

**Department of
Veterans Affairs**

Memorandum

Date: January 23, 2003
From: Director, Loan Guaranty Service (26)
Subject: Vendee Loan Program Termination
To: All Directors (00) and Loan Guaranty Officers (26)

NOTIFICATION OF IMMEDIATE TERMINATION OF VENDEE LOANS

1. Policy Change. The Secretary has directed that the Department of Veterans Affairs (VA) no longer finance the sale of acquired properties.
2. Vendee Loans. Effective for all listings dated on or after January 31, 2003, VA will no longer offer vendee financing. In order to ensure consistent application of the revised policy, Stations must make the following changes immediately.
3. Notification. The following notice should be posted on the local VA website immediately:

Effective for all listings dated on or after January 31, 2003, the VA will no longer offer vendee financing. VA will continue to accept and use the Offer to Purchase and Contract of Sale (VA Form 26-6705); however, in Section II, only Items 7.A. through H. will be completed. These items pertain only to cash offers.

In the event that a listing issued prior to January 31, 2003, is subject to a bid period which extends beyond January 31st, offers submitted with vendee financing will still be considered.

3. Release. The foregoing paragraph will be reproduced locally and included in a release issued to all VA sales brokers. Copies of the releases need not be sent to Central Office.
4. Listings. As noted in paragraph 2, future listings will not offer vendee financing. Currently posted listings will not be altered and purchase offers will be closed with vendee financing where applicable. All future listings will offer VA-acquired properties for sale as cash or with outside financing only, this will include all properties subsequently re-listed on or after January 31, 2003.
5. Sales to Former Owners and/or Occupants. Purchase offers to former owners or occupants currently in process and existing written offers made to former owners or occupants proposing vendee financing will be permitted to

close with vendee financing. VA will not provide vendee financing to former owners or occupants under any other circumstances for the foreseeable future.

6. Native American Loans. Native American Direct Loans will not be affected.
7. Point of Contact. If you have any questions please contact Lance Kornicker at (202) 273-7361.

/s/
Keith Pedigo