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News Release

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VA Issues New Policy to Protect Veteran Homeowners from Predatory Lending

WASHINGTON — The U.S. Department of Veterans Affairs (VA) has issued a [new policy](#) implementing the May 2018 [Economic Growth, Regulatory Relief, and Consumer Protection Act](#), to protect Veteran homeowners from predatory lending practices when obtaining a VA-guaranteed refinance loan.

The act helps protect Veterans and service members from the dangers associated with repeatedly refinancing their home loans, requiring, among other things, the seasoning of the original loan and a recoupment period for fees, closing costs, and expenses related to the refinance.

“We want to ensure Veterans have the informed ability to take advantage of economic opportunities and make sound decisions that enable them to prosper when using their benefits,” said Acting VA Secretary Peter O’Rourke. “This is yet another tool that will help Veterans meet their personal goals.”

The act also provides for a specified interest rate decrease and for protections of loan-to-value ratios. A refinancing loan must meet the requirements specified in the act or VA will not guarantee the loan.

VA recently implemented a policy where lenders provide Veteran borrowers a comparison of their existing VA-backed home loan to the proposed one when refinancing to ensure borrowers are set up for success. This is also referred to as a recoupment or break-even analysis, which helps Veteran borrowers clearly understand the costs of refinancing, the monthly payment savings, and the overall impact on their finances.

VA-backed home loans generally do not require a down payment, have low closing costs, and are the lowest rates among all loan products in the marketplace. Notably, VA-backed home loans also continue to outperform other products in the market. In fiscal year (FY) 2017, VA guaranteed more than 740,000 loans for a total of \$189 billion, an all-time record for the VA Home Loan Program. Over the past three years, VA has guaranteed more than 2 million VA home loans for over \$500 billion.

The VA Home Loan Program’s mission is to maximize Veterans’ and service members’ opportunity to obtain, retain, and adapt homes by providing a viable and fiscally responsible benefit program in recognition of their service to the nation. In addition, VA also helps severely disabled Veterans adapt their homes to live more independently by providing up to \$81,080 for home modifications. For more information, including eligibility criteria, visit [Housing Grants for Disabled Veterans](#).

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