

COVID-19 Veterans Assistance Partial Claim Payment Program

1. Purpose. This Circular provides technical information on how loan servicers can submit a request for a partial claim payment under the COVID-19 Veterans Assistance Partial Claim Payment program (COVID-VAPCP).¹

2. Effective Date. This Circular is effective July 27, 2021, to align with the effective date of the COVID-VAPCP final rule.

3. Background. The COVID-VAPCP is a temporary program to help borrowers who have suffered a COVID-19 financial hardship. VA may assist a borrower exiting a COVID-19 forbearance by purchasing from the loan servicer the borrower's COVID-19 indebtedness. Such a purchase is called a partial claim payment. In exchange for VA's partial claim payment on behalf of the borrower, the borrower must agree to repay the Secretary, in the amount of such partial claim payment, upon loan terms established by the Secretary. See Exhibit A for more detailed information about the requirements and terms of the COVID-VAPCP.

4. Requesting a Partial Claim Payment. Servicers must request a partial claim payment not later than 120 days after the date the borrower exits the COVID-19 forbearance.²

a. To request a partial claim payment, servicers report the Partial Claim Payment Event in VALERI within 7 days of the date the borrower returns to the servicer the executed note, but not later than 120 days after the date the borrower exits the COVID-19 forbearance.³

(1) When reporting the Partial Claim Payment Event in VALERI, the servicer uploads the fully executed note and the fully executed security instrument into the VALERI application.

(2) Before uploading these documents, the servicer labels them with the same VA Loan Number assigned to the VA-guaranteed loan with which the Partial Claim Event is associated, but with the 5th digit replaced by a "0" (e.g., VA Loan Number 12-12-6-1234567 would be labeled as 12-12-0-1234567).

b. Servicers provide VA's contractor with the original fully executed note not later than 180 days following the date the servicer receives the fully executed note from the borrower. Not later than 180 days following the date the security instrument is fully executed, the servicer provides VA's contractor with the original, recorded security instrument. If the recording authority causes a delay, the servicer may request an extension of time, in writing, from VA's contractor.⁴

¹ See 38 C.F.R. § 36.4800 et seq.

² See 38 C.F.R. § 36.4805(a).

³ See 38 C.F.R. § 36.4807(b).

⁴ See 38 C.F.R. § 36.4807(a).

The contact information for VA's contractor is found in the Title Documentation, Insurance and Timeframe Requirements document on the VALERI page located at http://www.benefits.va.gov/HOMELOANS/servicers_valeri.asp.

5. Paperwork Reduction Act. The information collection requirements contained in this document have been approved by the Office of Management and Budget (OMB) under the Paperwork Reduction Act of 1995 (44 U.S.C. § 3501-3520) and assigned OMB control numbers 2900-0021, 2900-0515, and 2900-0889. In accordance with the Paperwork Reduction Act, VA may not conduct or sponsor and a person is not required to respond, to a collection of information unless the collection displays a currently valid OMB control number.

6. Rescission. This Circular is rescinded October 1, 2022.

By Direction of the Under Secretary for Benefits

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