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CHAPTER 12. QUITCLAIM DEEDS

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# 12.01 QUITCLAIM DEEDS

 a. When a servicer elects to convey a property to VA following loan termination, the holder typically records a deed to the property in VA’s name. VA pays an acquisition amount for the property after the transfer of custody (TOC) event is submitted, reviewed, and certified in the VA Loan Electronic Reporting Interface (VALERI). Servicers must provide acceptable evidence of title to VA per the title documentation, insurance, and timeframe requirements link at: <http://www.benefits.va.gov/HOMELOANS/servicers_valeri.asp>.

 b. If the servicer does not provide an acceptable title timely, or if the title is deemed unacceptable based on the authority delegated in (38 CFR 36.4345 (f)), VA’s property management contractor prepares a quitclaim deed (QCD) to transfer the title of the property back to the servicer. If an extension is necessary for a servicer to provide an acceptable evidence of title, an extension request must be received by VA’s property management contractor via email prior to the date title documents are due. [Contact information is also located on the title documentation, insurance, and timeframe requirements link on the VALERI webpage.]

 c. The following examples reflect situations where a servicer erroneously records a deed transferring title of the property to VA:

 1. A third-party was the successful bidder at a foreclosure sale and the servicer deeded the property to VA instead of the third-party bidder.

 2. VA denies conveyance of the property, but the servicer previously executed a deed in VA’s name.

 3. A foreclosure sale was not valid, however a deed to VA was prepared in advance

and recorded.

 4. There may also be cases where deeds were recorded to VA on properties securing

Federal Housing Administration (FHA) loans.

12.02 REQUESTING A QUITCLAIM DEED

 a. Whenever a servicer or its agent determines that a QCD is needed to transfer any interest previously conveyed to VA, the request will be sent via e-mail to the VA-assigned technician or the Loan Administration Officer at the Regional Loan Center (RLC) of jurisdiction for the property location, if no technician is assigned. The e-mail must explain the reason for the request and include an electronic version of the QCD to be executed by VA, along with instructions for transmittal of the executed deed to the party that will handle recordation. The effective date of the QCD must be the same date as the initial transfer of the property to VA. By using the same date as the initial transfer to VA, the QCD essentially demonstrates that VA never accepted title to the property, despite the previously recorded deed. In addition, nominal consideration should be shown in the QCD, along with a statement that the property was conveyed in error.

12.03 EXECUTING A QUITCLAIM DEED

 a. Execution of the QCD ensures the property is transferred from the VA’s name to the correct holder of the property. Under (38 CFR 36.4345(b)), the Loan Guaranty Officer (LGO) or the assistant LGO has the authority to execute deeds in any area on behalf of the Secretary of Veterans Affairs. Timely submission and execution of the QCD will avoid delays in the servicer’s ability to respond to liens, code violations, taxes, etc. that may have been assessed on the property and remove VA’s name promptly from the title.

 b. In some cases, there may be a delay or no request from the servicer for a QCD when conveyances are not accepted or the QCD to VA may have been erroneously recorded without any notice to VA. VA’s first notice may be in the form of a tax bill or a code violation from local authorities. In such cases, after determining that VA should not be the owner of a property, VA will ensure that contact is initiated with the servicer to prepare a QCD for VA’s execution.