

Department of Veterans Affairs

§ 36.4320

servicers are advised of their tier rankings pursuant to paragraph (c)(2) of this section, provided the servicer has received evaluations for at least four continuous calendar quarters.

(d) The quarterly evaluation and tier ranking of a servicer shall be deemed to be confidential and privileged and shall not be disclosed by the Secretary to any other party.

(Authority: 38 U.S.C. 3703(c))

§ 36.4319 Servicer loss-mitigation options and incentives.

(a) The Secretary will pay a servicer in tiers one, two, or three an incentive payment for each of the following successful loss-mitigation options or al-

ternatives to foreclosure completed: repayment plans, special forbearance agreements, loan modifications, compromise sales, and deeds-in-lieu of foreclosure. Only one incentive payment will be made with respect to any default required to be reported to the Secretary pursuant to §36.4317(c). No incentive payment will be made to a servicer in tier four. The options and alternatives are listed in paragraph (b) of this section from top to bottom in their preferred order of consideration (i.e., a hierarchy for review), but VA recognizes that individual circumstances may lead to “out of the ordinary” considerations.

(b) The amount of the incentive payment is as follows:

Tier ranking	One	Two	Three	Four
Repayment Plan	\$200	\$160	\$120	\$0
Special Forbearance	200	160	120	0
Loan Modification	700	500	300	0
Compromise Sale	1,000	800	600	0
Deed in Lieu of Foreclosure	350	250	150	0

(c) For purposes of this section, a loss-mitigation option or alternative to foreclosure will be deemed successfully completed as follows:

(1) With respect to a repayment plan (as defined in §36.4301), when the loan reinstates;

(2) With respect to special forbearance (as defined in §36.4301), when the loan reinstates. If a repayment plan is developed at the end of the forbearance period, then the special forbearance is not eligible for an incentive payment, although the subsequent repayment plan may be eligible upon loan reinstatement;

(3) With respect to a loan modification, when the modification is executed and the loan reinstates;

(4) With respect to a compromise sale, when the claim under guaranty is filed; or

(5) With respect to a deed-in-lieu of foreclosure, when the claim under guaranty is filed.

(d) Incentive payments with respect to repayment plans, special forbearances and loan modifications shall be made no less frequently than monthly. For all other successful loss-

mitigation options, incentives shall be paid in the final claim payment.

(e) The Secretary shall reserve the right to stop an incentive payment to a servicer if the servicer fails to perform adequate servicing.

(Authority: 38 U.S.C. 3703(c), 3720, 3722)

(The Office of Management and Budget has approved the information collection requirements in this section under control number 2900-0021)

[73 FR 6310, Feb. 1, 2008. Redesignated at 75 FR 33705, June 15, 2010, as amended at 75 FR 65238, Oct. 22, 2010]

§ 36.4320 Refunding of loans in default.

(a) Upon receiving a notice of default or a notice under §36.4317, the Secretary may require the holder upon penalty of otherwise losing the guaranty or insurance to transfer and assign the loan and the security therefore to the Secretary or to another designated by the Secretary upon receipt of payment in full of the balance of the indebtedness remaining unpaid to the date of such assignment. Such assignment may be made without recourse but the transferor shall not thereby be relieved from the provisions of §36.4328.