

Full File Loan Review (FFLR) Stacking Order Update

1. Purpose. The Department of Veterans Affairs (VA) is publishing this Circular to advise that starting December 1, 2022, lenders are to include the Uniform Loan Application Dataset (ULAD), and the Uniform Closing Dataset (UCD) when a loan is selected for Full File Loan Reviews (FFLR). VA is also updating the stacking order and list of loan origination documents to be provided by the lender when submitting the file to VA for audit purposes.

2. Background. VA requires lenders to maintain loan origination records and make them available to VA for VA oversight and audit purposes.¹ When VA selects a loan for FFLR, lenders are to upload the complete loan file to VA's automated loan tracking system (WebLGY).² The loan files are to be compiled in VA's stacking order and transmitted to WebLGY in a single portable document file (PDF).³

VA is enhancing its technological capabilities, based on industry feedback, to receive electronic transmittals of the ULAD and UCD. The combination of the ULAD, UCD, and loan origination documents will help streamline the oversight and audit process for lenders and VA and will further protect Veterans who use their home loan benefits.

3. Effective Date. This Circular is effective December 1, 2022.

4. Action. VA is updating the FFLR stacking order. Additions include (1) the purchase agreement associated with a purchase loan; (2) disclosures associated with implementation of the anti-predatory refinance provisions of 38 U.S.C. § 3709; and (3) separate uploads of the ULAD and UCD. The new stacking order replaces the one provided in Pamphlet 26-7 (commonly known as the Lenders Handbook). The attached Exhibit A applies to purchase and cash-out refinance loans, and attached Exhibit B applies to Interest Rate Reduction Refinancing Loans (IRRRLs)

Lenders should upload the ULAD and UCD, in addition to the loan origination file, into WebLGY correspondence using the document upload function. The UCD and ULAD should be uploaded as separate files, in ".xml" format only, but lenders are to upload the remaining documents as one single PDF upload rather than as multiple files.⁴

5. Loan Review Application Programming Interface (API). VA will soon introduce the VA Loan Review API to provide lenders an even more efficient means of transmitting FFLR documents. The VA Loan Review API will enable VA to receive automated transfers of the UCD, ULAD, and loan documents. VA anticipates a release date during the first quarter of

¹ 38 C.F.R. § 36.4333.

² VA Pamphlet 26-7, Revised, Ch. 5, Sec. 4.

³ Id. (Note: if the loan file exceeds WebLGY's size limits, the file may be split into more than one PDF but should still follow the stacking order).

⁴ Id. (Note: if the loan file exceeds WebLGY's size limits, the file may be split into more than one PDF but should still follow the stacking order).

fiscal year 2023 and will provide more information when the system is functional. No lender action is necessary at this time.

6. Questions. All questions regarding the technical specifications of the ULAD and UCD, or related technical support, should be submitted by creating a ticket on our Technology Knowledge Center website (<https://www.benefits.va.gov/HOMELOANS/technology-knowledge-center.asp>). For questions or comments regarding the stacking order, please contact a VA Loan Specialist at 1-877-827-3702, between the hours of 8:00 AM and 6:00 PM Eastern time.

7. Paperwork Reduction Act. The information collection requirements contained in this document have been approved by the Office of Management and Budget (OMB) under the Paperwork Reduction Act (PRA) of 1995 (44 U.S.C. § 3501-3520) and assigned OMB control number 2900-0515. In accordance with the PRA, VA may not conduct or sponsor, and a person is not required to respond to, a collection of information unless the collection displays a currently valid OMB control number.

8. Rescission: Circular 26-22-05 is rescinded as of the effective date of this Circular. This Circular is valid until rescinded.

By Direction of the Senior Advisor for Policy,
Performing the Delegable Duties of
the Under Secretary for Benefits

John E. Bell, III
Executive Director
Loan Guaranty Service

Enclosures:

Exhibit A – Stacking Order for Purchases and Cash Outs

Exhibit B - Stacking Order for Interest Rate Reduction Refinance Loans

Distribution: CO: RPC 2021

SS (26A1) FLD: VBAFS, 1 each (Reproduce and distribute based on RPC 2021)