



Loan Guaranty Conference 2023

Partial Claims

Victoria Arnoldi, Loan Management Team

Katie Graham-Wagner, Servicing Liaison

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VA



U.S. Department
of Veterans Affairs

Partial Claim Overview

- ▶ **Stand Alone Partial Claims:** This temporary program sunset on October 28, 2022
 - Servicers are able to resubmit a Partial Claim that was submitted timely, but was denied or rejected due to a failed business rule

- ▶ **Refund Modification Program:** This temporary program will sunset on July 1, 2023
 - All Initial Requests must be submitted in VALERI prior to the sunset date
 - VA will not grant an extension to this date or accept any late submissions

Partial Claim Review

Servicers should review the following items prior to submitting the Partial Claim Event:



Payment amounts on both Partial Claim documents are an exact match to the amount requests in the Partial Claim event



Address and Veteran/co-borrower's names are spelled correctly



If there is a party with interest in the property (but not a true co-borrower), they must **ONLY** execute the Partial Claim Mortgage



Ensure any Bankruptcy status is reported correctly in VALERI



Active Chapter 13 Bankruptcy – VA requires a copy of the court order approving the Partial Claim lien (or a document indicating no approval required). On PC cases that were executed and recorded prior to the Chapter 13 filing, VA no longer requires a court approval.



Partial Claim Loan Numbers are correct and included on both documents

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Partial Claim Documentation



Refund Modification – Consider uploading additional documentation/explanation if the modified UPB is not being reduced by at least the amount of principal reduction requested in the Partial Claim event



Escrow Analysis – Consider uploading an explanation if the escrow has changed recently



Recording – Ensure the documents have been sent for recording on all approved Partial Claims; this ensures future parties are aware of the Partial Claim lien on the property when the first mortgage is paid in full

- If you have a Partial Claim that is pending and the borrower is requesting a payoff, reach out to VA to DENY the Partial Claim and include the full pay off amount



Partial Claim Note and Security Instrument – Ensure the executed documents are uploaded in VALERI within 2 days of the reported event, or the Partial Claim will be denied

Partial Claims Point of Contact (POC)

▶ Ensure Loan Technicians have the Correct POC for a Partial Claim review



- Ensure the Partial Claims POC is up to date in the VALERI application
- Consider providing a specific POC for documents corrections
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- Consider providing a Partial Claims POC for escalated cases or specific individuals in the VALERI application

▶ Respond Timely to Inquiries



- Communication clarifies questions and reported information on the pending Partial Claims
- Delays in response can cause issues boarding the Partial Claims, which can create issues if the Veteran is attempting to pay off the Partial Claim or refinance their loan
- VA will deny a pending Partial Claim if we don't receive a timely response

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Assumptions

- ▶ **Assumption:** If the individual signing the Partial Claim documents is not a true borrower, verify an assumption was completed before submitting the Partial Claim
 - After an Assumption is completed, it must be sent to VA Loan Production for approval (if needed) and coding into our VA systems

- ▶ **Helpful Tips & Reminders**
 - When an assumption is fully processed, the assumer's name appears in WebLGY
 - ✓ Contact **VA Loan Production 877-827-3702, option 1**, if you are unsure whether an assumption has been completed
 - Delinquent Loans: If an Assumption is being considered on a delinquent loan, all documentation must be provided for VA Loan Production for PreApproval

Assumption Guidance: Lender's Handbook, VA Pamphlet 26-7, Chapter 5

Refund Modification Event Reporting

- **Partial Claim Event**

Event triggers the Partial Claim review for VA Technicians



- **Loan Modification Complete Event**

Best practice – Report this event AFTER certification, with no other Loss Mit events



- **Default Cured Loan Reinstated**

Must not be reported prior to the Loan Modification Complete or Partial Claim Events



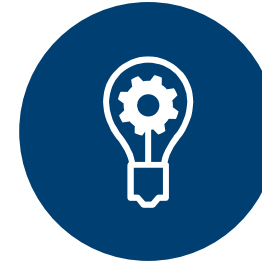
Takeaway: Ensure events are reported correctly on Refund Modifications. The Partial Claim will not board until the Loan Modification Complete event has been reported.

Partial Claim Reports and Articles



VALERI Analytics Reports

- **Partial Claims Certified** – Report provides a list of certified payments and amounts
- **Partial Claims Denied** – Report provides a list of denied Partial Claims and the reason for denial
- **Event Status Report** – Filter report by Partial Claim event to check for any rejected Partial Claim events



Servicer Knowledge Articles

- **Partial Claims** – Article includes information on eligibility, Partial Claim event, documents and addresses
- **Servicer Partial Claims Checklist** – Article includes step-by-step guide and resources
- **Partial Claim, Event Reporting Order** – Review article for tips on reporting
- **Partial Claim Recorded Document Extension Request Procedure** – Review article for extension to the 180-day requirement

Questions?

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