

### **Additional Lender Guidance Concerning COVID-19**

1. Purpose. The purpose of this Circular is to remind lenders of current VA policies and to provide further guidance to assist in the processing of VA-guaranteed loans during the National Emergency.
  
2. Background. On March 13, 2020, the President of the United States declared a National Emergency due to COVID-19. On March 27, 2020, VA published [Circular 26-20-10](#), *Lender Guidance for Borrowers Affected by COVID-19*, to provide guidance to lenders regarding temporary measures relating to loan originations, closings, and guaranty of the loans. This Circular provides additional guidance to lenders in response to COVID-19.
  
3. IRS Form 4506-T. VA guidelines for standard and alternative documentation do not include a requirement to obtain IRS Form 4506-T. This applies to both W-2 earners and self-employed borrowers. The VA Lender's Handbook references IRS Form 4506-T in [Chapter 4, Topic 8, Documentation for Automated Underwriting Cases \(AUS\)](#). The IRS Form 4506-T requirement is sometimes listed as a condition on the AUS feedback certificate or imposed during a manual underwrite by the lender. It is important to note that even if this condition exists, it would be considered an investor or lender overlay exceeding the guidelines established by VA.
  
4. Renewal Applications, Applications for Underwriter Approvals, and Fees to conduct business with VA. Lenders are reminded to submit timely annual renewal applications to VA as required in [VA Pamphlet 26-7, Chapter 1 The Lender Approval Guidelines](#). Lenders should not rely on VA reminder notices of expiration. Per standard practice, all lender maintenance items, including applications, fees, merge and acquisition information are submitted to the Regional Loan Center (RLC) of jurisdiction for the corporate office of the lender. To prevent delays in processing maintenance items VA recommends that a copy of the request be sent by [email](#) to the RLC of jurisdiction, including a scanned copy of any checks being sent by mail. Questions or concerns should be directed to the VA RLC with jurisdiction over the lender's corporate office.
  - a. Beginning on March 13, 2020, through June 13, 2020, deadlines for applications, renewals and fees due to VA are automatically extended by 60 days. For example, if a lender's renewal fees and financial documents are due on May 1, 2020, the due date is extended to June 30, 2020, without penalty.
  
  - b. With the exception of the extension outlined in paragraph 4 (a) of this Circular, failure to submit timely annual renewal applications and fees may result in life of loan indemnification for loans closed due to lapse in VA approval/registration any company or individual.
  
  - c. VA reminds lenders that as discussed in [VA Pamphlet 26-7, Chapter 1, Lender Approval Guidelines](#), non-supervised automatic lenders must have a VA-approved underwriter. VA has recently observed an increase in the number of loans underwritten by underwriters not registered with VA, or where the underwriter was approved under a former employer and incorrectly assumed the approval carries over to a new employer. VA reminds lenders that loans

underwritten by underwriters not registered with VA, as their employee, or where the approval has lapsed, as of the day of closing, are subject to the Indemnification for the life of loan.

5. Questions. Contact a VA Home Loan Representative by calling 1-877-827-3702. The VA Home Loan toll-free number operates Monday - Friday, from 8:00am to 6:00pm EST.

6. Rescission: This Circular is rescinded April 1, 2021.

By Direction of the Under Secretary for Benefits

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