



# THE VA LOAN PROCESS

*for* **LISTING AGENTS**





# WELCOME TO VETERANS UNITED

*If this is your first time working with us, you may not be familiar with our company. Here's what you need to know:*



## **We are the Nation's #1 VA Home Purchase Lender**

We closed more than \$7.1 Billion in VA home loans in 2015.



## **We are VA Loan experts**

Our Loan Officers receive extensive training on the VA loan and work with VA home buyers daily.



## **We take preapprovals seriously**

Our Loan Officers conduct an extensive review of a buyer's loan documents prior to preapproval, so you can be confident accepting a VA offer.



## **We provide an excellent customer experience**

97% of customers would recommend Veterans United to a friend or family member.



## **We give back**

Veterans United has donated more than \$20 million through our non-profit charitable arm, Veterans United Foundation.



# FREQUENTLY ASKED QUESTIONS ABOUT THE VA LOAN:

## Q: Do VA Loans take a long time to close?

**A:** No, VA Purchase loans close within a few days of conventional and FHA loans, according to recent Ellie Mae data.

## Q: Can buyers roll closing costs into their loan?

**A:** Unfortunately, VA buyers cannot roll closing costs into the loan. Some buyers may negotiate for seller-paid closing costs because of this restriction.

## Q: Is there any specific contract language required for VA loans?

**A:** Every VA purchase contract needs to include a VA Amendment to Contract. We've included a copy of our preferred form. The purpose of the Amendment is to protect the buyer's earnest money in the case of a low appraisal.

## Q: Do VA Loans Have higher interest rates?

**A:** No, VA loans with a 30-year note have historically had lower interest rates than conventional and FHA 30-year note loans, according to Ellie Mae Origination Reports.

## Q: Who pays for the pest inspection?

**A:** In most states, the pest inspection fee is a non-allowable loan cost- meaning the buyer is unable to pay for it. (allowable fee in: AL, AR, AZ, CA, FL, LA, MS, OK and TX). Unless a variance has been granted in your area, you'll want to include the fee in your contract negotiations. For additional information: [veteransunited.com/valoans/va-termite-pest-inspections](http://veteransunited.com/valoans/va-termite-pest-inspections).

## Q: Will a well water test be required?

**A:** Lenders generally require well water tests for properties with a private water source to ensure the water meets local health and safety standards (or EPA standards if no local rules exist). Well testing needs to be done by a licensed company.

## Q: Are there any fees a buyer can't pay?

**A:** Yes. The VA has issued a list of fees that buyers are not allowed to pay. A list of the VA non-allowable fees is included in this packet.



# LISTING AGENT CHECKLIST:

## Does the seller's home meet VA requirements?

The VA has a set of Minimum Property Requirements all homes must meet in order to qualify for VA financing. Here are a few things to consider:

- The property is move-in ready.**  
The property must be in good condition. Conditions that impact the safety or structural integrity of the home are not permitted. Holes in the floor or walls, exposed wires, precarious porches, missing railings, wobbly banisters, foundation cracks or erosion, peeling paint, leaking roofs, and other issues with a home's structure or systems will cause issues on a VA appraisal. This isn't an exhaustive list. VA-financed homes should generally be in turn-key condition, so use your judgment when considering VA buyers for a property.
- Roof has at least 5 or more years of life remaining.**  
If not, the VA will require that the roof is replaced before purchasing the home using VA financing.
- Well water test.**  
Well tests are generally required for properties with a private water source. Properties that use water purification systems are not eligible for VA financing.
- There are comparable properties sold in the last 6 months.**  
Properties with more than 5 acres of land are acceptable as long as there are comparable properties with close to the same amount of acreage in that area and have sold within the last 6 months.
- Repairs.**  
In most cases, any issues that affect the safety or structural integrity of the home will need to be repaired prior to closing.

## Unacceptable property types:

- Co-ops.
- Properties previously used primarily in a commercial capacity.
- Veterans United Home Loans doesn't offer financing for manufactured homes. This is not the same as modular homes. Modular homes are acceptable.
- Undeveloped land.
- Non VA- or FHA-approved condos. Check for VA approval in the Condo Approval Portal at [va.gov](http://va.gov), or for FHA approval visit [HUD.gov](http://HUD.gov). The condo approval process takes between 30 and 90 days. (Approval not guaranteed.)
- Unique properties (case-by-case). This may include log homes, A-frames, earth contact homes or one bedroom homes. Geo homes are not acceptable.



# WHEN DRAFTING A CONTRACT:

## Contract time lines:

**Allow no less than 18 days for appraisal contingency.**

After we request an appraisal, the Department of Veterans Affairs assigns the next appraiser in line to complete the report. A third-party appraisal cannot be used in lieu of the VA appraisal. After an appraiser is assigned, he or she is allowed 10 business days to visit the home and additional time to return the report to the lender. For a full list of appraisal time lines by state, visit [benefits.va.gov/homeloans/appraiser\\_fee\\_schedule.asp](https://benefits.va.gov/homeloans/appraiser_fee_schedule.asp)

**Allow 20-25 days for mortgage commitment.**

**Allow 30-45 days for closing from the date of acceptance.**

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## Contract provisions:

**VA Amendment to Contract.**

The VA amendment to contract is required on all VA purchase transactions. See example included in this packet.

**Pest inspection.**

The pest inspection is typically a non-allowable fee and cannot be paid for by the Veteran. However there are a few states where it is allowed ( AL, AR, AZ, CA, FL, LA, MS, OK and TX).

**Don't include personal property in contract.**

Personal property items other than standard appliances and items built into the house shouldn't be included in the contract agreement. For example: swing sets, hot tubs, etc. If they are included in the contract, their value must be assigned by someone qualified to do so.

**One legal description.**

Properties that have multiple legal descriptions (2 land parcels not surveyed and combined as one and being sold and one transaction) will require a survey to combine both parcels.

**All pages must be fully executed. This includes initials of all parties.**

**Non-Allowable fees.**

There are certain fees a VA buyer is not allowed to pay. See the closing cost info included in this packet for more details.

**Contract must include the exact legal USPS address and zip code of the property.**

**Utilities must be turned on during appraisal inspection.**

**Use a licensed contractor for repairs.**

If the seller agrees to make repairs, VA guidelines require that they be completed by a licensed contractor before closing. In certain cases when repairs can't be finished before closing due to inclement weather, we may be able to set up an escrow account so they can be done after closing.

**Swimming pool in working condition.**

Properties with swimming pools that are in poor or non-working condition must be repaired before the loan can close.



# CLOSING COST INFORMATION:

## *Keep in Mind These Details When Working With VA Buyers*

There are certain fees a VA buyer is never allowed to pay. Keep these fees in mind when negotiating contracts. These fees include:

- Pest Inspection (allowable in: AL, AR, AZ, CA, FL, LA, MS, OK and TX)
- Attorney Fee Charged as a Benefit to the Lender
- Mortgage Broker Fee
- Agent Commission
- Prepayment Penalties
- HUD/FHA Inspection Fees for Builders

The buyer is also not permitted to be charged certain fees when an origination fee is charged by the lender. Keep these fees in mind when working with the lender and title company. These non-allowable fees include:

- Second appraisal\*- VA buyers can only be charged for one appraisal per transaction
- Settlement fee, escrow fee, closing fee
- Document preparation fee
- Underwriting fee
- Processing fee
- Application fee
- Attorney fees for something other than title work
- Assignment fee
- Copying fee
- Email fee
- Fax fee
- Photographs
- Postage fees
- Amortization schedule
- Notary fee
- Commitment fee
- Trustee fee
- Trust in lending fee
- Tax service fee

Please keep in mind this isn't all inclusive. There may be other fees the buyer can't be charged for by the lender, title company or investor.

*\*Second appraisal should not be confused with a re-inspection. Re-inspections are required when repairs are made to bring the property up to VA standards. Buyers are permitted to pay the re-inspection fee.*



## VA - AMENDMENT TO CONTRACT

Property Address : \_\_\_\_\_ File No.: \_\_\_\_\_  
\_\_\_\_\_

It is expressly agreed that notwithstanding any other provisions of this contract, the purchaser shall not incur any penalty by forfeiture of earnest money or otherwise or be obligated to complete the purchase of the property herein, if the contract purchase or the cost exceeds the reasonable value of the property established by the Veterans Administration. The purchaser shall, however, have the privilege and option of proceeding with the consummation of this contract without regard to the amount of the reasonable value established by the Veterans Administration.

\_\_\_\_\_  
Purchaser

\_\_\_\_\_  
Date

\_\_\_\_\_  
Purchaser

\_\_\_\_\_  
Date

\_\_\_\_\_  
Seller

\_\_\_\_\_  
Date

\_\_\_\_\_  
Seller

\_\_\_\_\_  
Date

The purchase agreement must include, or is amended to include, the above statement if the purchase agreement was signed by the Veteran/Applicant prior to his receiving notice of the reasonable value of the subject property.