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VA completes home loan funding fee refund initiative

WASHINGTON — The U.S. Department of Veterans Affairs (VA) recently completed an aggressive initiative to process home loan funding fee refunds to Veteran borrowers, issuing more than \$400 million in refunds.

The refunds are the culmination of a multi-year internal review of millions of VA-backed home loans spanning almost two decades.

“VA staff worked diligently throughout the summer reviewing 130,000 cases, which is an average of 16,000 loans reviewed per week,” said VA Secretary Robert Wilkie. “This effort included loans dating back nearly 20 years. Our administration prioritized fixing the problems and paid Veterans what they were owed.”

The VA’s Loan Guaranty Service (LGY) program identified more than 130,000 loans where a refund was potentially due. While some funding fees charged were found to be attributable to clerical errors, most fees were charged correctly. The exception was for those Veterans whose exemption status changed following the issuance of a disability rating after the closing of their loan. Letters were mailed notifying Veterans who were eligible for a refund.

VA has made several program and systems changes to provide Veterans and lenders with the most up-to-date information possible on a Veteran’s funding fee exemption status. The changes include:

- Enhancements to Veteran-focused communications to better inform about the loan funding fee and when it may be waived as part of the loan transaction.
- Policy guidance directing lenders to inquire about a Veteran’s VA disability claim status during the loan underwriting process and obtain an updated Certificate of Eligibility no more than three days prior to loan closing if the Veteran had a disability claim pending.
- System and procedural changes to ensure regular internal oversight activities swiftly identify Veterans eligible for fee waivers and potential refund cases.

Veterans who believe that they are entitled to a refund of the VA funding fee are strongly encouraged to call their VA Regional Loan Center at (877) 827-3702 to find out if they are eligible.

Information about VA home loan funding fees can be found on the [LGY program](#) website.

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