

## **ALLOWABLE ATTORNEY FEES AND OUTSOURCING**

1. **Purpose.** The purpose of this change is to clarify as simply as possible VA's position on outsourcing.

Therefore, Circular 26-08-7 is changed as follows:

**Page 2,** below paragraph 6 insert paragraph 7 as follows:

“7. **Summary.** VA considers outsourcing fees the same as other costs of doing business; therefore, VA is not expressly prohibiting outsourcing of any loan servicing activity, including foreclosure referral and management services. Furthermore, VA is not prohibiting the payment of outsourcing fees for such services. However, VA will not pay for any outsourcing activities in a claim under the loan guaranty.”

Paragraphs 7 and 8: Redesignate these paragraphs as 8 and 9.

By Direction of the Under Secretary for Benefits

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