

**VA**U.S. Department  
of Veterans Affairs

# News Release

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## VA publishes interim final rule on cash-out home loans to further protect Veterans

**WASHINGTON** — Today the U.S. Department of Veterans Affairs announced that it has published an interim [final rule](#) relating to VA-guaranteed cash-out refinance loans to further protect Veteran home-loan borrowers from predatory lending practices.

This rule implements certain provisions of the [Economic Growth, Regulatory Relief, and Consumer Protection Act](#), and provides new regulatory safeguards relating to VA-guaranteed cash-out refinance loans. Such loans generally allow borrowers to convert home equity into cash.

In many cases, the principal balance of the new refinance loan is larger than the payoff amount of the loan being refinanced. This means the Veteran will generally receive some amount of cash at closing. The cash can then be used at the Veteran's discretion to pay off debt, fund education, make home improvements and more.

VA's cash-out home-loan program can also be used to refinance a non-VA loan into a VA-guaranteed loan. Certain borrowers can use VA-guaranteed cash-out refinance loans to borrow up to 100 percent of the value of their home.

"VA has taken significant steps to make the home-loan benefit the most competitive loan program available to Veterans," said VA Secretary Robert Wilkie. "We want to ensure the home-loan program remains strong, attractive and accessible to all who are eligible, while creating a framework for lender accountability to Veterans and taxpayers."

The rule will help protect Veterans from predatory refinance practices and minimize risk to taxpayers and the secondary mortgage market. For example, the rule specifically requires that lenders disclose clearly, both at the time of application and again at closing, a plain comparison of the existing loan's cost with that of the new loan. These disclosures will help Veterans understand the impact of the refinance loan. This is in line with VA's current policy on [Interest Rate Reduction Refinance Loans](#).

Further, the rule imposes loan seasoning and "net tangible benefit" standards. To meet the seasoning requirement, at least 210 days must pass and six monthly payments must be made prior to refinancing an existing loan. The cash-out refinance loan must also provide the Veteran with at least one of eight "net tangible benefits" defined by VA in the rule.

Since 1944, VA has guaranteed over 23 million home loans worth more than \$2 trillion. Veterans with questions about the VA Home Loan Program should call 877-827-3702. For more information on the VA Home Loan program, visit <https://www.benefits.va.gov/homeloans/>.

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