VA Lenders Handbook (VA Pamphlet 26-7), Chapter 5, Topic 1 — Processing Procedures

Register va-m26-7-ch05-t01

VA Lenders Handbook (VA Pamphlet 26-7), Chapter 5, Topic 1 — Processing Procedures.

1 verbatim provision(s). Each quote is a verified substring of the regulator-published source snapshot, not retyped.

VA Lenders Handbook (VA Pamphlet 26-7), Chapter 5, Topic 1 — Processing Procedures

1. Processing Procedures Change Date April 1, 2019 • This chapter has been revised in its entirety. a. Order of Completion The procedures discussed in this topic must be initiated and may be completed in any feasible order, with the exception of the Certificate of Eligibility (COE), as long as they are all completed prior to loan closing. The COE must be obtained prior to ordering an appraisal. These procedures apply to both prior approval loans and loans closed automatically (except the procedure which specifically refers to prior approval loans). To avoid delays in closing, it is recommended that the lender take the following actions in the very early stages of loan processing: • obtain a COE (see subsection b of this chapter), • request an appraisal assignment in VA's web-based loan guaranty system (WebLGY), (see Chapter 10 of this handbook for the steps to order an appraisal), • initiate the Credit Alert Verification Report System (CAIVRS) and, if applicable, a complete VA Form 26-8937, Verification of VA Benefits, (see Topic 6, Chapter 4 of the Lender's Handbook), • request a credit report and verifications (see Topic 7, Chapter 4 of this handbook). b. How to Obtain a Certificate of Eligibility Verify the Veteran's or surviving spouse's eligibility for home loan benefits and amount of available entitlement by obtaining a COE in WebLGY. It is highly suggested that lenders obtain a COE online through WebLGY for the most efficient processing times. Veterans may also apply online through eBenefits. A COE obtained by the borrower in eBenefits will be in WebLGY. This COE can be accessed by the lender using at least two of the requested data points in the system, for example the reference number and Veteran's social security number. An additional or updated COE does not need to be obtained or updated unless a change needs to be made to the COE. Please examine and understand the conditions of the COE. Failure to comply with the COE conditions may result in an ineligible loan (see Chapter 2 of this handbook). Continued on next page VA Pamphlet 26-7, Revised Chapter 5: How to Process VA Loans and Submit them to VA 5-3 1. Processing Procedures, continued c. Establish Reasonable Value of the Property After ordering an appraisal in WebLGY, the appraisal report is uploaded into WebLGY. The Staff Appraisal Reviewer will review the appraisal and issue the Notice of Value (NOV). A copy of the NOV will be available in WebLGY. The lender must obtain evidence of compliance with any NOV requirements. d. Determine if VA's Occupancy Requirement is Met Determine whether the Veteran meets VA's occupancy requirement. The loan cannot be closed as a VA loan unless the requirement is met (see Chapter 3 of this handbook for occupancy requirements). e. Underwrite the Loan Complete the procedures, verifications, and VA Form 26-6393, Loan Analysis, described in Chapter 4 of this handbook. Compare information received from different sources and resolve any discrepancies. Examples may include, but not limited to: • resolving differences in the number of dependents, and • resolving the amount or status of monthly obligation(s). The final signed Uniform Residential Loan Application (URLA), VA Form 26-6393, Loan Analysis, and final Automated System Feedback, should all reflect the same information. Continued on next page VA Pamphlet 26-7, Revised Chapter 5: How to Process VA Loans and Submit them to VA 5-4 1. Processing Procedures, continued f.

Requirements for Active Duty Servicemembers Ensure every active duty Servicemember who applies for a loan is counseled through the use of VA Form 26-0592, Counseling Checklist for Military Homebuyers, as early as possible in the transaction. The active duty Veteran's and lender's signature on the form signifies counseling has been completed. Ensure the Veteran, eligible as an active duty member, is still on active duty at the time of closing if the COE indicates: "Valid unless discharged or released subsequent to date of this certificate. A certification of continuous active duty as of the date of note is required." If the lender becomes aware that the applicant is no longer on active duty, the loan may not be closed unless VA re-establishes the Veteran's eligibility as follows: • A Veteran released from active duty must have a DD214 Form (member copy 4) with time served, Character of Service Discharge, and reason for the discharge listed. It must be uploaded into WebLGY for the issuance of a new COE. • A Veteran released from the National Guard or Reserves must have evidence of time served and an Honorable discharge. This must be uploaded into WebLGY for the issuance of a new COE. • If a COE was issued based upon active duty service and the Veteran has been separated, eligibility must be re-determined based upon their length of service and character of service. g. Obtain a Certificate of Commitment on Prior Approval Loans Upload to WebLGY all prior approval loans for review (see Topic 4 of this chapter). Once approved by VA, the Regional Loan Center (RLC) will issue a VA Certificate of Commitment. Ensure compliance with any conditions listed on the Certificate of Commitment before closing the loan. To obtain the loan guaranty certificate, the closing package must be uploaded into WebLGY, for the RLC's final review. VA Pamphlet 26-7, Revised Chapter 5: How to Process VA Loans and Submit them to VA 5-5

Source: VA Lenders Handbook (VA Pamphlet 26-7), Chapter 5, Topic 1 — Processing Procedures · snapshot 13ca1f98805e1a58