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To: Clients and Friends

From: Daniel S. Engle

Subject: VA Circular 26-24-14 Creates Temporary Local Variance for Veteran-Buyers to Pay Buyer-Broker Charges

On June 11 2024, the Department of Veteran Affairs (VA) published Circular 26-24-14 ([click here](#)) that announced a temporary local variance allowing for veteran-buyers to pay buyer-broker charges. This will be effective August 10, 2024, and will be an exception to the general rule preventing veterans from paying real estate broker fees. The VA plans to develop a more permanent policy via new rulemaking but is instituting this temporary local variance so that veterans can remain competitive buyers until the permanent policy is established.

For the temporary local variance allowing a veteran to pay a buyer-broker fee to be permitted, the following three requirements must be met:

- 1) The home to be purchased must be in an area where either:
 - a) Listing brokers are prohibited from setting buyer-broker compensation through multiple listed postings; or
 - b) Buyer-broker compensation cannot be established by or flow through the listing broker.
- 2) Buyer-broker charges are not included in the loan amount.
- 3) Buyer-broker charges are to be considered in determining whether the veteran has sufficient liquid assets to close the loan.

The VA also mandated that the sales contract defining the buyer-broker agreement must be retained by the lender in the loan file and part of the package lenders use when requesting an appraisal. The buyer-broker fee must be properly shown in Section H of the Closing Disclosure.

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