

WFG Underwriting Bulletin



To: All WFG Policy Issuing Agents; All WFG Title Examiners and Officers
From: WFG Underwriting
Date: September 9, 2025
Bulletin No. NB 2025-07
Subject: VA (Dept. of Veterans Affairs) Partial Claims Mortgages

Under the Department of Veterans Affairs (VA) Home Loan Program Reform Act, ([Public Law No: 119-31](#)) enacted July 30, 2025, the VA now has more latitude (and funding) to offer delinquent borrowers additional foreclosure-prevention options. This brings options under VA programs more closely into alignment with those offered by the government-sponsored enterprises (GSEs) and the Federal Housing Administration (FHA).

The law requires a strict sequence of loss mitigation steps before the VA can take more drastic actions like foreclosure or loan termination, but only two of the changes are likely to affect title insurance:

1. The Secretary of the VA is authorized to enter into forbearance agreements. Unlike the forbearance laws passed during the COVID crisis, the VA forbearance is both discretionary and internal to the VA and their servicers, so we are less likely to see foreclosures moving forward in violation of a statutory forbearance. Title agents still need to be cautious if asked to insure a VA foreclosure when the prior owner claims they had a forbearance agreement.
2. The law now allows the VA to pay off up to 25%¹ of a VA-guaranteed loan to avoid foreclosure and to create a **“partial claim mortgage”** for that amount.

These VA Partial Claim Mortgages will be similar to the FHA/HUD partial claims mortgages which have generated so many claims for title agents. See [Bulletin NB 2017-02](#). Like the FHA/HUD versions, these will show up as a separate recorded mortgage, they will likely be serviced through a different servicer than the primary VA mortgage, and a payoff statement for the first mortgage will **NOT** include amounts owed under the secondary partial claims mortgage.

So, just as we must do when we see an FHA/HUD second mortgage in our search, when we find a VA second mortgage or partial claims mortgage (we don't yet know the exact language that will be used for these), we must obtain payoff statements for both mortgages and clear them.

The VA partial claims obligation is separate and apart from the primary lender's loan amount. Under NO circumstance should any assurance from the primary lender, in writing or verbally, be relied on for clearing a second mortgage held by VA, or HUD or FHA.

¹ 30% in some instances

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The Agent may be held responsible for any loss sustained as a result of the failure to follow the standards set forth above.