



**Congressional
Research Service**

Informing the legislative debate since 1914

VA Home Loan Programs

Updated May 20, 2026

Congressional Research Service

<https://crsreports.congress.gov>

R42504



R42504

May 20, 2026

Libby Perl
Specialist in Housing Policy

VA Home Loan Programs

The Department of Veterans Affairs (VA) has assisted veterans with homeownership since 1944, when Congress enacted the loan guaranty program to help veterans returning from World War II purchase homes. The loan guaranty program assists veterans by insuring mortgages made by private lenders, and is available for the purchase or construction of homes as well as to refinance existing loans.

The loan guaranty has expanded over the years so that it is available to (1) all active duty servicemembers and veterans who fulfill specific active service requirements or who were released from active duty due to service-connected disabilities, (2) members of the reserves who completed at least six years of service or who served at least 90 days of full-time National Guard duty, 30 of which were consecutive, and (3) spouses of veterans who died in service, of service-connected disabilities, or while receiving (or being entitled to receive) benefits for certain service-connected disabilities (see **Table 1**). Under the loan guaranty, VA agrees to reimburse lenders for a portion of losses if borrowers default. Unlike insurance provided through the Federal Housing Administration insurance program, VA does not insure 100% of the loan, and instead the percentage of the loan that is guaranteed is based on the principal balance of the loan (see **Table 2**).

Veterans who enter into VA-guaranteed loans pay an up-front fee based on factors that include the type of loan entered into (for example, purchase or refinance), whether the loan is the first or subsequent VA loan a borrower has entered into, and the amount of down payment (see **Table 3**). The fee is waived for veterans with service-connected disabilities. Borrowers are not required to make a down payment on a VA-guaranteed loan, but the up-front fee is reduced if there is a down payment of 5% or more. Most borrowers (74% of purchasers in FY2024) do not make a down payment.

In addition to guaranteeing loans from private lenders, VA makes direct loans to borrowers in certain circumstances. The original VA direct loan is currently available to veterans or servicemembers with certain service-connected disabilities. Another direct loan program, originally enacted as a demonstration program in 1992, serves Native American veterans, including members of federally recognized tribes, Native Hawaiians, and veterans native to American Samoa, Guam, and the Commonwealth of the Northern Mariana Islands. In addition, VA may enter into direct loans in cases where a borrower is delinquent or defaults on a VA-guaranteed loan. VA may either acquire a loan from a lender and continue servicing the loan itself (called “acquired loans”) or, in cases of foreclosure, VA may purchase the property and resell it. In these cases, VA may enter into a loan with a purchaser whether or not they are a veteran (called “vendee loans”).

Loss mitigation processes may protect borrowers who face default or foreclosure (see **Table 4**). Available loss mitigation options for VA-guaranteed loans changed in the years during and after the COVID-19 pandemic. The VA Home Loan Program Reform Act (P.L. 119-31), enacted on July 18, 2025, and amended by Division G, Section 7307 of the Continuing Appropriations, Agriculture, Legislative Branch, Military Construction and Veterans Affairs, and Extensions Act, 2026 (P.L. 119-37), created a partial claim program to assist veterans who defaulted on their VA loans both during and after the pandemic.

Contents

Introduction	1
The VA Loan Guaranty Program	1
Borrower Eligibility	2
Service Type and Duration.....	3
Financial Criteria	5
Uses of the Loan Guaranty.....	6
Financing the Purchase, Construction, or Improvement of Dwellings or Farm Residences	6
Loan Guaranty for Manufactured Housing.....	8
Refinancing Loans	9
Assumptions.....	11
Requirements for Appraisals and Closing Costs	11
Appraisals and Minimum Property Requirements.....	12
Closing Costs	13
Veteran’s Entitlement and the Amount of Coverage Provided by the Loan Guaranty	15
Full Entitlement Available	15
Partial Entitlement Available	15
Restoration of Entitlement	16
Number and Amount of Loans Guaranteed.....	17
How the VA Loan Guaranty Differs from FHA Insurance	18
Direct VA Loans	19
Native American Direct Loan Program.....	19
Participation in the NADL Program	21
Direct Loans for Veterans with Certain Service-Connected Disabilities	22
Acquired and Vendee Loans.....	23
The VA Loan Funding Fee.....	23
Funding for VA Loan Programs.....	25
Budget and Appropriations Process	26
Options in the Event of Delinquency, Default, and Foreclosure	27
Loss Mitigation Options in Case of Delinquency and Default	27
Servicemembers Civil Relief Act.....	29
VA Actions in the Event of Foreclosure	30

Figures

Figure 1. VA Loans Guaranteed	18
Figure 2. Direct Loans for Native American Veterans	22
Figure 3. VA Foreclosure Activity by Year.....	31

Tables

Table 1. Service Eligibility for the Loan Guaranty.....	4
Table 2. Limits on the Level of Loan Guaranty	16

Table 3. VA Loan Guaranty Fees 24
Table 4. Loss Mitigation Options 28

Table A-1. VA Loans Guaranteed by Fiscal Year, FY2000-FY2024 32

Appendixes

Appendix. Number of VA Guaranteed Loans 32

Contacts

Author Information 33

Introduction

The U.S. Department of Veterans Affairs (VA) administers several programs that assist individual veterans in purchasing, constructing, and/or rehabilitating homes. The specific ways in which VA assists veterans include (1) guaranteeing home mortgages from private lenders (through the Loan Guaranty Program, a form of insurance) to help veterans obtain financing for home purchases, construction, improvements, or refinancing and (2) providing direct loans for home purchases to Native American veterans, veterans with certain service-connected disabilities, and to purchasers of homes that are in VA inventory due to default and foreclosure.

This report discusses some of the legislative history behind the VA loan guaranty and direct loan programs, and provides details about how the programs currently operate. There is a separate section on funding for VA loan programs, and the final section of the report discusses VA efforts to assist borrowers who face default and foreclosure.

VA also assists veterans with service-connected disabilities by extending grants so that eligible veterans can adapt housing to fit their needs through the Specially Adapted Housing (SAH) Program. (SAH is not discussed in this report, but a description can be found in CRS Report R44837, *Benefits for Service-Disabled Veterans*.) In addition, while VA provides housing assistance for veterans experiencing homelessness, this report does not address these programs. (For more information about homeless veterans and programs that assist them, see CRS Report RL34024, *Veterans and Homelessness*.)

The VA Loan Guaranty Program

The VA loan guaranty program is a mortgage insurance program through which eligible veterans enter into mortgages with private lenders, and VA guarantees that it will pay lenders a portion of losses that may occur as a result of borrower default. VA-guaranteed loans are available for the purchase, construction, or repair/rehabilitation of a *dwelling*—defined to include homes with up to four units, single condominium units, and manufactured homes classified as real property—or a farm residence. The guaranty is also available to finance the purchase of a manufactured home not classified as real property, and to refinance an existing loan.

The VA loan guaranty came about as an alternative to a cash bonus for veterans returning from World War II; it was considered less expensive than a bonus, but still a way to serve the needs of veterans.¹ Credit was seen as one of the areas where veterans were at a disadvantage compared to their nonveteran counterparts because they had not had the time to establish a career or credit history that would allow them to obtain a mortgage without a guaranty.² The Servicemen's Readjustment Act of 1944 (P.L. 78-346) created the loan guaranty as part of a package of benefits for returning veterans. The act also included educational benefits (the 1944 act introduced the GI Bill), employment counseling and placement services, and payments for unemployed veterans. The package of benefits was meant to help veterans reintegrate into the civilian economy.³

¹ U.S. Congress, House Veterans' Affairs Committee, *The Historical Development of Veterans' Benefits in the United States, A Report on Veterans' Benefits in the United States*, committee print, prepared by The President's Commission on Veterans' Pensions, 84th Cong., 2nd sess., May 9, 1956, H.Prt. 84-244 (Washington: GPO, 1956), p. 161 (hereinafter, "*The Historical Development of Veterans' Benefits in the United State*").

² *The Historical Development of Veterans' Benefits in the United States*.

³ U.S. Congress, House Committee on World War Veterans' Legislation, *Providing Federal Government Aid for the Readjustment in Civilian Life of Returning World War II Veterans*, report to accompany S. 1767, 78th Cong., 2nd sess., May 5, 1944, H.Rept. 1418, p. 2.

The law provided that VA would guaranty loans for veterans to purchase or construct a home, purchase a farm or farm equipment, or purchase a business. The guaranty was limited to the greater of 50% of the loan or \$2,000, and loans could not have an interest rate above 4%. VA paid the interest on the guaranteed portion of the loan during its first year. Veterans had the greater of two years from the termination of the war, or two years from their date of separation from the military, to apply.⁴

Within a year, Congress amended the loan guaranty to revisit some of the aspects of the program that were seen to need updating (P.L. 79-268). The maximum guaranty was raised to \$4,000 (prices of homes had risen), the maximum maturity was increased from 20 to 25 years (the shorter maturity period had resulted in higher payments), and veterans were given 10 years from the end of the war to apply (two years had been too short a time frame).⁵

Over time, the loan guaranty has been expanded to include all veterans who served or are serving on active duty from World War II on, with varying length of service requirements, as well as those who served in the selected reserves; the amount of the guaranty has grown; business purchases are no longer eligible and farm purchases have been limited; and the uses have expanded to include refinancing, energy efficiency improvements, and the purchase of manufactured homes.

This section of the report describes eligibility for the loan guaranty (“Borrower Eligibility”), ways in which it can be used (“Uses of the Loan Guaranty”), aspects of the process involved in obtaining the VA loan guaranty (“Appraisals and Closing Costs”), coverage (“Veteran’s Entitlement and the Amount of Coverage Provided by the Loan Guaranty”), and how the VA loan guaranty differs from the Federal Housing Administration (FHA) mortgage insurance program (“How the VA Loan Guaranty Differs from FHA Insurance”). This section also includes data on the number and amount of loans guaranteed.

Borrower Eligibility

Eligibility for veterans’ benefits, including the VA loan guaranty, is based, in part, on requirements regarding type of service (typically active duty), duration of service, and character of service. *Character of service* refers to the status under which a veteran is discharged, such as honorable or dishonorable.

Character of service requirements for the VA loan guaranty are the same as for veterans’ benefits generally, which provide that a veteran be discharged or released from service “under conditions other than dishonorable.”⁶ However, other eligibility criteria for the VA loan guaranty may differ from those for veterans’ benefits more generally in some respects. For example, members of the National Guard and Reserve may qualify for the loan guaranty without active duty service under certain circumstances. In addition, there are financial criteria that veterans must fulfill to qualify for the loan guaranty.

This section of the report discusses VA loan guaranty requirements regarding service type and duration, as well as financial requirements. Character of service requirements are not discussed in the report. (For more information about those requirements, see CRS Report R48907, *Military*

⁴ P.L. 78-346, §500.

⁵ *The Historical Development of Veterans’ Benefits in the United States*, pp. 162-163.

⁶ See the definition of “veteran” at 38 U.S.C. §101(2): “The term ‘veteran’ means a person who served in the active military, naval, air, or space service, and who was discharged or released therefrom under conditions other than dishonorable.” See also the VA loan guaranty statute and regulations at 38 U.S.C. §3702(c) and 38 C.F.R. §36.4301.

Discharges: Character of Service and Eligibility for Department of Veterans Affairs (VA) Benefits.)

Service Type and Duration

Veteran eligibility for the VA loan guaranty started narrowly, targeted to individuals who served during World War II. As additional conflicts arose, veterans of those conflicts, as well as peacetime eras, were made eligible for the program. Further, the loan guaranty statute defines the term “veteran” to include the following categories.

- **Veterans who served or are serving on active duty.**⁷ “Veteran” includes those who have served and separated from military service as well as those serving on active duty. Veterans must fulfill specific time period and duration of service requirements (see **Table 1** for more details).
- **Members of the Selected Reserve.** Reservists qualify for the loan guaranty if they serve for a total of six years. A reservist may also qualify if they perform full-time National Guard duty for at least 90 cumulative days, with 30 of those days being consecutive.⁸
- **Spouses of veterans.** Spouses of veterans who died while serving on active duty, died of a service-connected disability, or who are missing in action, captured, or forcibly detained are eligible for the loan guaranty.⁹ In addition, spouses of veterans who die *while receiving* compensation (or who were eligible to receive compensation) for a service-connected disability rated totally disabling for a specified duration are eligible.¹⁰ Prior to 2012, only surviving spouses of veterans who *died from* their service-connected disabilities were eligible for the loan guaranty.¹¹

This report uses the term “veteran” for all people eligible for the loan guaranty unless otherwise specified. See **Table 1** for service eligibility categories.¹²

⁷ 38 U.S.C. §3702, §3701(b)(4).

⁸ Reservists were made eligible as part of the Veterans Home Loan Program Amendments of 1992 (P.L. 102-547). Until 2021, reservists qualified by serving for at least six years. In 2020, the law was changed to also include 90 days cumulative full-time National Guard duty with 30 days consecutive. See the Johnny Isakson and David P. Roe, M.D. Veterans Health Care and Benefits Improvement Act of 2020 (P.L. 116-315). Provisions are codified at 38 U.S.C. §3701(b)(5), (7). Full-time National Guard duty is defined at 10 U.S.C. §101(d)(5).

⁹ 38 U.S.C. §3701(b)(2)-(3).

¹⁰ The disability must meet one of three duration requirements: (1) it was continuously rated totally disabling for 10 or more years immediately preceding death; (2) it was continuously rated totally disabling for at least five years from the date of discharge from active duty; or (3) it was continuously rated totally disabling for not less than one year immediately preceding death, and the veteran had been a prisoner of war who died after September 30, 1999.

¹¹ Eligibility for spouses of veterans who died while receiving compensation was added to the law as part of P.L. 112-154, Honoring America’s Veterans and Caring for Camp Lejeune Families Act of 2012.

¹² 38 U.S.C. §3702(a)(2).

Table I. Service Eligibility for the Loan Guaranty

Eligibility Category	Public Law Initiating Eligibility ^a	Time Requirement (if any)
Active Duty ^b Service during World War II (9/16/1940 to 7/25/1947)	P.L. 78-346	90 days ^c
Active Duty ^b Service during the Korean Conflict ^d (6/27/1950 to 1/31/1955)	P.L. 82-550	90 days ^c
Active Duty ^b Service during the Vietnam Era ^e		
• Service in the Republic of Vietnam (11/1/1955 to 5/7/1975)	P.L. 104-275	90 days ^c
• All other cases (8/5/1964 to 5/7/1975)	P.L. 95-476	90 days ^c
Active Duty ^b Service Post-	P.L. 100-322	181 days ^g
• World War II (7/26/1947 to 6/26/1950)		
• Korea (2/1/1955 to 8/4/1964)		
• Vietnam (5/8/1975 to 8/1/1990 ^f)		
Active Duty ^b Service Begun After ^h	P.L. 97-66	<ul style="list-style-type: none"> • 24 continuous months active duty or • full period ordered to active duty, but no less than 181 days during peacetime or 90 days during the Persian Gulf War period (8/2/90 – present)
• 9/7/1980 (enlisted personnel)	P.L. 100-322	
• 10/16/1981 (officers ⁱ)	P.L. 102-25	
Service in the Selected Reserve ^j	P.L. 102-547	<ul style="list-style-type: none"> • Six years service in the selected reserve or
	P.L. 116-315	<ul style="list-style-type: none"> • 90 cumulative days of full-time National Guard duty, 30 of which are consecutive
Released from Active Duty or Selected Reserve due to Service-Connected Disability (any service after 9/15/1940)	P.L. 78-346	—
Surviving Spouse of a Veteran who Died While Serving on Active Duty or of a Service-Connected Disability ^k	P.L. 81-475	—
Spouse of Member of Active Duty ^b Military who	P.L. 91-584	—
• is missing in action,		
• captured, or		
• forcibly detained		
Surviving Spouse of Veteran Who Died While Receiving, or Was Entitled to Receive, Compensation for a Service-Connected Disability Rated Totally Disabling ^{k,l}	P.L. 112-154	—

Source: Table prepared by CRS based on 38 U.S.C. §§3701-3702, as well as sources described in table notes below.

Note: The two categories not included in the table are (1) sole surviving child in a family where a parent or sibling was killed while in the Armed Forces, captured or missing in action, or permanently disabled and (2) in some circumstances, commissioned officers of the Public Health Service and the National Oceanic and Atmospheric Administration.

- a. Subsequent laws may have extended the period of service or otherwise modified eligibility requirements.
- b. Eligibility for the loan guaranty is based on active duty service in the regular service (Army, Navy, Air Force, Marine Corps, or Coast Guard). The term “active duty” is defined at 38 U.S.C. §101(21).
- c. 38 U.S.C. §3702(a)(2)(A).
- d. The term “Korean Conflict” is defined at 38 U.S.C. §101(9).
- e. P.L. 104-275 added to the definition of “Vietnam era” the dates of service in the country. P.L. 116-315, Section 2001, changed the earlier of the two dates from February 28, 1961, to November 1, 1955. See 38 U.S.C. §101(29).
- f. While the Post-Vietnam era extends to August 1, 1990, benefits for veterans who began service after September 7, 1980, are subject to 38 U.S.C. §5303A(b). See table note h.
- g. 38 U.S.C. §3702(a)(2)(C).
- h. 38 U.S.C. §5303A(b). P.L. 97-66 established minimum active duty service requirements for VA benefits generally at 24 months or the “full period” for which someone is called to active duty. Subsequently, the loan guaranty program statute was amended to more than 180 days for periods that do not include wartime (P.L. 100-322) and 90 days for the Persian Gulf War period (P.L. 102-25). See 38 U.S.C. §3702(a)(2)(C)-(D). The “Persian Gulf War period” is defined at 38 U.S.C. §101(33) and is ongoing as of the cover date of this report.
- i. The dates for officers and enlisted personnel differ because the original law implementing the 24-month length-of-service requirement (P.L. 96-342) only applied to enlisted personnel and not officers. See U.S. Congress, House Committee on Veterans’ Affairs, *Veterans’ Compensation Amendments of 1981*, report to accompany H.R. 3995, 97th Cong., 1st sess., July 16, 1981, H.Rept. 97-179, pp. 20-21. P.L. 97-66 amended the law to apply to officers.
- j. The “selected reserve” is defined at 38 U.S.C. §3701(b)(5)(B).
- k. Surviving spouses are subject to certain remarriage requirements. The term “surviving spouse” is defined at 38 U.S.C. §101 to mean someone who has not remarried. See also 38 U.S.C. §103 for “special provisions relating to marriages.”
- l. The disability must meet one of three duration requirements: (1) it was continuously rated totally disabling for 10 or more years before death; (2) it was continuously rated totally disabling for at least five years from the date of discharge from active duty; or (3) it was continuously rated totally disabling for not less than one year, and the veteran had been a prisoner of war and died after September 30, 1999.

Financial Criteria

In addition to length of service requirements, the VA loan guaranty has underwriting criteria designed to ensure that veterans have the financial means to make mortgage payments. The statute gives the VA Secretary the authority to set underwriting standards in regulation, which are further supplemented by the *VA Lenders Handbook*.¹³ The underwriting standards consider a veteran’s income, expenses, and credit history in determining eligibility for a guaranteed loan. In seeking to balance income and expenses, a veteran must meet requirements established via a debt-to-income ratio standard and a residual income analysis.¹⁴

¹³ See 38 U.S.C. §3710(g), 38 C.F.R. §36.4340, and U.S. Department of Veterans Affairs, *Lenders Handbook – VA Pamphlet 26-07*, https://www.knowva.ebenefits.va.gov/system/templates/selfservice/va_ssnew/help/customer/locale/en-US/portal/55440000001018/topic/554400000027323/VAP26-07-Lenders-Handbook (hereinafter, “*VA Lenders Handbook*”).

¹⁴ VA was directed to apply these standards as part of the Veterans’ Benefits Improvement and Health-Care Authorization Act of 1986, P.L. 99-576, Section 402.

- **Debt-to-Income Ratio:** In the debt-to-income analysis, a lender is to look at the ratio of a veteran’s anticipated housing expenses and other long-term monthly obligations compared to their stable and reliable monthly income.¹⁵ To be stable and reliable, income is to be expected to continue “for the foreseeable future.” Examples of “unreliable” income include VA education benefits, unemployment compensation, and irregular overtime pay.¹⁶ A veteran’s total debt-to-income ratio should not exceed 41%, although there are provisions to allow for exceptions to this requirement in cases where a lender is able to justify the loan to VA.
- **Residual Income:** The residual income test is used to determine whether a veteran’s income after payments for shelter expenses and other obligations is adequate to meet living expenses. Unlike the debt-to-income ratio, the residual income test determines if income is sufficient to meet additional living expenses not captured as part of housing costs and debt. The loan guaranty regulations contain a guide to sufficient residual income by region.¹⁷

The Loan Guaranty Program does not require veterans to have a specific credit score to qualify for a loan, but the underwriting guidelines require lenders to analyze a borrower’s credit history.¹⁸ Lenders must be able to explain decisions to extend credit to borrowers who have an adverse credit history, and certain situations, such as an unpaid court-ordered judgment or a bankruptcy within the previous one or two years, may disqualify a borrower from obtaining a guaranteed loan. A previous foreclosure is not a bar to obtaining a VA-guaranteed loan, but borrowers who had previous VA-guaranteed loans that were foreclosed upon may have to repay the government for any losses suffered prior to obtaining a new loan.¹⁹

Uses of the Loan Guaranty

Financing the Purchase, Construction, or Improvement of Dwellings or Farm Residences

Loan guarantees are available for the purchase or construction of, or to make improvements (including energy efficiency improvements) to either a dwelling or farm residence.²⁰ A “dwelling” is defined in regulation as a building primarily used and occupied as a home (defined as a “place of residence”),²¹ and that consists of no more than four family units (under most circumstances),²² one of which will be occupied by an eligible veteran. Veterans must certify that they either occupy or will occupy the home within a reasonable time after loan closing.²³ For instances where

¹⁵ 38 C.F.R. §36.4340(d).

¹⁶ 38 C.F.R. §36.4340(f).

¹⁷ 38 C.F.R. §36.4340(e). For example, in the Northeast region, \$1,025 is considered sufficient monthly residual income for a family of four for loans of more than \$80,000. See U.S. Department of Veterans Affairs, “Loan Guaranty: Credit Standards,” 62 *Federal Register* 53963, October 17, 1997, <https://www.govinfo.gov/content/pkg/FR-1997-10-17/pdf/97-27564.pdf>.

¹⁸ 38 C.F.R. §36.4340(g).

¹⁹ *Ibid.*

²⁰ 38 U.S.C. §3710.

²¹ 38 C.F.R. §36.4301.

²² *Ibid.* There is an exception for a dwelling owned by more than one veteran—in that case there may be an additional unit for each veteran owner. For example, if two veterans owned a property together, it could consist of six units—four units plus one for each veteran. See *VA Lenders Handbook*, Chapter 7, Topic 1.

²³ 38 U.S.C. §3704(c). A reasonable time is typically 60 days. *VA Lenders Handbook*, Chapter 3, Topic 5b.

veterans are on active duty, their spouses or dependent children may satisfy the requirement for occupying the property within a reasonable time.²⁴

A daily physical presence is not necessary to occupy the property as a home.²⁵ However, the property should be near a borrower's place of employment, and, if their job requires an absence for a "substantial amount of time," there must be a history of continuous presence in the community prior to the absence, and there should be no attempt to establish a principal residence elsewhere.²⁶ Use of a property as a vacation home would not qualify for the VA loan guaranty. An exception to the occupancy requirement exists for interest rate reduction refinancing loans (described in the "Interest Rate Reduction Refinancing Loan" section).

Purchase

VA-guaranteed loans can be used to purchase a dwelling. A range of housing qualifies as a dwelling for VA loan guaranty purposes. A single condominium unit qualifies as a dwelling, and a manufactured home may also be a dwelling if the veteran owns the land to which it is affixed and the state classifies it as real property.²⁷ A manufactured home that does not meet these requirements may qualify separately under the manufactured housing section of the law (for more information, see the section of this report entitled "Loan Guaranty for Manufactured Housing"). The loan guaranty can also include the purchase of land for both the construction of a single-family home²⁸ or for placement of a manufactured home.²⁹

Construction

In addition to purchasing a home, an eligible veteran may enter into a guaranteed loan for the construction of housing. This may occur in one of two ways. In one option, a veteran enters into a non-VA construction loan, and then, once construction is complete, refinances the construction loan with a VA-guaranteed loan.³⁰

Another option is a "one-time" VA construction loan that pays for construction and is maintained on the property as permanent financing. In this case, funds are placed in an escrow account and paid out as the construction progresses.³¹ A veteran borrower does not begin paying on the loan until construction is complete.³² The amount of the loan is based on the appraised value as

²⁴ 38 U.S.C. §3704(c)(2). P.L. 112-154 amended the law to allow dependent children to satisfy the occupancy requirement.

²⁵ *VA Lenders Handbook*, Chapter 3, Topic 5.

²⁶ *Ibid.*

²⁷ 38 C.F.R. §36.4301.

²⁸ The U.S. Code does not specify the purchase of land for the construction of a home as an eligible use of funds. However, previous versions of the U.S. Code used the term "residential property" in the description of loans eligible to be guaranteed. See, for example, 38 U.S.C. §694a(a) (1952). The U.S. Code no longer uses the term "residential property" in this context, but loan guaranty regulations define the term to include "Any land to be purchased out of the proceeds of a loan for the construction of a dwelling, and on which such dwelling is to be erected." 38 C.F.R. §36.4301.

²⁹ 38 U.S.C. §3710(a)(9)(A)(ii).

³⁰ *VA Lenders Handbook*, Chapter 7, Topic 2a.

³¹ *Ibid.*, Chapter 7, Topic 2h.

³² *Ibid.*, Chapter 7, Topic 2k.

assessed through plans, specifications, or model homes.³³ The VA loan guaranty certificate is issued after the property has undergone appropriate inspections and a final VA appraisal.³⁴

Alterations, Repairs, Improvements

A VA loan guaranty can be used for alterations, repairs, and improvements to a dwelling.³⁵ Funds can be included as part of a loan for purchase or as a cash-out refinance, or they can be taken out as a supplemental VA loan if a veteran already owns the property and has an existing VA loan.³⁶ In each case, a VA appraiser conducts an inspection and issues an appraisal based on the value of the home with repairs completed.³⁷

The loan guaranty can also be used for loans to make *energy efficiency improvements* to a property a veteran is purchasing or to a property already owned.³⁸ Energy efficiency improvements are limited to \$6,000, and may include such things as solar heating and cooling or conservation measures, such as insulation, furnace replacement, and heat pump installation.³⁹

Loan Guaranty for Manufactured Housing

The VA loan guaranty provides two ways in which manufactured housing can be classified and guaranteed.

- **Guaranty under 38 U.S.C. §3710:** Manufactured housing can be classified as a dwelling that may be guaranteed under the regular guaranty provisions if it is permanently affixed to a lot owned by the veteran and classified as real property under state law.⁴⁰ According to U.S. Census data, in 2024, 18% of manufactured homes sold, leased, or placed on a site were titled as real property.⁴¹
- **Guaranty under 38 U.S.C. §3712:** Manufactured housing can also be guaranteed under different statutory criteria if it is personal property.⁴² Manufactured housing classified as personal property is often financed with *chattel mortgages*, which are designed for moveable property and governed by different laws than mortgages for real property. In 2024, 78% of manufactured homes sold, leased, or placed on a site were titled as personal property.⁴³ VA has

³³ Ibid., Chapter 10, Topic 9d.

³⁴ Ibid., Chapter 7, Topic 2e.

³⁵ 38 U.S.C. §3710(a)(4). See also *VA Lenders Handbook*, Chapter 7, Topic 4.

³⁶ For supplemental loans, see 38 C.F.R. §36.4359 and the *VA Lenders Handbook*, Chapter 7, Topic 5. For more information on cash-out refinancing, see the “Refinancing Loans” section of this report.

³⁷ *VA Lenders Handbook*, Chapter 10, Topic 23 and Topic 9m.

³⁸ 42 U.S.C. §3710(d). Energy efficiency improvements were added as a permissible use of the loan guaranty in 1978 as part of the Veterans’ Housing Benefits Act (P.L. 95-476).

³⁹ For a complete list of acceptable improvements, see 38 U.S.C. §3710(d).

⁴⁰ 38 U.S.C. §3710(a)(9); 38 C.F.R. §36.4301. Manufactured housing was made eligible for the loan guaranty as part of the Veterans’ Compensation and Program Improvements Amendments of 1984, (P.L. 98-223).

⁴¹ U.S. Census Bureau, *Manufactured Housing Survey, Annual Tables of New Manufactured Homes: 2014 - 2024*, Selected Characteristics by Region, June 2025, https://www2.census.gov/programs-surveys/mhs/tables/time-series/Annual_Char.xlsx. Just over 3.5% of manufactured homes were not titled.

⁴² 38 U.S.C. §3712; 38 C.F.R. §§36.4201 et seq. The separate loan guaranty for manufactured housing was created as part of the Veterans’ Housing Act of 1970, P.L. 91-506.

⁴³ See footnote 41.

not guaranteed new manufactured housing loans under Section 3712 of the law since 1996.⁴⁴

Refinancing Loans

Veterans may use the loan guaranty to refinance an existing loan in two different ways: to reduce the interest rate of an existing VA-guaranteed loan, referred to as an interest rate reduction refinancing loan or IRRRL,⁴⁵ or to refinance generally with fewer restrictions.⁴⁶ Loans in the latter category are sometimes referred to as *cash out* refinancings because veterans may choose to take out equity as part of the transaction.

Interest Rate Reduction Refinancing Loan

When a veteran refinances a loan that is already guaranteed by VA as an IRRRL, generally the interest rate on the new loan is to be lower than the loan being refinanced.⁴⁷ However, a veteran may refinance from an adjustable-rate loan to a fixed-rate loan without the requirement for a lower rate. The amount of the new loan may not exceed the principal balance of the loan being refinanced, plus any closing costs, and the term of the new loan cannot exceed the original loan term by more than 10 years.⁴⁸

A veteran may also take advantage of energy efficiency improvements as part of an IRRRL, in which case the principal balance of the new loan may be increased by the amount of the improvements.⁴⁹ Another aspect of an IRRRL refinancing is that a veteran need not occupy the residence as a home after refinancing as long as it had been occupied as a home prior to refinancing. The limitation on occupancy was removed in 1987 (P.L. 100-198) due to concern that servicemembers who were transferred or stationed elsewhere were unable to take advantage of refinancing.⁵⁰ In general, no appraisal and no new underwriting are required for an IRRRL, and, unlike purchase-money VA loans, closing costs may be financed as part of the loan.⁵¹

⁴⁴ Communication with the Department of Veterans Affairs, May 8, 2026. During the 1990s, VA insured a decreasing number of manufactured housing units per year, as reported in the VA Annual Reports. From FY1971 through FY1990, VA guaranteed 112,786 manufactured home loans. U.S. Department of Veterans Affairs, *FY1990 Annual Report of the Secretary of Veterans Affairs*, March 1991, p. 29. In FY1991, VA insured 313 loans, with this number decreasing to 126 in FY1992, 67 in FY1993, 24 in FY1994, 23 in FY1995, and 9 in FY1996, the last year in which manufactured home loans were separately noted in either the VA Annual Reports or the VA Annual Benefits Reports.

⁴⁵ 38 U.S.C. §3710(a)(8) and (a)(9)(B)(i). The IRRRL was made an eligible use of the VA loan as part of the Veterans' Disability Compensation and Housing Benefits Amendments of 1980 (P.L. 96-385). Manufactured housing classified as real property was made eligible for the IRRRL as part of the Veterans' Compensation and Program Improvements Amendments of 1984 (P.L. 98-223). See 38 U.S.C. §3710(a)(9)(B)(i).

⁴⁶ 38 U.S.C. §3710(a)(5). The ability to refinance existing loans became part of the loan guaranty law in the Veterans' Housing Act of 1970 (P.L. 91-506). Manufactured housing classified as real property was made eligible as part of the Veterans' Compensation and Program Improvements Amendments of 1984 (P.L. 98-223). See 38 U.S.C. §3710(a)(9)(B)(ii).

⁴⁷ 38 U.S.C. §3710(e).

⁴⁸ *Ibid.*

⁴⁹ 38 U.S.C. §3710(e)(1)(C).

⁵⁰ U.S. Congress, House Committee on Veterans' Affairs, *Veterans' Housing Rehabilitation and Program Improvement Act of 1987*, report to accompany H.R. 2672, 100th Cong., 1st sess., July 30, 1987, H.Rept. 100-257, p. 15.

⁵¹ *VA Lenders Handbook*, Chapter 6, Topic 1.

Cash-Out Refinancing

A veteran may also refinance via cash-out refinancing without some of the restrictions involved in an IRRRL. VA considers a cash-out refinance to be the refinancing of any type of loan or lien that may result in additional funds being taken out against the value of the property (but does not have to).⁵² The loan or lien being refinanced need not be VA-guaranteed, the new loan does not necessarily have to have a lower interest rate (except as described in the “Limitations on Refinancing” section), the loan balance on the refinanced loan may be higher than on the original loan, and the veteran may receive cash from the refinancing for any purpose approved by the lender. However, there are requirements for cash-out refinancings that are not required for IRRRLs. A veteran must occupy the property as their home after the refinancing, and, unlike the IRRRL, an appraisal, credit check, and underwriting are required.⁵³

Limitations on Refinancing

In addition to any limitations specific to IRRRL or cash-out refinancing, the law imposes certain requirements to prevent lenders from taking advantage of veterans through multiple refinancings taking place over a short period of time in order to capitalize on fees. Multiple refinancings, in turn, may have the potential to destabilize the Government National Mortgage Association (Ginnie Mae) pool of loans into which VA loans are securitized.⁵⁴ Congress put limitations into place as part of the Economic Growth, Regulatory Relief, and Consumer Protection Act (P.L. 115-174), enacted in 2018.⁵⁵ The limitations do not apply to cash-out refinancings where the principal amount of the new loan exceeds the amount that was paid off.⁵⁶

Among the limitations are the following:

- **Fee Recoupment:** All of the fees and costs of the new loan must be recouped (via lower loan costs) within 36 months of issuance.⁵⁷
- **Net Tangible Benefit:** The interest rate of the new loan must be at least half a percentage point lower than that of the previous loan for fixed interest rates, and 2 percentage points lower for a fixed rate that is refinanced into an adjustable rate loan.⁵⁸
- **Loan Seasoning:** A veteran must wait the longer of 210 days from the first monthly payment or to the date of the sixth monthly payment before entering into another loan.⁵⁹

⁵² Ibid., Chapter 6, Topic 3a-c.

⁵³ Ibid., Chapter 6, Topic 4a.

⁵⁴ See, for example, Statement of Jeffrey London, Director of VA’s Loan Guaranty Service, before the House Veterans’ Affairs Committee, Subcommittee on Economic Opportunity, *Home Loan Churning Practices and How Veteran Homebuyers are Being Affected*, 115th Cong., 2nd sess., January 10, 2018, <http://docs.house.gov/meetings/VR/VR10/20180110/106744/HHRG-115-VR10-Wstate-LondonJ-20180110.pdf>.

⁵⁵ Provisions are codified at 38 U.S.C. §3709 and regulations are at 38 C.F.R. §36.4306.

⁵⁶ 38 U.S.C. §3709(d)(1).

⁵⁷ 38 U.S.C. §3709(a).

⁵⁸ 38 U.S.C. §3709(b).

⁵⁹ 38 U.S.C. §3709(c).

Assumptions

An assumption occurs when a home buyer purchases a home and takes over, or *assumes*, the seller's loan. An assumption is generally not an available option for conventional loans (i.e., loans that are not government insured), but government-insured single-family loans through VA and FHA are assumable.⁶⁰

Under the loan guaranty program, a purchaser need not be a veteran in order to assume a VA loan, but the veteran from whom the loan is assumed is only able to restore their entitlement if another veteran substitutes their own entitlement when assuming the loan.⁶¹ (For more information about the concept of *entitlement*, see the subsequent section “Veteran’s Entitlement and the Amount of Coverage Provided by the Loan Guaranty.”) In addition to the VA loan fee that may be charged to the borrower assuming the loan (see **Table 3**), loan servicers may charge borrowers fees for processing assumptions; VA loan regulations limit payments to the lesser of \$300 and the cost of any credit report required, or the maximum under state law.⁶² In February 2024, VA increased the maximum fee to loan servicers via loan circular; the updated fees vary based on geography.⁶³

Assumptions may be particularly attractive to buyers when the interest rate of an existing guaranteed loan is lower than the prevailing market interest rate. However, depending on the gap between the price of a home and the amount of the existing guaranteed loan, additional cash or a second loan may be required to complete a purchase and loan assumption.⁶⁴

Requirements for Appraisals and Closing Costs

Improving Access to the VA Home Loan Benefit Act of 2022 (P.L. 117-308)

P.L. 117-308, enacted on January 27, 2022, directed VA to “prescribe updated regulations or program requirements to clarify when an appraisal is required, how an appraisal is to be conducted, and who is eligible to conduct an appraisal for a loan guaranteed by the Department of Veterans Affairs.” VA is to “consider making changes applicable to (1) certification requirements for appraisers; (2) minimum property requirements; (3) the process for selecting and reviewing comparable sales; (4) quality control processes; (5) the Assisted Appraisal Processing Program; and (6) the use of waivers or other alternatives to existing appraisal processes.”

As of the cover date of this report, VA has issued a report entitled *Recommendations for Improving Appraisal Delivery Times* in April 2023,⁶⁵ and issued an Advance Notice of Proposed Rulemaking on minimum property requirements in December 2023.⁶⁶

⁶⁰ For VA loans, see 38 U.S.C. §3714. Assumptions became eligible under the VA loan guaranty as part of P.L. 84-898, An Act to Amend Title III of the Servicemen’s Readjustment Act of 1944, as amended, and for other purposes.

⁶¹ 38 U.S.C. §3702(b)(2).

⁶² 38 C.F.R. §36.4313.

⁶³ U.S. Department of Veterans Affairs, *Loan Circular 26-24-5, VA Assumption Locality Variance, Exhibit A*, February 26, 2024, <https://www.benefits.va.gov/HOMELOANS/documents/circulars/26-24-05-exhibita.pdf>. Fees range from \$386 (Midwest region) to \$463 (West region).

⁶⁴ VA released a loan circular with requirements for second loans made to complete an assumption. See U.S. Department of Veterans Affairs, *Loan Circular 26-24-17, Secondary Borrowing Requirements on Assumption Transactions*, August 11, 2024, <https://www.benefits.va.gov/HOMELOANS/documents/circulars/26-24-17.pdf>.

⁶⁵ U.S. Department of Veterans Affairs, *Congressionally Mandated Report: Recommendations for Improving Appraisal Delivery Times*, April 2023, <https://benefits.va.gov/HOMELOANS/documents/congressionalreports/2023-cmr-recommendations-for-improving-appraisal-delivery-times.pdf>.

⁶⁶ U.S. Department of Veterans Affairs, “Loan Guaranty: Minimum Property Requirements for VA-Guaranteed and Direct Loans,” 88 *Federal Register* 85863, December 11, 2023, <https://www.federalregister.gov/documents/2023/12/11/2023-27068/loan-guaranty-minimum-property-requirements-for-va-guaranteed-and-direct-loans>.

Entering into a home loan typically involves an appraisal process, through which a home's value is assessed, as well as closing costs for various fees involved in making the loan. VA requirements regarding appraisers, the appraisal process, and closing costs may differ in some respects from requirements for conventional mortgage loans or loans insured through other federal programs. This section describes some of the requirements that are specific to VA-guaranteed loans.

Appraisals and Minimum Property Requirements

Appraisers: Appraisals for VA-guaranteed loans must be conducted by appraisers who have applied and met requirements for VA's fee appraiser panel.⁶⁷

Requirements for VA appraisers are established through a combination of statute, regulations, and VA guidance.⁶⁸ VA appraisers must go through an application process to become designated appraisers.⁶⁹ Among requirements for VA appraisers are state licensure or certification, a minimum of five years of relevant experience,⁷⁰ and recommendations from other appraisers. Pursuant to changes enacted in 2019, VA appraisers may rely on material gathered by other persons in making their appraisals, including non-VA appraisers or trainees/apprentices.⁷¹ VA refers to this process as the Assisted Appraisal Processing Program (AAPP).⁷² VA sets fees and timeliness standards for its appraisers based on region of the country.⁷³ VA's fee structure differs from the practice for non-VA appraisers, where appraisers set their own fees.

Appraisal Process: The statute generally requires VA to review appraisals prior to loan closings.⁷⁴ However, VA's Lender Appraisal Processing Program allows lenders and servicers to review and approve appraisals submitted by VA-designated appraisers without VA approval after they have gone through an application and training process.⁷⁵ VA also allows "desktop appraisals" under certain circumstances.⁷⁶ A desktop appraisal occurs when an appraiser does not physically view a home, and instead relies on public records and information from parties involved in the transaction to make an appraisal.

Minimum Property Requirements: As part of the appraisal process, VA appraisers must include a review of Minimum Property Requirements (MPRs).⁷⁷ According to the VA Lenders Handbook,

⁶⁷ See VA guidance documents, Qualification Requirements, <https://www.benefits.va.gov/HOMELOANS/documents/docs/fee-appraiser-qualification-requirements.pdf>, accessed April 9, 2026.

⁶⁸ See 38 U.S.C. §3731 and 38 C.F.R. §36.4342. Guidance is available in the *VA Lenders Handbook* and VA Loan Circulars.

⁶⁹ The term "designated appraiser" is defined in regulation at 38 C.F.R. §36.4301.

⁷⁰ The five-year requirement is in regulation at 38 C.F.R. §36.4342. However, VA, its Qualification Requirements guidance document, has stated that "Since newly appointed appraisers will be in a probationary status for 2 years, a newly appointed appraiser will only need 3 years of experience as they will have 2 more years when the probationary period ends." See footnote 67

⁷¹ 38 U.S.C. §3731(b)(3). This provision was added to the law as part of the Blue Water Navy Vietnam Veterans Act of 2019 (P.L. 116-23).

⁷² See U.S. Department of Veterans Affairs, *Loan Circular 26-19-31, Assisted Appraisal Processing Program (AAPP)*, November 15, 2019, https://benefits.va.gov/homeloans/documents/circulars/26_19_31.pdf.

⁷³ For more information, see "VA Appraisal Fee Schedules and Timeliness Requirements" on VA's website at https://www.benefits.va.gov/HOMELOANS/appraiser_fee_schedule.asp.

⁷⁴ 38 U.S.C. §3731(f).

⁷⁵ More detail is provided in the *VA Lenders Handbook*, Chapter 15.

⁷⁶ The practice began during COVID-19 and has continued since then. See U.S. Department of Veterans Affairs, *Loan Circular 26-22-13, Procedures for Alternative Valuation Methods*, July 27, 2022, https://www.benefits.va.gov/HOMELOANS/documents/circulars/26_22_13.pdf.

⁷⁷ 38 U.S.C. §3604(a), 38 U.S.C. §3610(b)(4), and 38 C.F.R. §36.4351.

“MPRs help ensure that the property is safe, structurally sound, and sanitary” though they are not a substitute for a home inspection.⁷⁸ Among the MPRs are ensuring that major systems—including heating, water, roof, ventilation, electricity, etc.—are safe, structurally sound, and sanitary; and ensuring that the property is free of hazards and defective conditions; among other requirements. An appraisal may be issued subject to repairs for conditions that do not satisfy the MPRs.

Notice of Value: VA statute and regulations refer to the appraised value of a property as the “reasonable value.”⁷⁹ When an appraiser submits their appraisal report, VA issues a notice of value (NOV) to the veteran, which includes the appraisal report and conditions required for the loan to be guaranteed.⁸⁰

VA may not insure a loan if a sales contract was signed prior to a veteran receiving an NOV for the property unless the contract contains an escape clause.⁸¹ An escape clause is a provision stating that a veteran is not obligated to continue with the purchase, and will not forfeit any earnest money, if the purchase price exceeds the reasonable value of the property.⁸² If a veteran chooses to continue with a purchase where the price exceeds reasonable value, a down payment may be required.

Low Appraisal: Two options exist for appraisals that may be insufficient to support a sales price. Under the first, sometimes referred to as the Tidewater Initiative, when it appears that an appraisal will be low, appraisers are to notify the party requesting the appraisal (typically a lender). The requesting party then has the opportunity to provide documentation supporting a higher appraisal, such as additional comparable sales.⁸³

If the appraisal is still too low, after the NOV is issued, a veteran can request that VA conduct a “reconsideration of value.”⁸⁴ If VA decides an adjustment to the appraisal is warranted, it will release an amended NOV.

Closing Costs

Mortgage closing costs include fees paid to lenders for the costs of originating loans, as well as fees to third parties that provide services, such as appraisers and attorneys. VA loan regulations establish fees that veteran borrowers can pay as part of closing costs.⁸⁵ Most closing costs cannot be financed as part of a VA purchase loan.⁸⁶

- **Reasonable and Customary Fees:** VA loan regulations list fees for which borrowers can pay what is “reasonable and customary.” These include costs of

⁷⁸ *VA Lenders Handbook*, Chapter 12, Topic 1.

⁷⁹ 38 U.S.C. §3710(b)(5) and 38 C.F.R. §36.4301.

⁸⁰ See also *VA Lenders Handbook*, Chapter 13, Topic 1.

⁸¹ For example, see the VA website at <https://www.benefits.va.gov/homeloans/escape-clause.asp>.

⁸² 38 C.F.R. §36.4303(k).

⁸³ *VA Lenders Handbook*, Chapter 10, Topic 8. See also, U.S. Department of Veterans Affairs, *Loan Circular 26—03-11, New Procedures for Improving Communication With Fee Appraisers and Streamlining Reconsiderations of Value*, December 22, 2003, https://www.benefits.va.gov/HOMELOANS/documents/circulars/26_03_11.pdf.

⁸⁴ 38 U.S.C. §3731(d), (e); *VA Lenders Handbook*, Chapter 10, Topic 22.

⁸⁵ 38 C.F.R. §36.4313.

⁸⁶ 38 U.S.C. §3729(a)(2) and 38 C.F.R. §36.4313(a). Loans to refinance can include all closing costs in the loan.

appraisals, recording fees, credit reports, taxes and insurance, and title exam and insurance, among others.⁸⁷

- **1% Flat Fee to Lender:** For fees not specifically listed in regulations, borrowers can pay an aggregate of up to 1% of the loan amount to the lender.⁸⁸ Costs that can be included in the 1% fee include additional appraisals requested by the lender, document preparation fees, loan broker fees, and loan application or processing fees, among others.⁸⁹
- **Discount Points** to reduce the mortgage interest rate.⁹⁰
- **VA Loan Funding Fee** (i.e., the fee to cover the cost of the VA loan guaranty). The VA loan funding fee is the only closing cost that can be financed as part of a purchase loan. (For more information, see the “The VA Loan Funding Fee” section.)
- **Real Estate Broker Fee:** Until 2024, VA did not allow veterans to pay real estate brokers’ fees.⁹¹ For years, the practice in real estate transactions was for sellers to pay both their own real estate broker’s fee, as well as the fees of the buyer’s broker at a rate of approximately 5%-6% of the sales price.⁹² As a result of this widespread practice, VA’s policy did not affect the competitiveness of VA loans in the real estate market. However, a settlement reached in a court case against the National Association of Realtors meant that starting in August 2024, a blanket policy where sellers compensate buyers’ agents is prohibited.⁹³ Instead, broker fees are to be negotiated between buyers, their agents, and sellers. In response to the settlement, VA, recognizing that this could disadvantage veteran borrowers,⁹⁴ published a loan circular allowing veterans to pay reasonable and customary amounts for broker charges.⁹⁵

Veteran purchasers are allowed to accept seller concessions for certain items. Seller concessions occur when a seller pays an expense that is usually the buyer’s responsibility. In the case of VA loans, sellers may pay the VA loan funding fee, prepayment of property taxes and insurance, and discount points, among other things.⁹⁶ Seller concessions cannot include the buyer’s closing costs and cannot exceed 4% of the reasonable value of the property.

⁸⁷ 38 C.F.R. §36.4313(d)(1), *VA Lenders Handbook*, Chapter 8, Topic 2c.

⁸⁸ 38 C.F.R. §36.4313(d)(2).

⁸⁹ *VA Lenders Handbook*, Chapter 8, Topic 2d.

⁹⁰ 38 U.S.C. §3703(c)(4), 38 C.F.R. §36.4312(b).

⁹¹ *VA Lenders Handbook*, Chapter 8, Topic 3c.

⁹² See, for example, Michael V. Sanders, “A Sea Change in Commission Structure,” *Valuation Magazine*, issue no. 2 (2024), pp. 18-21.

⁹³ Sandra Block, “New Rules Are Shaking Up the Residential Real Estate Market,” *Kiplinger Personal Finance*, November 2024, pp. 9-10.

⁹⁴ U.S. Department of Veterans Affairs, “VA updates home loan benefits, helping Veterans remain competitive in the housing market,” press release, June 11, 2024, <https://news.va.gov/132094/va-updates-home-loan-competitive-housing-market/>.

⁹⁵ U.S. Department of Veterans Affairs, *Temporary Local Variance for Certain Buyer-Broker Charges*, June 11, 2024, <https://www.benefits.va.gov/HOMELOANS/documents/circulars/26-24-14.pdf>. The circular was issued pursuant to the regulatory provision allowing the VA authorize “proper local variances” for reasonable and customary fees. 38 C.F.R. §36.4313(d)(1)(ix).

⁹⁶ *VA Lenders Handbook*, Chapter 8, Topic 5.

Veteran’s Entitlement and the Amount of Coverage Provided by the Loan Guaranty

The term *entitlement* has been used over the years to refer to veteran eligibility for the loan guaranty, and, more specifically, the *amount* of the guaranty for which a veteran qualifies.⁹⁷ Loan insurance, like that provided through the VA loan guaranty, insures private lenders against borrower default. However, the VA loan guaranty does not insure the entire amount of the loan. In most cases, a veteran’s available entitlement ensures that the guaranty covers at least 25% of the principal balance of a loan, a little more than the 20% down payment that is traditionally sufficient in a conventional mortgage transaction to avoid the requirement for private mortgage insurance.

While there is no limit to the amount that a veteran can borrow and still receive a loan guaranty, VA limits the guaranty that it will provide based on the amount of the loan, the type of loan (purchase money, refinance, or energy efficiency mortgage), and the amount of entitlement a veteran has available. In cases where the loan guaranty does not cover 25% of the loan amount, a veteran may have to make a down payment.

Full Entitlement Available

A veteran has full entitlement available if they do not have any current VA guaranteed loans outstanding. When a veteran has an outstanding VA loan, all or a portion of their entitlement is put toward the guaranty. However, a veteran’s entitlement can be restored in various ways, making it available for new loans. In most cases, this occurs when an existing property has been sold and the loan has been paid in full (see the “Restoration of Entitlement” section).

When full entitlement is available, the statute governing the loan guaranty for home purchase or construction sets out four categories of coverage depending on the principal balance of the loan.⁹⁸ (For all guaranty amounts, including manufactured housing, refinance loans, and energy efficiency mortgages, see **Table 2**.)

- At loan levels at or below \$45,000, VA guaranties 50% of the loan.
- For loans above \$45,000 and up to and including \$56,250, the guaranty is \$22,500.
- At loan levels above \$56,250 and up to and including \$144,000, VA guaranty is the lesser of \$36,000 or 40% of the loan.
- For loan levels above \$144,000, the maximum loan guaranty is 25% of the loan.⁹⁹

Partial Entitlement Available

For veterans who have used entitlement that has not been restored (e.g., if a borrower serving on active duty is assigned to another duty station and does not sell their home), the guaranty amount for loans below \$144,000 is \$36,000, reduced by any previously used, unrestored entitlement. For loans above \$144,000, the guaranty amount is the lesser of 25% of the loan or 25% of the Freddie

⁹⁷ The term *entitlement* is not defined in statute or regulation, but is used in certain sections of the law.

⁹⁸ 38 U.S.C. §3703.

⁹⁹ Prior to enactment of the Blue Water Navy Vietnam Veterans Act of 2019 (P.L. 116-23), the maximum guaranty for loans above \$144,000 was limited by the Freddie Mac conforming loan limits. See footnote 100.

Mac conforming loan limit,¹⁰⁰ reduced by the amount of previously used, unrestored entitlement.¹⁰¹ If available entitlement is less than 25% of the loan, then a lender may require a veteran to make a down payment to make up the difference between the loan guaranty and 25% of the loan to meet secondary market requirements.¹⁰²

Table 2. Limits on the Level of Loan Guaranty

Amount of Loan	Limits on Guaranty
Home Purchase or Construction (full entitlement available)	
• \$45,000 or less	• 50% of the loan amount
• from \$45,000 up to and including \$56,250	• \$22,500
• from \$56,250 up to and including \$144,000	• Lesser of \$36,000 or 40% of the loan amount ^a
• more than \$144,000	• 25% of the loan amount
Home Purchase or Construction (previously used, unrestored entitlement)	
• up to \$144,000	• \$36,000, reduced by previously used, unrestored entitlement
• more than \$144,000	• lesser of 25% of the loan amount or 25% of the Freddie Mac conforming loan limit reduced by previously used, unrestored entitlement
Refinance: Same as for purchase, but in the case of an interest rate reduction refinancing loan (IRRRL), the guaranty may not exceed the greater of the original loan's guaranty or 25% of the loan.	
Energy Efficiency Improvements: The sum of (1) the guaranty amount without the energy efficiency improvements and (2) the guaranty percentage (from step (1)) multiplied by the portion borrowed for energy efficiency improvements. ^b	
Manufactured Housing Purchase: The lesser of \$20,000 or 40% of the loan.	
Manufactured Housing Refinance: If refinancing a VA loan, the guaranty may not exceed the greater of the original loan guaranty or 25% of the refinancing amount.	

Source: 38 U.S.C. §§3703(a), 3710(d)-(e), and 3712(a),(c).

- a. This effectively means that for loans between \$90,000 and \$144,000, the maximum guaranty is \$36,000.
- b. While the Energy Efficiency Improvement guaranty is effectively the same as the guaranty for home purchase, the separate calculations are meant to ensure that the portion of the guaranty related to the improvements are not counted against the veteran's entitlement. 38 U.S.C. §3710(d)(4). See also, *VA Lenders Handbook*, Chapter 7, Topic 3.

Restoration of Entitlement

In addition to being able to put unused entitlement toward a future guaranteed loan, there are instances in which already-used entitlement may be restored so that a veteran may use the

¹⁰⁰ The conforming loan limit is a ceiling on the value of loans that Freddie Mac, one of the Government Sponsored Enterprises, can purchase from lenders. It varies by county. See U.S. Federal Housing Finance Agency, "FHFA Announces Conforming Loan Limit Values for 2026," press release, November 25, 2025, <https://www.fhfa.gov/news/news-release/fhfa-announces-conforming-loan-limit-values-for-2026>.

¹⁰¹ VA provides examples of how to calculate partial entitlement in *Loan Circular 26-19-30, Updated Guidance for Blue Water Navy Vietnam Veterans Act of 2019, Exhibit A, Adjustment of Loan Limit Examples*, November 15, 2019, https://www.benefits.va.gov/homeloans/documents/circulars/26_19_30_exhibita.pdf.

¹⁰² *VA Lenders Handbook*, Chapter 3, Topic 1a.

maximum available loan guaranty to purchase another home.¹⁰³ These circumstances cover most situations where a veteran has ended the previous loan transaction in some way.

- Entitlement is restored where a veteran has disposed of the property (e.g., through sale) or the property has been destroyed through natural disaster, and either (1) the loan is paid off in full; (2) if VA suffered a loss on the loan, the loss is repaid; or (3) VA has been released from liability on the loan.
- When one veteran assumes a guaranteed loan from another veteran and substitutes their entitlement, the original mortgagor has their entitlement restored. Entitlement is not restored if a non-veteran assumes the loan.
- In cases of refinancing, entitlement is restored either when a veteran has paid off the original loan prior to entering into a new loan or where proceeds from the refinancing will be used to pay off the original loan.¹⁰⁴
- Where a veteran has paid off a VA-guaranteed loan, but still owns the property that secured it, VA may do a one-time restoration of entitlement to be used toward the purchase of another property.¹⁰⁵

Number and Amount of Loans Guaranteed

VA-guaranteed loans make up a relatively small share of mortgage loans in the United States. According to the 2023 American Housing Survey, approximately 7.4% of owner-occupied units had VA-insured loans.¹⁰⁶ **Figure 1** shows the number of guaranteed loans per year broken out by purchase and refinance loans, as well as the dollar amount of *loans* that VA has guaranteed per year, and the dollar amount *guaranteed* (VA does not guaranty the full loan amount).

During periods where interest rates have fallen, refinance loans make up a greater share of the total VA loans extended. In FY2020, the number of refinance loans more than tripled compared to FY2019, and then increased again by nearly 22% in FY2021. In FY2023 the number of refinance loans fell to its lowest level since FY2008.

When the number of loans increases, the dollar amount of loans guaranteed also increases. Other factors that contribute to the growth in loan amounts (and amounts guaranteed) include increases in home prices and the removal of the Freddie Mac conforming loan limit for most loans.¹⁰⁷ (For data underlying **Figure 1**, see **Table A-1**.)

¹⁰³ 38 U.S.C. §3702(b).

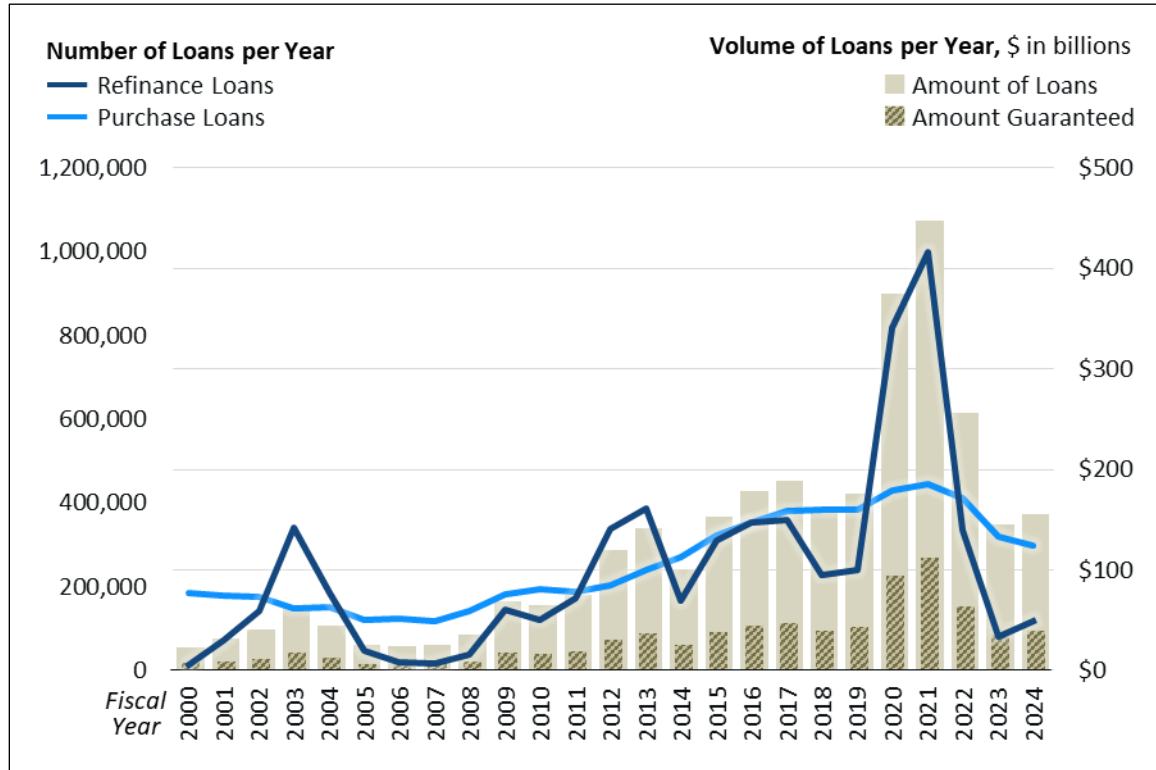
¹⁰⁴ Ibid. See also *VA Lenders Handbook*, Chapter 2, Topic 6.

¹⁰⁵ For more explanation of one-time restoration, see *VA Lenders Handbook*, Chapter 2, Topic 6b.

¹⁰⁶ U.S. Census Bureau, 2023 American Housing Survey Tables, Mortgage Characteristics, Owner-Occupied Units, Type of Federal Mortgage Insurance, <https://www.census.gov/programs-surveys/ahs.html> (accessed April 9, 2026).

¹⁰⁷ The Blue Water Navy Vietnam Veterans Act of 2019 (P.L. 116-23) made changes to VA loan fees, including removing the Freddie Mac limits for most loans.

Figure I. VA Loans Guaranteed
FY2000-FY2024



Source: Figure created by CRS based on VA data. For specific numbers and full sources, see **Table A-I**.

How the VA Loan Guaranty Differs from FHA Insurance

Both the Federal Housing Administration (FHA) loan insurance program and the VA loan guaranty program provide borrowers with the federal government’s promise to reimburse lenders in the event of borrower default on private mortgages. Due to the insurance features of each program, borrowers who might not otherwise have the resources for a conventional mortgage may still be able to purchase a home. Despite similar purposes, the programs differ in some of their specifics. Aside from the requirement that a VA borrower meet service requirements, other features such as the amount of coverage, borrower fees, loan processing and underwriting, and terms of the loan, vary between the two.

- **Amount of Coverage:** As discussed earlier in the “Veteran’s Entitlement and the Amount of Coverage Provided by the Loan Guaranty” section, the VA loan guaranty covers only a portion of a mortgage loan in the event of a borrower’s default. Insurance through FHA covers 100% of the loan amount (up to a certain limit).
- **Borrower Fees for Loan Insurance:** Fees paid by veterans participating in the VA loan guaranty program are paid up front as a percentage of the loan (see the “The VA Loan Funding Fee” section), and borrowers do not pay additional annual premiums. In addition, veterans with service-connected disabilities may

- not be required to pay any fee. Borrowers who go through the FHA program pay both an up-front fee and annual mortgage insurance premiums.¹⁰⁸
- **Down Payment:** Veteran borrowers who participate in the VA loan guaranty program are not required to make a down payment.¹⁰⁹ Borrowers through FHA must make a down payment, typically 3.5% of the loan.¹¹⁰
 - **Fees Charged at Closing:** While both the VA loan guaranty and the FHA insurance program have rules about what lenders may charge borrowers at closing, the VA loan guaranty is more restrictive. (For more information, see the “Closing Costs” section). FHA rules are more general, specifying that lenders “may charge the Borrower reasonable and customary fees that do not exceed the actual cost of the service provided.”¹¹¹
 - **Minimum Credit Score:** The VA loan guaranty does not require a specific credit score from a borrower, while FHA requires a credit score of at least 500.¹¹²
 - **Appraisal:** Although FHA maintains a list of approved appraisers on its Appraiser Roster and only appraisers on the Appraiser Roster and the Appraisal Subcommittee’s National Registry can perform FHA appraisals, unlike VA loans, the appraiser is selected by the lender.¹¹³ VA also sets fees for appraisals while FHA does not establish appraisal fees, which are negotiated by the borrower.

Direct VA Loans

In addition to the VA loan guaranty program, through which VA insures loans made to veterans by private lenders, there are several circumstances under which VA makes loans directly to veterans, as well as occasionally to nonveterans. Direct loans through VA fall into two broad categories. The first category involves loans that are targeted to specific veteran populations: one program is designed for Native American veterans, and the other program was created to address the needs of rural veterans, but currently serves veterans with certain disabilities. The second category involves loans made as the result of borrower default on guaranteed loans—these are referred to as *acquired loans* and *vendee loans*.

Native American Direct Loan Program

Through the Native American Direct Loan (NADL) program, VA makes direct home loans to eligible Native American veterans to purchase, construct, improve, or refinance homes located on trust land. Eligible Native American veterans include borrowers who are members of federally recognized tribes, Native Hawaiians, Alaska Natives, and those who are native to American

¹⁰⁸ U.S. Department of Housing and Urban Development, *Handbook 4000.1, FHA Single Family Housing Policy Handbook*, version revised November 26, 2025, Appendix 1, p. 1760, <https://www.hud.gov/sites/default/files/OCHCO/documents/40001-hsgh-Update-17.pdf> (hereinafter, “*FHA Single Family Housing Policy Handbook*”).

¹⁰⁹ An exception might exist for veterans who do not have full entitlement available. See the “Veteran’s Entitlement and the Amount of Coverage Provided by the Loan Guaranty” section.

¹¹⁰ Borrowers with credit scores below 580 who qualify for an FHA loan are required to make a higher down payment. *FHA Single Family Housing Policy Handbook*, p. 177.

¹¹¹ *FHA Single Family Housing Policy Handbook*, p. 376.

¹¹² For more information, see CRS Report R42875, *FHA Single-Family Mortgage Insurance: Financial Status of the Mutual Mortgage Insurance Fund (MMI Fund)*.

¹¹³ 24 C.F.R. Part 200, Subpart G.

Samoa, Guam, and the Commonwealth of the Northern Mariana Islands (CNMI).¹¹⁴ The NADL program was initially enacted as a demonstration as part of the Veterans Home Loan Program Amendments of 1992 (P.L. 102-547) due to lack of participation among these populations in the VA loan guaranty program.¹¹⁵ The program was made permanent as part of the Veterans' Housing Opportunity and Benefits Improvement Act of 2006 (P.L. 109-233).

The NADL program is meant to address land ownership issues that can arise for veterans living on tribal land or similarly held land. Much of tribal land is held in trust by the federal government, either for a tribe or for individual Native Americans, and the land cannot be sold or transferred without federal approval.¹¹⁶ Further, land held by tribes or tribal members may have restrictions on alienation and encumbrance. Lenders could be reluctant to enter into mortgage arrangements where they would be unable to transfer the land in the event of a veteran's default.¹¹⁷ Prior to enactment of the NADL program, the Advisory Committee on Native American Veterans had been unable to find a single instance of a Native American veteran living on trust land benefitting from VA's loan guaranty program.¹¹⁸

Similar issues apply to residents of Hawaii and the territories, where land ownership may be restricted.¹¹⁹ As with tribal land, a private lender may not be willing to extend a loan where transfer of the land in the event of default could be in violation of law.

Through the NADL program, VA provides avenues for addressing default and foreclosure. Until enactment of the Senator Elizabeth Dole 21st Century Veterans Healthcare and Benefits Improvement Act (P.L. 118-210), tribes and other entities were required to enter into a memorandum of understanding (MOU) with VA to participate in the NADL program.¹²⁰ P.L. 118-

¹¹⁴ 38 U.S.C. §3765(3). The statute defines "Native American" as an Indian (as defined by the Indian Self-Determination and Education Assistance Act, 25 U.S.C. §5304); a Native Hawaiian (as defined by the Hawaiian Homes Commission Act of 1920, P.L. 67-34); a Native Alaskan (within the meaning of the Alaska Native Claims Settlement Act, 43 U.S.C. §1602); or a Pacific Islander (within the meaning of the Native American Programs Act of 1974, 42 U.S.C. §2992c(7)).

¹¹⁵ Congress, in response to the concerns of the Advisory Committee on Native American Veterans, directed the Departments of Veterans Affairs and Interior to look into the extent to which Native American veterans on trust land participated in the loan guaranty program and release a report (see the Veterans' Benefits Amendments of 1989 (P.L. 101-237)). The findings of the report are summarized in U.S. Congress, Senate Committee on Veterans' Affairs, *Native American Veterans Home Loan Equity Act of 1992*, report to accompany S. 2528, 102nd Cong., August 12, 1992, S.Rept. 102-378, p. 10.

¹¹⁶ For more information, see CRS Report R48360, *Tribal Lands: Overview and Issues for Congress*.

¹¹⁷ See S.Rept. 102-378, p. 11. Quoting from an evaluation of VA lending on tribal land, the report stated that "the inability to use tribal land as security for a mortgage loan is the most significant factor in limiting access to the VA loan guaranty benefit that can be affected by VA." S. 2528 was incorporated into P.L. 102-547. See "Veterans Home Loan Program Revitalization Act of 1992," House debate, *Congressional Record*, vol. 138, part 22 (October 5, 1992), p. 32374.

¹¹⁸ U.S. Congress, Senate Committee on Veterans' Affairs, *Veterans Benefits and Health Care Act of 1989*, report to accompany S. 13, 101st Cong., 1st sess., September 13, 1989, S.Rept. 101-126 (Washington, DC: GPO, 1989), pp. 290-291. The Senate amended H.R. 901 (which would ultimately become P.L. 101-237) with provisions from S. 13.

¹¹⁹ For example, Hawaiian Homelands are held in trust and can be made available to Native Hawaiian residents. Kristen Corey et al., *Housing Needs of Native Hawaiians: A Report from the Assessment of American Indian, Alaska Native, and Native Hawaiian Housing Needs*, U.S. Department of Housing and Urban Development, May 2017, p. 41, <https://www.huduser.gov/portal/sites/default/files/pdf/HNNH.pdf>. In American Samoa, most land is communally held, it may not be transferred without government approval, and law prohibits the transfer of land to people who do not have specific blood and familial ties to American Samoa. AM. SAMOA CODE ANN. §37.0204. The CNMI Constitution restricts land ownership and long-term interests (such as leases of more than 55 years) to those of Northern Marianan descent. N.M.I. Const., Article XII, Section 1.

¹²⁰ A sample MOU is available at https://www.benefits.va.gov/HOMELOANS/documents/docs/VA_NADL_MOU_template.docx, accessed, April 24, 2025.

210 expanded options so that VA may also rely on other federal agency agreements or determinations to guarantee, insure, or make loans on trust land.¹²¹

As of FY2024, VA had entered into MOUs with 114 tribal organizations (including three territories and the Department of Hawaiian Homelands).¹²² Through FY2024, VA had entered into 1,262 loans through the direct loan program, 40 of which were made in that year.¹²³

Participation in the NADL Program

The Direct Loan program for Native American veterans has had much of its participation in Hawaii and the territories.¹²⁴ Further, overall participation of potentially eligible veterans is low. According to a Government Accountability Office (GAO) report published in 2022, over ten fiscal years, from FY2012-FY2021, less than 1% of veterans estimated to be potentially eligible for the program had entered into an NADL.¹²⁵

At the time the NADL program was made permanent, reasons behind the lack of lending to Native American veterans in addition to lack of land ownership were thought to include low income, lack of infrastructure, and poor credit.¹²⁶ These continue to be barriers.¹²⁷ In addition, GAO identified issues that include lender concerns with legal barriers; land title issues; compliance with laws such as the Environmental Policy Act and Endangered Species Act; and the lack of infrastructure, expertise, and materials associated with rural locations.¹²⁸

VA and Congress have taken actions that are meant to make the NADL more accessible.

- On March 13, 2023, VA announced that it would lower the interest rate for NADL loans from 6.0% to 2.5% for a two-year period.¹²⁹ The purpose was “to address the greatest barrier to program utilization on federal trust land—

¹²¹ 38 U.S.C. §3762(b).

¹²² U.S. Department of Veterans Affairs, *Veterans Benefits Administration Annual Benefits Report Fiscal Year 2024*, p. 195, <https://www.benefits.va.gov/REPORTS/abr/docs/2024-loan-guaranty.pdf> (hereinafter, “FY2024 VA Annual Benefits Report”). VA has a list of entities with MOUs on its website, https://www.benefits.va.gov/homeloans/nadl_mou.asp.

¹²³ *FY2024 VA Annual Benefits Report*, p. 195.

¹²⁴ Since the program’s inception, through March 2026, 45.8% of loans were made in Hawaii, 33.8% in the territories, 20.4% in the continental United States, and 0% in Alaska; email from VA Office of Congressional and Legislative Affairs, May 8, 2026.

¹²⁵ U.S. Government Accountability Office, *Native American Veterans: Improvements to VA Management Could Help Increase Mortgage Loan Program Participation*, GAO-22-104627, April 19, 2022, p. 11, <https://www.gao.gov/assets/730/720116.pdf> (hereinafter, “GAO Report”).

¹²⁶ U.S. Congress, Senate Committee on Veterans’ Affairs, *Pending Benefits-Related Legislation*, 109th Cong., 1st sess., June 23, 2005, S.Hrg. 109-243, p. 27.

¹²⁷ See, for example, U.S. Department of Veterans Affairs Advisory Committee on Tribal and Indian Affairs, *1st Annual Report and Recommendations*, January 4, 2023, p. 8, <https://department.va.gov/wp-content/uploads/2023/04/report-annual-va-tribal-and-indian-affairs-advisory-committee-20230104.pdf>; and Listokin David et al., *Mortgage Lending on Tribal Land: A Report From the Assessment of American Indian, Alaska Native, and Native Hawaiian Housing Needs*, U.S. Department of Housing and Urban Development, January 19, 2017, pp. 15-16, <https://www.huduser.gov/portal/sites/default/files/pdf/NAHSG-Lending.pdf>.

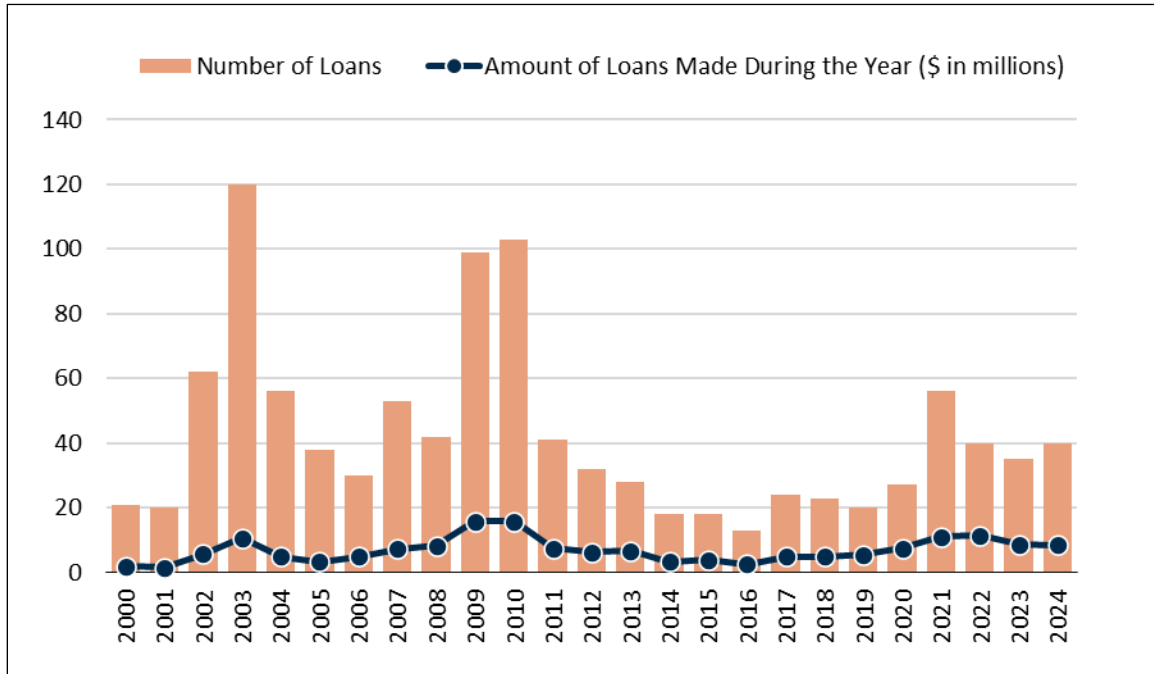
¹²⁸ *GAO Report*, pp. 43-45.

¹²⁹ U.S. Department of Veterans Affairs, “VA lowers interest rates, makes housing more affordable for Native American Veterans,” press release, March 22, 2023, <https://news.va.gov/press-room/va-lowers-interest-rates-makes-housing-more-affordable-for-native-american-veterans/>.

affordability.”¹³⁰ The FY2026 VA Budget Justifications stated that VA continued to offer the lower interest rate through 2026.¹³¹

- The Elizabeth Dole 21st Century Veterans Healthcare and Benefits Improvement Act (P.L. 118-210) established a program through which VA lends funds to Native Community Development Financial Institutions (CDFIs), which in turn make loans to Native American veterans. The program is similar to one administered by the U.S. Department of Agriculture and is meant to increase access because Native CDFIs have experience lending on tribal lands and have established relationships in the community.
- P.L. 118-210 directed VA to coordinate with local service providers to expand outreach, buyer education, housing counseling, and post-purchase education.

Figure 2. Direct Loans for Native American Veterans
FY2000-FY2024



Source: U.S. Department of Veterans Affairs *Annual Benefits Reports*, FY2000-FY2024.

Direct Loans for Veterans with Certain Service-Connected Disabilities

Direct loans are available to veterans with certain service-connected disabilities who require housing adaptations to fit their needs;¹³² the loans are made in conjunction with the Specially

¹³⁰ U.S. Department of Veterans Affairs, “VA program helps Native American Veterans buy, build or refinance homes on trust land,” press release, November 28, 2023, <https://news.va.gov/126582/va-program-native-american-veterans-trust-land/>.

¹³¹ U.S. Department of Veterans Affairs, *FY2026 Budget Submission Burial and Benefit Programs and Department Administration*, vol. 3, May 2025, p. 222, <https://department.va.gov/wp-content/uploads/2025/06/2026-Volume-3-Burial-and-Benefits-Programs-and-Department-Administration.pdf>.

¹³² 38 U.S.C. §3711(i).

Adapted Housing grant program, which can be used by eligible veterans for home construction, improvements, or purchase.¹³³ The law changed over time from making direct loans to veterans in areas where financing was less available (P.L. 81-475), to veterans living in rural areas (P.L. 85-857), and then to veterans with disabilities (P.L. 91-506). As of FY1981, after the increased availability of private loans in rural areas, direct loans for veterans for specially adapted housing became the only eligible use of funds.¹³⁴

Currently, direct loans are limited to \$500,000 in overall obligations for Specially Adapted Housing loans of not more than \$33,000 apiece.¹³⁵ Interest rates on the loans are to be determined by the VA Secretary, and veterans are eligible as long as they qualify for the loan guaranty program.¹³⁶

Acquired and Vendee Loans

VA may also enter into a direct loan arrangement in two situations involving a veteran's delinquency and/or default on a guaranteed loan.

- **Acquired Loans:** In situations where a veteran borrower with a guaranteed loan has difficulty making payments, VA may purchase the loan from the lender (or current servicer) and continue to hold and service the loan.¹³⁷ These loans have also sometimes been referred to as both *VA refunded loans* and *VA purchase loans*.
- **Vendee Loans:** In cases where a veteran defaults on a guaranteed loan and the lender forecloses, VA may acquire the property from the servicer and then resell it. As part of the resale, VA may enter into a direct loan with a purchaser of the home, whether or not the purchaser is a veteran. Of the properties acquired and sold by VA as the result of veteran default, from 50% to 85% are to be marketed with VA financing available.¹³⁸

The VA Loan Funding Fee

The costs of the VA guaranteed and direct loan programs are supported, in part, by fees paid by borrowers. VA loan fees were instituted as a regular requirement as part of the Omnibus Budget Reconciliation Act of 1982 (P.L. 97-253).¹³⁹ The funding fee is a percentage of the loan amount,

¹³³ For more information about the Specially Adapted Housing Program, see CRS Report R44837, *Benefits for Service-Disabled Veterans*.

¹³⁴ In the FY1981 Department of Housing and Urban Development-Independent Agencies Appropriation Act (P.L. 96-526), Congress specified that VA direct loans be made only for veterans with disabilities through the Specially Adapted Housing program.

¹³⁵ For example, the FY2026 Consolidated Appropriations Act (P.L. 119-37) provided “not to exceed \$500,000 in gross obligations for direct loans are authorized for specially adapted housing loans.” The loan limit is specified in statute at 38 U.S.C. §3711(d)(3).

¹³⁶ 38 U.S.C. §3711(d)(1).

¹³⁷ 38 C.F.R. §36.4320. See also U.S. Department of Veterans Affairs, *VA Manual M26-04 VA Servicer Handbook*, updated December 16, 2025, Chapter 9, Paragraphs 9.01-9.02, https://www.knowva.ebenefits.va.gov/system/templates/selfservice/va_ssnew/help/customer/locale/en-US/portal/55440000001018/topic/554400000027296/M26-04-VA-Servicer-Handbook (hereinafter, “*VA Manual M26-04*”).

¹³⁸ 38 U.S.C. §§3733(a)(1) and (a)(8).

¹³⁹ An exception occurred when the Veterans' Readjustment Benefits Act of 1966 (P.L. 89-358) imposed a fee of 0.5% on veterans who served during the post-Korean War era, but this fee was withdrawn four years later as part of the (continued...)

and veterans may finance the fee as part of the loan.¹⁴⁰ VA loan fees are set in statute and are in effect for a period of time. For example, loan fees as of the cover date of this report are effective up to June 8, 2034. After that date, fees are set to decrease.¹⁴¹

There are several factors that determine the VA loan fee:

- The type of loan (e.g., fees differ among guaranteed loans for home purchase, IRRRLs, and direct loans).
- For guaranteed loans, both the amount of down payment and whether the loan is the first or a subsequent loan affects the fee.
- Fees may be waived for veterans receiving compensation for a service-connected disability, for the surviving spouse of a veteran who died of a service-connected disability, and for Purple Heart recipients.¹⁴² According to a 2021 Congressional Budget Office report, approximately half of VA borrowers had the funding fee waived in that year.¹⁴³

For many years, members of the National Guard and Reserve paid different, higher fees than veterans who served on active duty. However, as of enactment of the Blue Water Navy Vietnam Veterans Act of 2019 (P.L. 116-23), fees are the same for both.

See **Table 3** for fees as of the cover date of this report.

Table 3. VA Loan Guaranty Fees

Guaranteed Loans for Purchase, Construction, and Cash-Out Refinancing				
Loan Type	Down Payment	Initial Loan or Subsequent	Fee as % of Loan Amount and Effective Date (Active Duty and Reservists)	
			April 7, 2023, to June 8, 2034	June 9, 2034, and Thereafter
Loan to purchase or construct dwelling	Less than 5%	Initial	2.15%	1.40%
	Less than 5%	Subsequent	3.30%	1.25%
	5%-10%	Initial or Subsequent	1.50%	0.75%
	10% or more	Initial or Subsequent	1.25%	0.50%

Veterans' Housing Act of 1970 (P.L. 91-506). The fee instituted as part of P.L. 97-253 was to be in effect for transactions entered into from FY1983 through FY1985, with an exemption for veterans with service-connected disabilities. Congress continued the fee beyond FY1985, and after the fee was raised to 1% as part of the Deficit Reduction Act of 1984 (P.L. 98-369), Congress began to institute the more complicated fee schedule that exists today, with fees varying based on amount of down payment and whether the veteran received a loan guaranty or direct loan (Veterans' Benefits Amendments of 1989, P.L. 101-237).

¹⁴⁰ 38 U.S.C. §3729(a).

¹⁴¹ Congress has regularly enacted legislation to extend the date at which loan fees are set to decrease as a method of decreasing estimated direct spending as calculated by the Congressional Budget Office. For example, see Congressional Budget Office, *Cost Estimate, H.R. 3504, Ryan Kules Specially Adaptive Housing Improvement Act of 2019*, July 22, 2019, pp. 2-3, <https://www.cbo.gov/system/files/2019-07/hr3504.pdf>. As of the cover date of this report, the date at which lower fees are to take effect was most recently extended in section 503 of the Elizabeth Dole 21st Century Veterans Healthcare and Benefits Improvement Act (P.L. 118-210).

¹⁴² 38 U.S.C. §3729(c).

¹⁴³ Congressional Budget Office, *The Role of the Department of Veterans Affairs in the Single-Family Mortgage Market*, September 14, 2021, p. 7, <https://www.cbo.gov/system/files/2021-09/57024-VA.pdf>.

Guaranteed Loans for Purchase, Construction, and Cash-Out Refinancing				
Loan Type	Down Payment	Initial Loan or Subsequent	Fee as % of Loan Amount and Effective Date (Active Duty and Reservists)	
			April 7, 2023, to June 8, 2034	June 9, 2034, and Thereafter
Cash out refinancing ^a	NA	Initial	2.15%	1.40%
	NA	Subsequent	3.30%	1.25%
Other Guaranteed and Direct Loans ^b				
Loan Type			Fee as % of Loan Amount (Active Duty and Reservists)	
Manufactured Housing Loan			1.00%	
Interest Rate Reduction Refinancing Loan			0.50%	
Direct Loan for Specially Adapted Housing			1.00%	
Direct Loan for Native American Veterans			1.25%	
Assumption of Guaranteed Loan			0.50%	
Vendee Loan			2.25%	

Source: 38 U.S.C. §3729 and the *VA Lenders Handbook*, chapter 8.

- Home equity is not taken into account for cash-out refinancing, and no discount is available, so the higher fees apply. See *VA Lenders Handbook*, Chapter 8, Topic 8h.
- Fees for other guaranteed and direct loans do not have time periods in which they are in effect and continue into the future unless changed legislatively.

Funding for VA Loan Programs

Both the VA direct loan and loan guaranty programs are funded through several sources. These sources include congressional appropriations, fees paid by borrowers (described in “The VA Loan Funding Fee” section), proceeds from the rental or sale of foreclosed properties, collection of principal and interest payments made by borrowers, and any penalties paid by lenders. An important aspect of understanding how VA loans are funded, apart from the sources of funding, is how loans are accounted for in the federal budget.

In most federally funded *grant* programs, the cost to the federal budget is the amount appropriated, and federal involvement in funding generally ends after the outlay of funds. By contrast, the cost of *loan* programs may involve both an up-front outlay of funds as well as the recoupment of costs through payments of principal and interest, and/or collection of fees and penalties, over the lifetime of the loans. Loan programs may also suffer losses in subsequent years through defaults or could collect less in fees than initially expected. As a result, it is not always possible to capture the budgetary effects of loans in one particular year. Current government practice, instituted in 1992, is to determine the *net present value* of loans over their lifetime and to record this amount in the budget in the year the loans are extended. (See the text box for an explanation of the law implementing this budget process.)

The concept of net present value is helpful both in understanding how funds are appropriated for VA loans and in reading VA budget documents.

Federal Credit Reform Act of 1990

The FCRA (P.L. 101-508)¹⁴⁴ changed the way in which the federal government budgets for loan and loan guaranty programs like those administered by VA. Prior to the FCRA, if a federal agency extended direct loans to borrowers in a given fiscal year, the disbursement of the principal balance of the loans was recorded as an outlay in that year, and the budget did not account for the fact that the government would recoup principal and interest payments in future years. Loan guarantees, by contrast, could appear costless in the early years, or even income-generating if fees were collected, but did not reflect potential costs due to defaulted loans in the future.

Beginning in 1992, the FCRA required agency budgets to reflect the *net present value* of outflows and inflows of a loan over its lifetime. The estimated cash inflows and outflows of a program are discounted to the present fiscal year using a discount rate. A credit subsidy in the form of an appropriation from the federal government may be required to support loan programs when the net present value is positive. Due to the uncertainty involved in making the net present value estimates, OMB and federal agencies re-estimate the credit subsidy each year to determine the actual subsidy required. Additional funding in subsequent years that may be required due to underestimates of the subsidy comes from “permanent indefinite authority” provided through the FCRA rather than annual discretionary appropriations.

Budget and Appropriations Process

The VA direct and guaranteed loan programs receive both discretionary and mandatory appropriations from Congress. The discretionary funds pay for the administrative expenses of the VA loan programs. The mandatory funding supports the loans themselves, and typically appears in appropriations laws as “such sums as necessary.” Selected aspects of the VA loan guaranty in the federal budget and appropriations process are introduced below.

Subsidy Rate: Mandatory funding for the loan guaranty and direct loan programs is expressed as a percentage of the total loan volume. This is sometimes referred to as the *subsidy rate*; each year the estimated subsidy rate appears as part of the President’s budget.¹⁴⁵ The four programs for which VA estimates subsidy rates are guaranteed loans, guaranteed loan sale securities, acquired loans, and vendee loans. The estimated subsidy rate of loans guaranteed or extended in a given fiscal year is based on the net present value of expected expenses in the event of borrower defaults (less any funds recovered) as well as expected income through fees and other sources.

Factors that Affect the Subsidy Rate: Factors that can affect the subsidy rate include changes in the interest rate used to determine the present value of future funding streams, revisions in estimates of borrower default or prepayment rates, the outcomes of property management decisions, and changes in the amount of fees actually paid by borrowers (compared to what was expected).

Positive versus Negative Subsidy Rates: If the estimated present value of expenditures by VA for a cohort of loans exceeds the estimated present value of fees paid by borrowers, recoveries, and other collections, then the subsidy rate is positive (i.e., the government subsidizes the loan program), and the program receives mandatory funding. If the net present value of cash flows for a cohort of loans is expected to result in a surplus of funds (more taken in than paid out), then the subsidy rate is negative (i.e., the program has excess revenue that is returned to the Treasury).

¹⁴⁴ The FCRA was part of the Omnibus Reconciliation Act of 1990. It is found under Title XIII, Budget Enforcement, as Title V, Credit Reform.

¹⁴⁵ For example, see the Federal Credit Supplement Tables for FY2026, <https://www.govinfo.gov/app/details/BUDGET-2027-FCS>, The Congressional Budget Office also estimates subsidy rates for federal loan programs, including VA loans. See Congressional Budget Office, *Estimates of the Cost of Federal Credit Programs in 2026*, January 2026, <https://www.cbo.gov/system/files/2026-01/61645-Federal-Credit-Programs.pdf>.

Reestimates of the Subsidy Rate: The initial estimated subsidy rate for each loan program for a given fiscal year represents the net present value for that year’s cohort of loans. However, the initial estimated subsidy rate may differ from the actual subsidy rate for the cohort of loans over their lifetime. Projecting the net present value of cash flows is uncertain, so subsidy reestimates are made each year, and additional mandatory funding is permanently available by the FCRA to cover any shortfalls.¹⁴⁶ Due to reestimates, a negative subsidy rate calculated in one year may be recalculated as positive in a subsequent year, resulting in an increased amount of mandatory funding needed for a loan program. Or, if the subsidy rate is recalculated as negative, funds are returned to the Treasury.

Account Structure: Appropriations for VA direct and guaranteed loans are captured in one “on-budget” account, called the Veterans Housing Benefit Program Fund, sometimes referred to as the program account.¹⁴⁷ (Direct loans for Native American veterans are funded separately.) In addition, several separate, off-budget accounts reflect inflows and outflows for direct and guaranteed loan cohorts, depending on when the loans were extended. Funds for direct and guaranteed loans made prior to 1992 are shown in a housing liquidating account, and funds for loans extended after 1992 are shown in direct and guaranteed loan financing accounts. In summary, appropriations appear in the on-budget Veterans Housing Benefit Program Fund (program account), while the off-budget financing and liquidating accounts reflect the specific income and expenses associated with particular loan cohorts.

Options in the Event of Delinquency, Default, and Foreclosure

Loan delinquency occurs when a borrower misses one or more loan payments.¹⁴⁸ Servicers are to report loans to VA as being in default when they become 61 days delinquent and to engage in loss mitigation efforts to assist borrowers.¹⁴⁹ If these efforts are unsuccessful, a loan may proceed to foreclosure. This section discusses available interventions and options in cases of delinquency and default.

Loss Mitigation Options in Case of Delinquency and Default

Loan servicers and VA can engage in loss mitigation efforts to help veterans who have had difficulty paying their mortgages resume payment and maintain their housing. In cases where saving the home may not be possible, there may be loss mitigation options where the property can be transferred without a foreclosure becoming part of a veteran borrower’s credit record.

As part of loss mitigation, VA may make incentive payments to servicers that are able to work out arrangements with borrowers.¹⁵⁰ Loss mitigation arrangements for which servicers may qualify

¹⁴⁶ The reestimates are part of the Federal Credit Supplement on the OMB Budget website. There are tables for reestimates of direct loan subsidy rates and loan guarantee subsidy rates. For example, see Office of Management and Budget, *FY2026 Federal Credit Supplement*, pp. 90-92 for guaranteed loans and pp. 59-61 for direct loans, <https://www.govinfo.gov/content/pkg/BUDGET-2026-FCS/pdf/BUDGET-2026-FCS.pdf>.

¹⁴⁷ 38 U.S.C. §3722. The fund was instituted in 1998 as part of P.L. 105-368, the Veterans Programs Enhancement Act. Prior to this, the loan guaranty and direct loan programs had been funded through three accounts: the Guaranty and Indemnity Fund, and two liquidating accounts.

¹⁴⁸ *VA Manual 26-04*, Chapter 4

¹⁴⁹ 38 C.F.R. §36.4317(c) and 38 C.F.R. §3650(f).

¹⁵⁰ 38 C.F.R. §36.4319.

for incentives are specified in regulation by their “preferred order of consideration.”¹⁵¹ Incentive payments are available for special forbearance, repayment plans, loan modifications, short sales, and deeds in lieu of foreclosure; the amounts vary based on intervention and servicer performance.¹⁵²

Table 4 lists loss mitigation options. The final rows of the table include interventions that were initiated as a result of the COVID-19 pandemic but are no longer available for new applicants.

Table 4. Loss Mitigation Options

Intervention	Description	References
Loss Mitigation Options: Home Retention		
Special Forbearance	Payments are suspended or reduced for a period of time. This is followed by repayment of delinquent amounts that have accumulated, either at the end of the forbearance period or through a repayment plan.	38 C.F.R. §36.4319 38 C.F.R. §36.4301 <i>VA Manual M26-04</i> , Chapter 5
Repayment Plan	A borrower makes regular mortgage payments plus a portion of the delinquent amount.	38 C.F.R. §36.4319 38 C.F.R. §36.4301 <i>VA Manual M26-04</i> , Chapter 5
Traditional Loan Modification	Changes are made to loan terms to make them more affordable. These can include reamortization of delinquent amounts (i.e., establishing a principal and interest schedule that incorporates delinquent amounts over the life of the loan), extension of the loan term, and changes in the interest rate.	38 C.F.R. §36.4315 <i>VA Manual M26-04</i> , Chapter 5
Disaster Loan Modification	Similar to traditional loan modification, but offered after a federally declared disaster and without the need to complete a loss mitigation application.	<i>VA Manual M26-04</i> , Chapters 5, 21
VA Purchase and Servicing	If a servicer is ready to proceed to foreclosure, VA may evaluate loans on a case-by-case basis and opt to purchase and service the loan. VA may also opt to modify the loan to make payments manageable. Loans that VA purchases and services are then direct VA loans, referred to earlier in this report as “acquired loans.” For more information, see the “Acquired and Vendee Loans” section.	38 U.S.C. §3732 38 C.F.R. §36.4320 <i>VA Manual M26-04</i> , Chapter 9
VA Partial Claim Program (VAPCP)	Authorized in law as of July 18, 2025 (P.L. 119-31, as amended in P.L. 119-37), the VAPCP permits the VA Secretary to purchase up to 30% of the unpaid principal balance of a loan if nonpayment occurred between March 1, 2020, and May 1, 2025, and up to 25% in other cases in order to resolve a loan default. The amount purchased is securitized as a second lien to be repaid at the end of the guaranteed loan term. VA’s ability to enter into new partial claims ends five years after enactment of P.L. 119-31. As of the cover date of this report, VA anticipated that VAPCP would be implemented in June 2026. ^a	38 U.S.C. §3737

¹⁵¹ 38 C.F.R. §36.4319. See also *VA Manual M26-04*, Chapter 5.

¹⁵² 38 C.F.R. §36.4318.

Intervention	Description	References
Loss Mitigation Options: Alternatives to Foreclosure		
Short Sale	The property is sold for less than the amount owed and the servicer agrees to release the mortgage.	38 C.F.R. §36.4319 38 C.F.R. §36.4301 38 C.F.R. §36.4322(e) VA Manual M26-04, Chapter 5
Deed in Lieu of Foreclosure	The deed is transferred to the servicer in exchange for the release of all obligations.	38 C.F.R. §36.4319 38 C.F.R. §36.4322(f) VA Manual M26-04, Chapter 5
Loss Mitigation Options No Longer Available^b		
VA COVID-Era Partial Claim Payment Program	In place from July 27, 2021, to October 28, 2022, VA purchased the amount of indebtedness necessary to bring a loan current (not to exceed 30% of the loan) and filed a lien to be repaid at the end of the insured loan term.	38 C.F.R. §§36.4800 et seq.
COVID-19 Refund Modification	In place from July 27, 2021, to May 31, 2024, and similar to the COVID-Era Partial Claim Payment Program, but it also provided for a modification of the remaining loan balance to contribute to reduced payments.	VA Loan Circulars 26-21-13 and 26-24-2
VA Servicing Purchase Program (VASP) ^c	In place from May 31, 2024, to May 1, 2025, VA purchased and modified guaranteed loans that could not benefit from other interventions using the authority for purchasing and servicing mortgages.	38 U.S.C. §3732 38 C.F.R. §36.4320 VA Manual M26-04, Chapter 9, VA Loan Circular 26-25-2

Source: Table prepared by CRS based on the sources shown in the “References” column.

- a. Testimony of Patrick Zondervan, Director of VA’s Loan Guaranty Service, before the House Veterans’ Affairs Committee, Subcommittee on Economic Opportunity, *Oversight: Kitchen Table Issues: Lowering Costs for Veteran Families Through the VA Home Loan Program*, 119th Cong., 2nd sess., March 26, 2026, <https://veterans.house.gov/calendar/eventsingle.aspx?EventID=7881>.
- b. During the COVID-19 pandemic, there were additional loss mitigation efforts to protect borrowers. While options described in this section were no longer available as of the cover date of this report, borrowers may still have loans that are subject to a COVID-19-era intervention.
- c. VASP used the same authority as VA Purchase and Servicing, but VA used an expedited process to purchase and modify loans.

Servicemembers Civil Relief Act

Another potential protection for borrowers may come through the Servicemembers Civil Relief Act (SCRA), which provides financial protections for active duty servicemembers, including home mortgage protections.¹⁵³ In cases where a lender brings an action against a borrower for a mortgage obligation during a period of active duty, or within nine months after, the SCRA gives courts the authority to stay the proceedings.¹⁵⁴ In addition, the SCRA generally declares invalid any foreclosure or home sale that takes place during this time period.

¹⁵³ For more information, see CRS Report R45283, *The Servicemembers Civil Relief Act (SCRA): Section-by-Section Summary*.

¹⁵⁴ 50 U.S.C. §3953.

VA Actions in the Event of Foreclosure

If arrangements cannot be worked out to avoid foreclosure, and properties proceed to sale, loan servicers may acquire a property at foreclosure sale and, in turn, convey it to VA.¹⁵⁵ Whether a conveyance to VA occurs depends on the property value and the amount owed by the veteran borrower; each of these values is determined prior to the foreclosure sale.¹⁵⁶ The procedures that VA goes through in order to determine when it will accept conveyance of a property, and for how much, were set up to ensure that VA would not spend more than it would have expended if it did not acquire the property.¹⁵⁷

When a property goes to foreclosure, VA will pay the lender's claim against the guaranty. If the total indebtedness has been reduced over the life of the loan, then the guaranty is prorated.¹⁵⁸ If a servicer conveys a property to VA pursuant to statute, the guaranty is limited to the borrower's total indebtedness minus the net value of the property.¹⁵⁹ Once VA has acquired properties through the process of foreclosure, it attempts to resell them. Purchasers need not be veterans. In FY2025, the average time between VA acquisition of a foreclosed property and sale was two months.¹⁶⁰

Figure 3 shows the number of properties with VA-guaranteed loans that were at some point in the foreclosure process during each fiscal year, as well as foreclosed properties held in VA's inventory.

¹⁵⁵ 38 U.S.C. §3732(c).

¹⁵⁶ The statute gives VA the authority to purchase property from a loan servicer where the property's net value (fair market value minus VA's costs to acquire and dispose of the property) exceeds the unguaranteed portion of the loan. 38 U.S.C. §3732(c)(4). Further, pursuant to 38 C.F.R. §36.4323(b), VA may acquire properties even where the net value does not exceed the unguaranteed portion of the debt. However, in these cases, the servicer must waive the amount of the indebtedness that exceeds the net value (i.e., the servicer will not pursue the veteran borrower for the deficiency) for VA to be able to accept the transfer.

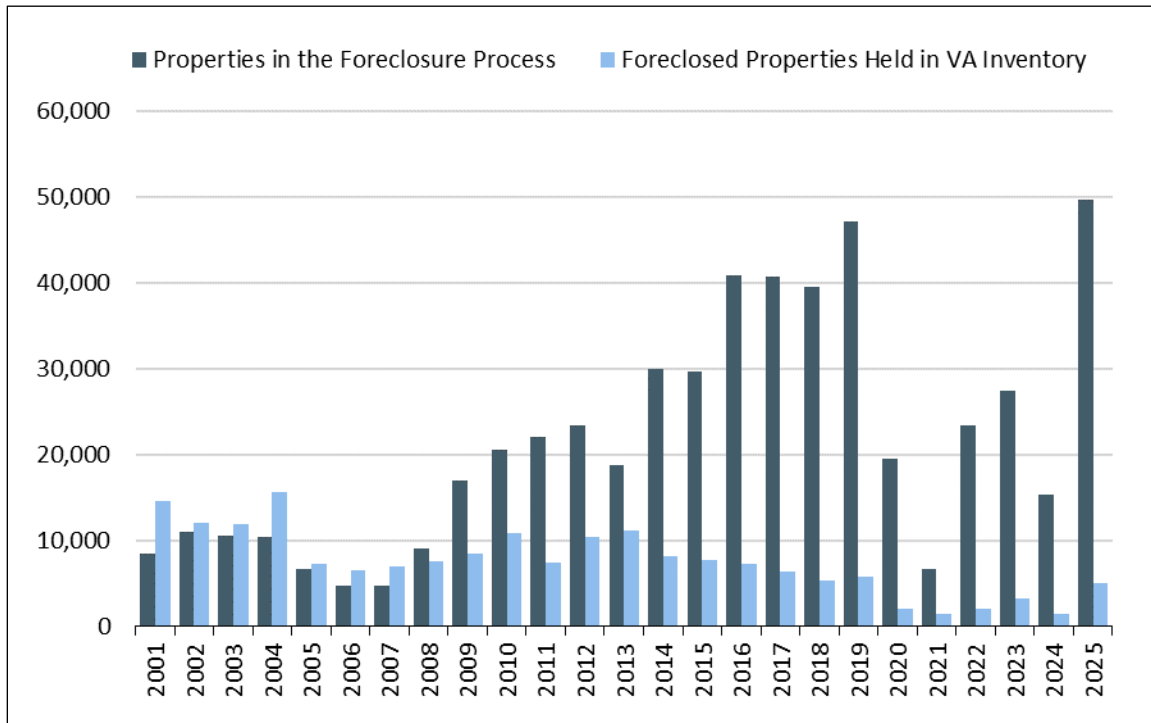
¹⁵⁷ See U.S. Congress, conference report to accompany H.R. 4170, Deficit Reduction Act of 1984, 98th Cong., 2nd sess., June 23, 1984, H.Rept. 98-861, p. 1375.

¹⁵⁸ See 38 U.S.C. §3703(b).

¹⁵⁹ 38 U.S.C. §3732(c)(5). Net value is fair market value minus VA's costs to acquire and dispose of the property.

¹⁶⁰ U.S. Department of Veteran Affairs, *FY2025 Agency Financial Report*, January 16, 2026, p. 49, <https://department.va.gov/wp-content/uploads/2026/01/2025-Department-of-Veterans-Affairs-FY-2025-Agency-Financial-Report-AFR-Final.pdf>.

Figure 3. VA Foreclosure Activity by Year
FY2001-FY2025



Source: VA *Performance and Accountability Reports*, FY2002-FY2014. The reports are available on the VA website, <http://www.va.gov/budget/report/index.asp>. From FY2015 on, figures are reported in the VA *Agency Financial Report*.

Notes: Properties as of the end of the fiscal year. The *Performance and Accountability Reports* do not indicate exactly what the foreclosure process entails.

Appendix. Number of VA Guaranteed Loans

Table A-1. VA Loans Guaranteed by Fiscal Year, FY2000-FY2024

Fiscal Year	Number of Loans in Year			Volume of Loans Made in Year (dollars in billions)		Cumulative Volume of Loans Outstanding ^a (dollars in billions)	
	Purchase Loans	Refinance Loans ^a	Total Loans	Amount of Loans	Amount Guaranteed	Amount of Loans	Amount Guaranteed
2000	185,553	13,607	199,160	23.372	7.071	— ^c	— ^c
2001	177,158	72,851	250,009	31.255	9.152	218.455	71.431
2002	176,898	140,353	317,251	40.129	11.667	216.042	69.547
2003	148,810	340,608	489,418	63.255	18.245	213.248	67.654
2004	152,395	183,393	335,788	44.131	12.643	207.374	64.683
2005	119,130	46,724	165,854	24.901	6.808	202.073	62.114
2006	122,604	20,104	142,708	24.635	6.486	203.186	61.277
2007	117,941	15,372	133,313	24.890	6.438	207.644	61.456
2008	142,340	37,330	179,670	36.089	9.236	220.839	63.921
2009	180,896	144,794	325,690	68.201	17.492	183.365	50.368
2010	192,625	121,386	314,011	65.051	16.745	214.726	58.080
2011	186,588	171,006	357,594	74.929	19.318	247.648	66.222
2012	201,866	338,018	539,884	119.227	30.578	286.626	76.137
2013	241,205	388,107	629,312	141.975	36.240	339.245	89.227
2014	271,701	166,697	438,398	99.574	25.274	389.272	101.506
2015	322,115	309,027	631,142	153.477	38.607	453.877	117.375
2016	353,002	352,472	705,474	178.657	44.647	517.184	132.782
2017	380,437	359,952	740,389	188.700	46.955	596.467	152.789
2018	383,115	227,398	610,513	161.296	39.940	663.656	168.665
2019	384,497	240,049	624,546	175.639	43.478	712.316	180.280
2020	428,422	818,395	1,246,817	375.347	93.719	816.039	206.820
2021	444,050	997,695	1,441,745	447.192	111.968	862.241	218.648
2022	410,365	335,726	746,091	256.577	63.978	940.907	237.575
2023	320,274	80,421	400,695	144.596	35.891	994.698	250.336
2024	298,330	118,046	416,376	155.429	38.954	1,040.796	261.752
2025	—	—	—	—	—	1,097.894	275.443

Source: The data on the number and dollar amount of guaranteed loans in a fiscal year are from the Department of Veterans Affairs, *Annual Benefits Reports*. Through FY2014, the data on the cumulative volume of loans come from the VA *Performance and Accountability Reports*. From FY2015 on, cumulative volume of loans is reported in the VA *Agency Financial Report*.

Notes: As of the cover date of this report, VA had not released an *Annual Benefits Report* for FY2025.

- a. The cumulative volume of loans is the total dollar amount of all guaranteed loans that was outstanding at the end of the fiscal year.

- b. Refinance loans include interest rate reduction refinancing loans and cash-out or other refinancing transactions.
- c. The *FY2000 Performance and Accountability Report* did not provide information about the total loan volume.

Author Information

Libby Perl
Specialist in Housing Policy

Disclaimer

This document was prepared by the Congressional Research Service (CRS). CRS serves as nonpartisan shared staff to congressional committees and Members of Congress. It operates solely at the behest of and under the direction of Congress. Information in a CRS Report should not be relied upon for purposes other than public understanding of information that has been provided by CRS to Members of Congress in connection with CRS's institutional role. CRS Reports, as a work of the United States Government, are not subject to copyright protection in the United States. Any CRS Report may be reproduced and distributed in its entirety without permission from CRS. However, as a CRS Report may include copyrighted images or material from a third party, you may need to obtain the permission of the copyright holder if you wish to copy or otherwise use copyrighted material.