

LATE REPORTING OF GUARANTY

1. Purpose. The purpose of this circular is to remind lenders of their responsibility to enter guaranty requests in the Department of Veterans Affairs (VA) webLGY system within 60 days of loan closing.

2. Background.

a. Late Reporting. Loans reported for guaranty more than 60 days after loan closing are considered late, and will automatically be identified for review by VA. Lenders must include a statement saying why the loan was guaranteed late and a certification that the loan is current when they submit the file to VA.

b. Importance of Timely Reporting. Timely reporting of loans for guaranty ensures critical loan data is passed promptly to VA's loan servicing system. This is essential as the information is used to assist Veterans who may experience difficulties in making their mortgage payments. Timely reporting also means a lesser burden on lenders since not all cases will be identified for full review.

c. Sanction. VA has the authority under 38 CFR § 36.4353 to impose sanctions on lenders who fail to follow VA guidelines, including a failure to submit loans for guaranty timely.

3. Action Required. Please emphasize to appropriate staff the importance and requirement of submitting loans for guaranty within 60 days of loan closing.

4. Rescission: This circular is automatically rescinded January 1, 2014.

By Direction of the Under Secretary for Benefits

Michael J. Frueh
Director, Loan Guaranty Service

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