

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

Subject: Transmittal of VA Lenders Handbook, Chapter 9, Legal Instruments, Liens, Escrows and Related Issues, Revised

Purpose

Attached is a copy of VA Pamphlet 26-7, Lender's Handbook, Chapter 9, Legal Instruments, Liens, Escrows and Related Issues, which has been revised in its entirety.

Changes

Chapter 9 has been revised to reflect updates to VA systems, facilitate expeditious processing of VA-guaranteed loans and incorporate all appropriate Circulars. Key changes include:

Chapter 9, Topic 2 states that the Escape Clause must be contained in the sales contract for all VA-guaranteed loans.

Chapter 9, Topic 3 describes the requirements under which a beneficial interest in a revocable Family Living Trust will be acceptable to VA.

Chapter 9, Topic 3 requires that an individual taking title to a property must sign either the mortgage note or a mortgage deed of trust.

Chapter 9, Topic 8 includes a certification that lenders must provide after verifying the Veteran's status.

Chapter 9, Topic 8 confirms that digital signatures are acceptable in accordance with the Electronic Signatures in Global and National Commerce Act, commonly referred to as the E-sign Act.

Chapter 9, Topic 10 raises the estimated cost of postponed improvements which may be completed without funds being escrowed from \$500 to \$2,500.

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

**Additional
Copies**

Additional copies may be downloaded at
https://benefits.va.gov/warms/pam26_7.asp.

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 Once all revised chapters have been released, the outstanding Circulars will be rescinded.

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