Loan Guaranty Conference 2023

Servicer Reporting in VALERI

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VA | U.S. Department of Veterans Affairs

Direct Connection Reporting

Information Populated in Servicer's System

✓	• Information is transferred to VALERI in a nightly change file

VALERI Events Generate

⚙	• System determines which fields have been changed and creates the relevant events, which can update data fields in VALERI

Processes Kick Off

☁	• Specific events reported trigger processes for VA review

Erroneous information reported in VALERI can be difficult to unwind and often requires manual clean up.

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Bulk Upload Reporting

Servicers populate the VALERI Events Bulk Upload Template

- **The template can include multiple loans and events**

Servicer uploads the template in the VALERI application

- **The 'Servicer User' and 'Servicer Administrator' roles can report events**

Processes Kick Off

- **Specific events reported trigger processes for VA review**

The VALERI Events Bulk Upload Template can be found on the VALERI Internet Site:
https://www.benefits.va.gov/homeloans/servicers_valeri.asp

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Bulk Upload Templates

VALERI Events Bulk Upload Template
- ✓ Improper Transfer of Custody
- ✓ Invalid Sale Results
- ✓ Partial Payment Returned
- ✓ Partial Release of Security
- ✓ Transfer of Ownership
- ✓ Release of Liability

VALERI Claims Bulk Upload Template
- ✓ Basic Claim
- ✓ Supplemental Claim
- ✓ VA Purchase Claim

All servicers must use the templates to report the events listed above.

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VALERI Events Reporting Information
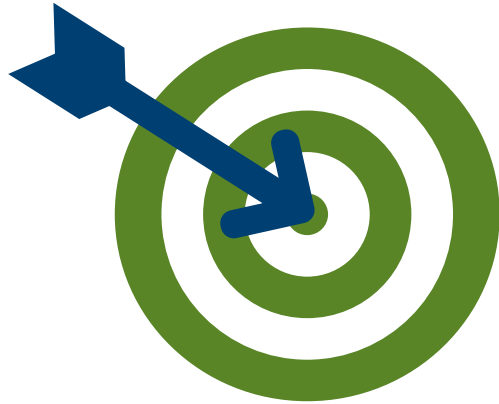
1. Servicing Transfers

2. Loss Mitigation Letter Sent

3. Loan Modification Complete

4. Default Cured Loan Reinstated

5. Foreclosure Sale Scheduled

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Servicing Transfer Events

Servicing Transfer (Transferring Servicer)
- ✓ Submitted by the servicer transferring a loan out of their VA portfolio
- ✓ Servicers should deactivate the loan record and discontinue reporting on the loan in VALERI once this event has been submitted
- ✓ Event removes the loan from the portfolio in VALERI

Servicing Transfer (Receiving Servicer)
- ✓ Submitted by the servicer pulling the VA-guaranteed loan into their portfolio
- ✓ Event associates the loan to the new servicer in VALERI and allows access to view event details and report events

M26-4, Chapter 2 has additional information on reporting events related to servicing transfers.

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Loss Mitigation Letter Sent Event

Loss Mitigation Letter Requirements
- ✓ Required to be sent within 45 days on Early Payment Defaults and within 75 days on all other delinquent loans
- ✓ VA regulation 38 C.F.R. §36.4350g includes language required for the letter

Loss Mitigation Letter Event Reporting
- ✓ Event must be reported timely in the VALERI application
- ✓ VA loan technicians will review the Loss Mitigation Letter sent dates at time of Adequacy of Servicing and Post Audit reviews
- ✓ Servicers will receive a regulatory infraction when VA cannot find evidence of the letter being sent timely

M26-4, Chapter 4 provides detailed information on the Loss Mitigation Letter and related event.

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Loan Modification Complete Event

Loan Modifications

- ✓ VA has a number of different modification options, but all are reported using the Loan Modification Complete event
- ✓ VA has a Loan Modification Comparison Chart on the VALERI internet site https://www.benefits.va.gov/homeloans/servicers_valeri.asp
- ✓ Pre-Approval requests for any regulatory deviations should be submitted before the event is reported

Loan Modification Complete Event

- ✓ The 'Fully Executed Date' field should be the date the Veteran signs the modification agreement
- ✓ Ensure the 'First Payment Date' field is reported accurately, as incorrect dates can trigger the Suspicious Loan Modification process
- ✓ Ensure the 'Approval Date' is populated in your system

M26-4, Chapter 5 provides information on Loss Mitigation options available on VA-guaranteed loans.

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Default Cured Loan Reinstated Event

Default Cured
- ✓ VA considers a loan to be reinstated when there is a due date in the future
- ✓ If a reinstatement is reported in error or is later reversed, reach out to the assigned VA loan technician for direction

Default Cured Loan Reinstated (DCLR) Event
- ✓ This event is auto-generated for direct connect servicers, when the due date is advanced in the future, UNLESS there is a reason for default reported of property problems or imminent default
- ✓ Manually report the DCLR event with either reason for default listed above
- ✓ Servicers may need to manually report the cure on loans with a partial claim

M26-4, Chapter 2 has additional information reporting the DCLR Event in VALERI.

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Foreclosure Sale Scheduled Event

Foreclosure Sales
- ✓ Notifying VA of an upcoming sale triggers processes for VA to reach out to the Veteran
- ✓ Ensure the sale notifications are reported timely, as this could impact our ability to reach out to the Veteran prior to the sale date

Foreclosure Sale Scheduled Event
- ✓ If a sale is either postponed or rescheduled a new Foreclosure Sale Schedule event should be reported
- ✓ Ensure the foreclosure type reported in the event is accurate, as this could impact any subsequent claim payments

M26-4, Chapter 2 has additional information on reporting foreclosure events.

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Questions?

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