

Non-reimbursable 2106 Expenses Jeff Wilson, LPO Phoenix RLC

April 19 - 21, 2016

Veterans Benefits Administration VA





Brain Test

Question:

Can a salaried wage earner claim unreimbursed expenses on form 2106 in their federal tax return?

my**VA**







Brain Test

Question:

Can a salaried wage earner claim unreimbursed expenses on Form 2106 in their federal tax return?

Answer:

Yes, certain types of business expenses can be deducted from income on Form 2106





Old Process

- The Lender's Handbook was silent on the treatment of 2106 expenses deducted on tax returns.
- Lenders generally reduce income by the amount deducted on Form
- These would even be deducted if the borrower did not have commission income or self employment
- Not established VA policy







New Process

- Commission income 25% or less of total annual employment income
 - 2106 expenses are not deducted from income
 - Tax returns are not required to document income or deductions
- Commission income of 25% or more of annual income
 - Deduct 2106 expenses from income
 - Tax returns are required for documentation

my**VA**







New Process

- Automobile Expenses and 2106 deduction exception
 - Lender determines if the 2106 automobile expenses should be deducted from income or treated as a liability
 - If the reported 2106 expenses exceed the allowance, deduct the net calculation in Section D of VA Form 26-6393
 - If expenses are less than the allowance then add the net to Veterans income in block 38 and document in notes
- · Document all decisions in Remarks field to explain treatment of 2106 expenses











➤ Basic procedures with portal screen shots ➤ How to deal with minor issues ➤ General issues surrounding appraisals

myVA

VA U.S. Department of Veterans Affairs

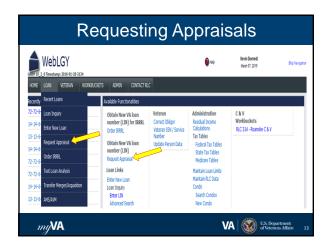
OBJECTIVES

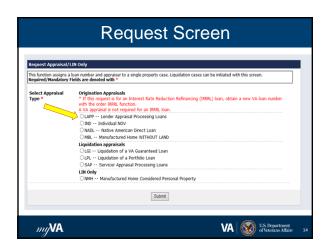
Cetting Started > Access the VIP Portal @ https://vip.vba.va.gov/portal/VBAH/Home > User must be registered If not registered: Click User Registration If registered, Proceed to log in

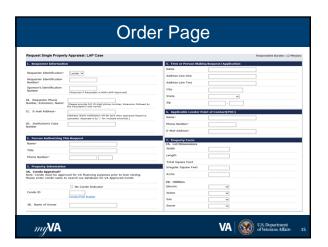
VA US. Department of Veterans Affairs 10









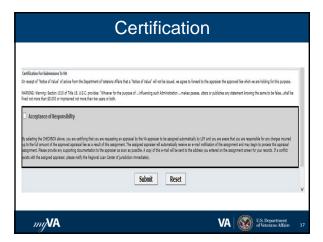


Common Request Issues

- ✓ Lender must have ID number and/or sponsor
- ✓ Contact information to complete fully i.e. phone, emails
- ✓ Condo ID should be checked to determine if will require approval
- ✓ Broker and/or key location
- ✓ Status: Proposed/Existing/Built less than one year and never occupied
- ✓ Borrower information- Purchase or Refinance

myVA





What Happens Next

- > Email is sent to the appraiser- Includes the 1805 (VA order form)
- > Lender must upload the contract to WebLGY (If applicable)
- > Appraiser will make contact to schedule the appointment
- ➤ Appraisal Report will be uploaded to WebGLY



Common Questions/Problems

- IND or LAPP?
- LGI-Servicers/Lenders/Other requester
- Additional Fees
- What Constitutes a New Assignment?









Research First

Research scenario prior to contacting RLC

- √ Research Lenders Handbook
- √ Remember VA uses guidelines relatively few hard and fast rules
- ✓ Check with colleagues
- √ The next slide is Very Important!!







In the words of Bill White

"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."

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









Resolving Policy 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







My Contact Information

Mark Connors, Lender Liaison mark.connors@va.gov Office: (202) 632-8821

GovDelivery:

https://public.govdelivery.com/accounts/USV AVBA/subscriber/new?preferences=true



myVA



VA U.S. Department of Veterans Affairs





Putting Veterans First	
Open Forum	
April 20th	
Veterans Benefits Administration VA U.S. Department of Veterans Affairs	