

# VALERI Servicer Newsflash

October 27, 2014

## IMPORTANT INFORMATION

**Loan Modification Approvals with Trial Payment Periods** - VA regulation 38 CFR 36.4315(a)(8) was revised, and became effective January 19, 2012, to allow servicers to determine the interest based on the date the modification is approved instead of the date the modification is actually executed.

Servicers who include a trial payment agreement with the loan modification may request pre-approval from VA to complete the modification with an interest rate based on the approval date of the trial agreement instead of at the time the permanent modification is approved. This pre-approval would avoid the possibility of a regulatory infraction being imposed against the servicer should a Suspicious Loan Modification process "kick off" due to the interest rate.

Please note that all pre-approval requests must be submitted before a servicer and borrower agree upon a loan modification or trial modification. Per page 163 of the VA Servicer Guide, VA does not grant pre-approvals for events a servicer has already reported. If the servicer deviates from a regulation without a pre-approval, it is considered a regulatory infraction on the loan.

## REMINDER

**VALERI Helpdesk Email Responses** - The VALERI Helpdesk makes every effort to respond to emails on the date they are received. There may be instances where research, policy review, and/or additional discussions are required by VA Central Office (VACO). In the event VACO is unable to respond timely, an email will be sent notifying the sender of the reason(s) for the delay. With the exception of weekends or holidays, VACO will make every effort to respond within 24 hours of receipt of an email.

**Partial Release of Security** - Servicers have the authority to complete a partial release of security if the loan meets the criteria per VA regulation 36.4327, Release of Security. If the loan does not meet the requirements, servicers may submit a pre-approval request to VA through the VALERI application for consideration.

**Compromise Sales** – VA's policy for compromise sales prevents excess funds from being issued to the borrower. If there are excess funds in an escrow balance after the closing on a compromise sale, the funds should be applied to the loan indebtedness.