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Department of  
Veterans Affairs

# Information Bulletin

November 1, 2001

Loan Guaranty Letter 01-20  
264-6

SUBJ: Important Notices on the Loan Processing Program

## PURPOSE

The following guidance is provided to update Lenders and other program participants on Department of Veterans Affairs (VA) loan processing requirements. Some items are recent changes to our program. Others are general areas of concern based on a full review of a random selection of closed loan files.

## Certificate of Eligibility Requests

VA Forms 26-1880, Request for a Certificate of Eligibility for VA Home Loan Benefits, received in this office via mail or hand delivered will be forwarded to the Los Angeles Eligibility Center for processing. You can streamline the process by submitting the requests directly to the Eligibility Center using the following address:

|                                      |                      |                        |
|--------------------------------------|----------------------|------------------------|
| <b>Dept of VA Eligibility Center</b> | Toll-free Phone No:  | 888-487-1970           |
| <b>PO Box 240097</b>                 | Commercial No:       | 310-235-6199 ext. 8174 |
| <b>Los Angeles CA 90024</b>          | Auto Voice Response: | 310-235-6912           |

When your closing is scheduled within 7 days, you should contact the Eligibility Center Contact Representatives for further instructions. All other requests should be mailed.

## Loan Status Inquiries

Lenders wishing to confirm the status of an existing VA guaranteed loan for the purpose of processing an IRRRL can do so by e-mailing the appropriate Regional Loan Center (RLC) i.e., **the RLC where the IRRRL will be sent for guaranty** (for the Denver RLC jurisdiction send e-mails to [lgymail@vba.va.gov](mailto:lgymail@vba.va.gov)). Your inquiry should contain: veteran's name, social security number, 12 digit VA loan number (if available), and month and year of loan being refinanced. If you receive a response from the RLC confirming the loan you propose to refinance is an active VA guaranteed loan made to the veteran in question, a COE will not be required with your guaranty submission. A printout of the response from the RLC will suffice.

## Discontinuance of Returning Annotated COE

Loan Production is no longer returning annotated Certificates of Eligibility to veterans following issuance of Loan Guaranty Certificate. Veterans now receive a letter when the loan is guaranteed which contains information on the entitlement usage and remaining entitlement.

## **Maintenance and Utility Costs**

Change 2 to the Lender's Handbook (VA Pamphlet 26-7), dated September 28, 2001, establishes a flat rate of 14 cents per square foot for maintenance and utility costs (VAP 26-7, 4.09). Square footage is defined as the gross living area, above grade as listed on the Uniform Residential Appraisal Report. This would exclude basements and finished rooms below grade.

## **Notice of Value Conditions and Requirements**

Every Certificate of Reasonable Value (CRV) or Notice of Reasonable Value (NOV) issued in conjunction with an appraisal review must include a list of any conditions and/or requirements that must be satisfied for the property to be eligible for VA loan guaranty. It is the lender's responsibility to ensure these conditions and requirements are met prior to loan closing. In particular, when a compliance inspection is required, a copy of the compliance inspection report must be of record prior to loan closing (VAP 26-7, 13.02) **or** proper documentation if escrow for postponed completion of improvements is being pursued (VAP 26-7, 9.09). See also Lender's Handbook, paragraph 5.02, Procedures the Lender Must Complete Before VA Issues Guaranty and 5.05, How to Report Loan Closing and Request Guaranty. Evidence of meeting conditions and/or requirements on CRV/NOV must be submitted with closing packages.

## **CAIVRS Screening Required on IRRRLs**

The Credit Alert Interactive Voice Response System (CAIVRS) is a HUD-maintained computer information system which enables both the Government and participating lenders to learn when a potential borrower has previously defaulted on a federally-assisted loan. CAIVRS screening is **required on all loans**, including Interest Rate Reduction Refinancing Loans (IRRRLs). For IRRRLs, enter the CAIVRS confirmation code on VA Form 26-8923, IRRRL Worksheet, beside the word "Note" which is located near the bottom of the form (VAP 26-7, 4.06). The CAIVRS phone number is (301) 344-4000, Monday thru Saturday 8:00 a.m. to 8:00 p.m. Eastern Time.

## **Status of Base Housing for Active Duty Personnel**

To use a military quarters and/or variable housing allowance in the underwriting analysis, DD Form 1747, Status of Housing Availability, must be completed by the Military Installation Housing Authority (VAP 26-7, 4.02). These forms are available through the military installation housing office and will be provided to the active duty member upon request.

## **Underwriter Explanation Required on Certain Loans**

Loans closed automatically with debt-to-income ratio greater than 41% requires underwriter statement justifying the reason(s) for approval. The statement should list compensating factors justifying approval of the loan. In addition, if residual income does not exceed the guideline by 20% or more, the underwriter's supervisor must also sign the loan analysis (VAP 26-7, 4.10).

### **Maintenance of Loan Records**

Lenders must maintain copies of all loan origination records on VA guaranteed home loans for at least **two years** from the date of loan closing. Even if the loan is sold or paid in full, the **original lender must maintain these records** (or legible copies) for the required period (VAP 26-7, 1.12 and 3.12).

### **Submitting Closed Loan Packages for VA Review**

The quality of VA's home loan credit underwriting is determined by the identification of, and correction to, procedural errors found on full reviews. Lenders are notified to submit cases identified for full review/audit purposes by letter or e-mail. Upon notification, lenders must forward the complete origination package to VA within 15 days. The list of required documents can be found in the Lender's Handbook, paragraph 5.04 for prior approval loans, and paragraph 5.05 for loans closed under a lender's automatic authority. All documents listed must be submitted (we do not maintain the photocopies of the six documents you submit under the modified submission procedure).

If you have questions about any of the information contained in the bulletin, please call Loan Production toll free at 1-888-349-7541.

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Distribution: Program Participants