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BULLETIN NO. 2001-13

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TO: ALL LENDERS

SUBJ: MILITARY ACTIVATION/DEPLOYMENT AND IMPACT
ON LOAN ORIGINATIONS

Purpose

The recent activation of members of the Reserves and National Guard; and the deployment of both Reserve members and active duty personnel have generated questions on the issues of powers of attorney, income, and occupancy for loans in process. This bulletin will address those concerns and serve to:

- a. To remind lenders of the requirements for loans closed with use of a power of attorney due to the absence of the veteran-applicant.
- b. To require that lenders ensure that veterans are not subject to activation to military duty before approving and/or closing a loan based upon the veteran's income from civilian employment.
- c. To clarify occupancy requirements with respect to deployed active duty service members.

Powers of Attorney

- a. Activation and/or deployment of United States Armed Forces to distant locations may cause some loans to be ready to close with the servicemember not available to sign the documents. In such instances, loans may be closed with the use of a power of attorney. A general power of attorney, in lieu of one specifically referencing the use of an individual's VA entitlement, may be used if the servicemember has signed the purchase contract and the loan application indicating the intention to obtain a VA loan. For loans being closed under a power of attorney, lenders must continue to obtain verification that the servicemember was alive and not in a missing in action status on the date of loan closing. This applies to servicemembers who are temporarily deployed in the same way as servicemembers who are permanently stationed overseas. A statement from the casualty assistance office at the military facility from which the servicemember is deployed which confirms that the servicemember is not listed on a casualty or missing in action list will satisfy this requirement. [See Lenders Handbook (VA Pamphlet 26-7, Chapter 9) at Web Site address: www.homeloans.va.gov]
- b. Regional Loan Centers will provide every possible assistance to spouses and lenders in connection with the use of powers of attorney, including establishing liaison with military installations in order to facilitate obtaining verification that a servicemember is alive and not missing in action.

Occupancy

Servicemembers, married or single, while deployed from their permanent duty station, are considered to be in a temporary duty status and able to provide a valid intent to occupy certification without regard to whether or not a spouse will be available to occupy prior to the veteran's return from deployment.

Income Verification

When activated with the Reserves, veterans whose loans are in process or ready to close may be subject to a sharp reduction in income. It is important to recognize that activated reservists whose incomes are reduced may be unable to qualify for the loan they are seeking. Therefore, except in cases where the veteran is currently serving on active duty and qualifying income is derived from such service, lenders must determine if a veteran is a member of the Reserves or a National Guard unit. If so, the lender must ascertain if the veteran has been notified of mobilization of his/her unit. If a veteran is in a Reserve unit with actual orders for mobilization, the loan must be underwritten on the basis of the veteran's income on active duty. Effective 10 days from the date of this release and until further notice, lenders must include a statement which affirms that the veteran's status relative to membership in the Reserves and possible mobilization has been ascertained and considered with each report of a loan closed and request for guaranty.



F. M. McREAKEN
Loan Guaranty Officer