

## **Power of Attorney Issue**

VA's policy on Powers of Attorney (POA) is presented in our Lender's Handbook, Chapter 9. The policy is generally that:

- If the veteran has signed both the sales contract and loan application, a general power of attorney will suffice.
- If the veteran has not signed both the sales contract and loan application, a specific power of attorney will be required. The specific power of attorney must make it clear the veteran is aware that he/she intends to use his/her entitlement for a specified loan amount and must also identify the actual property that will be security for the prospective loan.

The purpose of the specific power of attorney is to protect the veteran by making sure he/she is aware of an impending real estate transaction that will result in a mortgage obligation and use of VA home loan entitlement.

A general power of attorney probably could not be modified to accommodate this issue because it's not possible at that point to know if the veteran plans to use the VA home loan benefit or where.

VA has advised its field stations to show flexibility in light of the present number of veterans deployed overseas. If a general power of attorney is presented without evidence of the veteran's intent to enter into a real estate transaction (i.e., he/she has not signed the loan application or sales contract), VA will accept electronic correspondence (e-mail) from the veteran indicating an intent to use entitlement for a home loan. Lenders should retain a copy of that e-mail plus the general power of attorney.