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Department of
Veterans Affairs

Information Bulletin

March 29, 2000

Loan Guaranty Letter 00-07
263-4

SUBJ: Decrease in the Cash Equivalent Factor

1. **PURPOSE** Notification of decrease of the Cash Equivalent Factor (CEF) from 96% to 95% on terms purchase offers.
2. **BACKGROUND** The CEF is a percentage which is used to determine the Cash Equivalent Value of a term purchase offer to VA. This calculation is necessary to determine the net return to VA on a term purchase offer for proper ranking against competing cash purchase offers. The CEF is based on the market prices periodically received for sold vendee loans.
3. **IMPLEMENTATION** The CEF will decrease to 95% effective for all terms purchase offers for VA-acquired properties starting with the April 12, 2000, Sales Listing. The CEF calculation is found on line 8D of the Offer to Purchase and Contract of Sale, VA Form 26-6705.

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Loan Guaranty Officer

Distribution: Program Participants in Colorado, Wyoming, and Montana