

# 2015 VA Lenders Conference



May 12 & 13, 2015  
Sheraton Wild Horse Pass - Chandler, AZ

Presented by  
VA Loan Guaranty Service  
and  
Regional Loan Center Staff

[www.benefits.va.gov/homeloans](http://www.benefits.va.gov/homeloans)

*Hosted by the Phoenix Regional Loan Center*



VA  
GUARANTEED  
HOME LOANS

**THE #1  
CHOICE FOR  
VETERANS!**



Proudly  
serving  
Veterans  
since 1944



U.S. Department  
of Veterans Affairs

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# Welcome

*Welcome to the 16th VA Lenders Conference! This is always my favorite event of the year, as it is a time when we get to directly interact with the people who help us deliver VA's housing benefit to Veterans across the nation - you. It's an exciting time for Loan Guaranty, as we continue to grow and adapt in this ever-changing mortgage market. We strive to help you help our Veterans by transforming the way we operate to continuously improve Veterans' ability to obtain their own particular piece of the American dream. We could not accomplish what we do without your support, and I thank you for all you do, every day, to help Veterans. Throughout this conference, I ask that you stay engaged, and I welcome your feedback as we work together to shape the future of Loan Guaranty. Enjoy your conference!*

## **Michael J. Frueh**

*Director, Loan Guaranty Service*



*Michael James Frueh is the Director of the Loan Guaranty Service at the U.S. Department of Veterans Affairs (VA). He directs the national loan program responsible for helping veterans obtain mortgages to purchase homes, adapt homes to accommodate certain service-connected disabilities, retain their homes if they experience financial difficulties, as well as the program that sells REO properties acquired through this process. Michael has more than 23 years of experience in the mortgage industry, especially in the area of secondary markets. He previously worked in the structured finance group at PricewaterhouseCoopers as well as at Bankers Trust's asset securitization group. He owned a mortgage bank based in North Carolina. Michael has a BS in Mathematics from Pepperdine University (emphasis in Computer Science and pre-Medicine), and an MBA in Business Administration (Finance and Economics) from the George Washington University.*

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# Agenda

Tuesday May 12, 2015

Time	Topic	Speaker
7:00	Registration	Amy Berumen
8:00	Welcome	Jeff Wilson
8:05	Greeting	Susan Lloyd (LGO)
8:10	Opening Remarks	Sergio Chao, Asst. Director
8:20	Introductions	Amy Berumen
8:30	Loan Guaranty Overview: Past to Present	Mike Frueh
9:00	VA Loan Guaranty Future	John Bell III
9:30	LP Overview and Updates	Zaneta Jones
9:50	<i>Break</i>	
10:10	WebLGY Systems Updates	Steve Varlas
11:00	Eligibility (COE)	Jennifer Tillery
12:00	<i>Lunch</i>	
1:00	Prior Approval Loan Processing	Peggy Wallace
1:15	NOV Conditions	Steve Roberts
2:00	HUD-1 breakdowns	Mark Jamison
2:50	Guaranty Calculations	Peggy Wallace
3:15	<i>Break</i>	
3:30	Monitoring Unit Procedures	Dreama Walker
4:00	Industry Outreach and Communication	Mark Connors
4:30	Wrap up and Parking Lot Review	Berumen
5:00	Break for the Day	Wilson

# Agenda

Wednesday May 13, 2015

Time	Topic	Speaker
8:00	Welcome	Jeff Wilson
8:05	Funding Fee Calculations	Jeff Wilson
8:30	Income Considerations	Cherie Castanares
9:00	Lender Score Card	Koehler/Connors
9:50	<i>Break</i>	
10:15	Full File Loan Review Errors	Dani Terrell
10:45	Loan Assumptions	Al Hipolito
11:00	Construction and Valuation	Gerry Kifer
11:45	Thank You Remarks	Susan Lloyd
11:50	Intermediate Closing Remarks	Mike Frueh
12:00	<i>Lunch</i>	
1:00	VA Loan Demographics	Kent Koehler
1:30	Open Question Forum	Jeff Wilson
3:00	Round Table on Policy	John Bell
4:30	Wrap up and Parking Lot Review	Berumen
5:00	Conference End	Jeff Wilson





## WebLGY Systems Updates

### Correct COE

### Lender Self-Service



12-May-2015

## Correct COE for Approved Records

Reference Number: Type: Certificate of Eligibility Status: Approved  
Veteran Name: SSN: DOB:

### Summary

Record Information	
Record Type	Certificate of Eligibility
Status	Approved <a href="#">Change Status</a>
Closed	No <a href="#">Close</a>
Locked	No
Veteran Name	
SSN	<a href="#">Show / Hide</a>
Entitlement Code	05 Entitlement Restored
Entitlement Amount	05,000
Total Entitlement Charge Amount	0
Funding Fee Status	0% BPT
Monthly Award	\$133.17

**Record Last Changed By**

User	
Date Changed	03/26/2015 10:08:13

**Navigation Menu:**

- Eligibility Record
  - Details
  - Veterans
  - Active Duty(1)
  - Reserve Duty(0)
  - Prior Loans(0)
  - VSC Selection
  - Status Application
  - Change History
  - Email Log
  - Report(0)
  - View COE
- Electronic Application
  - New Application
  - Correct COE**
- 03/27/2015 (vet)
- 03/26/2015 (vet)
- Letters
  - Issue COE
- E-Docs
  - Comms/index(1)
  - Upload
- Call Center Calls







## Rating Information

**Upload Documents for Funding Fee Exempt**

[Back](#) [Next](#)

Please upload the below supporting documents if they are available. If not, please click next to continue submission of this application.

Document Type \*

Description \*

Upload File \*  [Browse...](#)

[Upload File](#)

Uploaded Documents:

- Did the veteran's rating decisions change?



## Success Message for Exempt

Automated Certificate of Eligibility Result

Automated Certific

[Next](#) [Back](#)

**Reference Number:**

[View Certificate Of Eligibility](#)

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

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

**OR**

Click [here](#) for a printable version of VA Form 26-1880. Mail the fully completed application to:

Atlanta Regional Loan Center  
Attn: COE (262)  
P.O. Box 100034  
Decatur, GA 30031

For general information on eligibility, click [here](#).

- If the system locates the new rating decision, a success page will appear



## Active Loan Self-Service

Resubmit Application

**Type of Changes**

Are you changing the Veteran's Name? No

Are you changing the Veteran's Contact Information? No

Are you changing the Veteran's Branch of Service? No

Are you changing the Veteran's Funding Fee Exempt Status? No

Veteran has the following active loan(s):

Loan # 1  
LFI: 18-144  
Address One: RD  
Address Two:  
City: PORTSMOUTH  
State: Virginia  
Zipcode:  
County: PORTSMOUTH  
Status: Active Loan

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

Cancel Submit

Cash Out  
Streamline Refinance  
Purchase

- Cash out will generate the cash out condition for the active loan.
- Streamline Refinance will do nothing.
- Purchase will navigate user to the Upload Page.



## Cash Out Warning Message

Resubmit Application

**Type of Changes**

Are you changing the Veteran's Name? Yes

Are you changing the Veteran's Contact Information? No

Are you changing the Veteran's Branch of Service? No

Are you changing the Veteran's Funding Fee Exempt Status? No

Veteran has the following active loan(s):

Loan # 1  
LFI: 18-144  
Address One: RD  
Address Two:  
City:  
State: North Carolina  
Zipcode:  
County: CURRITUCK  
Status: Active Loan

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

Cancel Submit

Cash Out

Message from mortgage

Once you submit, Refinance Restoration (Cash Out) This Certificate of Eligibility will be valid only for a cashout

OK Cancel

- Click OK for the Cash out Refinance Loan Warning Message
- Then Select Submit



## Streamline Refinance

**Resubmit Application**

**Type of Changes**

Are you changing the Veteran's Name? Yes ▾

Are you changing the Veteran's Contact Information? No ▾

Are you changing the Veteran's Branch of Service? No ▾

Are you changing the Veteran's Funding Fee Exempt Status? No ▾

Veteran has the following active loan(s)

Loan # 1

L/I: 15-18-S

Address One: RD

Address Two:

City: MOYOCK

State: North Carolina

Zipcode:

County: CURRITUCK

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

Status: Active Loan

Message from employer:

Once you submit, The COE is good for Streamline Refinance even though lenders are not required to order a COE for an RRIC.

OK Cancel

Cancel Submit

- Make sure the active loan is displayed on the COE
- Check the exempt status



## Purchase Option

**Resubmit Application**

**Type of Changes**

Are you changing the Veteran's Name? Yes ▾

Are you changing the Veteran's Contact Information? No ▾

Are you changing the Veteran's Branch of Service? No ▾

Are you changing the Veteran's Funding Fee Exempt Status? No ▾

Veteran has the following active loan(s)

Loan # 1

L/I: 15-18-S

Address One: RD

Address Two:

City: MOYOCK

State: North Carolina

Zipcode:

County: CURRITUCK

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

Are you Requesting for Restoration of Entitlement? Yes ▾

Status: Active Loan

Message from employer:

Once you submit, you will be directed to the Document Upload page to provide supporting documentation.

OK Cancel

Cancel Submit

- Purchase will lead to the Upload page for Active Loans



## Upload Page

Certificate of Eligibility Application

Upload Documents for Restoration of Entitlement

Please upload the below supporting documents if they are available. If not, please click next to continue submission of this application.

Document Type \*  
Description \*  
Upload File \*

HL0 1  
Legal Document  
DD 214  
Other  
Veterans Rating Decision

Uploaded Documents:

ID	Document Type	Correspondence Type	Description
----	---------------	---------------------	-------------

- Provide supporting documentation



## Paid in Full Loan

Resubmit Application

Type of Changes

Are you changing the Veteran's Name? No

Are you changing the Veteran's Contact Information? No

Are you changing the Veteran's Branch of Service? No

Are you changing the Veteran's Funding Fee Exempt Status? No

Veteran has the following Paid in Full loan(s) without restoration:

Loan # 1  
LH 17-173  
Address One null  
Address Two null  
City null  
State null  
Zipcode null  
County null

Does the veteran own the property obtained with a VA loan? No

Message from webpage  
Once you submit, requested Changes will be made to CDE, please review the CDE to see the changes.

Status: Terminated Loan

- Answer the ownership question



## One Time Restoration

**Resubmit Application**

**Type of Changes**

Are you changing the Veteran's Name? No ▾

Are you changing the Veteran's Contact Information? No ▾

Are you changing the Veteran's Branch of Service? No ▾

Are you changing the Veteran's Funding Fee Exempt Status? No ▾

Veteran has the following Paid in Full loan(s) without restoration:

Loan # 1

LPI# 11-17-2

Address One: null

Address Two:

City: null

State: null

Zipcode: null

County: null

Status: Terminated Loan

Does the veteran own the property obtained with a VA loan?  
Does the veteran want to use the one time Restoration benefit?

Message from webpage

Once you submit, Veterans will have the loan with no restoration.

OK Cancel

Cancel Submit

- **Veteran will have to dispose of all properties for another restoration**



## What are we missing?

- **Active duty to veteran COE**
- **Add cash out condition for paid in full loans**
- **Name matching – Exempt Cases**
- **Real time loan data updates**
- **Doc Upload for last name changes**
- **Make sure that we always re-issue new issuance date**





# What's Next?

Reference Number: Type: Certificate Of Eligibility Status: Approved  
 Veteran Name: SSN: DOB:

**Summary**

Record Information

Record Type	Certificate Of Eligible
Status	Approved <a href="#">Change Status</a>
Closed	No <a href="#">Close</a>
Locked	No
Veteran Name	
SSN	<a href="#">Show / Hide</a>
Entitlement Code	05 Entitlement Restored
Entitlement Amount	36,000
Total Entitlement Charged Amount	0
Funding Fee Status	EXEMPT
Monthly Award	\$133.17

Record Last Changed By

User	
Date Changed	03/26/2015 10:08:13

**Electronic Application**

- [New Application](#)
- [Cancel COE](#)

REQUEST APPRAISAL



# Maybe?

Reference Number: Type: Certificate Of Eligibility Status: Approved  
 Veteran Name: SSN: DOB:

**Summary**

Record Information

Record Type	Certificate Of Eligible
Status	Approved <a href="#">Change Status</a>
Closed	No <a href="#">Close</a>
Locked	No
Veteran Name	
SSN	<a href="#">Show / Hide</a>
Entitlement Code	05 Entitlement Restored
Entitlement Amount	36,000
Total Entitlement Charged Amount	0
Funding Fee Status	EXEMPT
Monthly Award	\$133.17

Record Last Changed By

User	
Date Changed	03/26/2015 10:08:13

**Electronic Application**

- [New Application](#)
- [Cancel COE](#)

REQUEST APPRAISAL

ORDER IRRRL

# Notes

VA



U.S. Department of Veterans Affairs  
Veterans Benefits Administration

## VA Eligibility (COE)

Jennifer Tillery  
Assistant Loan Production Officer  
Atlanta Regional Loan Center

May 2015 Phoenix, AZ



Welcome home celebrations occur all  
across this great country!



# Search for a COE

HOME | LOAN | ELIGIBILITY | CONTACT ILC

Eligibility Record Search

### Eligibility Record Search

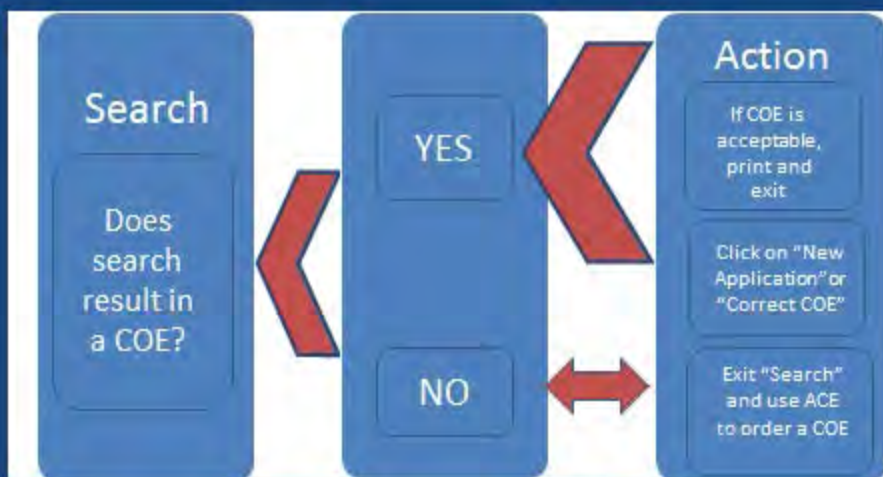
If searching by Reference Number, you must also enter an SSN, Service Number, or Last Name.

Search Criteria

Social Security Number is nine numbers	Reference Number	<input type="text"/>
Service Number is a maximum of eight positions	SSN	<input type="text"/>
	Service Number	<input type="text"/>
	Name	<input type="text"/>
	First	<input type="text"/>
	Last	<input type="text"/>



# Search for a COE





# Has Veteran ever had a VA Loan? **NOT** the same as Does Veteran own any current VA homes purchased or refinance with VA?

HOME LOAN ▾ ELIGIBILITY ▾ CONTACT RLC

Certificate of Eligibility Application

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**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? \*  YES  NO **YES Response will require prior loan information**

*Click Next to continue the Certificate of Eligibility Application*



## 26-1880 November 2014

**PREVIOUS VA LOANS (SEE INSTRUCTIONS ON THE NEXT PAGE - Attach a separate sheet if information for all homes will not fit in item 10)**

10A. DO YOU NOW OWN ANY HOME(S) PURCHASED OR REFINANCED WITH A VA-GUARANTEED LOAN? <input type="checkbox"/> YES (If "Yes," complete Items 10B through 10C) <input type="checkbox"/> NO (If "No," skip to Item 11) <input type="checkbox"/> NOT APPLICABLE (NA) - I HAVE NEVER OBTAINED A VA-GUARANTEED HOME LOAN (If "NA," skip to Item 11)	10B. DATE OF LOAN (Month and Year)	10C. STREET ADDRESS	10D. CITY AND STATE
11A. ARE YOU APPLYING FOR THE <b>ONE-TIME ONLY RESTORATION OF ENTITLEMENT TO PURCHASE ANOTHER HOME?</b> <input type="checkbox"/> YES <input type="checkbox"/> NO (If "No," complete Items 11B through 11D)	11B. DATE OF LOAN (Month and Year)	11C. STREET ADDRESS	11D. CITY AND STATE
12A. ARE YOU APPLYING FOR A RESTORATION OF ENTITLEMENT TO OBTAIN A <b>REGULAR (CASH-OUT) REFINANCE ON YOUR CURRENT HOME?</b> <input type="checkbox"/> YES <input type="checkbox"/> NO (If "No," complete Items 12B through 12D)	12B. DATE OF LOAN (Month and Year)	12C. STREET ADDRESS	12D. CITY AND STATE
13A. ARE YOU REFINANCING AN EXISTING VA LOAN TO OBTAIN A LOWER INTEREST RATE <b>WITHOUT RECEIVING ANY CASH PROCEEDS (RRRL)?</b> <input type="checkbox"/> YES <input type="checkbox"/> NO (If "No," complete Items 13B through 13D)	13B. DATE OF LOAN (Month and Year)	13C. STREET ADDRESS	13D. CITY AND STATE



# Conditional COE Loan not restored

### Prior Loan Information

VA Home Loan Int:  Still Own Int:

### Prior Loans charged to entitlement

VA Loan Number	State	Loan Amount	Date of Loan	Entitlement Charged	Status
		\$87,720	01/31/1996	\$35,088	Paid In Full/No Restoration

**Paid In Full Loan-** Entitlement charged on a paid in full loan cannot be restored until the veteran applies for restoration of entitlement. Mail a completed VA Form 26-1880 to the Eligibility Center or lender may submit application electronically through ACE.



# Conditional COE Foreclosure/Deed in Lieu

### Prior Loans charged to entitlement

VA Loan Number	State	Loan Amount	Date of Loan	Entitlement Charged	Status
		\$52,900	05/24/1994	\$22,500	Foreclosure/Deed in Lieu

**THIS VETERAN'S BASIC ENTITLEMENT IS \$13,500\***  
**TOTAL ENTITLEMENT CHARGED TO PREVIOUS VA LOANS IS \$22,500\***

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](http://www.home loans.va.gov).

**Foreclosure/Deed in Lieu-** 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 Eligibility Center.



## Conditional COE Foreclosure/Deed in Lieu/Compromise

We regret to advise you that you do not meet the requirements of the law for restoration because VA suffered a loss of

Loss amount	LIN
\$9,657	[REDACTED]

in connection with your prior loan(s) and the loss has not been fully repaid. Information concerning repayment of this loss may be obtained by contacting the Eligibility Center.

Although we cannot restore the entitlement you previously used, the enclosed Certificate of Eligibility shows your remaining Loan Guaranty Entitlement. You may be able to use this remaining entitlement to obtain another GI Loan, depending on the amount of entitlement you have and the loan requested. Talk to lenders in your area to explore this possibility.



## Conditional COE Foreclosure/Deed in Lieu

### Entitlement used / charged

- \$22,500
- Can use remaining base entitlement of \$13,500
- $\$13,500 \times 4 = \$54,000$
- Combine base and bonus entitlement on a loan amount above \$144,000
- Loan less than \$144,000 - may have to repay to have 25% guaranty

### Amount of loss to VA

- \$9,657
- Base remaining entitlement plus bonus entitlement
- Can use bonus entitlement if loan amount at least \$144,001
- Use maximum loan limit for county
- Loss may not have to be repaid to use entitlement
- Can make a down payment for a higher loan amount



## One time restoration or bonus entitlement?

PREVIOUS VA LOANS (SEE INSTRUCTIONS ON THE NEXT PAGE - Attach a separate sheet if information for all homes will not fit in item 10)			
10A. DO YOU NOW OWN ANY HOME(S) PURCHASED OR REFINANCED WITH A VA-GUARANTEED LOAN? <input type="checkbox"/> YES (If "Yes," complete items 10B through 10D) <input type="checkbox"/> NO (If "No," skip to item 11) <input type="checkbox"/> NOT APPLICABLE (NA) - I HAVE NEVER OBTAINED A VA-GUARANTEED HOME LOAN (If "NA," skip to item 11)	10B. DATE OF LOAN (Month and Year)	10C. STREET ADDRESS	10D. CITY AND STATE
11A. ARE YOU APPLYING FOR THE <b>ONE-TIME ONLY RESTORATION</b> OF ENTITLEMENT TO PURCHASE ANOTHER HOME? <input type="checkbox"/> YES <input type="checkbox"/> NO (If "Yes," complete items 11B through 11D)	11B. DATE OF LOAN (Month and Year)	11C. STREET ADDRESS	11D. CITY AND STATE
12A. ARE YOU APPLYING FOR A RESTORATION OF ENTITLEMENT TO OBTAIN A <b>REGULAR (CASH-OUT) REFINANCE</b> ON YOUR CURRENT HOME? <input type="checkbox"/> YES <input type="checkbox"/> NO (If "Yes," complete items 12B through 12D)	12B. DATE OF LOAN (Month and Year)	12C. STREET ADDRESS	12D. CITY AND STATE
13A. ARE YOU REFINANCING AN EXISTING VA LOAN TO OBTAIN A LOWER INTEREST RATE <b>WITHOUT RECEIVING ANY CASH PROCEEDS (RRRL)</b> ? <input type="checkbox"/> YES <input type="checkbox"/> NO (If "Yes," complete items 13B through 13D)	13B. DATE OF LOAN (Month and Year)	13C. STREET ADDRESS	13D. CITY AND STATE



## One time restoration bonus entitlement?

- VA loan in paid in full
- Veteran still owns the home
- We can restore the entitlement one time to full entitlement while the Veteran still owns the home
- May wish to use bonus entitlement instead
- For future restoration, all loans must be paid in full and Veteran no longer own ALL properties after a one time restoration to obtain full entitlement





# Conditional COE Refinance "cash out" Restoration

**Refinance Restoration (Cash Out)-** This Certificate of Eligibility is valid only for a "cashout" refinance loan on property at \_\_\_\_\_ that secured VA loan number \_\_\_\_\_ with a closing date of \_\_\_\_\_

PREVIOUS VA LOANS (SEE INSTRUCTIONS ON THE NEXT PAGE - Attach a separate sheet if information for all homes will not fit in item 10)			
10A. DO YOU NOW OWN ANY HOME(S) PURCHASED OR REFINANCED WITH A VA-GUARANTEED LOAN? <input type="checkbox"/> YES (If "Yes," complete Items 10B through 10D) <input type="checkbox"/> NO (If "No," skip to Item 11) <input type="checkbox"/> NOT APPLICABLE (NA) - I HAVE NEVER OBTAINED A VA-GUARANTEED HOME LOAN (If "NA," skip to Item 11)	10B. DATE OF LOAN (Month and Year)	10C. STREET ADDRESS	10D. CITY AND STATE
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12A. ARE YOU APPLYING FOR A RESTORATION OF ENTITLEMENT TO OBTAIN A <b>REGULAR (CASH-OUT) REFINANCE</b> ON YOUR CURRENT HOME? <input type="checkbox"/> YES <input type="checkbox"/> NO (If "Yes," complete Items 12B through 12D)	12B. DATE OF LOAN (Month and Year)	12C. STREET ADDRESS	12D. CITY AND STATE
13A. ARE YOU REFINANCING AN EXISTING VA LOAN TO OBTAIN A LOWER INTEREST RATE <b>WITHOUT RECEIVING ANY CASH PROCEEDS (IRRRL)</b> ? <input type="checkbox"/> YES <input type="checkbox"/> NO (If "Yes," complete Items 13B through 13D)	13B. DATE OF LOAN (Month and Year)	13C. STREET ADDRESS	13D. CITY AND STATE

I CERTIFY THAT the statements in this document are true and complete to the best of my knowledge.



# IRRRL COE – COE is not needed

PREVIOUS VA LOANS (SEE INSTRUCTIONS ON THE NEXT PAGE - Attach a separate sheet if information for all homes will not fit in item 10)			
10A. DO YOU NOW OWN ANY HOME(S) PURCHASED OR REFINANCED WITH A VA-GUARANTEED LOAN? <input type="checkbox"/> YES (If "Yes," complete Items 10B through 10D) <input type="checkbox"/> NO (If "No," skip to Item 11) <input type="checkbox"/> NOT APPLICABLE (NA) - I HAVE NEVER OBTAINED A VA-GUARANTEED HOME LOAN (If "NA," skip to Item 11)	10B. DATE OF LOAN (Month and Year)	10C. STREET ADDRESS	10D. CITY AND STATE
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## Valid while on active duty

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At closing, Veteran must be able to certify on active duty on VA 26-1820.

If not, need evidence of discharge from service

DD214 or points statement/NGB 22

**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.



## Surviving Spouse Certificate of Eligibility: VA 26-1817

In memory of those that sacrifice their lives for our freedom.



## 26-1817 June 2014 upload to WebLGY under spouse's name and social security number

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### Spouses

The spouse of a Veteran can also apply for home loan eligibility under one of the following conditions:

- Unremarried spouse of a Veteran who died while in service or from a service connected disability, or
- Spouse of a Servicemember missing in action or a prisoner of war
- Surviving spouse who remarries on or after attaining age 57, and on or after December 16, 2003  
*(Note: a surviving spouse who remarried before December 16, 2003, and on or after attaining age 57, must have applied no later than December 15, 2004, to establish home loan eligibility. VA must deny applications from surviving spouses who remarried before December 6, 2003 that are received after December 15, 2004.)*
- Surviving Spouses of certain totally disabled veterans whose disability may not have been the cause of death



## Submit VA 26-8937

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- Please fax a copy of VA Form 26-8937 to the VA Regional Office of jurisdiction
- Please have the lender contact VA Regional Loan Center for loan processing
- Veteran is not exempt from the VA funding fee due to receipt of non service-connected pension. Loan application will require prior approval processing by the VA



## Reserves Statement

6 years **with** sufficient points **with**  
**Honorable Discharge**

COMPONENT	PERIODS (Dr res: year)		NUMBER OF POINTS					ACTIVE DUTY TOURS		
	Year/Month/Day	Year/Month/Day	IN-ACTIVE DUTY	EXTENSION COURSE	MEMBERSHIP	ACTIVE DUTY	TOTAL	FROM	TO	
	FROM	TO								
USAR	19711212	19721211	025	000	015	162	202	ADT DATES UNKNOWN		
USAR	19721212	19731211	049	000	015	015	079	19730616	19730630	
USAR	19731212	19741211	044	000	015	014	073	19740825	19740907	
USAR	19741212	19751211	045	000	015	014	074	19750608	19750621	
USAR	19751212	19761211	043	000	015	014	072	ADT DATES UNKNOWN		
USAR	19761212	19771211	044	000	015	014	073	ADT DATES UNKNOWN		
USAR	19771212	19780509	010	000	005	000	015	NO ADT SHOWN		
			HONORABLE							



## Reserves Statement

6 years **without** sufficient points  
**Need other service to qualify**



1. BEGINNING DATE YR MO DAY	2. ENDING DATE YR MO DAY	3. MILITARY PERSONNEL CLASS	4. STATUS OR COMPONENT	5. INACTIVE DUTY POINTS	6. EXTENSION COURSE POINTS	7. MEMBERSHIP POINTS	8. ACTIVE DUTY POINTS	9. QUALIFYING FOR RETIREMENT YRS MOS DAYS	10. TOTAL POINTS CREDITABLE
2000 12 08	2001 04 10	ENL	USAR	000	000	05	0000	00 00 00	0005
1999 12 08	2000 12 07	ENL	USAR	000	000	15	0000	00 00 00	0015
1998 12 08	1999 12 07	ENL	USAR	000	000	15	0000	00 00 00	0015
1997 12 08	1998 12 07	ENL	USAR	000	000	15	0000	00 00 00	0015
1996 12 08	1997 12 07	ENL	USAR	000	000	15	0000	00 00 00	0015
1995 12 08	1996 12 07	ENL	USAR	000	000	15	0000	00 00 00	0015
1994 12 08	1995 12 07	ENL	USAR	000	000	15	0000	00 00 00	0015
1993 12 08	1994 12 07	ENL	USAR	000	000	15	0000	00 00 00	0015
1992 12 08	1993 12 07	ENL	USAR	000	000	15	0000	00 00 00	0015



# DD Form 214

90 days/Title 10=Eligible

**CERTIFICATE OF RELEASE OR DISCHARGE FROM ACTIVE DUTY**

1. LAST NAME - FIRST NAME - MIDDLE NAME: [Blank]

2. DEPARTMENT, COMPONENT AND BRANCH: [Blank]

3. SOCIAL SECURITY NUMBER: [Blank]

4. DATE OF ENL: YR 54, MO 01, DA 10

5. DATE OF PANK: YR 86, MO 11, DA 27

6. DATE OF BIRTH: YR 89, MO 10, DA 31

7. STATION OR INSTALLATION AT WHICH EFFECTED: [Blank]

8. COMMAND TO WHICH TRANSFERRED: [Blank]

9. RECORD OF SERVICE

(a) NET SERVICE THIS PERIOD	YRS	MON	DAYS
	35	09	22
(b) PRIOR RESERVE COMPONENT SERVICE	00	00	00
(c) PRIOR ACTIVE FEDERAL SERVICE	00	00	00
(d) TOTAL SERVICE FOR PAY	35	09	22

11. TERMINAL DATE OF RESERVE/MILITARY SERVICE OBLIGATION: YR NA, MO NA, DA NA

22. AUTHORITY AND REASON: RESIGNATION - NGR 600-101

24. CHARACTER OF SERVICE: HONORABLE

25. TYPE OF CERTIFICATE USED: NA

26. REENLISTMENT ELIGIBILITY: NA

27.  REQUEST  DECLINE COPIES OF MY NGB FORM 22 INITIALS: [Blank]



# NGB 22

90 days/Title 10=Eligible

**CERTIFICATE OF RELEASE OR DISCHARGE FROM ACTIVE DUTY**

1. LAST NAME - FIRST NAME - MIDDLE NAME: [Blank]

2. DEPARTMENT, COMPONENT AND BRANCH: AR/ARMY

3. SOCIAL SECURITY NUMBER: [Blank]

4. DATE OF ENL: YR 54, MO 01, DA 10

5. DATE OF PANK: YR 86, MO 11, DA 27

6. DATE OF BIRTH: YR 89, MO 10, DA 31

7. STATION OR INSTALLATION AT WHICH EFFECTED: [Blank]

8. COMMAND TO WHICH TRANSFERRED: [Blank]

9. RECORD OF SERVICE

(a) NET SERVICE THIS PERIOD	YRS	MON	DAYS
	35	09	22
(b) PRIOR RESERVE COMPONENT SERVICE	00	00	00
(c) PRIOR ACTIVE FEDERAL SERVICE	00	00	00
(d) TOTAL SERVICE FOR PAY	35	09	22

11. TERMINAL DATE OF RESERVE/MILITARY SERVICE OBLIGATION: YR NA, MO NA, DA NA



22. AUTHORITY AND REASON: RESIGNATION - NGR 600-101

24. CHARACTER OF SERVICE: HONORABLE

25. TYPE OF CERTIFICATE USED: NA

26. REENLISTMENT ELIGIBILITY: NA

27.  REQUEST  DECLINE COPIES OF MY NGB FORM 22 INITIALS: [Blank]



# Obtaining Proof of Service

[www.ebenefits.va.gov](http://www.ebenefits.va.gov)

**What is eBenefits?**

eBenefits ([www.eBenefits.va.gov](http://www.eBenefits.va.gov)) is an online tool giving Servicemembers, Veterans, and their families instant access to DoD and VA benefits information.

**With eBenefits You Can:**

- Apply for VA benefits online
- Check Post-9/11 GI Bill enrollment status
- Generate a VA home loan certificate of eligibility
- Check the status of compensation and pension claims
- Transfer education benefits to a dependent
- Update direct deposit and contact information
- View VA payment history
- Check health benefits eligibility and view TRICARE information
- Obtain military personnel records (DD Form 214)

For a complete list of online tools available, visit [www.eBenefits.va.gov](http://www.eBenefits.va.gov) today!



## Obtaining Proof of Service for Reserves or Guard

- National Guard or Army Reserve
  - [www.hrc.army.mil](http://www.hrc.army.mil)
  - 888-276-9472
  - Prior to 2002 Reserves – archives
  - After 2002 Reserves 888-276-9472
- Navy Reserve
  - [www.npc.navy.mil](http://www.npc.navy.mil)
  - Prior to 1995 - archives
  - After 1995 - 866-827-5672
- Archives
  - [www.archives.gov](http://www.archives.gov)
  - 866-272-6272
- Air Force Reserves
  - [www.arpc.afrc.af.mil](http://www.arpc.afrc.af.mil)
  - Prior to 2004 – archives
  - After 2004 - 800-525-0102 option 3, option 2, option 1
- Marine Corps Reserve
  - No website
  - 704-784-9307
- Coast Guard Reserves
  - [www.uscg.mil](http://www.uscg.mil)
  - 866-772-8724

VA



U.S. Department of Veterans Affairs  
Veterans Benefits Administration

## Prior Approval Loans

Peggy Wallace,  
Loan Production Officer

Barbara McCormack,  
Assistant Loan Production Officer

Roanoke Regional Loan Center



*Is a Vet/Vet married couple that is using both entitlements considered a prior approval loan? Yes / No*



## What is a Prior Approval Loan?

- Joint loans (Vet/Vet, Vet/Non-Vet)  
(Chapter 7.1.)
- Veterans in receipt of non-service connected pension  
(Chapter 5.4.)
- Veterans rated incompetent by VA  
(Chapter 5.4.)
- IRRRLs made to refinance delinquent VA loans  
(Chapter 6.2.)
- Prior Approval Lenders  
(Chapter 5.4.)



## Submission Process



## How to Submit Documents to VA

Before submitting loan documents to VA:

- Establish the reasonable value of the property (Appraisal)
- Underwrite the loan (Chapter 5.4.)

Submit file to applicable RLC for prior approval review:

- Tacked down in a file folder
- Clearly labeled as a "Prior Approval Loan"
- Follow stacking order in Chapter 5.4.c.

Submit documents to applicable RLC for issuance of Guaranty:

- Report the loan to VA within 60 days of closing
- Ensure compliance with commitment conditions (Chapter 5.4.j.)
- Pay the VA Funding Fee (or enter as "Exempt")
- Follow list of required documents in Chapter 5.4.j.





## Prior Approval Points of Interest

---

- A written agreement is required from a joint loan involving two Veterans when unequal entitlement is used
- For joint loans involving one or more non-Veterans:
  - The loan amount on the Commitment is limited to Veteran's portion of the loan only
- Funding fee will not be assessed on any portion of a joint loan allocable to:
  - a non-Veteran
  - a Veteran who used his or her entitlement, but is exempt from the funding fee
- Same-sex marriages
  - See Circular 26-13-18

*Can a prior approval lender close an IRRRL that is not delinquent?  
Yes / No*

*VA has recognized the same-sex marriage request.  
Can a lender close the loan automatically? Yes / No*

## References

- [www.benefits.va.gov/homeloans](http://www.benefits.va.gov/homeloans)
- CI.4.c. (Current Issues)
- Chapter 5.4.a-j.
- Chapter 6.2.a-d.
- Chapter 7.1.
- Chapter 8.8.



# Notes



## Notice of Value (NOV) Conditions Lender's Handbook Chapter 13



### Energy Conservation Improvements

- Check this item for properties appraised as “existing construction.”
- Proposed construction and new construction properties are not eligible.



### Wood Destroying Insect Information

- Check if the property is located in an area that is “very heavy” or “moderate to heavy” for termite infestation.
  - Inspection Report (Existing)
  - Soil treatment Guarantee (Proposed/New)
- Check local conditions/RLC of jurisdiction.  
[http://www.benefits.va.gov/homeloans/appraiser\\_cv\\_local\\_req.asp](http://www.benefits.va.gov/homeloans/appraiser_cv_local_req.asp)
- Inspection reports are valid for VA purposes for 90 days from date of inspection.



## Lien-Supported Assessment

- Enter HOA fee.
- Enter for “other descriptions.”



## Condominium Requirements

Check this section if the property is located in a condominium.

- The condominium must be VA approved.
- All approval-related requirements satisfied for the property to be eligible for VA loan guaranty



## Water/Sewage System Acceptability

- Check for property served by an individual,
  - Water supply or well, or
  - Septic system in all cases appraised as proposed or under construction and in new and existing cases if there is an indication of soil problems. See if this is a local VA RLC requirement.
  - Evidence from the local health authority or other source authorized by VA that the individual \_\_\_\_\_ **water supply**, \_\_\_\_\_ **sewage disposal** system(s) is/are acceptable.



## Connection to Public Water/Sewer

- Check if appraisal report for home on individual well or septic shows that public water or public sewer is available.
- Provide evidence of connection to \_\_\_\_\_ **public water**, \_\_\_\_\_ **public sewer**, if available, and that all related costs have been paid in full.



## Private Road/Common Use Driveway

- All properties with a private road or common use drive way
- Required for single family homes, PUDs and condos.



## Flood Insurance

- Special Flood Hazard Area (SFHA)
- Flood zones A & V
- Lender obtains and maintains flood insurance



## Airport Acknowledgement

- Located in airport noise zone or safety-related zone.



## Repairs

- Check who is certifying the repairs are completed.
  - Lender
  - Appraiser
- List of Repairs
  - Existing Construction
    - Repairs to meet MPRS.
    - No certifications unless a problem is identified.
  - New Construction
    - Customer preference items.



## Not Inspected Acknowledgement

- VA assistance with construction complaints will be limited to defects in equipment, material and workmanship reported during the one-year builder's warranty period.
- VA will not intercede on your behalf in the processing of any construction complaints.



## Ten-Year Insured Protection Plan

- If the builder provides the 10-year warranty.
- Local Authority does not perform construction inspections. Property must be covered by both a 10-year insurance backed protection plan and 1 year VA builders warranty.



## Energy Efficient Construction

- Properties appraised as new construction
- Certification not required:
  - Manufactured home built to HUD Code.
  - Condo over two stories high.



## Lead/Water Distribution System

- Check for properties appraised as new construction



## Offsite Improvements

- Properties appraised as proposed/ under construction and new construction.
- Offsite improvements have not made, such as:
  - Streets
  - Sidewalks
  - Drains
  - Sewers



## Proposed Construction

- Properties appraised as proposed construction.
- Make sure all construction exhibits are identified in appraisal report.







## Construction Inspections

- Local authority to perform construction inspections.
  - Certificate of Occupancy (CO)m, final approval or equivalent.
- Local authority does not perform construction inspections.
  - Property must be covered by both a 10-year insurance backed protection plan and 1-year VA builders warranty.



## Construction Warranty

- Properties appraised as proposed construction or new construction
- New construction and the builder will provide a one-year warranty.
  - VA Form 26-1859, Warranty of Completion of Construction, signed by by an authorized official.



## Other Conditions

- List any other VA conditions or requirements:
  - Written acknowledgments, such as non-vented fireplace, meets local requiremens.



## Review

- Evidence of the NOV conditions is an important part of the Veterans protection.
- As my LP counterparts here would agree, many of our non-compliance loans are that way for missing evidence to clear NOV conditions for MPR items.

# Notes

## HUD-1 Settlement Statements for VA loans



You are here

We are here  
to help you  
achieve  
your goals

VETERANS BENEFITS ADMINISTRATION

May 12, 2016



U.S. Department  
of Veterans Affairs

**Which HUD-1 Settlement Statement does VA require in an audit?**

- a) Initial
- b) Final
- c) All HUD-1's issued
- d) None of the above

**Which HUD-1 line items need specific itemizations to satisfy a VA audit?**

- a) 800 Series
- b) 1100 Series
- c) 200 Series
- d) Lender/Seller credits
- e) All of the above

# HUD-1 Settlement Statement

800 Items Payable in Connection with Loan			
801	Out origination charge	\$ 7,450.00	(from GFE #1)
802	Your credit or charge (points) for the specific interest rate chosen	\$ 6,450.00	(from GFE #2)
803	Your adjusted origination charges		(from GFE #A)
804	Appraisal fee to ABC Appraisals		(from GFE #3)
805	Credit report to DEF Credit		(from GFE #5)
806	Fee service to		(from GFE #3)
807	Flood certification to		(from GFE #3)
808			
809			
810			
811	VA FUNDING FEE	\$4,300.00	

## HUD-1 Itemization:

Line 801:	\$2,000	1% Origination Fee
	<u>\$5,450.00</u>	Broker Compensation
	\$7,450.00	Line 801 Totals
Line 802:	\$5,450.00	Broker Credit
	<u>\$1,000.00</u>	Premium Pricing Credit
	\$6,450.00	Line 802 Totals
Line 803:	\$1,000.00	Your Adjusted Origination Charges

1100 Title Charges			
1101	Title services and lender's title insurance		(from GFE #4)
1102	Settlement or closing fee	\$	
1103	Owner's title insurance		(from GFE #5)
1104	Lender's title insurance	\$ 1,575.00	
1105	Lender's title policy limit \$ 200,000.00		
1106	Owner's title policy limit \$ 200,000.00		
1107	Agent's portion of the total title insurance premium to	\$ 1,385.00	
1108	Lender's portion of the total title insurance premium to	\$ 189.00	
1109	Wire Fee: \$15.00		
1110	Closing Protection Letter: \$75.00		
1111			

## HUD-1 Itemization:

Line 1101:	Title Services and Lenders Title Insurance:	\$1,665.00
	Lenders Title Insurance:	\$1,575.00
	Wire Fee:	\$ 15.00
	Closing Protection Letter:	\$ 75.00

# HUD-1 Settlement Statement

<b>200. Amount Paid by or in Behalf of Borrower</b>	
201. Deposit or earnest money	\$0.00
202. Principal amount of new loan(s)	\$200,000.00
203. Existing loan(s) taken subject to	
204.	
205. Seller Credit	\$4,000.00
206. Lender Credit	\$1,500.00

## HUD-1 Itemization:

Line 205: Seller Credit	\$	4,000.00
Appraisal	\$	400.00
Credit Report:	\$	50.00
Transfer Taxes:	\$	1,700.00
Recording Fees:	\$	150.00
State Tax Stamps:	\$	35.00
Title Services:	\$	1,665.00
Line 206: Lender Credit	\$	1,500.00
Escrow Deposit:	\$	1,500.00

## HUD-1 Settlement Statement

A premium pricing credit can negate the 1% origination charge?

- a) True
- b) False

Which items do not go on Line 802 of the HUD-1?

- a) Premium pricing credit
- b) Discount points
- c) Broker compensation credit
- d) Lender/Seller credits

Where should you put RESPA Violation refunds on the HUD-1?

- a) 800 Series
- b) 1100 Series
- c) 200 Series
- d) 100 Series

## HUD-1 Settlement Statement

For a non-exempt Veteran, failure to disclose a VA funding fee on the Good Faith Estimate will result in a RESPA violation?

- a) True
- b) False

VA mandates that a lender maintain a tax and insurance escrow for VA loans?

- a) True
- b) False

*Reference VA Pamphlet 26-7, Chapter 9, Section 11a*

Can a Veteran be charged a Realtor Administration Fee, or Realtor Broker Fee on a VA home loan?

- a) Yes
- b) No

*Reference VA Pamphlet 26-7, Chapter 8, Section 3c*

## VA Closing Costs

If the lender does not charge a 1% origination fee, can the Veteran be charged a termite inspection fee?

- a) Yes
- b) No

*Reference VA Circular 26-14-10: Policy Clarification on Unallowable Fees and the State Deviations List:*

[http://www.benefits.va.gov/homeloans/documents/docs/state\\_deviations.pdf](http://www.benefits.va.gov/homeloans/documents/docs/state_deviations.pdf)

Is it acceptable for a Veteran to receive a Realtor credit on a VA home loan?

- a) Yes
- b) No

Can both a title binder and title policy be charged to a Veteran?

- a) Yes
- b) No



## VA Closing Costs

On a VA Interest Rate Reduction Refinance Loan (IRRRL), can premium pricing credits be used to reduce total closing costs for the recoupment period?

- a) Yes
- b) No

If the 1% origination fee has been charged, which of the following title fees are considered unallowable:

- a) Title policy
- b) Title search
- c) Settlement fee
- d) All of the above

An appraiser charged \$500 for an appraisal due to “longer than normal distance”, but the allowable fee is \$400, how much should you pay the appraiser?

- a) \$500
- b) \$450 (split the difference)
- c) \$400
- d) None of the above

## VA Closing Costs

The lender opts to not charge a 1% origination fee. What items are allowable?

- a) Realtor administration fee
- b) Attorney review fee charged by the lender
- c) Processing fee
- d) All of the above

If the lender pays for the credit report fee, does VA still require an itemized receipt?

- a) Yes
- b) No

What should a lender do with excess seller/lender credits, when the Veteran doesn't have to pay anything out of pocket?

- a) Give remaining funds to Veteran in cash
- b) Give remaining funds to seller in cash
- c) Apply excess to principal balance
- d) None of the above



## VA Guaranty Calculations

Peggy Wallace,  
Loan Production Officer

Barbara McCormack,  
Assistant Loan Production Officer



## Calculating the Guaranty

- Guaranty is always calculated on the total loan amount which includes:
  - Base loan amount
  - Applicable VA funding fee included in loan amount

**Base Loan Amount + Funding Fee =  
Total Loan Amount**



## VA County Loan Limits

- VA has no maximum loan amount
- Limitations on the maximum guaranty amount
  - Value, county loan limit and available entitlement are factors
  - Down Payment— not a VA requirement, may be lender/investor requirement
- County Loan Limits & Guaranty Calculation Examples:
  - [www.benefits.va.gov/HOMELoans/purchaseco\\_loan\\_limits.asp](http://www.benefits.va.gov/HOMELoans/purchaseco_loan_limits.asp)
  - Circular 26-14-39



## Basic Entitlement Example

---

Veteran has full entitlement available and is purchasing a home for \$300,000 where the county loan limit is \$417,000

$\$417,000 \times 25\% = \$104,250$  Maximum Guaranty and Available Entitlement

$\$300,000 \times 25\% = \$75,000$  Guaranty and Down Payment Combination Required



$\$417,000 \div 4 = \$104,250$  Maximum Guaranty and Available Entitlement

$\$300,000 \div 4 = \$75,000$  Guaranty and Down Payment Combination Required



## Second Tier Entitlement

---

- “Bonus Entitlement”
- Additional entitlement is available for most loans *in excess of* \$144,000 even if the Veteran has no entitlement or partial basic entitlement.



## Second Tier Entitlement NOT Available Example

---

- Veteran wishes to borrow \$144,000 in a county with a loan limit of \$417,000. The Veteran is funding fee exempt and is presently using \$40,000 of entitlement in connection with another VA loan.
- Can this VA loan be guaranteed?
  - No
  - Explanation: Veteran currently has no available entitlement since the loan is not greater than \$144,000



## Second Tier Entitlement Example

---

- COE displays entitlement charged of \$96,375 which cannot be restored
- Borrower is purchasing a home in Fairfax, VA
- The 2015 County Loan Limit for Fairfax, VA is: \$625,500.

Calculation:

\$625,000	(2015 Fairfax loan limit)
X 25%	
\$156,375	(maximum entitlement available)
- \$96,375	(entitlement not restored on COE)
\$60,000	(remaining entitlement available)
X 4	
\$240,000	(maximum total loan amount for a 25% guaranty, <u>including Funding Fee</u> )



## Second Tier Entitlement Example

---

- Veteran wishes to borrow \$400,000 in a county with a loan limit of \$625,500. The Veteran presently has \$70,000 of entitlement not restored. The calculation reveals that the maximum loan amount for a 25% guaranty would be \$345,500.
- Will the lender most likely require a down payment?
  - YES
  - Explanation: The lender/investor may require a down payment to cover the shortfall on the VA guaranty.



## Second Tier Entitlement Example—Down Payment

---

$$\begin{array}{r} \$625,500 \div 4 = \$156,375 \quad (\text{maximum entitlement available}) \\ - \quad \$70,000 \quad (\text{entitlement used}) \\ \hline \$86,375 \quad (\text{entitlement available}) \end{array}$$

$$\$86,375 \times 4 = \$345,500 \quad (\text{maximum total loan amount for 25\% guaranty})$$

$$\$86,375 \div \$400,000 = 21.59\% \quad (\text{guaranty percentage on LGC})$$

Lender/investor will most likely require a **down payment** of:

$$\$400,000 - \$345,500 = \$54,500 \div 4 = \underline{\$13,625}$$



## IRRRL Guaranty

---

What is the minimum guaranty a lender will receive on an IRRRL?

- A. Same guaranty percentage as the previous VA loan
- B. 25% of the total loan amount up to the county loan limit
- C. 25% guaranty even if over county loan limit



## Joint Loans

---

### Vet/Vet or Vet/Non-Vet Loans:

- A loan involving two (or more) Veterans, not married to each other, using both entitlements [Vet/Vet]
- Entitlement available may not always be equal [Vet/Vet]
- Unequal charges may be made with written agreement if only unequal entitlement available [Vet/Vet]
- County loan limit is per loan, *not* per Veteran! [Vet/Vet]
- A loan involving one Veteran and one non-Veteran (not spouse) [Vet/Non-Vet]
- Only the Veteran's portion of the loan will be displayed on the LGC [Vet/Non-Vet]
- Lender must satisfy itself or investor requirements (regarding down payment) [Both]



## Guaranty Issues

---

- Miscalculation of available or remaining entitlement
- VA Funding Fee added to base loan amount and county loan limit is exceeded
- Failure to restore Veteran's entitlement *before* guaranty of new loan
- Loan amount under \$144,000 and \$36,000 (or more) entitlement already utilized

# Notes





## Monitoring Unit

May 2015  
Dreama Walker, Chief Monitoring Unit

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U.S. Department  
of Veterans Affairs



### Changes, Changes, Changes

- Previous Audit Procedures
- File Review
- Three Days in Office



### New Procedures – Operational Audit

- Pre-Audit Work by Auditors
- Quality Control
- SARS/Underwriters
- Declined Loans and Non-compliant files
- Marketing Materials
- Workload/Training/Branch Offices/etc.



## Audit Timeline

- Initial Contact – 45-calendar days prior to site visit
- Auditors review pre-audit documentation
- Administrative Contact – 7-calendar days prior to visit via email
- Requested Documentation Due – within 3-calendar days of email
- Site Visit (Monday-Wednesday)
- Documents/Comments/Response Due – 7-calendar days from exit briefing



## Findings

- **Commendable Finding**
  - Unique innovation or newly created technique, method, process, or activity; and
  - The item complies with program requirements; and
  - The lender has documented results that clearly demonstrate the item improves performance, increases efficiency, and/or improves quality
- **Best Practice – must meet all of the preceding criteria; and**
  - The item has been fully developed, tested and proven successful in achieving a specific, predetermined set of results; and
  - The item is approved by Loan Guaranty Central Office (LGYCO); and
  - The item meets or exceeds the quality standards as set forth and approved by VA Guidelines, and industry standard, if applicable; and
  - The item meets the level of national implementation

---

- **Action items**
  - **Closed action item** – The deficiency is not a repeat finding based on any review during and since the last lender/servicer audit. The lender/servicer has fully remedied all deficiencies when appropriate, during the onsite visit by complying with policy
  - **Open (non-repeat) action item** – The deficiency is not a repeat finding based on any review during and since the last lender/servicer audit. The lender/servicer cannot remedy all deficiencies during the onsite visit
  - **Open (repeat) action item** – The deficiency is a repeat finding based on any review during and since the last lender/servicer audit, and therefore, it will remain open until the next audit. However, the lender/servicer will strive to remedy all deficiencies during the onsite visit when appropriate, or provide milestones and projected completion date, requesting an extension from the audit team leader
- **Observations**
- **Recommendations**



## 2015 Lenders Conference!! Lender Liaison


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U.S. Department  
of Veterans Affairs



### Presentation Overview

- Direct from the LPOs! “Top 10 things they want you to know”
- Protocol for resolving case-specific issues
- Protocol for resolving audit findings
- How to obtain answers to general questions
- eBenefits 
- LGY Origination Newsletter



### Top 10 things LPOs what you to know

#### 1. Research answers prior to contacting RLC

- ✓ Research Lenders Handbook
- ✓ Remember – VA uses guidelines – relatively few hard and fast rules
- ✓ Check with colleagues
- ✓ Only contact one RLC
- ✓ Allow reasonable time for response before submitting second request



## Top 10 things LPOs what you to know

"I would suggest the best training guide already exists - the Lenders Handbook. Chapter 4 is the primary tool for underwriting VA loans. Because it encourages flexibility in delivering the VA benefit, it gives wide latitude to lenders. The expectation is that lenders, especially lenders with automatic authority, will use their own judgment when necessary. *As long as lenders document their reasoning, it's extremely unlikely VA staff would ever take issue with their decision.* \*\*

We deliberately promulgated wide ranging credit guidelines, rather than attempting to deal with minute scenarios. This way, lenders can use their judgment and expertise when processing VA loans."

Bill White

**\*\* Document! Document!! Document!!! Tell the story!!!**

### 2. Obtaining a COE should be your first step

- ✓ Helps ensure Veteran does not incur costs and undue burdens
- ✓ Greatly reduces the number of urgent requests
- ✓ Updated COEs... Let's talk...

### 3. Don't encourage Veterans to contact VA on COE issues

- ✓ If you tell them you'll assist them – there's no need for Veteran to contact VA

### 4. Prior Approvals

- ✓ Prior approvals should be fully underwritten prior to submitting to VA
- ✓ Do not order closing prior to submitting file to VA
- ✓ Only underwriters (not loan officers) can submit priors - must be signed by UW
- ✓ Ensure the underwriter's name and full contact information is clearly identified
- ✓ Appraisals must be ordered prior to submitting to VA

### 5. Lender PIN

- ✓ Ensure your "Admin" POC understands their authority
- ✓ Validate as soon as you receive the email notice
- ✓ Keep accounts active!
- ✓ Do not lose your PIN
- ✓ The above actions will significantly reduce calls/emails to RLC

### 6. Guaranty Calculation

- ✓ We understand the calculation can sometimes be confusing
- ✓ Recommend each lender appoint a Guaranty Calculation SME
- ✓ See "Guaranty Calculation Examples" on Loan Limits page

### 7. 12-month employment history

- ✓ Connect the dots and document!
- ✓ Remarks section of Loan Analysis



## Top 10 things LPOs what you to know

### 8. VA Form 26-8937

- ✓ *Make Sure* you ask questions to each and every Veteran!
- ✓ Rely on 26-8937 info – even if in conflict with COE (i.e. exempt/non-exempt)

### 9. Learn how to calculate remaining entitlement

- ✓ We understand the calculation can sometimes be confusing
- ✓ Recommend each lender appoint a Guaranty Calculation SME
- ✓ See "*Guaranty Calculation Examples*" on *Loan Limits* page

### 10. Please don't shop RLCs for answers

- ✓ Perfect transition!!



## VA's Protocol for Resolving Issues

### 1. Case-specific questions

- Contact RLC with jurisdiction
- Discuss with Loan Specialist
- Elevate to ALPO/LPO if not resolved
- Elevate to Lender Liaison if still unresolved

### 2. Audit finding questions

- Attempt to resolve with auditor
- Elevate to ALPO/LPO
- Elevate to Lender Liaison if still unresolved

### 3. General questions

- Research in Lenders Handbook
- Refer to Bill White's guidance
- Contact RLC with jurisdiction



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A Service of the Department of Veterans Affairs and the Department of Defense

Log In Register

Apply Manage Learn National Resource Directory Employment Center Contact Search

## What do you want to do?

**Need help?** Appoint a claims agent, attorney, or Veteran Service Organization (VSO) to assist you.

Apply	Manage Benefits	Manage Health
Disability Compensation	Compensation Claim Status	Share Your VA Medical Records
Add or Remove Dependent	Personal Contact and Direct Deposit	VA Prescription Refills
VA Health Care	VA Payment History	VA Medical Appointment Scheduling
Education Benefits	VA Letters	Hearing Aid Batteries and Prosthetic Socks
Pension Benefits	Certificate of Eligibility for Home Loan	VA Medical Provider Messaging
Vocational Rehabilitation and Employment	Supporting Document Upload for Claims	DoD TRICARE Health Insurance

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## eBenefits – Help spread the word!

Compensation Education Health Care Housing Insurance Pension

Explore VA benefits: Overview of VA decisions

Do you have disabilities resulting from a disease or injury related to your military service? You may be eligible for monthly benefits, no matter when or where you served. [Learn More](#)

**Learn More About Compensation Benefits**

[Read an overview of compensation types](#)

[Learn about eligibility requirements for disability compensation](#)

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--	--	--	---

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Help spread the word about eBenefits by displaying the eBenefits Web Badge on your site. All you need to do is add the following code wherever you want the badge to appear.

#### Rounded Corner Web Badge



```
<script type="text/javascript"
src="https://www.ebenefits.va.gov/ecms-proxy/document/ebenefits-liferay/assets/js/ef-widget.js" ></script>
```

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#### Veterans Job Bank Web Badge



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## LGY Newsletter and GovDelivery

- LGY Newsletter
- GovDelivery

**Mark J. Connors**  
 Lender Liaison  
 Loan Guaranty Service  
 U.S. Department of Veterans Affairs  
 (202) 632-8821

Office Address: 1800 G St, NW, 8<sup>th</sup> Floor Washington, DC 20006  
 Mailing Address: 810 Vermont Ave, NW Washington, DC 20420  
 mark.connors@va.gov

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# Notes



## FUN WITH FUNDING FEES



Presented by:

**Jeff Wilson**

Loan Production Officer  
Phoenix RLC

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U.S. Department  
of Veterans Affairs

### Pop Quiz

A Veteran provided you a letter from VA indicating he was rated 0% disabled but showed that he is receiving \$113 per month from VA.

Is the Veteran exempt from the Funding Fee?

Yes

No

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## Determining Funding Fee Status

- Determine if the veteran is EXEMPT
- New COE will (in most cases) have status
- Misconception is that the veteran must be rated 10% or more disabled
- Veteran must be in receipt of compensation or:
  - Would be were it not for deployment on AD
  - Receiving retired or reserve/guard pay in lieu of compensation
- If evidence COE is wrong contact RLC

## How to calculate the Funding Fee

- For all loans except Interest Rate Reduction Refinance Loans (IRRRL)
  - Apply appropriate fee from table Pam 26-7, Chp 8
  - For IRRRL use VA Form 26-8923
- Calculate fee based on loan amount without fee
- For Joint loans see calculation in Chp 7
- For Purchase and Refinance loans:
  - First time use will be 2.15% of base loan for A/D
  - First time for Guard/Reserve will be 2.4%
  - Subsequent use is 2.8% of base loan for both
- Purchase loans with 5% but under 10% funding fee is 1.5% for A/D and 1.75% Guard/Reserve
- Purchase loans with 10% or more funding fee is 1.25% for A/D and 1.5% for Guard/Reserve
- For Interest Rate Reduction Refinance Loans:
  - .5% of amount shown on line 16
  - Guard/Reserve will be the same
- Funding fee for assumptions are .5%

## IRRRL Worksheet

The funding fee is first determined on line 7 and then subtracted on 15 and recalculated on 17.

Department of Veterans Affairs  
**INTEREST RATE REDUCTION REFINANCING LOAN WORKSHEET**

Section 1 - INITIAL LIMITATION

1	MAXIMUM ANNUAL PERCENTAGE OF INTEREST RATE REDUCTION	1.000000
2	MAXIMUM ANNUAL PERCENTAGE OF INTEREST RATE REDUCTION	1.000000
3	TOTAL	1.000000

Section 2 - FINANCIAL DATA

4	UNPAID BALANCE	100000.00
5	MAX. 1.1% ANNUAL PERCENTAGE	11000.00
6	MAX. 1.1% ANNUAL PERCENTAGE	11000.00
7	MAX. 1.1% ANNUAL PERCENTAGE	11000.00
8	MAX. 1.1% ANNUAL PERCENTAGE	11000.00
9	TOTAL	44000.00

Section 3 - OTHER LIMITATION

10	MAXIMUM ANNUAL PERCENTAGE	1.000000
11	MAXIMUM ANNUAL PERCENTAGE	1.000000
12	MAXIMUM ANNUAL PERCENTAGE	1.000000
13	MAXIMUM ANNUAL PERCENTAGE	1.000000
14	MAXIMUM ANNUAL PERCENTAGE	1.000000
15	MAXIMUM ANNUAL PERCENTAGE	1.000000
16	MAXIMUM ANNUAL PERCENTAGE	1.000000
17	MAXIMUM ANNUAL PERCENTAGE	1.000000
18	TOTAL ANNUAL PERCENTAGE	1.000000

VA FORM 10-526 (REV. 10-2013)

## How to Calculate the Funding Fees (cont.)

- For Joint Loans
  - The loan amount is allocated equally between borrowers
  - Any down payment is allocated equally regardless of where funds come from
- Vet/Vet loan is easy, fee is split equally
- Vet/non-Vet
  - Any down payment is applied to the total loan
  - Funding fee is calculated on the veteran's portion

Example: Vet/non-Vet loan with veteran first time use

\$100,000 purchase price

\$ 5,000 down payment (doesn't matter who)

\$ 95,000 base loan amount

\$ 47,500 veteran's portion to calculate FF

\$ 712.50 funding fee based on 1.5%

## Funding Fee Payment System

- Lenders must remit to FFPS
- If paid over 15 days a 4% late fee assessed
- If paid more than 30 days interest will be assessed in addition to the late fee

## Funding Fee Refunds

- Several reasons for refunds
  - If lender indicated something incorrect in FFPS
    - Reserve instead of active duty
    - Subsequent use instead of first time use
    - Miscalculated on 26-8923
  - Borrower was exempt but charged on HUD-1
- For all overpayments or refunds, lender must show:
  - Principal reduced if originally financed
  - Refunded to borrower if paid in cash or loan paid off with other than another VA loan
- If underpaid on HUD-1
  - Lender must pay the balance due plus late charge and any interest penalty
  - Lender cannot charge borrower after the fact
  - If COE was incorrect, lender will not be required to make up shortage
- **READ THE COE!**

**Thank You for your support of the VA Home Loan Program and  
THANK YOU FOR YOUR SERVICE TO VETERANS!**

# Income Considerations

Presented by:  
Cherie Castanares  
Loan Specialist  
Honolulu Regional Office

## Agenda

- Grossing up
- Rental Income
- Self-employment Income
- Income from Commissions
- Military Income
- Part time/Second Job Income
- Mortgage Credit Certificates

❖ Lenders Handbook Chapter 4, Section 2 and 3

## Grossing up

- Only non-taxable income can be grossed up
  - Tax tables should be used to determine the percent
- Veteran receiving only non-taxable income
  - Refer to tax table as if the income was taxable (usually 15%)

## 2015 Tax Table

Married/Filing  
jointly and  
qualifying widow(er)s

\$ 0	\$18,450	\$0.00 + 10%	\$ 0
18,450	74,900	1,845.00 + 15%	18,450
74,900	151,200	10,312.50 + 25%	74,900
151,200	230,450	29,387.50 + 28%	151,200
230,450	411,500	51,577.50 + 33%	230,450
411,500	464,850	11,324.00 + 35%	411,500
464,850	—	129,996.50 + 39.6%	464,850

Single

\$ 0	\$9,225	\$0.00 + 10%	\$ 0
9,225	37,450	922.50 + 15%	9,225
37,450	90,750	5,156.25 + 25%	37,450
90,750	189,300	18,481.25 + 28%	90,750
189,300	411,500	46,075.25 + 33%	189,300
411,500	413,200	19,401.25 + 35%	411,500
413,200	—	119,996.25 + 39.6%	413,200



## Rental Income



### Multi-Unit Property Securing VA Loan

- Required documentation:
  - Evidence of cash reserves totaling at least 6 months of mortgage payments (PITI)
  - Prior experience managing rental units or background involving property maintenance and rental
- Analysis: Rental income as effective income
  - 75% of prior rents collected on the units or
  - Appraiser's opinion of the property's fair monthly rental

### Rental of Property Occupied Prior to New Loan

- Required documentation:
  - Rental agreement
  - Information on current rental market
- Analysis:
  - Prospective rental income can only be used to offset the mortgage payment on the rental property
  - This rental income may NOT be included in effective income

## Rental Income, continued

### Rental of Other Property Not Securing VA Loan

- Required Documentation
  - Evidence of cash reserves totaling at least 3 months mortgage payments (PITI)
  - Individual tax returns with applicable schedules for previous 2 years, showing rental income generated
- Analysis:
  - If income is stable and reliable, it may be used as effective income
  - Depreciation claimed as a deduction on tax returns may be included in effective income

## Self-Employment Income

- Required documentation
  - Current YTD Profit & Loss Statement and balance sheet
  - Individual tax returns plus all schedules for the past 2 years
- Stability: 2 years
  - Unless applicant has previous related employment or specialized training
- Analysis:
  - Depreciation claimed as a deduction on the tax returns and financial statements may be included in effective income

# Income from Commissions

- Required documentation
  - VOE or other written verification showing:
    - Actual commissions paid YTD
    - Basis for payment (salary plus commission, straight commission, or draws against commission)
    - When commissions are paid (monthly, quarterly, semiannually, or annually)
  - Individual tax returns plus all schedules for the previous 2 years
- Stability: 2 years
  - Unless applicant had previous related employment or specialized training

# Military Income



- Required documentation
  - LES instead of VOE
  - If ETS is within 12 months:
    - Re-enlistment or extension documentation
    - Valid employment offer
    - Statement from service member that they intend to reenlist or extend
    - Statement from commanding officer that member is eligible to reenlist

DEFENSE FINANCE AND ACCOUNTING SERVICE MILITARY LEAVE AND EARNINGS STATEMENT													
ID	BRANCH	GRADE	PAY DATE	YRS SVC	ETS	BRANCH	ACROSSR	PERIOD COVERED					
		ES	875222	17	170228	ARMY	8869	1-30 NOV 84					
ENTITLEMENTS				DEDUCTIONS				ALLOCATIONS				SUMMARY	
Type	Amount	Type	Amount	Type	Amount	Type	Amount	Avail Paid					
A	505.70	DISCRETIONARY ALT	100.00					405.70	Let Lst	3502.25			
B	205.41	TSP LOAN	385.85					179.56	Top Debt	2018.50			
C	62.32	HEALTH DENTAL	31.89					30.43	Top AB	775.16			
D	39.00	INSURANCE ALLOT	36.42					2.58	Top AB	1708.13			
E	5.00	BANK ACCT ALLOT	100.00					4.00	Top AB				
F	5.00	BANK ACCT ALLOT	100.00					4.00	Top AB				
G	383.57								ECM Pay	1708.13			
H	208.33												
I	178.00												
J													
K													
L													
M													
N													
O													
TOTAL	5502.25		3018.99					775.16					
LEAVE	3018.99												
PICA	2534.79												
TAXES	2534.79												
PAY	2534.79												
DATA	2534.79												



## Part time/Second Job Income

- Stability
  - Continued and verified for 2 years
  - Income must be regular and predictable, and
  - Likely to continue in the foreseeable future
  - Hours are compatible with primary job
  - Length applicant has been employed under such arrangement
- Analysis
  - If income cannot be included in effective income but is verified for at least 12 months, it can be used to offset debt.

## Mortgage Credit Certificates

- Calculation:
  - \$300,000 (loan amount)
  - x 4% (interest rate)
  - x 20% (MCC percentage)
  - = \$2,400
- Annual limit on tax credit is \$2,000
- $\$2,000/12 = \$167$  can be included in monthly analysis

# Notes

## Full File Loan Review Errors

Dani Terrell  
Denver RLC  
Loan Production Officer  
May 2015

### Today's Topics

- Submitting Files
- Missing Documents
- Verifications/Explanations
- Unallowable Fees

### Submitting Files for Full File Loan Review

- Announced in VA Circular 26-14-9
- Avoid excessive documentation
- Uploads limited to 30 MB
- Typically no need to split files

## Missing Documents

- NOV Conditions
  - Road maintenance (identify paragraph in covenants)
  - Pest inspection report (signed by Veteran)
  - Condo approval
- HUD-1 Breakdowns missing
  - VA Circular 26-10-1 (Origination fees)
  - VA Circular 26-10-9 (Title fees and credits)
- Credit report fees
  - Invoice is best to avoid confusion
- YTD Profit and Loss for self-employment income

## Verifications/Explanations

- Child care certification
  - Expense must be considered
  - Children 12 and under
- Discretionary allotments on LES
- Remaining enlistment <1 year
  - Intent to reenlist
  - Eligible to reenlist

## Unallowable Fees

- Premium pricing used to pay
  - Unallowable fees (>1%)
  - Debts on behalf of the borrower
- Settlement/Closing fee
- Tax service fee



# Loan Assumption

Al Hipolito  
Houston Regional Loan Center



## Background

Under certain circumstances, properties that are security for VA-guaranteed loans may be sold even though the loans are not paid in full. Borrowers who sell their properties under these conditions remain liable to VA for any loss that may occur as a result of a future default and subsequent claim payment, unless the property is sold to a creditworthy purchaser who agrees to assume the payment obligation.

## Transfer of Ownership

Who can process loan assumptions?

Approval Requirements:

- Loan must be current
- Prospective purchaser is creditworthy
- Assume all of the loan obligations
- Indemnify VA

## Processing & Decision

- Approvals
- Disapprovals
- VA Appeals


## Retroactive Approval

- Funding Fee
- All obligations assumed
- Legally binding
- Purchaser willing to satisfy obligations



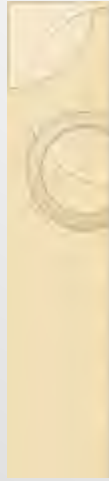
## Release of Liability Procedures

- Loans guaranteed prior to March 1, 1988
- Divorce
  - Divorce final
  - Quit claim
  - No property settlement



## Substitution of Entitlement

- Eligible Veteran
- Certify occupancy
- Agree to the Substitution of Entitlement



## Unrestricted Transfer

- Death of borrower
- Spouse or child added as joint owner
- Divorce

## Reporting Package to VA

- Cover letter
  - Completed transfer
  - Request for VA approval
  - Appeal to VA
- VA LIN
- Original Veteran
- Contact Information

## Questions

Reference:

VA Lenders Handbook, Ch 5

VA Lenders Handbook, Ch 4

VA Circular 26-08-3

38 CFR 36.4840





## Loan Guaranty Service Construction and Valuation Section



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### Construction and Valuation

#### Agenda

- Opening Remarks
- Circulars
- Appraisal Management Services (AMS)

## Circular 26-13-14 SAR TPSS Online Training Program

The purpose of this circular is to announce the VA SAR online training program known as the SAR Training and Performance Support System (SAR TPSS). The SAR TPSS is a no cost, self-directed, online training course, which uses web-based interactive technology to teach VA appraisal processing under the Lender Appraisal Processing Program (LAPP).

- ✓ Total training time is 16 total hours to complete
- ✓ To date ± 950 SAR applicants have successfully passed the course

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## Circular 26-15-XX New Appraisal Requirements & Instructions For SARs

The purpose of this circular is to announce the VA automated Appraisal Management Service (AMS) for use by SARs in enhancing the appraisal review process prior to issuance of the Notice of Value (NOV). AMS will provide SARs assistance in quickly assessing appraisal risk for property eligibility, VA policy compliance violation, over/under-valuation, and appraisal quality issues.

- ✓ Total training time is 1+/- total hours to complete
- ✓ SARs access online Training to watch

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## Appraisal Management Services

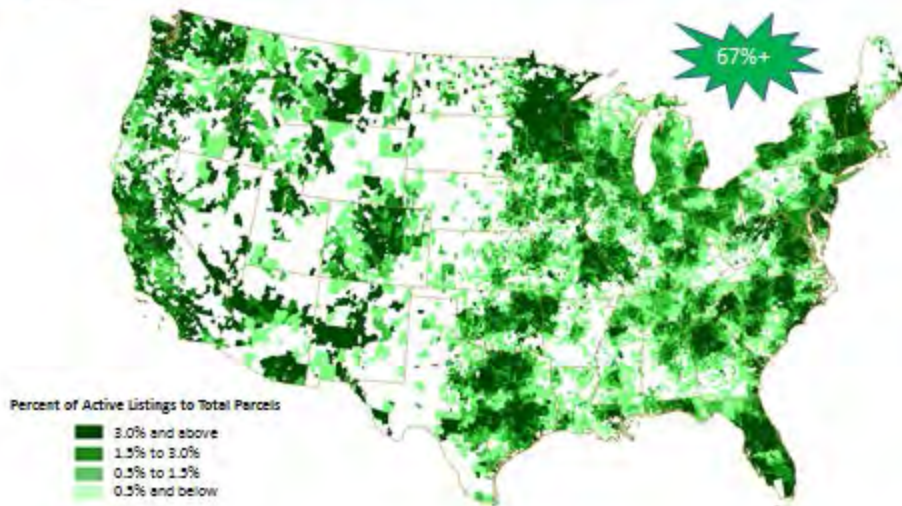
- ✓ On November 2013 CoreLogic was awarded a five year contract to provide C&V section with Appraisal Management Services (AMS).
- ✓ The primary objective is transition to a risk-based analysis of appraisals to improve the quality of oversight of the fee appraiser panel and SARs.
- ✓ With the implementation of AMS, SARs will have automated risk-based reviews from one reliable source that will provide them with additional information regarding the property in an effort to evaluate the accuracy and credibility of the appraisal.

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## Why AMS? MLS Coverage



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## Complete Appraisal Risk Analysis



**Valuation Risk** – Is the appraised value reasonable and supported?

**Integrity Risk** – Are there fundamental issues with the construction of the appraisal?

**Comparable Selection** – Were the most similar comparables used?

**Property Complexity** – Does the subject conform to the area, or is it very unique?

**Market Risk** – Is the subject located in a high risk area?

**Misrepresentation Risk** – Are there issues within the subject chain of title posing risk?

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## Comprehensive / Smart Rule Set

APPRAISAL REVIEW ALERTS <span style="float: right;">Equip All Alerts</span>		
<b>Valuation Risk</b>		
<b>1 High Alert</b> <span style="float: right;">Hide</span>		
Alert ID	Message	Recommended Action
-VAL_302	Subject property has sold within the last 1 year	Carefully review sales history and chain of title. Ensure value is supported.
<b>2 Medium Alerts</b> <span style="float: right;">Show</span>		
<b>9 Low Alerts</b>		
<b>Appraisal Rule Compliance</b>		
<b>2 High Alerts</b> <span style="float: right;">Hide</span>		
Alert ID	Message	Recommended Action
ARC_347	The Contract Price is lower than the neighborhood low housing price	Resubmit and have appraiser adjust the neighborhood low housing price or provide commentary explaining why the contract price is below the neighborhood low
ARC_385	The Estimated Market Value is not bracketed by the Neighborhood One-Unit Housing Low-High Prices on pg 1	Request commentary on the Estimated Market Value not being bracketed by the Neighborhood One-Unit Housing Low-High prices or request that the appraiser revise the range to bracket the Estimated Market Value
<b>3 Medium Alerts</b> <span style="float: right;">Show</span>		
<b>3 Low Alerts</b>		
Comparable Selection		

- **1,000+ Rules** – Within seconds, LSAM analyzes every field in the appraisal
- **Smart/Intelligent Rules** – dynamically constructed with conditions similar to how a reviewer reviews an appraisal. This minimizes false positive rates, reduces unnecessary work and identifies meaningful issues similar to what an experienced reviewer would identify.
- **Compliance** – Assure compliance with FIRREA, USPAP, FHA, VA, UAD
- **Date Consistency** – Assure consistency throughout the appraisal.
- **Configurable** – Turn on/off alerts, change alert severity and modify the Recommended Action.

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## Robust MLS Data

COMPARABLE PROPERTY INFORMATION				
	SUBJECT	COMP 1	COMP 2	COMP 3
<b>PROPERTY COMPARISONS</b>				
Address	5518 HARDEE ST, NAPLES, FL 34113	6333 HOLLAND ST, NAPLES, FL 34113	5330 WARREN ST, NAPLES, FL 34113	5330 WARREN ST, NAPLES, FL 34113
Distance From Subject	-	0.47 miles W	0.53 miles W	0.53 miles W
Appraised Value / Sales Price	\$125,000	\$145,000	\$97,465	\$97,000
Appraised / Sale Date	May 2012	March 2012	February 2012	May 9, 2012
Price Per SqFt	\$71	\$72	\$58	\$58
Living SqFt / Lot SqFt	1,700 / 7,841	2,000 / 7,841	1,680 / 8,276	1,680 / 8,276
View	N/Res.	N/Res.	N/Res.	N/Res.
Rooms / Bed / Bath	6 / 3 / 2-0	7 / 3 / 3-0	6 / 3 / 2-0	6 / 3 / 2-0
Year Built	1977	2005	1972	1974
Last Sale Date	Jun 03, 2011	Jan 04, 2012	Oct 27, 2011	-
Last Sale Price	\$39,600	\$88,500	-	-
Basement	No	No	No	No
Garage / Carport	Yes	Yes	No	Yes
Fireplace	No	No	No	No



- 67% Nationwide Coverage
- MLS Photos
- Listing Status, DOM, Original List Price, Current List Price, Agent Remarks, MLS Listing History

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## Data Validation

COMPARABLE FEATURE	COMP 1	Public Record	MLS	COMP 2	Public Record	MLS
Address	5333 HOLLAND ST NAPLES FL 34113	✓ 5333 HOLLAND ST NAPLES FL 34113	✓ 5333 HOLLAND ST Naples FL 34113	5330 WARREN ST NAPLES FL 34113	✓ 5330 WARREN ST NAPLES FL 34113	✓ 5330 WARREN ST Naples FL 34113
Distance From Subject	0.47 miles W	✓ 0.46	✓ 0.46	0.53 miles W	✓ 0.55	✓ 0.55
Sale Date	Mar 1, 2012	✓ Mar 7, 2012		Feb 1, 2012	✗ May 9, 2012	
Sale Price	\$145,000	✓ \$145,000		\$97,465	✓ \$97,000	
Price Per SqFt	\$72.50	✗ \$61	✓ \$72	\$58.01	✓ \$58	✓ \$58
Year Built	2005	✓ 2005	✓ 2005	1972	✓ 1972	✓ 1972
Living SqFt	2,000	✗ 2,353	✓ 2,000	1,680	✓ 1,680	✓ 1,680
Lot SqFt	7,841	✗ 8,276		8,276	✓ 8,276	
Rooms/Bed/Bath	7/4/3-0		✗ --/3-0	6/3/2-0		✗ --/3-0
Basement SqFt						
Garage/Carport	2		✓ 2			
Fireplace						
Pool	No	✓ No	✓ No	Yes	✓ Yes	✓ Yes
Prior Sale Date	Jan 4, 2012	✓ Jan 4, 2012		Oct 27, 2011		
Prior Sale Price	\$88,500	✓ \$88,000		\$0		

- Knowing you have an appraisal with accurate data is very important. To do this manually takes a significant amount of time.
- L SAM instantly compares the most important characteristics in the appraisal to CoreLogic Public Record and MLS Databases quickly alerting the user to data inconsistencies.

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## Interactive Maps



- Zoom in/Zoom out, Birds Eye View, Aerial View
- Displays Appraisal Comps Along With CoreLogic MLS and Public Record Comps

- Value Map Shows Shaded Areas Depicting Value Ranges
- Quickly Identify Comps Located In Superior/Inferior Areas Compared To The Subject



VA Benefits Briefing



## Revisiting LSAM, AVM & MARS Basics Interactive Maps



- Zoom in/Zoom out, Birds Eye View, Aerial View

- Displays Appraisal Comps Along With CoreLogic MLS and Public Record Comps

- Value Map Shows Shaded Areas Depicting Value Ranges
- Quickly Identify Comps Located In Superior Inferior Areas Compared To The Subject



Between shades of Yellow-Green shading are used to depict values. Darker is lower; green is higher.

VA Benefits Briefing

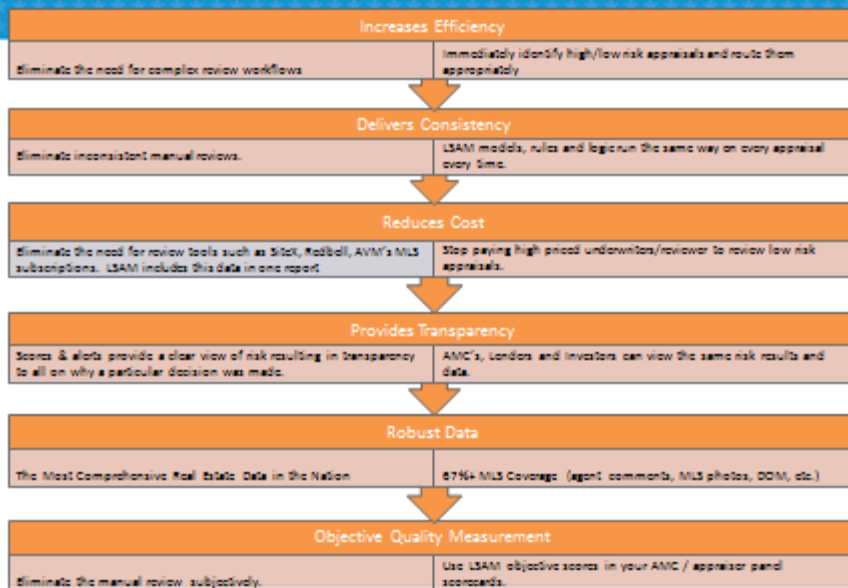
## Comparable Search Results

- Dynamic comparable search with grouping logic similar to an appraiser's search logic
- The appraisal comps are grouped with the same logic so the user can see where they group in relation to the comps LSAM found in CoreLogic MLS and public record databases.

COMPARABLE SEARCH RESULTS BY GROUP							
Address		Price	GLA	Year Built	Rooms		
Subject		\$/SqFt	Lot Area	Land Use	Bed/Bath		
558 HARDEE ST NAPLES, FL 34113		\$120,000 \$71	7,641	1912 (RZF)	0		
EXCELLER - 2 properties							
Address	Date/Dist.	Event/Source	Type	Price \$/SqFt	GLA Lot Area	Year Built Land Use	Rooms Bed/Bath
Comp Search 3437 COLLINS AVE NAPLES, FL 34113	04/04/2011 0.26	Sold Public Record	Full	\$85,000 \$51	1,384 0.712	1971 (RZF)	0 0-0
Comp Search 5374 HARDEE ST NAPLES, FL 34113	01/17/2012 0.31	Sold Public Record	Full	\$117,000 \$73	1,466 16.111	1972 (RZF)	0 0-0
GOOD - 2 properties							
Address	Date/Dist.	Event/Source	Type	Price \$/SqFt	GLA Lot Area	Year Built Land Use	Rooms Bed/Bath
Comp Search 5370 HARDEE ST NAPLES, FL 34113	06/29/2011 0.73	Sold Public Record	Full	\$540,000 \$98	1,422 8.276	1982 (RZF)	0 0-0
Comp Search 5342 HOLLAND ST NAPLES, FL 34113	06/17/2011 0.44	Sold Public Record	Full	\$47,000 \$31	1,513 0.276	1976 (RZF)	0 0-0
AVERAGE - 19 properties							
Address	Date/Dist.	Event/Source	Type	Price \$/SqFt	GLA Lot Area	Year Built Land Use	Rooms Bed/Bath
Comp Search 373 FOREST HILLS BLVD NAPLES, FL 34113	05/10/2012 0.99	Sold Public Record	Full	\$190,000 \$108	1,747 11.761	1973 (RZF)	0 0-0
Appraisal Comp 2 6330 WARREN ST NAPLES, FL 34113	05/09/2012 0.56	Sold Public Record	Full	\$91,466 \$68	1,680 8.276	1970 (RZF)	0 0-0
Appraisal Comp 2 5305 MARTIN ST NAPLES, FL 34113	04/09/2012 0.51	Sold Public Record	Full	\$193,000 \$63	1,620 8.276	1974 (RZF)	0 0-0

VA Benefits Briefing

## Key Benefits



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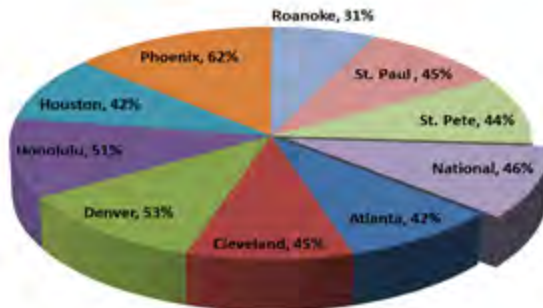
## Proposed VA Appraisal Workflow Process



V&B Benefits Briefing



## Current State of Affairs



RLC Cursory Review										
	Atlanta	Cleveland	Denver	Honolulu	Houston	Phoenix	Roanoke	St. Paul	St. Pete	National
Total Cursory Review	21,765	23,114	22,804	1,247	18,540	35,978	11,852	14,851	17,615	187,784
Total Appraisals	\$1,956	\$1,596	43,385	2,459	44,247	57,729	37,653	33,369	40,175	382,678
% Cursory Review	42%	45%	53%	51%	42%	62%	31%	45%	44%	46%

*Cursory Review is defined as appraisals that have a Valuation Risk Score between 300-699 and Integrity Risk score under 600.*

*Note: Data Range June 1, 2014 to February 26, 2015.*

V&B Benefits Briefing



## Useful Information

- ✓ Loan Guaranty Service:  
<http://www.benefits.va.gov/homeloans/>
- ✓ VA Pamphlet 26-7, VALender's Handbook  
[http://www.benefits.va.gov/WARMS/pam26\\_7.asp](http://www.benefits.va.gov/WARMS/pam26_7.asp)
- ✓ Title 38 – United States Code, Chapter 37
- ✓ Regional Loan Centers:  
<http://www.benefits.va.gov/homeloans/rlcweb.asp>
- ✓ Circulars:  
[http://www.benefits.va.gov/HOMELOANS/resources\\_circulars.asp](http://www.benefits.va.gov/HOMELOANS/resources_circulars.asp)

## C&V Section is leading the way...

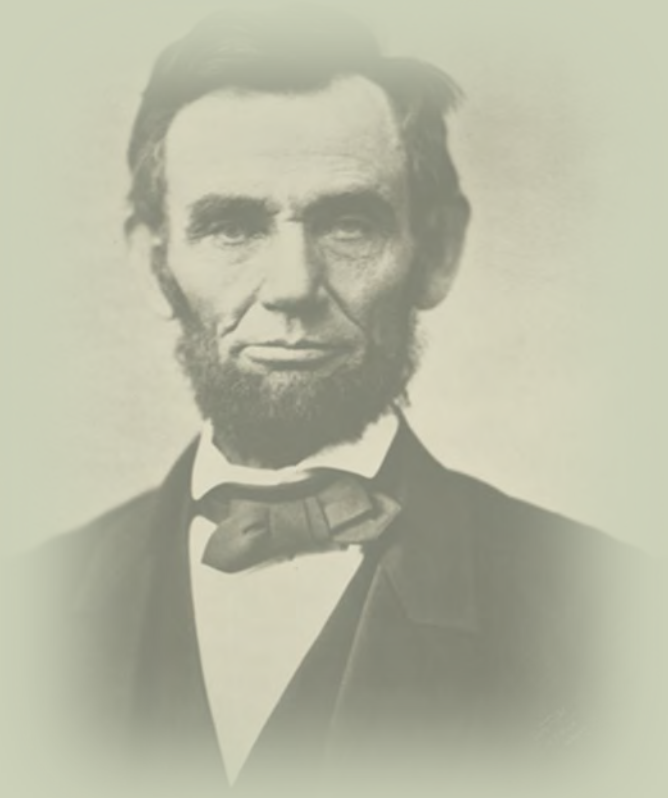


# Notes

Regional Loan Center	Jurisdiction	Mailing Address/Phone/Website
<b>Atlanta</b>	<ul style="list-style-type: none"> <li>• Georgia</li> <li>• North Carolina</li> <li>• South Carolina</li> <li>• Tennessee</li> </ul>	Department of Veterans Affairs VA Regional Loan Center 1700 Clairmont Rd. Decatur, GA 30033-4032 (Mail: P.O. Box 100023, Decatur, GA 30031-7023)  1-888-768-2132 <a href="http://www.benefits.va.gov/atlanta/regional-loan-center.asp">http://www.benefits.va.gov/atlanta/regional-loan-center.asp</a>
<b>Cleveland</b>	<ul style="list-style-type: none"> <li>• Connecticut</li> <li>• Delaware</li> <li>• Indiana</li> <li>• Maine</li> <li>• Massachusetts</li> <li>• Michigan</li> <li>• New Hampshire</li> <li>• New Jersey</li> <li>• New York</li> <li>• Ohio</li> <li>• Pennsylvania</li> <li>• Rhode Island</li> <li>• Vermont</li> </ul>	Department of Veterans Affairs VA Regional Loan Center 1240 East Ninth Street Cleveland, OH 44199  1-800-729-5772 <a href="http://www.benefits.va.gov/cleveland/regional-loan-center.asp">http://www.benefits.va.gov/cleveland/regional-loan-center.asp</a>
<b>Denver</b>	<ul style="list-style-type: none"> <li>• Alaska</li> <li>• Colorado</li> <li>• Idaho</li> <li>• Montana</li> <li>• Oregon</li> <li>• Utah</li> <li>• Washington</li> <li>• Wyoming</li> </ul>	Department of Veterans Affairs VA Regional Loan Center 155 Van Gordon Street Lakewood, CO 80228 (Mail: Box 25126, Denver, CO 80225)  1-888-349-7541 <a href="http://www.benefits.va.gov/denver/regional-loan-center.asp">http://www.benefits.va.gov/denver/regional-loan-center.asp</a>
<b>Honolulu</b>	<ul style="list-style-type: none"> <li>• Hawaii</li> <li>• Guam</li> <li>• American Samoa</li> <li>• Commonwealth of the Northern Marianas</li> </ul>	Department of Veterans Affairs VA Regional Office Loan Guaranty Division (26) 459 Patterson Rd. Honolulu, HI 96819  *Although not an RLC, this office is a fully functioning Loan Guaranty operation for Hawaii.  1-808-433-0481 <a href="http://www.benefits.va.gov/honolulu/regional-loan-center.asp">http://www.benefits.va.gov/honolulu/regional-loan-center.asp</a>

Regional Loan Center	Jurisdiction	Mailing Address/Phone/Website
<b>Houston</b>	<ul style="list-style-type: none"> <li>• Arkansas</li> <li>• Louisiana</li> <li>• Oklahoma</li> <li>• Texas</li> </ul>	Department of Veterans Affairs VA Regional Loan Center 6900 Alameda Road Houston, TX 77030-4200  1-888-232-2571 <a href="http://www.benefits.va.gov/houston/regional-loan-center.asp">http://www.benefits.va.gov/houston/regional-loan-center.asp</a>
<b>Phoenix</b>	<ul style="list-style-type: none"> <li>• Arizona</li> <li>• California</li> <li>• New Mexico</li> <li>• Nevada</li> </ul>	Department of Veterans Affairs VA Regional Loan Center 3333 N. Central Avenue Phoenix, AZ 85012-2402  1-888-869-0194 <a href="http://www.benefits.va.gov/phoenix/regional-loan-center.asp">http://www.benefits.va.gov/phoenix/regional-loan-center.asp</a>
<b>Roanoke</b>	<ul style="list-style-type: none"> <li>• District of Columbia</li> <li>• Kentucky</li> <li>• Maryland</li> <li>• Virginia</li> <li>• West Virginia</li> </ul>	Department of Veterans Affairs VA Regional Loan Center 210 Franklin Road, S.W. Roanoke, VA 24011  1-800-933-5499 <a href="http://www.benefits.va.gov/roanoke/regional-loan-center.asp">http://www.benefits.va.gov/roanoke/regional-loan-center.asp</a>
<b>St. Paul</b>	<ul style="list-style-type: none"> <li>• Illinois</li> <li>• Iowa</li> <li>• Kansas</li> <li>• Minnesota</li> <li>• Missouri</li> <li>• Nebraska</li> <li>• North Dakota</li> <li>• South Dakota</li> <li>• Wisconsin</li> </ul>	Department of Veterans Affairs VA Regional Loan Center 1 Federal Drive, Ft. Snelling St. Paul, MN 55111-4050  1-800-827-0611 <a href="http://www.benefits.va.gov/stpaul/regional-loan-center.asp">http://www.benefits.va.gov/stpaul/regional-loan-center.asp</a>
<b>St. Petersburg</b>	<ul style="list-style-type: none"> <li>• Alabama</li> <li>• Florida</li> <li>• Mississippi</li> <li>• Puerto Rico</li> <li>• U.S. Virgin Islands</li> </ul>	Department of Veterans Affairs VA Regional Loan Center 9500 Bay Pines Blvd. St. Petersburg, FL 33708 (Mail: P.O. Box 1437, St. Petersburg, FL 33731)  1-888-611-5916 <a href="http://www.benefits.va.gov/stpetersburg/regional-loan-center.asp">http://www.benefits.va.gov/stpetersburg/regional-loan-center.asp</a>

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### ***Our Mission***

*To fulfill President Lincoln's promise "To care for him who shall have borne the battle, and for his widow, and his orphan" by serving and honoring the men and women who are America's Veterans.*

