

VALERI Servicer Newsflash

Friday, October 15, 2010

IMPORTANT- PLEASE READ

Escalation Procedure

This is a reminder that all loan-specific issues and procedural questions should be sent to the assigned Loan Technician in VALERI, then escalated within the Regional Loan Center (RLC). If you are unable to resolve a problem with the help of the technician, contact his or her Senior Loan Technician regarding the issue. If you need to escalate further, you should reach out to a Servicing Officer within the RLC, then finally the Loan Administration Officer if the matter is still unresolved. VA Central Office does not have the resources to handle loan-level problems and one-off issues, but we will be happy to address high-level matters affecting multiple loans and provide clarification on VA policy.

Contact information for escalating issues within an RLC can be found at http://www.benefits.va.gov/homeloans/docs/External_VALERI_RLC_Contact_List.pdf.

FOR YOUR INFORMATION

Deficiency Waiver Letter

When you decide to convey a property to VA following foreclosure and the net value is equal to or less than the unguaranteed portion of the loan (i.e., the total indebtedness minus VA's maximum claim payable under the guaranty), you must waive (write off) that portion of the indebtedness over the unguaranteed portion of the loan.

Section 9.2.3.2 of the Servicer Guide states "if you **write off** the remaining indebtedness you must send a signed **deficiency waiver notice** to the borrower indicating that neither VA nor any obligor will be pursued for any portion of the indebtedness not repaid by the maximum claim payment and the proceeds of the sale". Please note you are ONLY required to provide VA a signed copy of the deficiency waiver letter at time of post audit on maximum guaranty claim cases. You must retain a copy of the letter for three years from the date VA paid the claim.

Difference Between a Supplemental and Appeal Claim

Supplemental claim. You may choose to submit a supplemental claim for items you failed to file on the initial claim or for items paid after the initial claim was submitted. An expense item may be denied if you failed to submit the expense under the correct classification on the original claim. However, you may choose to file a *supplemental claim* under the correct classification for that line item. Your supplemental claim must be filed within 365 days from the loan termination date.

Appeal claim. You may appeal a denied, paid, or late claim when you believe you are entitled to a payment VA denied or due to rejection of a basic claim event resulting from late reporting (beyond 365 days from the loan termination date). Your appeal must include a justification and supporting documentation and must be filed within 30 days after notification of VA's decision.