



Putting Veterans First

**Department of Veterans Affairs
Loan Guaranty Service
Program Overview
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**Veterans Benefits
Administration**

Prepared by : Loan Guaranty Service

VA



**U.S. Department
of Veterans Affairs**



Loan Guaranty Service

- **Mission:** Maximize opportunities for Veterans and Servicemembers to obtain, retain, and adapt homes by providing a viable and fiscally responsible benefit program in recognition of their service to the Nation.
- **Vision:** To empower Veterans with information and access to innovative products and services by providing a Veteran-focused experience, strengthening our partnerships, driving continuous performance improvements, and never forgetting who we serve.



Home Loan Guaranty

What is it?

The VA-guaranteed home loan program helps Veterans, their families, Servicemembers, and eligible Reservists become homeowners; to help buy, build, repair, retain or adapt a home for personal use.

VA home loans are provided by private lenders such as banks and mortgage companies. VA guarantees a portion of the loan, enabling lenders to provide Veterans and Servicemembers with more favorable financing terms, including a no down payment or mortgage insurance premiums.

VA also administers direct loans to Native American Veterans on Tribal Lands due to lack of traditional financing in these areas.

Who is it for?

Home loan programs are available to Veterans, their families, Servicemembers, and eligible National Guard and Reserve members. Under the separate Specially Adapted Housing Program, Veterans with certain service-connected disabilities may be entitled to grant funds to help adapt their homes to enable or maintain independence.





Eligibility Requirements for Home Loan Guaranty

- ❑ The applicant must qualify for the loan from the lender. VA guarantees a portion of the loan.
- ❑ Service requirements vary based on when the applicant served. Generally, applicant criteria are:
 - ❑ 24 Continuous months active duty, OR
 - ❑ The full period (at least 90 days) called or ordered to active duty
 - ❑ National Guard and Reserve members must have either met the full period (at least 90 days) called or ordered to active duty, OR have completed six years of service in the Reserve/National Guard and received an honorable discharge.
 - ❑ Length of service requirements do not apply to Veterans discharged due to a service-connected disability

The applicant must present a **Certificate of Eligibility (COE)** from VA that verifies his or her military service to the lender to qualify for a VA-backed loan. The easiest way to obtain a COE is through eBenefits at www.eBenefits.va.gov.

Eligibility





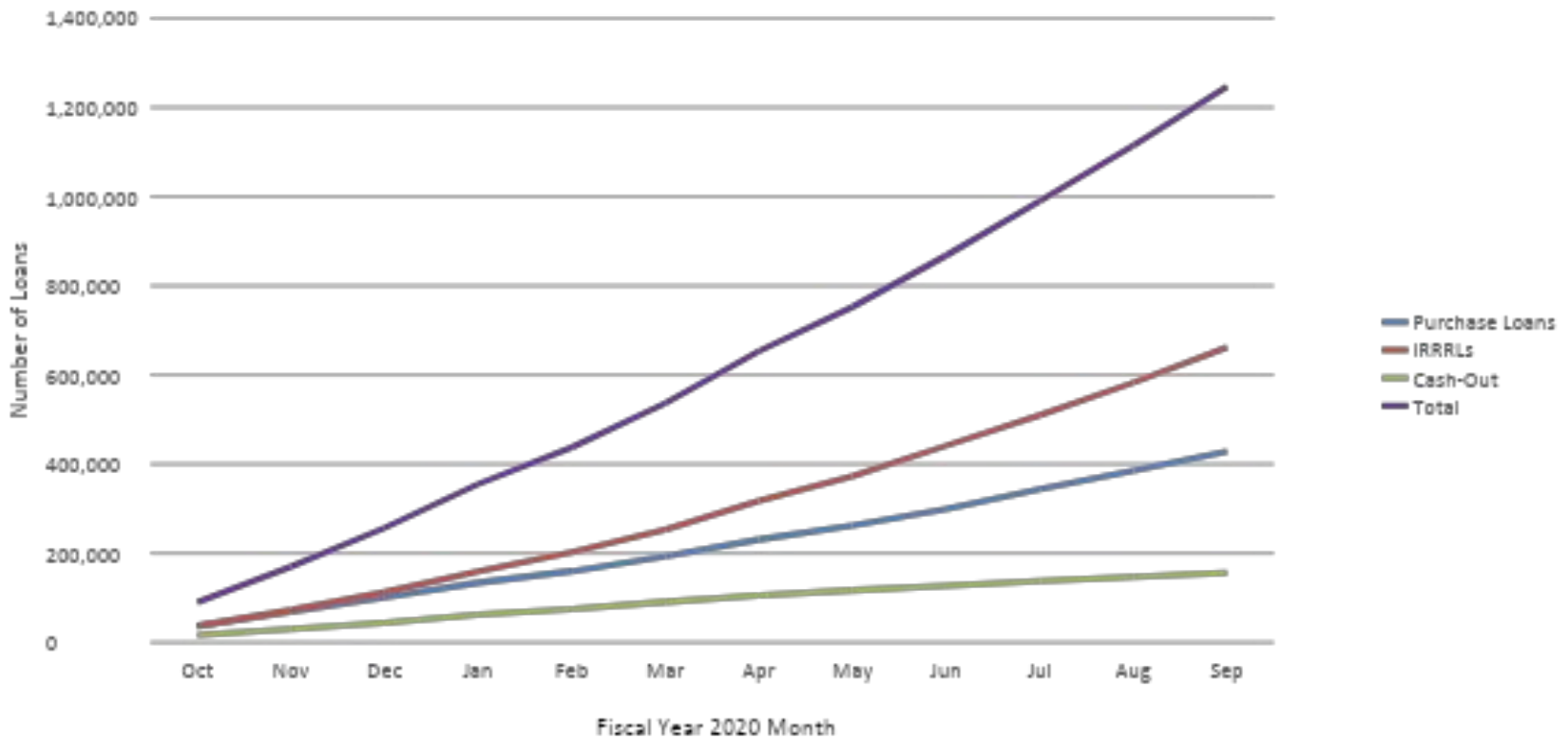
Loan Production

VA offers a variety of home loan guaranty programs for Active Duty Servicemembers, Veterans, National Guard and Reserve members.

- ❑ **Purchase Loans** help an individual purchase a home at a competitive interest rate often without requiring a downpayment or private mortgage insurance.
- ❑ **Interest Rate Reduction Refinance Loan (IRRRL)**, also called the Streamline Refinance Loan, can help a homeowner obtain a lower interest rate by refinancing his/her existing VA loan.
- ❑ **Cash Out Refinance Loans** allow a homeowner to borrow against available home equity.
- ❑ There are over 1,200 lenders in the program, with the top 10 lenders making up 39 percent of all loan volume.
- ❑ In FY 2020, over 2.1 million requests were made online for a Certificate of Eligibility (COE), with nearly 1.6 million Veterans (77%) receiving automatic issuance.



FY2020 VA Home Loan Volume



FY20 - Total loan volume ★ 1,246,816 consisting of ★ 428,421 purchase, ★ 156,330 cash-out refinances, and ★ 662,065 IRRRLs.

FY19 - Total loan volume ★ 624,545 consisting of ★ 384,496 purchase, ★ 145,188 cash-out refinances, and ★ 94,861 IRRRLs.



Attractiveness to Borrowers and Lenders

- VA loans remain the most attractive mortgage product for Veterans in the industry, due to its no down payment feature and default assistance.
- VA provides guaranty of at least 25% for most loans to compensate lenders for no down payment.
- VA servicers receive financial incentives for providing various foreclosure avoidance measures.
- VA's electronic interface system allows lenders to go online to obtain Certificates of Eligibility (COEs) for most Veterans as well as electronic delivery of loan guaranty confirmation.



VA Funding Fee

The VA funding fee is a one-time payment that the Veteran, Service Member, or survivor pays on a VA-guaranteed or VA direct home loan. This fee helps to lower the cost of the loan for borrowers since the VA home loan program doesn't require down payments or monthly mortgage insurance. To be exempt from the funding fee, one must meet one of the following criteria:

- ☐ Receiving VA compensation for a service-connected disability, **or**
- ☐ Eligible to receive VA compensation for a service-connected disability, but receiving retirement or active-duty pay instead, **or**
- ☐ The surviving spouse of a Veteran who died in service or from a service-connected disability, or who was totally disabled, and receiving Dependency and Indemnity Compensation (DIC), **or**
- ☐ A service member with a proposed or memorandum rating, before the loan closing date, stating eligibility to get compensation because of a pre-discharge claim, **or**
- ☐ A service member on active duty who before or on the loan closing date provides evidence of having received the Purple Heart






Specially Adapted Housing Program

- To provide eligible Veterans the opportunity to enhance independent living through the purchase or construction of an adapted home, or modification of an existing home to meet their needs. This benefit may be used throughout the world, with the most numerous international grants located in the Philippines and Germany.
- The SAH program is available to our nation's Veterans and Service members with serious, service-connected disabilities for the purpose of adapting their homes, helping to:
 - Create a barrier-free environment
 - Live more independently
 - Temporarily reside in the home of a family member
- **Ryan Kules and Paul Benne Specially Adaptive Housing Improvement Act of 2019**
 - Provides new categories of assistance available to participants with visual impairments; increases to grant amounts; additional assistance to certain SAH participants, and adjustments to VA-guaranteed loan fees.



VA Housing Adaptation Grants for Veterans with Disabilities

Types of VA Housing Grants

- Specially Adapted Housing grants**: Help eligible Veterans and Service members live more independently in a barrier-free environment.  **\$100,896**
 - Special Housing Adaptation grants**: Help eligible Veterans and Service members adapt or purchase a housing unit to live more independently.  **\$20,215**
 - Temporary Residence Adaptation (TRA) grants**: May be available to SAH/SHA eligible Veterans and Service members who are or will be temporarily residing in a home owned by a family member.  **\$40,437 (SAH TRA)**
\$7,256 (SHA TRA)
- Maximum of six grant usages totaling the maximum grant amount
 - Grant amounts are adjusted annually based on the Turner Construction Index



Loan Management

VA helps Veteran borrowers retain their home or avoid foreclosure during times of financial difficulty, reducing the risk of homelessness.

- Since 2009, VA has assisted nearly 1.1 million borrowers in default avoid foreclosure. These delinquency resolutions have resulted in over **\$30.6** billion potential foreclosure claim savings.
- In FY2020, VA made **689,000** outreach contacts to Veterans and their servicers. These efforts resulted in **119,000** Veterans in default retained their homes or avoided foreclosure, resulting in **\$3.4** billion in potential foreclosure claim savings.
- The Default Resolution Rate has remained strong despite a troubled housing market. Since implementation of the metric, the rate has gradually increased: FY 2009: 71.5%; FY 2010: 76.3%; FY 2011: 83%; FY 2012: 81%; FY 2013: 79.4%; FY 2014: 80.1%; FY 2015: 83.39%; FY 2016: 84.02%; FY 2017 85.31%; FY 2018: 86.51%; FY 2019: 87.44%; FY 2020: 93.81%
- Highlights of VA Default Resolution Strategies: Maintaining one of the lowest delinquency rates in the industry (7.69%) over the past 49 quarters, VA has the second lowest foreclosure inventory (.66%) and second lowest seriously delinquent rates (3.98%).



Oversight

- VA ensures outstanding delivery of Loan Guaranty benefits to Veterans and Service members no matter where they reside.
- Review of Lenders
 - VA Monitoring Unit
 - Regional Loan Center full loan reviews
 - Funding Fee Payment System
- Review of Servicers
 - VA Loan Electronic Reporting Interface (VALERI)
 - VA Loan Technicians
 - VA Monitoring Unit
- Review of Appraisers
 - WebLGY
 - VA Automated Management Service (AMS)
 - VA Automated Valuation Model (AVM)
 - Field and Desk Reviews



VA Home Loan COVID-19 Activities

Coronavirus Aid, Relief, and Economic Security (CARES) Act – Section 4022

- Requires holders to grant an initial forbearance up to 180 days for any VA-guaranteed loan:
 - upon the request of the borrower,
 - if the borrower attests to a financial hardship during the COVID-19 national emergency, and
 - with no documentation required from the borrower
- The forbearance may be extended, at the borrower's request, for an additional period of 180 days
- VA has extended foreclosure relief for borrowers affected by the pandemic until June 30, 2021 (unless vacant or abandoned)

Guidance

- Released industry guidance regarding new loan originations, forbearance, loss mitigation, and moratoria on foreclosure/eviction actions
- Published a Fact Sheet for VA borrowers on the VA Home Loan website
- Developed a Unified Housing Resources for COVID website to provide comprehensive resources for homeowners with other Federal housing agencies



Loan Guaranty Service – Accomplishments and Highlights

Despite extensive challenges within the mortgage industry and an increase in loan volume, Loan Guaranty Service has excelled in many areas.

- In FY 2020, Loan Guaranty guaranteed **1.2 million loans for \$375 billion**. This breaks the previous record loan volume of 740,000 loans guaranteed in FY2017. VA also broke the record for purchase loan volume, having guaranteed over **428,000 worth \$130 billion**.
- Since VA does not require mortgage insurance, loans originated in FY 2020 will save Veterans **\$73 billion** over the life of their loans (compared to their FHA counterparts).
- In FY 2020, VA saved approximately 119,000 borrowers from foreclosure, while saving taxpayers over **\$3.4 billion** in potential foreclosure claim payments, while making over 689,000 calls to Veterans and their servicers. Since FY 2009, VA has helped over 1.1 million Veterans with loss mitigation options and taxpayers have saved over **\$30.6 billion** in potential claim payments.
- Added a COVID indicator for loans impacted by the national emergency in the VA Loan Electronic Reporting Interface (VALERI). This indicator provides VA borrowers and staff with enhanced tools to track VA loan servicing activities related to the pandemic.
- VA awarded a contract to support valuation activities for homes being purchased through the VA Home Loan program. These valuation tools will improve the borrower home buying experience by increasing the efficiency of appraisal scheduling, tracking, and completion.



Loan Guaranty Service Facts

Program History

- VA's Home Loan Guaranty Program started in 1944. 77 years later, VA remains the largest no down payment mortgage program in the nation.
- Many of the earliest VA-guaranteed loans were not for homes. They were for farming equipment and business inventory, including taxicabs and delivery trucks.
- When the program began, VA had to underwrite and approve all VA-guaranteed loans. Today, 99% of all VA loans are underwritten by private lenders who have VA prior-approval authority.
- The first VA-guaranteed home loan was obtained by Captain Miles Myers for a home on Kennedy Street, NW, in Washington, D.C.---about four miles away from the U.S. Capitol building.
- VA has guaranteed 2.8 million loans in California, the most of any state.

General Facts

- In FY 2020, VA guaranteed its 25 millionth home loan since 1944. This nears the population of the states of Arizona, Colorado , Idaho, Montana, Nevada, New Mexico, and Utah combined!
- In FY20, approximately 93% of all VA-guaranteed purchase loans are made with no down payment required.
- The era of service with the largest percentage of VA home loans is represented by Gulf War era Veterans.
- VA-guaranteed home loans have a significantly lower default rate than other types of loans in the market today, despite the fact that VA does not require a minimum credit score, down payment, or monthly mortgage insurance premiums.
- The most expensive loan VA has guaranteed is a \$9 million loan in Malibu, California.



Loan Guaranty Contact Information

Loan Guaranty operates 8 Regional Loan Centers (RLCs) and one satellite office. Loan Guaranty Operations are executed by business section. Each office has staff that implement the core mission of assisting Veterans to obtain, retain, and adapt homes across the country. VA Loan Guaranty employees work with VA Home Loan participants regardless of location; however, Valuation and Specially Adapted Housing activities are conducted within the following jurisdictions:

- **Atlanta RLC:** Georgia, North Carolina, South Carolina, Tennessee
- **Cleveland RLC:** Connecticut, Delaware, Indiana, Michigan, Maine, Massachusetts, New Hampshire, New Jersey, New York, Ohio, Pennsylvania, Rhode Island, Vermont
- **Denver RLC:** Alaska, Colorado, Idaho, Montana, Oregon, Utah, Washington, Wyoming
- **Houston RLC:** Arkansas, Louisiana, Oklahoma, Texas
- **Phoenix RLC:** Arizona, California, Nevada, New Mexico
 - Honolulu Satellite Office: American Samoa, Hawaii, Guam, Northern Mariana Islands
- **Roanoke RLC:** District of Columbia, Kentucky, Maryland, Virginia, West Virginia
- **St. Paul RLC:** Kansas, Illinois, Iowa, Minnesota, Missouri, Nebraska, North Dakota, South Dakota, Wisconsin
- **St. Petersburg RLC:** Alabama, Florida, Mississippi, Puerto Rico, U.S. Virgin Islands

Additional Contact Information

Toll free number: 877-827-3702

Email: lpgc.vbapho@va.gov

VA-Guaranteed Home Loan Program

<http://www.benefits.va.gov/homeloans/>



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