

VALERI Servicer Newsflash

Tuesday, April 19, 2011

IMPORTANT- PLEASE READ

VALERI Servicing Data Files

VALERI servicer reporting is based on the concept of Event Updates. If you have a proprietary servicing system or use a service bureau, most of your VALERI events are generated via automatic data transfer from a daily change file. VALERI interprets the data from your system into events, so please ensure your system contains accurate information.

If you are encountering issues with the data in your VALERI events, please check your system and verify that the information transferred into VALERI is accurate. If data is not entered correctly into your system, VALERI will not properly generate events, such as a Transfer of Custody (TOC) event; thus preventing you from receiving your acquisition payment. Please note VA does not have the capability or resources to address or resolve issues within your servicing system.

Reporting Loss Mitigation Events in VALERI

VALERI is designed to process events in sequential order. In the case of a completed loan modification, the proper sequence is:

- 1) Loan Modification Approved
- 2) Loan Modification Complete
- 3) Default Cured/Loan Reinstated

Please note that the system will only issue the correct incentive payment for a completed loss mitigation action when all required events are reported in the proper order (38 CFR 36.4317, Servicer Reporting Requirements and 38 CFR 36.4319, Servicer Loss Mitigation Options and Incentives). Furthermore, to avoid event rejection or late reporting, please refrain from reporting events simultaneously.

Invalid Sale vs. Improper Transfer of Custody (TOC)

An invalid sale occurs when reported foreclosure sale results are reversed due to bankruptcy, procedural errors or the Servicemembers Civil Relief Act (SCRA). This event must be submitted via the Servicer Web Portal (SWP). When processed, the Invalid Sale Results event will un-terminate the loan and initiate the process of returning custody of the property. Please note that you do not need to report an Improper Transfer of Custody (TOC) event in conjunction with an Invalid Sale Results event.

You should only report an Improper TOC event when VA will be returning custody of a property with no future option to accept custody. This event must be submitted via SWP. When processed, the Improper TOC event will correct a previously reported Transfer of Custody (TOC) event that was submitted in error or needs to be reversed. For example, the Improper TOC event should be reported when a TOC was submitted, but:

- (1) The property was actually sold to a third party,
- (2) The holder will retain the property, or
- (3) VA will return custody due to unacceptable title.

The Improper TOC event will initiate the process of returning custody of the property, but will not un-terminate the loan. It's important to note that an Improper TOC event must only be reported *after* VA has certified the acquisition payment in order to avoid possible rejection of this and other events in VALERI. To view the status of the acquisition payment, you should access the Acquisition Payment Status report in the Servicer Operational Reports application.