

VA Allowable (Itemized) Fees—VA Loans

Settlement Agents are required to itemize all fees and credits and are not allowed to add additional cost onto "VA Itemized" fees:

- VA rules limit what the Lender and Broker can charge the Veteran for origination/processing fees plus certain settlement fees to a 1% overall fee. Veterans cannot be charged combined fees of origination, processing, underwriting, broker, document preparation, and/or Settlement closing fees (or any other services of this nature) of more than 1%.
- In addition to this overall 1% origination fee, the VA allows that Veterans can be charged certain itemized fees, such as Title Exam, Abstract, Title Guaranty, Title Search, Title Insurance and Recording fees. It is required, however, that any fees charged for allowable itemized services not exceed the actual reasonable and customary cost for those services. Charges in excess of typical market rates are not allowed.
- VA requires that all fees be itemized to distinguish between those that are restricted to the overall 1%, those that are "unallowable" and those that are allowed on an itemized basis. VA further requires that the itemization include a breakdown of who pays the fees, when some fees are lender, broker or seller paid. The fee itemization that VA requires, reflecting all fees and credits, enables the VA to audit against their requirements. (See links below for clarity on allowable fees and itemization required according to VA.)
- Settlement/Title Agents cannot add additional cost to allowable itemized title service fees under any circumstances. If a Settlement closing fee (including an attorney invoice in states that mandate attorney closings) is required on a VA loan, those fees must be listed separately as such, and must be either paid by the lender as part of the overall 1% origination fee, or the lender's fees must be reduced so that overall origination plus settlement does not exceed 1%. These fees must not be added to allowable itemized fees of title exam or insurance, or any other allowable fee.

Access VA Web Site if you have Questions www.Homeloans.VA.Gov/ls.htm

[Circular 26-10-1 - January 7, 2010](#)

Impact of New Real Estate Settlement and Procedures Act (RESPA) Rule on Fees and Charges for Department of Veterans Affairs (VA) Loans

PURPOSE: In response to the new RESPA rule that took effect January 1, 2010, this circular provides guidance on fees and charges a veteran may pay when obtaining a VA-guaranteed home loan. The circular also announces new documentation requirements for lenders and the elimination of a previously required disclosure statement.

Circular 26-10-09 — http://www.benefits.va.gov/homeloans/circulars/26_10_9.pdf

Circular 26-10-09 addresses the itemization of credits and title services.

VA expects enough information to determine whether a fee is allowable. This requires the breakout of charges for "Title service and lenders title insurance" from line 1101. This direction was effective for applications taken on or after October 1st 2010.