

VA Loan Guaranty Service HFA Institute Presentation January, 2018

VA



U.S. Department
of Veterans Affairs

Loan Guaranty Service - Mission...Vision...Strategic Plan

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.

To support VBA's strategic plan and achieve Loan Guaranty's vision for Veterans, Servicemembers, 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

VA Home Loan Guaranty



What is it?

The VA-guaranteed home loan program helps Veterans, their families, Servicemembers, 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, 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.

FY 2017 Record Year

Veterans obtained homes at a record pace in 2017.

- Closed the year with 740,388 loans guaranteed
- Previous program record volume (705,474) posted in FY 2016
- VA's volume of guaranteed loans has nearly doubled since FY 2011
 - Veterans purchased 380,437 homes in FY 2017
 - Purchase loans have made up over half of all loan volume since FY 2014
- In FY17, VA guaranteed over 2,000 loans per day

VA loans continue to remain attractive to borrowers, due largely to no-downpayment and low interest rates

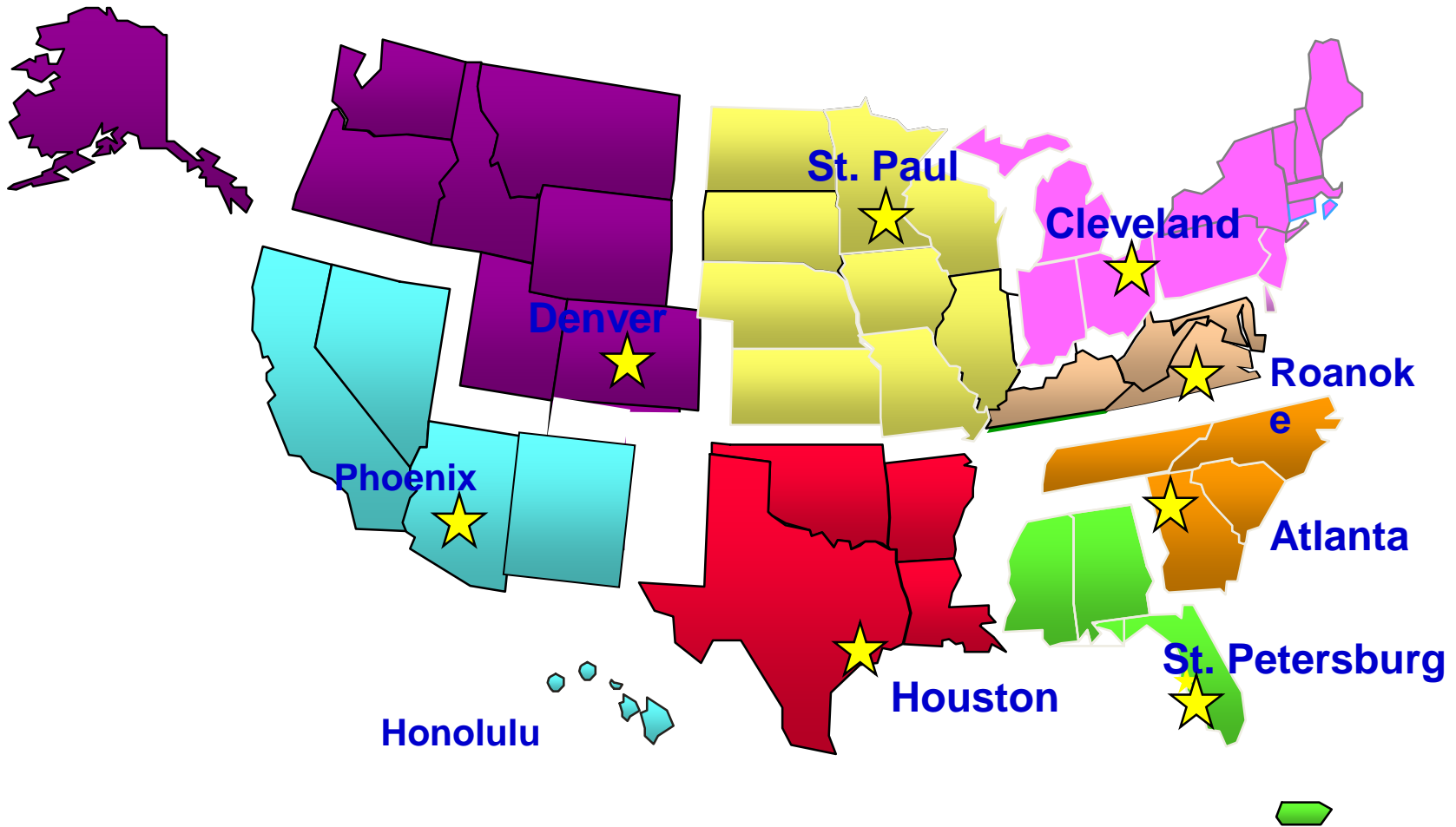
- The interest rate for a 30-year fixed rate VA guaranteed loan is presently 20-30bps lower than that of FHA or Conventional loans (3.99% VA; 4.23% FHA; 4.26% Conventional)
- VA's marketshare continues to run at approximately 10%

Veterans Assisted in FY 2017

VA is helping more Veteran borrowers than ever retain their homes or avoid foreclosure during times of financial difficulty.

- Since 2009, VA has assisted over **683,000** borrowers in default avoid foreclosure. These delinquency resolutions have resulted in over **\$22** billion in potential claim savings.
- During FY17, VA helped **96,139 (85 percent)** of Veterans in default retain their homes or avoid foreclosure. This equates to **nearly \$2.8 in claim payments avoided last fiscal year.**
 - Last FY, VA helped just over 97,000 borrowers avoid foreclosure
- **VA's foreclosure inventory rate (.99%) and serious delinquency rate (2.03%) are now the lowest in the industry** (Figures for Conventional loans: 1.19% and 2.25%, respectively)
 - Impressive considering: 82% of VA's purchase loan borrowers make no downpayment, and VA does not require a minimum credit score, or mortgage insurance premiums.

VA Regional Loan Centers (RLCs)



Eligibility

- The applicant must qualify for the loan from the lender.
- Service requirements vary based on when the applicant served. Generally, an applicant must:
 - 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.

VA Loan Types

VA offers a variety of home loan guaranty programs for Active Duty Servicemembers, Veterans, and 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 nearly 1,500 lenders in the program, with the top 10 lenders making up 39 percent of all loan volume.
- In FY 2017, over 1.1 million requests were made online for a certificate of eligibility (COE), with over 722,000 receiving automatic issuance, which is approximately a 65% success rate.

Improving the Veteran Experience

- Implemented a National call distribution plan in August of 2017. At the end of FY17, the data reported the following:
 - More VA Loan Specialists available for Veteran calls
 - 98.02% calls answered (3,000+ calls per day)
 - Average wait time 15 seconds
 - Blocked call rate < 1%
- A deep dive conducted into the automatic issuance of the Certificate of Eligibility (COE) and ascertained the following:
 - Delivery has improved from weeks to just under 3 days since 2015
 - Additional improvements will go into effect in November 2017
 - Mailing VA Form 26-1880 improvements
- Collaboration with the Government National Mortgage Association (GNMA) and the Consumer Financial Protection Bureau (CFPB)
 - Identify lenders that are potentially abusing the VA refinance program
 - Identify lenders that aggressively market to Veterans
 - Developing educational resources to assist Veterans

VA is the Best Product for a Veteran

FHA LOANS

ARM %	0.6%	0.5	0.6	0.6	0.6	0.5	0.5
30-YR NOTE RATE	4.26	4.22	4.23	4.27	4.25	4.25	4.29

CONV LOANS

ARM %	6.2%	6.1	6.2	6.5	6.8	7.2	7.5
30-YR NOTE RATE	4.29	4.25	4.26	4.32	4.31	4.34	4.41

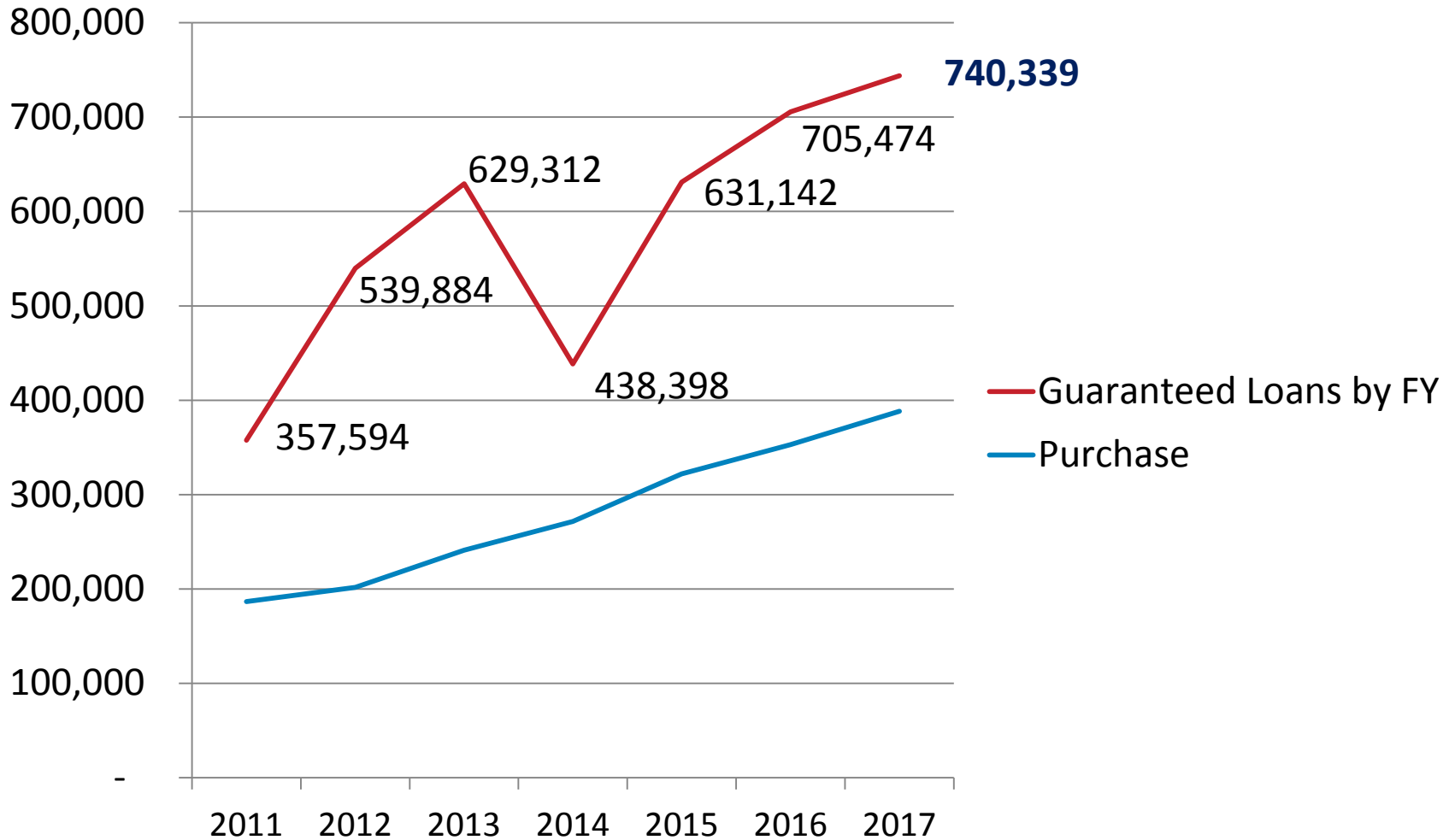
VA LOANS

ARM %	0.3%	0.2	0.2	0.2	0.3	0.2	0.4
30-YR NOTE RATE	4.01	3.97	3.99	4.03	4.00	4.01	4.07



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FY 2017 Record Year?



VA Real Estate Professionals Resources

- [Lenders Conference Information](#)
- [Quick Reference Instructions for Prior Approval Loan Processing for Lenders](#)
- [Quick Reference Document for Condo Approval for Lenders](#)
- [Correct COE Quick Reference](#)
- [LGY Newsletter](#)
- [Lender Loan Volume Reports](#)
- [Loans by State](#)
- [Loan Volume by County](#)
- [Lender's Certificate of Eligibility \(COE\) Tutorial](#)
- [Lender/Service Administrative User Guide](#)
- [Announcements](#)
- [Lender's Handbook](#)
- [Stakeholder Videos](#)
- [Training Broadcasts for Industry Partners and Program Participants](#)
- [Regional Loan Centers](#)
- [VA Loan Guaranty Circulars](#)
- [VA Loan Eligibility](#)
- [VA Loan Limits](#)
- [State Fees and Charges Deviations](#)
- [Veterans Information Portal](#)

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

Summary

Regional Loan Centers

- **877-827-3702**
 - Eligibility questions
 - Underwriting questions
 - Valuation - Appraisal questions

Veteran Resources

- <https://www.ebenefits.va.gov/ebenefits/homepage>

VA Lenders Handbook

- https://www.benefits.va.gov/warms/pam26_7.asp

