

Enclosure

**REPORT ON STUDY ON THE DISSEMINATION
OF INFORMATION ON THE
DEPARTMENT OF VETERANS AFFAIRS
HOME LOAN BENEFIT**



**Department of Veterans Affairs
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Introduction

The James M. Inhofe National Defense Authorization Act for Fiscal Year 2023 (the Act), section 5111 of P.L. 117-263, directs the Secretary of Veterans Affairs to conduct a study to identify the means by which the Secretary informs lenders and Veterans about the availability of loans guaranteed by the Department of Veterans Affairs under chapter 37 of title 38, United States Code, for any purpose described in section 38 U.S.C. §3710(a). The Act further instructs the Secretary to issue a publicly available report detailing the results of the study.

The mission of the Department of Veterans Affairs (VA) Loan Guaranty Service (LGY) is to maximize opportunities for Service members and Veterans (collectively “Veterans”) to obtain, retain and adapt their homes by providing viable and fiscally responsible benefits in recognition of Veterans’ service to our Nation. An integral aspect of ensuring programmatic success is consistently delivering reliable information on the VA home loan benefit to Veterans, lenders and other industry stakeholders.

LGY conducted an analysis of the information to identify the means by which the Secretary disseminates information regarding the VA home loan benefit. The results of the review conducted on the dissemination of information regarding the VA home loan benefit found that VA primarily communicates information regarding the benefit through published materials made available on internet-based resources tailored to user type. The report summarizes how VA engages with key stakeholder groups (e.g., Veterans; lenders, servicers, appraisers and other industry stakeholders, such as real estate agents and the news media) to discuss recent structural changes to improve LGY engagement with stakeholders.

Informing Veterans

VA understands the home loan process can be intimidating for many borrowers. VA believes providing plain language resources to Veterans and educating Veterans on the mortgage process can help alleviate some of the stress of the mortgage process as well as help Veterans identify and avoid predatory lenders and unfavorable mortgage products. To that end, VA has a variety of resources focused on educating borrowers and keeping them informed of the changes to the VA Home Loan Guaranty program.

VA hosts a website¹ with practical and detailed information on the VA Home Loan Guaranty program. Topics include the types of VA-guaranteed housing loans available, eligibility criteria and the steps for applying for a VA home loan. On the website, Veterans can download the VA Home Loan Guaranty Buyers Guide,² a comprehensive guide to using and re-using the VA home loan benefit. VA also provides links to helpful informational resources provided by other Federal agencies, such as the Consumer Financial Protection Bureau’s (CFPB) website resource, *Buying a house: Tools and*

¹ VA-Backed Home Loans Website: <https://www.benefits.va.gov/homeloans/index.asp>.

² VA Home Loan Guaranty Buyers Guide (April 2022): https://www.benefits.va.gov/HOMELOANS/documents/docs/VA_Buyers_Guide.pdf.

Resources for Homebuyers³ and the Department of Housing and Urban Development (HUD) resource for approved housing counseling agencies.⁴ In the event a Veteran is facing imminent default, or has fallen behind on the mortgage, VA's site provides information on foreclosure avoidance and loss mitigation options. VA also mails loss mitigation letters to Veterans with delinquent VA-guaranteed loans providing information on options available for avoiding foreclosure. This correspondence explains the role of the VA Loan Technicians and serves to encourage the borrower to contact their servicer to determine the best solution for their individual financial situation.

Although most active duty Service members become eligible for the VA home loan benefit after 90 days of service, many choose not to use the benefit until they are preparing to transition to civilian life, where length-of-service eligibility requirements can change. The inter-agency sponsored Transition Assistance Program (TAP) provides, training, information and services to help transitioning Service members and their families to adjust to civilian life. The VA Home Loan Guaranty program TAP module⁵ introduces participants to the VA home loan benefit, presents links to important websites and provides Veterans with advice on avoiding predatory lending practices. VA also ensures Military Service Coordinators and Overseas Military Service Coordinators are equipped to provide active duty Service members information about the availability of home loan benefits.

VA conducts proactive outreach through blog posts, newsletters, social media content and press releases to share the most up to date information on the home loan benefit. Veterans can sign up for information to be delivered directly to their e-mail inbox on the VA blog webpage.⁶ Useful blog posts about the home loan benefit include a joint VA-CFPB warning on home loan refinance offers that sound too good to be true⁷ and a post on the advantages of using the VA home loan benefit.⁸ Similarly, Veterans can sign-up to receive VA's VetResources weekly newsletter,⁹ which contains information and updates on a wide range of VA and non-VA benefits available to Veterans, including the VA home loan benefit. Veterans who utilize social media can follow VA's official Facebook, Instagram, YouTube and Twitter accounts, to receive automatic updates on VA benefits, including the VA home loan benefit, sent directly to their social media accounts. To generate awareness of VA benefits to the media and generate publicity, VA issues press releases. These press releases can help inform Veterans, lenders and other real estate professionals about changes to the VA home loan benefit.

³ CFPB Tools and resources for homebuyers: <https://www.consumerfinance.gov/owning-a-home/prepare/>

⁴ HUD Talk to a Housing Counselor: <https://www.hud.gov/counseling>.

⁵ TAP VA Home Loan Module: <https://tapevents.mil/Assets/ResourceContent/TAP/MLC-HLGP.pdf>.

⁶ VA Blogs: <https://news.va.gov>.

⁷ VA and CFPB Warn Against Home Loan Refinance Offers that Sound Too Good to be True: <https://news.va.gov/43234/va-and-the-consumer-financial-protection-bureau-warn-against-home-loan-refinancing-offers-that-sound-too-good-to-be-true/>.

⁸ Don't Delay! Act now to secure your hard-earned VA Home Loan: <https://news.va.gov/117898/dont-delay-secure-your-va-home-loan/>.

⁹ VetResources Weekly Newsletter: <https://news.va.gov/resources/vetresources/>.

VA recognizes that some Veterans may be hesitant to use online resources or prefer hard-copy materials or direct, individualized assistance from knowledgeable VA employees. To ensure VA reaches Veterans with this preference, the Federal Benefits Guide is available in print form and online.¹⁰ This guide contains detailed information on all VA benefits - including home loans - and a summary of VA home loan guaranty benefits.¹¹ VA has home loan representatives available by phone and e-mail to respond to inquiries related to all aspects of the VA home loan benefit.¹² Furthermore, VA Loan Guaranty staff attend outreach events, such as claims clinics and surviving spouse summits, to meet with Veterans and survivors to provide information regarding the VA home loan benefit. Veteran Service Organizations (VSO) and tribal Veteran Service Officers (TVSO) provide opportunities to offer personalized and well-informed support and information on all VA benefits. As such, VA attends VSO meetings and provides training to VSOs and TVSOs to ensure they have the most up to date material on the VA home loan benefit. Similarly, through VA's Office of Intergovernmental Affairs, VA collaborates with Federal, state, county, municipal, tribal governments and faith-based leaders on housing matters. This engagement ensures that local stakeholders have the information needed to provide support and information on the VA home loan benefit to their Veteran constituents.

Informing Lenders, Servicers and Appraisers

It is important to keep lenders informed on the VA home loan benefit and changes to the program. For a sense of scale, in fiscal year (FY) 2022, more than 1,300 lenders made over 746,000 VA-guaranteed loans to Veterans.

VA offers dedicated websites for industry stakeholders including lenders, servicers and appraisers that provide consolidated information on the VA home loan benefit.¹³ These websites provide role-specific information, such as manuals, technical resources, fact sheets, instructions on how to subscribe to VA GovDelivery notifications and guidance on how to contact VA to resolve issues that cannot be remedied through publicly available resources.

The VA Lenders Handbook, Pamphlet 26-7,¹⁴ is published to provide lenders detailed information on making VA-guaranteed home loans. This handbook covers a wide range of topics from steps to obtaining and maintaining authority, making VA-guaranteed home loans, underwriting criteria and property acceptability. The information contained within the handbook represents the most consolidated resource for lenders making VA-

¹⁰ Federal Benefits for Veterans, Dependents and Survivors: https://www.va.gov/opa/publications/benefits_book/2021_Federal_Benefits_for_Veterans_Dependents_and_survivors.pdf.

¹¹ Summary of VA Home Loan Guaranty Benefits: <https://www.benefits.va.gov/BENEFITS/benefits-summary/SummaryofVAHomeLoanGuarantyBenefits.pdf>.

¹² Contact VA Home Loans Service: <https://www.benefits.va.gov/HOMELOANS/contact.asp>.

¹³ VA Lenders Page: <https://www.benefits.va.gov/homeloans/lenders.asp>.

VA Appraisers Page: <https://www.benefits.va.gov/homeloans/appraiser.asp>.

VA Servicers Page: <https://www.benefits.va.gov/homeloans/servicers.asp>.

¹⁴ VA Lenders Handbook, Pamphlet M26-7: https://benefits.va.gov/warms/pam26_7.asp.

guaranteed home loans. Similarly, VA publishes the VA Servicer Handbook, M26-4,¹⁵ to ensure servicers understand the VA home loan benefit and their responsibilities in the servicing of VA-guaranteed home loans.

In addition to these handbooks, VA publishes circulars¹⁶ outlining programmatic changes and temporary policies. For example, throughout the Coronavirus Disease, 2019 (COVID-19) pandemic, VA issued Circulars on temporary underwriting, appraisal and forbearance flexibilities as well as information about enhanced home retention options, such as the COVID-19 Veterans Assistance Partial Claim Payment Program. At any point when VA issues an update to a manual or publishes a Circular, VA publicizes this information by sending a GovDelivery message and posting an announcement on VA's Loan Guaranty Hub.¹⁷ GovDelivery is VA's primary e-mail platform for disseminating important and critical updates to laws, regulations and policies impacting the VA home loan benefit. Additionally, this platform is used to share information with industry partners of upcoming VA events and technological enhancements.

Technology is constantly evolving in the mortgage industry and VA is presently undertaking an effort to transform its technology platforms and capabilities. Lenders and technology providers have a dedicated web-based tool, the Technology Knowledge Center,¹⁸ that serves as a go-to resource for the latest developments on LGY's transformation initiatives including a webinar, technical specifications, system release notes and a direct link to VA's Customer Care team for technical inquiries. LGY regularly reaches out to technology providers and lenders with proprietary origination systems to communicate technological enhancements. This direct communication ensures lenders and technology providers understand the significance and benefits of adopting VA's home loan technologies.

VA believes it is important to meet with lenders on a regular and ongoing basis to understand the unique nature of housing market dynamics and discuss information related to the VA home loan benefit. VA hosts an annual LGY Conference where VA leadership and subject matter experts provide training and updates to lenders, appraisers and servicers.¹⁹ In addition, VA conducts quarterly calls with lenders and servicers to discuss pressing issues and share updates on policies and procedures. Regular meetings are held with the Mortgage Bankers Association (MBA) Government Loan Production Subcommittee - a collaborative group consisting of representatives from MBA, VA, HUD and the United States Department of Agriculture (USDA) - to discuss issues important to the industry across all Federal Government lending programs.

Industry conferences and expositions create opportunities for VA to disseminate information regarding the VA home loan benefit and learn about urgent issues that may

¹⁵ VA Servicer Handbook, M26-4: https://benefits.va.gov/WARMS/M26_4.asp.

¹⁶ VA Home Loan Circulars: https://www.benefits.va.gov/HOMELOANS/resources_circulars.asp.

¹⁷ LGY Hub Announcements: <https://lgy.va.gov/lgyhub/announcements>.

¹⁸ VA Home Loans Technology Knowledge Center: <https://www.benefits.va.gov/HOMELOANS/technology-knowledge-center.asp>.

¹⁹ Loan Guaranty Conferences: https://www.benefits.va.gov/HOMELOANS/lenders_conf.asp.

impact programmatic success. In FY 2022, VA representatives attended the MBA Annual Expo to discuss the difficulties Veterans face in the housing market. At the MBA Servicing Solutions Conference and Expo, VA participated in a panel discussion with the Federal Housing Administration, HUD, the Government National Mortgage Association and USDA on the future of home retention options.

In addition to industry-wide discussions on macro-level activities, VA communicates with lenders regarding loan level or operational issues through its oversight activities. The VA Loan Guaranty Monitoring Unit (MU) conducts lender audits to ensure operational compliance with VA's statutes, regulations and policies. VA provides each audited lender a consolidated report on audit findings and required remedial measures. Loan level feedback is communicated to lenders through loan reviews conducted by VA Loan Specialists. Although lenders are required to cure deficiencies cited through MU audits and loan reviews, VA also considers these audits as training opportunities to reinforce VA policies and procedures. Findings are often used as the basis for national or regional lender trainings conducted by VA subject matter experts.

Informing Other Industry Stakeholders

Other stakeholders and industry participants, such as real estate agents, can sign up for VA's GovDelivery notifications to receive updates on the VA Home Loan Guaranty Program. Real estate professionals have access to VA online resources and VA regularly works with associations, such as the National Association of Realtors® (NAR), to communicate programmatic updates. VA partnered with NAR in March 2022 to create a two-part video series on the VA Home Loan Guaranty Program.²⁰ The first video focused on the advantages of VA home loans and the second video debunked program misconceptions and presented solutions to the challenges experienced by real estate agents, buyers and sellers in an effort to reduce barriers for VA home loan borrowers.

VA regularly engages with industry media organizations and participates in interviews that allow for the widespread dissemination of information on the VA home loan benefit. Interviews are routinely published through a variety of media vehicles including video, podcasts, radio and print media. Additionally, through VBA satellite media tours, LGY executive leadership engaged in high-impact outreach by conducting in-depth interviews with a wide variety of local and national TV, radio and social media outlets.

Continuous Improvement

VA is focused on continuously improving communication strategies and partners with a communications contractor to analyze existing efforts and to identify where additional efforts would be most impactful. In FY 2023, LGY established a communications team and a training team to focus on the further development of the LGY website, outreach materials and dedicated training resources. Both teams will utilize data analytics to better identify how VA can best assist stakeholders through education or certification,

²⁰ NAR and VA Release a New Video Series on VA Home Loans: <https://www.nar.realtor/magazine/real-estate-news/nar-and-va-release-new-video-series-on-va-home-loans>.

training and enforcement to ensure they deliver the VA home loan benefit to the Veterans in accordance with VA authorities. These targeted tools will foster better stewardship of the program for Veterans and better implementation of the program by VA's mortgage industry partners.

An increased use of technology will assist VA in reaching Veterans seeking information on the VA home loan benefit. LGY is in the preliminary onboarding phase of a mobile application contract with QuickSeries, with anticipated delivery during FY 2024. Prior versions of the QuickSeries flipbooks were popular with lenders and Veterans, providing information on the VA Home Loan Guaranty Program and alternatives to foreclosure. VA hopes the mobile version will allow Veterans and stakeholders to find quick answers to their home loan questions.

Conclusion

Communication with Veterans, lenders and industry stakeholders regarding the VA home loan benefit is an essential part of ensuring programmatic success. The results of the review conducted on the dissemination of information regarding the VA home loan benefit shows that VA primarily communicates information regarding the VA home loan benefit through published materials made available on internet-based resources tailored to user type. For example, LGY uses blog and social media posts to reach out to Veterans. Stakeholders are encouraged to subscribe to VA's GovDelivery notifications to stay up to date on new LGY publications. VA values personalized communication and finds that meeting with lenders on a regular basis ensures they stay abreast of program updates. Furthermore, Veterans and stakeholders can contact a VA representative directly to inquire about unique situations or obtain additional information on the benefit. Although VA utilizes many different means and mediums to communicate information to Veterans and other stakeholders, VA is focused on constant improvement and is seeking ways to enhance available resources and communication strategies.

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