



6900 Almeda Road
Houston, Texas 77030-4200
Toll Free 1.888.232.2571
Website: www.homeloans.va.gov
Website: www.vahouston.com

BULLETIN NO. 2002-05

February 19, 2002

TO: ALL HOLDERS AND SERVICERS

SUBJ: TITLE REQUIREMENTS FOR TEXAS

PURPOSE AND APPLICATION

The purpose of this bulletin is to announce a significant change to our title requirements when holders elect to convey properties located in Texas to the Department of Veterans Affairs (VA) pursuant to 38 CFR 36.4320. Title documents on all Texas loans will now be mailed to the Houston Regional Loan Center, and title policies are no longer required except in deed-in-lieu and deceased mortgagor situations. **THE TITLE REQUIREMENTS AND INSTRUCTIONS CONTAINED IN THIS BULLETIN APPLY TO ALL LOANS ON PROPERTY LOCATED ANYWHERE IN THE GREAT STATE OF TEXAS!**

EFFECTIVE DATE

These requirements are effective for all properties foreclosed on or after April 2, 2002.

WHEN TO SUBMIT TITLE PACKAGES

A complete and acceptable title package must be received at this office within 60 days after the foreclosure sale date.

EXTENSIONS AND PENALTIES

Requests for extension of the deadline must be made in writing before expiration of the 60 days and outline the reason for delay and the expected date title will be perfected. VA has no obligation to extend the 60-day deadline. If acceptable title is not received timely, custody of the property will be returned to the holder, and the holder will lose the right to convey the property to VA. When the property is reconveyed to the holder, custody is returned, and all payments made or expenses incurred by VA will be offset against future acquisition and/or claim payments to the holder. If holders are given an opportunity to clear title defects and reconvey the property to VA, they will not be reimbursed for any amounts offset.

TITLE PACKAGE FOR NONJUDICIAL FORECLOSURE SALE

The documents listed below are required when a loan is terminated by nonjudicial foreclosure action. When termination of the loan involves a Federal tax lien, a deceased mortgagor or a deed-in-lieu of foreclosure, please see the appropriate paragraph below. Forward all documents in one package. The twelve digit VA loan identification number must appear clearly on all documents submitted. Incomplete packages are not acceptable and will be returned. Documents should be stapled together at the left hand corner only. Photocopies must be legible.

1. Special or General Warranty Deed: The original, executed, recorded deed to:

**Secretary of Veterans Affairs
c/o Director, VA Regional Office
6900 Almeda Road
Houston, Texas 77030-4200**

OR Holders may submit a copy of the deed with the county clerk's file stamp or county clerk's receipt showing the file number under which the document will be recorded. To ensure receipt of the original by VA, the VA loan identification number must be on the document and the return address must read as follows:

**Secretary of Veterans Affairs
VA Regional Office (265)
6900 Almeda Road
Houston, TX 77030-4200**

2. Deed of Trust: The original instrument from loan closing, or a copy certified by the county clerk.
3. Assignments: All original, recorded Assignments of Deed of Trust Lien (if any).
4. Appointment of Substitute Trustee: The original, recorded instrument (if any).
5. Notice of Sale: A copy of the Notice of Sale posted by the Trustee.
6. Affidavit of Notice: An original affidavit stating that the posting and notice requirements of Article 51.002, Texas Property Code, were met.
7. Trustee's or Substitute Trustee's Deed: The original, recorded instrument.
8. Non-Military Affidavit: An original affidavit that the title holders were alive on the date of the foreclosure sale and that they were not in military service on that date or for the 90 days prior to the sale.
9. Mortgagee's Title Policy: The complete, original Mortgagee's Title Policy or a copy certified by the issuing title company. If unavailable, VA must be provided a General Warranty Deed.
10. Survey Plat: The original survey or a copy from loan closing, or a letter that the survey is not available.

FEDERAL TAX LIEN

In addition to the routine title documents required, provide a copy of the 25-day written notice to the appropriate IRS District Office and a copy of the certified mail receipt signed by IRS.

DECEASED MORTGAGOR

Submit only the items listed below for title approval:

1. Owner's Title Policy:
 - a. Present Owner - An acceptable policy insuring the Secretary of Veterans Affairs in an amount equal to the amount specified for credit to the indebtedness prior to the foreclosure sale (upset price), or rounded to the nearest, highest five hundred dollars. In cases where total indebtedness is specified, the policy should be in an amount equal to the principal balance of the loan, rounded to the nearest, highest five hundred dollars.

NOTE: If the property is occupied, VA requires the Owner's Title Policy to be issued without taking exception to the "Rights of Parties in Possession", OR the lender may certify that the property is vacant or that the occupants have no homestead or survivorship rights.
 - b. Previous Owner - In lieu of an Owner's Title Policy, VA will accept the documents required above for title approval of a nonjudicial foreclosure sale and the lender's certification as to the date of death and that no administration was opened before the end of the four year period. If an administration was opened, VA will accept a certified copy of the Order Closing the Administration of the Estate.
2. Warranty Deed: The original recorded deed to:

**Secretary of Veterans Affairs
c/o Director, VA Regional Office
6900 Almeda Road
Houston, Texas 77030-4200**

3. Deed of Trust: The original instrument from loan closing, or a copy certified by the county clerk.
4. Trustee's or Substitute Trustee's Deed: The original, recorded instrument.

DEED IN LIEU OF FORECLOSURE

The prior approval of the Secretary is required unless the servicer is approved to participate in the Servicer Loss Mitigation Program. Submit only the items listed below:

1. Owner's Title Policy: An acceptable policy insuring the Secretary of Veterans Affairs in an amount equal to the amount specified for credit to the indebtedness prior to the foreclosure sale (upset price), or rounded to the nearest, highest five hundred dollars. In cases where total indebtedness is specified, the policy should be in an amount equal to the principal balance of the loan, rounded to the nearest, highest five hundred dollars.

2. Warranty Deed: The original recorded deed to:

**Secretary of Veterans Affairs
c/o Director, VA Regional Office
6900 Almeda Road
Houston, Texas 77030-4200**

3. Deed of Trust: The original instrument from loan closing, or a copy certified by the county clerk.
4. Deed in Lieu of Foreclosure: The original, recorded instrument conveying the property to the lienholder.

WHERE TO MAIL TITLE PACKAGES

Mail title packages to:

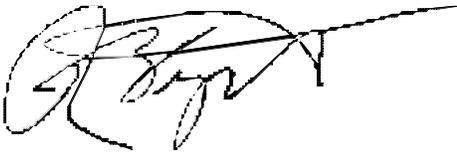
**VA Regional Office (265)
6900 Almeda Road
Houston, TX 77030-4200**

QUESTIONS AND COMMENTS

Please E-mail questions and comments concerning this bulletin to LGYHGALE@VBA.VA.GOV.

RESCISSION

This bulletin rescinds Regional Loan Center Bulletins No. 99-25, dated October 20, 1999, and No. 2000-05, dated February 18, 2000.



R. BIAGIOLI
Acting Loan Guaranty Officer