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BULLETIN NO. 2005-05

May 25, 2005

TO: ALL HOLDERS AND SERVICERS

SUBJ: TITLE REQUIREMENTS - LOUISIANA

Purpose

The purpose of this bulletin is to incorporate the revised procedure for title documents due to the transition of VA's Property Management activity to a private contractor, Ocwen Loan Servicing LLC (Ocwen). When holders elect to convey property to the Department of Veterans Affairs (VA) pursuant to 38 CFR 36.4320, title packages for loans secured by property in Louisiana must be sent to Ocwen.

Effective Date

The change was effective on December 22, 2003.

Where To Mail Title Packages

Mail title packages to:

**VA REO/Title Review
Ocwen Loan Servicing LLC
12650 Ingenuity Drive
Orlando, FL 32826**

When To Submit Title Packages

Submit a complete and acceptable title package to Ocwen no later than 60 days after the termination action, i.e., the foreclosure sale date or the execution date on the deed-in-lieu of foreclosure.

Extensions and Penalties

Written requests for extension of the deadline must be received by Ocwen before expiration of the 60 days and must outline the reason for delay and the expected date title will be perfected. Ocwen has authority to grant up to an additional 30 days. VA has no obligation to extend the 60-day deadline. If acceptable title is not received timely, custody of the property will be returned to the holder, and the holder will lose the right to convey the property to VA.

The Title Package

The documents listed below are required when a loan is terminated by foreclosure action. Forward all documents in one package. The twelve digit VA loan identification number must appear clearly on all documents submitted. Incomplete packages are not acceptable and will be returned. Documents should be stapled together at the left hand corner only. Photocopies must be legible.

1. Only one of the following three items is required. The first item listed is the preferred evidence of title.
 - a. Special Warranty Deed warranting against the acts of the holder and those claiming under the holder and an acceptable title insurance policy insuring the Secretary of Veterans Affairs in an amount equal to the amount specified for credit to the indebtedness prior to the foreclosure sale (upset price), or rounded to the nearest, highest five hundred dollars. In cases where total indebtedness is specified, the policy should be in an amount equal to the principal balance of the loan, rounded to the nearest, highest five hundred dollars.
 - b. Special Warranty Deed with an abstract of title and legal opinion. The abstract must be accompanied by a legal opinion directed to the Secretary of Veterans Affairs as to the quality of such title of record and a current tax certificate. Holders may submit a copy of the deed with the county clerk's file stamp or county clerk's receipt showing the file number.
 - c. General Warranty Deed certified by the parish recorder. The warranty language must not be qualified, and the deed must be accompanied by an appropriate corporate resolution and current tax certificate.
2. Recorded Sheriff's Deed or Deed-in-Lieu of Foreclosure
3. Mortgagee's Title Policy: From loan origination, the complete, original Mortgagee's Title Policy or a copy certified by the issuing title company.

Reconveyance

VA will reconvey the property and demand reimbursement of the amount paid for the property and all expenses incurred by VA (Ocwen) while the property was in VA custody if a holder or servicer is unable to provide acceptable title evidence timely or if VA Regional Counsel determines that title is not acceptable. Ocwen will recommend reconveyance to VA's Property Management Oversight Unit (PMOU) in Nashville, Tennessee and send a copy of the notice to the holder/servicer. If the PMOU concurs with the recommendation, Ocwen will obtain a property inspection, prepare a quit claim deed to the holder, submit the quit claim deed for recording, and advise the holder in writing of the reconveyance and the amount due VA. The RLC will prepare and present a Bill of Collection (BOC) for the total of the price VA paid for the property and VA's expenses while the property was in custody, as well as items on the claim if already paid by VA. If a BOC is not paid timely, VA will offset future acquisition and claim payments due the holder/servicer to recover the amount of the BOC. If holders are given an opportunity to reconvey property to VA, they will not be reimbursed for any amounts offset for expenses while the property was in VA custody.

Questions and Comments

Please e-mail questions and comments concerning this bulletin to Helen.Galer@vba.va.gov. You may contact Ocwen through their website at www.ocwen.com.

Rescission

This bulletin rescinds Loan Guaranty Bulletins No. 2003-02 and 2003-15 dated January 13, 2003, and December 18, 2003, respectively.



R. BIAGIOLI

Loan Guaranty Officer