

VA Lenders Handbook (VA Pamphlet 26-7), Chapter 1, Topic 6 — How a Non-supervised Automatic Lender Requests

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6. How a Non-supervised Automatic Lender Requests Underwriter Approval or Approval to Close Loans involving an Affiliate Change Date February 1, 2019 • This chapter has been revised in its entirety. a. Underwriter Approval All VA loans to be closed on an automatic basis must be reviewed and either approved or rejected by a VA-approved underwriter. A VA-approved underwriter must sign a VA Form 26-6393, Loan Analysis, on each loan to certify his or her review of such loan. An electronic signature is acceptable. The lender may request approval of additional underwriters at any time after its initial approval for automatic authority by submitting a request to the VA office with jurisdiction over its home office, including the appropriate fee (as listed in Topic 10 of this chapter) and the documentation for underwriter approval (as listed in Topic 4, Subsection a, of this chapter). All VA-approved underwriters must be familiar with VA's credit underwriting standards and the VA Lender's Handbook. All VA-approved underwriters must attend a 1-day (8 hour) training course on underwriter responsibilities, VA underwriting requirements, and VA administrative requirements, including the usage of VA forms, within 90 days of approval. Web-based training is also available. The Credit Standards training course is located on your landing page within the Veterans Information Portal (VIP): <https://vip.vba.va.gov/portal/VBAH/Home>. Successful completion of the Internet-based training meets the 1-day training requirement. Continued on next page VA Pamphlet 26-7, Revised Chapter 1: Lender Approval Guidelines 1-19 6. How a Non-supervised Automatic Lender Requests Underwriter Approval or Approval to Close Loans involving an Affiliate, continued a. Underwriter Approval, continued VA underwriter training is required of all underwriters whether approved based on experience or based on an AMP or CRU designation. It is also required of underwriters who have not underwritten VA-guaranteed loans in the past 24 months. Underwriters who consistently approve loans that do not meet VA credit standards will be required to retake this training. VA approval of an underwriter is automatically terminated (without notice) if the underwriter is no longer employed by the same lender. The lender must report any such circumstances to VA. The lender may not continue to close loans automatically without a VA-approved underwriter. b. Approval to Close Loans Involving an Affiliate The lender may request VA approval to close loans involving an affiliate on an automatic basis ("affiliate" as used here includes a real estate brokerage firm and/or residential builder or developer that the lender has a financial interest in, owns, is owned by, or is affiliated with). The lender may request such approval at the time it applies for automatic authority or any time thereafter. Submit the request to the VA office with jurisdiction over the lender's home office along with a corporate resolution from the lender and each affiliate indicating they are separate entities operating independently of each other. The lender's corporate resolution must indicate that it will not give more favorable underwriting consideration to its affiliate's loans. The affiliate's corporate resolution must indicate that it will not seek to influence the lender to give their loans more favorable underwriting

consideration. Letters from permanent investors indicating the percentage of all VA loans based on the affiliate's production originated by the lender over a 1 year period that are past due 90 days or more. This delinquency ratio must be no higher than the national average for the same period for all mortgage loans. VA Pamphlet 26-7, Revised Chapter 1: Lender Approval Guidelines 1-20

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