CONTENTS

CHAPTER 16. APPEALS

PARAGRAPH PAGE

16.01 Appeals……………………...……………………………….. 16-2

16.02 Appealable Items…………………..………………......……... 16-2

16.03 Review of the Appeal………………………………..……...... 16-3

# 16.01 APPEALS

a. Servicers may submit an appeal when they disagree with a VA payment or event decision. All appeals must be submitted within 30 days from the date of VA’s decision. Servicers must provide supporting documentation and their justification at the time the appeal is submitted in the Servicer Web Portal (SWP). Servicers may not appeal a VA decision more than once. As a result, if there are multiple disallowed items on a claim payment, they must submit only one appeal inclusive of all items.

16.02 APPEALABLE ITEMS

a. Servicers may appeal the following:

1. Denied Incentives.

2. Claims.

(a) Late Claim. Claims submitted beyond 365 days after termination.

(b) Denied Claim. Where VA’s decision was to deny a claim (ex. deny a claim in a situation of an indemnification agreement and the servicer is the originating lender).

(c) Paid Claim. Disallowed items or amounts, unpaid principal balance (UPB) proceeds of sale and days of interest.

(d) Negative Claim. A claim is negative and generates a bill of collection (BOC).

(e) Post-Audit Claim. When the servicer disagrees with VA’s findings on a post-audit claim.

3. Acquisitions.

(a) Late Acquisition. When the transfer of custody (TOC) was not submitted within 15 days of termination (results of sale, confirmation of sale, or deed recorded).

(b) Denied Acquisition. A TOC where VA denied acceptance of the property.

(c) Paid Acquisition. When the servicer believes they were entitled to a different

amount.

4. Regulatory Infractions. Regulatory infraction which VA imposed and the servicer believes to be invalid.

5. BOC. BOC imposed which the servicer believes to be invalid.

16.03 REVIEW OF THE APPEAL

a. VA carefully reviews and considers reimbursement over the listed maximum allowable on the claim, within reason. This is especially important for items where the servicer has no control, such as foreclosure facilitation/recording/filing fees or other items that may be established by local governmental or independent authorities. Appeals submitted without proper documentation will result in the denial of the appeal and the servicer may not submit another appeal.

b. VA allows interest for 210 days from the due date of the last paid installment, plus the maximum allowable state foreclosure timeframe. If delays occur which are beyond the control of the servicer, the servicer may submit an appeal for additional interest on the loan. Servicers are not allowed additional interest if the delay was due to an error by the servicer’s attorney or the servicer.

c. Items that cannot be paid above the regulatory maximum include attorney fees (foreclosure, deed-in-lieu, bankruptcy), property inspections, appraisal fees, and bankruptcy filing fee.

d. Appraisal updates, investigation fee related to service, special assessments, attorney fees for foreclosure restarts, and vacant property registration may be allowed at the time of appeal with proper documentation and justification submitted.

e. For final accounting/investor purposes, servicers may submit an appeal on loans where a claim may have reached the maximum guaranty payable. No payment may be issued; however, VA will carefully review and consider any item that may be approved as an allowable item. Servicers can view VA’s decision via the Appeal Status Report. The report provides information regarding the final decision, justification, and approved/disallowed amounts. Appeal decisions may be used by the servicer to obtain reimbursement funds from their investor.