



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

January 24, 2002

REGIONAL LOAN CENTER MEMORANDUM NO. 02-03

TO: ALL HOLDERS AND SERVICERS

SUBJ: CHANGE TO WISCONSIN INTEREST CUTOFF GUIDELINES

PURPOSE

The Department of Veterans Affairs (VA), St. Paul Regional Loan Center, is modifying the timeframe used in calculating initial cutoff dates under 38 CFR 36.4319(f) on VA guaranteed loans secured by properties located in the State of Wisconsin. This timeframe modification is necessary to account for the different redemption periods within the foreclosure process and to minimize losses to the government.

BACKGROUND

Under Wisconsin law, the redemption period commences on the date of the judgment and can be twelve, six, three, or two months depending on the date of the mortgage, the wording of the mortgage and whether or not the property is occupied by the owner. Once VA determines a delinquent loan is insoluble, an interest cutoff date is established to minimize losses to the government. In the past, interest cutoff dates on Wisconsin loans were established using a six-month redemption period; thereby increasing VA's loss if a lesser redemption period was applicable. Using this timeframe in the initial calculation allowed eleven months to complete a foreclosure action that, in many instances, could have been completed earlier.

PROCEDURAL CHANGES

Interest cutoff dates established on or after February 1, 2002, will be based on a two-month redemption period within the foreclosure action. Under this change, the timeframe used in calculating the initial cutoff dates will be seven months. When a longer redemption period is required under the law, interest cutoff date adjustments will be automatically made prior to issuing bidding instructions or processing the claim under guaranty. A copy of the Judgment must be forwarded to our office before an adjustment will be made.

/s/JON H. HELGASON for
D. F. MUNRO
Loan Guaranty Officer