

**BULLETIN #2018-06**

**TO: Distribution**

**DATE: February 14, 2018**

**RE: CMG Financial Correspondent Lending Updates**

**EFFECTIVE: As noted below**

**CMG FINANCIAL CORRESPONDENT LENDING UPDATES**

**Topics Covered in this Announcement:**

- VA Circular 26-18-1 New Disclosure Requirements for IRRRLS

**VA CIRCULAR 26-18-1 NEW DISCLOSURE REQUIREMENTS FOR IRRRLS**

**Summary:** Currently, the VA Lenders Handbook, does not inform lenders when the Veteran's statement and lender's certification should be delivered to the Veteran. Circular 26-18-1 specifies that starting with loans closed on and after April 1, 2018 the following requirements apply:

- Lender should provide the Veteran's Statement and Lender Certification (note: lender certification only needed for payment increases of 20 percent or more) to the Veteran with the initial disclosure documents no later than the third business day after receiving the Veteran's application
- For the initial Statement, add the following categories from the Loan Estimate (this is the total costs plus the VA funding fee):
  1. Origination charges, services you cannot shop for, services you can shop for, taxes and other government fees, other, or VA funding fee
  2. For the initial Statement, VA would subtract any lender credits listed in section J.
  3. The remainder is the closing costs for the recoupment calculation.
  4. Divide the closing costs in (3) above by the decrease in monthly principal and interest payment for the number of months to recoup.
- For the final Statement, add the following categories from the Closing Disclosure:
  1. Origination charges, services borrower did not shop for, services borrower did shop for, taxes and other government fees, other, or VA funding fee
  2. For the final Statement, subtract any lender credits from section J.
  3. The remainder is the closing costs for the final recoupment calculation.
  4. Divide the closing costs in #3 above by the decrease in monthly principal and interest payment for the number of months to recoup.
- Lenders should confirm in the Loan Guaranty Certificate (LGC) process that the Veteran was provided the disclosures as noted above.
- Lender should provide VA with the Veteran Statement and Lender Certification (note: lender certification needed only for payment increases of 20 percent or more) and VA Form 26-8923, Interest Rate Reduction Refinancing Loan Worksheet, at the point of requesting the LGC.
- In the case of an increased principal and interest payment due to a lower term, or from changing from an adjustable rate to a fixed rate, it is not necessary to show the recoupment in months; however, lenders should show all other fields in the Statement.

**Effective Date:** Loans closed on and after April 1, 2018. Care must be taken immediately since the change applies to loans closed on or after April 1, 2018 and loans already in process may be impacted.

**Link to VA Circular 26-18-1:**

[https://www.benefits.va.gov/HOMELOANS/documents/circulars/26\\_18\\_1.pdf](https://www.benefits.va.gov/HOMELOANS/documents/circulars/26_18_1.pdf)

***Please contact your Correspondent National Sales Manager  
or your Correspondent Liaison with any questions.***

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