



U. S. DEPARTMENT OF VETERANS AFFAIRS
Regional Office, Fort Snelling
1 Federal Drive
St. Paul, MN 55111-4050
www.vba.va.gov/rostpaul.htm

June 22, 2008

REGIONAL LOAN CENTER MEMORANDUM No. 08-04

TO: ALL LENDERS AND SERVICERS

SUBJ: REPORTING LOANS PAID IN FULL

PURPOSE

Section 36.4333 of the Department of Veterans Affairs (VA) Regulations (38 CFR) for guaranty of loans to veterans, requires lenders to notify the VA whenever a guaranteed loan is fully satisfied by payment or otherwise. Please review loan records in your portfolio to ensure that all satisfied VA loans which have been liquidated, including those paid in full in advance of maturity, have been properly reported to VA.

PROCEDURE

If the guaranty is evidenced by VA Form 26-1899, Loan Guaranty Certificate, the certificate should be marked "PAID IN FULL", dated, signed by an authorized officer of the holder, and returned to VA. Loans in Minnesota, North Dakota, South Dakota, Iowa, Nebraska, Wisconsin, Illinois, Missouri, and Kansas should be reported to the address above. If the original certificate has been lost, please advise in writing the VA loan number, veteran's name, and reason the original certificate is not available. If VA has paid a claim, be sure the appropriate box is checked. If the guaranty is evidenced by endorsement of the indebtedness instrument, the holder should cancel the endorsement and notify VA.

BACKGROUND

The above requirement is essential and your cooperation is requested in keeping us fully advised of all loans paid in full. The Veterans Housing Act of 1974 permits us to restore a veteran's entitlement to loan guaranty benefits after the property has been sold and the prior loan paid in full. Therefore, it is very important all such loans be reported.

PRIOR APPROVAL LOANS

This is also to remind lenders that VA Form 26-1866, Certificates of Commitment, are valid for six months. We should be notified when a loan does not close or is canceled after we have issued a Certificate of Commitment.

LOANS REPORTED FOR GUARANTY

Loans should be reported for guaranty within 60 days of full disbursement per 38 CFR 36.4209 and 36.4303. If the loan is submitted more than 60 days after disbursement, a statement signed by a corporate officer of the lender which identifies the loan and provides the specific reason(s) why the loan was not submitted on time. If the loan is closed on the automatic basis and is being reported late, a certification that the loan payments are current is also required.

/s/ D. F. MUNRO
D. F. MUNRO
Loan Guaranty Officer