

VALERI SERVICER NEWSFLASH

Tuesday, March 8, 2011

IMPORTANT REMINDER

Notice of Value Requirements

You must have a valid Notice of Value (NOV) to approve a compromise sale or deed-in-lieu (DIL). The NOV must also be valid on the date a deed is recorded (or submitted for recordation) or a compromise sale closes, just as the NOV must be valid on the date a loan is terminated by foreclosure sale. VALERI will reject a Transfer of Custody (TOC) or claim event if the NOV is not valid as of the loan termination date.

New Appraisals

If the NOV will expire before you can make a determination on a compromise sale or DIL, you must order a new appraisal before approving or denying the alternative. The same applies to calculating foreclosure bids (i.e., if the NOV will expire before you calculate a bid, you must order a new appraisal). In the past VA occasionally considered extension of the NOV in such a situation, but the volatility of markets nationwide indicates such a practice may increase risk to the Government. Moreover, it is expected that servicers will be more closely monitoring loss mitigation and termination actions to decrease the likelihood of a NOV expiring before an action can be completed.

NOV Extensions

In the rare case where the NOV was valid on the date of bid calculation or approval of a foreclosure alternative, but will expire between approval and completion (foreclosure, settlement date or DIL recorded date) you must request an extension prior to the expiration date by contacting the assigned Loan Technician in VALERI. You must provide the current occupancy status of the property and explanation as to why the extension is necessary, for example:

- A foreclosure sale was stopped by bankruptcy and a relief of stay was quickly obtained,
- The NOV was ordered for a compromise sale that failed to close but there is another offer that appears to be feasible, or
- There was delay in completing a deed when marital difficulties arose after an initial agreement for a deed.

You must receive a determination from the assigned Technician before submitting your TOC or claim event in VALERI. VA will generally approve an extension request for up to 14 days, provided the request is received prior to completion of the action and the NOV expiration date, and there are no known circumstances that would diminish the value of the property. If the NOV was for a deed or compromise sale, then access to the property interior is required. Please provide as many details as possible about the situation to enable the Technician to carefully consider the extension request. If the Technician denies your request to extend the validity period of an NOV, you must order a new VA liquidation appraisal.

For more information, please see the sections of the VA Servicer Guide and specific regulatory requirements below:

[VA Servicer Guide](#)

Section 5.2.4 – Servicer Considers a Compromise Sale (page 80)

Section 5.2.5 – Servicer Considers a Deed-in-Lieu of Foreclosure (page 84)

Section 7.3.3 – Servicer Establishes Bid and Completes Foreclosure Sale (page 99)

[Code of Federal Regulations](#)

38 CFR §36.4322 Loan Termination.