



DEPARTMENT OF VETERANS AFFAIRS
Regional Office
P.O. Box 1437
St. Petersburg, FL 33731-1437

December 10, 2001

In Reply Refer To: 317/264

INFORMATION BULLETIN 26-02-04

TO: ALL LENDERS

SUBJ: VA BENEFIT-RELATED INDEBTEDNESS; CAIVRS; AND ELECTRONIC TRANSFER OF VA FUNDING FEE

1. Lenders **do not** need to submit VA Form 26-8937, Verification of VA Benefit-Related Indebtedness, for veterans who **are not** receiving disability benefits. For veterans who **are** receiving disability benefits, an award letter issued by VA within 1 year of date of loan application will be acceptable in lieu of VA Form 26-8937.

Indebtedness letters **are required only** in the following instances:

- A. When the veteran is receiving VA disability benefits and does not have an award letter issued within 1 year, or
- B. When the veteran would be entitled to receive VA disability benefits but instead is in receipt of military retired pay; or
- C. When the veteran has received VA disability benefits in the past; or
- D. When the applicant is a surviving spouse of a veteran who died on active duty or as a result of a service connected disability

A completed indebtedness letter must be received by the lender before closing the loan. Failure to comply can result in sanctions against the lender, and may also jeopardize the borrower's exemption from the funding fee.

2. Lenders must perform a Credit Alert Interactive Voice Response System (CAIVRS) screening on each applicant and any co-obligor immediately upon receipt of a loan application. On Interest Rate Reduction Refinancing Loans (IRRRLs), the CAIVRS confirmation code must be entered at the bottom of VA Form 26-8923, Interest Rate Reduction Refinancing Loan Worksheet, next to the word "Note".

If the CAIVRS screening indicates an applicant or co-obligor is presently delinquent or has had a foreclosure or a claim paid on a loan made, guaranteed or insured by a Federal agency, lenders must follow the procedures in paragraph 4.06 of the VA Lender's Handbook dated January 1, 2001.

3. All lenders must pay the VA funding fee by electronic transfer (see VA Lender's Handbook, 8.08). Lenders must use the complete twelve-digit VA loan number (e.g., 17-17-6-0123456) when paying the funding fee.
4. Please call us at (727) 319-7500 if you have any questions.
5. Information Bulletin 26-98-05, dated March 2, 1998, is rescinded.

WILLIAM A. CIPOLLA
Loan Guaranty Officer