



**Department of Veterans Affairs**  
**6900 Almeda Road**  
**Houston, Texas 77030-4200**

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Web Site: <http://www.vba.va.gov/Houstonrlc.htm>

**March 22, 2004**

**BULLETIN NO. 2004-04**

**TO: ALL HOLDERS AND SERVICERS**

**SUBJ: INSTRUCTIONS FOR TRANSFER OF PROPERTY CUSTODY TO VA**

**Purpose**

This bulletin restates the recent changes to the instructions for the transfer of property custody to the Department of Veterans Affairs (VA) and corrects the fax number for submitting VA Forms 26-8903, Notice for Election to Convey and/or Invoice for Transfer of Property to VA. More importantly, it announces a change to our policy for reimbursement of title searches for loans in Texas. This bulletin applies to all VA loans in **Arkansas, Louisiana, Oklahoma, and Texas**.

**Effective Date**

This bulletin is effective immediately.

**What Changed Recently**

The following changes were effective for loans foreclosed on or after March 1, 2004:

- Servicers and holders are no longer required to submit a copy of the tax certificate with VA Form 26-8903, Notice for Election to Convey and/or Invoice for Transfer of Property. We are no longer reimbursing servicers and holders for the cost of a tax certificate.
- We no longer require that a copy of the title search for Texas loans be submitted to VA with VA Form 26-8903.
- VA Form 26-8903 can be e-mailed to us at [LGYFCU@vba.va.gov](mailto:LGYFCU@vba.va.gov).
- The new address for the Houston RLC Web Site is <http://www.vba.va.gov/houstonrlc.htm>.

**What About Reimbursement For Title Searches on Texas Loans**

This office will reimburse holders for the actual cost of the title search on Texas loans not to exceed \$150.00. We recognize that holders must obtain a title search prior to foreclosure in order to insure a valid foreclosure sale and convey properties to VA with acceptable title. 38 CFR 36.4320(f)(2) states that the cost of obtaining evidence of title in favor of the Secretary as specified in paragraph (h)(5) of the same section of the regulation may be included in accounting to the Secretary.

**When Can Property Custody Be Transferred To VA**

Holders may transfer property to VA (38 CFR 36.4320) when VA specifies an amount (exact dollar figure or total indebtedness) and the holder is the successful bidder at the foreclosure sale or the holder accepts a deed in lieu of foreclosure. The specified amount is the offer made by VA for transfer of the property to VA.

**When To Notify VA Of Election To Convey**

Notice of election to convey must be received within **15 days** from the date of the foreclosure sale or confirmation date or the date the deed in lieu of foreclosure is executed by the homeowner(s). Failure to forward Notice for Election to Convey and/or Invoice for Transfer of Property, VA Form 26-8903, with any required attachment within 15 days after the event may result in VA's refusal to accept custody of the property.

### **How To Notify VA – The Transfer Package**

A properly completed and executed Notice for Election to Convey and/or Invoice for Transfer of Property, VA Form 26-8903, must be submitted. The 12 digit VA loan identification number is required on the form. Attach a copy of the order confirming the foreclosure sale when required or the deed executed by the homeowners in deed-in-lieu of foreclosure cases.

### **How To Obtain VA Form 26-8903**

This office does not include a VA Form 26-8903, Notice for Election to Convey and/or Invoice for Transfer of Property, with every foreclosure bidding instruction letter. You may obtain a copy of the form at our Website, <http://www.vba.va.gov/houstonrlc.htm> or you may fax a request for a supply of the form to **713-794-3716**. Be sure to include the VA form number, the quantity needed, and your complete mailing address.

### **How To Submit The Transfer Package**

The transfer package may be submitted to VA via e-mail, fax, or certified mail. E-mail or fax is preferred.

**E-MAIL:** Property transfer packages may be e-mailed to [LGYFCU@vba.va.gov](mailto:LGYFCU@vba.va.gov). Holders should retain their e-mail confirmation reflecting that VA received the documents.

**FAX:** Property transfer packages may be faxed to **713-794-3814**. Holders should retain their fax confirmation reflecting that VA received the documents.

**MAIL:** When mailed, property transfer packages must be sent by certified mail to the address below. Holders should retain the return receipt confirming delivery of the package to VA.

**Regional Loan Center (264)  
6900 Almeda Road  
Houston, TX 77030-4200**

### **How to Resolve Custody Disputes**

Disputes concerning transfer of custody to VA are resolved in favor of the holder only when a copy of a certified mail receipt or fax or e-mail confirmation can be provided. The return receipt for mailed items must adequately identify the loan account and the documents mailed and must be signed by a VA employee. When documents are faxed or e-mailed, the confirmation must reflect the following:

1. the holder's loan account number or VA's loan identification number
2. the correct fax number or e-mail address
3. the date and time of receipt by VA

### **Who is Responsible For Property Condition**

It is the responsibility of the holder to preserve and protect the property prior to transferring custody to VA. Custody of the property is delivered to VA upon receipt of VA Form 26-8903. At that time, VA assumes all risks of ownership, and the holder should discontinue all property management functions. VA does not require the property to be vacant, undamaged or free from personal property when custody is transferred, however, VA may refuse to accept conveyance if the property has been substantially damaged as a result of the holder's negligence.

**What Happens When You Bid Too Much**

The Veterans' Benefits Improvements Act of 1994, H.R. 5244, signed into law on November 2, 1994, permits VA to accept custody of property when the holder overbids. In such cases, holders may elect to convey the property to VA for no more than the specified amount. Execution of VA Form 26-8903, Notice for Election to Convey and/or Invoice for Transfer of Property, constitutes the holder's acceptance of VA's offer. The holder's claim payment may be substantially reduced in such cases. The amount bid at the foreclosure sale will be credited to the indebtedness when the Claim Under Loan Guaranty is paid by VA. Holders should consider this before conveying the property to VA for the specified amount. (Exception: In some states, a minimum bid is required under applicable State law. In these cases, holders are cautioned not to bid more than the minimum required by state law. When this minimum bid exceeds the amount specified by VA, the holder may elect to convey the property to VA. VA will pay the holder the amount bid at the sale or the total indebtedness, whichever is less, instead of the specified amount. In such cases, the amount bid at the sale also governs for the purpose of determining VA's liability under the loan guaranty.)

**Questions And Comments**

Please e-mail questions and comments concerning this bulletin to [LGYHGALE@VBA.VA.GOV](mailto:LGYHGALE@VBA.VA.GOV).

**Rescission**

This bulletin rescinds RLC Bulletin No. 2004-1, dated January 4, 2004, on the same subject.

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R. BIAGIOLI  
Loan Guaranty Officer