

UNDERWRITING BULLETIN

To: Florida Agents and WFG employees
From: Florida Underwriting Department
Date: August 13, 2010
Bulletin No: FL-10-7
Name: V.A. Requires Itemization of Line 1101 and Seller/Third Party credits

On July 30, 2010, the Department of Veterans Affairs issued its circular 26-10-9, which requires a separate itemization of the fees and charges consolidated into line 1101 of the revised HUD-1 form and of any third party offsets/credits.

Itemizing Bank Charges and Seller/Third Party Credits

RESPA requires that all loan related fees be shown in the borrower's column (so that they will correspond with the GFE), with a corresponding credit shown on the first page of the HUD-1 if the seller or another party contributes to those expenses. The normal practice where a party other than the borrower contributes to multiple borrower expenses, is to show the credit as a lump sum on the first page of the HUD-1.

When handling a VA loan, the VA requires that the seller/third party credit be itemized either in the 200 series of the HUD-1 (which will usually require additional lines) or on an addendum to the HUD-1.

Itemization of Title Charges

The same circular also requires the lender or title agent to provide a breakout of charges shown on line 1101 of the HUD-1. Because RESPA rules require the aggregation of most title related amounts into line 1101 and 1102, this breakout should be made on an addendum to the HUD-1. (something we recommend as a best practice in every transaction).

This is intended to permit VA reviewers to ensure veterans have not been assessed unallowable fees. Under existing regulations, veterans are not allowed to pay attorney fees, settlement fees or closing fees (normally consolidated into line 1101) nor document preparation, an underwriting fee, and a settlement fee (800 series) when a one percent origination fee is charged.

Copies of Circular 26-10-9 and its first revision are attached.

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