

# 1 VALERI System Questions

**Q1.** What is a service bureau?

**A1.** A service bureau is a company that provides data tracking and reporting services for loan servicing companies. Service bureaus send event updates to VA on a daily basis for servicers.

**Q2.** Are the portal-only events also applicable to servicers with direct connections to VA, i.e., is the reporting of these events not included in our nightly file?

**A2.** Yes, the portal-only events are applicable to servicers who have direct connections with VA. These events are not submitted through the overnight file process. These events are required and VA has provided you with the Servicer Web Portal to report them to us.

**Q3.** When a new user is set up in VALERI, do they receive an e-mail message with their user name & password?

**A3.** Yes, e-mail is sent with the information required to access the Servicer Web Portal.

**Q4.** How many times can a user enter the incorrect user name or password before their account is locked?

**A4.** Each user has the ability to make 3 attempts to log in to the system before being locked and must then contact the administrator at their office/company.

**Q5.** For submitting documents via the document manager on the Servicer Web Portal, what format do they need to be?

**A5.** Almost all formats are acceptable. For example: PDF, XLS, DOC are all acceptable formats. Executable (EXE) files are not acceptable.

**Q6.** Is the borrower's full Social Security Number visible anywhere in VALERI (reports or Servicer Web Portal sections)? Do any of the events that have to be reported require submission of the full borrower SSN?

**A6.** The SSN will not be visible anywhere in VALERI. There are two events that require full submission of the SSN: EDN and Transfer of Ownership.

**Q7.** How often are the reports updated/posted?

**A7.** Reports are updated nightly. We recommend that you check them daily.

**Q8.** Is there a way to see which user last ran a report? Or when it was run?

**A8.** Not at this time. We will consider this for a possible enhancement.

**Q9.** What happens if VALERI crashes for more than a day?

**A9.** Since we went live on February 20th, 2008, we have had no major disruptions. Should you have trouble accessing the Servicer Web Portal, please contact your assigned technician or RLC of jurisdiction.

**Q10.** Has VALERI been in the works for some time or is it being implemented in part due to the current mortgage environment?

**A10.** VALERI has been in the works for some time. The redesign effort kicked off in 2001 and it was a 13-month process, which made recommendations to change the processes and the technology. In 2004 we awarded the contract to have the VALERI system built to meet our new recommendations.

**Q11.** Can we see all loans in a particular status (i.e. all loans currently in default, foreclosure, etc)?

**A11.** Not at this time. You are able to view the status of an individual loan by accessing the loan in the Servicer Web Portal. You can also view the various reports to view which loans have been selected for post-audit, which loans are being considered for refund etc.

**Q12.** Will you be posting updates on the VALERI Servicer Web Portal regarding enhancements?

**A12.** When appropriate, we will send out notices probably through the VALERI website of any changes to our program or the system that should be known by all.

**Q13.** I assume there are many loans assigned to one person, can we pull a report of all loans assigned to John Doe, for example?

**A13.** It is possible to view all loans that were assigned to one person during a specific range of dates. This can be accomplished by accessing the VA Contact Information report and exporting the report to Excel. Once in Excel, you have the ability to filter the information by the name of the VA technician.

**Q14.** Can you choose more than one report at time?

**A14.** No, only one report can be run at a time.

**Q15.** Are VA techs still being assigned based on the last 2 digits of the LIN as they were before?

**A15.** Cases are not assigned by the last 2 digits. Loans are assigned nationally based on a balanced assignment process. All technicians will have roughly the same caseload.

**Q16.** Will we receive a hard copy of the VALERI Servicer Guide?

**A16.** No hard copy of the Guide will be provided. You may download the manual from the VALERI website.

**Q17.** What happens if the assigned technician is out of the office? Will we be able to contact a manager or another technician?

**A17.** You may contact the Servicing Officer (SO) or the Loan Administration Officer (LAO) for the office of the technician that is assigned to the case and they will assist you.

**Q18.** On the Servicer Web Portal, under Assigned Technician, the technician's name is in blue. Is that clickable to see the VA tech's contact info?

**A18.** When you click on the name it provides you the ability to send e-mail to that technician.

**Q19.** Can more than one person access a report at the same time?

**A19.** Yes, multiple people can access the same report at once.

**Q20.** How many VALERI administrators can I have at my company?

**A20.** You can control the number of administrators that you have. VA requires that all administrators participate in VALERI Administrator training prior to executing administrative duties in VALERI.

**Q21.** Does the servicer visually see withdrawals or revisions of events?

**A21.** You can view unrevised and withdrawn events by accessing the loan in the Servicer Web Portal, clicking the "Show All" button in the event inbox, and clicking the blue arrow to execute the "Show All" command.

**Q22.** Are there instructions in the training or in other VALERI documentation for bulk loan transfers of hundreds or thousands of VA loans?

**A22.** This is a service bureau reported event. Check with your service bureau to determine how you would report this information to VALERI.

**Q23.** How long after the training session will the training course be available ?

**A23.** All servicing shops have been provided with the training on a CD that can be downloaded for your use based on your office standards/procedures.

**Q24.** Who do I contact for trouble with access to the VALERI website?

**A24.** For trouble with the VALERI website, please contact your assigned technician or RLC of jurisdiction.

**Q25.** What is the web address for the VALERI system once the training sessions are over?

**A25.** The VALERI system can be accessed at <https://www.vbavaleri.com>. Prior to going live, you will be provided an e-mail with logon information and the website to access along with instructions to go to the Servicer Web Portal.

**Q26.** If we do not have department scanners, how can we upload documents that have signatures and/or are received by us in hard copy?

**A26.** Electronic submission of documents is a VALERI requirement so you will need to determine how to scan items in and provide documentation electronically.

**Q27.** When we run reports will we see all of our bank's VA loans or just our branch?

**A27.** You will see all the loans for your bank, not just your branch.

**Q28.** Is there a website for looking up VALERI information?

**A28.** Yes, the URL is

<http://homeloans.va.gov/valeri.htm><http://homeloans.va.gov/valeri.asp>

## 2 General Loan Servicing Questions

**Q1.** Our department processes partial releases of vacant land. Is there any list of charges for a partial release?

**A1.** There is no fee set by VA for a partial release of security. We ask that you charge a customary and reasonable fee if necessary.

**Q2.** Normally, for a partial release, we get pre-approval from a VA representative. With this system, do we make our own decisions and wait for a post-audit request from the VA?

**A2.** Yes, servicers have been given authority to approve partial releases of securities, and they are subject to post-audit selection.

**Q3.** What type of exemptions do you allow for disasters like wildfires, hurricanes, flooding, and tornadoes? When/if we have federally declared disasters, how do we report these via VALERI?

**A3.** These are considered extenuating property circumstances and are reported by phone, email, fax, or letter. VA retains this information in VALERI and additional fees may be allowable.

**Q4.** Could you define type 2 and type 6 loans?

**A4.** VA requires you to report significant events on VA guaranteed loans that are loan Type 2 or Type 6, except for loans where the mortgage purpose type is for a manufactured (mobile) home not affixed to a permanent foundation. Loan numbers in VALERI are 12 digits, and type 2 or type 6 loans are classified by the fifth digit of the loan number. Example: 121260009999 would be a type 6 loan.

**Q5.** VA says to report the date the partial release of security is executed by the seventh calendar day of the month. Do they need the date we prepared the partial release or the date it was recorded?

**A5.** VA requires you to report the date the partial release of security is executed.

**Q6.** What are the seven reportable events that have to be done manually?

**A6.** The seven events are Partial Release of Security, Partial Payment Returned, Transfer of Custody, Improper Transfer of Custody, Invalid Sale Results, Basic Claim, and Refunding Settlement.

**Q7.** Do you know if Service Bureaus will be reporting end of month statuses by the 7th calendar day or is the status reported based on the day the file is sent?

**A7.** Monthly status updates will be reported from your service bureau between the 1<sup>st</sup> and 7<sup>th</sup> of the month.

### 3 Delinquent Loan Servicing Questions

**Q1.** Is there a requirement on the Servicing Transfer (receiving servicer) event that the prior servicer already be reporting the loan in VALERI? If so, how will that be addressed during the transition period?

**A1.** VA does not penalize the receiving servicer if the transferring servicer does not report the Servicing Transfer (transferring servicer) event to VA prior to the receiving agent. However, the receiving servicer must report the Servicing Transfer (receiving servicer) and Electronic Default Notification events prior to reporting any other delinquent loan events to VA.

**Q2.** When will the property preservation allowables and regulation changes be available? Are there changes to the requirements for inspections and preserving the property under VALERI?

**A2.** The new 4800 series of regulations is currently available on the VALERI website. Preservation allowables will be available by the go-live date. You are still responsible for protecting and preserving properties and for ordering property inspections.

**Q3.** Sometimes on an insurable loss that we filed under the mortgagee clause, we repair the property with the proceeds. Do we still have to report the loss on the claim?

**A3.** Yes the insurance loss proceeds must be reported on the claim even though the property has been repaired. Some of the items required to be reported include: claim date, amount of claim, amount applied to repairs, and amount applied to unpaid principal balance.

**Q4.** If a loan goes into bankruptcy prior to the 61st day, can I report the Bankruptcy Filed event?

**A4.** The Bankruptcy Filed event is not reportable prior to an Electronic Default Notification being reported. In this situation, it must be reported at the same time as the Electronic Default Notification.

**Q5.** If the original loan information in WebLGY is incorrect and I submit an Electronic Default Notification, will my Electronic Default Notification reject?

**A5.** Yes, all events must meet certain matching criteria in order to be accepted by VALERI. If your baseline loan data does not match what is in WebLGY, contact VA Loan Production to resolve the issue.

**Q6.** I received funds on a VA loan that is considered delinquent with the VA. I also received payoff funds that are not sufficient to payoff the loan and we returned the funds to the borrower. Am I responsible for notifying the VA that I returned that short payoff as a partial payment?

**A6.** Servicers are required to submit the Partial Payment Returned event when they return a partial payment to the borrower. A partial payment is a remittance by or on behalf of the borrower on a loan in default of any amount less than the full amount due under the terms of the loan and security instruments at the time the remittance is tendered. Funds submitted for paying off the loan are not considered a partial payment

as they were not remitted for the purpose of bringing the loan current; therefore, the servicer would not be required to submit the Partial Payment Returned event.

**Q7.** Will the VALERI system track the initiation of a demand letter, or will that be something that is reviewed inside of the post audit?

**A7.** VALERI does not track demand letters however you do need to report to VALERI when you have sent the VA loss mitigation letter. This new letter is required by VA regulations and failure to send it will be tracked by VA.

**Q8.** Please clarify whether you report a loan as 61 days delinquent on the day it becomes 61 days or do you have up until 7 calendar days from the date it becomes 61 days delinquent, or in essence by the 68th day?

**A8.** Loans are reportable as delinquent when they become 61 days delinquent. For servicers with a service bureau, this information will come to VA and be reported in VALERI in an overnight file exchange on the 61<sup>st</sup> day so it will be seamless to you. If you had to report a specific loan through the Servicer Web Portal it would have to come through no later than the 68<sup>th</sup> day which is within 7 days of the 61<sup>st</sup> day of delinquency.

**Q9.** If the property is inspected on day 45, another inspection cannot be completed until after day 60, or 30 days from the day 45 inspection?

**A9.** Neither. The next inspection cannot be completed until one month after the 60<sup>th</sup> day of delinquency. Please refer to the Servicer Guide, Section 4.2.3 for further guidance.

**Q10.** Will we be submitting Notice of Defaults, Notice of Intent to Foreclosure or NOD/NOI combos through VALERI? And if so, how?

**A10.** All data is now being reported electronically and the physical forms are no longer required.

## 4 Loss Mitigation Letter Questions

**Q1.** If the customer is on an active repay, should the letter still be mailed?

**A1.** Yes. Even though a borrower might be concerned about receiving another collection letter if a plan is in place, the language states that if a borrower is not already working with the sender to resolve the delinquency, the borrower should call the servicer. VA believes the borrower should be able to recognize that this is a standard form letter that is sent even when a repayment plan is in place. Moreover, the proposed rule provides requirements for the letter, but only specifies the exact language in the 2 paragraphs stated in the rule. Therefore, an introduction designed by the servicer could indicate that the letter is a requirement of the Department of Veterans Affairs, notwithstanding any existing arrangements in effect.

**Q2.** If the customer is a cease and desist customer should the letter still be mailed?

What exactly is a cease and desist customer?

**A2.** If the customer has a court order prohibiting contact or collection actions, then it would appear that the letter should not be sent. However, that issue should be reviewed with servicer's counsel for more definitive guidance.

**Q3.** If the customer is deceased, should the letter still be mailed?

**A3.** Our experience has been that most servicers change account names to read "Estate of..." in such a situation. The letter would be appropriate in that case to provide information to the executor of the estate, or the heirs who may be receiving information on the affairs of the deceased.

**Q4.** If the property is vacant, should the letter still be mailed?

**A4.** Yes. The borrower may simply not have provided the servicer with a forwarding address, but the letter will be forwarded if the borrower filed such a request with the Postal Service. The borrower may have made other arrangements (with a neighbor or relative) to collect mail at the property and pass along important communications. Since the letter provides notice of an interest on the part of VA, it must be sent unless otherwise prohibited.

**Q5.** If the customer is active bankruptcy should the letter still be mailed?

**A5.** This should be discussed with your counsel. However, VA expects that in most such cases the letter will not be sent, as it probably could be viewed as a prohibited collection action.

**Q6.** If the customer is a chapter 7 discharge non-reaffirmed, should the letter be mailed?

**A6.** This is probably the same as the previous question. However, we understand some servicers send special letters under these circumstances. Those special letters have been designed with the assistance of counsel to provide the status of the loan and list potential actions by the servicer, without specifically asking for payment (which would probably be the prohibited part). If such a letter contained advice that the loan was guaranteed by VA and provided the VA website address, that might be beneficial to a veteran, as well as the servicer.

**Q7.** If there's only a paragraph of required verbiage, can the letter be blended with another letter?

**A7.** The regulation contains two paragraphs of specific language. VA expects that most servicers will designate the letter with a particular VA identification so that it can be sent in required situations, even though it may contain some language that is similar to other collection letters.

**Q8.** Is this letter required on VA Vendee Loans and Mobile Homes (in other words serviced under the old guidelines)?

**A8.** The letter is not required and would not be appropriate for vendee loans, as it mentions VA home loan entitlement, which is not used on such loans. For manufactured home loans guaranteed under Title 38, United States Code (U.S.C.), section 3712, the letter is not required, as such loans are governed by the regulations at title 38, Code of Federal Regulations (CFR), sections 36.4201 through 36.4287, inclusive. However, loans for manufactured homes that are permanently affixed and are guaranteed under 38 U.S.C. 3710, do fall under the new rules and the letter must be sent. Servicers must exercise due caution in reviewing manufactured home loans in their portfolios to ensure that they are properly designated as guaranteed under 3710 or 3712, and if guaranteed under 3710, that the homes are permanently affixed to the lots in accordance with current State laws. For informational purposes, VA last guaranteed a manufactured home loan under 3710 in fiscal year 2000, but prior to that it had not guaranteed any since 1996. VA believes that less than 300 manufactured home loans guaranteed under 3710 are still active.

**Q9.** Can the Loss Mitigation Letter be sent on the 45th day of delinquency on all loans regardless of previous modification or date of origination?

**A9.** There are no restrictions on sending the Loss Mitigation Letter but it must be sent no later than the 45<sup>th</sup> day on an Early Payment Default and no later than the 75<sup>th</sup> day on all other reportable defaults.

## 5 Loss Mitigation Questions

**Q1.** We are trying to reach out to the veteran to bring the loan current. However, there are times when the veteran's intent is not to keep the property. Do we still have to recommend retention options?

**A1.** No. Your records must be documented to state that you have reviewed and considered all loss mitigation options but that the veteran/obligor/estate did not want to keep the property.

**Q2.** If the veteran has been a chronic delinquent in the past and we want to proceed with foreclosure, and we can justify our reasons, will VA allow us to proceed with the foreclosure?

**A2.** You are still responsible for reviewing all alternatives and verifying that these alternatives are not viable for the veteran.

**Q3.** Can the executor of the estate bypass retention options and complete a liquidation option? If so, what is the required documentation?

**A3.** Yes. Case notes simply need to be documented to indicate that the executor does not want to consider any home retention options.

**Q4.** If a property is in probate would it be best to proceed with a liquidation option, or wait for probate to be completed?

**A4.** You would need to consult with your attorney but prompt termination of the loan is in the best interest of all parties.

**Q5.** Can I use the special forbearance option to do a hold on foreclosure activities in order for the veteran to complete a private sale, thereby stopping additional costs like attorney fees? If so, will this qualify for an incentive payment when I report the default cured since the loan will be paid in full?

**A5.** If the loan is 61 days delinquent and the forbearance is at least 1 month in duration, it will be eligible for an incentive payment.

**Q6.** May we take verbal financial information when considering a loan modification?

**A6.** This is an internal process. It is not a VA requirement. VA only requires supporting documentation that was used to complete the underwriting of the loan to complete the loan modification at the time of a post-audit.

**Q7.** Should the compromise sale purchase be "arms length?"

**A7.** Every case needs to be reviewed but the bottom line is that the net proceeds of the sale must not be less than net value.

**Q8.** On compromise sales, the current owner(s) are not to receive the proceeds; however, the current owner(s) may benefit from the compromise sale if a relative purchases the house and allows the current homeowner(s) to live in the house. Would this be allowable?

**A8.** Every case needs to be reviewed but the bottom line is that the net proceeds of the sale must not be less than net value.

**Q9.** Must the loan be 61 days past due to complete a compromise sale?

**A9.** To be eligible for a payment, either incentive payment or claim payment, the loan must be a reportable default (i.e., 61 or more days delinquent).

**Q10.** Do we have to get promissory notes on certain loans noted in the old Servicer Loss Mitigation Program (SLMP) guidelines?

**A10.** No, promissory notes are no longer required.

**Q11.** Who counsels the veteran about his/her benefits that may be affected by the compromise sale?

**A11.** The two paragraphs that are required to be placed in the VA loss mitigation letter will explain the effects on their benefit. These paragraphs can be found in the new 4800 series of regulations.

**Q12.** Is a private sale a full payoff?

**A12.** Yes.

**Q13.** Are we no longer comparing the compromise sale/deed-in-lieu options to the foreclosure sale for a savings?

**A13.** The cost analysis is no longer required but the credit must be net value or actual proceeds of sale, whichever is greater.

**Q14.** For a pre-approval for a compromise sale in which the net proceeds will be less than net value, how do I submit my pre-approval request?

**A14.** Contact the technician assigned to the case by phone and or e-mail. Written documentation is required to be submitted to the technician as well.

**Q15.** Can we have the agent short their commission to complete the short sale?

**A15.** It's a good option and needs to be negotiated by you.

**Q16.** If the buyer is an agent are we required to pay a commission?

**A16.** Commissions are paid to the listing agent, through the closing process, and the listing agent negotiates the amount payable to the purchasing agent.

**Q17.** Are we ever allowed to put the foreclosure on hold to allow time to complete the compromise sale or deed-in-lieu?

**A17.** Our expectation is that you consider all loss mitigation options prior to referring a loan to foreclosure. If you put a foreclosure sale on hold and later on follow through with the sale, keep in mind that you will not be allowed interest beyond the maximum timeframe, which is 210 days from the last paid installment plus the state foreclosure timeframe.

**Q18.** If I request a pre-approval from VA in regards to a short sale or deed-in-lieu of foreclosure where the net proceeds is less than the net value will this not affect the tier ranking?

**A18.** This will not affect your tier ranking as you have followed our guidance and requested a pre-approval.

**Q19.** In regards to the short sales and deeds-in-lieu of foreclosure, if verbal financials are reviewed with the mortgagor and a surplus is showing is the file then to be returned to retention for review since retaining the property is the first option?

**A19.** If the homeowner does not have the desire to retain the property, even if there is a surplus it does not necessarily mean that you have to go back but if the homeowner does want to keep the home, then retention options should be reviewed with the homeowner and secured if feasible.

**Q20.** Can you pursue a deed-in-lieu immediately upon notification of the death of a veteran as long as it meets encumbrance criteria?

**A20.** Yes. You must document your notes to reflect the situation and that you discussed all possible options with the estate.

**Q21.** Must we have had an offer that was denied prior to considering a deed-in-lieu?

**A21.** No, that is not required.

**Q22.** Can we complete a deed-in-lieu the day prior to the foreclosure sale?

**A22.** Yes. Net value will still be credited to total indebtedness.

**Q23.** Should this new process decrease the amount of deed-in-lieu requests that we receive currently?

**A23.** It should not decrease, but it could increase. You should be reviewing loans early in the delinquency to determine the best loss mitigation option.

**Q24.** Will there be a centralized VA office accepting the notices (NOD & NOI) for the vendee and mobile home loans?

**A24.** At this time there is not a centralized officer accepting these forms. You would continue to send forms to the original office of jurisdiction. Repurchase and mobile home claims should be submitted to the St. Paul Regional Loan Center.

**Q25.** Do we perform loss mitigation the same if the borrower is already under Servicemembers Civil Relief Act (SCRA) protection, but still unable to make his monthly payment?

**A25.** Loss Mitigation options should continue to be reviewed even though there is the protection of SCRA. In reference to the interest rate and some protection against foreclosure, it is to everyone's benefit to discuss these options with the homeowner to avoid extensive expenses when not necessarily the right decision. This may be a perfect opportunity to accept partial payments from the homeowner to prevent the delinquency from increasing at a fast pace.

**Q26.** For deeds-in-lieu, how far back should the title search be done?

**A26.** It is recommended that you contact your legal counsel but it would appear that an initial title search would typically be from the date of the loan origination to the present.

**Q27.** The 80% rule is no longer listed for the loan modification requirement. Is this still applicable? Are we required to ensure that 80% of the new modified Unpaid Principal Balance (UPB) will be paid off before the original maturity date?

**A27.** The 80% rule no longer exists, but you must not extend the modification beyond 120 months beyond the original maturity date.

**Q28.** If a loan has to be 61 days delinquent to be considered for a Loss Mitigation option, then what is VA's stance on when a servicer should intervene early?

**A28.** Servicers should intervene as soon as possible, however loans are not eligible for an incentive payment unless the loan is a reportable default and the loss mitigation option meets all the business rules.

**Q29.** For a DIL, should a deed be recorded from the mortgagor to the servicer and then from the servicer to the VA?

**A29.** VA does not advise how to put the deed in VA's name, it is up to the attorney and possibly state laws, but it might be best to have the deed from veteran to servicer, and servicer to VA.

**Q30.** Do you have any guidelines regarding marketing the property prior to requesting a deed in lieu of foreclosure?

**A30.** No, VA does not have set guidelines. VA has a suggested order for considering loss mitigation options and if a sale is not feasible a deed may be considered without putting the property on the market.

**Q31.** Can foreclosure fees and costs be capitalized in a Loan Modification?

**A31.** No, only fees that can be capitalized are Interest Due, Advances for Taxes and Insurance.

**Q32.** For Loan Modifications, in order to ensure 1st lien position do we have to order a title search and/or get the loan modification recorded? If the title isn't clear would we have to get a subordination agreement?

**A32.** Please seek guidance from your legal counsel regarding recording a modification and obtaining a subordination agreement. You must obtain a title search to verify that you would remain in first lien position and incur this cost as the price of doing business.

**Q33.** It is currently the policy of some servicers not to perform loan modifications on VA loans. For those servicers that choose to change this policy will there be training on how the negotiators are to process VA loan modifications?

**A33.** All of the regulatory requirements for loan modifications under VALERI are included in the VALERI regulations at 38 CFR 36.4815. The VALERI Training for Servicers course also elaborates on loan modifications. No separate training is scheduled.

**Q34.** Can you define "advances" that can be included in the reinstatement amount? Does this include advances for foreclosure fees and costs?

**A34.** You may request reimbursement for foreclosure fees and costs that have been incurred up to the date of reinstatement.

**Q35.** When a loan reinstates, will there be an automated feed to VALERI to report the loan becoming current or will this be a manual process?

**A35.** This process depends on the data you submit through your service bureau. Contact your service bureau if you are unsure how reinstatement information is reported to VALERI.

## 6 Incentives and Tier Ranking Questions

**Q1.** What are the incentive payment amounts for tier 2 servicers?

**A1.** Incentive payment amounts for all tiers are listed in the 38 CFR 36.4800 series of regulations. The regulations are located on the Servicer VALERI website at <http://homeloans.va.gov/valeri.asp>.

**Q2.** Would our tier ranking be affected if VA pulled the file in house?

**A2.** Any loss mitigation option recommended by VA would not result in an incentive payment and could affect your tier ranking in the future. VA will be monitoring servicer performance throughout the initiation period of the VALERI project and will gather baseline information that will be used to develop the tier ranking criteria.

**Q3.** How are incentives on repayment plans, special forbearances, and modifications going to be sent? Will these be combined with claim payments for foreclosures, deeds-in-lieu of foreclosure and Compromise sales?

**A3.** Deed-in-lieu and compromise sale incentives are paid at the time of claim payment. All other incentives are paid as the events occur and it is estimated that payment should be received within 5-10 days after certification. Payment is through an electronic funds transfer.

**Q4.** Under qualifications for incentive payment for a repayment plan, it states that the default must be cured. Does this mean that the incentive payment will not be paid until the loan is less than 61 days delinquent or until the loan is paid current?

**A4.** The incentive payment will not be paid until the loan is paid current.

**Q5.** If we set up a repayment plan with a veteran for 6 months and the veteran is keeping up with the plan (lets say he makes 5 of the 6 payments), why does the loan have to cure before we receive our incentive?

**A5.** Incentive rules are that the default must cure before the loan is eligible for an incentive payment.

**Q6.** How does my loss mitigation department file an incentive claim for repayment plans, forbearances and modifications?

**A6.** No claim is required to be filed. You must report the proper Loss Mitigation Event and then the cure event will kick off the incentive payment if all business rules have been met.

**Q7.** If VA considers the Servicer not to be performing adequately and makes the recommendation for a Loss Mitigation option will the servicer still receive an incentive for a successful completion of the Loss Mitigation option?

**A7.** If VA refers a borrower to a servicer for loss mitigation consideration and there is successful completion of that option, they will be paid an incentive. However, if VA refers the borrower to the servicer and the servicer fails to initiate and complete a loss mitigation option, and VA has to do supplemental servicing to implement a loss mitigation option, then the servicer would not be eligible for an incentive payment.

**Q8.** What is VA's stance on combining options for Loss Mitigation such as Special Forbearance and Loan Modification, and how would the incentive be paid?

**A8.** Combining alternatives is fine, but the incentive will be paid based on the alternative that was successful.

**Q9.** With the new Loss Mitigation incentives and requirements regarding options, will this reduce if not eliminate VA representatives calling to propose workouts? Under what circumstances would the VA be suggesting options? It states any VA proposed workouts would not receive incentive payments.

**A9.** VA has provided you with the tools and authority to put plans in place to help veterans retain their homes or avoid foreclosure. If VA determines that you have not properly reviewed these options and the homeowner has the ability to do a workout or alternative, VA would then propose an option and you would not be paid an incentive if the alternative were successful.

## 7 Appraisal, VA Cost Factor, Bid Amount, and Write-Off Questions

**Q1.** Will there still be a Construction & Valuation (C&V) area to review the appraisal reports to issue the Notice of Value (NOV)?

**A1.** If you are a participant in the SAPP SAR program you can review the appraisal and issue an NOV. If you do not participate, C&V will issue the NOV. NOV data will continue to be located in The Appraisal System (TAS).

**Q2.** You state that if we learn of property damage after obtaining the appraisal but before the completion of the foreclosure sale, we need to contact the appraiser to obtain an updated appraisal report that considers the damage and update the net value. Will VA reimburse us for the additional appraisal?

**A2.** Yes. This is entered on your claim as an "appraisal update" expense.

**Q3.** In determining net value, is VA's cost factor always going to be 88.13% of the appraised fair market value?

**A3.** The cost factor is 11.87% and could change on an annual basis.

**Q4.** How will we be notified of a change in the cost factor for our calculations?

**A4.** The cost factor will be published on the Federal Register and the VALERI website.

**Q5.** Can we order the appraisal prior to receiving an offer?

**A5.** Yes, just keep in mind that a liquidation appraisal expires after 6 months.

**Q6.** Are interior appraisals required for a compromise sale?

**A6.** Yes, if the homeowner is seeking assistance, they need to allow the appraiser access to the property.

**Q7.** Is a buydown still required?

**A7.** Buydowns do not exist in the new environment. The servicer will need to write-off any amount not covered by the acquisition and claim payments received from VA.

**Q8.** What is the deficiency waiver letter?

**A8.** The deficiency waiver letter sent to the homeowner is informing the homeowner that you, the servicer, will not collect the balance not covered by the claim payment.

**Q9.** In the case of a compromise sale, when should an appraisal be ordered?

**A9.** Order an appraisal as soon as you receive a purchase offer and no later than 30 days prior to completing the sale.

**Q10.** What are the benefits of participation in SAPP? Why should lenders accept the risk?

**A10.** Your benefit to participating is first hand review of the appraisal. Lenders currently have the ability to review appraisals at origination and therefore, it was determined that it may be beneficial for servicers to also be allowed to review the appraisal for a foreclosure process.

## 8 Refund Questions

**Q1.** What documentation is needed for refund loans?

**A1.** Refer to the Servicer Guide for refund title document information. You will receive notice of the required documents in the refund approval letter from VA as well.

**Q2.** Will VA consider a refund on a loan if the loan has been modified?

**A2.** The regulation still requires VA to review every case for refunding and this is accomplished during our adequacy of servicing review.

**Q3.** For refund title, will we need to record the assignments to VA for each state? Will we need title endorsements for all assignments going to VA?

**A3.** Yes, servicers must record the assignment to VA and the endorsement on the note has to follow the chain of title.

**Q4.** Will the refunding letters still be sent directly to the loss mitigation representative at my company or will they be online in VALERI? Will all documents need to be uploaded through VALERI or can we fax them to the VA technician?

**A4.** There is a Refund Status Report that can be accessed via the Servicer Web Portal. The VA technician will also contact a representative and fax or e-mail our recommendation letter with instructions. All documents will need to be sent by e-mail or faxed. The only item that goes through the Servicer Web Portal is the claim submission with supporting documentation.

**Q5.** We have 60 days from the approval date to file a refund claim. How long do we have to obtain the legal documents?

**A5.** The same time frame applies to submitting obtaining the legal documents.

**Q6.** Will VA allow or accept an appeal for more time to procure all the needed documents for a Refunding Claim? Especially when a loan has gone through several different servicers and all documents may have not been transferred to the last servicer now submitting the Refunding claim?

**A6.** All documents are to be submitted with the claim. We understand that there are situations that the documents are more difficult to obtain but we encourage you to work as quickly as possible. We will attempt to work with you to resolve any issues.

## 9 Foreclosure Questions

**Q1.** You say that VA will postpone the foreclosure if the technician believes a loss mitigation option is available. How has this changed from the past Servicer Loss Mitigation Program (SLMP) era?

**A1.** VA no longer does supplemental servicing. We will review a loan when it is referred to foreclosure and if we determine that a loss mitigation option may have been more feasible, then VA may recommend the foreclosure action be placed on hold to do a full review. This recommendation should be on an exception basis in the new environment.

**Q2.** You state that we are to pursue loss mitigation options even after the foreclosure process has started. What do we do if at the 11th hour we receive a valid offer, which cannot close prior to the foreclosure date? If we do not postpone, will this affect our tier ranking? If we do postpone, will this affect our claim?

**A2.** If the timeframe to terminate the loan is extended beyond the 210 days plus the state foreclosure timeframe you may request a pre-approval and justify the postponement. This does not currently affect your tier ranking during the first year as we are currently collecting data to develop our tier ranking criteria during this time period. The claim could be affected if the proceeds of sale are not equal or greater than the net value or if it is beyond the maximum interest timeframe.

**Q3.** On loans where the property has been abandoned and a loss mitigation option is not feasible, is my company only allowed the state timeframe or do we still get the 210 days plus the state timeframe?

**A3.** Terminate as quickly as possible, but you still have 210 days plus the state timeframe.

**Q4.** For confirmation states how will you account for the confirmation dates? (e.g., Wisconsin, Oklahoma, Ohio, Kentucky and New Mexico?)

**A4.** On the Transfer of Custody Event, you will enter in the date of confirmation or ratification. VALERI knows which states require this data and will calculate 15 days from the date of confirmation to accept the Transfer of Custody.

**Q5.** If the servicer does not know that the property is a Mobile Home how does the VA discover this?

**A5.** Hopefully at this point of the process (where a foreclosure occurs and the servicer is trying to transfer custody), VA should know that it is a mobile home. The first possible time we would know this is at the time of the VA appraisal.

**Q6.** In confirmation or redemption states, do you report both the foreclosure sale date when it occurs and then the expiration of the confirmation or redemption period when that occurs?

**A6.** With the Results of Sale event, you will report the foreclosure sale date. You would not report the confirmation or ratification at that time. Instead, when you complete the transfer of custody event, you will provide the date of confirmation or ratification. Should you not transfer custody of the property to VA, you would report the date of

confirmation or ratification in the Confirmed Sale Date ( no transfer of custody) event. You will not report the expiration date of a redemption period on any event.

**Q7.** Are request for extensions of time to complete foreclosure done pre-sale or post-sale?

**A7.** Extensions can only be requested as an appealed item after the claim has been paid and processed. In the VALERI environment, the system will allow 210 days plus the time for foreclosure in the state the property is located, and up to 180 additional days for bankruptcy filings. If termination is not completed in this timeframe, you would appeal the termination date that is used on the claim and you will be required to provide supporting documentation at the time of the appeal.

**Q8.** How should foreclosure sales be reported on redemption loans?

**A8.** Loans with a redemption period should be conveyed to VA within 15 days of the sale date.

**Q9.** What does the VA consider to be a permanent foundation for a manufactured home?

**A9.** Permanent foundation is a permanent fixture to a foundation – tie-downs using chains, ropes, or stakes are not considered to be permanent foundations.

**Q10.** If a sale is restarted after cancellation, how do we go about obtaining pre-approval to be paid a restart fee on the initial claim?

**A10.** There is no pre-approval for restart fees. This is an expense that will be denied on a claim and have to be appealed.

**Q11.** We understand there will no longer be VA No Bids. Does the lender still have the opportunity to take custody of the property as REO by bidding the unguaranteed portion of the debt?

**A11.** Yes, the servicer does not have to convey the property, but you want to be sure that the amount bid at the sale will not negatively affect your claim payment.

**Q12.** What does VA consider to be the termination date? The sale date, conveyance or the date the final claim is paid?

**A12.** The termination date is the date that the loan is terminated as defined by State Law. For most States this would be the date that the foreclosure sale is held. For certain states that require a confirmation or ratification, the date of termination is the date that confirmation or ratification is completed. For compromise sales the termination date is the date of closing. For deed in lieu of foreclosure the termination date is the date the deed is recorded.

**Q13.** Is the Confirmed Sale Date (no transfer of custody) event related to "confirmation" states? Or does this get completed for all states?

**A13.** This event is reported only in confirmation states and only in cases where you are not transferring custody of the property to VA.

**Q14.** Is the VA cutoff date no longer going to be issued?

**A14.** Correct. VA is simply allowing 210 days plus the number of days allowed to

complete the foreclosure action in the state the property is located. VA will also add 180 days to this timeframe if bankruptcy is reported. If other delays occur, you can file an appeal for time after the claim has been paid.

**Q15.** Is there a foreclosure timeframe extension for litigation?

**A15.** The only automatic extension is for bankruptcy filings, which adds an additional 180 days to the maximum allowable foreclosure timeframe. All extensions must be appealed after the final claim has been paid. Supporting documentation for the delay must be submitted at the time of the appeal.

## 10 Property and Title Transfer Questions

**Q1.** If VA returns custody, is the servicer responsible for recording the deed transferring title back? Will VA initiate and execute this deed or will the servicer or servicer's attorney be responsible for this part of the custody transfer?

**A1.** VA will issue the deed and the servicer will need to record it.

**Q2.** If the Invalid Sale Results event is reported, do we have to remove the Transfer of Custody event from VALERI?

**A2.** If this process takes place, VA will return custody of the property and issue a bill of collection. You would provide the updated Results of Sale or a new sale date, if applicable. There is no removal of a Transfer of Custody event in this situation.

**Q3.** Where would we obtain our vendor code for reporting the Transfer of Custody event?

**A3.** This number is provided to the management at your company and they determine who is required to have it to process their work.

**Q4.** Will there no longer be a "Notice of Election to Convey?"

**A4.** No actual documents are required. The VA Form 26-8903 is no longer valid and you simply report the Transfer of Custody event through the Servicer Web Portal.

**Q5.** Today we are required to fax the Confirmation of Sale letter for certain states along with the Notice of Election to Convey (NOE). Will that still be required?

**A5.** No documentation is required for a confirmation of sale unless the case is selected for a post-audit.

**Q6.** The servicer training course states the servicer has to submit insurance cancellation notices. How are these documents going to be submitted?

**A6.** VA requires that title documents and insurance policies be submitted directly to VA's property management contractor when you transfer custody of a property to VA. An insurance cancellation notice may be submitted in lieu of an insurance policy.

**Q7.** Confirmation states have different timeframes for title. Will you put the timeframes on your website?

**A7.** Yes, the timeframes have been posted on our VALERI website. The timeframe is generally 60 days from loan termination, unless otherwise specified.

**Q8.** Will we have to provide documentation of the Confirmation of Sale from the Courts as we do now? Will the VA still require the Servicer to send in the Deed In Lieu documents executed by the homeowner?

**A8.** No, in the new environment the servicer is required to submit the Transfer of Custody event electronically, but retain all supporting documentation for at least 3 years for possible selection of a post audit.

**Q9.** If Ocwen or PM contacts me to inform me that they are returning custody of a property, do I still need to report the Invalid Sale Results or Improper Transfer of Custody event to VA?

**A9.** Yes. VA requires you to report these events within 7 days of discovering that a sale was invalid or a transfer of custody was improper. If the property was acquired prior to your transition to VALERI, you report these events via telephone to the technician assigned to the loan.

**Q10.** Can we withdraw a Transfer of Custody event if we know the foreclosure sale was invalid and VA has not yet certified the acquisition payment?

**A10.** The event can be withdrawn within the first 3 days, then you must call VA to have the event withdrawn if the payment is not yet certified. If the payment has been certified, then you must submit the Invalid Sale Results event through the Servicer Web Portal.

**Q11.** There are some states where we wait for Ratification/Confirmation before conveying it to the VA. Is this still the case?

**A11.** You must convey within 15 days from confirmation or ratification. If the property is in a redemption state, you convey within 15 days from the sale date.

**Q12.** Will we be notified of official title package acceptance?

**A12.** This process should remain as it is in our current procedures.

**Q13.** When a property is returned and you issue a BOC, can it be appealed if there is a title issue that can be resolved?

**A13.** You would need to appeal this issue with our PM contractor, currently Ocwen.

**Q14.** Do we need to submit documentation with the Transfer of Custody event, such as Tax screens, Insurance screens, Confirmation letter, insurance letter, etc.?

**A14.** No documentation is required as everything is now reported electronically, but all documentation must be retained for 3 years in the case that the loan is selected for post-audit.

**Q15.** Does the insurance policy information get reported on the transfer of custody? And do we also need to send the information to Ocwen?

**A15.** The data must be reported on the Transfer of Custody event and you should continue to provide the same data and documents to Ocwen as you do today.

**Q16.** For the loan termination date for a deed-in-lieu can we use the date it was signed and sent for recording or do we need to report it after we receive recording information back? When does the 15 days start - from recorded date or date recording info is received?

**A16.** The 15 days for a deed in lieu starts on the date the deed is recorded. You will have to have your attorney obtain the recording info as soon as possible after the deed is recorded so that you meet the 15-day rule.

**Q17.** Is there a time requirement in which VA can reconvey a property back to a servicer?

**A17.** Usually title causes a reconveyance and does not have a maximum time frame.

## 11 Claim Questions

**Q1.** On compromise sale claims, is the timeframe to submit a claim 365 calendar days from the settlement date?

**A1.** Yes, but it is to your benefit to submit it as soon as possible as the incentive payment for a compromise sale is paid at time of claim.

**Q2.** Do we need to upload invoices for all expenses claimed for all claim types including refunds?

**A2.** Upload is required at the time of filing a supplemental claim or refund claim. Documents are not required on the original claim until it is selected for post-audit.

**Q3.** Currently, we are able to change the claimant information on our claims mailed to the VA. Will we be able to change the address of where the payment needs to go in the VALERI system?

**A3.** The payment address is controlled by the payee vendor ID number that you enter in the Servicer Web Portal as part of the claim event.

**Q4.** If a loan was modified twice, once prior and once after then new regulation, how will VALERI calculate the maximum guaranty?

**A4.** The first loan modification will be the starting point for calculating the guaranty on the 2nd modification.

**Q5.** Will the claim payment analysis be available to print?

**A5.** Yes, the analysis is available on the Claim Payment Status Report in the Servicer Web Portal and it is printable.

**Q6.** Regarding supplemental claims, VA advises what documents will need to be uploaded. If the document cannot be uploaded, is there going to be an alternate method, such as fax or email to present these documents?

**A6.** All documents should be submitted through the Document Manager utility on the Servicer Web Portal. Documents should be scanned and submitted electronically. Should Document Manager be unavailable, you may request to have the documents faxed and VA will attempt to scan them into VALERI, however this should be done on an exception basis.

**Q7.** Do you have a list of your maximum allowable fees for claims?

**A7.** Yes, the VALERI Fee Cost Schedule is on the VALERI website.

**Q8.** When did the regulation go into effect for requiring claims to be submitted within one year of termination?

**A8.** The new regulation went into effect for all servicers on February 1, 2008. Any loan that terminated prior to February 1, 2008 would be eligible to file a claim for one year. Any loan that terminates in VALERI would be eligible to file a claim for one year past the termination date.

**Q9.** If we claim items that are above the maximum allowables, are we opening

ourselves up for audit?

**A9.** No, that is not a selection criterion for post-audit.

**Q10.** For new loans in VALERI are back up documents needed at the time of the claims filing or only for post-audit purposes?

**A10.** For terminated loan claims, documentation is only required by VALERI during post-audit, a supplemental claim, or with an appeal. Refund claims still require documentation.

**Q11.** Is it the case that with new loans VA claims will all be submitted through VALERI?

**A11.** Loans terminated prior to your go live will be required to be submitted as a paper claim. Loans terminated in VALERI will need to be submitted electronically through the Servicer Web Portal.

**Q12.** Are interest curtailments considered to be an appeal or a supplemental claim? Are appeals strictly for escrow and corporate disbursements?

**A12.** For interest curtailments you would file an appeal and not a supplemental claim. Appeals are for items claimed and not reimbursed. Supplemental claims are for items not previously claimed.

**Q13.** Where do we obtain the Payee/Vendor number? Is this a number already in use by VA?

**A13.** The Payee/Vendor Number is a six-digit number assigned to servicers and someone at your company should have access to it. If you are unable to locate the number, your assigned technician or RLC of jurisdiction may be able to help.

**Q14.** In the claim submission, how do you account for UPB differences and interest differences for loans where prior loan modifications have occurred?

**A14.** VALERI stores information on modification completed prior to and after your go-live date.

**Q15.** Is there anywhere on the VALERI system to enter the guaranty amount or is that no longer needed?

**A15.** You do not need to enter the guaranty amount or guaranty percentage into VALERI. This information is already stored in VALERI for you.

**Q16.** Is there any way to print the claim for our records?

**A16.** Not at this time. We are working on this as a possible enhancement. Once the claim is paid, however, you can get a detailed report of each line item, including what was claimed and what was ultimately allowed.

**Q17.** How does a Loss Mitigation option that was not done properly affect the final claim after foreclosure?

**A17.** The claim will be adjusted depending on the situation. For example, if a loan modification was wrong and not corrected, and it increased VA's liability, the claim could be adjusted.

## 12 Post-Audit Questions

**Q1.** Why is a post-audit done on a partial release since VA doesn't pay an incentive?

**A1.** This is a delegated function and we post-audit all delegated processes that could affect the government's liability.

**Q2.** Will VA need to see the transaction of a charge off amount (previously buydown) on the transaction history for a post-audit? In addition, the claims portion in VALERI has a section for reporting a "buydown" as a credit on the claim. Does the charge off amount need to be reflected in this section of the claim in order for payment?

**A2.** The charge off amount is not required to be presented on the history. Also, the buydown on the claim is any previous buydown that was completed prior to your go-live date in VALERI.

**Q3.** If a loan is eligible for post-audit 60 days following payment, for example, does that mean it will not be selected until at least 60 days? Is there a cap on how long after the 60 days a loan may be selected?

**A3.** The case is only eligible beginning at the 60th day. VALERI selects cases that have just become eligible for post-audit at the end of the month. The case then only stays eligible to be selected by the Central Office Servicer Liaison (COSL) if it is determined that additional cases are required.

**Q4.** Can you provide any additional information on how a sample size is determined? For instance, is it a percentage of eligible loans? Does it vary based upon the type of sample (i.e. repayment plan incentive, foreclosure claim, etc.)?

**A4.** The post-audit sample is a statistically valid selection, based on a formula approved by VA statisticians and does not vary based on the type of action completed by the servicer.

**Q5.** Will there be functionality to filter the post-audit report in VALERI to enable the correct business units to handle appropriate documents needed?

**A5.** The post-audit report does not currently include the reason for the post-audit (i.e. what action is being post-audited). We are working to improve the post-audit report to include this information. Until this information is displayed, you will be required to enter the loan number into the Servicer Web Portal and view what events were submitted to determine what type of post-audit selection was made.

**Q6.** Post-audits on foreclosure claims are eligible for audit 60 days after claim payment. When evaluating servicer performance, will VA take into account the fact that numerous claims will have been submitted prior to VA identifying issues and additional training being conducted? Will this pool of claims effect tier ranking, post-audit increases, etc?

**A6.** We are currently collecting data to establish the tier ranking system. Business Rule failures can be viewed by servicers within each event but will also be available on the post-audit report with details if necessary.

**Q7.** For post-audit selections, will there be specific times, days, and dates when these lists will be posted for review by the servicers?

**A7.** The selection of cases will be done by the end of each month. If additional selections are made by the COSL, these may be selected at a different time than the end of the month. It is critical therefore to check the Post-Audit Selections and Results Report on a daily basis to see if any new cases have been selected.

**Q8.** Can exceptions be granted to the 30-day time period in providing required information to the VA to support the servicer's case?

**A8.** This should be the rarest of exceptions. At the time of post-audit, everything has been completed and all required documents should be readily available to be submitted to VA.

**Q9.** What kind of items will be subject to bills of collection? Such as no back up documentation or something is over claimed? Will that amount be extrapolated?

**A9.** Items where you fail to submit supporting documentation will be subject to a bill of collection. The system does not pay more than our maximum allowable and we will not be extrapolating.

**Q10.** How far back will the post-audit go? Could it include loans that have been written off already?

**A10.** Most post-audits will occur shortly after a payment is made or an eligible action is completed, however VA requires you to retain documentation for post-audit for three years in accordance with 38 CFR 36.4833. VA will not post-audit actions that occurred prior to VALERI. For example, if you filed a paper claim under the old regulations that will not be selected for post-audit.

**Q11.** Will you request photos for the post-audit process?

**A11.** No.

**Q12.** For loans selected in an audit where we have provided the required documentation as outlined in the report, will the VA come back with requests for additional documentation during their review?

**A12.** It will depend on the specific case but yes it is possible.

**Q13.** Since there is a change in the process of VA operating like FHA with the review of options, will this open the door for VA to perform desktop audits with the servicer?

**A13.** VA's procedures will be to post audit cases through our selection process. If we determine that too many errors are being made, VA would determine if training on site would be required, additional audit processes would be completed, or if VA would change their policies.

**Q14.** Currently our office scans the entire claim package into one file (invoices, history, docs, etc) for retention purposes. If we need to send this as backup for a post audit, can we send one upload or will we need to re-scan each item requested into a separate file and upload them individually?

**A14.** Documents will have to be uploaded individually.

## 13 Payment and Bill of Collection Questions

**Q1.** With a Bill of Collection (BOC), can we send a check for the amount or does the transaction need to be completed by a wire?

**A1.** There is no wire process for VA to receive your payment on a BOC. Please forward payment by check to: DEPT of Veterans Affairs, ALAC (241A), ATTN: Agent Cashier; 1615 Woodward Street, Austin, TX 78772-0001.

**Q2.** Is there only the option for one appeal once a BOC is issued or is there the opportunity for continued dialogue?

**A2.** Additional discussion can take place, if you feel an explanation is required when submitting your appeal but only one appeal is allowed and must be submitted within 30 days of the payment or BOC.

**Q3.** Will exceptions be granted by VA for Servicers to respond to BOC's?

**A3.** No. There is a 30-day timeframe to submit the funds and on the 45th day the funds will be used to offset other payments if the payment is not made. BOC amounts can be appealed.

**Q4.** Are there instances where we will be seeing more than one BOC per loan? For instance, if a BOC was issued and then it was discovered that there is more than one reason why VA would need funds returned?

**A4.** It is possible but it should occur very rarely.

**Q5.** If we have a BOC from before VALERI, will we have to continue to follow up with the contacts we have already setup?

**A5.** Yes.

## 14 Transition Questions

**Q1.** If a loan has a sale held prior to the go-live date and is invalidated and taken back to sale after the go-live date, does the servicing of that loan fall under the previous 4300 series of VA regulations or does it follow the new 4800 series?

**A1.** Effective on the go-live date is when the case that is not terminated goes under the 4800 series of the regulations.

**Q2.** Does the new 4800 series of regulations apply to all loans effective 2/1/08 (the regulation publish date) or my VALERI implementation date?

**A2.** The series 38 CFR 36.4800 and all regulations are effective on your go-live date with 3 exceptions. These three items are effective for all servicers as of the regulation publication date of 2/1/2008: The provision allowing one year for filing claims, the new maximum allowable attorney fees, and the SAPP program.

**Q3.** Will loans for which a Notice of Delinquency was reported prior to our go-live date be in VALERI and subject to the old requirements (4300 series)?

**A3.** All delinquent loans will be in VALERI effective on your go live date. All loans in VALERI will fall under the 4800 series.

**Q4.** Have the various VA offices been given an effective date that they will no longer issue a foreclosure bid?

**A4.** The guidance given to the VA offices is not to issue any bid for sale dates that occur after the servicer's go-live date.

**Q5.** What are we going to do with the loans that have gone to foreclosure sale up until we go live in VALERI? Do we submit a "paper" 8903 (Notice of Election to Convey) or wait until our go live date to handle these?

**A5.** All of the information you need about your implementation is available in the Servicer Implementation Guide, which is posted on the VALERI website.

**Q6.** Will there be a transition period that will allow servicers time to get used to the new system/rules/regulations/etc. without fear of penalty?

**A6.** We ask that you familiarize yourself with the regulations, procedures and authority that have been given to you. We will work closely with you through the following months and we will simply be collecting data during the next 12-18 months to determine if we need to provide additional training in specific areas or if policies/procedures are needed to be changed. Timeliness of transactions will not be tracked at this time.

**Q7.** If we have loans to submit to foreclosure after our go-live date, that we have a VA acknowledgement on, can we refer the loan without paperwork, or do we still need to submit this paperwork, since the demand was issued before VALERI's go-live date?

**A7.** No further documents are needed.

**Q8.** If we had a sale that was postponed due to the VA issuing a No Bid prior to us going live with VALERI, when that sale is rescheduled, will we still need to complete a buydown. If not, is the cutoff date still adjusted?

**A8.** There are no buy-downs in the new environment of VALERI. If you did not complete a buy-down prior to your go live date, you must submit the new sale date and any loss will be considered a write-off. There is no cutoff date in the new environment for bidding instructions as you either bid total debt or net value.

**Q9.** If a supplemental claim needs to be filed for items that were cut from the claim under guaranty filed prior to VALERI going live, do we file an appeal to recover those costs or a supplemental claim?

**A9.** If a loan liquidated prior to VALERI, all claims/supplementals are still to be sent by paper to the RLC of jurisdiction.