

**Loan Guaranty (LGY)**  
**Pre-Close API Partner Test Cases**  
**Part 1 – Purchase Loans**



**May 2025**

**Version 1.2**

**Department of Veterans Affairs**  
**Office of Information and Technology (OIT)**

## Revision History

<b>Date</b>	<b>Version</b>	<b>Description</b>	<b>Author</b>
July 18, 2023	1.0	Initial Draft	Partner Testing Team
September 19, 2023	1.1	Added test case for unequal entitlement	Partner Testing Team
May 1, 2025	1.2	Updated Test Case information	LGY Implementation Team

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# 1. Introduction

The Department of Veterans Affairs (VA) is transforming the VA home loan lifecycle to reduce manual data entry, improve data integrity, and streamline the process. This large-scale undertaking will be a years-long effort that includes an end-to-end Application Programming Interface (API) ecosystem that will introduce Loan Guaranty Service (LGY) technology dataset standards that align with that of the lending community and other Federal agencies.

## 2. Purpose

VA does not currently provide the ability for a lender to receive feedback regarding loan conformance to VA policy prior to closing a loan. If a condition of a loan violates VA policy or there are funding fee errors, these scenarios are only identified in the current processes after the Veteran has received the mortgage. Corrections at this stage are rework for the lender and can increase financial risk to the Veteran if the lender must refund a portion of the funding fee or if the lender made a loan that violated VA standards that prevent predatory lending. The Pre-Close functionality will provide the ability for a lender to validate the conformity of the loan against VA policies earlier in the loan lifecycle and provide lenders with the opportunity to correct issues prior to closing. Having this ability will enable lenders to reduce financial risk to themselves and to Veterans by ensuring lenders generate compliant VA loans and collect the correct funding fee before the Veteran obtains their new loan.

The goal of partner testing is for LGY to support partners in their efforts to integrate their Loan Origination System (LOS) to validate the interfaces and functionality of the LGY APIs.

- Connect through the Lighthouse sandbox environment
- Submit API requests
- Receive appropriate API responses
- Provide framework scenarios/test cases for partner testing that support variability. The foundation for the Partner Test Cases is LGY Established Borrowers and Data.
- Partners to provide LGY feedback to allow LGY to identify and quickly resolve errors in the API

## 3. Lender Classifications

Lender classifications are fully defined in the [Lenders Handbook](#) in Chapter 1 in the Definitions and Authorities topic. Key highlights related to testing are captured below.

### Supervised

- Subject to mandatory periodic examination and supervision by an agency of the United States or of any State or territory, including the District of Columbia
- Have automatic authority to close loans
- Typically, financial institutions and banks

### Prior Approval

- Must submit all loans to VA for prior approval except Interest Rate Reduction Refinancing Loans (IRRRLs) made to refinance VA loans that are not delinquent
- Non-supervised lender that does not have automatic authority to close loans

## Non-Supervised with Automatic Authority to Close

- Non-supervised lender that has applied for automatic authority to close loans and has been formally granted such authority by VA
- Must also obtain VA approval for each underwriter

## Prior Approval

**NOTE:** All lenders, whether or not they have automatic authority, must submit the following types of loans to VA for prior approval:

- Joint loans made to a Veteran and a non-Veteran who is not the Veteran's spouse.
- Loans to Veterans in receipt of VA nonservice-connected pension.
- IRRRLs made to refinance delinquent VA loans.
- Manufactured home loans (except when the manufactured home is permanently affixed to the lot and considered real estate under state law) unless the lender has been separately approved for this purpose.

## 4. Pre-Close Partner Test Case Data

LGY will share Loan Identification Numbers (LINs), corresponding data, and data modifications with each partner. The Partner will need to create loans/unique test scenarios and advance them through their LOS to specific points in the process to prepare them for Pre-Close submission. The Partner will submit the API request with Uniform Closing Dataset (UCD) and Uniform Loan Application Dataset (ULAD) XMLs and loan information specific to each scenario, Partner Test Environment (PTE) will contain data associated to the LINs provided.

Test data will be provided for the validation of select Critical Errors and Business Scenario Errors in a Pre-Close submission of UCD/ULAD XMLs and API request information for LINs that are compliant with VA policies. Modifications to that data resulting in violation of VA policy will be provided to trigger exceptions. Data for testing will include borrower names, social security numbers, property addresses, LIN numbers, and other data. The following is a list of LINs that will be provided for each lender classification:

- Purchase
- Purchase with a Certificate of Commitment (Prior Approval)
- Cash-out Refinance: ***will be provided in a future document***
- Interest Rate Reduction Refinancing Loan (IRRRL): ***will be provided in a future document***

## 5. Pre-Close Partner Test Cases - Purchase

Test Cases have been detailed below for Pre-Close Testing.

Partners will be provided LIN numbers associated to their lender classification for each test and a separate "PreClose Partner Test Data Delivery Template" document to specify the data required to be modified for each test scenario.

The Pre-Close specification identifies the files and fields that are required for a submission.

The *Responses* section for the Pre-Close Resource POST operation identifies all possible responses to a submission.

Sections below are organized by the **lender classification**. Each test case includes the steps required to be performed and the expected results.

# ***Tests for Supervised and Non-Supervised Lenders with Automatic Authority to Close***

## **Test 1: First Use of Benefits**

### **Expected results:**

1. No exceptions will be triggered in this scenario.

### **Steps:**

1. Enter the loan information and any additional data as per the Pre-Close Partner Test Data Delivery Template for Test 1.
2. After all modifications are made in the LOS, generate new data in UCD/ULAD XMLs and deliver by invoking the Pre-Close operation within the Guaranty Remittance API in the Partner Integration Testing Environment (Sandbox).
3. Validate submission passes all LGY policies and no exception messages are received.

## **Test 2a: Energy Improvements Usage**

### **Expected results:**

1. No exceptions will be triggered in this scenario.

### **Steps:**

1. Enter the loan information and any additional data as per the Pre-Close Partner Test Data Delivery Template for Test 2a.
2. After all modifications are made in the LOS, generate new data in UCD/ULAD XMLs and deliver by invoking the Pre-Close operation within the Guaranty Remittance API in the Partner Integration Testing Environment (Sandbox).
3. Validate submission passes all LGY policies and no exception messages are received.

## **Test 2b: Energy Improvements Overage**

### **Expected results:**

1. Advisory: Purchase loan amount exceeds (lesser of (Sale Price - Down Payment) or reasonable value), plus VA funding fee included in the loan amount + up to \$6,000 of energy efficient improvements.

### **Steps:**

1. Enter the loan information and any additional data as per the Pre-Close Partner Test Data Delivery Template for Test 2b.
2. After all modifications are made in the LOS, generate new data in UCD/ULAD XMLs and deliver by invoking the Pre-Close operation within the Guaranty Remittance API in the Partner Integration Testing Environment (Sandbox).
3. Validate submission passes all LGY policies and no exception messages are received.

## **Test 3a: VA Funding Fee Under Collected**

### **Expected results:**

1. Advisory: Under collected funding fee - lender mistake or incorrect information on the certificate of eligibility (COE).

### **Steps:**

1. Enter the loan information and any additional data as per the Pre-Close Partner Test Data Delivery Template for Test 3a.
2. After all modifications are made in the LOS, generate new data in UCD/ULAD XMLs and deliver by invoking the Pre-Close operation within the Guaranty Remittance API in the Partner Integration Testing Environment (Sandbox).
3. Verify messages are returned to indicate the exception has been identified and messaged back to the LOS.

## **Test 3b-1: VA Funding Fee Over Collected – All Paid in Cash**

### **Expected results:**

1. Advisory: Over collected funding fee requiring cash refund.

### **Steps:**

1. Enter the loan information and any additional data as per the Pre-Close Partner Test Data Delivery Template for Test 3b-1.
2. After all modifications are made in the LOS, generate new data in UCD/ULAD XMLs and deliver by invoking the Pre-Close operation within the Guaranty Remittance API in the Partner Integration Testing Environment (Sandbox).
3. Verify messages are returned to indicate the exception has been identified and messaged back to the LOS.

## **Test 3b-2: VA Funding Fee Over Collected – Combination of Cash and Financed**

### **Expected results:**

1. Advisory: Over collected funding fee requiring cash refund
2. Advisory: Over collected funding fee included in the loan amount

### **Steps:**

1. Enter the loan information and any additional data as per the Pre-Close Partner Test Data Delivery Template for Test 3b-2.
2. After all modifications are made in the LOS, generate new data in UCD/ULAD XMLs and deliver by invoking the Pre-Close operation within the Guaranty Remittance API in the Partner Integration Testing Environment (Sandbox).
3. Verify messages are returned to indicate the exception has been identified and messaged back to the LOS.

## **Test 4: Not all Lender Certifications Provided**

### **Expected results:**

1. Advisory: Lender fails to certify compliance with statutes and regulations.
2. Advisory: Lender did not certify that the loan is secured by a first lien and the loan did not receive prior approval.

### **Steps:**

1. Enter the loan information and any additional data as per the Pre-Close Partner Test Data Delivery Template for Test 4.
2. After all modifications are made in the LOS, generate new data in UCD/ULAD XMLs and deliver by invoking the Pre-Close operation within the Guaranty Remittance API in the Partner Integration Testing Environment (Sandbox).
3. Verify messages are returned to indicate the exception has been identified and messaged back to the LOS.

## **Test 5a: Non-Veteran Borrower Added without Receiving Prior Approval**

### **Expected results:**

1. Critical Error: Lender closed a joint loan involving a non-Veteran without securing prior approval.

### **Steps:**

1. Enter the loan information and any additional data as per the Pre-Close Partner Test Data Delivery Template for Test 5a.
2. After all modifications are made in the LOS, generate new data in UCD/ULAD XMLs and deliver by invoking the Pre-Close operation within the Guaranty Remittance API in the Partner Integration Testing Environment (Sandbox).
3. Verify messages are returned to indicate the exception has been identified and messaged back to the LOS.

## **Test 5b: 2 Veterans with Unequal Entitlement**

### **Expected results:**

1. No exceptions will be triggered in this scenario.

### **Steps:**

1. Enter the loan information and any additional data as per the Pre-Close Partner Test Data Delivery Template for Test 5b.
2. After all modifications are made in the LOS, generate new data in UCD/ULAD XMLs and deliver by invoking the Pre-Close operation within the Guaranty Remittance API in the Partner Integration Testing Environment (Sandbox).
3. Validate submission passes all LGY policies and no exception messages are received.

## **Test 5c: 2 Veterans with Different Exempt Status**

### **Expected results:**

1. No exceptions will be triggered in this scenario.

### **Steps:**

1. Enter the loan information and any additional data as per the Pre-Close Partner Test Data Delivery Template for Test 5c.
2. After all modifications are made in the LOS, generate new data in UCD/ULAD XMLs and deliver by invoking the Pre-Close operation within the Guaranty Remittance API in the Partner Integration Testing Environment (Sandbox).
3. Validate submission passes all LGY policies and no exception messages are received.

## **Test 6: Obligor SSN in JSON Not Matching ULAD File**

### **Expected results:**

1. Critical Error: No eligible obligor

### **Steps:**

1. Enter the loan information and any additional data as per the Pre-Close Partner Test Data Delivery Template for Test 6.
2. After all modifications are made in the LOS, generate new data in UCD/ULAD XMLs and deliver by invoking the Pre-Close operation within the Guaranty Remittance API in the Partner Integration Testing Environment (Sandbox).
3. Verify messages are returned to indicate the exception has been identified and messaged back to the LOS.

## **Test 7: Amount Financed > \$144,000, 10% Down Payment, Subsequent Use of Benefits**

### **Expected results:**

1. No exceptions will be triggered in this scenario.

### **Steps:**

1. Enter the loan information and any additional data as per the Pre-Close Partner Test Data Delivery Template for Test 7.
2. After all modifications are made in the LOS, generate new data in UCD/ULAD XMLs and deliver by invoking the Pre-Close operation within the Guaranty Remittance API in the Partner Integration Test Environment (Sandbox).
3. Validate submission passes all LGY policies and no exception messages are received.

## **Test 8a: Amount Financed > \$144,000, 5% Down Payment, Subsequent Use of Benefits, Adjustable Rate Mortgage (ARM)**

### **Expected results:**

1. No exceptions will be triggered in this scenario

### **Steps:**

1. Enter the loan information and any additional data as per the Pre-Close Partner Test Data Delivery Template for Test 8a.
2. After all modifications are made in the LOS, generate new data in UCD/ULAD XMLs and deliver by invoking the Pre-Close operation within the Guaranty Remittance API in the Partner Integration Test Environment (Sandbox).
3. Validate submission passes all LGY policies and no exception messages are received.

## **Test 8b: Amount Financed > \$144,000, 5% Down Payment, Subsequent Use of Benefits, ARM with Incorrect Rate Ceiling**

### **Expected results:**

1. Critical Error: Adjustable-rate loan allows for more than five percentage point change from initial rate over the lifetime of the loan.

### **Steps:**

1. Enter the loan information and any additional data as per the Pre-Close Partner Test Data Delivery Template for Test 8b.
2. After all modifications are made in the LOS, generate new data in UCD/ULAD XMLs and deliver by invoking the Pre-Close operation within the Guaranty Remittance API in the Partner Integration Test Environment (Sandbox).
3. Verify messages are returned to indicate the exception has been identified and messaged back to the LOS.

## Prior Approval Required Scenarios

### Test 9: Certificate of Commitment (COE) Previously Received

#### Expected results:

1. No exceptions will be triggered in this scenario.

#### Steps:

1. Enter the loan information and any additional data as per the Pre-Close Partner Test Data Delivery Template for Test 8a.
2. After all modifications are made in the LOS, generate new data in UCD/ULAD XMLs and deliver by invoking the Pre-Close operation within the Guaranty Remittance API in the Partner Integration Test Environment (Sandbox).
3. Validate submission passes all LGY policies and no exception messages are received.

### Test 10: Certificate of Commitment (COE) Previously Received with Different Number of Obligors

#### Expected results:

1. Advisory: More borrowers on submitted loan than on committed loan

#### Steps:

1. Enter the loan information and any additional data as per the Pre-Close Partner Test Data Delivery Template for Test 8b.
2. After all modifications are made in the LOS, generate new data in UCD/ULAD XMLs and deliver by invoking the Pre-Close operation within the Guaranty Remittance API in the Partner Integration Test Environment (Sandbox).
3. Verify messages are returned to indicate the exception has been identified and messaged back to the LOS.

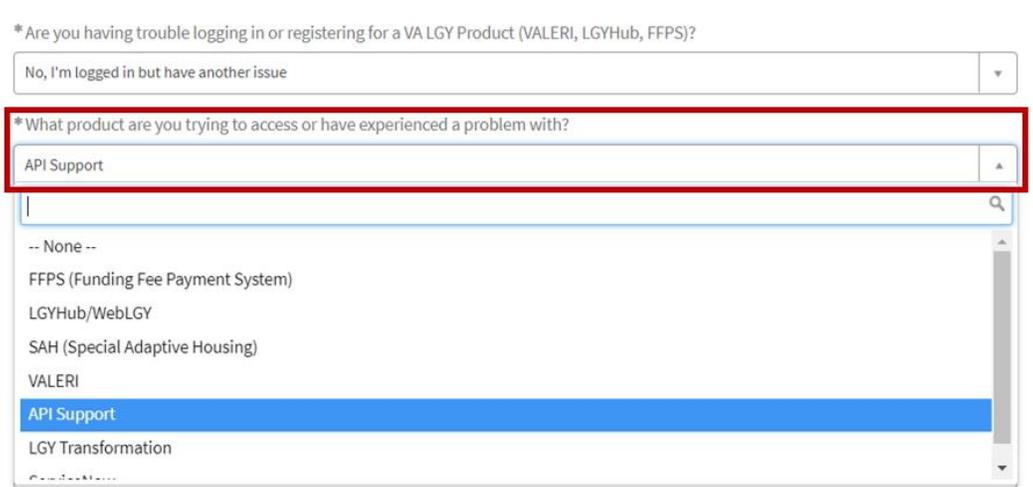
## 6. Troubleshooting

If you encounter issues in testing, please submit a help ticket through the VA Help Center. The VA Help Center can be accessed through this link, [VA Help Center - Click Here](https://lgy.va.gov/lgyhub/help) (https://lgy.va.gov/lgyhub/help).

For the question labeled, “What product are you trying to access or have experienced a problem with?” choose **API Support**.

For the question labeled, “Please select the appropriate category” choose **Pre-Close/Guaranty Remittance API Testing Support**.

**Figure 1: Product Choices**



\* Are you having trouble logging in or registering for a VA LGY Product (VALERI, LGYHub, FFPS)?

No, I'm logged in but have another issue

\* What product are you trying to access or have experienced a problem with?

API Support

-- None --

FFPS (Funding Fee Payment System)

LGYHub/WebLGY

SAH (Special Adaptive Housing)

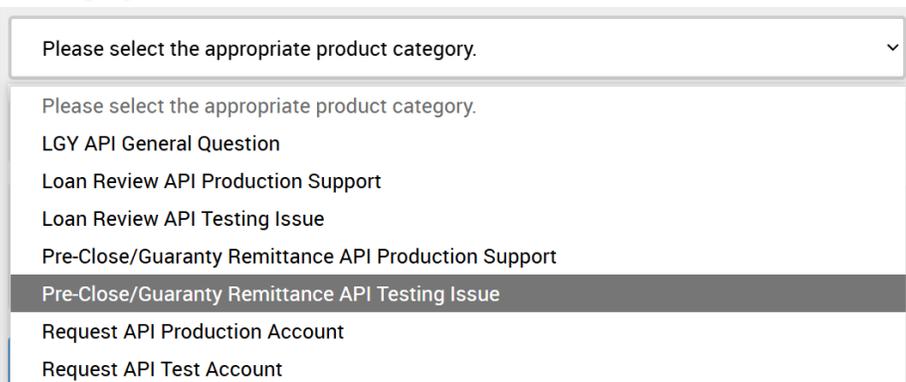
VALERI

API Support

LGY Transformation

...

**Figure 2: Category Choices**



Please select the appropriate product category.

Please select the appropriate product category.

LGY API General Question

Loan Review API Production Support

Loan Review API Testing Issue

Pre-Close/Guaranty Remittance API Production Support

Pre-Close/Guaranty Remittance API Testing Issue

Request API Production Account

Request API Test Account