**Veterans Benefits Administration VA Manual 26-3, Revised**

**Department of Veterans Affairs Change 10**

**Washington, D.C. 20420 January 17, 2019**

#### To: Regional Loan Center Personnel and Other Participants in the VA Loan Administration Program

**Subject: Transmittal of Change 10 to 26-3, Loan Management and Servicing Policies, Procedures, and Methods**

|  |  |
| --- | --- |
| Purpose | Attached are revisions to Chapters 1, 2, 4, 5, 10, 14, 15, 19 and Appendix B, F, G, and H of VA Manual 26-3, Loan Management and Servicing Policies, Procedures, and Methods.  |

**Changes** Chapter 1 of VA Manual 26-3 was revised to correct the subsequent chapter titles in section 1.05.

Chapter 2 of VA Manual 26-3 was revised to provide guidance on correcting loan data in the VALERI application in section 2.08.

Chapter 4 of VA Manual 26-3 was revised to provide guidance on discussions with borrowers who are under bankruptcy protection in section 4.03 and update a subsequent appendix reference.

Chapter 5 of VA Manual 26-3 was revised to add clarification to the Electronic Default Notification requirements for loss mitigation and alternatives to foreclosure in section 5.01, to provide clarification on the document requirements for repayment plans and special forbearances, to clarify modification programs available and the corresponding requirements, including modification options available for borrowers impacted by natural disasters, in section 5.06, and section 5.07 was added to provide guidance on VA requirements for Trial Payment Plans.

Chapter 10 of VA Manual 26-3 was revised to provide instruction on insurance policies and related refunds in section 10.07.

Chapter 14 of VA Manual 26-3 was revised to add the State Pre-Foreclosure Fee in sections 14.03 and 14.04, to clarify the policy on the payment of taxes after loan termination in section 14.04, to provide additional direction for funds received after the initial claim payment in sections 14.12, and to update a subsequent appendix and web reference.

Chapter 15 of VA Manual 26-3 was revised to remove post audit selection criteria for modifications where no incentive was paid.

Chapter 19 of VA Manual 26-3 was revised to remove the modification options for borrowers impacted by a natural disaster (all modification options are outlined in Chapter 5 of VA Manual 26-4).

Appendix B of VA Manual 26-3 was revised to update the glossary to include the definition of the Default Resolution Rate.

Appendix F of VA Manual 26-3 was revised to update the web reference for the office of jurisdiction and office of origination codes.

Appendix G of VA Manual 26-3 was removed and have now transferred Appendix H into the new Appendix G. This still allows the policy to include winterization advances all year in states where the advance is payable.

|  |  |
| --- | --- |
| Additional Copies | Additional copies may be downloaded at <http://www.benefits.va.gov/warms/topic-homeloans.asp>.  |

|  |  |
| --- | --- |
| Rescissions | The following Circular has been incorporated into this revision, and is rescinded: Circular 26-17-39, Updated Disaster Modifications Guidance. |

 Jeffrey F. London

Director, Loan Guaranty Service