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From: Press Service [mailto:afisnews_sender@DTIC.MIL]

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Subject: VA Home Loan Ceiling Raised; Guard, Reserve Loan Authority Extended

By Rudi Williams
American Forces Press Service

WASHINGTON, Jan. 10, 2002 -- An act recently passed by Congress and signed by President Bush increases the guaranty on Veterans Affairs home loans from \$50,750 to \$60,000.

The increase means eligible veterans can use their loan benefit to purchase a home costing as much as \$240,000 without a down payment. Many lenders will make VA no-down-payment loans for four times the maximum guaranty amount, said Judy Caden, deputy director of VA's Loan Guaranty Service. Before the president signed the Veterans Education and Benefits Expansion Act of 2001 on Dec. 27, 2001 the maximum guaranty was \$50,750, which allowed no-down-payment loans of up to \$203,000.

"We recommended increasing the loan guarantee a couple of years ago because of rising housing costs in places like Washington, California and the New England area," she said. "The Mortgage Bankers Association and other groups have also been pushing for it."

The act also changed the Native American veterans housing loan program, assistance for specially adapted housing and home loans for National Guardsmen and reservists.

VA's direct loan program for Native Americans assists those vets buying on trust land, she noted. VA issues the loan, not a private lender, so the program's different from regular guaranteed home loans.

"It's strictly for veterans living on reservations because it's difficult to get lenders to make loans in those areas," Caden said. The act extends the nine-year-old program for four years to Dec. 31, 2005. The program's loan ceiling is \$80,000, except in certain high-cost areas where VA has approved up to \$120,000, she said. Loan interest rates are competitive with the mortgage market, she added.

Caden said it has been difficult for people on trust lands to meet income requirements for loans. So far, VA has only made about 30 loans on trust lands in the continental United States. "We've had the most success in the Hawaiian and American Samoa homelands," she noted. "We've made more than 200 of these loans in the Pacific areas."

The act also increases specialty housing grants from \$43,000 to \$48,000 for severely disabled veterans who need homes built to accommodate wheelchairs. The grant pays for such things as wider hallways, lowered kitchen appliances and counter tops, and bigger bathrooms, Caden said. Veterans can use both a grant and a regular VA

guaranteed loan to cover the total cost of their home purchase, she said.

Another grant program for housing adaptations for less seriously disabled vets had its ceiling raised to \$9,250 -- up from \$8,250, she pointed out. "The money is for some blinded veterans and amputees who need extra help," she said.

The new law also extends housing loans for National Guard and Reserve personnel from September 2007 to Sept. 30, 2009. Reserve component personnel are authorized the same home loan guarantees as active duty personnel.

Related Site of Interest: <http://www.va.gov/>
Department of Veterans Affairs web site