

### **Credit Policy Updates**

1. Purpose. The purpose of this circular is to announce several policy updates and clarifications to Department of Veterans Affairs (VA) Verification of Employment (VOE) guidelines.

2. Verification of Income from Non-Military Employment. Previously, VA guidelines required that any VOE supplied by an employment verification service must be a VA-approved provider. The industry has evolved and as a result VA no longer requires that the employment verification service provider be VA approved. Lenders may use any employment verification service that provides the same information as the “full” verification generated through the Work Number for Everyone. Generally, this will include the following information:

- a. The current date;
- b. Employer name and address;
- c. Veteran’s full legal name, social security number (complete or truncated) and job title;
- d. Employment status (Active or Inactive);
- e. Length of employment and start date;
- f. Salary rate and pay frequency;
- g. Average hours per pay period;
- h. Summary of year to date information including base pay, overtime, commissions and bonuses; and
- i. Reference number for the verification.

A current paystub is not required with an automated employment verification service.

Additionally, any Request for Verification of Employment (VA Form 26-8497) may be an original, faxed, or emailed copy of the original. Previously, VA required an original VA Form 26-8497. The requirements for obtaining a paystub have not changed. Hence, the paystub may be an original or a copy certified by the lender to be a true copy of the original.

The myPay website now includes a number of civil service agencies, not just Department of Defense. As a result, it is acceptable for Federal Government civilian employees to provide computer generated pay stubs from the myPay website.

3. Clarification of Paystub Requirements. VA guidelines require in certain instances a paystub covering 1 full month. Previous policy required lenders to provide several paystubs if the Veteran is paid weekly or bi-weekly, to cover the 1 month. Going forward, the requirement will be met if the paystub shows a year to date of at least 30 days.

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For example, when the Veteran is paid weekly and he/she started a position 3 weeks ago, the lender must obtain the last three paystubs. If the Veteran is paid weekly, but has been on the job over 30 days, one paystub showing year to date of at least 30 days will suffice.

4. Social Security Disability Benefits. The Social Security Administration has a program that pays benefits to individuals who cannot work because they have a medical condition that is expected to last at least 1 year. Lenders may use income from this source as qualifying income. It is not necessary to seek a statement from a physician about how long the medical condition will last.

5. VA Form 26-0503, Federal Collection Policy Notice. Please note this form is not needed when a Uniform Residential Loan Application (URLA) and the Department of Housing and Urban Development (HUD)/VA Addendum are used as the information is incorporated in those forms. Although not necessary, some lenders use the URLA and HUD/VA Addendum on Interest Rate Reduction Refinance Loans (IRRRLs). In these instances, VA Form 26-0503 is not required. If a lender does not use the URLA and HUD/VA Addendum on IRRRLs, VA Form 26-0503 is required.

6. Rescission: This circular is rescinded October 1, 2014.

By Direction of the Under Secretary for Benefits

Michael J. Frueh  
Director, Loan Guaranty Service

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