

## General Guidance

The US Department of Veterans Affairs urges all Veterans who are encountering problems making their mortgage payments to speak with their loan servicers as soon as possible to explore options to avoid foreclosure. Contrary to popular opinion, servicers really do *not* want to foreclose because foreclosure costs a lot of money. Depending on a Veteran's specific situation, servicers may offer any of the following options to avoid foreclosure:

- Repayment Plan – The borrower makes regular installment each month plus part of the missed installments.
- Special Forbearance – The servicer agrees not to initiate foreclosure to allow time for borrowers to repay the missed installments. An example would be when a borrower is waiting for a tax refund.
- Loan Modification - Provides the borrower a fresh start by adding the delinquency to the loan balance and establishing a new payment schedule.
- Additional time to arrange a private sale – The servicer agrees to delay foreclosure to allow a sale to close if the loan will be paid off.
- Short Sale – When the servicer agrees to allow a borrower to sell his/her home for a lesser amount than what is currently required to payoff the loan.
- Deed-in-Lieu of Foreclosure - The borrower voluntarily agrees to deed the property to the servicer instead of going through a lengthy foreclosure process.

Access our website at <http://benefits.va.gov/homeloans/> for additional information on VA loans and to watch videos of Veterans who have completed the workout options listed above.

## Veterans with VA-Guaranteed Home Loans

The servicer has the primary responsibility of servicing the loan to resolve the default. However, in cases where the servicer is unable to help the Veteran borrower, Loan Guaranty has Loan Technicians in eight Regional Loan Centers and a special servicing center who take an active role in interceding with the servicer to explore all options to avoid foreclosure. Service members or Veterans with VA-guaranteed home loans can call **(877) 827-3702** to reach the nearest Loan Guaranty office where Loan Specialists are prepared to discuss potential ways to help save the loan.

## Veterans with non-VA Guaranteed Home Loans

For a Veteran or service member who may have obtained a conventional or sub-prime loan, VA does not have the legal authority to intervene on the borrower's behalf. It is imperative that a borrower contacts his/her servicer as quickly as possible. Visit VA's website (<http://benefits.va.gov/homeloans/>) or call toll-free **(877) 827-3702** to speak with a VA Loan Technician for advice on approaches to take with your servicer.

## National Call Center for Homeless Veterans

Veterans who feel they may be facing homelessness as a result of losing their home can call (877) 4AID VET (877-424-3838) or go to <http://www.va.gov/HOMELESS/NationalCallCenter.asp> to receive immediate assistance from VA.

## Other Assistance

In addition to the resources offered by VA, the Department of Housing and Urban Development (HUD) offers assistance to homeowners by sponsoring local housing counseling agencies. To find an approved agency in your area, please search online at <http://www.hud.gov/offices/hsg/sfh/hcc/hcs.cfm>, or call HUD's interactive voice system at (800) 569-4287.

## **Hardest Hit Fund (HHF)**

The HHF program administered by the U.S. Department of Treasury under the Emergency Economic Stabilization Act of 2008 provides assistance for homeowners living in areas deemed “hardest hit” due to the housing crisis. HHF provides funding for State Housing Finance Agencies (HFAs) to establish programs designed to prevent a mortgage from going into default or foreclosure in Alabama, Arizona, California, Florida, Georgia, Illinois, Indiana, Kentucky, Michigan, Mississippi, Nevada, New Jersey, North Carolina, Ohio, Oregon, Rhode Island, South Carolina, Tennessee, and Washington DC.

Most of these programs are aimed at helping unemployed homeowners remain in their homes while they search for new employment and those who owe more on their mortgage than their home is worth. The programs often begin with review by a local housing counseling agency to assess the borrower’s financial status and potential eligibility for the programs. State HFAs have until the end of 2017 to utilize funds allocated under HHF. Homeowners should contact the state housing agency directly. State-by-State information, as well as specific program requirements and links to state sites are available at:

<http://www.treasury.gov/initiatives/financial-stability/TARP-Programs/housing/hhf/Pages/default.aspx>

## **Oregon HHF**

As part of the HHF program, the Oregon Homeownership Stabilization Project has established several programs to help borrowers. One involves mortgage payment assistance for unemployed or financially distressed borrowers. Another is a loan preservation program to help borrowers who have regained employment or overcame difficulties but need help with delinquent payments. Still another program assists such borrowers who are seeking loan modifications to make their homes affordable but also need reductions in the amount to be modified.

Another part of the Oregon HHF program is the Loan Refinancing Assistance Pilot Project (LRAPP). This program is specifically designed for homeowners who have suffered financial hardship and have substantial negative equity in their homes, but could afford a payment at the current value of their home. It aims to help homeowners in two test counties avoid foreclosure through purchasing their homes via a short sale and then reselling to them at the current value. VA Loan Guaranty Service has reviewed the guidelines for this program and found them inconsistent with our regulatory requirements for compromise claims on short sales. We believe that VA’s Interest Rate Reduction Refinancing Loan program offers most veterans a better alternative for lowering their mortgage payments, especially at today’s historically low interest rates.