

## VA Circular 26-19-17, Funding Fee Guidance

**EFFECTIVE DATE: 07-03-2019**

This communication is to advise that FGMC will explicitly follow the guidance in VA Circular 26-19-17, Funding Fee Guidance to Lenders and Servicers effective Wednesday, July 3, 2019. This applies to all VA transactions (purchase and refinance) and is effective for all loans in process, including loans that have closed but not yet disbursed. Per the Circular:

3.a. Funding Fee Exemption Determination. Ensuring that the funding fee exemption information is up to date at the time of closing is essential to avoid incorrect charges to exempt Veterans. Lenders must not advise Veterans who believe they are exempt from paying the funding fee to close on a loan without first establishing their funding fee exemption status.

3.b. For IRRRLs, a COE is now required.

3.c. For all loans, if the COE does not show that the Veteran is exempt from paying the funding fee, the lender must ask the Veteran if he or she has a claim for compensation pending with VA. If so, the lender must obtain an updated COE no earlier than 3 days before the loan closing using the COE "Correct" function in WebLGY.

Instructions for the "Correct" function are found in the "[Quick Reference Document For Correct Certificate of Eligibility](#)". Step-by-step instructions are available on the VA's Lender Resource webpage in the [Lender's COE tutorial](#).

3.d. The lender must ask the Active Duty Servicemember if he or she has a pre-discharge claim pending. If so, the lender must contact the Regional Loan Center (RLC) immediately to request assistance in obtaining a proposed or memorandum rating in the event that the Servicemember may be exempt from paying the funding fee. If a proposed or memorandum rating is not obtained, and a closing takes place, the Servicemember is not eligible for a funding fee exemption.

3.e. Funding Fee Correction Request. Lenders and servicers must initiate a request in the Funding Fee Payment System (FFPS) within 3 business days from being notified by VA or the Veteran of an overpayment of the funding fee to include a request for a retroactive refund. Necessary corrections may be made in FFPS by utilizing the "Correct"

function at any time. Lenders and servicers must provide a detailed explanation together with the name, phone number, and email address of the person requesting the correction/waiver on behalf of the Veteran.

3.f. Funding Fee Refunds. Funding fee refunds must be paid to the Veteran by VA through FFPS. The lender/servicer must change the refund destination from 'Lender/Vendor' to 'Primary Veteran' in the refund setting section of FFPS. If the loan is in default, the Veteran will be advised that he/she may wish to use the refund to bring their loan current.

The complete Circular can be obtained here: [VA Circular 26-19-17: Funding Fee Guidance to Lenders and Servicers](#).

Please reach out to your Account Executive with any questions or concerns.

As usual, thank you for your continued business and partnership.