

Wednesday Afternoon Agenda and PowerPoint Slides

April 12, 2017

1:00	CoreLogic	Frank Nothaft, SVP, Chief Economist, CoreLogic
2:00	TRID/CD	Peggy Wallace, Amy Berumen, Jeff Bolla
2:45	Break	
3:05	Staff Appraisal Reviewer (SAR) Approval Process	Kevin Diomedi, Ryan Nelson
3:35	Issues Processing VA Loans	Mark Jamison
4:05	Open Forum	Policy and Valuation Chiefs, SMEs



TRID/CD

Peggy Wallace, Loan Production Officer, Roanoke RLC
Amy Berumen, Asst. Loan Production Officer, Phoenix RLC
Jeff Bolla, Program Analyst, VA Central Office

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VA Circular 26-17-XX

Policy Clarification for TILA-RESPA Integrated Disclosure Fee and Loan Expenses Not Expressly Permitted by 38 CFR 36.4313:

- Further Clarification of Circular 26-16-11
- Focus on fees charged to the Veteran
- No itemized list of credits
- Final borrower signed copy (except in those states that a signed copy is not required)



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Allowable Fees and Charges

- Appraisal Fees
- Recording charges
- Credit Report
- Taxes and Assessments
- Hazard Insurance
- Surveys
- Title Exam and Insurance
- Flood zone Determinations & Life of Loan Service
- Other Costs

1% Origination (Other Costs)

- 1% Flat Fee or other costs up to 1%
- Refer to VA Lenders Handbook, Pamphlet 26-7, Chapter 8, Section 2.d.
- Includes (but not limited to):
 - Document Preparation Fees
 - Settlement Fees
 - Interest Rate Lock in Fees
 - Notary Fees
 - Commitment Fees
 - Tax Service Fees
 - Postage and other mailing charges
 - Pest inspection on purchase transaction in certain states
- For IRRRLs, use worksheet, VA Form 26-8923

Completing the CD The WRONG WAY will cost you money

Total Loan Amount: \$153,200

Closing Cost Details

Loan Costs	Borrower-Paid		Seller-Paid		Paid by Others
	At Closing	Before Closing	At Closing	Before Closing	
A. Origination Charges	\$2,632.00				
01 1 % of Loan Amount	\$1,532.00				
02 Application Fee	\$500.00				
03 Underwriting Fee	\$600.00				
04					
05					
06					
07					
08					
B. Services Borrower Did Not Shop For	\$686.55				
01 Appraisal Fee to John Smith Appraisers Inc.	\$450.00				
02 Credit Report Fee to Information Inc.		\$29.80			
03 Flood Determination Fee to Info Co.	\$20.00				
04 Flood Monitoring Fee to Info Co.	\$31.25				
05 Tax Monitoring Fee to Info Co.	\$75.00				
06 Tax Status Research Fee to Info Co.	\$80.00				
07					
08					
09					
10					
C. Services Borrower Did Shop For	\$3,655.50				
01 Pest Inspection Fee to Pests Co.	\$120.50				
02 Survey Fee to Surveys Co.	\$85.00				
03 Title - Insurance Binder to Epsilon Title Co.	\$650.00				
04 Title - Lender's Title Insurance to Epsilon Title Co.	\$500.00				
05 Title - Settlement Agent Fee to Epsilon Title Co.	\$1,500.00				
06 Title - Title Search to Epsilon Title Co.	\$800.00				
07					
08					
D. TOTAL LOAN COSTS (Borrower-Paid)	\$6,974.05				
Loan Costs Subtotals (A + B + C)	\$6,944.25	\$29.80			



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Completing the CD The WRONG WAY will cost you money

Other Costs

E. Taxes and Other Government Fees	\$85.00				
01 Recording Fees Deed: \$40.00 Mortgage: \$45.00	\$85.00				
02 Transfer Tax to Any State			\$950.00		
F. Prepaids	\$2,120.80				
01 Homeowner's Insurance Premium (12 mo.) to Insurance Co.	\$1,209.96				
02 Mortgage Insurance per month for mo.	\$279.04				
03 Prepaid Interest (\$17.44 per day from 4/15/13 to 5/1/13)	\$631.80				
04 Property Taxes (6 mo.) to Any County USA					
05					
G. Initial Escrow Payment at Closing	\$412.25				
01 Homeowner's Insurance \$100.83 per month for 2 mo.	\$201.66				
02 Mortgage Insurance per month for mo.	\$210.60				
03 Property Taxes \$105.30 per month for 2 mo.					
04					
05					
06					
07					
08 Aggregate Adjustment	-0.01				
H. Other	\$2,400.00				
01 HOA Capital Contribution to HOA Acre Inc.	\$500.00				
02 HOA Processing Fee to HOA Acre Inc.	\$150.00				
03 Home Inspection Fee to Engineers Inc.	\$750.00			\$750.00	
04 Home Warranty Fee to XYZ Warranty Inc.			\$450.00		
05 Real Estate Commission to Alpha Real Estate Broker			\$4,500.00		
06 Real Estate Commission to Omega Real Estate Broker			\$4,500.00		
07 Title - Owner's Title Insurance (optional) to Epsilon Title Co.	\$1,000.00				
08					
I. TOTAL OTHER COSTS (Borrower-Paid)	\$5,018.05				
Other Costs Subtotals (E + F + G + H)	\$5,018.05				
J. TOTAL CLOSING COSTS (Borrower-Paid)	\$8,992.10				
Closing Costs Subtotals (D + I)	\$11,962.30	\$29.80	\$10,400.00	\$750.00	
Lender Credits	\$3,000.00				

CLOSING DISCLOSURE

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1% Origination (over charged)

- Since the 1% Flat Fee was charged
- The following fees are overcharges:
 - Application fee \$500
 - Underwriting fee \$600
 - Flood Monitoring fee \$31.75
 - Tax Monitoring fee \$75
 - Tax status research fee \$80
 - Title Insurance Binder \$650
 - Settlement Agent Fee \$1,500
 - **Total refund in this case: \$3,436.75**
- The refund is due even though the lender credit would have paid all of the fees. They were still charged to the Veteran.

Completing the CD The RIGHT WAY

Total Loan Amount: \$153,200

Loan Costs	Borrower-Paid		Seller-Paid		Paid by Others
	At Closing	Before Closing	At Closing	Before Closing	
A. Origination Charges	\$1,532.00				
01 1 % of Loan Amount	\$1,532.00				
02 Application Fee					\$500.00
03 Underwriting Fee					\$600.00
04					
05					
06					
07					
08					
B. Services Borrower Did Not Shop For	\$499.80				
01 Appraisal Fee to John Smith Appraisers Inc.	\$450.00	\$29.80			
02 Credit Report Fee to Information Inc.					
03 Flood Determination Fee to Info Co.	\$20.00				
04 Flood Monitoring Fee to Info Co.					\$31.75
05 Tax Monitoring Fee to Info Co.					\$75.00
06 Tax Status Research Fee to Info Co.					\$80.00
07					
08					
09					
10					
C. Services Borrower Did Shop For	\$1,505.50				
01 Pest Inspection Fee to Pests Co.	\$120.50				
02 Survey Fee to Surveys Co.	\$85.00				
03 Title - Insurance Binder to Epsilon Title Co.					\$650.00
04 Title - Lender's Title Insurance to Epsilon Title Co.	\$500.00				
05 Title - Settlement Agent Fee to Epsilon Title Co.					\$1,500.00
06 Title - Title Search to Epsilon Title Co.	\$800.00				
07					
08					
D. TOTAL LOAN COSTS (Borrower-Paid)	\$3,537.30				
Loan Costs Subtotals (A + B + C)	\$3,507.50	\$29.80			

Completing the CD The RIGHT WAY

Other Costs					
E. Taxes and Other Government Fees			\$85.00		
01	Recording Fees	Deed: \$40.00 Mortgage: \$45.00	\$85.00		
02	Transfer Tax	to Any State		\$950.00	
F. Prepays			\$2,120.80		
01	Homeowner's Insurance Premium (12 mo.)	to Insurance Co.	\$1,209.06		
02	Mortgage Insurance Premium (mo.)		\$279.04		
03	Prepaid Interest (\$17.44 per day from 4/15/16 to 5/1/16)		\$631.80		
04	Property Taxes (6 mo.)	to Any County USA			
05					
G. Initial Escrow Payment at Closing			\$412.25		
01	Homeowner's Insurance	\$100.83 per month for 2 mo.	\$201.66		
02	Mortgage Insurance	per month for mo.			
03	Property Taxes	\$105.30 per month for 2 mo.	\$210.60		
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08	Aggregate Adjustment		-0.01		
H. Other			\$2,400.00		
01	HOA Capital Contribution	to HOA Acce Inc.	\$500.00		
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04	Home Warranty Fee	to XYZ Warranty Inc.		\$450.00	
05	Real Estate Commission	to Alpha Real Estate Broker		\$4,500.00	
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I. TOTAL OTHER COSTS (Borrower-Paid)			\$5,018.05		
Other Costs Subtotals (E + F + G + H)			\$5,018.05		
J. TOTAL CLOSING COSTS (Borrower-Paid)			\$8,955.35		
Closing Costs Subtotals (D + I)			\$8,975.35	\$79.80	\$10,400.00
Lender Credits			\$400.00		\$750.00
					\$3,436.75

CLOSING DISCLOSURE PAGE 2 OF 5 - LOAN ID # 123456789



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Itemized Costs

If completed correctly there is no need for any other itemization.

VA will no longer accept an itemization of a lender or seller credit if the buyer's column has more than a 1% charge to the Veteran for those fees listed above that are included in the 1% charge. Even if there is a lender credit that pays all of the borrower's closing costs.

If itemized correctly on the CD, any remaining lender or seller credit does not need an explanation or itemization of what it is being credited to.

Bear in mind, the borrower cannot receive more cash back than what they have provided at closing except for tax credits.



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Questions?

Veterans Benefits Administration

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Thank
you

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SAR (STAFF APPRAISAL REVIEWER) QUALIFICATIONS

Ryan Nelson - Valuation Officer-St. Paul RLC
Kevin Diomedi - Valuation Officer-Roanoke RLC

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OBJECTIVES

- General Requirements
- Paperwork (Forms and submission)
- Fees
- Training (How and Where)
- Tool box
- Who to Contact

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BASIC REQUIREMENTS

A Staff Appraisal Reviewer must:

- Be a full-time salaried employee of the lender
- Have at least 3 years of work experience which qualifies him or her to competently perform administrative appraisal reviews in conjunction with underwriting loans for VA loan guaranty purposes

PAPERWORK AND FEES

- VA form 26-0785
- \$100 Fee

Send to:

Department of Veterans Affairs
Administrative and Loan Accounting Center (105/262A)
Attention Agent Cashier
1615 Woodward Street
Austin TX 78172-0001



TRAINING/TEST CASES

- SAR Training Information:
www.benefits.va.gov/homeloans/appraiser_sar.asp
- Experienced SAR to train and supervise
- LSAM/AMS Training-Circular 26-15-12
- VA RLC review of test cases



TOOL BOX



- VA Pamphlet 26-7 (Lenders HB)
- VA NOV checklist
- SAR TPSS
- LSAM training
- SAR Support/RLC's



Questions?

Veterans Benefits Administration



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Thank
you



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Issues Processing VA Loans

Mark R. Jamison, LPO Cleveland

Veterans Benefits Administration

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VA Qualified Mortgage (QM) Interim Final Rule

- The Dodd-Frank Act dictates creditors must make a reasonable and good faith determination based on verified information that the consumer has a reasonable ability to repay the loan.
- VA defines QM to mean any loan that is guaranteed, insured or made by VA, but limitations apply to VA Interest Rate Reduction Refinance Loans (IRRRLs)
- For IRRRLs 38 CFR 36.4300 (c)(1) provides guidance for “Safe Harbor.”

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VA Safe Harbor Rules for IRRRLs

Safe Harbor requirements for an IRRRL must include:

1. The loan being refinanced was originated at least 6 months before the new loan's closing, and 6 payments had been made, and the Veteran had not been 30 days past due during the 6 months preceding the new loan's closing.
2. All fees and charges as part of the loan are in compliance with VA's closing costs regulations, and such fees will be recouped within 36 months of closing.
3. The streamlined refinance is either exempt from income verification under 38 CFR 36.4307, or the refinance complies with other income verification under 38 CFR 36.4340 covered in the next slide.



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Income Verification under 38 CFR 36.4340

- The Veteran is not 30 days or more past due on the prior existing residential mortgage loan.
- The proposed streamlined refinance loan would not increase the principal balance outstanding on the prior existing residential mortgage loan, except to the extent of fees and charges allowed by VA.
- Total points and fees payable in connection with the proposed streamlined refinance loan are in accordance with 12 CFR 1026.32, will not exceed 3 percent of the total new loan amount, and are in compliance with VA's allowable fees and charges found at 38 CFR 36.4313.
- The interest rate on the proposed streamlined refinance loan will be lower than the interest rate on the original loan, unless the borrower is refinancing from an adjustable rate to a fixed-rate loan, under guidelines that VA has established.
- The proposed streamlined refinance loan will be subject to a payment schedule that will fully amortize the IRRRL in accordance with VA regulations.
- The terms of the proposed streamlined refinance loan will not result in a balloon payment, as defined in TILA.
- Both the residential mortgage loan being refinanced and the proposed streamlined refinance loan satisfy all other VA requirements.



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Other Safe Harbor Considerations

- Pre-pays for real estate taxes, hazard insurance, HOA fees and special assessments may be removed from the 36 month recoupment period.
- The date of the note on the prior VA loan is starting point for 6 months/6 payment seasoning rule.
- If a VA IRRRL does not meet Safe Harbor does that mean VA won't guaranty the loan? No, provided it meets VA's basic rules for an IRRRL, the loan will still be guaranteed.

Fiduciary and Incompetency



Incompetent Veterans

VA or a probate court can deem a Veteran incompetent due to:

- Severe injury
- Medical conditions
- Mental disorders
- Financial instability

Incompetent Veterans

Types of legal appointees to assist Veterans:

- Fiduciary – an ethical relationship of confidence or trust regarding the management of money or property between two or more parties.
- Guardian – a person who has been appointed by a judge to take care of an incompetent person and manage that individual's personal affairs.
- Conservator – a guardian and protector appointed by a judge to protect and manage the financial affairs and/or the person's daily life.

Incompetent Veterans

- Power of Attorney: is a written authorization to represent or act on another's behalf in private matters, business transactions and other legal matters.
- Attorney-in-fact: the attorney-in-fact is a fiduciary for the principal (the person who was granted the power of attorney).

Incompetent Veterans

Who can be granted fiduciary responsibilities?

- Spouse – most common and preferred
- Family member
- Friend
- Court appointed legal representative (attorney or other legal representative)

Incompetent Veterans

How does a mortgage lender identify an incompetent Veteran?

- Initial purchase contract documents may have been signed by an attorney-in-fact.
- Veteran may have divulged the incompetency.
- VA Form 26-8937, Verification of Benefits is documented showing the Veteran is incompetent.

Incompetent Veterans

Please fill out the following form.

7. I HEREBY CERTIFY THAT I DO DO NOT have a VA benefit-related indebtedness to my knowledge. I authorize VA to furnish the information listed below.

8. I HEREBY CERTIFY THAT I HAVE HAVE NOT filed a claim for VA disability benefits prior to discharge from active duty service (I am presently still on active duty.)

9. SIGNATURE OF VETERAN _____ 10. DATE SIGNED _____

FOR VA USE ONLY

The above named veteran does not have a VA benefit-related indebtedness

The veteran has the following VA benefit-related indebtedness

TYPE OF DEBT(S)	VA BENEFIT-RELATED INDEBTEDNESS (If any)	AMOUNT OF DEBT(S)

TERM OF REPAYMENT PLAN (If any)

Veteran is exempt from funding fee due to receipt of service-connected disability compensation of \$ _____ monthly. (Unless checked, the funding fee receipt must be remitted to VA with VA Form 26-1820, Report and Certification of Loan Disbursement)

Veteran is exempt from funding fee due to entitlement to VA compensation benefits upon discharge from service.

Veteran is exempt from funding fee due to receipt of non-service-connected pension of \$ _____ monthly. LOAN APPLICATION WILL REQUIRE PRIOR APPROVAL PROCESSING BY VA.

Veteran has been rated incompetent by VA. LOAN APPLICATION WILL REQUIRE PRIOR APPROVAL PROCESSING BY VA.

Insufficient information. VA cannot identify the veteran with the information given. Please furnish more complete information, or a copy of a DD Form 214 or discharge papers. If on active duty, furnish a statement of service written on official government letterhead, signed by the adjutant, personnel officer, or commanding officer. The statement should include name, birth date, service number, entry date and time lost.

SIGNATURE OF AUTHORIZED AGENT _____ DATE SIGNED _____

RESPONDENT BURDEN: We need this information to determine, establish, or verify your eligibility for VA Loan Guaranty Benefits and to determine if you are exempt from paying the VA Funding Fee. Title 38, United States Code, allows us to ask for this information. We estimate that you will need an average of 5 minutes to review the instructions, fill the information, and complete this form. VA cannot conduct or sponsor a collection of information unless a valid OMB control number is displayed. You are not required to respond to a collection of information if this number is not displayed. Valid OMB control numbers can be located on the OMB Internet Page at www.regulations.gov. If denied, you can call 1-800-827-1000 to get information on where to send comments or suggestions about this form.

VA FORM 26-8937 SEP 2006 EXISTING STOCKS OF VA FORM 26-8937, NOV 2005, WILL BE USED.

Incompetent Veterans

Processing a VA home loan for an incompetent Veteran:

- Notify all parties to the transaction that case will require review by VA Fiduciary unit.
- Review process could take upwards of 30 days.
- **Submit case to VA Regional Loan Center for prior approval underwriting.**

Incompetent Veterans

What does VA do with the case?

- Loan Production loan specialist notifies VA Fiduciary unit of the potential VA home loan.
- VA Fiduciary reviews Veteran's finances to determine whether purchase is in best interests of the Veteran.
- VA Fiduciary may conduct a field review to interview the Veteran and their fiduciary.
- Determines whether the Veteran and fiduciary are capable of maintaining the property and has the financial means to make payments.

Incompetent Veterans

Legal aspects of fiduciary obligations:

- A spouse payee can purchase real estate on behalf of a Veteran, provided proper legal documents are in place (power of attorney granted to spouse, proper POA document in place, etc.).
- A fiduciary other than the spouse cannot purchase real estate on behalf of the Veteran unless a probate court has formally designated the fiduciary and approves of the purchase (probate documents would be required).

Incompetent Veterans

What happens next?

- If Fiduciary unit determines that purchase is not in the best interests of the Veteran, lender is notified.
- If Fiduciary unit determines that purchase is acceptable, loan is underwritten by Loan Production to determine Veteran's financial capability to make payments.
- If approved, lender closes loan ensuring that the proper individuals and/or attorney-in-fact signs documents.

Incompetent Veterans

Can an incompetent Veteran sign documents pertaining to a mortgage transaction?

Incompetent Veterans

It depends:

- If VA deems a Veteran incompetent, it is for financial management purposes only.
- If a probate court deems a Veteran incompetent, it is for financial, physical and legal protection. The Veteran cannot sign closing/legal documents.

Non-Service Connected Pension



Non-Service Connected Pension

What is VA non-service connected pension?

- The non-service connected pension benefit is medically based on a disability which is permanent and total in nature and which may not have been caused by their service in the military.
- If a Veteran is eligible for both a service connected disability from VA and non-service connected pension, they are paid the greater of the two amounts.

Non-Service Connected Pension

Which Veterans are eligible?

- Veterans who were discharged from service under conditions other than dishonorable, **and**
- Served at least 90 days of active military service 1 day of which was during a war time period, **or**
- If entered active duty after September 7, 1980, generally they must have served at least 24 months or the full period for which called or ordered to active duty (There are exceptions to this rule), **and**
- Veteran's **countable** family income is below a yearly limit set by law (**The yearly limit on income is set by Congress, or roughly \$23,500**), **and**
- Veteran is age 65 or older, **OR**, they are permanently and totally disabled, not due to their own willful misconduct

Non-Service Connected Pension

What types of income are counted against the Veteran's non-service connected pension award?

- All household income from Veteran, spouse and dependent children
- Disability and retirement payments
- Interest and dividends
- Net income from employment
- Net income from self employment

Non-Service Connected Pension

What types of income are not counted against the Veteran's non-service connected pension award?

- Public assistance or Supplemental Social Security income.
- A portion of un-reimbursed medical expenses paid by the Veteran (not covered by Medicare or private health insurance).
- Certain expenses such as Veteran's education expenses, and in some cases, even a dependent's education expenses.

Non-Service Connected Pension

How would a lender know if a Veteran might be receiving VA non-service connected pension?

- Certificate of eligibility tells you "Submit 8937"
- Veteran openly divulges that information
- Lender can see a direct deposit from VA
- Lender can see systematic series of deposits each month of a similar amount (some Veterans still receive a paper check each month)

Non-Service Connected Pension

If the lender obtains information related to receipt of non-service connected pension, what should the lender do next?

Submit VA Form 26-8937 to the VA RLC with jurisdiction over the proposed property to be purchased

Non-Service Connected Pension

- Once VA receives VA Form 26-8937, Verification of Benefits, typical turnaround time to complete is 2 – 3 days (depending on volume)
- VA will document if the Veteran is in receipt of non-service connected pension, state the amount the Veteran receives and notify the lender that the loan needs to be sent to VA for prior approval
- 26-8937 is faxed back to lender

Non-Service Connected Pension

Please fill out the following form.

7. I HEREBY CERTIFY THAT I DO DO NOT have a VA benefit-related indebtedness to my knowledge. I authorize VA to furnish the information listed below.

8. I HEREBY CERTIFY THAT I HAVE HAVE NOT filed a claim for VA disability benefits prior to discharge from active duty service (I am presently still on active duty)

9. SIGNATURE OF VETERAN _____ 10. DATE SIGNED _____

FOR VA USE ONLY

The above named veteran does not have a VA benefit-related indebtedness

The veteran has the following VA benefit-related indebtedness

VA BENEFIT-RELATED INDEBTEDNESS (if any)	
TYPE OF DEBT(S)	AMOUNT OF DEBT(S)

TERM OF REPAYMENT PLAN (if any)

Veteran is exempt from funding fee due to receipt of service-connected disability compensation of \$ _____ monthly. (Unless checked, the funding fee receipt must be remitted to VA with VA Form 26-1620, Report and Certification of Loan Disbursement)

Veteran is exempt from funding fee due to entitlement to VA compensation benefits upon discharge from service.

Veteran is not exempt from funding fee due to receipt of nonservice-connected pension of \$ _____ monthly. LOAN APPLICATION WILL REQUIRE PRIOR APPROVAL PROCESSING BY VA.

Veteran has been rated incompetent by VA. LOAN APPLICATION WILL REQUIRE PRIOR APPROVAL PROCESSING BY VA.

Insufficient information. VA cannot identify the veteran with the information given. Please furnish more complete information, or a copy of a DD Form 214 or discharge papers. If on active duty, furnish a statement of service written on official government letterhead, signed by the adjutant, personnel officer, or commanding officer. The statement should include name, birth date, service number, entry date and time lost.

SIGNATURE OF AUTHORIZED AGENT _____ DATE SIGNED _____

RESPONDENT BURDEN: We need this information to determine, establish, or verify your eligibility for VA Loan Guaranty Benefits and to determine if you are exempt from paying the VA Funding Fee. Title 38, United States Code, allows us to ask for this information. We estimate that you will need an average of 5 minutes to review the instructions, find the information, and complete this form. VA cannot collect or process a collection of information unless a valid OMB control number is displayed. You are not required to respond to a collection of information if this number is not displayed. Valid OMB control numbers can be located on the OMB Internet Page at www.regulations.gov/submitComments. If desired, you can call 1-800-571-1000 to get information on where to send comments or suggestions about this form.

VA FORM 26-8937
SEP 2006

EXISTING STOCKS OF VA FORM 26-8937, NOV 2005, WILL BE USED.

Non-Service Connected Pension

Processing a VA home loan for a Veteran in receipt of non-service connected pension:

- Notify all parties to the transaction that case will require review by VA's Pension Center.
- Review process could take upwards of 30 days.
- Submit case to VA Regional Loan Center for prior approval underwriting.

Non-Service Connected Pension

What happens after VA receives the file for underwriting?

- The Regional Loan Center is required to notify the VA Pension Center of all forms of income reported on the loan application.
- The Pension Center reviews that income to determine if that income has been previously divulged.
- If all forms of income were divulged and factored into the Veteran's non-service connected pension award, the Pension Center gives approval to proceed with underwriting.

Non-Service Connected Pension

What happens after VA receives the file for underwriting? (cont.)

- If the Veteran has income that was not previously divulged, the Pension Center notifies VA that further investigation with the Veteran will commence.
- The VA RLC may deny the loan since the income stream has now become suspect.
- If the RLC removes the non-service connected pension amount and the Veteran can still qualify, the loan could be approved.

Non-Service Connected Pension

If VA Pension Center institutes an investigation into other sources of income the following could result:

- Veteran could lose non-service connected pension.
- Veteran could be subject to repayment of all non-service connected pension overpayments.
- In rare instances, if some form of fraud was found, the Veteran could be subject to possible criminal charges.

Non-Service Connected Pension

Funding Fee Issues:

- A reminder that Veterans in receipt of non-service connected pension are **not exempt** from the VA funding fee.
- Funding fee amount would be calculated the same as any other VA loan with no exemption.

Energy Efficient Mortgage (EEM) Improvements



Energy Efficient Mortgage Improvements

Items That Can Be Added

- Windows and doors
- Clock thermostats
- Furnaces
- Water heaters
- Insulation and weather stripping
- Solar heating and cooling systems
- Heat pumps
- Insulated garage doors on an attached garage

Items That Cannot Be Added

- Air conditioning units – can be added if Veteran has a medical certification due to breathing issues
- New roof or shingles
- Vinyl siding
- Glass block windows
- If questions regarding improvements, contact RLC

Energy Efficient Mortgage Improvements

- Veterans can add up to \$3,000 to the 100% financing simply by providing a documented bid from a contractor.
- Veterans can add from \$3,001 - \$6,000 in EEM's by providing an energy analysis to show that estimated monthly expense of the EEM improvement is less than monthly cost savings to utilities.
- Veterans can add over \$6,000 in EEM's provided the cost is supported by a dollar for dollar increase in value (VA appraiser must certify increase in value).
- Funds are held in escrow until work is completed (does not have to be the typical 1 ½ times amount).

Energy Efficient Mortgage Improvements

For EEM's that result in \$3,001 - \$6,000 of improvement, VA requires an energy analysis.

Analysis must document:

- If the additional monthly expense will be less than the monthly savings to the Veteran's utility bills.
- The Department of Energy provides a website to accomplish this analysis. It can be found at:

<http://www.homeenergysaver.lbl.gov/consumer/>

Energy Efficient Mortgage Improvements

HOME ENERGY SAVER™

START DESCRIBE COMPARE UPGRADE COMMUNITY

Save money, live better, help the earth! Over 9 million visits!

ENERGY CALCULATOR

Enter your zip code, or

 Enter previous session #

 GO
[Look up zip code](#)

Case Studies

- Weatherization: Improving Home Safety and Reducing Your Energy Bill
- Everything You Wanted To Know About Solar Pool Heating
- Efficient Usage of Electricity
- Is building a new home energy efficient?
- Your House is a System
- Living Off The Sun, Or, No Electricity Bill
- Kermit was Right! It's not easy being green...

Energy Blogs

- Saving Energy in the Kitchen
- Buy lumens - not watts
- Should you replace those old windows?
- Things You Should Know: Dryer Vents Can Be a Fire Hazard
- Energy Efficient Computers, Home Office Equipment, and Electronics
- Congratulate Yourself on Achieving One Easy Energy-Saving Resolution

Videos

- Energy Savings Project: Insulating Your Water Heater Tank
- Energy Savings Project: Insulating Your Hot Water Pipes
- Energy Savings Project: Lowering Your Water Heater Temperature
- Efficient Electronics: Home Office
- Living Efficiently: Kids

Energy Efficient Mortgage Improvements

HOME ENERGY SAVER™

START DESCRIBE COMPARE UPGRADE COMMUNITY

QUICK INPUT / DETAILED INPUT

Building ID:
 Location: Mentor, Ohio
 Zip Code: 44260
 Session: 474211

GENERAL

Are you finished customizing this section? Yes No

Providing more details will make your results more accurate. [NEXT](#) [CALCULATE](#) [SAVE & EXIT](#)

Name or other identifier for this home/session:
 User's email address:
 Purpose of this assessment: Hypothetical analysis
 Inspection of actual house
 Energy audit of actual house
 Designing a new home
 Other:

DETAILED INPUT

Address: (omit address to exclude home from [Laport map](#))
 City: Mentor
 State: Ohio
 City with most similar climate to modeled house: Cleveland
 Year house was built: 2000
 People living in the house, by age (enter a number for each):
 0 to 5 years: 6 to 13 years:
 14 to 64 years: 65 years and older:

Energy Prices

Electricity	0.114	\$/kilowatt-hour
Piped Natural Gas	1.11	\$/therm or \$/100 cubic feet
Liquid Propane Gas (LPG)	2.47	\$/gallon
Fuel Oil	2.25	\$/gallon

Energy Efficient Mortgage Improvements

HOME ENERGY SAVER™

START DESCRIBE COMPARE UPGRADE COMMUNITY

QUICK INPUT | DETAILED INPUT

Building ID: Mark Jamison
Location: Mentor, Ohio
Zip Code: 44050
Session: 4742211

BUILDING DESIGN Are you finished customizing this section? Yes No

Providing more details will make your results more accurate. [PREVIOUS] [NEXT] [CALCULATE] [SAVE & EXIT]

Stories above ground level: 2

Heated or cooled floor area (all stories combined): 3600 square feet

Type of foundation: Conditioned Basement

Foundation or floor insulation: Yes No/Don't Know

Ceiling insulation level: R-11 (4-6 inches)

Roof insulation level: R-0

Attic or ceiling type: Cathedral Ceiling

Wall insulation: Yes

Airtightness: Does the house have weather stripping and/or caulking to prevent air leakage? Yes No

Describe windows on each side of house:

Window Type	Estimated window area (square feet)
Front: Double-pane, clear, Wood or Vinyl	72.00
Back: Double-pane, clear, Wood or Vinyl	72.00
Left: Double-pane, clear, Wood or Vinyl	36.00
Right: Double-pane, clear, Wood or Vinyl	36.00

Are you finished customizing this section? Yes No

[PREVIOUS] [NEXT] [CALCULATE] [SAVE & EXIT]

Energy Efficient Mortgage Improvements

HOME ENERGY SAVER™

START DESCRIBE COMPARE UPGRADE COMMUNITY

QUICK INPUT | DETAILED INPUT

Building ID: Mark Jamison
Location: Mentor, Ohio
Zip Code: 44050
Session: 4742211

APPLIANCES & EQUIPMENT Are you finished customizing this section? Yes No

Providing more details will make your results more accurate. [PREVIOUS] [CALCULATE] [SAVE & EXIT]

Clothes washer: Yes No

Number of refrigerators: 1 Refrigerator

Water heater: Year purchased: 2016

Tank size: 50 gallons

Fuel: Natural Gas

Heating equipment: Type: Central Gas furnace

Year purchased: 2000

Cooling equipment: Type: Central air conditioner

Year purchased: 2000

Thermal distribution: Duct Location: Conditioned space

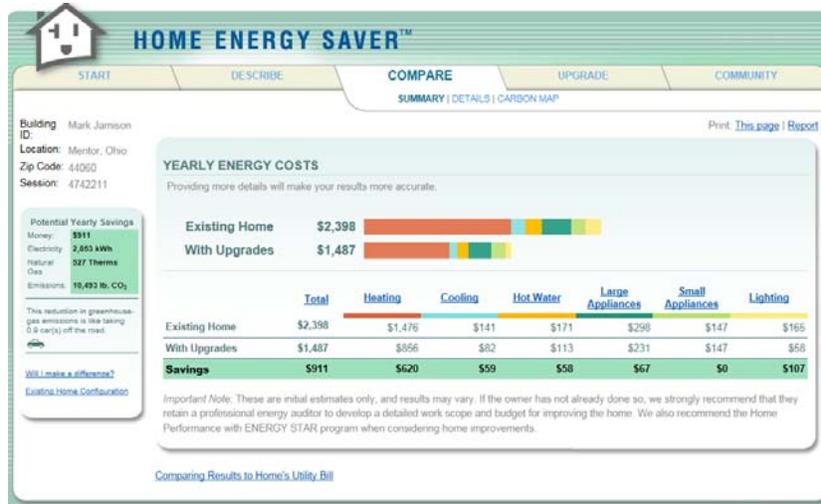
Ducts Insulated: Yes No/Don't Know

Boiler pipe insulation: Yes No/Don't Know

Are you finished customizing this section? Yes No

[PREVIOUS] [CALCULATE] [SAVE & EXIT]

Energy Efficient Mortgage Improvements



Energy Efficient Mortgage Improvements

- Using the previous analysis, if the Veteran was looking to add a \$5,000 furnace, the extra \$5,000 added to the 30 year mortgage @ 4%, would have cost the Veteran an additional **\$19.10** per month.
- The cost savings from the analysis states a new furnace would save \$620 per year, or **\$51.67** per month.
- Would this be an acceptable EEM? Yes, the Veteran is saving more per month than the cost added to their mortgage.



Questions?

Veterans Benefits Administration

VA



U.S. Department
of Veterans Affairs

Thank
you

myVA

VA



U.S. Department
of Veterans Affairs