

CHAPTER 17. BILL OF COLLECTION

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### 17.01 BILL OF COLLECTION

a. A bill of collection (BOC) is issued any time VA determines that a servicer should not have received all or part of a payment from VA. BOCs can be generated by the VA Loan Electronic Reporting Interface (VALERI) or by a VA technician. The VA-assigned technician reviews, makes a recommendation to establish the BOC against the servicer, and documents the case notes.

b. Once the approving official certifies the BOC, the servicer has 30 days to satisfy the debt. If the debt has not been satisfied with 45 days, VA will offset future payments to the servicer until the amount of the BOC is recovered. Servicers can view the BOC Status and Offsets report for a detailed description of each debt established.

### 17.02 BILL OF COLLECTION TYPES

a. The following is a list of potential BOCs that may be issued on a loan:

1. Cancelled Guaranty. VA only makes payments on guaranteed loans. VALERI automatically opens a BOC process for review if a payment was made on a loan and the WebLGY system later notifies VALERI that the loan was not eligible for guaranty. This can happen because of an Inspector General review or a determination that either the Veteran or the property was ineligible for guaranty. The BOC is issued for the amount of any payments previously paid to the servicer on the loan.

2. Incentives. A BOC for an incentive payment may be issued if VA paid the incentive twice for the same default or the Default Cured Loan Reinstate (DCLR) event is reported by the servicer in error.

3. Property Acquisition Overpayment. VALERI generates a BOC for a negative claim when the credit to indebtedness (proceeds of sale/acquisition payment) exceeds the total eligible indebtedness calculated by VALERI and the property is conveyed.

4. Invalid Sale Identified after VA paid an Acquisition and/or Claim Payment. When an Invalid Sale event is reported by the servicer, a BOC is generated to collect the acquisition amount, plus the property management assignment fee. The servicer may receive an additional BOC from VA's Contract Assurance – Property Management Unit (CA-PM) for any additional management expenses incurred while the property was in VA's custody. All BOCs must be satisfied before VA will accept any future transfers of custody (TOC) on the loan. If VA paid a claim, VALERI will issue a separate BOC for any claim payments.

5. Improper TOC Identified after VA Paid an Acquisition and/or Claim Payment. When an Improper TOC event is reported by the servicer or VA, VALERI calculates the BOC to include the acquisition amount, plus the property management assignment fee. The servicer may receive an additional BOC from VA's CA-PM for additional management expenses incurred while the property was in VA's custody. Although custody was returned to the servicer, the servicer may still be entitled to a claim payment. If the bid was a total debt bid, VA will issue a BOC to

recover both the acquisition amount and all claim payments. If the bid was a net value bid and VA paid a claim, VALERI may include a separate BOC for any amount no longer payable to the servicer. In some instances, the BOC may not be necessary on maximum guaranty claim payments.

6. Post Audit. A BOC may be issued on a post-audit review for the following reasons:

- (a) Failure to substantiate claimed items with the exception of the VA appraisal.
  - (b) Failure to support home retention options with incentives paid.
  - (c) Credits not previously reported on the claim, but substantiated by the ledger.
  - (d) An increase in VA's liability due to an egregious loan modification identified by an early payment default review.
  - (e) Identified regulatory infractions.
- b. The servicer may appeal a BOC within 30 days of VA certifying the post-audit review. For more information on appeals, refer to Chapter 16 of this Manual.