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St. Paul Regional Loan Center
Loan Production Section
Monthly Newsletter
Volume 1 • Issue 2
February 2006

St. Paul Loan Notes

A Monthly Information Newsletter for Real Estate Professionals and Lenders

From the Loan Production Staff

Welcome to the 2nd Edition of the St. Paul Loan Notes! Here at the St. Paul Regional Loan Center, we hope that the January newsletter was of interest.

As mentioned in the previous issue, if you have comments, questions or concerns you can contact us by e-mail at RLCTT@vba.va.gov. This publication is designed for you so if you have any specific topics or questions you would like to see addressed, please let us know. Your input will only make this a better product for YOU!

Thank you for your support of our Nation's Veterans.

St. Paul RLC Quality/Training Team

Useful Websites

www.homeloans.va.gov
(Loan Guaranty Home Page)

www.warms.vba.va.gov/pam26_7.html
(Lender's Handbook)

www.va.gov/vaforms/
(VA Forms)

www.homeloans.va.gov/lenderssampdocs.htm
(Sample Documents, Clauses, Certifications, etc.)

2006 Training Opportunities

It is that time of year again. The Training Team at the St. Paul Regional Loan Center is in the process of setting up a training schedule up through September 2006. If you or your organization has any training needs, please contact our office at 1-800-827-0611, ext 3716, or e-mail the Training Team at RLCTT@vba.va.gov to discuss available options. The Training Team can provide training on all aspects of the VA Home Loan process, from beginning to end.

Training opportunities are also available via free interactive televised training seminars, web-based and PC-based courses, as well as videotapes of previous broadcasts. The broadcasts may be viewed at the St. Paul Regional Office, several locations in our jurisdiction, or at your computer via streaming video.

The 2006 Broadcasts air at 11 a.m. Central Time. The schedule is as follows:

February 22 – Intro to VA Home Loans Part 2 (1 hour 4 min). *Pre-taped.*

March 29 – Eligibility & Entitlement for VA Home Loans (1 ½ hours). *Pre-taped.*

April 19 – VA & Lender Appraisal Processing Program (1 ¾ hours). *Live Broadcast. Viewers can call in with questions.*

May 17 – Servicing VA Home Loans (1 hour). *Pre-taped.*

June 14 – VA Refinance & Special Issues in Underwriting (1 ¾ hours). *Live Broadcast. Viewers can call in with questions.*

July 19 – Credit Underwriting Broadcast (1 ¾ hours). *Live Broadcast. Viewers can call in with questions.*

August 9 – News & Updates on the VA Home Loan Program (1 hour). *Live Broadcast. Viewers can call in with questions.*

September 13 – Closing a VA Home Loan (1 ¾ hours). *Live Broadcast. Viewers can call in with questions.*

Need more information on the broadcasts, the previous years' broadcasts, and other training options? Access the web at www.homeloans.va.gov/train.htm.

NEW Process for Loan Inquiry

Lenders and Servicers now access the WebGIL application within the Veterans Information Portal (VIP) to receive status inquiries to use in lieu of the Certificate of Eligibility (COE) for an interest rate reduction refinance loan (IRRRL). This instant automated service can be used for loans, regardless of property location. After logging into the VIP, open the webGIL program, put your cursor over ALL USERS and select Search LIN. If you have questions, email the helpdesk at vip@vba.va.gov.

Question Forum

Q: I have a customer who is looking at purchasing an investment property. He currently has a VA loan on his home. Is he eligible for a VA loan on this investment property?

A: The basic tenet of the VA Home Loan Program is occupancy. The general rule is the veteran must certify that he or she intends to personally occupy the property as his or her home. VA cannot guarantee loans made for an ineligible loan purpose such as purchase or construction of a dwelling for investment purposes.

Q: I was wondering if I need to get a new Certificate of Eligibility (COE) issued? I had one issued in 1997 when I was changing stations from Kadena Air Base to Whiteman Air Force Base. I didn't use it when we bought our house here.

A: If you are still on active duty and have not used your COE since it was issued, it is still valid. If you have been discharged since it was issued you will have to apply for a new COE.

Q: Do we have to count student loans against the veteran if we can document that the repayment will not start for at least 12 months from the date of our note?

A: As noted in the VA Lender's Handbook (Chap. 4, paragraph 4.05g), if the borrower is able to provide evidence that the debt may be deferred for a period outside 12 months, then the debt need not be considered in the analysis.

Q: I just received a letter stating that the VA does not require a seller to pay a termite inspection and that the veteran can be charged for that inspection. Is this true? I have looked on Allregs and in the VA Lender's Handbook and I cannot seem to find the answer.

A: The veteran cannot be charged for this inspection. You will find a statement on the Notice of Value under #2, Wood-Destroying Insect Information, that is sent to the veteran buyer. It states: The property must be inspected at no cost to you by a qualified pest control operator using Form NPMA-33, etc. However, this does not apply in a cash-out refinance situation.

Q: I have a veteran who will soon be relocating from GA to Ft. Leonard Wood, MO. His wife has been a CNA for the previous 4 years, but will look for work in May when he reports for duty. Is there anyway to include trailing spouse income to qualify the veteran?

A: The trailing spouse income generally can not be considered. You may find it possible to document a demand in the new location for the spouse's profession and then consider using the income for offsetting some obligations with the potential income. Use of this income in any form should be considered on a case-by-case basis and documented on the loan analysis sheet.

Q: I have a veteran who is retiring. He is actually doing the same type of work with a company already. He doesn't officially retire until March but has stopped working because he had so much vacation time accrued. I have a statement from the Air Force verifying that his projected retirement date is March 1, 2006, and his retirement pay will be $2011 monthly. Borrower wants to close February 15, 2006. We will not have documentation of receipt of retirement income prior to closing. Can we use this income? Also, the COE has the active duty verbiage. Well, our borrower is maybe technically active duty right now, but is retiring a couple of weeks after the file closes. I will have to put out that normal closing condition of getting a certification of continuous active duty. I don't know if a commanding officer will be able to do that since the borrower is not even on that base any longer and started his new non-military job.

A: As long as you verify how much his retired pay will be you can use retirement income even though he has not officially retired yet. As long as the veteran closes before he officially retires and the veteran certifies that he has not been discharged on the date of closing, his current COE is still valid.