



Minimum Property Requirements (MPR's)
Waivers
Notice of Value (NOV) Conditions
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Valuation Officer, Roanoke RLC

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

Objectives

- Discuss general issues concerning MPR's
- Basic MPR's (Philosophy)
- Common Questions
- Real Life Examples
- Waivers of requirements
- Discuss NOV Conditions

**Hold specific unusual and complex situations
(We will address individually)


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MPR Purpose

To protect Veterans and stakeholders by providing general acceptability criteria for properties which will become security for VA-guaranteed loans.

MPR's generally fall under the following:

1. Safe
2. Sound
3. Sanitary

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General Information

VA is not attempting to prevent Veterans from buying the home of their dreams

Chapter 12, VA Pamphlet 26-7

Local Authority or other regulatory agency



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Lenders Handbook

➤ Chapter 12, VA Pamphlet 26-7 is sometimes specific.

Example: Wood stove: Will it maintain heat at 50 degrees

➤ Chapter 12 can have grey areas:

Example: Reasonable future utility



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Reasonable future utility?



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Basic MPR's


- Non Residential use
- Space Requirements
- Mechanical Systems
- Heating
- Water supply/Sanitary facilities
- Roof Covering
- Crawl Space
- Ventilation

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Basic MPR's cont'd

- Electricity

- Access related
 - a) Property
 - b) Living unit
 - c) Rear yard
 - d) Wall maintenance

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Considerations

- Hazards

- Defective conditions

- Wood Destroying insects/fungus/dry rot

- Manufactured Homes as Real Estate

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Common Questions

- Carpet/Floor Covering
- Concrete
- Cosmetic Repairs
- Window Screens
- Repairs (Inspections)

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Dirty carpet vs. toxic pet stains



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Common Issues

- Cosmetic issues are not MPRs – conditions adjustment?
- Refinance cases and MPRs
- Hand-rails
- No fall zone requirements
- Septic systems on different lot
- Only VA requirements on the NOV

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MPR or Condition Adjustment?



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Door Hinge huge gap - workmanship



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Prior to 1978?




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Reasonable future utility?



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Notice of Value

Notice of Value (NOV)
Conditions

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NOV Conditions: Overview

- Purpose of the NOV
 - Establishes value determination
 - Establishes appraisal related conditions to close the loan
- General NOV Guidelines
 - Who Completes the NOV
 - Timeliness Standards
 - Required Documentation
 - General Reminders



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Order Page

Request Single Property Appraisal: LAP Case Respondent Burden: 12 Minutes

1. Requester Information Requester Identification: <input type="text"/> Requester Identification Number: <input type="text"/> Sponsor's Identification Number: <input type="text"/> IB. Requester Phone Number, Extension, Name: <input type="text"/> IC. E-mail Address: <input type="text"/> ID. Institution's Case Number: <input type="text"/> 2. Person Authorizing This Request Name: <input type="text"/> Title: <input type="text"/> Phone Number: <input type="text"/> 3. Property Information CA. Condo Approval? <input type="checkbox"/> No Condo Indicator Condo ID: <input type="text"/> JB. Name of Owner: <input type="text"/>	3. Firm or Person Making Request/Application Name: <input type="text"/> Address Line One: <input type="text"/> Address Line Two: <input type="text"/> City: <input type="text"/> State: <input type="text"/> Zip: <input type="text"/> 4. Applicable Lender Point of Contact (POC) Name: <input type="text"/> Phone Number: <input type="text"/> E-Mail Address: <input type="text"/> 5. Requested Facts FA. E-1 Dimensions Width: <input type="text"/> Length: <input type="text"/> Total Square Feet: <input type="text"/> Irregular Square Feet: <input type="text"/> Acres: <input type="text"/> PB. Utilities Electric: <input type="text"/> Water: <input type="text"/> Gas: <input type="text"/> Sewer: <input type="text"/>
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NOV Conditions

Common Areas of Confusion on NOV

- Special Assessments (NOV #3)
 - Should be on NOV if assessment is continuing and ongoing
- Water/Sewage System Acceptability (NOV#5)
 - When is a well or Septic test required?
- Connection to Public Water/Sewer (NOV # 6)
- Flood Insurance (NOV #8)
 - Appraiser's flood zone map vs Lender's flood insurance map

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NOV Conditions cont'd

- Repairs (NOV #10)
 - a) All Minimum Property Requirement (MPR) Repairs must be listed on NOV
 - b) NOV should be marked appraiser is to certify repair unless repair is very minor item
 - c) Safety Hazards

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NOV Conditions Cont'd

- Other Conditions/Requirements (NOV #20)
 - Lender Overlays
 - Code vs Safety Hazard
- Other Items
 - NOV exceeds appraised value
 - SAR appraisal review documentation
 - Private road requirements
 - Community water supply vs Co-op water supply

NOV

PROPERTY ADDRESS [complete address] VA CASE NO.:

___ 2. **WOOD-DESTROYING INSECT INFORMATION**

___ a. **Inspection Report (Existing Construction).** The property must be inspected at no cost to you by a qualified pest control operator using Form NPCA-1, or other form acceptable to VA. Any reported infestation or structural damage affecting the value of the property must be corrected to VA's satisfaction prior to loan settlement. You must acknowledge receipt of a copy of the inspection report in the space provided on the form.

___ b. **Soil Treatment Guarantee (Proposed or Under Construction).** A property completed Form NPCA-99a is required. If the soil is treated with a termiticide, a property completed Form NPCA-99b is also required. The lender will provide you with a copy.

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

___ a. **Homeowner Association Fee.** Estimated fee of \$[amount] per [period of time].

___ b. **Other.** _____


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




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

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

Case Study #1


- Case Study #1
 - Existing construction
 - No MPR Repairs
 - Located in a wood destroying insect state



Case Study #2

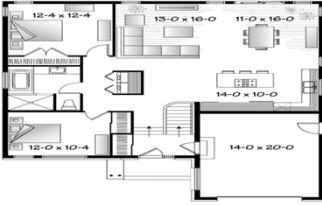
- Case Study #2
 - Existing construction
 - MPR repairs
 - Private well and septic with no public water available
 - Special assessment for yearly recycling fee



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Case Study #3

- Case Study #3
 - Proposed construction
 - Flood zone
 - Near airport



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Conclusion

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

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Questions?



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myVA Putting Veterans First
Occupancy, Power of Attorney
and Title Issues
Mark Jamison & Jeff Wilson
Loan Production Officers
April 20, 2016

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

Occupancy
VA Pamphlet 26-7, Chapter 3, Section 5


- Veteran must certify that they intend to occupy the home as their principal residence
- Occupancy must generally be within 60 days of the closing date
- If individual is not married and is on active duty, they must occupy within 12 months
- Spouse can usually satisfy occupancy
- Caretakers or a Veteran's attorney-in fact of a Veteran's child(ren) can now satisfy occupancy provided the Veteran will eventually reside in that home (See VA Circular 26-12-9 and Public Law 112-154)

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Occupancy Scenario #1

A single Veteran works in New York city, but wants to buy a home in Northeast Pennsylvania. Commute time to work each day is 2 hours each way.

Does the Veteran meet the occupancy requirements?


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Occupancy Scenario #1

A single Veteran works in New York city, but wants to buy a home in Northeast Pennsylvania. Commute time to work each day is 2 hours each way.

Does the Veteran meet the occupancy requirements?


Yes. It's not uncommon for individuals to commute long distances to work each day.

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Occupancy Scenario #2

A single Veteran works in New York city and wants to buy a home in Washington D.C. Commute time is approximately 4 hours each way, but the Veteran will live with a friend during the work week.

Does the Veteran meet the occupancy requirements?

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Occupancy Scenario #2

A single Veteran works in New York city and wants to buy a home in Washington D.C. Commute time is approximately 4 hours each way, but the Veteran will live with a friend during the work week.

Does the Veteran meet the occupancy requirements?

Yes. The fact that the Veteran does not live in the home 7 days a week doesn't mean that they can't satisfy occupancy on weekends. VA would allow using the intermittent occupancy rules.

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Occupancy Scenario #3

A married Veteran who works for the American Meteorological Society in Puerto Rico wants to buy a home for his wife and daughter in New Hampshire. The Veteran has no intent of occupying the home for at least 5 years until he retires.

Does the Veteran meet the occupancy requirement?

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Occupancy Scenario #3

A married Veteran who works for the American Meteorological Society in Puerto Rico wants to buy a home for his wife and daughter in New Hampshire. The Veteran has no intent of occupying the home for at least 5 years until he retires.

Does the Veteran meet the occupancy requirement?

Yes. VA has been more liberal with occupancy. The fact that the spouse and child will be moving into the home satisfies occupancy. The spouse would certify occupancy for the Veteran.

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Occupancy Scenario #4

A Veteran who works for Blackwater in Iraq on a contract basis year round wants to buy a home in Florida. He is granted regular leaves of absence in his contract.

Does the Veteran meet the occupancy requirement?

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Occupancy Scenario #4

A Veteran who works for Blackwater in Iraq on a contract basis year round wants to buy a home in Florida. He is granted regular leaves of absence in his contract.

Does the Veteran meet the occupancy requirement?

Yes. VA has also been very liberal with overseas "contract" workers, who are given contractual leaves of absence. VA also looks at it as it provides them a home for residence purposes in the United States.

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Occupancy Scenario #5

A single, active duty service member is stationed in South Korea full time with an Estimated Date of Separation (ETS) in December 2017. They want to take advantage of the low interest rates and purchase a home in California.

Does the active duty service member meet the occupancy requirement?


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Occupancy Scenario #5

A single, active duty service member is stationed in South Korea full time with an Estimated Date of Separation (ETS) in December 2017. They want to take advantage of the low interest rates and purchase a home in California.

Does the active duty service member meet the occupancy requirement?


No. Since they are single, and they will not be able to meet VA's 12 month occupancy rule, VA would not allow.

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Occupancy Scenario #6

A single Veteran is a stock broker in New York city, and currently rents an apartment with 2 of his buddies. He would like to buy a home in San Diego, with the hopes of getting a transfer to San Diego in the next few years.

Does the Veteran meet the occupancy requirement?


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Occupancy Scenario #6

A single Veteran is a stock broker in New York city, and currently rents an apartment with 2 of his buddies. He would like to buy a home in San Diego, with the hopes of getting a transfer to San Diego in the next few years.

Does the Veteran meet the occupancy requirement?


No. The fact that the Veteran does not have an offer to transfer with his current company, or from another employer in San Diego, results in him not meeting the occupancy requirement.

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Occupancy Scenario #7

A single Veteran is a traveling salesman who is out of town 3 weeks per month.

Does the Veteran meet the occupancy requirement?


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Occupancy Scenario #7

A single Veteran is a traveling salesman who is out of town 3 weeks per month.

Does the Veteran meet the occupancy requirement?


Yes. People travel for work. Regardless of the length of travel, it's reasonable to believe that the home will be their primary residence when they are not on a travel status for work.

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Occupancy Scenario #8

A Veteran with Alzheimer's disease and an active Power of Attorney, and who lives in a nursing home full time, would like to purchase a home for his spouse.

Does the Veteran meet the occupancy requirement?




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Occupancy Scenario #8

A Veteran with Alzheimer's disease and an active Power of Attorney, and who lives in a nursing home full time, would like to purchase a home for his spouse.




Does the Veteran meet the occupancy requirement?

No. Unfortunately, since the Veteran will never be able to occupy the home, in this situation the spouse cannot satisfy occupancy.




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Occupancy Scenario #8


- Occupancy scenarios are provided as examples.
- Given the complex nature of many occupancy situations, lenders should still consult with the Regional Loan Center of jurisdiction over the property in order to proceed.







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Power of Attorney

A Veteran who is unable to sign closing documents can close on a VA loan with a Power of Attorney:

- Specific POA: states specific transactions that POA can perform
- General POA: gives general POA to various types of transactions (cannot be used if Veteran has not signed URLA and Purchase Contract)







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Power of Attorney

To complete a VA home loan transaction using an Attorney-in-Fact:


- The mortgage must be legally enforced in that jurisdiction
- Clear title can be conveyed in the event of a liquidation
- Veteran must consent to specifics in the transaction
- Power of Attorney rules apply to any loan when the Veteran cannot sign documents in person

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Power of Attorney

If Veteran has not signed the URLA and Purchase contract, the Specific Power of Attorney must contain language related to:


- Entitlement – how much entitlement will be used
- Purpose – intent of the loan (new construction, cashout, IRRRL, etc.)
- Property identification – address, legal description
- Price and terms – sales price, concessions, etc.
- Occupancy – must clearly state the Veteran's intent to occupy property to meet requirements of Title 38 USC

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Alive and Not Missing in Action




If any borrower is using a Power of Attorney, the lender must obtain an "Alive and Not Missing In Action" Certification. This can be achieved by:

- Written or verbal notification via e-mail, fax or telephone from Veteran or commanding officer **on the day of closing**
- If problems obtaining, documented proof from the lender of their efforts to obtain such a certification (who, what, where)

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Title Issues




- VA Circular 26-16-1 dated January 14, 2016 reiterates VA's position on who must hold title on a VA loan.
- Including a spouse in ownership but not on the debt instrument can create problems in the event of foreclosure
- Including another individual on title but not on the mortgage or debt makes it a joint loan and subject to joint loan considerations (must be underwritten by VA, lender may not get 25% guaranty, etc.)
- VA does not allow an individual to take title to a property if that individual is not on the mortgage or deed of trust
- If the spouse who wants ownership rights does not want to be obligated on the debt, they must still sign the mortgage or deed of trust
- Placing another individual on title after closing is not an acceptable practice. It creates an assumption issue as well as makes the loan a "joint" loan, whereby guaranty could be limited.




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Title Held in Trust




38 CFR 36.4354 discusses the estate of a veteran in real property, and allows for:

- A life estate, provided that the remainder and reversionary interests are subjected to the lien
- A beneficial interest in a revocable Family Living Trust that ensures that the veteran, or veteran and spouse, have an equitable life estate, provided the lien attaches to any remainder interest and the trust arrangement is valid under State law




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Questions???






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**Appraiser Recruitment,
Oversight, and Fees**

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


Presenters

- Phyllis Chilton – Phoenix RLC Valuation Officer
- Myron L. Head I – Houston RLC Valuation Officer
- Raymond Chang – Honolulu Loan Guaranty Officer

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Appraiser Recruitment
Phyllis Chilton, Valuation Officer-Phoenix RLC

- **Appraiser Qualifications**
 - 5 Years Of Experience In Appraising Properties
 - Currently Licensed Or Certified In The State They Wish To Appraise
 - Good Character (Reference Letters From Other Appraisers)
 - Cannot Be Employed By The Federal Government, Fannie Mae, Freddie Mac, Etc.
 - Demo Appraisal Report
- **Probationary Period/Training of New Appraisers**
 - 1 Year Probationary Period
 - Training Materials: VA Lender’s Handbook Ch. 10-17, Recent Circular Updates (As Applicable)
 - Overview Of Timeliness Requirements And Fee Schedule
 - RLC Based Training

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Recruitment Challenges
Myron L Head I, Valuation Officer-Houston RLC

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

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Appraiser Oversight
Myron L Head I, Valuation Officer-Houston RLC

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

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Appraisal Fees
Raymond Chang, Loan Guaranty Officer - Honolulu

- **Assessable Appraisal Fees**
 - Appraisal Assignment
 - Mileage For Assignments Outside Of Appraisers Normal Business Area
 - Complexity Of Properties
 - Final Inspection Fee/Repair Inspection (When Applicable)
- **Collection Of Fees**
 - RLC Personnel Assistance In Collection Of Fees
 - Advance Payment Of Appraisal Fee
 - VA Policy On Late Fees Being Assessed

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