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To: Clients and Friends

From: David F. Dulock

Subject: VA Circular 26-15-6, Itemization of Credits/Charges on the HUD-1

The Department of Veterans Affairs recently issued VA Circular 26-15-6, [click here](#), regarding itemization of certain charges and credits disclosed on the HUD-1. In addition to the clarifications and requirements in the body of VA Circular 26-15-6, it also contains four examples attached as [Exhibit A](#), [Exhibit B](#), [Exhibit C](#), and [Exhibit D](#), respectively – to view or print an Exhibit, click on the appropriate Exhibit hyperlink above. VA Circular 26-15-6 is effective for all loans closed on or after May 1, 2015.

VA Circular 26-15-6 clarifies and establishes VA policy regarding:

- Itemization of lender/seller credits in the 200 series of the HUD-1.
- Itemization of line 801 on the HUD-1.
- Clarification that credits reflected on line 803 of the HUD-1 cannot offset unallowable fees.
- Itemization of line 802 on the HUD-1.

The Circular permits lenders to use either the blank lines available in the 200 and 800 series of the HUD-1 for itemization or to provide any form of itemization that provides a clear breakdown of the credits and charges shown in the those series of the HUD-1. The Circular requires that attachments providing the breakdown/itemization of fees and charges be signed by the Veteran.

The Circular requires that: (i) all lender/seller credits (except for the credit or charge for the interest rate chosen on line 802) be placed in the 200 series of the HUD-1; (ii) if the credit is displayed as a lump sum, a mandatory, accurate itemization of the individual credits, including a clear indication of the source; and, (iii) lender/seller credits not be placed in the 800 series of the HUD-1.

The Circular states that credits for the interest rate chosen cannot be used to pay unallowable fees and there cannot be a credit for premium pricing and a charge for discount points in the same transaction.

Exhibits A, B, C and D to the Circular illustrate the itemization requirements in the body of the Circular with specific examples of charges and credits.

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