

Wednesday, August 14, 2024

Bulletin #2024-AC-018

NOTICE TO ALL CUSTOMERS

Important VA Temporary Local Variance for Certain Buyer-Broker Charges

FLC Bank 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. FLC Bank 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](#).