VA Lenders Handbook (VA Pamphlet 26-7), Chapter 5, Topic 4 — Automatically Closed Loan Procedures

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4. Automatically Closed Loan Procedures Change Date April 1, 2019 • This chapter has been revised in its entirety. a. How to Request Guaranty The LGC is the lender's evidence that VA has guaranteed the loan. See Chapter 3 of this handbook for an explanation of what evidence of guaranty means to the lender. Lenders must use WebLGY to obtain electronic LGCs. Exceptions to an automatically issued LGC in WebLGY include, but not limited to: • the loan was underwritten as a prior approval and VA issued a certificate of commitment in WebLGY, and • the Veteran/Veteran joint loan where the Veterans are married and using both of their entitlement. b. Documents Required if the Lender is Unable to Obtain an Electronic LGC Continued on next page If a lender is unable to obtain an electronic LGC, the following documents should be uploaded into WebLGY, in the order listed: Order Document 1 Lender's cover or transmittal letter. See Topic 5.04a5(d) of this chapter. 2 VA Form 26-0286, VA Loan Summary Sheet 3 COE 4 VA Form 26-1820, Report and Certification of Loan Disbursement 5 Closing Disclosure 6 Name, mailing address, and e-mail address to be used in requesting the file for FFLR 7 If a loan is submitted more than 60 days after loan closing, a statement signed by a corporate officer of the lender which identifies the loan, provides the specific reasons for late reporting and certifies that the loan is current. This statement must be submitted with any late request for issuance of an LGC. 8 Copy of the note and all riders 9 For purchase and regular "cash-out" refinances, evidence of compliance with all NOV requirements/conditions VA will then issue the LGC or notify the lender of additional information needed for LGC issuance. VA Pamphlet 26-7, Revised Chapter 5: How to Process VA Loans and Submit them to VA 5-17 4. Automatically Closed Loan Procedures, continued c. Full File Loan Review Procedures Lenders will be notified, either immediately by WebLGY or in writing by VA offices, when a loan has been selected for FFLR. Lenders must upload the complete loan file in the proper stacking order to WebLGY within 15- calendar days of receiving notification from VA. Each individual upload is limited to 30 MB, with scanners set at 300 dpi and black and white. If the loan file is larger than 30 MB, the file should be uploaded in separate uploads; however, the proper stacking order must be maintained. The following documents should be submitted when a FFLR notification has been received for a purchase or regular "cash-out" refinance: Order Document 1 Lender's cover or transmittal letter (if used) 2 VA Form 26-8937, Verification of VA Benefits (if applicable) 3 Evidence of compliance with NOV requirements. 4 URLA with revised VA Form 26-1802a, HUD/VA Addendum to URLA. These final forms must be properly completed and legible. Forms may be signed and dated anytime from the date of initial application to the date of loan closing. 5 Closing Disclosure Statement 6 VA Form 26-8497, Request for Verification of Employment, or alternative VOE, and other verifications of income such as pay stubs and tax returns. 7 CAIVRS: borrower/co-borrower 8 All credit reports obtained in connection with the loan and any related documentation such as explanations for adverse credit, if required. 9 VA Form 26-8497a, Request for Verification of Deposit, or alternative VOD, and

other related documents Continued on next page VA Pamphlet 26-7, Revised Chapter 5: How to Process VA Loans and Submit them to VA 5-18 Continued on next page c. Full File Loan Review Procedures, continued 10 For automated underwriting cases: feedback certificate and underwriter's certification 11 VA Form 26-1820, Report and Certification of Loan Disbursement 12 VA Form 26-6393, Loan Analysis 13 VA Form 26-0286, VA Loan Summary Sheet 14 If a loan is submitted more than 60 days after loan closing, a statement signed by a corporate officer of the lender which identifies the loan, provides the specific reasons for late reporting and certifies that the loan is current. This statement must be submitted with any late request for issuance of an LGC. 15 VA Form 26-0592, Counseling Checklist for Military Homebuyers, if the applicant is on active duty 16 Loan estimate 17 Other necessary documents (for example – but not limited to, POA if used, lenders loan quality certification) 18 Copy of the note and all riders The following documents should be submitted when a FFLR notification has been received for an IRRRL: Order Document 1 Lender's cover or transmittal letter (if used) 2 Closing Disclosure Statement (CD) 3 VA Form 26-8937, Verification of VA Benefits, (if applicable) 4 VA Form 26-1820, Report and Certification of Loan Disbursement 4. Automatically Closed Loan Procedures, continued VA Pamphlet 26-7, Revised Chapter 5: How to Process VA Loans and Submit them to VA 5-19 4. Automatically Closed Loan Procedures, continued Continued on next page c. Full File Loan Review Procedures, continued 5 Statement signed by the Veteran acknowledging the effect of the refinancing loan on the Veteran's loan payments and interest rate. • The statement must show the interest rate and monthly payments for the new loan versus that for the old loan. • The statement must also indicate how long it will take to recoup ALL closing costs (both those included in the loan and those paid outside of closing). If applicable, the Veteran's statement may be combined with the lender's certification that the Veteran qualifies for the new monthly payment which exceeds the previous payment by 20 percent or more. 6 VA Form 26-8923, Interest Rate Reduction Refinancing Loan 7 Lender's certification that the prior loan was current (not 30 days or more past due) at the time of loan closing. 8 CAIVRS: borrower/co-borrower. 9 URLA with revised VA Form 26-1802a, HUD/VA Addendum to URLA. These final forms must be properly completed and legible. Forms may be signed and dated anytime from the date of initial application to the date of loan closing. 10 VA Form 26-0503, Federal Collection Policy N i 11 VA Form 26-0286, VA Loan Summary Sheet 12 If a loan is submitted more than 60 days after loan closing, a statement signed by a corporate officer of the lender which identifies the loan, provides the specific reasons for late reporting and certifies that the loan is current. This statement must be submitted with any late request for issuance of an LGC. 13 VA Form 26-0592, Counseling Checklist for Military Homebuyers, if applicant is on active duty 14 Loan Estimate VA Pamphlet 26-7, Revised Chapter 5: How to Process VA Loans and Submit them to VA 5-20 4. Automatically Closed Loan Procedures, continued c. Full File Loan Review Procedures, continued 15 Documentation of the cost of energy efficiency improvements included in the loan. For cash reimbursement of the Veteran, the improvements must have been completed within the 90 days immediately preceding the date of the loan (see Chapter 7 of this handbook). 16 Other necessary documents. For example, but not limited to, POA, and lenders loan quality certification. 17 Copy of the note and all riders 18 Copy of a loan modification agreement, if the loan to be paid off is a modified loan. It is not necessary to provide a copy of the deed, mortgage, title policy, purchase agreement, appraisal with the package. If VA finds significant deficiencies in a loan submission, the lender will be notified. Lenders must upload a response in WebLGY within 30-calendar days of receipt of any deficiency letter requesting clarification or additional documentation. Failure to respond to VA's requests for additional documentation can lead to non-compliance with VA guidelines which can affect a lender’s ability to maintain automatic authority. VA Pamphlet 26-7, Revised Chapter 5: How to Process VA Loans and Submit them to VA 5-21

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