



BROKER / WAREHOUSE LINES / NON-DELEGATED CORRESPONDENT

Wednesday, August 14, 2024 Bulletin #2024-AC-018

## **NOTICE TO ALL CUSTOMERS**

## Important VA Temporary Local Variance for Certain Buyer-Broker Charges

FLCBank would like to notify customers of VA's Temporary local variance for certain buyer-broker charges (including commissions and any other broker-related fees) which became effective for purchase contracts dated on or after August 10, 2024, subject to the following requirements for permissibility.

# I. Loan Origination and Underwriting Criteria

- The property being purchased by the Veteran is an area where listing brokers are prohibited from setting buyer-broker compensation through multiple listing postings; or buyer-broker compensation cannot be established by or flow through the listing broker.
- The Veteran/borrower buyer-broker charges cannot be included in the loan amount.
- The Veteran/borrower buyer-broker charges paid or to be paid by the Veteran are to be considered when determining whether the Veteran has sufficient liquid assets to close the loan.
- Because VA considers the buyer-broker representation agreement to be part of the sales contract, VA expects the loan originator/lender to upload the agreement when requesting an appraisal in WebGLY, and the lender must retain a copy of the agreement in the credit documents of the loan file.

### II. Loan Closing

An invoice is not necessary to support the buyer-broker charge; however, the total amount paid, if any, by the Veteran is to be recorded in section H ("Other") on the Closing Disclosure.

Keep in mind that the temporary variance announced by this Circular does not prevent the seller from paying for the Veteran's buyer-broker charges and in such case, VA does not consider the seller's payment of buyer-broker charges as a seller concession.

#### III. Post-Closing/Loan Guarantee

VA completed a system enhancement in WebLGY on July 16, 2024 in order to collect the amount of Veteran-paid buyer-broker charges; therefore, lenders are expected to indicate if the Veteran paid any buyer-broker charges, and, if so, to indicate the total amount paid in the applicable fields when requesting the Loan Guaranty Certificate (LGC) on VA-guaranteed purchase loans.

This will be an exception to the general rule preventing Veterans from paying real estate broker fees. FLCBank is aligning with all related Circulars 26-24-14, 26-24-14 (Change 1), and Circular 26-24-15.

Please refer to the Circular for complete details.

If you have any questions, please contact your Account Executive or Client Relations Representative.

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