

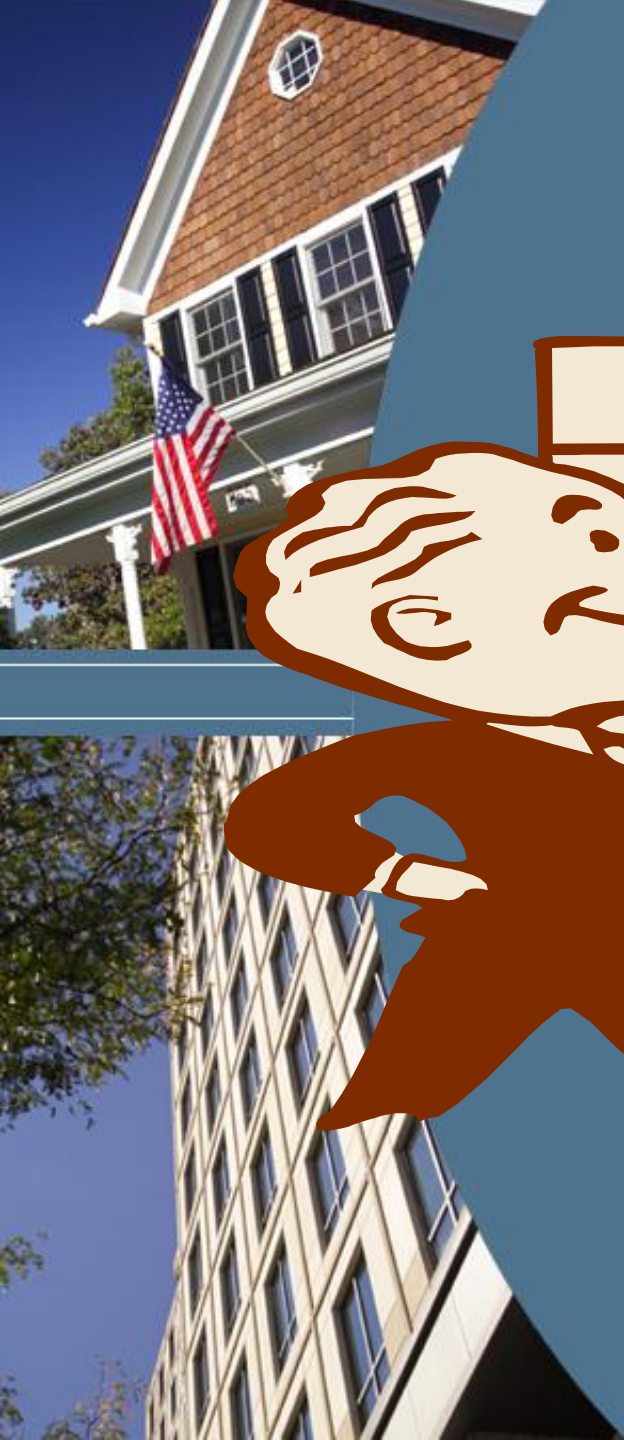


# MBA Conference - Tampa

Wm. White

November 6, 2008

# Just the Facts!



# Recent Loan Guaranty Workload

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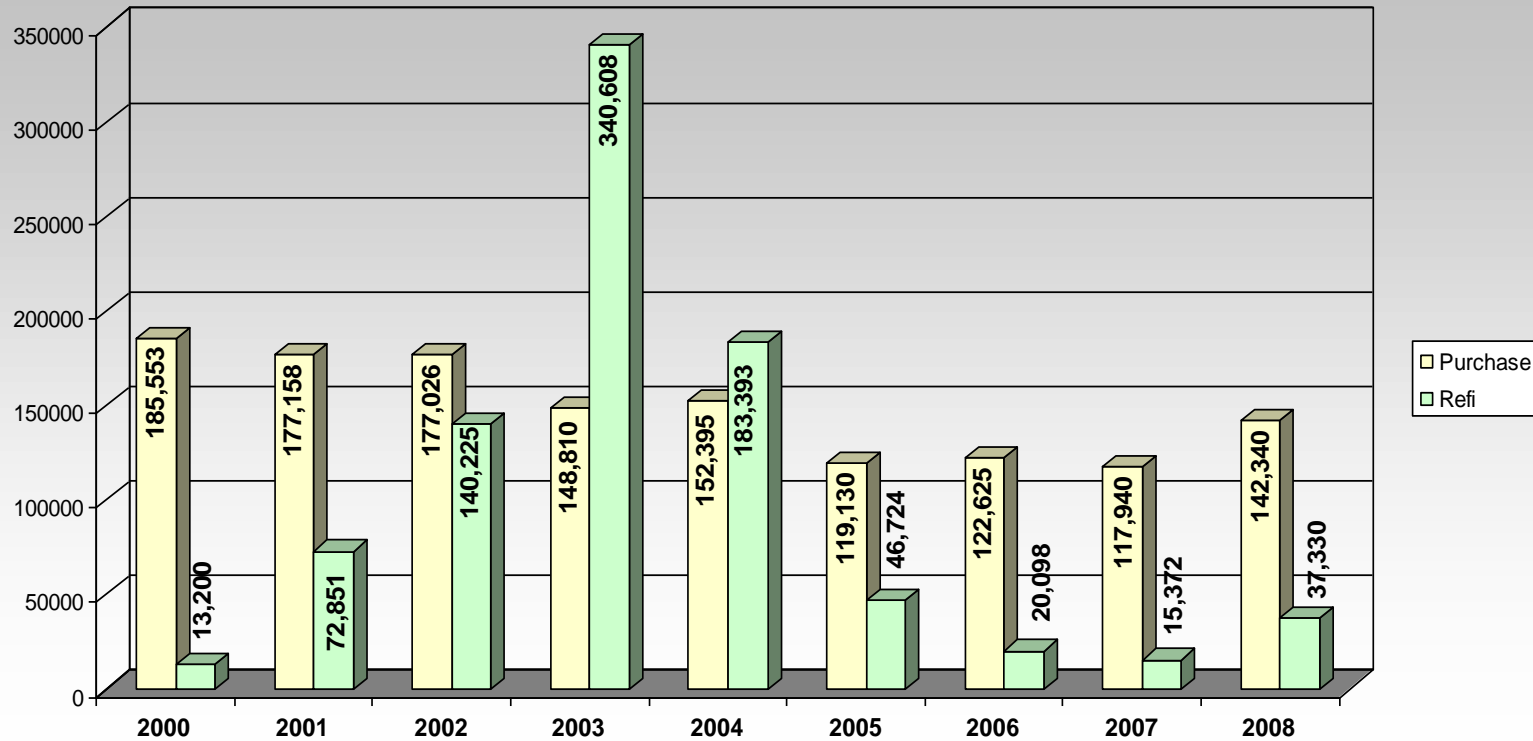
<u>Year</u>	<u># Loans</u>	<u>\$ Amount</u>
FY 2003	490,000	\$63 Billion
FY 2004	336,000	\$44 Billion
FY 2005	165,000	\$24 Billion
FY 2006	143,000	\$25 Billion
<b>FY 2007</b>	<b>133,000</b>	<b>\$25 Billion</b>
<b>FY 2008</b>	<b>180,000</b>	<b>\$36 Billion</b>
<b>Total</b>	<b>1,447,000</b>	<b>\$217 Billion</b>

Since 1944, VA has guaranteed nearly 18.4M loans for over \$963B

# Purchase vs Refinance Loans

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## Volume by Type FY 2000 - 2008

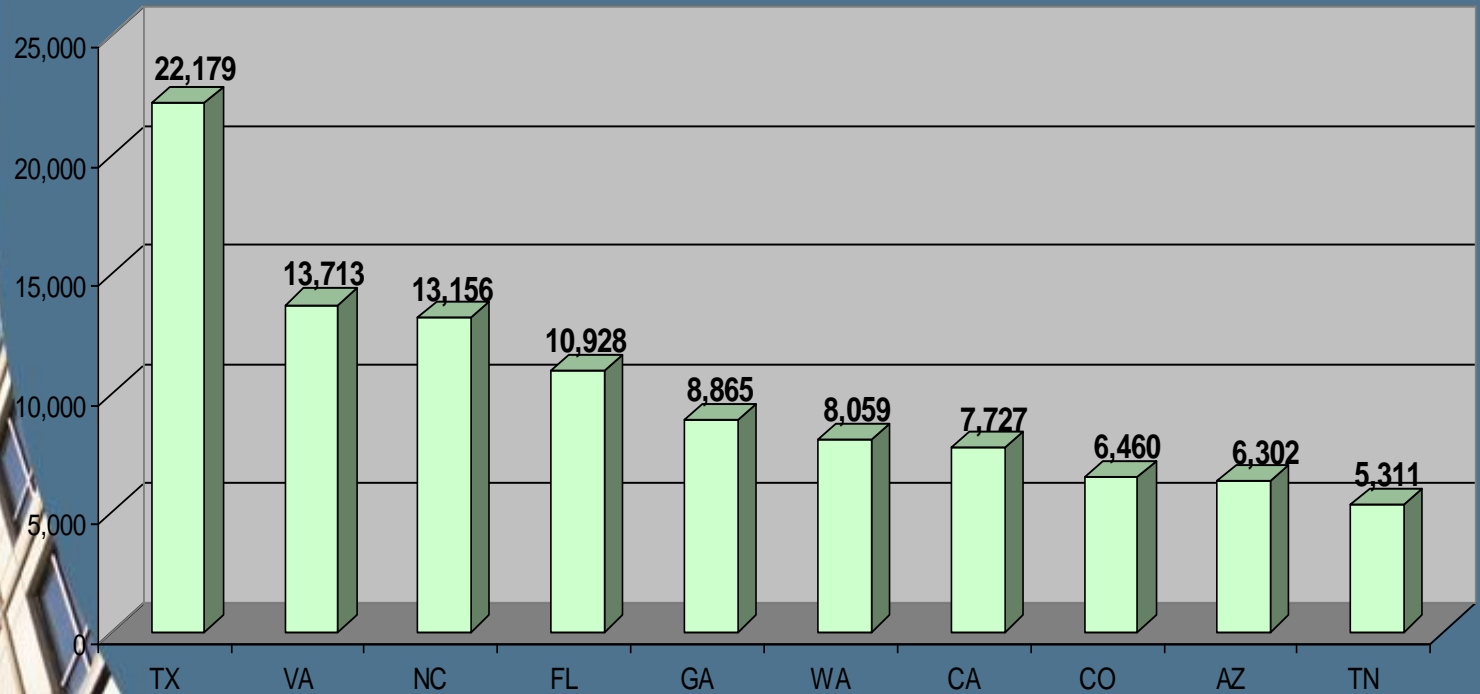


80% purchase; 20% refis

# Loan Volume - Top 10 States

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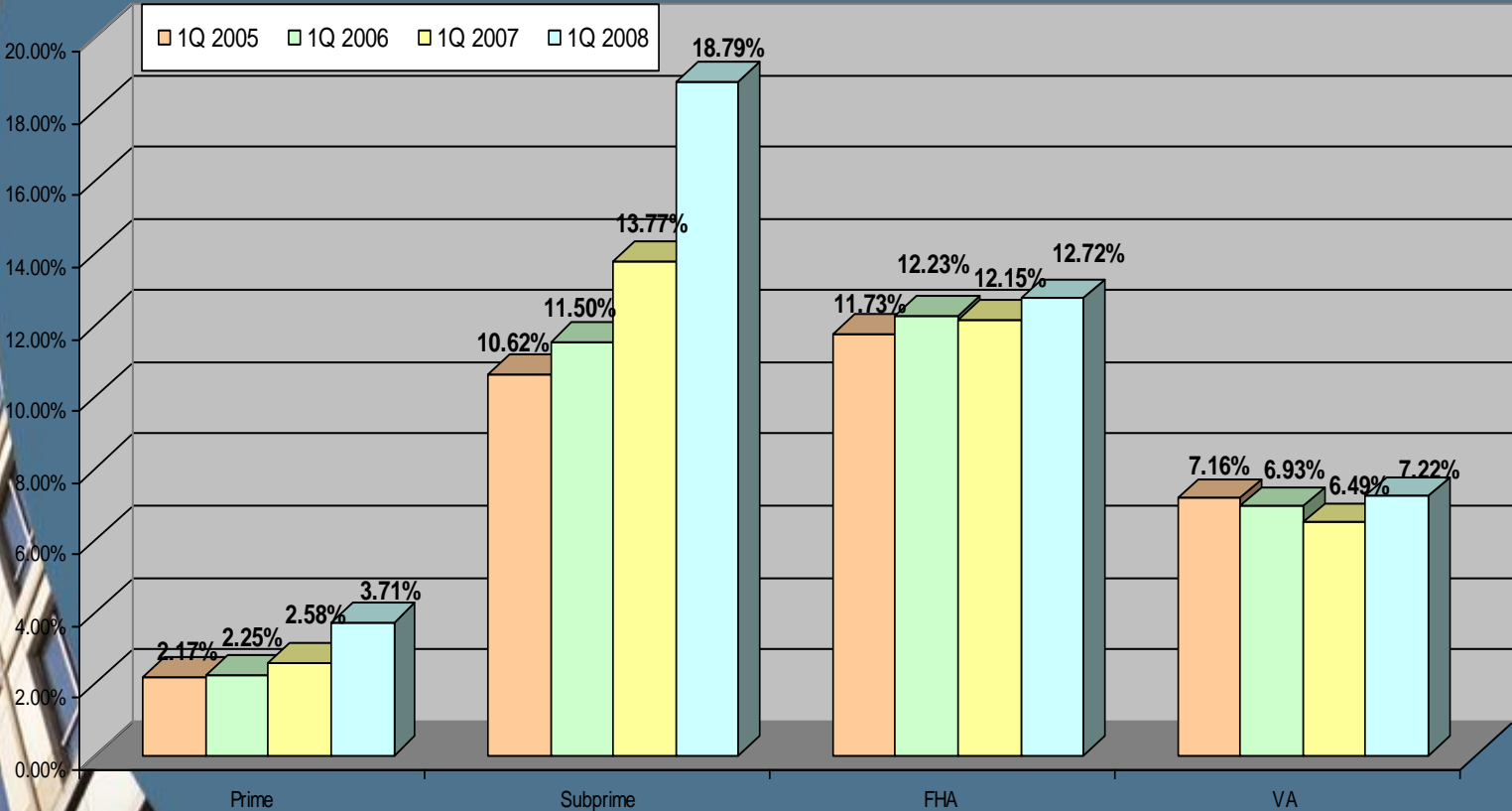
## Guaranteed Loan Volume FY 2008



# Mortgage Industry Delinquencies

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## Percent of Loans Delinquent Q1 2005 to Q1 2008



# Veteran and Loan Profile

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**\$6,000 Media Assets**

**Average Purchase Loan**  
**\$200,900**

**92% No Down Payment**

**\$62,448 Median Income**

**30% Active Duty**  
**70% Veteran**

**88% Male**  
**12% Female**

**Median FICO Score**  
**679**

**Race:**  
**White – 73%**  
**Black – 17%**  
**Hispanic – 8%**  
**Asian/PI – 2%**  
**AI/AN – .6%**

**82% Veteran Homeownership Rate**

**68.1% National Homeownership Rate**

# What's the same?



# VA Loans – A Great Deal



- A true, no money down program!!!
- Reasonable, but prudent, credit underwriting standards
- Streamlined processing for lenders
  - » TAS
  - » WebLGY for Certificates of Eligibility
  - » WebLGY for Guaranty
- A BENEFIT for our veterans!!

# What's New???

**MORTGAGE  
BANKERS  
ASSOCIATION®**  
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# BIG Changes!!!



- Authority to guarantee ARM/HARMs
  - » Extended through Sept. 30, 2012
- Regular (cash-out) refinances loans
  - » Now up from 90% to 100% of value
- \$36,000 entitlement limit on refinances eliminated
  - » Guaranty structure for refinances same as for purchases

# Changes (cont)



- Max gty is now (thru Dec. 31, 2008) 25% of the higher of:
  - » (a) \$417,000, or
  - » (b) 125% of county median price for a single family residence – up to \$729,750
- Higher in Alaska, Guam, Hawaii, & US Virgin Islands
- Circular has complete details  
[http://www.homeloans.va.gov/circulars/26\\_08\\_11.pdf](http://www.homeloans.va.gov/circulars/26_08_11.pdf)

# Changes (cont)



- P.L. 110-389, signed Oct. 10, 2008
  - » Provides temporary increase in gty for loans closed 1/1/2009 thru 12/31/2011
  - » More details at [http://www.homeloans.va.gov/circulars/26\\_08\\_19.pdf](http://www.homeloans.va.gov/circulars/26_08_19.pdf)

# Examples

**Veteran has used \$48,000 of entitlement on a prior loan, which can't be restored at this time.**

**Veteran is purchasing a home for \$320,000 where the county loan limit is \$625,000.**

**$\$625,000 \times 25\% = \$156,250$  Maximum Guaranty**

**$\$156,250 - \$48,000 = \$108,250$  Entitlement Available**

**$\$108,250 \times 4 = \$433,000$  Maximum Loan Amount with 25% Guaranty**

**Since the proposed loan amount will be less than \$433,000, the lender will receive 25% VA Guaranty on the loan of \$320,000. A down payment should not be required.**

# Examples (CONT)



Veteran has used \$36,000 of entitlement on a prior loan, which cannot be restored at this time.

Vet is purchasing a home for \$120,000 where the county loan limit is \$417,000.

**\*\*\*Since the loan amount will not be over \$144,000, the veteran's additional entitlement cannot be used. This means the vet has no entitlement to use for this loan and thus is can't be a VA guaranteed loan.**

# Confused??



# Loan Limits



- Check our website- [www.homeloans.va.gov](http://www.homeloans.va.gov) for more information
- Remember! VA has no maximum loan!
  - » Loan limit generally refers to max loan you can make and still received 25% guaranty

# Certificates of Eligibility (COE)



- Vets must meet length & character of service requirements
- Apply for COE early in loan process.
- Repeat: Apply early!!!!
- Lenders can apply online for COE thru WebLGY
  - » [www.vip.vba.va.gov](http://www.vip.vba.va.gov)

# COE Facts



- States veterans “basic” entitlement (if any)
- Shows how much entitlement has been used
- Will indicate if subsequent use funding fee is due
- Be sure and read the fine print!!! It talks about “additional” entitlement for loans in excess of \$144,000

# What if entitlement is "0"?



https://webgly.vba.va.gov/WebLGY/ViewCOE.do - Microsoft Internet Explorer

File Edit Go To Favorites Help

Back Forward Stop Refresh Home Search Favorites History Full Screen Mail Size Print

Address https://webgly.vba.va.gov/WebLGY/ViewCOE.do

1 / 1 105%


**THIS VETERAN'S BASIC ENTITLEMENT IS \$0\***  
**TOTAL ENTITLEMENT CHARGED TO PREVIOUS VA LOANS IS \$57,459\***

\*Veteran is eligible for the benefits of Chapter 37, Title 38, U.S. Code, subject to any condition(s) cited below. Basic entitlement for veterans who have not previously used home loan benefits is \$36,000. For home purchase, construction, and condominium loans that are in excess of \$144,000, the entitlement amount shown is increased to an amount equal to 25% of the Freddie Mac conforming loan limit for a single family residence. The guaranty will not exceed 25 percent. Available entitlement represents the portion of a loan which may be guaranteed or insured by VA to a lender. For more information about maximum loan amounts, contact the nearest VA Regional Loan Center for further information.

Issued By: William White	Date: October 23, 2008
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**CONDITIONS**

**Subsequent Use Funding Fee-** Entitlement code of '5' indicates previously used entitlement has been restored. The veteran must pay a subsequent use funding fee on any future loan unless veteran is exempt.

Done Unknown Zone

Start Inbox - Micr... 36\_4321.DO... 36\_4328.DO... s36\_4302.D... Veterans Inf... WebLGY - VA... https://we... 2:59 PM

# Watch this!



- Vet to buy \$250,000 home in Richmond, VA where loan limit is \$528,750. Vet has used entitlement of \$57,459
- Max gty is 25% of \$528,750 or \$132,187.50
- $\$132,187.50 - \$57,459 = \$74,728.50$
- Lender can lend up to 4 x \$74,728.50 or \$298,914 and still receive 25% backing.
- NOTE: Additional entitlement available only because loan is over \$144,000

# Renewed Opportunity to Work Together!

ASSOCIATION  
Investing in communities

- VA is one, if not the only, remaining no-downpayment option
- Recent policy & legislation in response to the housing market crisis have benefited VA
- This has created a renewed opportunity for us to work together with you!
- And, we want to hear your feedback!
  - » We recently launched a customer satisfaction survey
  - » Please participate – Last year we had about a 30% response rate from our lending community.



# Customer Satisfaction Surveys

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- Survey Results - FY 2008
  - » Performance measure results:
    - Veteran Satisfaction: 93.1%
    - Lender Satisfaction: 93.2%
- Focus groups held in FY 2008 for appraisers and realtors
  - » New surveys under development for these business partners



# Fun Facts from the Surveys

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- 100% of lenders would recommend VA program to veterans.

- » 37% of lenders indicated that other lenders misperceive the VA program
- » 81% believe VA can alter these perceptions.

- As an incentive to get you to respond....

- » Lender satisfaction with VA Appraisers increased since 2002 (6% point increase in quality, courtesy/professionalism, and timeliness).

- We also learn valuable information about how to best help you.

- » 76% of lenders prefer online training.
- » 75% indicate that phone is the preferred method to contact VA.
- » And, while most of you use our systems, only 39% thought are systems were better than other gov't systems with respect to functionality.....

# FY 2009 Broadcast Training

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- November 20: Annual Fee Appraiser Training
- December 10: Coming Home to VA
- January 14: Full Reviews of VA Home Loans
- April 22: LAPP & SAPP Frequent Errors
- May 20: The VA ReView



# Short Training Videos

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- **Videos Available On Demand**

- » <http://www.homeloans.va.gov/broadcast06.htm>
- » Short videos ranging from origination through servicing

- **Future Videos**

- » What to Expect at Closing
- » Cooperative Properties
- » Is this Property Eligible?
- » Issuing LAPP Notices of Value
- » VA Loans – Purchase to Payoff
- » VA Repair Requirements

# Important Websites



- Loan Gty Homepage
  - » [www.homeloans.va.gov](http://www.homeloans.va.gov)
- Recently Issued VA Circulars
  - » <http://www.homeloans.va.gov/new.htm>
- Training Opportunities
  - » <http://www.homeloans.va.gov/train.htm>



# VA Contact Information

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Katherine Faliski, Asst Director

- » (202) 461-9527
- » Katherine.Faliski@va.gov

- Bill White, Supervisory Loan Specialist

- » (202) 461-9543
- » William.White1@va.gov

- Gerry Kifer, Supervisory Appraiser

- » (202) 461-9549
- » Gerald.Kifer@va.gov

# Let's Summarize



- VA is a good, solid program
- VA is streamlined & automated
- VA has delegated most functions to lenders
- VA IS a no downpayment program
- VA is, most importantly, an earned BENEFIT for our young men and women
- VA thanks all lenders making VA loans!!