 VA Central Office deemed loan egregious and an indemnification agreement was signed.
- Use of unstable income was the prevailing reason for indemnification.



VA



U.S. Department
of Veterans Affairs

Egregious Case #2?

- VA loan closed for \$251,186 in February 2015.
- Lender closed the VA loan using income from a job of 8 months as a team lead at a Target department store.
- Veteran's prior work history was 4 months at International Paper, 2 months at Convergys and 4 months at Red Robin.
- Veteran had numerous late payments dating back to 2009, with recent late of child support in May 2014.
- Once we removed current income, DTI was over 61%, with residual income of \$340 for a required residual of \$889.
- Lender openly admitted in their audit they used unstable income.



VA



U.S. Department
of Veterans Affairs

Is it Egregious?

- Yes. In March 2016 VA Central Office deemed loan egregious and an indemnification agreement was signed.
- Use of unstable income and egregious credit were the prevailing reasons for indemnification.



VA



U.S. Department
of Veterans Affairs

Is it Egregious?

- VA loan closed for \$276,327 in October 2014.
- Lender closed VA loan on an automatic basis, but ignored the condition on the COE that stated “Veteran is not exempt from funding fee due to receipt of non-service connected pension. LOAN APPLICATION WILL REQUIRE PRIOR APPROVAL PROCESSING BY VA.”
- It appeared the lender intentionally removed the above language from the COE that was in their audit file, and decided to underwrite the file without submitting to VA.
- Review by our St. Paul pension center revealed veteran did not divulge receipt of \$2,089 social security income per month. VA non-service connected income to be terminated.
- When we removed the pension received and used only social security income, the veteran’s DTI was over 75% with residual income of -\$23 per month.



U.S. Department of Veterans Affairs

This is the COE that was in WebLGY

NAME OF VETERAN _____ SERVICE NUMBER _____
 SOCIAL SECURITY NUMBER _____

ENTITLEMENT CODE **05** BRANCH OF SERVICE **Navy** FUNDING FEE **NON EXEMPT**

Prior Loans charged to entitlement					
VA Loan Number	State	Loan Amount	Date of Loan	Entitlement Charged	Status

THIS VETERAN'S BASIC ENTITLEMENT IS \$36,000*
TOTAL ENTITLEMENT CHARGED TO PREVIOUS VA LOANS IS \$0*

The veteran is eligible for the benefits of Chapter 37, Title 38, U.S. Code, subject to any condition(s) cited below. Basic entitlement for veterans who have not previously used home loan benefits is \$36,000. Additional entitlement is available for most loans in excess of \$144,000. In such cases, the entitlement amount is 25% of the VA loan limit for the county where the property is located. VA county loan limits are adjusted annually, and the current limits are available at www.home loans.va.gov.

Issued By: Wayne W. _____ Date: August 28, 2014

CONDITIONS

Subsequent Use Funding Fee- The veteran must pay a subsequent use funding fee on any future loan unless veteran is exempt.

Funding Fee - Veteran is not exempt from funding fee due to receipt of non-service-connected pension. LOAN APPLICATION WILL REQUIRE PRIOR APPROVAL PROCESSING BY VA.



U.S. Department of Veterans Affairs

This is the COE that was in Lender's Audit File

VA Department of Veterans Affairs
REFERENCE NUMBER: [REDACTED]

**CERTIFICATE OF ELIGIBILITY
FOR LOAN GUARANTY BENEFIT**

NAME OF VETERAN: [REDACTED] SERVICE NUMBER: [REDACTED]
SOCIAL SECURITY NUMBER: [REDACTED]

ENTITLEMENT CODE: 05 BRANCH OF SERVICE: Navy PLANS PER NON EXEMPT: [REDACTED]

VA Loan Number	State	Amount Charged to Entitlement	Use of Funds	Interest Charge Rate

THIS VETERAN'S BASIC ENTITLEMENT IS \$36,000*
TOTAL ENTITLEMENT CHARGED TO PREVIOUS VA LOANS IS \$0*

The veteran is eligible for the benefits of Chapter 27, Title 38, U.S. Code, subject to any condition(s) cited below. Basic entitlement for veterans who have not previously used home loan benefits is \$36,000. Additional entitlement is available for most loans in excess of \$44,000. In such cases, the entitlement amount is 25% of the VA loan limit for the county where the property is located. VA county loan limits are adjusted annually, and the current limits are available at www.va.gov.

Issued By: Morgan L. [REDACTED] Date: August 27, 2014

CONDITIONS

Subsequent Use Funding Fee- Entitlement code of '0' indicates previously used entitlement has been restored. The veteran must pay a subsequent use funding fee on any future loan unless veteran is exempt.

What happened to non-service connected pension language? ←

myVA

VA



U.S. Department of Veterans Affairs

Is it Egregious?

- This loan was not only egregious but borderline fraud. In March 2015 VA notified the lender that VA will not require indemnification, but will instead cancel guaranty on this loan.
- Lenders must NEVER close a VA loan on an automatic basis for a veteran in receipt of non-service connected pension.

myVA

VA



U.S. Department of Veterans Affairs

Egregious Case #3?

- VA loan closed for \$164,000 in March 2015.
- Veteran defaulted on VA loan after two payments.
- Lender used income that had been in existence for two months, but that employment was in the same line of business that the veteran had been in for four years.
- Loan was a Refer/Eligible with fair credit, but all open credit lines were collections. Lender justified credit by using alternative sources of credit from a utility company, Netflix and rent.
- Rent was actually paid by his former employer.
- Housing payment shock +\$1,380 per month.



VA



U.S. Department
of Veterans Affairs

Is it Egregious?

- No. VA Central Office deemed the employment stability to be satisfied because veteran was in same line of work for four years prior, and new job increased salary by 37%.
- VA Central Office also deemed substandard credit acceptable due to alternative trade lines, minimal use of consumer credit and veteran paying rent for 19 months on time.



VA



U.S. Department
of Veterans Affairs

VA Indemnification Agreement

INDEMNIFICATION AGREEMENT

NOW, THEREFORE, the United States Department of Veterans Affairs (VA) pursuant to the authority at 38 U.S.C. 3720(a) and 38 C.F.R. 38.4306, agrees as follows:

1. _____ agrees to indemnify VA for losses, which have or may be incurred on the following basis, if the loan or subordinated VA interest rate reduction refinancing loan goes into default, as defined in 38 C.F.R. 38.4306, within five years of the date of assumption:

Indemnification shall be made in accordance with the following terms:

(a) When, as of the date of signing of an Indemnification Agreement (Agreement), a claim under guaranty has not been submitted to VA, the property will not be conveyed to VA and no claim under guaranty shall be submitted by VA. All VA requirements for servicing and payment of loan fees will be observed by the borrower. In the event of a claim under guaranty from a transferee of a mortgage covered by this Agreement, indemnification will be in accordance with paragraph (b) or (c), whichever applies.

(b) Where a VA guaranty claim is pending or has been paid in full and the property is owned by VA, conveyance of the property will be accepted by VA and indemnification will be made to VA for its investment. VA's investment includes, but is not limited to: the amount VA paid to the holder when the holder conveyed the property to VA the full amount of the guaranty claim, all taxes and assessments, all maintenance and operating expenses, including costs of rehabilitation and preservation and all other expenses, when applicable. In the event VA does not convey the property to VA, VA's loss will be determined in accordance with paragraph (c).

(c) Where a VA guaranty claim has been paid in full and the property has been sold by VA to a third party, the amount of indemnification is VA's investment as defined in paragraph (b), minus the sales price of the property.

(d) In the event that VA determines that reimbursement is due from _____ under the terms of this Agreement, VA shall make a demand upon _____ and _____ shall have 30 days from the date such demand was mailed to make such payment to VA in full. If full payment is not received within such time frame, _____, L.L.C., shall also be liable for amount on any unpaid balance from the date of mailing of VA's demand until the date the payment is received by VA. Interest shall be at the rate determined by the Secretary of the Treasury pursuant to section 11 of the Debt Collection Act of 1975 (31 U.S.C. 1712) representing the Current Value of Fully Rate used in assessing interest on debts due to the United States.

2. Any material breach of the terms and conditions of the Agreement shall constitute independent grounds for imposing administrative sanctions by VA against _____ pursuant to regulations at 38 C.F.R. Part 2 and 38.

WHEREFORE, the parties hereto have duly executed this Agreement, effective when signed and dated by the parties set forth below.

BY: _____ UNITED STATES DEPARTMENT OF VETERANS AFFAIRS
Printed Name/Title: _____ Director, Loan Office

DATE: 6-28-16

Report to: _____



U.S. Department of Veterans Affairs

Ineligible Loan #1?

- Lender closed a VA cash-out refinance loan for \$380,000 in July 2016.
- Review of the Closing Disclosure shows after \$4,586 in closing costs are deducted, the Veteran walked away with \$375,414.



U.S. Department of Veterans Affairs

Is it an Eligible VA Loan?

- There was no lien against the property to “cash out.”
- VA cancelled guaranty on this loan.
- VA Pamphlet 26-7, Chapter 6, Section 3a says:

a. What is a VA Cash-Out Refinancing Loan? A cash-out refinancing loan is a VA-guaranteed loan that refinances any type of lien or liens against the secured property. The liens to be paid off may be:

- current or delinquent, and
- from any source, such as
 - tax or judgment liens, or
 - VA, FHA, or conventional mortgages.

Loan proceeds beyond the amount needed to pay off the lien(s) may be taken as cash by the borrower for any purpose acceptable to the lender.

The loan must be secured by a first lien on the property. □



VA



U.S. Department
of Veterans Affairs

Ineligible Loan #2

- VA loan closed for \$129,125 in April 2015
- A full review audit revealed that the lender failed to provide a private road maintenance agreement or a valid well water test.



VA



U.S. Department
of Veterans Affairs

Is it an Eligible VA Loan?

- After several non-compliant audit deficiency letters were sent to the lender with no reply, VA cancelled guaranty.
- VA Pamphlet 26-7, Chapter 12, Section 12.05 says:

**Access to
Property (xe
"Access to
Property")**

Each property must be provided with a safe and adequate pedestrian or vehicular access from a public or private street.

Private streets must be

- protected by a permanent easement, and
- maintained by a homeowners association or joint maintenance agreement.

All streets must have an all-weather surface.

- VA Pamphlet 26-7, Chapter 12, Section 12.08 says:

**Water
Quality (xe
"Water
Quality")**

Water quality for an individual water supply must meet the requirements of the health authority having jurisdiction. If the local authority does not have specific requirements, the maximum contaminant levels established by the Environmental Protection Agency (EPA) will apply.

If the health authority is unable to perform the water quality analysis in a timely manner, a commercial testing laboratory or a licensed sanitary engineer acceptable to the health authority may take and test the water sample.



VA



U.S. Department
of Veterans Affairs

Ineligible Loan #3

- VA loan closed for \$840,822 in April 2015
- A full review audit revealed that the lender closed a VA loan in a Coastal Barrier Resource Area.



VA



U.S. Department
of Veterans Affairs

Is it an Eligible VA Loan?

- VA cancelled guaranty on this loan
- VA Pamphlet 26-7, Chapter 11, Section 12i says:

i. Properties in Coastal Barrier Areas Properties located in a Coastal Barrier Resources System (CBRS) area, as delineated on a CBRS map, are not eligible as security for a VA-guaranteed loan. Affected areas include portions of the Great Lakes, Gulf Coast, Puerto Rico, Virgin Islands, and the Atlantic coast.

Appraisers who work in CBRS areas must obtain the appropriate maps from the U.S. Fish and Wildlife Service. Prohibited areas on the maps are those inside the solid heavy black lines.



VA



U.S. Department
of Veterans Affairs

Foreclosure/Deed in Lieu/Bankruptcy

- You may disregard a foreclosure sheriff sale, deed in lieu of foreclosure, or Ch. 7 bankruptcy discharged more than 2 years ago.
- If the sheriff sale was held, home deeded back to mortgage company or the bankruptcy was discharged within the last 1 to 2 years, it is probably not possible to determine the borrower is a satisfactory credit risk.
- Develop credit file to determine if new consumer credit was opened and paid on time.
- Determine if bankruptcy was caused by some catastrophic event such as loss of job, uninsured medical bills, natural disaster, etc.
- Divorce is generally not a consideration for reducing the 2 year waiting period.



VA



U.S. Department
of Veterans Affairs

Bankruptcy Date vs. Foreclosure Date

- If a borrower was discharged in Ch. 7 bankruptcy prior to a liquidation, the Ch. 7 discharge date always prevails as the beginning of the 2 year waiting period.
- If a borrower lost a home due to a liquidation, and later discharged that debt in a Ch. 7 bankruptcy, the Ch.7 discharge date prevails as the beginning of the 2 year waiting period.

Federal Tax Liens

- A federal tax lien is a federal debt.
- VA Pamphlet 26-7, Chapter 4, Section 6f states:

f. Treatment of Federal Debts An applicant cannot be considered a satisfactory credit risk if he or she is presently delinquent or in default on any debt to the Federal Government until the delinquent account has been brought current or satisfactory arrangements have been made between the applicant and the Federal agency. The refinancing of a delinquent VA loan with an IRRRL satisfies this requirement.

An applicant cannot be considered a satisfactory credit risk if he or she has a judgment lien against his or her property for a debt owed to the Government until the judgment is paid or otherwise satisfied.

- The borrower must have made arrangement to repay the tax lien
- VA doesn't specify a minimum number of payments towards repayment, but do zero payments satisfy the requirement? NO

Collections

- VA gets a lot of questions regarding how collections should be handled
- Do you have an AUS Approve/Eligible loan? If yes, collections can be ignored.
- If you have an AUS Refer/Eligible, VA Pamphlet 26-7, Chapter 4, Section 7c states:

Collections: Isolated collection accounts do not necessarily have to be paid off as a condition for loan approval. For example, a credit report may show numerous satisfactory accounts and one or two unpaid medical (or other) collections. In such instances, while it would be preferable to have collections paid, it would not necessarily be a requirement for loan approval. However, collection accounts must be considered part of the borrower's overall credit history and unpaid collection accounts should be considered open, recent credit. Borrowers with a history of collection accounts should have reestablished satisfactory credit (see previous paragraph) in order to be considered a satisfactory credit risk.

- Large collections and charge-offs, especially if there are several of them, can be reason for denial.

Short Sales

- If a borrower sold a home on a short sale (VA calls these compromise sales), the lender needs to develop the credit.
- No mandated waiting time to close on a VA loan.
- Ensure you have evidence there will be no debt.
- Develop whether borrower agreed to repayment of that short sale debt.
- Will there be tax ramifications?
- Mortgage Forgiveness Debt Relief Act of 2007 allowed borrowers to exclude from their income (1099-C) certain types of forgiven debt.
- The Act expired December 31, 2014.
- You may need to include in the debt ratio the potential tax debt on that short sale deficiency forgiveness.

Credit Alert Verification Reporting System (CAIVRS)

- In order to close a VA loan of any kind, lenders must obtain a CAIVRS authorization.
- 'A' in front of the CAIVRS number deems the authorization acceptable.
- 'C' in front of the CAIVRS number means the borrower has an open federal debt.
- Can you close with an open federal debt? Yes, provided the borrower has set up payment arrangements or paid off the debt, and can provide evidence.
- FHA 'C' CAIVRS numbers can be negated because FHA loans require monthly mortgage insurance and there is no debt.
- FHA posts these 'C' claims to track their own foreclosure time frames.



VA



U.S. Department
of Veterans Affairs

25



Questions?

Veterans Benefits Administration

VA



U.S. Department
of Veterans Affairs

Thank
you

myVA

VA



U.S. Department
of Veterans Affairs



Certificate of Eligibility Issues

Maxine Henry, Program Analyst, VA Central Office
Ricardo Holloway, Loan Production Officer, Atlanta RLC
Paula Jesse, Asst. Loan Production Officer, Denver RLC

Veterans Benefits Administration



U.S. Department
of Veterans Affairs

Enhancements, Reminders & Conditions

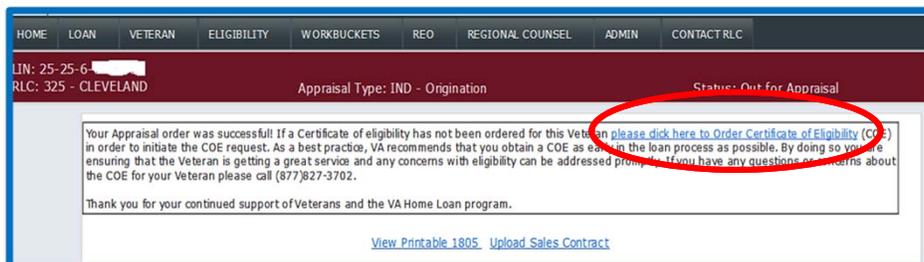


U.S. Department
of Veterans Affairs

Enhancements

After you order an appraisal, you may order a COE.

COE Link Within The Appraisal Order



HOME LOAN VETERAN ELIGIBILITY WORKBUCKETS REO REGIONAL COUNSEL ADMIN CONTACT RLC

LIN: 25-25-6-
RLC: 325 - CLEVELAND Appraisal Type: IND - Origination Status: Out for Appraisal

Your Appraisal order was successful! If a Certificate of eligibility has not been ordered for this Veteran [please click here to Order Certificate of Eligibility \(COE\)](#) in order to initiate the COE request. As a best practice, VA recommends that you obtain a COE as early in the loan process as possible. By doing so you are ensuring that the Veteran is getting a great service and any concerns with eligibility can be addressed promptly. If you have any questions or concerns about the COE for your Veteran please call (877)827-3702.

Thank you for your continued support of Veterans and the VA Home Loan program.

[View Printable 1805](#) [Upload Sales Contract](#)

The hyperlink at the top right corner of the paragraph block is the link to : “Order the Certificate of Eligibility”. If you click this link, it will take you to ACE (Automated Certificate of Eligibility) screen to order a COE.

Typically, the person who orders the appraisal would complete the process of “Viewing the 1805” and “Uploading the Sales Contract”.

COE Link Within The Appraisal Order

The screenshot shows the 'myVA' interface for an appraisal order. The top navigation bar includes 'IND APPRAISAL (02/14/2017) Out for Appraisal', 'LIN: 25-25-6', 'RLC: 325 - CLEVELAND', and 'Appraisal Type: IND - Origination'. A blue navigation menu on the left lists various actions such as 'COE PROCESSING', 'APPRaisal PROCESSING', 'APPRaisal ASSIGNMENT', 'DOCUMENTS', and 'OVERSIGHT'. The main content area is titled 'Appraisal Status & History' and contains three sections: 'Purchaser Information' with a text input field for 'Purchaser Name'; 'Sponsor & Requestor Information' with fields for 'Requestor Name (ID)', 'Requestor Type' (set to 'Lender'), 'Sponsor Name (ID)', and 'Sponsor Requestor Type'; and 'AMS/AVM' with fields for 'LSAM Report' (No XML Appraisal uploaded), 'AVM Report' (No AVM Ordered), and 'Order AVM' (Effective Date: [input field] Order AVM).

If you decide to complete the normal workflow process of ordering the appraisal, you may also order the COE from this screen by clicking “Order Certificate of Eligibility” in the blue navigation menu.

Note: When you order the COE from this location, it ties the COE to the appraisal case.

Eligibility Reminders

Please order the COE as early as possible in the loan application process.

This action prevents the following:

- Last minute delays – The Veteran is at the closing table and still does not have a COE because it was ordered just a few days prior to closing.
- The Veteran may not have the correct documentation to have his/her COE processed quickly. (Ex. DD-214, Point Statement, NGB 22, etc.)
- Receiving a determination that the Veteran is **not** eligible for a Certificate of Eligibility.

Eligibility Reminders

Please also remember to check the COE conditions prior to closing on the VA Loan.

ENTITLEMENT CODE **05** BRANCH OF SERVICE **Navy** FUNDING FEE **NON EXEMPT**

Issued By: Loan Specialist

Date: December 1, 2016

CONDITIONS

Subsequent Use Funding Fee- The veteran must pay a subsequent use funding fee on any future loan unless veteran is exempt.

Refinance Restoration (Cash Out)- This Certificate of Eligibility is valid only for a "cashout" refinance loan on property at 123 COE STREET, ELIGIBILITY, NV that secured VA loan number 45-45-6-?????? with a closing date of 06/01/2003.

Funding Fee - Veteran is not exempt from funding fee.

Many states offer additional Veterans benefits. To see what is available in your state, visit <http://go.usa.gov/WUq5>. These benefits could include state or local property or vehicle tax relief for certain eligible Veterans.



VA



U.S. Department of Veterans Affairs

7

COE Conditions

If a member is Active Duty:

- **Active Duty Service Member** – Valid unless discharged or released subsequent to date of this certificate. A certification of continuous active duty as of date of note is required.



VA



U.S. Department of Veterans Affairs

8

COE Conditions (cont.)

If a member is Reserve or National Guard Member:

- **Reserve or National Guard Member** - Valid unless discharged or released subsequent to date of this certificate. A certification of continuous service in the Selected Reserve or National Guard as of date of note is required.
- **Reserve/National Guard Funding Fee** - Entitlement is based on service in the Selected Reserve and/or National Guard so increased Funding Fee is required.

COE Conditions (cont.)

- **Refinance Restoration** - Restored entitlement previously used charged for VA LIN as shown herein is available only for use in connection with the property which secured that loan.
- **One Time Restoration** - Entitlement previously used for VA LIN has been restored without disposal of the property, under provision of 38 U.S.C. 3702b(4). Any future restoration requires disposal of ALL property obtained with a VA loan.

COE Conditions (cont.)

- **Subsequent Use Funding Fee** - Entitlement code of “5” indicates previously used entitlement has been restored. The Veteran must pay a subsequent use funding fee on any future loan unless Veteran is exempt.
- **Surviving Spouse** - Eligibility of the surviving spouse and the validity of guaranty entitlement hereby evidenced will be null and void if any change in marital status occurs subsequent to the date of this certificate and prior to the date a loan to the widow or widower is closed, unless the lender making the loan was not aware of any change in marital status and obtained on the date the loan closed an affidavit from the surviving spouse in the form prescribed by the Secretary.

COE Conditions (cont.)

- **Paid In Full Loan** – Entitlement charged on a paid in full loan cannot be restored until the veteran applies for restoration of entitlement.
- **Foreclosed Loan** - Entitlement charged on a foreclosed loan cannot be restored until VA's loss on the loan has been fully repaid. Information about repayment of the loss may be obtained by contacting the Regional Loan Centers.

Common Errors & Correct COE



U.S. Department
of Veterans Affairs

Help us help you!

- Common Errors

- Failing to add electronic application when you see this:

Reference Number: _____

Your request for a COE cannot be processed automatically. Therefore, this case requires manual processing by VA since we do not have the veterans service records in our system.

or this:

Reference Number: _____ Type: Certificate Of Eligibility Status: Unsuccessful
Veteran Name: _____ SSN: ***-**-**** DOB: _____



U.S. Department
of Veterans Affairs

Add an electronic application here:

For additional questions, please click on the Help link at the top of the page.

Click here for an [Electronic Application](#).

or here:



myVA

VA



U.S. Department
of Veterans Affairs

Common application errors

- Incomplete application – fill it all in!
- Not addressing prior loans appropriately

Prior VA Loan Information

Normally VA receives notification from the lender that a loan has been paid, but this does not always happen. To prevent delays, it is advisable to provide evidence that the prior loan has been paid in full with the application. The next screen will provide you the opportunity to upload the documentation.

Has the Veteran ever had a VA home loan? *

Does the Veteran now own any home(s) that you purchased or refinanced with a VA guaranteed loan? *

Click Next to continue the Certificate of Eligibility Application

myVA

VA



U.S. Department
of Veterans Affairs

What are the Veteran's intentions?

Does the Veteran want entitlement restored to refinance this home (cash out refinance)? *

Is the Veteran applying for a Certificate of Eligibility because he/she plans to refinance an existing VA loan to obtain a lower interest rate without receiving any cash proceeds (IRRRL/Streamline)? *

Does the Veteran want his/her entitlement restored to use on a different home? *

Does the Veteran intend to sell this home before closing on your next VA guaranteed home loan? *

Is the Veteran applying for a Certificate of Eligibility to determine the amount of home loan entitlement he/she has available for another VA loan without restoring entitlement used for this home? *

Avoid delays. Tell us what we need to know!



VA



U.S. Department of Veterans Affairs

Check your work!

- Is the name correct?
 - Did the Veteran serve under a different name?
- Date of birth?
- Social Security and service numbers?
- Uploading correct document?
 - DD214 or other service records for correct Vet
 - CD/HUD for correct property
- Opportunity to check at end of application



VA



U.S. Department of Veterans Affairs

Correct COE Link

- You've got the power!
 - Refresh the issue date
 - Restore entitlement on paid-in-full loans
 - Change Veteran contact information
 - Change Veteran first or middle name
 - Last name change*
 - Change Veteran branch of service*
 - Remove active duty status*

*Requires documentation and electronic application

myVA

VA



U.S. Department
of Veterans Affairs

Eligibility Record

Notes(0)

View COE

Electronic Application

New Application

Correct COE

Choose this

Not this

myVA

VA



U.S. Department
of Veterans Affairs

Resubmit Application

Type of Changes

Are you changing the Veteran's Name?

Are you changing the Veteran's Contact Information?

Are you changing the Veteran's Branch of Service?

Are you changing the Veteran's Funding Fee Exempt Status?

Would you like to refresh the COE with a new status date?

Has the Veteran recently completed a tour and wants to remove the active duty condition from the COE?

So many options!



VA



U.S. Department
of Veterans Affairs

Loan # 1

LIN:

Status: PAID IN
FULL

Address One:

Address Two:

City:

State: Texas

Zipcode: 75077

County: DENTON

Does the veteran own the property obtained with a VA loan?

Yes

Does the veteran want to use the one time Restoration benefit?

▼

Loan # 1

LIN:

Status: Active Loan

Address One:

Address Two:

City:

State: Texas

Zipcode: 75077

County: DENTON

Are you obtaining a COE for Cash Out, Streamline or Purchase?

Cash Out
Streamline Refinance
Purchase



VA



U.S. Department
of Veterans Affairs

Message from webpage

Once you submit, requested Changes will be made to COE, please review the COE to see the changes.

OK Cancel

Eligibility Record

- Notes(0)
- View COE**

Electronic Application

- New Application
- Correct COE

New COE with changes here!

myVA VA U.S. Department of Veterans Affairs

Correct COE Link Tips

- Always try to correct the COE rather than adding a new application
 - Adding an application places the record in our work buckets. Processed in order received.
 - If needed, payoff documentation may be uploaded through this process.
- Be sure that you have VA Form 26-1880, signed by the Veteran for accurate ownership information.

Surviving Spouse Eligibility



myVA

VA



U.S. Department
of Veterans Affairs

Defining a Surviving Spouse (SS)

- The term “Veteran” includes the SS of any Veteran which includes:
 - A person who died in the active military, naval, or air service
 - Or a person who died from a service-connected disability
 - Both active duty and active Reserves/National Guard under federal service can qualify

myVA

VA



U.S. Department
of Veterans Affairs

SS Application

- COEs for SS must be processed by VA. It's not automatic.
- SS application is VA Form 26-1817
- Complete and upload the completed form into WebLGY
- Provide the applicant's (SS) name, address, SSN, DOB

Processing SS Applications

- If SS is a Veteran, provide discharge documents such as DD214, VA Form 26-1880, and VA Form 26-1817
- Exemption information will be provided on the VA Form 26-8937

Processing SS Applications

An entitlement Code of "06" indicates that the SS is exempt from the VA funding fee

*my*VA

VA



U.S. Department
of Veterans Affairs



Questions?

Veterans Benefits Administration

VA



U.S. Department
of Veterans Affairs

Thank
you

myVA

VA



U.S. Department
of Veterans Affairs