

VALERI Servicer Newsflash

Friday, April 20, 2012

For Your Information

New VA Servicing and Property Management Contractor

In connection with the termination of loans guaranteed by VA, holders often have the option to convey to VA the properties acquired at liquidation sales. Bank of America manages and sells those properties on behalf of VA, in addition to servicing loans where VA is the holder. Over the past several months, VA has recompeted this contract, now known as REO and Portfolio Servicing Contract (RPSC). On 4/13/2012, VA awarded RPSC to Vendor Resource Management (VRM), www.vrmco.com. The loan and property portfolios have not been transferred. Decisions concerning the transition timeline are forthcoming and will be announced in the near future. In the meantime, holders and their servicers will continue to process conveyances and forward title packages to Bank of America.

Definition of a Default

In accordance with 38 CFR 36.4301, "default" is defined as failure of a borrower to comply with the terms of a loan agreement. Therefore, a loan is in default when a servicer fails to receive the installment payment due on the 1st of the month.

Definition of a Reportable Default

VA regulation 38 CFR 36.4317(c)(7) requires a servicer to report a default electronically (Electronic Default Notification or EDN) when the loan becomes at least 61 days delinquent. The notice must be reported no later than the 7th calendar day from when the event occurred. In most cases this is handled automatically through the daily change file provided to VALERI. The VA regulation on incentives (38 CFR 36.4319) states that only one incentive payment will be made with respect to any default required to be reported to VA.

Coding Terminated Loans

The loan must be in a terminated status in order for you to file your claim. On a compromise sale or deed in lieu, the terminating event is the compromise sale complete or deed in lieu complete event. To prevent the Basic Claim event from being rejected, please refrain from submitting the paid in full (PIF) event on a completed compromise sale or deed in lieu.

Recent Update to the Fee Cost Schedule

These fees are automatically denied on the initial claim:

- Appraisal updates
- Investigation fee related to service
- Attorney fees for foreclosure restarts (paid up to the maximum allowable of \$350)

However, servicers may file an appeal or file a supplemental, along with justification for the request and supporting documentation.