

VA Assumption Locality Variance

1. Purpose. VA is publishing this Circular to announce the approval of a local variance¹ related to assumption transactions. The variance would permit a loan holder to charge an individual assuming a VA-guaranteed loan an assumption-related fee based on the location of the subject property.

2. Background. VA regulations authorize loan holders with automatic authority to “charge a reasonable fee, not to exceed the lesser of \$300 and the actual cost of any credit report required, or any maximum prescribed by applicable State law, for processing an application for assumption and changing its records.”² Whereas loan holders without automatic authority may only charge a fee not to exceed \$250 plus the cost of any credit report required, similarly subject to state maximums.³ This fee is intended to help offset the costs of underwriting, processing, and closing the assumption, which can vary based on the geographical location. To help address the cost differences, VA is exercising its authority⁴ to issue a fee variance based on the location of the subject property.

3. Assumption Locality Variance. VA is authorizing in advance, as a local variance, an Assumption Locality Variance. The holder may charge the Assumption Locality Variance based on the geographical location of the subject property if an assumption closes. This may be charged as a local variance in addition to the fee described in paragraph 2 and other allowable fees.

See Exhibit A for the applicable amounts.

4. Questions. For questions or comments, please submit a request through VA’s Service Portal, Loan Guaranty Support at https://yourit.va.gov/csm?id=rlc_pathfinder, or contact VA by phone at 1-877-827-3702, between the hours of 8:00 AM and 6:00 PM Eastern Time.

5. Effective Date. The Assumption Locality Variance may be charged on assumption applications closed after the date of this Circular.

6. Rescission: This Circular is valid until rescinded.

By Direction of the Under Secretary for Benefits

John E. Bell, III
Executive Director
Loan Guaranty Service

¹ 38 C.F.R. § 36.4313(d)(1)(ix).

² 38 C.F.R. § 36.4313(d)(8).

³ 38 C.F.R. § 36.4303(l)(1)(ii).

⁴ 38 C.F.R. § 36.4313(d)(1)(ix).

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