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*St. Paul Regional Loan Center  
Loan Production Section  
Monthly Newsletter  
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# St. Paul Loan Notes



Welcome to the First Edition of St. Paul Loan Notes  
*A Monthly Information Newsletter for Real Estate Professionals and Lenders*

## From the Loan Production Officer

This is our first monthly newsletter from the St. Paul Regional Loan Center Loan Production Section and we are planning a very exciting year for this publication. Our goal is to keep Real Estate Professionals and Lenders informed of all changes and updates to the VA Home Loan Program as well as provide useful tips on processing and closing VA loans.

We will be dedicating a large section of the newsletter to publishing actual questions from the industry and the answers provided by our office. So plan on checking out this publication each month for information, statistics and answers to common questions.

If you have comments, questions or concerns you can contact us by e-mail at [RLCTT@vba.va.gov](mailto:RLCTT@vba.va.gov). This publication is designed for you so please don't hesitate to request articles on specific topics or ask questions. Your input will only make this a better product for YOU! My employees and I hope you find the newsletter useful and thank you for your continued assistance in helping our veterans obtain the dream of home ownership.

Susan L. Sigler

## News Flash - Increased Loan Amounts

The Office of Federal Housing Enterprise Oversight has established new conforming loan limits for Fannie Mae and Freddie Mac for 2006. Effective January 1, 2006, the conforming loan limit for a single-family residence is \$417,000. The limit in Hawaii, Alaska, U.S. Virgin Islands and Guam will be 50% higher. Since the maximum possible VA guaranty for certain loans in excess of \$144,000 is equal to 25 percent of the Freddie Mac conforming loan limit, this means qualified veterans can obtain a no down payment loan of up to **\$417,000** or a maximum guaranty of \$104,250.

## How To obtain a Certificate of Eligibility

Lenders should first attempt to obtain a COE through the Automated Certificate of Eligibility (ACE) program online. This system is an Internet based application accessed through the Veterans Information Portal at [vip.vba.va.gov](http://vip.vba.va.gov).

Lenders input data and receive an eligibility determination within seconds. This is an alternative to mailing a VA Form 26-1880, Request for

Determination of Eligibility for VA Home Loan Benefits to the Winston-Salem Eligibility Center. ACE can't make all determinations but is helpful in many cases especially where the veteran is a first time user of the program.

If eligibility cannot be established through ACE then the borrower should apply for a "traditional" Certificate of Eligibility. The Los Angeles Eligibility Center ceased operations effective December 31, 2005 so VA now has one Eligibility Center located in Winston-Salem, NC. The borrower would send a fully completed and signed VA Form 26-1880 and evidence of service to the Eligibility Center. The mailing address is:

VA Eligibility Center  
P.O. Box 20729  
Winston-Salem, NC 27120

And overnight mailing address is:

VA Eligibility Center  
251 North Main St.  
Winston-Salem, NC 27155

Phone: 1-888-244-6711  
E-Mail: [nceligib@vba.va.gov](mailto:nceligib@vba.va.gov)



## Question Forum

**Q:** In March of 2005 I returned from serving in Operation Iraqi Freedom. A couple of months later, I purchased a home using the VA Home Loan Program. I paid a funding fee of about \$5,000 one month after the VA awarded me a 10% disability compensation rating. My question – Is there a form I can fill out so that I may be reimbursed the funding fee?

**A:** The VA funding fee can be refunded if the effective date of your VA disability is before the date you closed on your house. If the funding fee was financed into the loan amount the refund will be sent to your lender to be applied to the principal balance of the loan. If you paid the funding fee in cash at closing, the refund will be sent directly to you. You may apply for a refund with your lender. Give them a call and explain that you are requesting a refund of the VA funding fee. You will have to provide them a copy of the award letter that you received from VA.

**Q:** Is there a list of bases that the Status of Housing Availability form is not required? I heard that this form was no longer used. Is this true? If so what should we get instead?

**A:** The Status of Housing Availability, DD Form 1747 is no longer required nationwide for VA Home Loans and no other form is required. This information was provided during a VA Satellite Broadcast on “Active Duty Issues” May 5, 2005 and will be included in the next change to the Lender’s Handbook.

**Q:** I am a veteran who is recently divorced; my ex-wife has been awarded sole title of the home we purchased using my VA Loan eligibility. What can I do to remove that loan guaranty from the property? I’m concerned she may default and that would negatively affect me?

**A:** To totally clear his VA entitlement and get a restored Certificate of Eligibility, the ex-wife will need to refinance the property into her name only or if she is a veteran substitute her entitlement for his. He will then have to apply to restore his entitlement by showing that the VA loan has been paid in full and his name is no longer on title. He should provide a HUD-1, Settlement Statement, along with a fully completed and signed VA Form 26-1880, Application for Certificate of Eligibility. He can send both the application and HUD-1 to: VA Loan Eligibility Center, P.O. Box 20729, Winston-Salem NC 27120 to obtain restoration.

**Q:** I am a service-connected veteran who is looking into purchasing my first home. What is the maximum amount of the home loan that I can attain?

**A:** VA does not have a specified maximum loan limit. Loan guaranty is limited to 25% of the Freddie Mac conforming loan limit for a single-family residence so lenders will typically limit no money down loans to this amount. The 2006 maximum loan is \$417,000 and the maximum guaranty is \$104,250. The amount that lenders will loan is primarily based on your income and credit. It is the lender that will pre-qualify you based on VA loan guidelines.

**Q:** I'm checking on a situation when a lender originates a VA loan and the veteran is currently serving in Iraq. The veteran signed a "general" POA (for spouse to sign on his behalf) and would not be available to sign the Purchase contract and URLA. To expedite the consummation of the purchase, would VA allow the Lender to obtain a sworn statement signed by veteran that encompasses all the elements VA is requiring? (I'm reviewing the requirements from VA Handbook, Chapter 9, Section 7) The signed statement would be notarized and/or signed by a commanding officer? If the veteran emailed the signed statement via an attachment, would that suffice?

**A:** If a general power attorney is the only one available, it is sufficient to have an e-mail from the active duty borrower which encompasses the specific power of attorney elements (which are noted in Chapter 9-7 of the Lender's Handbook). This was covered in the March 16, 2005, Satellite Broadcast.

