



VAREP

VETERANS ASSOCIATION OF
REAL ESTATE PROFESSIONALS

2021 POLICY POSITION STATEMENT

POLICY POSITION PAPER

Established in 2011, the USA Homeownership Foundation, Inc. (DBA VAREP) is a 501.c3, HUD-approved, counseling agency dedicated to improving the lives of servicemembers and veterans through housing and philanthropy. In December 2019, we incorporated our veteran services division as a 501.c19, non-chartered Veteran Service Organization (VSO) to expand our reach and resources in supporting veterans

Our Ask: Grant VAREP Congressional Charter Recognition Under U.S. Code 36, Part B.

BACKGROUND

The Department of Veteran Affairs (VA) offers FIVE basic veteran benefits: 1. disability, 2. compensation, 3. pension, 4. education, and 5. home loan guaranty.

Congress saw it fit to grant Title 36 Charters to approximately 92 corporations. Most notably of these were the VFW, American Legion, DAV, and AMVETS - a.k.a. the “Big Four”. In fulfilling the charter responsibilities, these VSOs assist, file, and manage veteran’s disability, compensation, pension, and education claims with the VA. In doing so, these VSOs serve as a resource to Congress in executing the benefits veterans deserve.

THE FORGOTTEN BENEFIT – THE VA HOME LOAN GUARANTY BENEFIT.

Four of the Five benefits have chartered VSOs. These VSOs are empowered to help educate, oversee, and guide veterans on fulfilling the cumbersome requirements needed to obtain them. With that said, why is it the VA Home Loan Guaranty does not?

The VA Home Loan Guaranty Benefit is much more than a loan for a home. It is a demonstrative process of understanding financial literacy, maintaining good credit, making wise money decisions, recognizing and reporting rental and housing discrimination, avoiding predatory lending, maintaining a job, accessing SSVF/ HUDVASH homelessness resources, and understanding the VA Home Loan Benefit without duress.

In January 2021, VAREP sampled several local REALTOR® associations' 2020 MLS data of homes sold and compared them to instances where the VA Home Loan Guaranty Benefit WAS NOT offered as a financing option.

Maricopa County, AZ - 105,376 Closed Transactions

- 48% were not afforded VA Home Loan Guaranty Benefit financing options
- 7.2% of all sales were the result of VA Home Loan Benefit

Carson County, NV - 42,140 Closed transactions

- 52% were not afforded VA Home Loan Guaranty Benefit financing options
- 9.9% of all sales were the result of VA Home Loan Benefit

Minnesota and West Wisconsin - 1,532 Closed transactions

- 75% were not afforded VA Home Loan Guaranty Benefit financing options
- 7.7% of all sales were the result of VA Home Loan Benefit

Analysis:

Over half the properties sold did not offer the VA Home Loan Guaranty Benefit as a financing option. Of the closed homes many veterans who qualified for a VA home loan were steered away from the benefit for which they served and sacrificed. **THIS IS NOT ACCEPTABLE!**

THE NEED - SUPPORTING DATA FOR OUR ASK

The following information offers a high-level view of results found in a 2020 VAREP survey, a 2010 VA National Veterans survey, and a 2013 Study:

- 65% said they did not think they could ever own a home.
- 95% said they did not receive housing counseling or VA loan education while serving or during post separation.
- 95% said they wanted follow-up with home buying counseling services and education.
- 33.6% indicated they did not know about the VA Home Loan Guaranty Benefit program.
- 8.1% said their lender and/or REALTOR® discouraged the use of the VA loan.
- 30% reported money mismanagement (e.g., bouncing or forging a check, going over one's credit limit, falling victim to a money scam in the past year) was associated with homelessness in the next year. It was also mentioned that money mismanagement attributed to an arrest history, mental health diagnosis, and lack of income.

At NO COST to the veteran, we have helped thousands of veterans with the following services:

- As a HUD-approved housing affiliate, we represent veterans facing foreclosure to the banks. We help them achieve resolutions for late payments, and loan workouts to avoid foreclosure. No other HUD affiliate has the expertise of the veteran culture as we do. This service has been ESSENTIAL but overlooked.
- Work with servicemembers and their spouses to ensure banks adhere to the Servicemembers Civil Relief Act.
- Assist veterans with resources to achieve suitable and affordable rentals.
- Provide veterans who are chronically or on the verge of homelessness with SSVF and HUDVASH assistance.
- Assist government agencies with programs that reduce veteran homelessness and those that provide affordable housing solutions for veterans' families with low-to-moderate income.
- Provide workforce training during veteran reintegration and provide resources for veteran entrepreneurship.
- Work and assist the Department of Veterans Affairs in developing a holistic alternative therapy program to combat the veteran suicide epidemic.
- Educate veterans on topics such as banking, budgeting, saving, and maintaining good credit. Plus it addresses the benefits of homeownership, the VA Home Loan Benefit, and incorporates our H.E.L.P. curriculum.
- Train real estate agents and lending professionals about the VA Home Loan Guaranty Benefit, ensuring the veterans' home buying experience is without discrimination.
- Provide closing cost assistance for veterans in need.
- Donate 40+ mortgage-free homes to deserving heroes.



- 1. Blue Water Vietnam Navy Act:** In 2018, VAREP became aware of the Blue Water Navy Vietnam Veterans Act. The “pay for” language was constructed in such a way that the bonus entitlement (aka remainder entitlement) feature would eviscerate the VA Home Loan. Additionally, the VA Funding Fee Waiver, offered to any veteran with a VA rated disability, would have been eliminated from all but those veterans with a 100% disability. The bill passed the House with a near unanimous vote. It is currently in the Senate, ready for a vote. VAREP fiercely advocated for Senate members to halt the passage of the bill and urged corrections to its “pay for” language. VAREP literally wrote the language that rescued “bonus entitlement” and convinced Congress to remove the VA Funding Fee removing language. VAREP also backed and advocated for enhanced access to the VA Funding Fee to Purple Heart recipients who are still serving on active duty.
- 2. Servicemember Financial Literacy:** VAREP successfully led the way during the 115th Congress by working with then- Congresswoman Kyrsten Sinema. The collaboration was forged to add an amendment to H.R. 5515 / S.1519 National Defense Authorization Act (NDAA) for fiscal years 2018/2019. Sinema, who is now a United States Senator, instructed the DoD to ensure members obtain sufficient financial literacy to effectively leverage conferred benefits and opportunities for employment, education, vocational training, and entrepreneurship.
- 3. VA Home Loan Churning:** Along with Senators Elizabeth Warren and Thom Tillis, VAREP led the legislative efforts to put an end to CHURNING. Churning took advantage of a loophole in the VA Refinance Program (IRRRL). It allowed predatory lenders to reap tens of thousands of dollars from veteran homeowners who utilized VA Home Loans. S.2155 Economic Growth, Regulatory Relief, and Consumer Protection Act of 2019 passed in both houses and became Public Law No: 115-174 (05/24/2018), terminating this unconscionable practice.

4. VA Home Loan Solvency: In early 2019, VAREP alerted Senator Sinema of an inadvertent error. The mistake that damaged the VA Home Loan Program had occurred when the Economic Growth, Regulatory Relief, and Consumer Protection Act of 2019 (S.2155) was signed into law the previous year. Over 3,000 VA home loans that had already closed escrow were made ineligible to sell to Ginny Mae. If the error went uncorrected, lenders could have become resistant to working with any veteran who wanted a VA home loan. VAREP teamed up with Senator Sinema to introduce S.1749 Protecting Affordable Mortgages for Veterans Act of 2019 and correct the misstep. The bill was passed without amendment by Voice Vote and became Public Law No: 116-33 (7/25/2019).

5. URLA (Universal Residential Loan Application): In 2015, VAREP began advocating for a major change to the URLA, wherein the form would include a specific military question. It asked, “Did you (or your deceased spouse) ever serve, or are you currently serving, in the United States Armed Forces?” Working once again with then-Congresswoman Kyrsten Sinema, Congressman Raul Grijalva, and dozens of other members of Congress VAREP convinced then-FHFA Director Mel Watt to champion the improvement to the URLA. The URLA form was changed and the military question was added.

6. Extending VA Funding Fee 1st Use Authorization to a 2nd Purchase Due to National Disasters: In 2019, VAREP teamed up with Senator Mazie Hirono on S.4656 Veteran Home Loan Disaster Recovery Act of 2020. It was to ensure that, “if a veteran has obtained a VA loan and the dwelling was substantially damaged or destroyed by a major disaster, declared by the President of the United States, the VA will treat the VA loan, used to replace or substantially repair the home, that new loan will be treated as initial loan, thus there would be no need for the veteran to pay the VA Funding Fee subsequent use fee structure.” At the end of the 116th Congress the Veteran Home Loan Disaster Recovery Act of 2020 was added as an amendment to H.R. 7105 Veterans Health Care and Benefits Improvement Act of 2020 in Section 2102. It was renamed, “Reducing Loan Fees for Certain Veterans Affected by Major Disasters.” Then on January 5, 2021 it became Public Law No: 116-315.

CONCLUSION

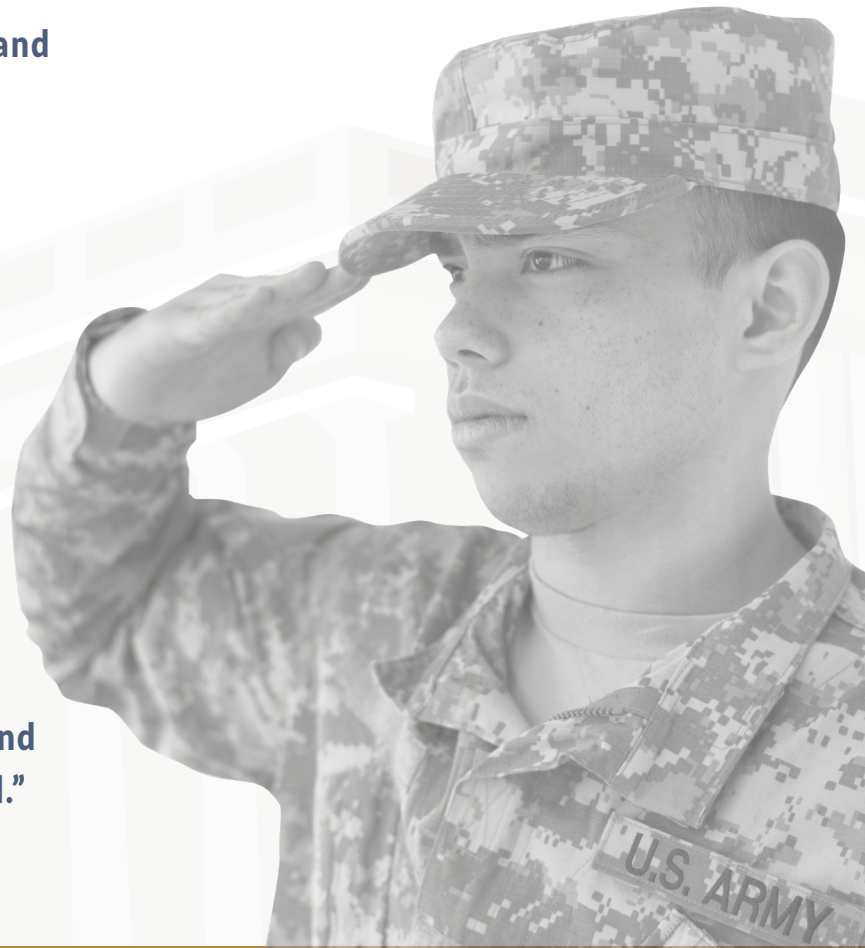
A Congressional Charter would:

- Allow the VA to recognize the VA Home Loan Guaranty Benefit on the same level as the disability, compensation, pension and education benefits.
- Allow the VA and VAREP to create a national partnership that provides veterans with housing and financial literacy services.
- Allow VAREP to continue as the “boots on the ground” resource reporting to Congress on housing, financial literacy, mortgage lending progress and other issues.
- Allow VAREP to continue working with both chambers on key housing and financial issues.

In nearly every example of operational and legislative successes, ONLY VAREP understood the need for fixing these ubiquitous problems.

As such, we implore both branches of government - The United States Congress and Senate - to grant VAREP a Congressional Charter that allows us to continue providing our services to veterans at the VA facilities.

VAREP is the essential voice that has been missing on the “Veteran Housing and Economic Benefits Advocacy Battlefield.”



As a housing non-profit for vets, by vets, our success is measured not by a balance sheet for shareholders, but by how many lives we can improve through our programs and services. Our proactive stance of providing financial-literacy education and advocating homeownership may not end the epidemic of homelessness among the veteran community, but can prevent it from happening in the future, one veteran at a time."

- Son Nguyen, VAREP National President and Founder



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Veterans Association of Real Estate Professionals

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