

VA Loan Guaranty Service Program Overview



Mission...Vision...Strategic Plan

- **Mission:** Maximize opportunities for Veterans and Service members 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.

- **Strategic Plan:** To support VBA's strategic plan and achieve Loan Guaranty's vision for Veterans, Service members, and their families, Loan Guaranty Service will:
 - **Serve as the leading voice related to housing for Veterans**
 - **Attract and retain** a workforce with the skills, knowledge, and commitment necessary to serve Veterans
 - **Create and sustain** a culture of innovation that ensures the VA home loan is the product of choice
 - **Deliver a quality customer experience** through consistent, timely, and accurate benefits and services that meet their needs



Home Loan Guaranty



What is it?

The VA-guaranteed home loan program helps Veterans, their families, Service members, and eligible Reservists to obtain, retain, adapt or refinance a home. VA loans allow more favorable financing terms, including no down payment or mortgage insurance premiums.

Who is it for?

Home loan programs are available to Veterans, their families, Service members, 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.



VA Loan Products

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

- ❑ **Purchase Loans** help an individual purchase a home at a competitive interest rate often without requiring a down payment or private mortgage insurance.
- ❑ **Interest Rate Reduction Refinancing 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% of all loan volume.



Benefits of a VA Home Loan

- No down payment (in most cases).
 - 90% made w/o down payment.
- No monthly PMI (Private Mortgage Insurance).
- No prepayment penalty.
- Favorable loan terms.
- Assumable mortgage.
- Re-usable benefit.
- Limited closing costs.

Notes from presentation:

- Can be used more than once.
- Cannot pay real estate commission, caps on specific fees (1%).
- Assumable; explain the difference between a normal assumption and an assumption w/ a substitution of entitlement.



VA Home Loan Misconceptions

- Veterans only have one opportunity to use the benefit.
- You can only have one VA loan at a time.
- VA loans are small and only ideal for starter homes.
- VA is a direct lender.
- No closing costs.
- VA has a minimum credit score requirement.

Notes from presentation:

- More than one opportunity to use the benefit (touch on selling home for restoration and bonus entitlement).
- Veterans possibly can have more than one active VA loan depending on how much remaining entitlement they have available. Additional properties purchased must be a primary residence.
- No loan limit as long as the Veteran has full entitlement. Property needs to appraise and Veterans still must financially qualify for the loan.
- VA does not finance loans. VA provides a government-backed insurance policy on the loan. VA loan is a direct lender for NADL.
- No down payment required in most scenarios (unless property doesn't appraise or Veteran does not have enough remaining entitlement to insure the entire loan amount).
- VA does not have a minimum credit score requirement, but lenders have credit overlays. Veteran must meet their minimum credit score requirement. Varies lender to lender.



VA Home Loan Misconceptions

- ❑ VA does **not**, guaranty the home is a good purchase and or free from defects.
- ❑ VA does **not** have the authority to provide legal services if something goes wrong with purchase/construction.
- ❑ VA does **not** guaranty the Veteran is making a good investment.



Eligibility Requirements for Home Loan Guaranty

- The applicant must qualify for the loan from the lender.
- 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
 - Members of the National Guard who have been mobilized to perform full-time National Guard duty for not less than 90 cumulative days, including at least 30 consecutive days*
We are going to expand on recent congressional laws that impact National Guard member under Circular 26-21-08
 - Reserve/National Guard 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.
*90 days refers to activated under an acceptable qualifying activation, **NOT** just initial active-duty training.
- Length of service requirements do not apply to Veterans discharged due to “Disability” as outlined on the DD214

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.

Eligibility





Eligibility (Active Duty, LOS requirements)

MINIMUM SERVICE REQUIRED

PRE VIETNAM & VIETNAM ERA REQUIREMENTS

Wartime	WW II	9/16/40 – 7/25/47	90 days
Peacetime		7/26/47 – 6/26/50	181 days
Wartime	Korean	6/27/50 – 1/31/55	90 days
Peacetime		2/01/55 – 8/04/64	181 days

Note: If RNG activated under Executive Order 10957 dated 8/10/1961(Berlin Airlift), time is creditable as ADSM.

Wartime	Vietnam	8/05/64 – 5/07/75	90 days
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Note: If veteran served in the Republic of Vietnam as per the DD 214, the start date is 2/28/1961.

POST VIETNAM REQUIREMENTS

Peacetime	Enlisted	05/08/75 – 09/07/80	181 days
Peacetime	Officer	05/08/75 – 10/15/81	181 days
Peacetime	Enlisted	09/08/80 – 08/01/90	24 months
Peacetime	Officer	10/16/81 – 08/01/90	24 months

DESERT STORM REQUIREMENTS 8/2/90 to Present

ADSM – Still on Active Duty	90 days
ADSM – Discharged	24 months
Activated RNG*	90 days

Notes:

This is the Length of Service requirements for Traditional Active Duty servicemembers for each era. A veteran would have needed to meet the LOS requirements for each service period. VA makes exceptions based on the Length of Service on a case by case scenario, those are manually adjudicated by our loan specialist. We strongly urge lenders and veterans to apply for COE's so we may make an official determination on what we would determine as qualifying.



181 days to meet a LOS exception



90 days of continuous service to meet a LOS exception, unless discharged specifically for a “Disability” per the DD214





Eligibility Documentation

- Veteran Requirements (already discharged).
 - Active Duty: DD-214 (24 months – Gulf War Era).
 - Honorable, Under Honorable Conditions, or General discharge.
 - Previous active-duty eras have varying length of service requirements (wartime versus peacetime).
 - Reserve: Retirement Points Statement (6 credible years) and evidence on an Honorable Discharge (DD-256).
 - National Guard: NGB-22 and NGB-23 (6 credible years) or Title 10 DD214 (not for training).
 - R/NG **must** have no less than an “Honorably Discharged”.

*VA considers a difference between a credible year versus what the military considers to be a credible retirement year.



Eligibility (cont.)

- Active duty and Reserve/National Guard (R/NG) members still serving:
 - Statement of Service.
 - 90-day requirement (active duty service members).
 - 6-year R/NG requirement or Title 10 DD214 (not for training).
- Surviving spouses in receipt of Dependency and Indemnity Compensation (DIC).



Circular 26-21-08 (eff. Jan 1st, 2021)

- Expands eligibility for certain National Guard service, it was issued on April 15th, 2021 with an effective date if Jan 1st, 2021.
 - Full-time National Guard
 - 38 U.S.C. § 316, 502, 503, 504, or 505
 - 90+ days of service (non-initial active duty training).
 - Must include 30 consecutive days
 - Basic training and drills do **not** count toward service



Narrative examples

- COVID-19 relief
- Southern border assistance
- Major disaster relief
- Contingency Operations (Desert Storm, OIF/OEF, Operation New, etc)



Documentation

- DD-214, Report of Separation
- DD-220, Report of Active Service
- Statement of service if currently serving
 - Date of entry on orders
 - Any lost time



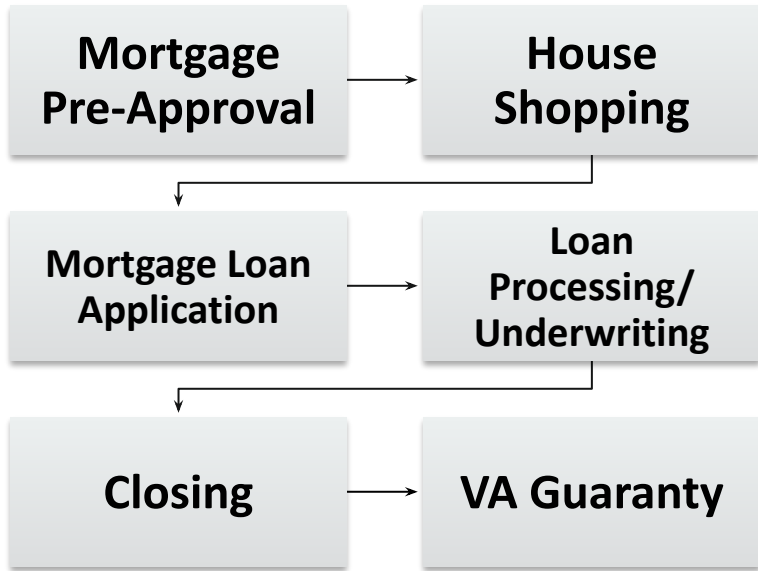
Certificate of Eligibility (COE)

- What is a COE?
 - (Certificate of Eligibility) Proves eligibility for the program.
 - Lists active properties and used entitlement.
 - Exempt versus Non-Exempt.
- There are 3 ways to get your COE:
 1. VA approved mortgage lender.
 - WebLGY.
 2. eBenefits (www.ebenefits.va.gov)
 - Premium Account.
 - Manage Housing Certificate of Eligibility
 3. Mail in VA Form 26-1880 / VA Form 26-1817 for Qualifying Unmarried Surviving Spouses.
- A new COE must be requested for every new transaction.

*It is highly recommended to get a COE in the beginning of the process.
Lenders have access to WebLGY and can request the COE for you.



Loan Process



- Loan Processing/UW: Order appraisal, order title search, start verifying employment and bank deposits, etc. The underwriter is the key decision-maker. They closely evaluate all the documentation prepared by the loan processor in the loan package. They cross check to see if the borrower and property match the eligibility requirements of the loan product for which the borrower applied. For example, for a VA loan, the underwriter will verify the borrower's military service. Underwriters review at the borrower's credit history and their capacity to repay the loan.
- Closing: Documents (everyone in the mortgage industry calls them loan docs) are drawn, meaning they are printed out and sent to the title company (or attorney's office) where the closing meeting takes place.

→ Mortgage Loan application: A few documents are needed to get a loan file through underwriting. Some of the information will be gathered online or over the phone. A lot of it will already be stated on some documents you'll provide, like employer address which can be found on a pay stub.



VA Funding Fee (VAFF)

- VAFF charged on all VA home loans.
 - Can be financed or paid in cash.
 - Exception:
 - Veterans in receipt of service-connected disability compensation.
 - Surviving spouses in receipt of dependency indemnity compensation (DIC).
 - Purple Heart recipients currently serving on active duty.
 - Possible refund if the retroactive award date is prior to the closing date of the loan.

Type of Loan	Downpayment	Percentage for First Time Use	Percentage for Subsequent Use
Purchase and Construction Loans	None	2.30%	3.60%
	5% but less than 10%	1.65%	1.65%
	10% or more	1.40%	1.40%
Cash-Out Refinance Loans	n/a	2.30%	3.60%
IRRRLs	n/a	0.50%	0.50%
Loan Assumptions	n/a	0.50%	0.50%



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.
- One of the lowest foreclosure rates in the industry over the past 52 quarters. Impressive considering zero down payment options, no minimum credit score, and no mortgage premiums.
- VA provides guaranty of at least 25% for most loans to compensate lenders for no-down payment.
- VA servicers may receive financial incentives for providing various foreclosure avoidance measures.
- VA's electronic interface system allows lenders to go online to obtain COEs for most Veterans (76% success rate), as well as electronic delivery of loan guaranty confirmation.



Specially Adapted Housing

To ensure every eligible Veteran can 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.

There are three different grant types that an eligible Veteran can use:

- ❑ **Specially Adapted Housing (SAH):** \$101,754 for FY 2022 (adjusted annually)
 - ❑ Maximum of six grant usages
 - ❑ In FY 2021, VA approved 2,258 grants totaling over \$124.5 million
- ❑ **Special Housing Adaptation (SHA):** \$20,387 for FY 2022 (adjusted annually)
 - ❑ Maximum of six grant usages
 - ❑ In FY 2021, VA approved 66 grants totaling over \$920,000
- ❑ **Temporary Residence Adaptation (TRA) Grant:** \$40,983 for SAH grant and \$7,318 for SHA grant
 - ❑ Adjusted annually/maximum of one grant usage



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.



Loss Mitigation Options – Loan Admin

REPAYMENT PLAN

VA may be able to set up a payment arrangement to assist Veteran-borrowers in curing the delinquency. If approved for a repayment plan, the borrower will be required to submit additional funds with the regular mortgage payment each month until the loan is current.

SPECIAL FORBEARANCE

Special forbearance is an agreement between the borrower and VA to suspend or reduce payments for an agreed upon period. This additional time can be used to catch up on past due payments, refinance the loan, or if unable to afford the payments, transfer the mortgage to someone else. VA can work with the borrower to determine if a special forbearance is a good option.

LOAN MODIFICATION

VA may allow changes to the terms of an existing loan to bring the account up to date. These changes could include a change in the interest rate, adding the missed payments to the loan balance, and extending the amount of time required to pay the loan in full.

*Loss Mitigation/mitigating VA loss: these are options that the VA offers to veterans including eligible Surviving Spouses and loans on trusted Native American Lands, VA will attempt to be the mediator between the veteran and the lender, to prevent a short sale, foreclosures and get the veteran in a better financial stance with their VA loan.



VA Loan Guaranty Service

Native American Direct Loan (NADL) Program Overview

February 2022



Native American Direct Loan Program

VA provides direct loans for the purchase, construction, or improvement of a home to eligible Native American Veterans, or any Veterans married to Native American non-Veterans, who reside on Federal Trust land.

- There are currently 110 memorandums of understanding (MOUs) in place. 1,192 loans have been made to Veterans since program inception in 1992.
- The Loan Guaranty Service continues to partner with VA's Office of Tribal Government Relations (OTGR) to expand outreach to tribal Veterans nationwide.
- Loan Guaranty Service has attended a series of tribal consultations with OTGR to provide information about the availability of this program and to seek input from tribal leaders on how to improve delivery of this benefit.



Agenda

- Program Overview and Benefits
- Eligibility Requirements
- Loan Processing



VA NADL Coordinators Contact Information

****Phone: 1-888-349-7541**

General Email: NADL@va.gov

- ❑ Cherie Castanares, ext. 221455, email: cherie.castanares@va.gov
- ❑ Susan Kanehailua, ext. 221474, email: susan.kanehailua@va.gov
- ❑ James Lewis, ext. 221462, email: james.lewis2@va.gov
- ❑ Dan Schmoll, ext. 221586, email: dan.schmoll@va.gov
- ❑ Katie Wait, ext. 221589, email: kathryn.wait@va.gov
- ❑ Casandra Kelting, ext. 221286, email: casandra.kelting@va.gov
- ❑ Mary Ann Mills (Supervisor), ext. 221470, email: mary.mills@va.gov

****General Loan Guaranty Service Phone Number is 877-827-3702**



Overview of Native American Direct Loan (NADL) Program

- ❑ VA provides direct loans for the purchase, construction, or improvement (with certain limitations) of a home to eligible Native American Veterans, or Veterans married to non-Veteran Native Americans who reside on Federal Trust land. Includes the refinancing of existing NADLs.
- ❑ Tribal government must have a signed Memorandum of Understanding (MOU) with VA.
- ❑ Most mortgage lenders will not make loans on Trust Land for several reasons
 - ❑ Tribes are Sovereign Nations
 - ❑ State Laws do not control Real Estate Transactions on Federal Trust Land
 - ❑ Obtaining a Security Interest on Trust Lands is difficult



NADL Benefits

Borrower Benefits

- ❑ No down-payment required
- ❑ No private mortgage insurance
- ❑ Minimal closing/transactions costs
- ❑ Low, fixed-rate mortgage, 30-year term
- ❑ Assumable for qualified borrowers
- ❑ Continued support after closing

Tribal Benefits

- ❑ Frees up tribal funds to use in other areas
- ❑ Supports local economy (builders, inspectors, and workers)



Loan Processing Steps

Think of VA as the Bank

- Determine Eligibility
- Qualify the Borrower
- Determine Property Value
- Conduct the Closing



Determining Veteran Eligibility

- Native American Veterans with sufficient entitlement (length of service, character of service)
- Tribal organization must have a *Memorandum of Understanding* with VA
- The home is on trust/lease/allotted land
- The Veteran or spouse is a member of the tribe

Native American Direct Loans

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

VA-Guaranteed Home Loan Program

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



Accomplishments and Highlights

- In FY 2021, Loan Guaranty guaranteed **1.44 million loans for \$447 billion**. This breaks the previous record loan volume of 1.246 million loans loans guaranteed in FY 2020. VA also broke the record for purchase loan volume, having guaranteed over **440,000 worth \$152 billion**.
- In FY 2021, VA saved over 203,000 borrowers from foreclosure, while saving taxpayers over **\$4.57 billion** in potential claim payments, while making over **498,000** contacts to Veterans and their servicers.
- Since FY 2009, VA has helped over 1.2 million Veterans with loss mitigation options and taxpayers have saved over **\$36.4 billion** in potential claim payments.
- Loan Guaranty awarded 4 Specially Adapted Housing Assistive Technology grants totaling nearly \$800,000 to entities interested in the development of residential assistive technologies for use by Veterans in their homes.

*You can see that VA does a phenomenal job getting veterans into VA Loans, assisting those who need specialized accommodations and have saved millions of dollars to the tax payers, heartache to veterans who were nearing foreclosures.



Loan Management

- Since 2009, VA has assisted over 1.2 million borrowers in default avoid foreclosure. These delinquency resolutions have resulted in over **\$36.4** billion in potential claim savings.
- During FY 2021, VA helped **98.18%** (203,000) of Veterans in default retain their homes or avoid foreclosure, while making over **498,000** contacts to Veterans and their servicers.
- At the end of FY 2021, VA assisted over 203,000 Veterans in default through loss mitigation strategies to retain their home or avoid foreclosure resulting in **\$4.57** billion in potential claim savings.
- The **Default Resolution Rate (DRR)** has remained strong despite a troubled housing market. **Since implementation of the metric, the rate has gradually increased:**

	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	*FY 2022
DRR	71.5%	76.3%	83.0%	81.0%	79.4%	80.1%	84.0%	84.0%	85.3%	86.5%	87.4%	93.8%	98.18%	97.02%
*Through August														

- VA has a past due rate of 3.43%, is maintaining one of the lowest foreclosure inventory rates in the industry (2.26%) in the past 54 quarters and has the second lowest seriously delinquent rate at .45%. (Source: MBA National Delinquency Survey Q2)

Resources

- National Contact Phone: **(877) 827-3702**
between 0800 – 1800 EST
- VA Lender Resource Page: www.benefits.va.gov/homeloans/lenders.asp
- Current email addresses for field offices.

Field Offices	E-mail
Atlanta	316LP@va.gov
Cleveland	325LP@va.gov
Denver	339LP@va.gov
Houston	362LP@va.gov
Phoenix	345LP@va.gov
Roanoke	314LP@va.gov
St Paul	335LP@va.gov
St Petersburg	317LP@va.gov

Resources

- Circulars: Calendar Years 2021 to 2022 - VA Home Loans
https://www.benefits.va.gov/HOMELOANS/resources_circulars.asp#2022
- Blue Water Navy Act: Blue Water Navy Veterans and Your Home Loan Benefits - VA Home Loans <https://www.benefits.va.gov/homeloans/bwnact.asp>
- Financial Counseling to avoid Foreclosures: VA Help To Avoid Foreclosure | Veterans Affairs <https://www.va.gov/housing-assistance/home-loans/trouble-making-payments/>
- Shopping for a Home: Buying A Home With A VA-Backed Loan | Veterans Affairs <https://www.va.gov/housing-assistance/home-loans/home-buying-process/>
- Native American Direct Loans: Native American Direct Loan | Veterans Affairs (va.gov) <https://www.va.gov/housing-assistance/home-loans/loan-types/native-american-direct-loan/>

Resources (Benefits.va.gov)

The screenshot shows the VA Benefits and Health Care website. The top navigation bar includes the VA logo, U.S. Department of Veterans Affairs, a search bar, and a sign-in button. The main content area is titled "VA Home Loans" and features a large image of a house with a "SOLD" sign. Below the image, there are several links and sections:

- VA Home Loans** (selected in the left sidebar)
- Mortgage Assistance**
- Foreclosure Avoidance**
- VA sits down with National Association of REALTORS**
- COVID-19 Forbearance Relief**
- What Home Means**
- VA Policy Regarding Natural Disasters**
- RESOURCES** section with links to:
 - Find how to get a COVID-19 vaccine at VA
 - Download the VA Buyer's Guide
 - The Home Buying Process for Veterans
 - Native American Direct Loan - Tribal MOUs
 - Home Loans Facts and Information
 - VA Policy on Natural Disasters
 - Servicemembers Civil Relief Act (SCRA) for borrowers called to active duty
 - Trouble Making Payments
 - VA Partial Claim program (VAPCP)
 - Contact a Housing Counselor
 - Blue Water Navy Act Information

Benefits.va.gov

<https://www.benefits.va.gov/homeloans/index.asp>



Questions?

