

**Veterans Benefits Administration  
Department of Veterans Affairs  
Washington, D.C. 20420**

**VA Pamphlet 26-7, Revised  
Change 25  
February 22 , 2019**

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

**Subject: Transmittal of VA Lenders Handbook, Chapter 4, Credit Underwriting, Revised**

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**Purpose** Attached is a copy of VA Pamphlet 26-7, Lender's Handbook, Chapter 4, Credit Underwriting, which has been revised in its entirety.

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**Changes** Chapter 4 has been revised to provide updated guidance for credit underwriting, to facilitate electronic processing of loans and to incorporate all applicable outstanding Circulars. Lenders are encouraged to apply flexibility and reasonable judgement when reviewing loan applications from Veterans who are seeking to use their VA home loan benefits. Key changes include:

Chapter 4, Topic 2 includes additional details for analyzing income derived from commissions and rental income.

Chapter 4, Topic 2 has been updated to reflect that service providers of Verifications of Employment (VOEs) do not need to be approved by VA, as long as the VOE meets the requirements listed within this topic. A current paystub is not required with an automated employment verification service.

Chapter 4, Topic 2 notes that VA disability income verification will be placed on the Certificate of Eligibility (COE) except in certain instances which are listed within this topic.

Chapter 4, Topic 7 covers additional details for analyzing the borrower's credit history.

Chapter 4, Topic 8 lists updated documentation required for Automated Underwriting Cases.

This change is effective 90 days from the date of approval.

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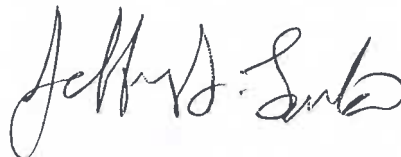
**Additional  
Copies**

Additional copies may be downloaded at  
[https://benefits.va.gov/warms/pam26\\_7.asp](https://benefits.va.gov/warms/pam26_7.asp).

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**Rescissions**

Chapters 1-9 of the Lenders Handbook cover Loan Processing topics. All outstanding Circulars have been incorporated into the revised chapters. Once all revised chapters have been released, the outstanding Circulars will be rescinded.



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