



DEPARTMENT OF VETERANS AFFAIRS
Regional Office
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In Reply Refer To: 317/26

March 16, 2007

INFORMATION BULLETIN 26-07-05

TO : ALL LENDERS, HOLDERS AND SERVICERS

**SUBJECT: MAXIMUM CHARGES FOR EXPENSES IN THE LIQUIDATION OF
VA GUARANTEED LOANS FOR PUERTO RICO AND THE U.S. VIRGIN ISLANDS**

1. Claims should be submitted to VA as soon as possible following termination of the loan. Generally, a claim should not be submitted until all expenses involved with terminating the loan have been paid. If taxes are due and payable within 30 days after the date of conveyance or transfer of the property to VA, the holder must pay the taxes (38 CFR 36.4320(h)). Holders may submit supplemental claims for items omitted from the original claim or disallowed by VA due to insufficient documentation.

2. Documents Required With the Claim Form The documents listed below must be submitted with VA Form 26-1874. Forward all documents in one package. Incomplete packages can not be processed and will be returned.

- a. Copy of the payment history from the inception of the loan **or** at a minimum from the date of default **or** the date of the first advance that is claimed in Item 12 of VA Form 26-1874 if it is earlier than the date of default.
- b. Copy of the paid and itemized receipt for each advance or liquidation expense claimed in Items 12 and 13 of VA Form 26-1874.
- c. Copies of all deeds transferring title from the original veteran-obligor through the owner holding title at liquidation.
- d. Bankruptcy docket report or equivalent (if applicable).
- e. Copy of the Confirmation of sale and of **all** legal documents (Complaint, Summons, Judgment and Notice of Sale if they were not submitted previously).

3. Insurance Premiums Insurance Premiums advanced prior to the cutoff date will be included in the claim under guaranty. Premiums advanced after the cutoff date will be disallowed. High risk insurance is always prorated to the sale or cutoff date.

4. Taxes Advances for taxes will be included in the claim in their entirety if the property is conveyed to VA. Tax advances for properties not conveyed to VA will be included in the claim if paid prior to the cutoff date.

5. Foreclosure Attorney Fees The maximum allowable for foreclosure attorney fee is \$850.

6. Bankruptcy Maximum attorney bankruptcy fees are \$450.00 for a Chapter 7 bankruptcy, \$650.00 for a Chapter 11 or 13 bankruptcy and \$250.00 for each additional release obtained for multiple filings. The bankruptcy court filing fee for a motion for relief prior to loan liquidation is \$150.

7. Inspections A maximum of \$20 will be reimbursed for the initial property inspection. A maximum of \$15 will be reimbursed for each monthly inspection. To obtain reimbursement, submit a copy of each inspection report and evidence of payment with the Claim Under Loan Guaranty, VA Form 26-1874.

8. Liquidation Expenses The following is the maximum amount VA will allow in a claim under guaranty. Any expenses not listed should be claimed and will be considered for reimbursement based on the circumstances.

Appraisals		
<u>Puerto Rico</u>		<u>Virgin Islands, Vieques, Culebra</u>
Single Family	\$325	\$425
Two Family	\$525	\$575
Three Family	\$575	\$625
Four Family	\$625	\$675
Recording Fees, Court Filing Fees		Actual Cost
Posting of Sale		\$75
Writ of Execution		\$12
Notary		\$150
Eviction		\$275
Marshall's Fees		Actual Cost
Personal Summons		\$75 per person
Title Search		\$50
Continuation		\$25
Title Search Outside Metro Area		\$60
Continuation		\$30
Vouchers/Stamps for Judicial Sale		Actual Cost
Publication		Actual Cost
Registral Certification		Actual Cost

9. Charges the VA does not Pay

Bankruptcy Schedules/Copies	Auction Expense
Sale Attendance	Phone Calls
Copies, Certified Copies	Research
Secure Guardian/Attorney ad Litem	Investigations
Postage, Certified Mail	Trip Charge
Courier	Military Affidavits
Bid Estimates/Repairs	BPO
Document Processing	

10. Your Responsibility for Reimbursement Evidence of payment must be submitted with the claim and must describe the kind of service provided, the materials used, and specific dates the service was completed. In case that additional information is required to process a claim, servicers will be contacted by telephone or E-mail and will be given a deadline for submission of the documents. If the information is not received by the deadline, reimbursement for the item will be disallowed or the claim returned without processing. Thank you for your assistance and compliance with the above change.

WILLIAM A. CIPOLLA
Loan Guaranty Officer