



**DEPARTMENT OF VETERANS AFFAIRS**  
**Regional Office**  
**210 Franklin Road S.W.**  
**Roanoke, VA 24011**

March 24, 1999

**LOAN GUARANTY INFORMATION LETTER #26-99-6**

In Reply Refer  
To:  
314/261

TO: ALL LENDERS, HOLDERS AND SERVICERS

SUBJ: CHANGES IN THE PROCEDURE FOR NOTICES OF ELECTION  
TO CONVEY PROPERTY TO VA

**PURPOSE**

This circular clarifies the requirements for information to be provided when conveying properties to VA.

**BACKGROUND**

1. As of October 1, 1995, VA began paying for a property conveyance upon receipt of the notice of election to convey. Holders were and still are responsible for providing locally required evidence of acceptable title within stated time-frames following loan termination (see attached local requirements) in order to avoid reconveyance. The procedure for prompt payment of property acquisition by VA did not eliminate the requirement for holders to pay taxes, special assessments or ground rents due and payable within 30 days after date of conveyance (see 38 CFR 36.4320(h)(4)). However, analyses of reports on unpaid taxes for newly acquired properties have disclosed a need to more carefully verify tax payment status. In addition, VA is making every reasonable effort to dispose of acquired properties as quickly as possible, and the provision of more complete tax information, which should be readily available from the holder, will assist in the efficient use of limited Government resources for property disposition.
2. In no-amount specified cases, servicers often waive or satisfy portions of the indebtedness to obtain specified amount bidding instructions and the option to convey the property to VA for the specified amount. Servicers must advise VA of the waiver (buydown) amount and the date of application. This information is typically submitted on a VA Form 26-567, Statement of Account, and must be reflected accurately in the loan account ledgers. If the buydown is not shown, or is shown on a later date, VA's offer to purchase the property for the specified amount will have been based on inaccurate information provided by the servicer. In such a case, VA's offer to purchase the property will be void and the property will be reconveyed to the servicer. The servicer will be

billed for return of the specified amount plus any property management expenses VA has incurred.

## **ACTION**

1. Effective April 1, 1999, in order to qualify for prompt payment of the property acquisition, each VA Form 26-8903, Notice for Election to Convey and/or Invoice for Transfer of Property, submitted to VA must be accompanied by complete tax information as to type(s), date(s) last paid, and identifier(s); i.e., PIN, parcel number, tax map or ID number, and complete legal description. VA experience has shown that required tax data is often not provided. Accordingly, VA is revising its policy so that if a holder shows a pattern of failing to provide complete tax data, VA may notify the holder that we will no longer pay for conveyances until complete tax and title information is received. Because VA Form 26-8903 presently has limited space available for tax information, it can be provided in the form of a printout from the holder's computer servicing system attached to the conveyance. The printout must provide data for all tax segments for a particular property and a legal description. Multiple printouts will be acceptable if necessary to provide the required information.

2. In buydown cases, servicers must include copies of the loan account ledgers clearly showing the amount and date of the buydowns as attachments to the VA Form 26-8903. The acquisition amount will not be paid and custody of properties will not be accepted without the attachments.

## **REIMBURSEMENT FOR TAXES**

As mentioned above, 38 CFR 36.4320(h)(4) requires that any taxes, special assessments or ground rents due and payable within 30 days after the date of conveyance to VA shall be paid by the holder if bills can be obtained before the conveyance. Since bills are almost always available 30 days prior to the due date, there should be only limited instances where taxes are not paid prior to conveyance to VA. Therefore, if VA is required to pay penalties and/or interest on any tax payments which were due within 30 days of conveyance, the holder must reimburse VA. Any such sums not promptly reimbursed may be withheld from future amounts due a holder, unless adequate documentation is provided showing that bills were unavailable.

## **WHERE TO SEND THE DOCUMENTATION**

1. The VA Form 26-8903 for properties which were the security for VA-guaranteed loans within the Roanoke Regional Loan Center's (RRLC) jurisdiction (District of Columbia, Kentucky, Maryland, Virginia, and West Virginia) must be sent to the attention of Loan Guaranty (314), VA Regional Office, 210 Franklin Road, SW, Roanoke, VA 24011.
2. Title documents for properties in Kentucky must be sent to Loan Guaranty (327), VA Regional Office, 545 South Third Street, Louisville, KY 40202.

3. Title documents for properties in Northern Virginia, District of Columbia, and Prince Georges and Montgomery counties in Maryland, must be sent to Loan Guaranty (372), VA Regional Office, 1120 Vermont Avenue, NW, Washington, DC 20421.

4. Title documents for properties in the remaining counties in Maryland must be sent to Loan Guaranty (313), VA Regional Office, Federal Building, 31 Hopkins Plaza, Baltimore, MD 21201.

5. Title documents for properties in West Virginia and the remaining counties in Virginia must be sent to Loan Guaranty (314), VA Regional Office, 210 Franklin Road, SW, Roanoke, VA 24011.

A copy of the addendum to our specified amount bidding instructions letter detailing the required title documents is enclosed.

***Servicers are also reminded of the regulatory requirement (38 CFR 36.4320(a)(ii)(A)) to submit their election to convey or transfer of the property to VA within 15 days after the date of the foreclosure sale.***

W. D. HOGAN  
Loan Guaranty Officer

Enclosure

PLEASE SUBMIT VA FORM 26-8903 (IN TRPLICATE) WITHIN 15 DAYS OF THE FORECLOSURE SALE DATE IF YOU INTEND TO CONVEY THE PROPERTY TO VA.

WE MUST RECEIVE THE FOLLOWING DOCUMENTS, OR A WRITTEN REQUEST FOR AN EXTENSION, WITHIN 60 DAYS FROM THE FORECLOSURE SALE DATE. FAILURE TO TIMELY SUBMIT A COMPLETE TITLE PACKAGE OR AN ACCEPTABLE REQUEST FOR AN EXTENSION MAY RESULT IN RECONVEYANCE OF THE PROPERTY.

1. Copies of the original Note and Deed of Trust/mortgage
2. Certified copy of the Trustee's Deed with evidence of recordation or original Trustee's Deed with clerk's receipt indicating recordation (except Kentucky properties)
3. Title insurance policy obtained at loan origination
4. Copy of Substitution of Trustee's Deed showing recording information (except Kentucky properties)
5. Copies of all transfer of ownership deeds conveying title of property during life of the loan
6. Loan assignments
7. Notarized affidavit of non-military service within 60 days of the sale
8. Copy of notice of sale
9. Evidence that the debtor was given notice of the foreclosure sale 14 days prior to sale and evidence of advertisement of sale
10. Copy of 25 day notice letter to IRS (if applicable)
11. Original recorded Deed to the Secretary of Veterans Affairs (Kentucky properties)
12. 24-month commitment for title insurance, insuring VA for the bid amount (Kentucky properties)
13. Copy of the final judgment and order of sale (Kentucky properties)

In addition to the above, when you submit your "CLAIM UNDER LOAN GUARANTY" to the Roanoke Regional Loan Center, please include the following:

1. Original plus one copy of VA Form 26-1874, Claim Under Loan Guaranty, signed and completed
2. Original Note and Deed of Trust/mortgage
3. Copy of the Trustee's Deed with evidence of recordation (except Kentucky claims)
4. Copy of Substitution of Trustee's Deed showing recording information (except Kentucky claims)
5. Copies of all transfer of ownership deeds conveying title of property during life of the loan
6. Legible copies of loan account history with advances for taxes and insurance HIGHLIGHTED as well as definitions of transaction codes
7. The Loan Guaranty Certificate marked canceled
8. All supporting invoices/receipts for liquidation expenses
9. Copy of the newspaper invoice for advertisement
10. Copy of the paid receipt for pro-rata taxes, if any
11. Copy of the letter showing property insurance mortgagee endorsement to VA and the policy (please include effective dates on claim)
12. Copy of the final judgment and order of sale (Kentucky claims)

**PLEASE NOTE: THE TITLE PACKAGE AND THE CLAIM PACKAGE REQUIRE DUPLICATE SUBMISSION OF SOME DOCUMENTS.**