

Modification of Prior Approval Process for Loans Involving a Beneficiary

1. Purpose. The purpose of this Circular is to modify section c, *Special Procedures for Veterans Rated "Unable to Manage VA Benefits,"* of Chapter 2, Topic 2, *How to Process a Prior Approval Loan (Pre-Closing)* of the Department of Veterans Affairs (VA) M26-1, Revised, Guaranteed Loan Processing Manual.

2. Background. Prior to Regional Loan Centers (RLCs) approving a VA home loan application submitted by a lender for a beneficiary in the fiduciary program, an assessment must be conducted by the Fiduciary Hub. The Fiduciary Hub with jurisdiction is to determine if the investment is prudent and in the best interest of the beneficiary.

3. Action. Effective, February 21, 2020, RLCs are no longer required to submit the Fiduciary Hub Memorandum to the Fiduciary Hub for assessment. RLCs must continue to follow all other VA established prior approval procedures outlined in Chapter 2, Topic 2, including underwriting of the loan to determine if the Veteran qualifies for the loan in accordance with Chapter 4, of the VA Lender's Handbook.

4. Rescission: This Circular is rescinded March 31, 2021.

By Direction of the Under Secretary for Benefits

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