

**ALLOWABLE ATTORNEY FEES, CLAIM TIME LIMITS, AND NEW  
LIQUIDATION APPRAISAL REVIEW AUTHORITY**

1. Purpose. The purpose of this circular is to announce new limits on allowable attorney fees, the establishment of a time limit on the submission of claims under loan guaranty, and new authority for review of liquidation appraisals.
  
2. Background. On February 1, 2008, VA published extensive changes to part 36 of the Code of Federal Regulations (CFR). The majority of the changes were related to the establishment of a new subpart F, containing new sections 36.4800 through 36.4893. While subpart F mirrors many of the existing regulations, principal differences include new authorities and electronic reporting requirements for VA-guaranteed loans via the VA Loan Electronic Reporting Interface (VALERI). A separate circular will be issued to provide details on those requirements, which will be phased in over an approximately eleven-month timeframe. However, there were three changes to the existing regulations that are effective immediately and impact all VA-guaranteed loans. Existing sections 36.4313 and 36.4321 were revised, and a new section 36.4344a was added. This circular provides details on these three changes.
  
3. Allowable Attorney Fees. Title 38, CFR, section 4313, describes advances and other charges that may be included in the computation of a claim under loan guaranty. The recent change to subparagraph (b)(5) of that section changes the allowable amount for reasonable attorney fees for loan termination from a national limit of \$850 to individual State amounts published with the new regulations in a table in the Federal Register. The table also includes allowable expenses for deeds in lieu of foreclosure, restarts, and bankruptcy releases. A copy of the table is included as Exhibit A. The change also clarifies that amounts payable for trustee fees may be in addition to attorney fees only when performed by a Government official, or if an individual other than the foreclosing attorney (or any employee of that attorney) is appointed as part of judicial proceedings and local law establishes trustee fees. The new regulation and maximum allowable attorney fees will be applicable to all loan terminations completed on or after February 1, 2008.
  
4. Claim Time Limits. Section 36.4321 of title 38, CFR, was amended to establish a time limit for filing guaranty claims of one year after the completion of the liquidation sale. As defined in the new regulation, the liquidation sale is completed when the last act under State law is taken to make the sale final (excluding any redemption period); when a deed-in-lieu of foreclosure is recorded; or, when settlement occurs on a sale that will require a compromise claim payment by VA (a.k.a. a short sale). All loans terminated

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prior to February 1, 2008, will have a one-year time limit after that date, or no later than February 2, 2009, for filing a claim under loan guaranty. The new regulation also provides for a 30-day period for appeal of any item on a claim disallowed by VA.

5. New Liquidation Appraisal Review Authority. A new section 36.4344a, “Servicer Appraisal Processing Program (SAPP),” has been added to title 38, CFR. This section establishes authority for VA to delegate to a servicer the review of a liquidation appraisal and the determination of reasonable value. While this authority was established primarily in conjunction with the new environment created by subpart F (where a similar section 36.4848 is included), VA is also establishing this authority in section 36.4344a for servicers working with the existing environment. However, given that any servicer who wants to participate in SAPP must be approved and undergo training, VA must give priority for this processing to servicers according to the implementation schedule for the new VALERI environment. Details for the processing will be provided in the near future as part of the VA Loan Guaranty website [www.homeloans.va.gov](http://www.homeloans.va.gov).

6. Additional Information. For a complete copy of the new regulations, please refer to the VA Loan Guaranty website [www.homeloans.va.gov/valeri.htm](http://www.homeloans.va.gov/valeri.htm). Questions about this circular may be directed to Carl Wasson at [carl.wasson@va.gov](mailto:carl.wasson@va.gov).

7. RESCISSION. This circular is rescinded April 1, 2010.

By Direction of the Under Secretary for Benefits

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**Table of Allowable Attorney Fees**

Jurisdiction	Non-Judicial Foreclosure	Judicial Foreclosure	Deed-in-Lieu of Foreclosure	Foreclosure Restart Fee <sup>2</sup>	Chapter 13 Release <sup>3</sup>	Chapter 7 Release <sup>3</sup>
Alabama	550	N/A	350	350	850	650
Alaska	1200	N/A	350	350	850	650
Arizona	625	N/A	350	350	850	650
Arkansas	750	N/A	350	350	850	650
California	600	N/A	350	350	850	650
Colorado	800	N/A	350	350	850	650
Connecticut	N/A	1250	350	350	850	650
Delaware	N/A	950	350	350	850	650
District of Columbia	600	N/A	350	350	850	650
Florida	N/A	1200	350	350	850	650
Georgia	600	N/A	350	350	850	650
Guam	1200	N/A	350	350	850	650
Hawaii	N/A	1850	350	350	850	650
Idaho	600	N/A	350	350	850	650
Illinois	N/A	1100	350	350	850	650
Indiana	N/A	1000	350	350	850	650
Iowa	550	850	350	350	850	650
Kansas	N/A	850	350	350	850	650
Kentucky	N/A	1100	350	350	850	650
Louisiana	N/A	900	350	350	850	650
Maine	N/A	1250	350	350	850	650
Maryland	800	N/A	350	350	850	650
Massachusetts	N/A	1250	350	350	850	650
Michigan	650	N/A	350	350	850	650
Minnesota	650	N/A	350	350	850	650
Mississippi	550	N/A	350	350	850	650
Missouri	650	N/A	350	350	850	650
Montana	600	N/A	350	350	850	650
Nebraska	600	850	350	350	850	650
Nevada	600	N/A	350	350	850	650
New Hampshire	900	N/A	350	350	850	650
New Jersey	N/A	1300	350	350	850	650
New Mexico	N/A	900	350	350	850	650

New York— Western Counties <sup>1</sup>	N/A	1250	350	350	850	650
New York— Eastern Counties	N/A	1800	350	350	850	650
North Carolina	550	N/A	350	350	850	650
North Dakota	N/A	900	350	350	850	650
Ohio	N/A	1100	350	350	850	650
Oklahoma	N/A	900	350	350	850	650
Oregon	675	N/A	350	350	850	650
Pennsylvania	N/A	1250	350	350	850	650
Puerto Rico	N/A	1100	350	350	850	650
Rhode Island	900	N/A	350	350	850	650
South Carolina	N/A	850	350	350	850	650
South Dakota	650	850	350	350	850	650
Tennessee	550	N/A	350	350	850	650
Texas	550	N/A	350	350	850	650
Utah	600	N/A	350	350	850	650
Vermont	N/A	950	350	350	850	650
Virginia	600	N/A	350	350	850	650
Virgin Islands	N/A	1100	350	350	850	650
Washington	675	N/A	350	350	850	650
West Virginia	550	N/A	350	350	850	650
Wisconsin	N/A	1100	350	350	850	650
Wyoming	600	N/A	350	350	850	650

<sup>1</sup>Western Counties of New York are: Allegany, Cattaraugus, Chautauqua, Erie, Genesee, Livingston, Monroe, Niagara, Ontario, Orleans, Steuben, Wayne Wyoming, and Yates. The remaining counties are in Eastern New York.

<sup>2</sup>When a foreclosure is stopped due to circumstances beyond control of the holder or its attorney (including, but not limited to bankruptcy, VA-requested delay, property damage, hazardous conditions, condemnation, natural disaster, property seizure, or relief under the Servicemembers Civil Relief Act) and then restarted, VA will allow the restart fee in addition to the base foreclosure attorney fee.

<sup>3</sup>For each additional relief of stay under either chapter, VA will pay \$250.