



Loan Guaranty Conference 2023

Top Ten List: Things You Need to Know

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VA



U.S. Department
of Veterans Affairs

Introduction

Kent Koehler

- ▶ Saint Paul



Jayson Bernal

- ▶ Phoenix



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Topics of Discussion

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When to Contact VA

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Finding Answers to Your Questions

► Use Resources

- [Lender's Page](#)
 - [Handbook](#)
 - [Circulars](#)
 - If Expired, Use the Handbook
 - Quick Reference
 - [Cash-Out Refinances](#)
 - [Prior Approval Loan Processing for Lenders](#)
 - [Condo Approval for Lenders](#)
 - [Correct a COE](#)
 - [Announcements](#)
 - [List of Contacts](#)
- [Sign Up for GovDelivery](#)



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Finding Answers to Your Questions, Continued

- ▶ Use Resources
 - Use Escalation Process
 - [Regional Office of Jurisdiction](#)
- ▶ Apply Common Sense
 - Practice critical thinking when addressing nuance vs. policy
- ▶ Document Everything
 - Explain – details are relevant
- ▶ Follow Regulations / Guidance



Processing Times

- ▶ Be Patient
 - First In, First Out
- ▶ COEs
 - Up to Five business days
 - 94% are complete within one day
- ▶ Priors
 - Ten business days
 - Does not include suspense time
- ▶ Manual Guarantees
 - 30 days
 - Does not include suspense time
- ▶ Lender Maintenance
 - 30 days - Allow for processing times with Finance Dept.



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Certificate of Eligibility (COE)

- ▶ Don't Rush for Discrepancies
 - Name changes, etc.
- ▶ Stand by VA Decisions
 - Appeal required if denied
- ▶ Application is Required for VA to Process
 - More to follow



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COE, Continued

► Calculating Entitlement

- Basic entitlement is \$36,000
- Bonus entitlement may be available
 - Based on county loan limit (CLL)
- Calculation
 - 25% of CLL
 - Subtract entitlement charged (from COE)
 - Multiply by 4 to convert to loan amount

► Example

- $\$726,200 / 4 = \$181,550$
- $\$181,550 - \$36,000 = \$145,550$
- $\$145,550 \times 4 = \$582,200$

► Loan amount must be over \$144,000 to use bonus entitlement



COE, Continued

- ▶ COE (approved or pending) required prior to ordering an appraisal
 - Not needed for an Interest Rate Reduction Refinancing Loan (IRRRL)
 - Chapter 5, Section 1a
 - System prompts COE prior to appraisal order
- ▶ You can make corrections
 - Correct COE Tab
 - Name (Most require proof to be uploaded)
 - Contact information
 - Branch of Service
 - Funding fee exemption status
 - Date of COE



COE, Cont.

▶ Electronic Application

- Must Certify and Submit

Application Submission

BACK

Print

Certify / Submit Application

- Status will Change to Pending

Reference Number:

Type: Certificate Of Eligibility

Status: Pending

Veteran Name:

SSN:

DOB:

▶ Back-to-Back Closing

- Update COE prior to guaranty of new loan

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COE Continued - Conditions



- ▶ Funding Fee
 - Veteran is not exempt from the funding fee
 - Veteran is exempt from funding fee due to receipt of service-connected disability compensation of \$_____ monthly
 - May be used as verification of compensation
- ▶ Subsequent Use Funding Fee
 - The Veteran must pay a subsequent use funding fee on any future loan unless the Veteran is exempt
- ▶ COE – Code 06 – Surviving Spouse
 - Funding fee should not be charged

COE Continued - Restorations



► Restorations

- One-time: Evidence must demonstrate sale/disposal of properties
 - Per lifetime
- Regular: evidence of final closing disclosure or paid in full
- Assumption: Annotate with notes and/or documentation for release of liability / substitution of entitlement (SOE)
 - Note - Restoration will occur when SOE is processed

COE Continued – Qualifications

▶ Active Duty

- Length of service for era served
- Cannot be Dishonorable
 - Other Than Honorable

▶ National Guard / Reserves

- Six creditable years
- Honorable discharge or statement of service

▶ Title 32 (Section 316, 502, 503, 504 or 505)

- 90+ Days
- Cumulative (One period of 30+ days)
 - Consecutive
- May be training
- ADSW, Presidential Proclamation etc.

▶ Title 10 (May NOT be for training)

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▶ Surviving Spouse

- Dependency and Indemnity Compensation (DIC)
- Application



Automated Certificate of Eligibility	
Please Enter The Indicated Information In The Spaces Below	
Veteran SSN *	<input type="text"/>
	<input type="text"/>
	<input checked="" type="checkbox"/>
	<input type="checkbox"/>
Surviving Spouse SSN *	<input type="text"/>
Surviving Spouse Year of Birth *	<input type="text"/>

Check here if this request is for a Surviving Spouse

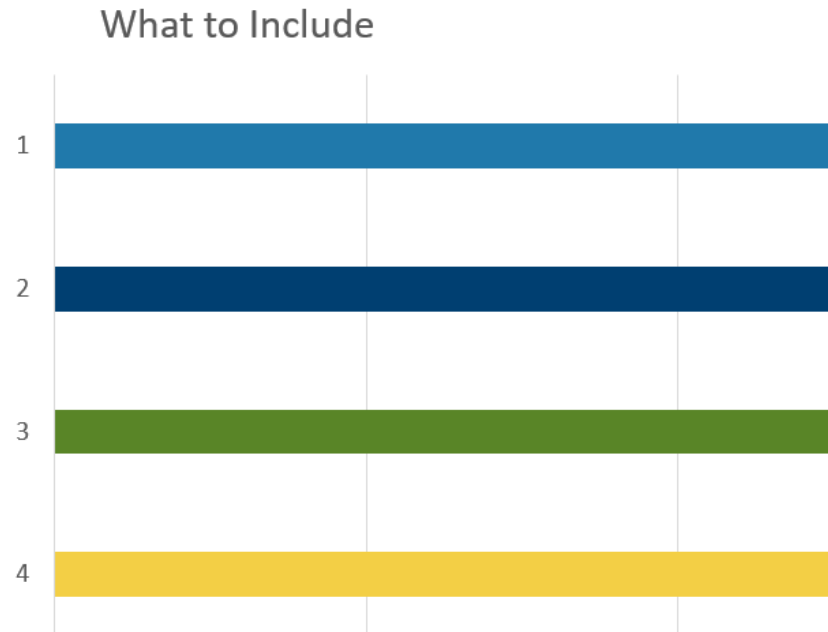
Exemptions and Funding Fee Refunds



- ▶ Proposed Rating
- ▶ Benefits Delivery at Discharge (BDD) Claims
- ▶ 26-8937
 - Circular 26-21-03
 - VA will not process if Information exists on the COE
- ▶ Only VA can determine refund
 - VA *must* verify exemption and evidence
 - Not an incentive to close a loan
- ▶ Documents required for refund
 - CD
 - Signed Note (may be required)
 - Current mortgage statement

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Stacking Order



- ▶ Follow Stacking Order per the Circular
 - [Circular 26-22-16](#)
 - [Exhibit A](#) – Purchase / Cash-Out
 - [Exhibit B](#) - IRRRL
- ▶ CD (s)
- ▶ Uniform Closing Dataset (UCD) and Uniform Loan Application Dataset (ULAD)
- ▶ Pricing Sheet

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Your VA Underwriter



- ▶ Indispensable Resource
- ▶ Know the Loan Details
- ▶ Know the Guidelines
 - VA
 - Overlays for company
- ▶ They are the Gate Keepers
 - Accountability
 - Take on Financial Risk

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FFLR Deficiencies

- ▶ Compliance Disclosures (Cash-Outs and IRRRLS)
 - Both initial and final for Cash-Out
 - Only final required for IRRRL
 - Initial must be certified by the Veteran
 - Within three business days of application
 - Final must be certified by the Veteran
- ▶ Credit Report Invoice(s)
- ▶ Notice of Value (NOV) Conditions
 - Must be met and uploaded with the file
- ▶ Unallowable fees
- ▶ Stable/Reliable and Sufficient Income
- ▶ All Debts Not Considered
- ▶ Child Care Expenses Not Addressed



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Lender Maintenance

- ▶ Credit underwriter is not the same as staff appraisal reviewer (SAR) approval
- ▶ Credit underwriter approval not required for supervised lenders
- ▶ Failure to have a VA recognized underwriter could result in loss of auto authority (Chapter 1.6a)
- ▶ Auto authority may be lost if no credit underwriter



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Lender Maintenance, Continued



MAINTENANCE

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- ▶ Credit Underwriter Approval Requirements
 - Form 26-8736a
 - \$100 fee
 - Agent has to be recognized
 - Cannot do loans without recognized relationship
 - Not retroactive
 - Resume reflecting VA experience
 - Submit to home office of jurisdiction
 - https://www.benefits.va.gov/homeloans/lenders_nsaaa.asp
(Also Chapter 1.6)
- ▶ Non-Supervised Renewals
 - Don't be late
 - Could result in auto authority being revoked
 - Fees due within 120 days of fiscal year end date
 - Audited financials required
 - \$100 per agent renewal (also for supervised)

When to Contact VA

▶ Lending Institutions Should Contact VA When:

- Presented with unique underwriting scenarios

Note:

- VA does not make underwriting determinations on a lender's behalf – VA is *not a lender*
- Ultimately the underwriting resides with a lender – exercise discretion
- Outreach and training requests
- Processing issues
- Lender maintenance
- *Feedback – experience and service



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Contact Us

VA Home Loan Program

1-877-827-3702

Monday – Friday, from 8:00 a.m. – 6:00 p.m. ET.

<https://www.benefits.va.gov/homeloans/>

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Questions



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