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a. VA monitors servicer performance to ensure compliance with VA requirements, determine training needs, and assess trends within the servicing community. An established VA ranking system will define, measure, and compensate servicers based on servicing activities. There are four tier levels, with tier one rated the highest and tier four the lowest. Currently, all servicers are ranked in tier two for incentive payment purposes and will remain in tier two until performance measures are in place.

b. Goals of Tier Ranking:

1. Reward servicer efforts to provide the best service possible to Veteran borrowers.

2. Drive tighter collaboration between servicer partners and VA.

3. Identify areas of competitive advantage/disadvantage for servicers to help inform

decision making.

4. Identify trends to assist VA with improvements to the VA Home Loan program.