



Bulletin 14-35

VA Loan Program Reminders on Fees and Charges

Unallowable Fees, Third-Party Charges and Subordination Fees

VA issued Circular 26-14-10 on May 7, 2014 to clarify VA policy regarding unallowable fees, third-party charges and subordination fees as detailed below. View VA Circular 26-14-10 at [VA Circulars 2014](#).

Unallowable Fees

Unallowable fees are fees identified by VA that cannot be charged to the borrower if a 1% origination fee is charged.

VA allows the following options for fees on standard VA loans:

- 1% origination fee based on the total loan amount; **or**
- Unallowable fees not to exceed 1% of the total loan amount; **or**
- A blend of unallowable fees and an origination fee not to exceed 1% of the total loan amount.

Example:

The loan amount is \$100,000 and the lender is charging an \$800.00 origination fee. \$200.00 of unallowable fees may be charged. The combined total of origination fee and unallowable fees can never exceed 1% of the loan amount.

Third-Party Charges

Third-party charges are limited to the invoice charge, regardless of the amount charged for the loan origination fee. As a reminder, VA limits the fee charged for an appraisal (varies by state). View the appraisal fee list at [VA Appraisal Fee Schedules and Timeliness Requirements](#)

Example:

The loan amount is \$100,000 and the lender is charging an \$800.00 origination fee. The charge for the credit report on the HUD-1 is \$50.00 however the invoice for the credit report indicates a charge of \$20. The borrower must be refunded the \$30.00 overcharge.

Example:

The loan amount is \$100,000 and the lender is charging an \$800.00 origination fee. The charge for the appraisal on the HUD-1 is \$500.00 however the maximum fee VA allows for an appraisal in the state where the property is located is \$425.00. The borrower must be refunded the \$75.00 overcharge.

Subordination Fees

As a reminder, subordination fees cannot be financed into the loan regardless of the amount charged for the origination fee. If a subordination fee is charged the borrower must either pay the fee in cash or have a premium pricing credit that is large enough to cover the subordination fee.

The VA matrix has been updated with this information and posted on the HomeBridge website at www.homebridgewholesale.com.

If you have any questions, please contact your Account Executive.