

## **Requirement for the Transfer of Properties to VA**

1. Purpose. This Circular provides details for transferring properties to the Department of Veterans Affairs' (VA) Property Management contractor, Vendor Resource Management (VRM).

2. Background. In connection with the termination of VA-guaranteed loans, servicers have the option to convey to VA the properties acquired at termination. VA accepts such properties into our inventory to be managed, maintained, and marketed by our property management contractor, VRM. Under the same contract, VRM also provides servicing of VA's portfolio of owned loans. Bank of America had previously been awarded both contracts separately. VA made the decision to consolidate these two awards and recompetitively solicit as a single solicitation, now known as Real Estate Owned (REO) and Portfolio Servicing Contract (RPSC). On April 13, 2012, VA awarded RPSC to Vendor Resource Management (VRM), <http://www.vrmco.com/>. VRM is subcontracting for the servicing of VA's loan portfolio with Residential Credit Solutions.

3. Submission of Title Documents. The address to submit title documents for new properties conveyed to VA is VRM, ATTN: VA REO - VA Title Dept., 4100 International Pkwy, Suite 1000, Carrollton, Texas 75007. Documents must be provided no later than 60-calendar days after the liquidation sale or Deed-in-Lieu of foreclosure in most jurisdictions. VA previously provided guidance concerning additional time for title submission in certain jurisdictions. Timeframes for each jurisdiction may be referenced by selecting "Title Documentation and Insurance Submission, Timeframe and Documentation Requirements" link on the VA Loan Electronic Reporting Interface (VALERI) webpage (<http://www.benefits.va.gov/homeloans/valeri.asp>).

4. Insurance on Conveyed Properties. VA regulation 38 Code of Federal Regulations (CFR) 36.4323(d)(2) requires servicers to request endorsements on all insurance policies in force at termination, naming the insured as the Secretary of Veterans Affairs, c/o VRM, ATTN: VA REO - VA Title Dept., 4100 International Pkwy, Suite 1000, Carrollton, Texas 75007. In addition, information about the insurance policy should appear in the "Transfer of Custody Event" (TOC) submitted in VALERI. Servicers should include endorsements with the title packages on properties conveyed to VA, or, if endorsements are received after title packages have already been submitted, they may be identified with the VA loan number and sent to VRM at the address in this paragraph. Notices of cancellation on homeowners or force-placed policies may be handled in a similar manner. If insurers cancel policies, servicers must properly account for any unearned premiums refunded by the insurer.

5. Insurance on Refunded Loans, Loans Repurchased Under 38 CFR 36.4600. Insurance policies on loans refunded (acquired) or repurchased by VA will be endorsed to the Secretary of Veterans Affairs, c/o Residential Credit Solutions, Inc., Attn: Moses Castelo, 4708 Mercantile Drive, Fort Worth, TX 76137. Copies of letters requesting endorsement may be included with

the title packages sent to the VA Loan Technician on refunded loans. On loans repurchased under 38 CFR 36.4600, title documents should be sent to the St. Paul Regional Loan Center.

6. Reconveyance Implications. VA pays for a property upon receipt of an accepted TOC and then waits for acceptable title documents to be provided. Since holders should be able to verify the validity of sales prior to conveyance, upon reconveyance of a property VA will demand reimbursement of the amount paid for the property *and* all expenses incurred while the property was in VA custody. At a minimum, VA incurs expenses of \$3,410 (\$1,500 Service Provider Fee, \$1,885 Property Preservation Flat Fee, and a \$25 Tax Scrub fee) as soon as a conveyance is accepted. Holders should be prepared to reimburse at least that amount in addition to the amount paid for conveyance of the property. A separate Bill of Collection (BOC) will be issued to the servicer for any additional expenses incurred by VA from the acceptance of custody to the time of reconveyance (such as when an erroneous conveyance is discovered or it is determined that acceptable title documents cannot be provided). When a BOC is not paid promptly, the amount due will be offset from subsequent payments.

7. Additional Information. Any parties interested in contracting with VRM to provide services should direct inquiries to VRM at [VRM-supplier@vrmco.com](mailto:VRM-supplier@vrmco.com) or <http://prospects.vrmco.com/join.aspx> to initiate the application process. Questions for VA on property management issues may be directed to [Lance.Kornicker@va.gov](mailto:Lance.Kornicker@va.gov). Questions for VA regarding portfolio servicing issues may be directed to [Ronnie.Lamb1@va.gov](mailto:Ronnie.Lamb1@va.gov).

8. Rescission:

- a. Circular 26-12-05 is rescinded immediately.
- b. This Circular is rescinded July 1, 2016.

By Direction of the Under Secretary for Benefits

Michael J. Frueh  
Director, Loan Guaranty Service

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