



**Condominium Approval Process and Future State**

Veterans Benefits Administration **VA**  U.S. Department of Veterans Affairs

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**Presenters**

- Frances Marston – Saint Petersburg RLC Valuation Officer
- Phyllis Chilton – Phoenix RLC Valuation Officer
- Gerry Kifer – VA Central Office Supervisory Appraiser

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**EVOLUTION OF CONDOMINIUM PROCESSING**

➤ **Recent Past**  
Documents were sent to the RLC by mail, FedEx Express, or email. The RLC would review the documents to ensure all necessary documents were included and forward to the Regional Counsel for review.  
Timeliness: 1 to 6 months

➤ **Currently**  
Documents are sent to the RLC by mail, FedEx Express or email. The RLC will review the documents to ensure all necessary documents are included and forward to the National Practice Group for review.  
Timeliness: 2 to 3 weeks

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## FIRST THINGS FIRST




➤ Before preparing files be sure to check the status of the condominium on the Veterans Information Portal at the Condo Report Link on the main page.

**Featured Items**

[Condo Reports](#) - Receive a customized report of VA registered Condominiums across the US.

[Builder Locator](#) - Receive a customized report of VA registered builders across the US.

[VONAPP \(Veterans On Line Applications\)](#) - Enables veterans to apply for benefits using the Internet

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## SEARCH SCREEN

**Request a Customized Condo Report**

**No records match all the selection criteria**




**1. Select the report type:**  
 Summary  Details  
(A Summary report only lists Condo names and IDs whereas a Detail report includes status and address information.)

2. Retrieve only approved Condos?

**3. Enter the Condo name or ID (use \* as appropriate).**  
 Name:  ID:

**4. Enter the Regional Office with which the Condo is registered.**

**5. Enter the following information about the Condo location.**  
 City:   
 State:   
 County:

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## SEARCH RESULTS WITH MULTIPLE LISTINGS




➤ Choose your selection from the results

[Condo Search](#)

**Condo Report**

Your search returned 5 records.

Condo Name	ID	Record Type
<a href="#">HIGH POINT COUNTRY CLUB</a>	000705	Condo
<a href="#">HIGH POINT OF DELRAY WEST</a>	000364	Condo
<a href="#">HIGH POINT PLACE</a>	000238	Condo
<a href="#">HIGHLAND PARK VILLAGE</a>	000357	Condo
<a href="#">HIGHLANDS-KENDALL LAKES</a>	H00957	Condo

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### STATUS

- Accepted Without Conditions
- Accepted With Conditions
- Pending
- Rejected
- Suspended
- Unknown
- HUD Accepted

[Condo Search](#) | [Condo Search Results](#)

**Condo Report**

Condo Name (ID)	HIGH POINT COUNTRY CLUB (000705)
Address	57 HIGH POINT CIRCLE WEST NAPLES FL 34103
Status	Pending
Last Update	Unavailable
Request Received Date	03/02/2016
Review Completion Date	Unavailable

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### HUD ACCEPTED

[Condo Search](#) | [Condo Search Results](#)

**Condo Report**

Condo Name (ID)	HIGHLANDS-KENDALL LAKES (H00957)
Address	PH 1,2 MIAMI FL 11111 - 0000 DADE
Status	HUD Accepted
Last Update	Unavailable
Request Received Date	03/07/2002
Review Completion Date	Unavailable

- Status is HUD Accepted but I could not order the appraisal
- Contact the RLC
- The Condo is approved on the HUD.gov site

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### FHA APPROVED CONDOMINIUMS

- VA and HUD/FHA traditionally required similar review and approval procedures for condominium projects, and VA had generally accepted those condominium projects based on approval by FHA, without further review of the organizational documents.
- HUD Mortgagee Letter 2009-46 B, dated November 6, 2009, amended FHA condominium approval requirements to the extent that they no longer conform with VA condominium statutes, regulations, or policy requirements.
- Effective December 7, 2009, VA no longer accepts HUD/FHA condominium project approvals in lieu of VA project review. Condominiums previously accepted by VA, based upon HUD/FHA acceptance, continue to be acceptable to VA.
- When in doubt, contact the RLC of jurisdiction.

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**READY TO SUBMIT**

- Some RLCs submit only electronic files to Counsel. Please check with the RLC of jurisdiction before sending paper files.
- Email size for incoming submissions is 8 MB. Large files can be broken down by document name or if a document is still too large by name and sets of page numbers.
- Clear copy submissions only
- Check for missing pages
- Remember to include your contact information with phone number and a valid e-mail address

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**REQUIRED DOCUMENTS**

- Contact information including e-mail address
- Condo address with the zip code and county
- Declaration
- Articles of Incorporation
- By-Laws
- Amendments
- Rules and Regulations (if any)
- Last two months minutes
- Financials and current budget
- Any pending litigation and special assessments

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**MOST COMMON PROBLEMS**

- Incomplete Packages
- Missing Pages
- Illegible Documents
- Documents Are Not Recorded
- Incomplete Contact Information

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### WHAT NOW AND WHAT'S IN THE WORKS

- Package is submitted to the Work Group for review
- Response is received by the RLC
- RLC responds to the requester
- Timeliness is normally about 2 to 3 weeks

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### Condo Functions

WebLGY  
Build # 16\_3\_119 Timestamp: 2016-02-29-2207  
HOME LOAN VETERAN WORKBUCKETS ADM  
Recently  
Recent Loans  
Loan Inquiry  
Request Appraisal  
Order IRRRL  
Process Old Loan  
Test Loan Analysis  
Transfer Merger/Acquisition  
AMS/AVM  
Condo  
    Search Condos  
    Create Condo

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### Search Condo

WebLGY  
Build # 16\_3\_119 Timestamp: 2016-02-29-2207  
HOME LOAN VETERAN WORKBUCKETS ADMIN CONTACT RLC  
Condo Search  
Condo Search  
Wild-card search can be performed using a "\*" on the condo name field.  
Condo ID  
Condo Name  
State\*  
Status  
Search

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## Search Results

Search Results

ID	Condo Name	State	Status
<a href="#">001234</a>	ABC Condos	CA	Accepted Without Conditions
<a href="#">001234</a>	BCD Condos	CA	Accepted Without Conditions
<a href="#">001234</a>	CDE Condos	CA	Accepted Without Conditions

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## Create Condo Record

WebLGY

HOME | LOGIN | VETERAN | WORKBUCKETS | ADMIN | CONTACT BLC

### Create Condo Information

Building Status  
Proposed Existing Indicator\*

Condo Status  
Disposition Code\*

Project Details  
Total Number of Phases:

Total Number of Units:

Condo Conditions:

### Condo Contact Information

Condo Name:\*

Address:\*

City:\*

State:\*

Country:\*

Zip Code:\*

Zip Suffix:

### Condo Review Dates

Date Project Received:

Date Documents Sent to District Council:

Date Documents Received From District Council:

Date Review Completed:

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## Future State

**Gerry Kifer**  
**VA Central Office Supervisory Appraiser**

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### Where Will VA Be Next Year

- Between Now and Then  
[System Enhancements]  
Lenders Upload Documents
- ANPR – Advanced Notice of Proposed Rule  
Reaching Out To Industry for Feedback

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### Where Will VA Be Next Year

- Ongoing Research
  - Meetings With Industry Partners
  - Exploring New Tools
- Policy Development
  - Circular and/or Handbook Updates
  - Possible Regulations Changes

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### VA Condo

There's Just Got to be Some Questions

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**Prior Approval Loans**

Dani Terrell  
Loan Production Officer, Denver RLC

Veterans Benefits Administration **VA**  U.S. Department of Veterans Affairs

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**Introduction**



Dani Terrell  
Loan Production Officer  
Denver, Colorado

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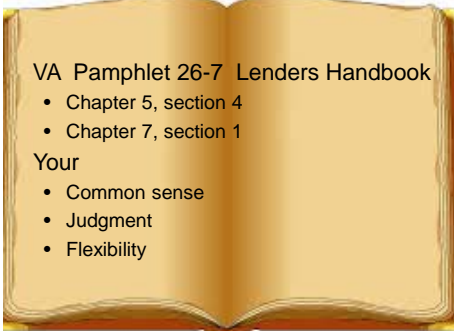
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**References/Tools**




VA Pamphlet 26-7 Lenders Handbook

- Chapter 5, section 4
- Chapter 7, section 1

Your

- Common sense
- Judgment
- Flexibility

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### What is a prior approval loan?

- Joint loans
  - Veteran/Veteran
  - Veteran/non-Veteran
- Non-service connected pension
- "Incompetent" to manage VA compensation
- Interest Rate Reduction Refinance for currently delinquent loan
- Prior approval lenders
- Issue or circumstance that cannot be resolved by lender's underwriting staff



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### Joint Loan – Veteran/Veteran

- All Veterans are using entitlement
  - Not for Veterans married to each other
  - Unequal entitlement split may be used
- Underwriting
  - Each Veteran must be creditworthy
  - Combine income and assets of Veterans
- Occupancy
  - Required for anyone using entitlement



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### Veteran/Veteran (continued)

- Funding Fee
  - Even split (*without regard to entitlement split*)
    - Example: Veteran A is first time user. Veteran B subsequent.
    - Example: Veteran A is first time user. Veteran B is exempt.
    - Example: Both Veterans are exempt.
- Always underwritten by VA, regardless of lender type



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### Joint Loan – Veteran/Non-Veteran

- Veteran + anyone other than their spouse
- Only Veteran's portion is guaranteed
  - Down payment might be required by investor
- Only the Veteran is required to occupy
- Underwriting
  - Veteran must qualify for their portion
  - All borrowers must be creditworthy



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### Veteran/Non-Veteran (continued)

- Funding fee on Veteran's portion of loan
- Veteran's entitlement charged for their portion of the loan
- Always underwritten by VA, regardless of lender type



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### Non-Service Connected Pension

- Pension for disability not due to military service
  - Need-based
- Reflected on VA Form 26-8937, Verification of VA Benefits
  - Submit if directed by Certificate of Eligibility
- Income matching
  - VA, IRS, SSA
  - Pension Management Center notified of unreported income



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### Rated Incompetent by VA

- Reflected on VA Form 26-8937, Verification of VA Benefits
  - Submit form if directed by COE
- Fiduciary/custodian must notify VA
  - “No objection” letter
- Fiduciary contact
  - 1-888-407-0144
  - [benefits.va.gov/fiduciary/contact-us.asp](http://benefits.va.gov/fiduciary/contact-us.asp)

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### Delinquent IRRRL

- Past due 30+ days at closing
- Lender determine
  - Delinquency cause/resolution
  - Veteran ability to pay new loan
- Late payments, fees, charges, etc. rolled into new loan
- Underwritten by VA regardless of lender status

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### Prior Approval Lender

- New to the VA home loan program
- Approved non-supervised lender, no approved underwriter
- Automatic authority revoked
- Must submit all loans but non-delinquent IRRRLs

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### Automatic Lenders

- Use automatic authority to fullest extent
  - Do not shift burden of denial to VA
  - Do not submit based on emotional plea of Veteran, LO, Realtor®, etc.
  - Lender and VA use same guidelines
- Prior submission must include
  - Underwriter analysis and explanation for submission
  - Certification that lender will fund

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**Prior Stacking Order  
Lenders Handbook Chapter 5.4**

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### Changes After Commitment

- Borrower qualification questionable?
- Loan amount increase
  - New signed URLA/1802a signed by all
  - Revised commitment issued
- No VA approval for
  - Reduction in loan amount
  - Maturity extension
  - Less than 1% rate increase

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### After Closing

- Funding Fee Payment System entry
- Compliance with Commitment conditions
- Report closing within 
- VA issues guaranty

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### Common Submission Errors

- Missing items that will slow down the processing of your file
  - CAIVRS for all borrowers
  - Verification of rent
  - Signatures
    - Loan Analysis
    - URLA/1802a



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### A couple of other things...

- Notify VA if loan is canceled, withdrawn or rescinded.
- Priors should be submitted to the RLC with jurisdiction over the property state
- VA has 10 days to underwrite and issue commitment
- Do not wait until the last minute to submit!
  - Keep the Veteran in mind!

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Questions???



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myVA Putting Veterans First

LGY Systems

Steve Varlas  
Systems Guru

Veterans Benefits Administration VA U.S. Department of Veterans Affairs

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History

What's Next?

- Improve FF Exempt Process for Lenders
- Improve the Automated COE success ratio
- Collect more Loan Review Data
- Remove Prior Loan Validation
- Add Deficiency codes to letters
- Advanced Loan Review Search
- TAS will be retired

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History (cont)

### What's Next?

- Admin Tool
  - Renew agents annually, add agents, add branches, update lender profile
- Developing useful reports
  - Compare Ratios
- VAF 26-8937 for IRRRL Cases
- Complete Automation of COE restoration process

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Order IRRRL

### Removing Prior Loan Validation

- Add Info to IRRRL screen
  - Entitlement code
  - Branch of Service
  - Original Type of Mortgage
  - Original Loan Amount
  - Original Guaranty Amount
  - Original Loan Term
  - Original Interest Rate

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WebLGY View

Appraisal Status & History	
<b>Purchaser Information</b>	<b>Property Information</b>
Purchaser Name: <input type="text"/>	Property Documents: <a href="#">Upload Appraisal Report /</a>
Funding Fee Exempt Status: <input type="text" value="EXEMPT"/>	Property Address: <input type="text"/>
Current Monthly Amount: \$859.36	County: NORFOLK
	<a href="#">Change Property Address</a>
<b>Sponsor &amp; Requestor Information</b>	<b>Prior Loan Information</b>
Requestor Name (ID): <input type="text"/>	Original LSN: 14-14-6-
Requestor Type: Lender and Agent	Entitlement Code: 10 Persian Gulf
Sponsor Name (ID): <input type="text"/>	Branch of Service: Navy
Sponsor Requestor Type: <input type="text"/>	Original Type of Mortgage: 0 Regular Fixed
Servicer Name (ID): <input type="text"/>	Original Interest Rate: 3.75
	Original Loan Amount: \$106,507
<b>AMS/AVM</b>	Original Guaranty Amount: \$36,000
LSAM Report: No XML Appraisal uploaded	Original Loan Term: 360 Months
AVM Report: No AVM Ordered.	
Order AVM: Effective Date: <input type="text" value="Order AVM"/>	

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## New Features

- Uploads for Condo Approvals
- Uploads for Prior Approval Loans
- Additional Correct COE self-service options

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## Condo Approvals



The screenshot shows the WebLGY application interface. The top navigation bar includes HOME, LOAN, VETERAN, ELIGIBILITY, and WORKBUCKETS. A 'Recently' dropdown menu is open, listing various actions such as 'Recent Loans', 'Loan Inquiry', 'Enter New Loan', 'Request Appraisal', 'Order BRRL', 'Test Loan Analysis', 'Transfer Merger/Acquisition', 'AMS/AVM', and 'Condo'. The 'Condo' option is highlighted with a red arrow. To the right, an 'Available Functionalities' table is partially visible, and a sub-menu for 'Condo' shows 'Search Condos' and 'Create Condo' options.

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## Condo Approvals



The screenshot displays a 'Condo Information' form. The form is divided into several sections: 'Regional Office' (dropdown), 'Building Status' (dropdown), 'Proposed Building Indicator' (dropdown), 'Condo Status' (dropdown), 'Disposition Codes' (dropdown), 'Project Details' (Total Number of Phases, Total Number of Units, Condo Conditions), 'Condo Contact Information' (Condo Name, Address, City, State, Zip Code, County), and 'Condo Review Dates' (Date Project Received, Date Documents Sent to District Council, Date Documents Received from District Council, Date Review Completed).

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### Condo Approvals

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Condo Information

Condo Correspondence

Name:

Condo Information

Regional Office:\*

Building Status

Proposed Existing Indicator:\*

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### Condo Approvals

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Enter Correspondence

Correspondence Type \*

Document Type

Code \*

File to Upload \*

Document Name \*  X

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### Correct COE

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Recruitment Application

Type of Changes

Are you changing the Veteran's Name?

Are you changing the Veteran's Contact Information?

Are you changing the Veteran's Branch of Service?

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

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

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

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### One Time Restoration

Message from webpage

 Once you submit, requested Changes will be made to the COE. Please make sure the Veteran understands that any future Restoration will require disposal of ALL properties obtained with a VA loan.

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### Reduce Phone Calls

- Please don't upload prior approval packages to WebLGY and guaranty packages without notifying LGY.
- Reactivation issues, lenders are requested to enter their PIN# and the PIN box is missing.
- Ensure to make loan amount and/or closing date changes in FFPS prior to requesting an LGC correction.

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### Reduce Phone Calls (cont)

- Refrain from issuing an LGC on a back-to-back closing before they get the entitlement restored. We get a ton of LGC corrections for this very reason.
- Use the Correct COE link for any changes to an approved COE.
- You should be able to make the correction when the system codes the loan on a COE as restored for cash-out refinance purposes.
- Explain how WebLGY works! How to correctly upload files for FFLR, responses, when to use what drop down. How changes are made to the system. How to get access to the portal and what to do when you change companies or need your pin reset.

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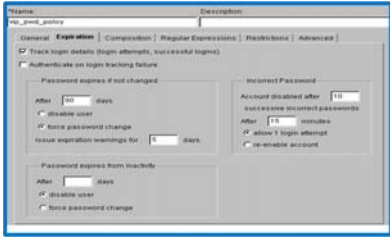
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## Password Rules



The screenshot shows a 'Password Policy' configuration window with several sections:

- General:** Includes tabs for 'General', 'Expiration', 'Complexity', 'Regular Expressions', 'Restrictions', and 'Advanced'. A checkbox for 'Track login details (login attempts, successful logins)' is checked.
- Authenticate on login failure:** A checkbox for 'Authenticate on login failure' is checked.
- Password expires if not changed:**
  - 'After' field is set to 90 days.
  - 'Disable user' checkbox is checked.
  - 'Force password change' checkbox is checked.
  - 'Issue expiration warnings for' field is set to 5 days.
- Password expires from inactivity:**
  - 'After' field is empty.
  - 'Disable user' checkbox is checked.
  - 'Force password change' checkbox is checked.
- Account Disabled After:**
  - 'Account disabled after' field is set to 10 minutes.
  - 'Allow 1 login attempt' checkbox is checked.
  - 'Re-enable account' checkbox is checked.

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## Lost Password



The screenshot shows the 'Veterans Information Portal' with a 'Lost Password' form. The page header includes 'UNITED STATES DEPARTMENT OF VETERANS AFFAIRS' and navigation links like 'VA Home', 'VIP Home', 'Veteran Services', 'Business', 'About VA', 'Media Room', and 'Local'. The 'Lost Password' form includes fields for 'User Name' and 'E-mail Address', and a 'Send' button. A sidebar on the left contains links for 'VIP Sign In', 'VIP Login', 'User Registration', 'Lost Password', 'Change Password', 'Lost User Name', and 'Help'.





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## Change Password



The screenshot shows a 'Password Change Request' form. It includes a message: 'TESTLENDER23, please change your current password before continuing. Valid passwords must be at least 8 characters long, and must contain elements from three of the following: Uppercase Letters, Lowercase Letters, Numbers, Special Characters.' Below the message are three input fields: 'Old Password', 'New Password', and 'Confirm New Password'. At the bottom are 'Change Password' and 'Clear this form' buttons.

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## PIN box is missing

When a user is in one of these Statuses, the Help Desk can change the Status:

- Active
- Inactive
- Terminated
- Batch Inactive

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## PIN box is missing

Help Desk cannot help in the following situations:

- "Admin Inactive" can be changed by the Help Desk if the Lender, Servicer, SAR, and/or Other Requester entity is removed from Access Manager.
- "Pending Reactivation" and "Registration Activation" status can only be activated by the Admin, unless they are to be the Admin, in which case, they can be activated in SIM by the RLC or Help Desk.
- "Admin Inactive" status should be able to login, but will be prompted for a Lender/Servicer ID and PIN. Once they enter those, the Admin can activate their account.
- Due to a bug, some admins are placed in Terminated status after their Validation Expiration Date has passed. When they are in this status, they get the "Admin Inactive" message, but without the boxes to enter their Lender/Servicer ID and PIN. Only the Submit button appears.

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## SAR Registration



The screenshot shows a web form titled "SAR Registration". At the top, there are navigation links: "VA Home", "VAP Home", "Veterans Services", "Business", "About VA", and "Media Resources". Below these are links for "Personal Information", "Contact Information", "Search Information", and "Community Subscription". The main form area is titled "Community Subscription" and asks "What organization type do you belong to?". There is a dropdown menu for "Organization" with "VA Affiliate" selected. Below this, it asks "What is your VA affiliation?". There are several checkboxes: "Appraiser", "Inspector", "Lender", "Servicer", "LAPP SAR", "SAP SAR", and "Other Requester". The "Lender" and "LAPP SAR" checkboxes are checked. Next to "Lender" are input fields for "Lender ID" and "Pin". Next to "LAPP SAR" are input fields for "LAPP SAR ID" and "Lender ID".

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## Cash Out COE

Veteran has the following active loans:

Loan #1	Status: Active Loan
ID#: Address One: Address Two: City: State: Zip: County:	
Are you obtaining a COE for Cash Out, Streamline or Purchase?	
Loan #2 ID#: Address One: Address Two: City: State: Zip: County:	
Are you obtaining a COE for Cash Out, Streamline or Purchase?	

Veteran has the following Paid in Full loans without association:

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## Upload Documents

Correspondence

Enter Correspondence

Submission Date* 03/17/2016	User
Document Association*	Note
Correspondence Type*	<input type="checkbox"/> Public Note
Document Type*	
File to Upload* <input type="button" value="Browse..."/>	
Document Name*	
Public Document <input type="checkbox"/>	

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## Improve Communication

Summary

Record Information	
Assigned Eligibility Specialist	St Paul ES
Assigned Eligibility Specialist RLC	
Record Type	Certificate of Eligibility
Status	Approved <a href="#">Change Status</a>
Closed	No <a href="#">Close</a>
Locked	No
Veteran Name	
SSN	<input type="button" value="Show / Hide"/>
Entitlement Code	10 Persian Gulf
Entitlement Amount	\$6,000
Total Entitlement Charged Amount	0
Funding Fee Status	NON EXEMPT

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## Questions???



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**Putting Veterans First**

### Monitoring Unit

Dreama Walker  
Chief, Monitoring Unit

Veterans Benefits AdministrationVA  U.S. Department of Veterans Affairs66

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## Operational Audit

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

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### 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

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### Most Common Errors – QC Plans

Lender Handbook (26-7) Chapter 1: The Lender, Section 15 - Elements of a QC Plan. This policy requires certain provisions MUST be included in the lender's QC plan.

**Common Findings:**

- **Section 15, c: Adequate Scope** (Scope of audits or reviews be not less than 10% of all VA guaranteed mortgages, or a statistical sample if volume exceeds 140 cases annually originated by the lender monthly)
- **Section 15, d: Management Notification** (The QC plan must provide for written notification of deficiencies cited as a result of audits or reviews at least quarterly to the lender's senior management)

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### Quality Control - continued

- **Section 15, e: Corrective Action by Management** (Employees be held accountable for performance failures or errors, and where patterns of deficiencies have been identified, corrective instructions be provided to all relevant employees, and file levels deficiencies must be cured)
- **Section 15, f: Deficiencies Reported to VA** (Require prompt reporting of any violation of law or regulation, false statements or program abuses by the lender, its employees or any other party to the transaction to the VA office of jurisdiction, and provide for furnishing audit or review findings to VA on demand) – Reported to RLC LGO/ALGO (Avoid reporting overlay deficiencies and report only VA guideline deficiencies)
- **Section 15, l: Review of Loans** (The QC plan must provide for the following on loans selected for review: Review of loans within 90 days of loan closing, written re-verification of borrower's employment, deposits, and all sources of funds, reordering of a new credit report from another credit source)

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## Most Common Errors - LAPP QC Plans

Lender Handbook (26-7) Chapter 1: The Lender, Section 15 - Elements of a QC Plan Section 15, C (For lenders participating in LAPP, reviews include the QC procedures)

QC plans MUST outline any LAPP QC procedures. Per Lender Handbook Chapter 13, section 1, every appraisal made for VA purposes **must** be reviewed by the lender's VA authorized staff appraisal reviewer (SAR) under the Lender Appraisal Processing Program (LAPP) in order to:

- Confirm that the photographs accurately reflect the appraiser's description of the subject and comparable properties



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## LAPP QC - continued

- Verify that the appraisal report is fully complete, clear and prepared according to industry-accepted appraisal techniques and VA instructions
- Determine that the appraiser's methodology is appropriate and that the appraiser's conclusions are consistent, sound, supportable, logical, and based upon data in the appraisal report
- Determine, through use of reasonably available information, that the appraiser's value recommendation and other conclusions are consistent with those in similar cases recently processed
- Identify all property-related conditions and requirements that must be satisfactorily resolved before the property can become the security for a VA guaranteed loan
- Issue a Notice of Value



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**Thank You!!!**

Thank you for helping us provide this important benefit to our nation's Veterans!!!



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**Putting Veterans First**

**Funding Fees**

Jeff Bolla, Program Analyst  
Mark Jamison, LPO

Veterans Benefits Administration VA  U.S. Department of Veterans Affairs

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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)
- No refund given if initial VA loan is paid off in the first year (unlike FHA loans that pre-pay first year's mortgage insurance)
- Funding fees are used to cover liquidation losses to the VA
- Not all Veterans owe a funding fee

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## VA Funding Fee Basics

- Funding fee can be reduced with a 5% or 10% down payment
- Land equity for new construction can be used to reduce funding fee provided it accounts for at least 5% or 10% of equity
- Equity in a home, or gifts of equity, do not reduce funding fees
- Borrowed funds can be used to reduce the funding fee (must account for borrowed funds in debt ratio)

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## Which Veterans Are Exempt From A VA Funding Fee?

The following Veterans are exempt from paying a funding fee:

- Veterans receiving VA compensation for service-connected disabilities
- Veterans who would be entitled to receive VA compensation for service-connected disabilities if they did not receive retirement pay from the military
- Veterans who are rated by VA as eligible to receive compensation as a result of a pre-discharge disability examination and rating
- Veterans entitled to receive VA compensation, but who are not presently in receipt because they are on active duty
- Surviving spouses of Veterans who died as a result of service-connected disabilities or who died in combat, and are in receipt of Dependency Indemnity Compensation (DIC) from VA

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## Verification of VA Benefits

- Effective September 11, 2011 Lenders can now obtain the exemption information directly on the Certificate of Eligibility, or IRRRL loan number printout
- Initially, the lender should first pull a certificate of eligibility, or if an IRRRL, a loan number inquiry, to see if the exemption information is on those documents
- In most cases, either of the above noted documents will tell the lender if the Veteran is exempt and how much VA disability compensation the Veteran receives each month
- If the lender receives a message to refer to the Regional Loan Center, send VA Form 26-8937 to VA
- Send to RLC that has jurisdiction over property (fax number for each RLC in session binder Appendix C)
- The following slides are an example of that exemption information

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### Exemption Information on COE

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### Exemption Information on IRRRL Printout

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### VA Form 26-8937 Issues

- VA Form 26-8937 should not be needed for 98% of your VA loans
- As previously stated, the exemption information is now located on the certificate of eligibility or IRRRL screen printouts previously shown
- If you are required to send the 26-8937 form, it should be sent to the RLC that has jurisdiction over the new property address
- If the COE or IRRRL printout have conflicting information from what you can readily verify, or from what the Veteran has told you, please provide a cover letter explaining why you are asking for the 26-8937 form to be completed
- The typical turnaround time is 2 – 3 days

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### VA Funding Fee Schedule

<u>Active Duty</u>		<u>Reserve/National Guard (Entitlement Code '11' Only)</u>	
First Time Use:	2.15%	First Time Use:	2.40%
Subsequent Use:	3.30%	Subsequent Use:	3.30%
5% Down Payment:	1.50%	5% Down Payment:	1.75%
10% Down Payment:	1.25%	10% Down Payment:	1.50%
IRRRL:	.50%	IRRRL:	.50%
Assumption:	.50%	Assumption:	.50%

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### How To Calculate the VA Funding Fee

Example #1:

VA funding fees are calculated based on the entitlement code on the COE and down payment, if applicable. Example #1:

- \$100,000 purchase price / COE Entitlement Code is "10" with no down payment:
- $\$100,000 \times 2.15\% = \$2,150$
- $\$102,150 =$  maximum VA loan amount (without EEM's)

\* Entitlement Code "10" means Veteran is a first time user who served in the Persian Gulf War

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### How to Calculate VA the Funding Fee

Example #2:

- \$100,000 purchase price / COE Entitlement Code is "5" with a 5% down payment:
- $\$95,000 \times 1.50\% = \$1,425$
- $\$96,425 =$  maximum VA loan (without EEM's)

\* Reduced funding fee due to a 5 % down payment

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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>

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## VA Funding Fee Refunds

You can apply for a refund of a funding fee through the Funding Fee Payment System:

- Bring up funding fee payment in FFPS
- Click "Correct" and make the required changes to the field for the correction.
- Always include Name, phone number, and email in the "Refund Details" along with a detail reason for the refund request.
- The RLC of record will contact the lender if additional documentation is needed.
- The RLC of record approves directly online
- The following screen shots are provided as examples

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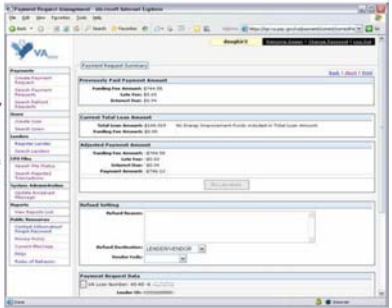
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## Funding Fee Refunds



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## Funding Fee Refunds

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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 your lender administration. The lender can also email the VIP Help Desk at [vip.vbaco@va.gov](mailto:vip.vbaco@va.gov).
- Email request should always contact the LIN number you need help with and contact information of the person requesting the help.

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## FFPS Quick Tips

- FFPS transactions process time sequence:
  - 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
  - Status - Submitted to Pay.gov - the record will be locked until after 11:30am the following day.
  - Status - Settled - 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.
- 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 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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### Questions???



*Thank you*

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Putting Veterans First

## Open Forum

April 21st

Veterans Benefits Administration VA  U.S. Department of Veterans Affairs

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