

DENTON COUNTY VETERAN

DEDICATED TO INFORMING THE VETERANS OF DENTON COUNTY
OF ISSUES WHICH CONCERN THEM

*County Judge Mary Horn, Commissioner Cynthia White Pct. 1, Commissioner Sandy Jacobs Pct. 2,
Commissioner Bobbie Mitchell Pct. 3, Commissioner Jim Carter Pct. 4*

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Online System Speeds Up Veterans' Home Loan Processing

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<http://www.va.gov/opa/pressrel/PressArtInternet.cfm?id=467>

WASHINGTON – A new federal Internet-based system for mortgage bankers and other lenders will speed up the processing of home loans for veterans through the Department of Veterans Affairs (VA). After the veteran's information is entered by the financial institution providing the loan, the lender will receive a certificate authenticating the veteran's eligibility in seconds. Previously, when a certificate of eligibility was needed, a form was submitted to VA and the certificate was mailed, a process that can take a week or more.

"This leap forward in VA automation is great news for the veteran anxious to close a loan and move into a new home," said VA Under Secretary for Benefits Daniel L. Cooper. "When interest rates begin to change, getting loan procedures resolved quickly can be important to our veterans."

The new system, called Automated Certificate of Eligibility (ACE), should be especially beneficial for active-duty members and veterans who are using their home loan benefit for the first time.

Last year VA guaranteed more than 250,000 loans valued at \$31.2 billion. Approximately 80 percent of these loans require a certificate of eligibility. VA anticipates the ACE system will be able to generate a certificate for 30 to 50 percent of these loans. However, some loans will still require manual processing by VA, including veterans whose eligibility is based on National Guard or Reserve service, those with irregular discharges and those in several other situations.

Where the new electronic system is used, the eligibility certificate will be printed from the lender's computer and it will be customized, bearing the date and lender's name as well as a unique authorization number. For the veteran, that represents a change from the traditional certificate process in which the veteran often kept a copy of the certificate of eligibility to take to a prospective lender.

The ACE system will not reject any veterans for home loans and lenders will not be involved in deciding any eligibility issues. A veteran whose eligibility involves special issues requiring the traditional staff review may still request a certificate of eligibility in advance of approaching a bank or mortgage company with a loan application by sending in VA Form 26-1880, Request for Determination of Eligibility for VA Home Loan Benefits.

All lenders participating in the VA loan guaranty program have access to the system. Veterans or servicemembers interested in learning more about their VA home loan benefits or who wish to obtain forms may visit www.homeloans.va.gov on the Internet.

What can I do if I have trouble making my payments?

<http://www.homeloans.va.gov/paytrbl.htm>

Even the most reliable borrowers sometimes fail to meet every payment on its due date, and it is possible that there is good reason for the failure, such as a reduction of earnings or illness in the family.

If you find that you will be unable to make your payment when it is due, by all means let your lender know and try to work out a satisfactory plan to make up the payments missed.

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What can I do if I have trouble making my payments?

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The lender's friendly advice may be most helpful when you are in a tight spot. Try to call the lender before it is necessary that the lender write to you, but never fail to answer notices or letters you may receive. In emergencies, the first impulse sometimes is to borrow money in order to keep the mortgage payments current. However, any new loan must be paid off in a short time through burdensome installments, and the extra strain often leads to more serious financial trouble. It is far better to call the holder of your mortgage and frankly explain your trouble. Put "all your cards on the table." If you can, offer some plan for catching up on your payments and request advice and guidance not to ask for sympathy but to let the lender know that you are anxious to keep your home, and sincere in your desire to find a way out of your trouble. If you are willing to cooperate, your sincerity will be appreciated. If possible, the lender will help you develop a plan that will enable you to keep your home. Failure to cooperate with your lender may result in the loss of your home by foreclosure of the mortgage. Besides causing the loss of your home, this would naturally have a very bad effect on your credit standing, and may even leave you with a debt. You can, and should, avoid this.

When Financial Troubles Arise

When serious financial troubles arise, it is obvious that living expenses must be cut to the bone. Most of the luxuries previously enjoyed, and even some things which may have been thought of as necessary, may have to be dropped for a time.

In order to help veterans in serious financial trouble, VA Regional Loan Centers have technicians available to conduct financial counseling. This counseling is designed to help you avoid foreclosure. If you want this assistance, call 1-800-827-1000 and ask for the number to reach a Loan Service Representative that can assist you.

Every homeowner dislikes the idea of losing a home. It is far better to sell it of your own free will and perhaps save your equity (amount by which value of property exceeds loan balance) than to have it taken away by foreclosure. This could cause you to lose all you have paid in, spoil your credit standing, and possibly increase your present debts. Later, when your financial position has improved, you may again be able to buy a home of your own. There's also another very good reason for doing everything you can to avoid having your mortgage foreclosed. If your loan closed before January 1, 1990, and if, as a result of foreclosure, VA has to pay a claim to the lender under the guaranty, the amount of such claim will be a debt you will owe to the Government. If your loan closed on or after January 1, 1990, you will owe the Government in the event of a default if there was fraud, misrepresentation, or bad faith on your part.

Beware of the "Dotted Line"

Veterans who are behind in the payments due on their VA loans are warned to be very careful before agreeing to any offers by strangers to make up their back payments if the veterans will "sign on the dotted line."

If such a proposition is made to you, ask the holder of your mortgage or the Loan Guaranty Division of the nearest VA regional office about it before you sign any paper. They will be glad to advise you whether or not the offer is good and sound. VA cannot give you legal advice or service, but it can advise as to dangerous practices or as to the advisability of consulting an attorney.

In some parts of the country, veterans who are not familiar with real estate transactions have been "taken in" by shady deals usually called "milking" or "equity skimming."

In one form of this racket, the veteran, who is behind in VA loan payments, is approached by unknown persons who offer to pay the delinquent installments if the veteran will "sign on the dotted line." The veteran later learns that he or she has signed a deed and can get the property back only by signing another contract at a much higher price. When the veteran finds the stiff terms of the new contract cannot be met, legal action is started to take possession of the veteran's home. (continued on page 3)

Beware of the "Dotted Line"

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In other cases, a housing development will be visited to learn whether veterans are having trouble meeting their VA loan payments. If the veterans are having trouble, these individuals offer each veteran a small amount of cash for the equity in the property, plus the privilege of buying another home in a lower cost neighborhood on a land sales contract. The veteran agrees to give possession in 60 days and "signs on the dotted line," not knowing that he or she is signing a deed to the property. When the 60 days are up, the veteran is told that no houses are available in the lower cost development. The veteran is then put out of the home.

A third method is used in States where there is a long foreclosure or mortgage redemption period. A veteran, falling behind in home loan payments, is offered a small sum of cash for a "quit claim" deed to the property with a promise that all back payments will be made up. The veteran moves out believing that the loan will be brought up to date. Instead, the individual holding the quit claim deed rents the house without making up back payments. Most of the money received as rent is profit until foreclosure is final, and the veteran, not knowing what has happened, may still owe the lender, and quite possibly, the U.S. Government if VA pays a claim on the loan. Many types of these shady deals are used in different parts of the country, depending on how these individuals can misuse State and local laws. Although these practices may be legal, they are considered unethical by most mortgage lenders and real estate brokers.

You will be protecting your own interests and doing other veterans a service if you report any such propositions to the holder of your mortgage and to the nearest VA regional office.

If you decide to sell your home and the VA loan is not paid in full as part of the sale, you should protect yourself by obtaining a release of liability from VA prior to completing the sale. You should also be aware that if your VA loan closed on or after March 1, 1988, it is unlawful to allow someone to take over your loan without the prior approval of VA or your lender. Contact VA or your lender to find out how to apply for approval of your sale and/or a release of liability

Mortgage and Homebuying Links

- ◆ [Other Government Agencies](#)
- ◆ [General Information on Homebuying](#)
- ◆ [General Information on Mortgages](#)
- ◆ [Real Estate Links](#)
- ◆ [Mortgage Lenders](#)

FOR LOCAL HELP CONTACT
DENTON COUNTY VETERANS
SERVICE OFFICE
306 N. LOOP 288, SUITE 146
DENTON, TX 76209
940-349-2952
OFFICE HOURS
8 AM TO 12 NOON
1 PM TO 5 PM
MONDAY – FRIDAY
hank.scheible@dentoncounty.com
james.wheeler@dentoncounty.com
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Home Loan Guaranty Services

Veterans Benefits & Services

<http://www.homeloans.va.gov/faqpreln.htm>

General questions about VA loans that may arise BEFORE you get one

What Is a VA Guaranteed Home Loan?

VA guaranteed loans are made by private lenders, such as banks, savings & loans, or mortgage companies to eligible veterans for the purchase of a home which must be for their own personal occupancy. The guaranty means the lender is protected against loss if you or a later owner fails to repay the loan. The guaranty replaces the protection the lender normally receives by requiring a down payment allowing you to obtain favorable financing terms.

What is pre-purchase counseling and why is it helpful?

Pre-purchase counseling gives a person information on (1) the process of buying a home, (2) the key players in the home buying process, and (3) debt management. The goal is to create a more well informed homebuyer. While VA does not require such counseling, we strongly recommend it. There is usually no charge for the housing counseling.

To locate a housing counseling office call (800)217-6970 or visit HUDs website at www.hud.gov/offices/hsg/sfh/hcc_home.cfm. The Department of Housing and Urban Development (HUD) maintains both the phone number and website.

Does my entitlement guarantee that I will get a home loan?

No, VA cannot compel a lender to make a loan that would violate their lender policies. Lenders must also comply with VA income and credit standards. If a lender is unwilling to make a loan to you, we can only suggest that you try other lenders.

How much is my entitlement?

Your basic entitlement is \$36,000 (or up to \$60,000 for certain loans over \$144,000). Lenders will generally lend up to 4 times your available entitlement without requiring a down payment, provided your income and credit qualify and the property appraises for the asking price.

Is there a maximum loan limit?

There is no maximum VA loan but lenders will generally limit VA loans to \$240,000. This is because lenders sell VA loans in the secondary market, which currently places a \$240,000 limit on the loans. For loans up to \$240,000, it is usually possible for qualified veterans to obtain no down payment financing.

How do I get a Certificate of Eligibility?

You must complete [VA Form 26-1880](#), Request for a Certificate of Eligibility for VA Home Loan Benefits and submit it to one of our [VA Eligibility Centers](#) **along with** acceptable proof of service as described on the instruction page of the form.