

Department of Veterans Affairs

# REPORT AND CERTIFICATION OF LOAN DISBURSEMENT

AUTOMATIC PROCEDURE  PRIOR APPROVAL PROCEDURE

**INSTRUCTIONS TO LENDERS:** For use by lenders closing VA loans under 38 U.S.C. 3710. After closing of the loan and completion of the form, the original to be forwarded to the VA; the duplicate is to be retained by the lender; the triplicate is to be provided to the veteran. With this report, unless previously submitted, VA, please submit the following: (a) copy of the borrower's loan application and borrower and co-borrower, if any; (d) ORIGINAL VA Form 26-0551, Debt Questionnaire; (e) ORIGINAL VA Form 26-8937, Verification of VA Benefit Re-indebtedness; (e) ORIGINAL credit report on the borrower and costs charged to the borrower and seller; (f) a true copy of the HUD Form 1 of Eligibility (h) a copy of the veteran's executed sales or construction contract, as appropriate; (i) ORIGINAL VA Form 26-1859; a copy of the VA Form 26-1859, Verification of Certificate of Reasonable Value, VA Form 26-1859, a statement of the loan disbursement and costs, showing the fees and costs charged to the borrower and seller; (j) a true copy of the HUD Form 1 of home is of new construction, an executed copy of the builder's warranty, VA Form 26-1859; a copy of the VA Form 26-1859, Verification of Certificate of Reasonable Value, VA Form 26-1859, and any related endorsements, and a VA or FHA final compliance warranty, VA Form 26-1859; a copy of the VA Form 26-1859, Verification of Certificate of Reasonable Value, VA Form 26-1859, cover the completion of postponed exterior improvements, etc., or attachments to the report. In special cases where the collection of information unless it displays a valid in this regard. For refinancing loans under 38 U.S.C. 3710 (a)(5), the lender should submit a copy of the VA Form 26-1859, Verification of Certificate of Reasonable Value, VA Form 26-1859, OMB Control Number. VA may not use the information for any other purpose. Lenders should consult with the VA regional office for instructions, searching existing data sources, gathering information, and reviewing the collection of information. If you have comments regarding the burden estimate or any other aspect of this collection of information, including the time for reviewing and reviewing the collection of information, please write to the Office of Management and Budget, Paperwork Project Director, Washington, DC 20503-2942. OMB Control Number 00-827-1000 for mailing information on where to send your comments.

# 10 Things That Can Kill Your VA Home Loan

8. ADDRESS OF PROPERTY SECURED BY THIS MORTGAGE

A. PRINCIPAL AND INTEREST PAYABLE EACH PERIOD

E. DATE LOAN WAS CLOSED

11. TYPE OF LIEN (38 CFR 36.4351)  
 FIRST REALTY MORTGAGE  
 SECOND REALTY MORTGAGE

12. TITLE OF PROPERTY

13. ESTIMATE OF FEE CHARGES TO BE PAID BY BORROWER AND SELLER (38 CFR 36.4350)  
 FEE CHARGES TO BE PAID BY BORROWER AND SELLER

14. APPROVAL OF REAL ESTATE AGENT (Give expiration date)

15. INSURANCE

18. ANNUAL MAINTENANCE ASSESSMENT

20. DESCRIBE ADDITIONAL SECURITY TAKEN AND LIST OF OTHERS (including Spouse)

21. DATE ACQUIRED

22. PURCHASE PRICE (If acquired other than by purchase, state "None")

23. AMOUNT WITHHELD FROM LOAN PROCEEDS AND DEPOSITED IN

10. TERMS OF LOAN

F. DATE LOAN PROCEEDS FULLY PAID

C. DATE OF NOTE

9. AMOUNT

H. DATE OF MATURITY

16. APPROXIMATE ANNUAL ASSESSMENT PAYMENT

17. TOTAL UNPAID SPECIAL ASSESSMENTS

19. DESCRIBE NONREALTY, IF ANY, ACQUIRED WITH PROCEEDS OF LOAN (Attach separate sheet if necessary)

23. AMOUNT WITHHELD FROM LOAN PROCEEDS AND DEPOSITED IN

SECTION II - LENDER'S CERTIFICATION

ESCROW  EARMARKED ACCOUNT



Veterans United<sup>TM</sup>  
Home Loans

**A**t the peak of the real estate bubble, mortgage professionals joked that you only needed to be able to fog a mirror to get a loan. These days, even borrowers with good incomes and good credit scores can get turned down.

That's why you should relish that feeling on closing day, when you sign the final papers and pick up the keys to your new home. Getting to the finish line is something to celebrate.

We've become the nation's leading dedicated VA lender because we make the process easy and streamlined. But borrowers and lenders alike have to keep their eye on the ball from start to finish. Mistakes and missteps on either end can send the loan process off track or worse.

This list is intended to give you an idea of what can affect your ability to get a loan and why they matter. Our team of passionate VA loan experts is here to help borrowers through every step of the process. But uneducated buyers are often their own worst enemy.

# 1

## YOU DON'T LIVE NEAR THE PROPERTY OR WILL NOT OCCUPY THE HOME AS YOUR PRIMARY RESIDENCE.

VA loans require that the home be your primary residence as defined by the fact that you must live and work in the general vicinity of the home. Making it home on the weekends does not qualify. In certain situations active military buyers may have their spouse satisfy occupancy, but that's relatively rare. Also, working more than 50 miles from the home can require documentation that you can handle the expense of the long commute.

# 2

## YOU HAD A RECENT FORECLOSURE OR SHORT SALE.

Lawyers and real estate professionals have advised buyers over the last few years that doing a short sale saves your credit rating. While doing a short sale may be a more responsible thing to do as opposed to walking away, it has the same affect on your ability to obtain new financing. You will have to wait two years from the date the short sale closed in order to qualify for a VA loan. If you allowed a home to go into foreclosure, the date used to start the clock is the date that your bank took the home back from you per public records. This could be months to years after you abandoned the home.

# 3

## THERE IS A PROBLEM WITH YOUR TAX RETURNS.

Lenders require third party documentation to verify your tax information, which means copies of the tax transcripts from the IRS directly. Here's a rundown of some common obstacles:

- a. Unreimbursed employee expenses (Form 2106) can reduce the amount of the loan that you can qualify for as an underwriter will consider these as ongoing, normal expenses.
- b. A side business that loses money will also deduct from your available income for a mortgage unless there is documentation that the business has been closed.
- c. You will not be able to qualify for a loan at all if you have not filed your tax returns. Additionally if you filed late, you may have to wait 8-12 weeks for the IRS to process the returns for verification before we can access them.
- d. If your taxes were filed incorrectly in a way that results in additional tax liability (unclaimed income, bogus business expenses), the underwriter may require that you re-file and prove that you can pay the additional tax liability before we can close.
- e. If you are self-employed, lenders can only use your net income after expenses to qualify you. Since most tax professionals will try to minimize your tax by claiming the least amount of income, this can be an issue when trying to get mortgage financing. Bank statements or proof of cash flow cannot be used to aid in qualifying for a loan.



# 4

## THE HOUSE NEEDS TOO MUCH WORK.

A lot of foreclosed properties are not in great shape. While the VA will allow a veteran to occupy a property that needs some carpet or painting, major repair items like non-working pools, broken windows, exposed electrical, leaky roof, plumbing leaks and other larger issues must be repaired by the seller before closing can take place.

# 5

## THE APPRAISAL CAME IN BELOW THE SALES PRICE.

New and recent changes to the appraisal process have given the appraiser more independence to accurately value the home that you are buying. If the appraised value comes in too far below the sales price, your seller may decide to cancel the transaction and start over rather than sell. Appraisal fees and home inspection fees are non-refundable as the services were performed even though the transaction did not close.

# 6

## THERE ARE PROBLEMS WITH YOUR INCOME.

Back in the days of stated and no-document loans, it was rare that a loan file would be declined because of income. With government loans now being the primary financing, income issues are back in full force. Here are a few of the common problems:

- a. Your income is not consistent. VA loans generally require a two-year income history. If you have not worked consistently in the same line of work, for the past 2 years or have had large gaps of 6 months or more where you were unemployed, you may not qualify for a loan.
- b. The type of income you receive is inconsistent. The general rule of thumb for tips, commissions, bonus, overtime or any other type of inconsistent income is a two-year history and proof that the income will continue. If you recently changed to a job that depends on one of these types of income, we will need a two-year history before we can use anything but your base income (hourly rate or salary) to qualify. Part-time jobs must also have a two-year history to be used.
- c. You are active military and your ETS date is within one year. If you are getting out of the military within one year, you must either provide proof that you are re-enlisting or an offer letter from a civilian employer to document what you are doing after you get out. GI bill income while going to school is not acceptable for a home loan.
- d. You own a business or work for yourself and are relocating. Businesses that relocate must have two years to re-establish in the new area before the income can be considered for a home loan. If the business is continuing in the old area, there must be proof that the business has been operated by a dependable employee/manager who can handle things if the owners are moving out of the area. Changes in legal structure (i.e. from sole proprietorship to corporation) can also trigger another two-year waiting period to see what the profits of the new business will be.

### VA Loans and Income

There's no income requirement on a VA loan. But lenders want to ensure you can meet your obligations and take care of your household needs.

A loan specialist can help you make sense of your income and credit. Call 888-212-1958 or visit [Veterans United](#) online.

# 7

## THERE ARE PROBLEMS WITH YOUR BANK STATEMENTS OR ESCROW DEPOSIT.

VA home loans require that we provide a recent bank statement to document that the buyer has assets to close and has a banking reference. Buyers without a bank account cannot be considered for financing. Any overdrafts on your bank account will have to be explained and if that results in an additional debt by the use of an overdraft line of credit, the additional debt and payment will have to be considered. Also the funds for your initial escrow deposit must be your own funds or documented gift funds from a family member. Un sourced cash is never acceptable for a home loan. Cash cannot be used for closing or for your initial escrow deposit unless it is deposited into an account for 60 days prior to the contract.

# 8

## YOU DECIDED TO APPLY FOR A NEW CREDIT ACCOUNT.

Lenders review your credit inquiries, bank statements and pay stubs to determine if you have debts that were not disclosed on the application. From the time you apply for the loan to the time you close the loan, do not apply for any new debts (including refinancing cars or homes to lower the payment) without consulting your loan officer. Even though your loan may still close, your closing could be delayed while additional documentation is obtained to verify the terms of the new account. If the new debt increases your debt load, you could turn your approved loan into a dead loan.

# 9

## YOU DECIDED TO PURCHASE A CONDO.

Purchasing a condo (townhomes are fine) can present many obstacles to obtaining financing. FHA and VA both require that the condo project be approved while conventional loans require that the lender vet the project on their own. This can result in the loan being declined as most condo projects no longer have the finances to qualify for these types of financing. Even if they do, the time to process the application is three to six months which most likely will not be acceptable to your seller. Please consult your VUHL representative before making an offer on a condo.

# 10

## YOU DECIDED TO PURCHASE A NEW HOME.

Most new home builders will want you to re-qualify with their lender even if we have already pre-approved you. So unless you insist on using us as your lender, you will most likely have to re-qualify with their lender to obtain any of the incentives they are offering.