

Wednesday Morning Agenda and PowerPoint Slides

April 12, 2017

Time	Session	Speakers
7:45	Administrative Notes	Mark Connors
8:00	VA Fee Appraiser Panel Update	Kevin Eason
8:30	Notice of Value Conditions	Kevin Diomedi, Marty Finlin
10:00	Break	
10:20	Prior Approvals	Peggy Wallace, Amy Berumen, Jeff Bolla
11:05	VA Funding Fee	Jeff Bolla, Jennifer Tillery
11:30	Lunch	



VA Appraiser Recruitment, Fees and Oversight

Presented by:
Kevin Eason – Denver RLC Valuation Officer

Veterans Benefits Administration



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Agenda

- **Introduction**
- **Appraiser Recruitment**
 - Qualifications
 - Probationary Period
 - Recruitment Challenges
- **Appraisal Fees and Timeliness**
 - Appraisal Fee Increases
 - Appraisal Timeliness Increases
- **Appraisal Oversight**
 - Payment Assistance
 - VA policy on collection of fees
 - VA policy on late fees being assessed



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Appraiser Recruitment

- **FY 16 Appraiser Qualifications**

- 5 Years Of Experience In Appraising Properties
- Currently Licensed Or Certified In The State They Wish To Appraise
- Good Character (Reference Letters From Other Appraisers)
- Cannot Be Employed By The Federal Government, Fannie Mae, Freddie Mac, Etc.
- Demo Appraisal Report

- **FY 17 Appraiser Qualifications**

- 5 Years of Experience in the “type of work” in which one has had experience to competently appraise and value within a prescribed area.



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Appraiser Recruitment

- **Probationary Period/Training of New Appraisers**

- 1 Year Probationary Period
- First three assignments are both desk and field reviewed for quality and timeliness by VA staff appraisers
- Training Materials: VA Lender's Handbook Ch. 10-17, Recent Circular Updates (As Applicable)
- Overview Of Timeliness Requirements and Fee Schedules
- RLC Based Training

- **New for 2017**

- Web-based conferencing for Appraiser Training via Adobe Connect
 - Mobile Access for All Invitees
 - Screen and Document Sharing
 - Polls, Q&A, Chat, Notes, Whiteboard and Emoticons
 - Recording, Reporting and Administration

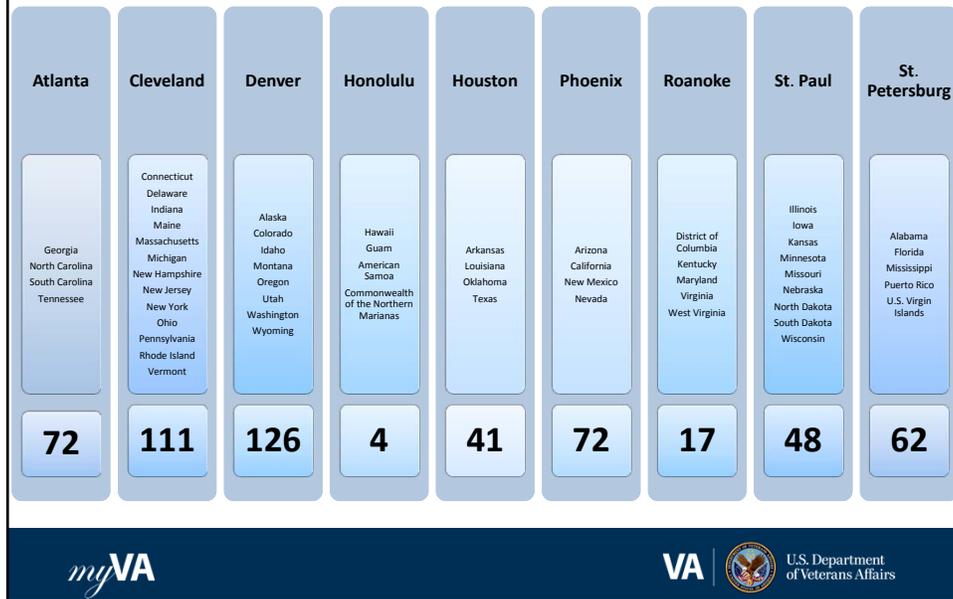


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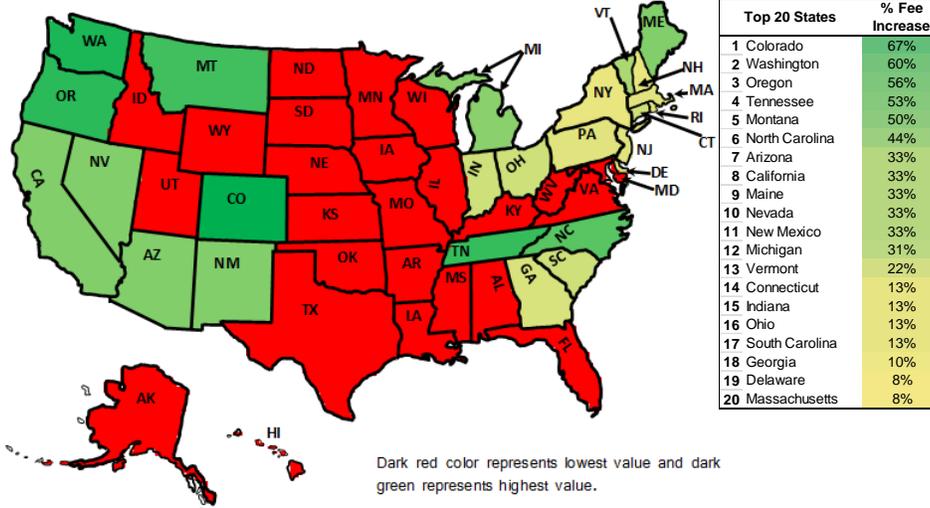
Recruitment Drive for FY16



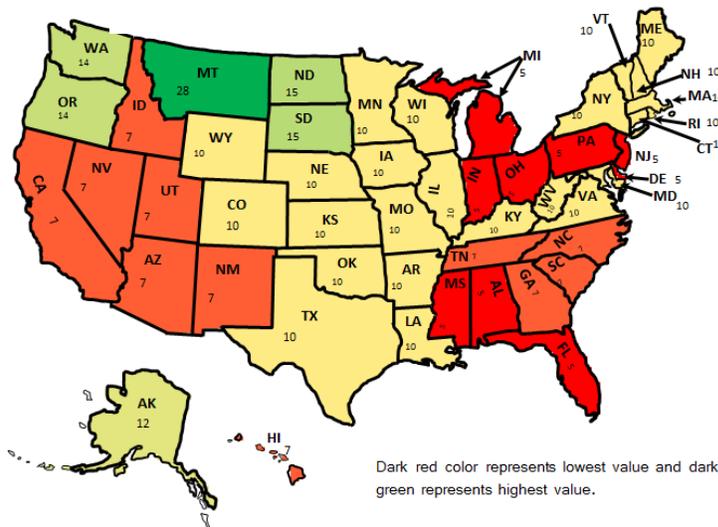
Recruitment Challenges

- Geo-Area Recruitment Needs
- Lack Of Appraiser Data In These Counties
- Remote Areas/Non-Densely Populated Areas
- How Are You Managing These Challenges On The Conventional Side?

Appraisal Fee Increases



Appraisal Timeliness



Appraiser Oversight

- **Appraiser Timeliness**
 - What To Do When Appraisers Are Late
 - Appraiser Repairs/Requests Not Consistent With VA Guidelines
 - Reach Out To Your Local RLC



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VA Policy on Appraisal Fees

- **Assessable Appraisal Fees**
 - Appraisal Assignment
 - Mileage For Assignments Outside Of Appraisers Normal Business Area
 - Complexity Of Properties
 - Final Inspection Fee/Repair Inspection (When Applicable)
- **Collection Of Late Fees**
 - Lenders are required to pay appraisers “On receipt of Notice of Value or advice from the Department of Veterans Affairs that a “Notice of Value” will not be issued (VA Form 26-1805-1)”.
 - Appraisers and other fee personnel are authorized to collect a reasonable late charge for fees that are not paid promptly.
 - Reasonable “late charges” may be collected after 60 days have elapsed from the date of billing. Late fees will not exceed State usury statutes and cannot to be charged to the Veteran.
 - RLC Personnel Assist In Collection Of Fees
 - Advance Payment Of Appraisal Fee



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Questions?

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Thank
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Notice of Value (NOV) Conditions

Presented by:

Kevin Diomedi - Roanoke RLC Valuation Officer

Martin Finlin - Cleveland RLC Valuation Officer

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Objectives

- Discuss NOV Conditions & Requirements
- Please hold case specific, unusual, and complex situation questions to the end (we will address them individually).

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NOV Conditions: Overview

Purpose of the NOV

- Establishes value determination
- Establishes appraisal related conditions to close the loan

General NOV Guidelines

- Who Completes the NOV (LAPP vs. IND)
- Timeliness Standards (5 business days)
- Required Documentation
- Requesting Corrections



NOV Conditions

- **#1. ENERGY CONSERVATION IMPROVEMENTS.** You may wish to contact the utility company or a reputable firm for a home energy audit to identify needed energy efficiency improvements to this previously occupied property. Lenders may increase the loan amount to allow buyers to make energy efficiency improvements such as: Solar or conventional heating/cooling systems, water heaters, insulation, weather-stripping/caulking and storm windows/doors. Other energy-related improvements may also be considered. The mortgage may be increased by up to \$3,000 based solely on documented costs; or up to \$6,000 provided the increase in monthly mortgage payment does not exceed the likely reduction in monthly utility costs; or more than \$6,000 subject to a value determination by VA.
- Notifies the Veteran of the Energy Efficient Mortgage Program
- This condition is a requirement for all “existing” properties, but should not be noted for any type of new construction
- The condition is automatically coded as a requirement based on how the case is ordered or coded at the time of issuing the NOV.

Termites



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Conditions of the NOV (cont'd)

2. WOOD-DESTROYING INSECT INFORMATION

- a. **Inspection Report (Existing Construction).** The property must be inspected at no cost to you by a qualified pest control operator using Form NPMA-33, or other form acceptable to VA. Any reported infestation or structural damage affecting the value of the property must be corrected to VA's satisfaction prior to loan settlement. You must acknowledge receipt of a copy of the inspection report in the space provided on the form.
 - b. **Soil Treatment Guarantee (Proposed or Under Construction).** A properly completed Form NPMA-99a is required. If the soil is treated with a termiticide, a properly completed Form NPMA-99b is also required. The lender will provide you with a copy.
- Not all states require termite inspections.
 - In some states, only certain counties require an inspection.
 - Option B is only for "proposed construction" cases. Homes built less than a year, and never occupied would still use option A.

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Termite treatment



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Conditions of the NOV (cont'd)

3. LIEN-SUPPORTED ASSESSMENT. This property is located in a development with a mandatory membership in a homeowner's association. The lender is responsible for ensuring that title meets VA requirements for such property and that the homeowner association assessments are subordinate to the VA-guaranteed mortgage.

a. Homeowner Association Fee.

b. Other

- All HOA and/or PUD fees should be noted under condition A.
- All special assessments should be noted under condition B.
 - When Entering a special assessment on the “issue NOV screen”, the special assessment fee should be noted in the box noted for the special assessment fees, but the fee also needs to be noted in the “other description” box. If the fee is not included in this box, then it doesn’t actually populate on the NOV.

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Termite condition?



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Conditions of the NOV (cont'd)

4. CONDOMINIUM REQUIREMENTS. The lender is responsible for ensuring that this condominium is acceptable to the VA and that any condominium-related special conditions or requirements have been met. There may be additional information in "Other Conditions/Requirements" below.

- The VA Condo ID should be noted in the "save/issue NOV" screen.
- Condos noted to be accepted with or without conditions are considered to be approved. If approved with conditions, it is the lender's responsibility to ensure that the condition(s) are met before closing.
- VA Circular 26-09-19 (change 1) outlines how VA looks at condos noted as HUD Accepted within the Portal.

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Site Condo



A **site condo** looks just like a traditional, platted subdivision. Lot sizes, quality of homes and zoning restrictions are all identical. The only differences are technical - **sites** are divided and recorded by **condominium** documents rather than a plat.



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Conditions of the NOV (cont'd)

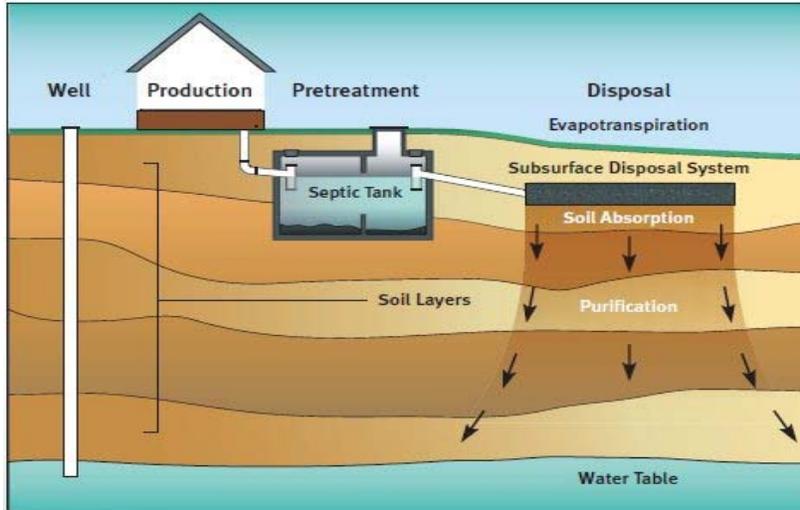
5. WATER/SEWAGE SYSTEM ACCEPTABILITY. Evidence from the local health authority or other source authorized by VA that the individual ____ water supply, ____ sewage disposal system(s) is/are acceptable.

- A water quality test is required anytime there is a well present, and hook-up to public water is not available.
- Generally septic inspections are not required unless the appraiser notes specific issues with the septic (usually an odor or seepage)
- Some states do require septic inspections regardless if the appraiser notes issues or not.
 - This generally is only for purchase transactions
 - Refer to the local requirements page for states where this might apply



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Basic Septic/Well Location



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Water Supply?



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Conditions of the NOV (cont'd)

6. **CONNECTION TO PUBLIC WATER/SEWER.** Evidence of connection to _____ public water, _____ public sewer, if available, and that all related costs have been paid in full.

- Connection to public water, and/or sewer is required when hook-up to public utilities is available, and feasible if the local municipality obligates connection at that time.
 - If public utilities are available, but connection is not required by the local municipality then VA would not obligate connection.
 - Refer to VA Circular 26-13-24 for additional information.



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Conditions of the NOV (cont'd)

7. **PRIVATE ROAD/COMMON-USE DRIVEWAY.** Evidence that use of the private road or common-use driveway is protected by a recorded permanent easement or recorded right-of-way from the property to a public road, and that a provision exists for its continued maintenance.

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

**Condos and PUD's covered by organizational documents that cover easement and maintenance do not require this condition.



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Easement/Maintained?



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Conditions of the NOV (cont'd)

8. FLOOD INSURANCE. Since improvements on this property are located in a FEMA Special Flood Hazard Area, flood insurance is required.

- Flood insurance is required if any portion of the improvement is located in a special flood hazard area (SFHA).
- The VA appraiser's opinion on whether the property is located in a SFHA does not relieve the lender from responsibility for ensuring flood insurance coverage on a property, which is in fact located in a SFHA.
- VA cannot guarantee a loan if the security is located in a SFHA, and flood insurance is not available.

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Hampton Roads



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Conditions of the NOV (cont'd)

9. **"AIRPORT" ACKNOWLEDGEMENT.** Your written acknowledgement that you are aware that this property is located near an airport and that aircraft noise may affect the livability, value and marketability of the property.

- The appraisal report must identify any airport noise zone or safety-related zone in which the subject property is located.
- For a list of noise zones, and accompanying requirements for each zone please refer to Chapter 11.12 in the VA Lender's Handbook
- This requirement generally does not apply to smaller county or personal airports where only small aircraft are in service.
- Airport noise zone maps can be found on the FAA website at:
https://www.faa.gov/airports/environmental/airport_noise/noise_exposure_maps/

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Airport Noise



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Noise Zones



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Conditions of the NOV (cont'd)

10. **REPAIRS.** The _____ lender _____ fee appraiser (_____ [name] _____) is to certify that the following repairs have been satisfactorily completed. See the above second paragraph about your responsibility concerning the condition of the property.

- The lender may be chosen allowing for self-certification of repairs for general/minor maintenance such as a handrail being installed.
- The lender may also certify if the repair was made by a licensed professional in some cases.
- For lead paint the handbook notes the appraiser should be the one to certify the proper action(s) were taken.

For questions on repairs of extensive nature you may wish to consult your RLC of jurisdiction or should request the appraiser certify.



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Conditions of the NOV (cont'd)

11. **LOCAL HOUSING/PLANNING AUTHORITY CODE REQUIREMENTS.**

Evidence that local housing or planning authority code requirements, if any, have been met.

- This condition is no longer an interactive condition on the issuing NOV screen, however it is still reflected on the NOV itself.
- For all cases, local requirements are expected to be met.



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Conditions of the NOV (cont'd)

12. **"NOT INSPECTED" ACKNOWLEDGEMENT.** Your written Acknowledgement that, you are aware that since this new property was not inspected during construction by VA,

- a. VA assistance with construction complaints will be limited to defects in equipment, material and workmanship reported during the one-year builder's warranty period.
 - b. VA will not intercede on your behalf in the processing of any construction complaints.
- This condition only applies to homes appraised as proposed/under construction or built less than a year, and never occupied.
 - Option A should be selected whenever a 1 year VA builders warranty is being provided.
 - Option B should be selected whenever only a 10 year insurance-backed protection plan is being provided.
 - There is no set form for this statement to go on. Just a general statement from the Veteran will be sufficient to clear the requirement.

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1 year, 10 year or Both?



OR



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Conditions of the NOV (cont'd)

13. TEN-YEAR INSURED PROTECTION PLAN. Evidence of enrollment of this new property in a 10-year insured protection plan acceptable to the Department of Housing and Urban Development (HUD).

- On proposed or under construction cases, if the local authority does not issue a Certificate of Occupancy or equivalent and cannot provide evidence of the required inspections throughout construction then a ten-year insured protection plan will need to be provided (along with the standard 1 year VA builder's warranty)
- For cases completed as built less than a year and never occupied, the standard 1 year VA builder's warranty is required.



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Conditions of the NOV (cont'd)

14. ENERGY EFFICIENT CONSTRUCTION. Builder's certification which identifies this new dwelling and states that it was constructed to meet the energy conservation standards of the Council of American Building Officials (CABO) 1992 Model Energy Code (MEC).

- There is no set form for this statement to be on. As long as the builder provides the statement, the condition would be considered to be satisfied.



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Conditions of the NOV (cont'd)

15. **LEAD/WATER DISTRIBUTION SYSTEM.** Builder's certification which identifies this new dwelling and states that the solders and flux used in construction did not contain more than 0.2 percent lead and that the pipes and pipe fittings used did not contain more than 8.0 percent lead.

- There is no set form for this statement to go on. As long as the builder provides the statement, the condition would be considered to be satisfied.



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Conditions of the NOV (cont'd)

16. **OFFSITE IMPROVEMENTS.** Evidence that the streets, sidewalks, drains, water, sewer, etc. have been completed and accepted for maintenance by the local authority.

- This condition should be required if the property was appraised as either proposed, new, or under construction, and if off-site improvements have not been completed and accepted for maintenance by the local authority at that time such as
 - Streets
 - Sidewalks
 - Drains, and/or
 - Sewers
- This generally only comes into play in brand new subdivisions.



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Offsite complete ?



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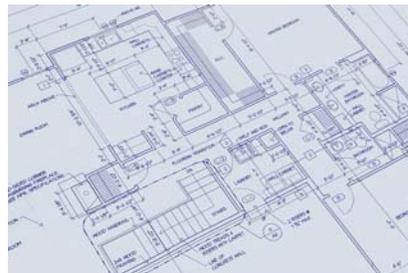


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Conditions of the NOV (cont'd)

17. PROPOSED CONSTRUCTION. To be completed based on construction exhibits identified as

- At the time of issuing the NOV, a brief description of the subject property should be noted if appraised as proposed construction/under construction.
 - Info such as model name, bedroom count, bathroom count, GLA, and design should be noted.



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Conditions of the NOV (cont'd)

18. CONSTRUCTION INSPECTIONS.

- a. Local authority to perform construction inspections at the foundation, framing and final stages and issue a Certificate of Occupancy (CO), final approval, or equivalent.
 - b. Local authority does not perform construction inspections, therefore the property must be covered by both a 10-year insurance-backed protection plan that is acceptable to the Department of Housing and Urban Development (HUD), and a 1-year VA builder's warranty. The lender is to certify that the property is 100 percent complete (both on-site and off-site improvements) and that it meets VA Minimum Property requirements for existing construction.
- Option A should be selected anytime the subject property was appraised as proposed or under construction unless local inspections and/or CO are not provided.
 - If on a proposed/under construction case, evidence is provided that the local authority does not perform construction inspections then condition B would be selected. At that point, the additional guidelines noted under option B should be followed as well.



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Conditions of the NOV (cont'd)

19. CONSTRUCTION WARRANTY. One-year VA builder's warranty on a fully completed VA Form 26-1859, Warranty of Completion of Construction.

- In every case processed as proposed or under construction, the builder must provide the Veteran home buyer with a one-year VA builder's warranty (even if a ten-year insured protection plan is to be in place, the 1 year VA builder's warranty would be needed).
- For cases completed as built less than a year ago and never occupied, the Veteran has the choice between a ten-year insured protection plan, and the standard 1 year VA builder's warranty.
 - It should be noted that the 1 year VA builder's warranty is actually more inclusive in terms of what it covers.



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Conditions of the NOV (cont'd)

20. OTHER CONDITIONS/REQUIREMENTS

- This condition is meant to cover special requirements. Some examples would be:
 - Conditions for non-vented gas space heaters.
 - Conditions for springs or cisterns.
 - Additional conditions for shared wells.
- This condition is not meant to note lender requirements that are above and beyond what VA would otherwise require.



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Local Requirements

- To view a list of local requirements for each state please visit the following website:
 - [Http://www.benefits.va.gov/HOMELOANS/appraiser_cv_local_req.asp](http://www.benefits.va.gov/HOMELOANS/appraiser_cv_local_req.asp)
- If “no local requirements” are noted, then all general VA requirements would be expected to be met.
 - An example would be termite inspections. If nothing is noted then a termite inspection is required. Otherwise specific guidelines will be noted such as, termite inspections not required or termite inspections only required in certain counties (then the specific counties would be noted).



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NOV Conditions Cont'd

Common Questions

- Lender Overlays
- Code vs Safety Hazard
- NOV exceeds appraised value
- SAR appraisal review documentation
- Community water supply vs Co-op water supply



Conclusion

Summary

- Complete and accurate documentation
- Timeliness
- Proper NOV conditions based on property type and appraisal

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Prior Approval Loans

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

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Objectives

- What is a Prior Approval Loan?
- When Must a Loan be Submitted as a Prior?
- What's New—Upload of Prior Approval Loans
- Common Issues
- Future Changes

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References

VA Pamphlet 26-7, Lender's Handbook

- Chapter 5.4.
- Chapter 7.1

Circular 26-17-01

- http://www.benefits.va.gov/homeloans/documents/docs/prior_approval_LP_lenders.pdf



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Which Loans are Submitted to VA for Prior Approval?

- Joint Loans (Vet/Vet, Vet/Non-Vet)
- Loans to Veterans in receipt of VA non-service connected (NSC) pension
- Loans to Veterans that have a fiduciary assigned by VA
- IRRRL's made to refinance delinquent VA loans
- Loans underwritten by Prior Approval Lenders



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Joint Loans

- **Veteran & non-Veteran (not spouse)**
 - Each borrower must be creditworthy
 - Veteran must qualify for his or her portion without income from the Non-Veteran
 - Only Veteran's portion is guaranteed
- **Veteran & one or more Veterans (non-spouse) who will NOT be using their entitlement**
- **Veteran & one or more other Veterans (non-spouse), all of who will use their entitlement**
 - Each Veteran must be creditworthy
 - Income and assets may be combined for qualification purposes

True or False?

A loan made to a married couple in which both applicants are Veterans using their Certificates of Eligibility (COE's) must be sent into VA for prior approval processing.

False

Loans to Veterans in Receipt of VA Non-Service Connected Pension

- VA pension is a tax-free monetary benefit payable to low-income wartime Veterans
- Condition on COE
 - If the COE obtained states: "**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," always verify this statement by contacting the RLC of jurisdiction before sending/uploading the file—system glitch causes this condition in some cases.
- Income Matching
 - Pension Center reviews each NSC Pension case Loan Guaranty submits to potentially detect unreported income—this could result in loss of pension income or recoupment of the debt may be established
- A Veteran receiving only VA Pension is NOT exempt from paying the VA Funding Fee

Loans to Veterans with a Fiduciary Assigned by VA

The purpose of the Department of Veterans Affairs (VA) Fiduciary Program is to protect Veterans and beneficiaries who are unable to manage their VA benefits through the appointment and oversight of a fiduciary.

- **COE should state:**
 - “**Funding Fee** - Please fax a copy of the 26-8937 to the RLC of Jurisdiction. Please have lender contact VA Regional Loan Center for loan processing.”
- Completed VA Form 26-8937 will indicate the Veteran has a fiduciary assigned by VA and Prior Approval is required.
- Lenders should advise Veterans to contact their Fiduciary Point of Contact to inform them that a real estate transaction is being pursued. This may assist in speeding up the process with the Fiduciary Unit.

Loans to Veterans with a Fiduciary Assigned by VA (Continued)

Fiduciary Contact:

benefits.va.gov/fiduciary/contact-us.asp

- After loan submitted to VA, Loan Guaranty contacts the Fiduciary Center of jurisdiction to make a determination as to whether the transaction is in the Veteran's best interest
- Can take 60-120 days to receive a determination from the Fiduciary Unit



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IRRRL's made to Refinance Delinquent VA Loans

- Loan will be 30 days or more past due as of the date of closing
- Lender must determine:
 - What caused the delinquency and has it been resolved?
 - Will the Veteran be able to meet the new loan obligation?
 - Late payments, fees and charges may be rolled into the new IRRRL
 - Documentation Requirements: Chapter 6.2.
 - Common Missing Documentation Includes:
 - Loan Analysis signed by underwriter
 - Income verification
 - Documentation verifying cause of delinquency has been corrected
 - Signed URLA



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Lenders Without Automatic Authority

Prior Approval Lenders:

- Not approved as a supervised or non-supervised lender
- Does not have auto authority or VA-approved underwriter
- Must submit all loans to VA for prior approval, except non-delinquent IRRRLs

Timeframes

- 10 business days to review file from the date received electronically in WebLGY (See Circular 26-17-01)
- All communication should be with the Underwriter only
- If additional documentation is required from the lender:
 - the loan is suspended
 - the additional information is requested
 - another 10 business days is allotted from the date of receipt of the new information

Timeframes (Continued)

- Allow up to 60-120 days for Pension/Fiduciary cases
- Electronically submit closing package to WebLGY for guaranty within 60 days of closing
- Certificate of commitment cancelled after 6 months from date of issuance



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True or False?

On a prior approval loan, the VA Loan Analysis (VA Form 26-6393) must be signed by the underwriter.

True



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What's New For Prior Approval Loans?

See Circular 26-17-01

- Prior approval loans are no longer sent to the RLC of jurisdiction via regular mail
- Effective 2/13/2017, lenders are required to upload prior approval loans through WebLGY
 - Presently priors are assigned jurisdictionally
 - In the future, prior approvals will be assigned to the next Loan Specialist in rotation—will not be jurisdictional
- **Lender must furnish a cover letter with the uploaded file stating:**
 - The reason for the prior approval
 - Any unique circumstances
 - Underwriter's name, phone number and email address
 - Underwriter's *manager's name*, phone number and email address
- File must be complete and NO extraneous documentation

Prior Approval Reference Guide

Located online at:

http://www.benefits.va.gov/HOMELOANS/documents/docs/prior_approval_LP_lenders.pdf

Above link can be found on Circular 26-17-01

Must a loan be in an “NOV-Issued Status” in order for a prior approval loan file to be submitted?

YES

The screenshot displays the WebLGY system interface. At the top, there is a navigation bar with 'HOME', 'LOAN', 'ELIGIBILITY', and 'CONTACT RLC'. Below this, a red banner contains the following information: 'LIN: RLC: 345 - PHOENIX', 'Appraisal Type: IND - Origination', and 'Status: CRV/NOV/MCRV Issued'. The main content area is divided into several sections: 'Appraisal Status & History', 'Purchaser Information', 'Property Information', and 'Appraisal Report'. The 'Purchaser Information' section includes a field for 'Purchaser Name'. The 'Property Information' section includes fields for 'Property Doc(s)', 'Property Address', and 'County: MARICOPA'. The 'Appraisal Report' section is also visible.

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Correspondence

Follow these steps to successfully upload a prior approval loan package:

- **Document Association:** Select *Loan* from the drop down menu
- **Correspondence Type:** Select *Document Received*
- **Document Type:** Select *Prior Approval Loan Package*
- **Document Name:** Enter a name that describes the document (do not use Veteran's name)
- **File to Upload:** Select *Browse* to locate the file from your desktop

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Correspondence (continued)

LOAN INFORMATION ▾

- LOAN PROCESSING**
- Status & History
- Notes
- Summary
- Change Lender
- Correspondence
- CERTIFICATES**
- PRIOR APPROVAL**
- Analysis - 09/04/2015 09:00:21
- ACTIVITY**
- Funding Fee
- Cancel or Withdraw

Correspondence

Enter Correspondence

Submission Date* 09/04/2015

Document Association*

Correspondence Type*

Document Type*

File to Upload* Browse...

Document Name*

Public Document

User

Note

Public Note

Submit

Loan Correspondence History

1 Correspondence(s)

Submission Date	Document Type	Document Name	File Name
09/04/2015	Prior Approval Loan Package	Loan Package	Test Upload.pdf



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Common Issues

- Prior approval loans must be manually underwritten (*AUS is not accepted, but can be used as a tool for lender*)
- Missing Cover Letter (per Circular 26-17-01)
- Submitting a file that does not require prior approval
- Documents must be legible and should not be uploaded upside down or sideways
- Loan must be fully underwritten with NOV issued



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Common Issues (Continued)

- Include all required documents according to Chapter 5.4.c. and Circular 26-17-01
- Loan Analysis, VA Form 26-6393 must be signed by the Underwriter
- Verification of Rent (VOR) should be provided if applicable
- *Final* URLA must be signed by all parties prior to issuance of commitment
- Do not piecemeal documentation



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Common Issues (Continued)

- Notify VA if loan has been cancelled, withdrawn or denied
- Ensure commitment conditions are met at time of guaranty
- Enter the funding fee into FFPS correctly



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Must a non-Veteran on a joint VA loan
certify occupancy?



NO. Any borrower on a joint loan who does not use entitlement for the loan
(such as a non-Veteran), does not have to intend to occupy the property.

Is a Verification of Rent (VOR)
required on a prior approval
loan?

Yes



It depends!

Future Changes

Prior approvals will be distributed nationwide on a rotational basis



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Entitlement Charge Examples



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Equal Entitlement Charges—Vet/Vet Loan (Both Veterans previously used entitlement)

- $\$424,100/4=106,025-\$30,000$ (entitlement used by Veteran 1)=\$76,025 (Veteran 1's remaining entitlement)
- $\$424,100/4=\$106,025-\$25,000$ (entitlement used by Veteran 2)=\$81,025 (Veteran 2's remaining entitlement)
- Loan Amount: $\$415,000/4=\$103,750$ (Amount of entitlement necessary for 25% guaranty)
- $\$103,750/2=\$51,875$ (Amount of entitlement each Veteran needs for transaction)

Equal Entitlement Charges—Vet/Vet Loan (Only 1 Veteran previously used entitlement)

- $\$458,850 \times 25\%=\$114,713$ (Veteran 1's available entitlement)
- $\$458,850 \times 25\%=\$114,713-\$50,000$ (entitlement used by Veteran 2)=\$64,713 (Veteran 2's remaining entitlement)
- Loan Amount: $\$318,400/4=\$79,600$ (Amount of entitlement necessary for 25% guaranty)
- $\$79,600/2=\$39,800$ (Amount of entitlement each Veteran needs for transaction)



Unequal Entitlement Charges—Vet/Vet Loan (Both Veterans previously used entitlement)

- $\$625,500 \times 25\% = \$156,375 - \$115,050$ (entitlement used by Veteran 1) = **\$41,325** (Veteran 1's remaining entitlement)
- $\$625,500 \times 25\% = \$156,375 - \$44,690$ (entitlement used by Veteran 2) = **\$111,685** (Veteran 2's remaining entitlement)
- Loan Amount: **\$650,000** (above county loan limit) -- $\$625,500/4 = \$156,375$ (max guaranty)—however **\$41,325 + \$111,685 = \$153,010**
- Veteran 1 only has **\$41,325** in remaining entitlement. Therefore, since only unequal entitlement charges are available, unequal charges may be made with the written agreement of the Veterans (Chapter 7.1.i.)
 - The funding fee is calculated on each Veteran's half of the loan. Unequal use of entitlement does not affect the funding fee
- Guaranty is: **23.54%** (**\$153,010/\$650,000**)



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Questions?

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Funding Fee Payment System

Jennifer Tillery, Asst. Loan Production Officer, Atlanta RLC
Jeff Bolla, Program Analyst, VA Central Office

Veterans Benefits Administration

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Where to Pay VA Funding Fees

All VA funding fees are paid through VA's
Funding Fee Payment System (FFPS) at:

<https://www.ffps.vba.va.gov>

Every closed VA Loan should have a record in the FFPS
system.

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Funding Fee Payment System Helpdesk

- The Funding Fee Payment System is managed by VA.
- If you have questions or problems with the system, please contact the Regional Loan Center that has jurisdiction over the loan you need help with.
- The lender can also email the VIP Help Desk at vip.vbaco@va.gov. Email request should always contain the LIN number you need help with, and contact information of the person requesting the help.



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VA Funding Fee Basics

- Funding fee can always be rolled into 100% financing (unless the loan is at the maximum conforming loan limit)
- The funding fee is amortized over life of the loan (minimizes monthly impact versus PMI)
- Funding fees are used to cover liquidation losses to the VA
- Not all Veterans owe a funding fee
- Equity in a home, or gifts of equity, do not reduce funding fees.



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VA Funding Fee Refund Status Tips

- Refund status information can be requested via email to VIP help desk or the RLC of jurisdiction. Always include the LIN and contact information of the person that should receive the reply.
- These requests are forwarded to the accounting department, and typically a response is sent within 72 hours.

FFPS Quick Tips

- FFPS transactions process time sequence:
 - **Pending** Status - Record is created and submitted. You have until the top of the hour to cancel the transaction if you need to correct or make changes. Status - Pending
 - **Submitted to Pay.gov** Status – the record will be locked until after 11:30am EST the following day.
 - **Settled** Status – once the transaction is in this status it is ready to be transmitted from FFPS to WebLGY the following day. The Lender is also able to make corrections to the record in this status.

FFPS Quick Tips

- Always verify you are using the correct LIN (Case Number).
- When entering Purchase Price, Down Payment, and Base Loan amount use whole numbers (dollars and cents).
- Always create multiple Lender Admin in FFPS. Admins are responsible for creating new users, password resets, deleting and deactivating users, and loan record corrections.



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FFPS Quick Tips

- Other Status Codes:
 - **Returned** – This means the VA did not receive the funds for the payment, the lender will need to contact their RLC or email the help desk.
 - **Failed from Pay.gov** - This means the VA did not receive the funds for the payment, the lender will need to contact their RLC or email the help desk.
 - **Pending** – If a record is in this status for more than 1 day the lender will need to contact their RLC or email the help desk.



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FFPS Future Enhancements

- The RLC of record will be listed on each screen of the payment record, this will make it easier to know what RLC to contact.
- VA is working on a function that will allow the FFPS and WebLGY to communicate real time during the creation of a payment record. This will eliminate lenders using a an incorrect LIN.
- The IT staff is also in the planning stages of bring in functions of FFPS to WebLGY. The first function that is planned is the refund function, followed by the creation of funding fee payments.



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