To: Lenders and Other Participants in the VA Loan Guaranty Program

Subject: Transmittal of Change 38 to VA Pamphlet 26-7, Revised, VA Lender’s Handbook

Purpose
Attached is a revision to Chapter 7, Loans Requiring Special Underwriting, Guaranty, and Other Considerations, of the VA Lenders Handbook.

Changes
- Topic 7, Subsection b. has been updated to clarify when a temporary buydown may be used in conjunction with a VA-guaranteed loan and how escrowed funds are to be held.
- Topic 7, Subsection c. has been updated to clarify buydown payment schedules.
- Topic 7, Subsection d. has been updated to clarify how to underwrite loans involving a temporary buydown.
- Topic 7, Subsection e. has been added to include information on when a temporary buydown is considered a seller concession.
- All other Topics within this chapter have been updated to a 508 compliant format, no changes to the content were otherwise made.

Additional Copies
Additional copies may be downloaded from the VA Home Loans website (http://www.benefits.va.gov/homeloans).

John E. Bell, III  
Executive Director  
Loan Guaranty Service