1. **Purpose.** This Circular provides guidance on the Department of Veterans Affairs (VA) handling of requests for execution of quitclaim deeds (QCD).

2. **Usual Transfer and Reconveyance.** 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 for the property upon receipt of the Transfer of Custody event 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 on the VALERI webpage (http://www.benefits.va.gov/homeloans/valeri.asp). If the servicer does not provide an acceptable title timely, or if the title is deemed unacceptable, VA’s property management contractor, Vendor Resource Management (VRM) prepares a QCD to transfer the property back to the servicer, based on the authority delegated in 38 CFR 36.4345 (f). If an extension is necessary for a mortgage servicer to provide acceptable evidence of title, an extension request must be received by VA’s property management contractor via email at va-title@vrmco.com prior to the date title documents are due.

3. **Title Transfers Needing Reversal.** The servicer may record a deed transferring title of the property to VA in error, such as when a third party is the successful bidder at a foreclosure sale, VA denies conveyance of the property or a foreclosure sale is not valid, however a deed to VA was prepared in advance and recorded. Also, there have been some cases where deeds were recorded to VA on properties securing Federal Housing Administration (FHA) loans. Please note, VA requires written justification for every appeal of a late conveyance to demonstrate the delay was beyond the servicer’s control.

4. **Processing Quitclaim Deeds.**

   a. **Loans assigned to a Loan Technician in VALERI.** 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 assigned VA Loan Technician in VALERI. The e-mail will 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.

   b. **Loans not assigned to a Loan Technician in VALERI.** Any request for a QCD on a VA-guaranteed loan not assigned to a VA Loan Technician, will be sent to the Loan Administration Officer (LAO) at the VA Regional Loan Center (RLC) nearest to the location of the property. If the LAO finds that the need for a QCD is the result of a prior default, the request will be forwarded for handling to the LAO of the previously-assigned VA Loan Technician. The LAO will establish that VA has no interest in the property and then review the deed in accordance with the following paragraph.
c. **VA Review.** In the case where the loan is assigned to a VA Loan Technician, the assigned technician will update VALERI notes and forward the request to the LAO. If the case is not assigned to a VA Loan Technician, the LAO will update the VALERI notes. In both cases, the LAO will review the deed to ensure that it conveys only the interest VA may have had in the property, without any type of warranty. In addition, 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.

d. **VA Execution.** Execution of the QCD ensures the property is transferred from VA’s name to the correct holder of the property. If the deed appears acceptable under the general guideline described above, it will be sent to the Loan Guaranty Officer (LGO) or Assistant LGO for execution and transmittal in accordance with the request. Under 38 CFR 36.4345(b) the LGO or ALGO has the authority to execute deeds in any area of the country on behalf of the Secretary of Veterans Affairs. Timely execution of the QCD will avoid delays in the servicers ability to respond to liens, code violations, taxes, etc. that may have been assessed on the property.

5. **VA-Initiated Quitclaim Deeds.** 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, the responsible LAO, as described in paragraph 4.b above, will ensure that contact is initiated with the servicer to prepare a QCD for VA’s execution. If the servicer delays the preparation of the QCD, the RLC will prepare and execute a QCD back to the servicer.

6. **Rescission:**

a. Circular 26-09-15 and all changes are rescinded immediately.

b. This Circular is rescinded July 1, 2017.

By Direction of the Under Secretary for Benefits

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Director, Loan Guaranty Service

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