

Colleagues and Fellow Veterans,

It's been a while since providing an update on the VA Home Loan program .... So here goes....

Since 1944, VA has backed over 22 million home loans for Veterans and their families. The program provides a guaranty for mortgage loans made by private lenders to eligible Veterans. The guaranty backing effectively eliminates the need for a down payment, helping Veterans afford homeownership. No other major no-down mortgage program exists in the market today, and typically around 90% of VA loans are obtained with no down payment. As of September 30, we reached the milestone of over 700,000 home loans guaranteed for the fiscal year 2016. That 700,000+ figure is the most home loans guaranteed in one fiscal year in the history of the program.

VA continues to modernize the program, reducing time spent in the loan approval process while also improving the accuracy of benefit delivery, Veteran outreach and communication. These improvements have allowed VA to maximize opportunities to promote the attractiveness of the program to lenders, builders, real estate agents and most importantly to our active duty Servicemembers, Veterans, and surviving spouses.

The VA Home Loan program benefit is not a one-time benefit-- it's reusable. VA loans can be obtained for up to the full appraised value of the home (100% loan-to-value). In addition, there is the potential for these loans to include up to \$6,000 towards improvements for energy efficiency, AND the loan funding fee can be rolled right into the loan balance. VA waives that funding fee for Veterans who receive VA compensation benefits, those who are service-connected disabled, but serving on active-duty, or those drawing retirement pay. Some surviving spouses are also exempt from the funding fee.

We are proud to say that our VA Home Loan program can also help Veterans who are current homeowners. Many borrowers are now looking to take advantage of historically low interest rates to refinance their homes. Just 5 years ago, the average interest rate for a 30-year fixed mortgage was 6%; today that same rate is around 3.5%. Veterans can reuse their VA benefit to streamline refinance an existing VA loan, often with no money out of pocket. On these streamline refinance loans, VA requires no appraisal and no credit underwriting, which can be of great assistance to Veterans who may have suffered a minor credit setback, or whose home values may have declined during these past few years. Last year, a streamline refinance decreased the average Veteran's interest rate 1.4%, and saved \$202 a month in mortgage payments. Cumulatively, our Veteran borrowers saved over \$300M last year!

For Veterans with FHA or conventional loans, VA can also assist with the 'regular' refinance program. Since VA does not charge borrowers upfront or monthly mortgage insurance premiums, refinancing from an FHA loan into a VA loan can save Veteran borrowers a significant amount of money.

We encourage Veterans to seek the advice of a financial professional to determine what mortgage decisions are in their best interest, but wanted you to know that the VA Home Loan program stands ever-ready to serve them, providing the opportunity to purchase or refinance a home.

In addition, VA stands ready to assist Veterans who have already obtained a VA home loan. If you already have a VA loan and are facing financial difficulty, please call to speak to VA loan representatives at 877-827-3702. In FY16, of all loans that defaulted, 84% were saved from foreclosure.

Veterans may obtain a Certificate of Eligibility for their Home Loan Guaranty benefit online through eBenefits or through their lender: <https://www.ebenefits.va.gov/ebenefits/homepage>

Learn more about Interest Rate Reduction Refinance (IRRRL) streamline refinance loans (on VA's website here: <http://www.benefits.va.gov/HOMELOANS/irrrl.asp>).

VA information specific to the Home Loan Guaranty Funding Fees is here:

[http://www.benefits.va.gov/HOMELOANS/purchaseco\\_loan\\_fee.asp](http://www.benefits.va.gov/HOMELOANS/purchaseco_loan_fee.asp)

Information on the VA Home Loan Guaranty, directly from the Department of Veterans Affairs, is available at eBenefits. Key program facts can be found here: <http://www.benefits.va.gov/home loans/> .

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**VA Core Values: Integrity, Commitment, Advocacy, Respect, Excellence (“I CARE”)**

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