



Effective May 31, 2024

VA Portfolio Loans

Quality Assurance on a Veterans Affairs (VA) Servicing Purchase (VASP) Portfolio Loan

The Department of Veterans Affairs (VA) has several different types of loans that are contained within their serviced portfolio. The guideline around Quality Assurance is provided specific to the VA Servicing Purchase (aka VASP) Program and will impact Guaranty Servicer/Lenders (“Servicers”) when transferring an acquired loan to the VA’s wholly-owned portfolio.

Quality Assurance criteria is used to examine the accuracy of the servicing data record to the legal collateral as well as comparison to the VASP program.

QA Criteria - MODIFIED

- 1. Loan Amount** - The loan amount on the modification will match the acquisition loan amount provided by the VA. The servicing data record will reflect a unpaid principal balance of the modified loan.
- 2. Interest Rate** - The interest rate of the collateral will match that of the certified acquisition response. The servicing data record will reflect the correct interest rate.
- 3. Loan Terms** - The loan terms (determined by the first payment date and maturity) will be acceptable under the VASP loan program guidelines. The servicing data record will reflect the correct maturity date, first payment date and loan terms.
- 4. Principal & Interest Payment** - The P&I payment is accurate according to the acquired loan amount, loan terms and interest rate. The servicing data record will reflect the correct P&I payment amount based on this calculation.
- 5. First Payment Date** - The loan modification must provide an accurate first payment date based on the VASP program guidance on how to derived first payment date. The servicing data record will reflect a first/next payment date, last payment date (if a payment has already been made during interim servicing) correctly.
- 6. Borrower Name(s)** - The obligors to the loan modification must match that of the servicing record.
- 7. Subject Property** - The subject property (by address or legal description) must match that of the servicing record.
- 8. Loss Mitigation** - The servicing record will reflect no open loss mitigation events.
- 9. Escrow** - The servicing record will reflect the necessary information for an escrow account (if applicable). This may include but not be limited to: Payees, Account Numbers, Parcels, Disbursement History, Certificates, etc.
- 10. Minimum Collateral** - The Servicer has provided the minimum collateral needed to substantiate the acquired loan.

Frequency

The Quality Assurance Criteria may be evaluated up to three (3) times during the Transfer Project for every loan in this category.

- **Phase 1: Initiation:** During the Initiation phase (52 days) of the transfer project, loan modification collateral may be provided to the new servicer to evaluate the material information of the modification.
- **Phase 2: Preliminary:** During the Preliminary phase (30 days) of the transfer project, loan modification collateral and the servicing data record are evaluated together against the criteria.
- **Phase 4: Final:** During the Final phase (30 days) of the transfer project, loan modification collateral and the servicing data record are evaluated together against the criteria as a final review.



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QA Criteria - DELINQUENT

1. **Borrower Name(s)** - The obligors to the loan must match that of the servicing record.
2. **Subject Property** - The subject property (by address or legal description) must match that of the servicing record.
3. **Loss Mitigation** - The servicing record will reflect no open loss mitigation events.
4. **Loan Status** - The servicing record will reflect the loan is past-due and transferring as delinquent with no VASP loan modification executed by the borrower.
5. **Escrow** - The servicing record will reflect the necessary information for an escrow account (if applicable). This may include but not be limited to: Payees, Account Numbers, Parcels, Disbursement History, Certificates, etc.
6. **Minimum Collateral** - The Servicer has provided the minimum collateral needed to substantiate the acquired loan.

Frequency

The Quality Assurance Criteria may be evaluated two (2) times during the Transfer Project for every loan in this category.

- **Phase 2: Preliminary:** During the Preliminary phase (30 days) of the transfer project, loan modification collateral and the servicing data record are evaluated together against the criteria.
- **Phase 4: Final:** During the Final phase (30 days) of the transfer project, loan modification collateral and the servicing data record are evaluated together against the criteria as a final review.

!Note: In all the criteria above, the material aspects are the loan can also be confirmed to be correct and accurate within the servicing data record. as well as a physical inspection of the legal collateral generated.



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How Do I Fail a Quality Assurance check?

When the transferring loan fails the Quality Assurance checks, one or more of the following scenario may be applicable.

1. **Missing Data** – The Servicer fails to provide loan data for quality assurance review.
2. **Inaccurate Loan Data** – The Servicer fails to provide correct and accurate data for a loan or provides a loan with an open in-flight modification based on the quality assurance criteria.
3. **Inaccurate Escrow Data** – The Servicer fails to provide impound or escrow setup information for a loan.
4. **Missing or Inaccurate Assignment of Mortgage** – The Servicer has not delivered to the VA Contractor an Assignment of Mortgage that can be executed and recorded on behalf of the Secretary, or has delivered an Assignment of Mortgage that does not follow the guidelines of that document and cannot be recorded.
5. **Missing Collateral** – The Servicer fails to provide collateral documents that represent a minimum collateral record for the VASP loan as defined in this guideline.
6. **Inaccurate Collateral** – The Servicer has provided collateral that does not correlate to the loan documents provided for the same loan

What Happens When There is a Quality Assurance Finding?

When the transferring loan fails the Quality Assurance checks, one or more of the following scenario may be applicable.

The Servicer (if time permits on the Transfer Project schedule) will be allowed to correct to resolve the finding and resubmit based on guidance provided by the Transfer Coordinator or Transfer Project Guidance. If no additional time permits within the Transfer Project schedule, the loan will be removed from that transfer project and will restart under a new transfer project. Servicers will be given two (2) times to correct the deficiencies before escalation to the VA.



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Minimum Collateral

The collateral list here represents the minimum collateral needed to support the servicing of an acquired loan. Where some collateral is conditional based on circumstance of property, state or borrowers then it will be considered optional.

With respect to each Mortgage Loan, the Mortgage File shall include each of the following items:

- 1. Mortgage Note.** The original Mortgage Note, endorsed, "Pay to the order of _____ without recourse" (or, if applicable, with respect to Mortgage Loans secured by properties located in states other than Delaware, Maine, Maryland, Massachusetts, Missouri, New Jersey, New Mexico, New York, North Carolina, North Dakota, Oregon, Vermont and Wisconsin, a copy of the Mortgage Note together with a lost note affidavit and an original lost instrument bond) together with all intervening endorsements evidencing a complete chain of endorsements from the originator of the Mortgage Note to the pooling issuer, and from the pooling issuer to the endorsement in blank, without recourse;
- 2. Mortgage.** The original Mortgage, with evidence of recording thereon; provided that (a) if the original Mortgage has been delivered for recording to the public recording office of the jurisdiction in which the Mortgaged Property is located but has not yet been returned to Seller by such recording office, Seller shall (i) provide to Buyer a copy of the Mortgage, and (ii) when the original Mortgage becomes available, deliver to Buyer the original of such Mortgage, with evidence of recording thereon, and (b) if such Mortgage has been lost or if such public recording office retains the original recorded mortgage, Seller shall deliver or cause to be delivered to Buyer a certified photocopy of such Mortgage with recording information included on such copy;
- 3. Intervening Assignments.** Originals of all intervening Mortgage Assignments showing a complete chain of title from originator to Seller, Seller's predecessor in interest or Seller's affiliate or, with respect to MERS Mortgage Loans, MERS, with evidence of recording thereon; provided that (a) if any original intervening Mortgage Assignment has been delivered for recording to the appropriate public recording office of the jurisdiction in which the Mortgaged Property is located but has not yet been returned to Seller by such recording office, Seller shall provide to Buyer a copy of such Mortgage Assignment and when the original intervening Mortgage Assignment becomes available, deliver to Buyer the original of such intervening Mortgage Assignment, with evidence of recording thereon, and (b) if such intervening Mortgage Assignment has been lost or if such public recording office retains the original recorded intervening Mortgage Assignment, Seller shall deliver or cause to be delivered to Buyer a certified photocopy of such intervening Mortgage Assignment with the recording information included on such copy. If MERS is designated in the security instrument as the original Mortgagee no intervening Mortgage Assignment will be required as long as such MERS Mortgage Loan remains registered with MERS;

*****Assignment of Mortgage between the Guaranty Servicer/Lender and the Secretary of Veterans Affairs, an Officer of the United States for a VASP acquisition will be generated and signed by the Guaranty Servicer/Lender as the assignor but will send that executed UNRECORDED assignment in accordance to the Assignment of Mortgage Guidelines provided. The VA Contractor will be responsible for counter-signing (when applicable) and recording in the appropriate jurisdiction.**



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With respect to each Mortgage Loan, the Mortgage File shall include each of the following items:

4. Title Policy. A final title policy or final attorney's opinion, including an endorsements (the "Policy") issued in connection with the Mortgage Loan, or if such Policy has been lost, a photocopy of such Policy. To the extent the Policy is not yet available, a preliminary Policy issued in connection with the Mortgage Loan with the original or photocopy of the final Policy to be provided to Buyer no later than ninety (90) days after the related Sale Date;

5. Loan Modification. For each Mortgage Loan that has been modified from its original terms, the originals, or copies, of all assumption, modification, consolidation or extension agreements (if any) with evidence of recording thereon; provided that (a) if an original assumption, modification, consolidation or extension agreement has been delivered for recording to the public recording office of the jurisdiction in which the Mortgaged Property is located but has not yet been returned to Seller by such recording office, Seller shall (i) provide to Buyer a copy of such agreement, and (ii) when the original agreement becomes available, deliver to Buyer the original of such assumption, modification, consolidation or extension agreement, with evidence of recording thereon, and (b) if such assumption, modification, consolidation or extension agreement has been lost or if such public recording office retains the original agreement, Seller shall deliver or cause to be delivered to Buyer a certified photocopy of such assumption, modification, consolidation or extension agreement with the recording information included on such copy;

6. Title Product. For each Mortgage Loan that has been modified from its original terms, a title policy, title endorsement or other similar title product that complies with Applicable Requirements issued in connection with a loan modification, or if such product has been lost, a certified photocopy of such product. To the extent such product is not yet available, a preliminary product issued in connection with the loan modification with the original or photocopy of the final product to be provided to Buyer within ninety (90) days from the related Sale Date;

7. Mobile Home Loans. For each Mortgage Loan that is a Mobile Home Loan documentation evidencing that the related manufactured/mobile home has been properly converted to real property in accordance with Applicable Requirements;

8. Additional Documents. Originals or copies of partial claim notes, partial claim recorded mortgages, recorded subordination agreements, any assumption agreements, and any release of liability forms executed in connection with the Mortgage Loan.

9. Power of Attorney. If the Mortgage Note, the Mortgage, or any other related documented has been signed by a person on behalf of the Mortgagor, the original or copy of the power of attorney or other instrument that authorized and empowered such person to sign.