



**BULLETIN NO. 98-21**

**August 11, 1998**

**TO: ALL LENDERS, HOLDERS AND SERVICERS  
CLAIMS DEPARTMENTS**

**SUBJ: NEW PROCEDURES FOR REFUNDING  
VA GUARANTEED HOME LOANS**

In order to more effectively handle refunding cases, VA is changing its policy. An incentive is offered for the prompt submission of claim documents when refunding is approved by VA, but penalties will result if claim documents are not received within 60 days. Please ensure that this information is made available to those individuals who prepare and submit refunding documents to VA. Effective immediately, refunding will be handled in the following manner:

1. Loan holders may now submit the refunding claim and title documents separately.
2. VA will establish a settlement date that is 60 days after the date VA approves refunding. VA will pay interest and advances up to the settlement date regardless of any prior 4319f cutoff date, provided VA Form 26-1874, Claim Under Loan Guaranty, is received prior to the settlement date.
3. On the settlement date, VA will calculate the amount due the holder for transfer of the loan to VA, even if no claim form has been received from the holder. The amount due the holder will not be vouchered for payment however until acceptable title documentation has been received.
4. If no supporting documentation regarding liquidation expenses and advances has been received by the settlement date, these items will not be reimbursed.
5. No supplemental claims will be paid on refunding claims, except to correct errors made by VA.

F. M. McREAKEN  
Loan Guaranty Officer