



DEPARTMENT OF VETERANS AFFAIRS
Regional Office
1240 East Ninth Street
Cleveland OH 44199

March 28, 2000

In Reply Refer To: 325/264
Information Letter 26-00-11

TO: All VA Sales Brokers and Management Brokers

SUBJ: Cash Equivalent Factor Decrease

1. **PURPOSE:** To announce a change from 96% to 95% in the Cash Equivalent Factor (CEF) used by Property Management to convert a vendee loan amount to its corresponding cash value to VA.
2. **BACKGROUND:** The CEF is a percentage which is used to determine the Cash Equivalent Value of a term offer to VA. This calculation is necessary to determine the net return to VA on a term offer for proper ranking against competing cash offers. The CEF is based on the market prices periodically received for sold vendee loans.
3. **IMPLEMENTATION:** The CEF will decrease to 95% effective with the sales listing published on March 31, 2000. The CEF calculation is found on line 8D of the Offer to Purchase and Contract of Sale, VA Form 26-6705. Although for the next 90 days purchase offers received with an incorrect CEF of 96% will not be rejected solely because of this mistake, brokers submitting offers should make every effort to use the correct CEF prior to submitting an offer. This will help avoid confusion between prospective purchasers, sales brokers and VA personnel.
4. Thank you for your continuing participation in our VA Loan Guaranty program.

/s/

JAMES L. BRUBAKER, JR.
Loan Guaranty Officer