



Department of Veterans Affairs

Native American Direct Loan Program

Morgan Pontiff
Loan Specialist
St. Paul RLC

Objectives

- What is an NADL loan?
- Determining Eligibility
- Eligible Loan Purposes and Benefits
- The Approval Process
- Costs Involved

What is a VA Native American Direct Loan?

- Offered by The Department of Veterans Affairs
 - Principal Lender
 - Loans Direct to Veterans
 - Trust Land on Reservations



Determining Eligibility

- Veteran with sufficient entitlement
- Memorandum of Understanding (MOU)
- The home is on trust land
- The Veteran/spouse is a member of the tribe

Certificate of Eligibility

VA Department of Veterans Affairs **CERTIFICATE OF ELIGIBILITY**
REFERENCE NUMBER 0000000 FOR LOAN GUARANTY BENEFITS
NAME OF VETERAN **GI JOE** SERVICE NUMBER
SOCIAL SECURITY NUMBER **XXX-XX-XXXX**
ENTITLEMENT CODE **05** BRANCH OF SERVICE **Marine Corps**

Prior Loans charged to entitlement					
VA Loan Number	State	Loan Amount	Date of Loan	Entitlement Charged	Status

THIS VETERAN'S BASIC ENTITLEMENT IS \$36,000*
TOTAL ENTITLEMENT CHARGED TO PREVIOUS VA LOANS IS \$0*

The 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. Additional entitlement is available for most loans in excess of \$144,000. In such cases, the entitlement amount is 25% of the VA loan limit for the county where the property is located. VA county loan limits are adjusted annually, and the current limits are available at www.homeloans.va.gov.

Issued By: John Doe Date: March 22, 2010

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.

Active Duty:

- VA Form 26-1880
- DD 214 – Member 4 Copy

Guard Members:

- Statement of Service
- Points Statement
- NGB Form 22

Eligible Loan Purposes



- To purchase, construct, or improve a home on Native American trust land
- To refinance another NADL direct loan and lower the interest rate
- Cannot be used for Investment Property

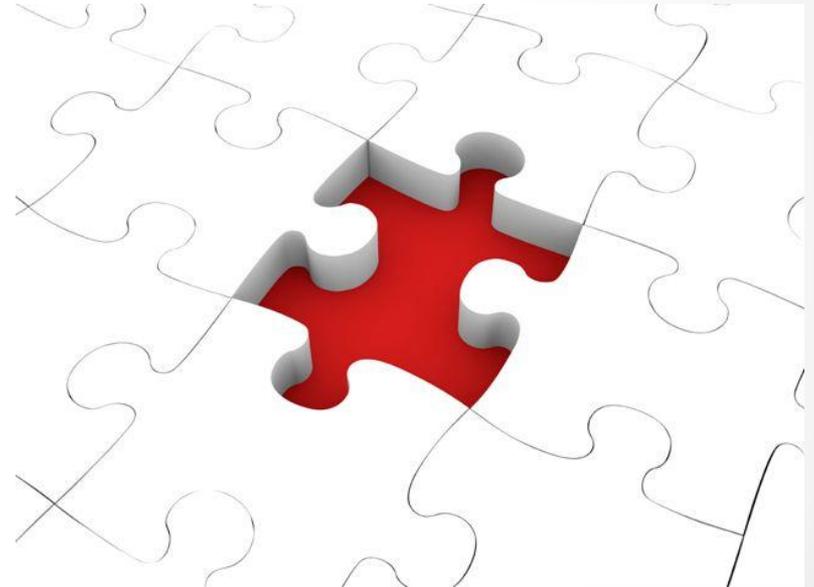
Direct Loan Benefits to Veteran

- No down payment
- No private mortgage insurance
- Max loan of \$417,000
- Minimal closing costs
- Low interest rates and payments
 - Currently, the interest rate is 3.5%
 - 30 year amortization
 - Monthly PI payment on \$100,000 would be \$449.04
- Veterans receiving VA compensation may elect automatic deduction



Direct Loan Benefits to Tribe

- Free up Tribal Funds
- Economic Stimulus
 - Local builders
 - Inspectors
- Loans are Assumable
- Community Development



How to Apply

- Contact the St. Paul Regional Loan Center to determine if your tribal organization has an approved MOU with VA
- Complete an application
- Gather required documents
- Submit package to the St. Paul Regional Loan Center

Documents Needed for Processing

Time Sensitive

- Two months bank statements
- Two years W-2s
- Paystubs covering a recent 30 day period
- Purchase Agreement
- Title Status Report (TSR)

Documents Needed for Processing (Continued)

Should be submitted with application

- IHS Water/Sewer Report
- Archeological Survey
- Homeowners Insurance
- Evidence of tribal membership
- Lease Agreement or Deed

Underwriting Requirements

- Satisfactory credit risk
 - Medical collections can be outstanding if IHS is responsible to pay
- Stable and reliable income
- Debt-to-Income Ratio 41%
- Residual income requirements

Closing on an Existing Property

- Loan Specialist closes on reservation
- Documents are sent to BIA for recording
- Traditional mortgage documents
 - Note
 - Mortgage
 - HUD-1 Settlement Statement
 - Assumption Rider



Construction Loans

- Construction loans are completed in two stages
 - Preliminary closing:
 - Creates the obligation
 - Real Estate Construction Loan Agreement and Construction Loan Promissory Note
 - Final closing:
 - After construction is completed
 - Sign Mortgage, Note, Rider, and other standard documents.
- Compliance Inspections
- Lien Waivers
- General Contractor

Costs

- Funding Fee
 - May be included in the loan amount
 - Purchase, construct, improve, refinance 1.25% of the loan amount
 - IRRRL 0.50% of the loan amount
 - Waiver:
 - No funding fee is paid if the Veteran is receiving compensation due to a service-connected disability



Costs (Continued)

- VA appraisal
- Inspections
- Credit report
- Hazard insurance premium
- Prepaid interest
- Disbursement Fees

Typical VA Loan Closing Cost Percentage

5.34%

NADL Loan Closing Cost Percentage

1.91%

Servicing

- Payments are made to contract servicer
- Loss Mitigation tools
 - Assumptions
 - Forbearance
 - IRRRL
 - Modifications



Recap

- What is a NADL loan?
- Determining Eligibility
- Eligible Loan Purposes and Benefits
- Costs Involved
- Remember - VA is here to help you

Useful Websites

- St. Paul Regional Office
www.vba.va.gov/rostpaul.htm
- VA Loan Guaranty Homepage
www.homeloans.va.gov

NADL Points of Contact

- St. Paul Regional Loan Center

Attn: NADL

One Federal Drive

St. Paul, MN 55111-4050

1-800-827-0611 Option 3

Direct: 612-970-5577 or 612-970-5484

E-mail: morgan.pontiff@va.gov

danal.anderson@va.gov

RLC335@va.gov



**Thank you veterans for
your service!**

Any Questions?