



U. S. DEPARTMENT OF VETERANS AFFAIRS
Regional Office, Fort Snelling
1 Federal Drive
St. Paul, MN 55111-4050

January 25, 2000

REGIONAL LOAN CENTER MEMORANDUM NO. 00-04

TO: ALL SERVICERS AND HOLDERS DOING BUSINESS IN ILLINOIS, IOWA, KANSAS, MINNESOTA, MISSOURI, NEBRASKA, NORTH DAKOTA, SOUTH DAKOTA, AND WISCONSIN.

SUBJ: SHORT TERM REDEMPTION PERIODS, DEFICIENCY JUDGMENTS, AND ALLOWABLE ATTORNEY FEES

Purpose

The purpose of this memorandum is to request assistance in obtaining short term redemption periods, clarify the VA St. Paul Regional Loan Center's position on deficiency judgments, and to notify servicer/holders of an allowable attorney fee in conjunction with refunding cases.

Redemption Periods and Deficiency Judgments

Minnesota, South Dakota, Iowa, and Kansas State Laws allow for shortened and in some instances extinguished redemption periods if the property is vacant or if deficiency judgments against the obligors are not pursued. This will streamline the foreclosure process, minimize losses to the government, and assist VA in expediting the resale of properties. Therefore, it is critical to obtain reduced redemption periods and not to seek deficiency judgments whenever possible. Effective immediately, the following processes should be followed:

Minnesota - Request a 5-week redemption period for all loans referred for foreclosure where it has been determined that the property is vacant. When providing our office with a copy of the printed sales notice, please advise us if the 5-week redemption period has been requested. An additional \$600 attorney fee is authorized for processing the shortened redemption period.

South Dakota - Request a 60 day redemption period for all loans referred for foreclosure where it has been determined that the property is vacant.

Iowa - Do not seek deficiency judgments against the obligor unless we specifically advise you to do so. Whenever possible, request that the foreclosure action be processed without redemption.

Kansas - Request that the redemption period be reduced or extinguished for all loans where it has been determined that the property is abandoned. Kansas State Law allows the redemption period to be waived or extinguished by the court if the property has been abandoned. A 21 day notice of the hearing on this motion is required by statute. In addition, do not seek deficiency judgments against the obligors unless we specifically advise you to do so. When referring the file to foreclosure, please advise your attorney to pursue an *In-rem* Judgment. An additional attorney fee of \$250 is authorized for processing Kansas shortened redemption periods.

Allowable Attorney Fees in Conjunction with Refunding cases

The St. Paul Regional Loan Center requires that the assignment to the Secretary of Veterans Affairs executed in conjunction with the VA refunding program be recorded prior to submission to VA. Therefore, effective immediately, an attorney fee not to exceed \$75 is authorized for the handling of these cases.

/s/D. F. MUNRO
D. F. MUNRO
Loan Guaranty Officer