



HOMES FOR THE BRAVE

By Harold D. Hunt

Texas veterans looking to finance a home purchase may be eligible for a state housing assistance program designed just for them. In 1983, the Texas Legislature created the Veterans Land Board (VLB) Housing Assistance Program, through which Texas veterans may now borrow as much as \$417,000 toward a home purchase. The VLB is administered by the Texas General Land Office.

WHO MAY APPLY

To be eligible to participate in the Texas Veterans Loan Programs, an applicant must:

have served no fewer than 90 cumulative days on active duty in the Army, Navy, Air Force, Marines, Coast Guard or U.S. Public Health Service, OR have enlisted or received an appointment in the National Guard or a reserve component of one of the listed branches of service after completing all initial active duty training requirements as a condition of enlistment or appointment, OR served in the Armed Forces of the Republic of Vietnam between Feb. 28, 1961, and May 7, 1975;

have served after Sept. 16, 1940;

- have not been dishonorably discharged;
- have successfully paid off any previous VLB loan; and
- be a bona fide resident of Texas at the time the application is made. A bona fide resident lives in Texas with the intent to remain in Texas. Texas residents currently serving on active military duty outside of Texas may be eligible, but presence in Texas solely because of military service may not establish bona fide residency. Eligibility determinations are made by the VLB on a case-by-case basis.

Two married, eligible veterans may have only one active loan of each type (home, home improvement and land) at one time.

The unmarried surviving spouse of a Texas veteran who is missing in action (MIA) or who died in the line of duty or from a service-related cause may be eligible to participate in the programs. The surviving spouse must meet all other eligibility requirements for the home loan programs.

HOW TO APPLY

Veterans should:

- ■ ■ submit proof of military service to the VLB,
- ■ ■ complete and submit a Request for Certification (Form 41) and Declaration of Eligibility (Form 42) to the VLB, and
- ■ ■ complete and submit an Affidavit of Texas Residency (Form 43), if Texas is not shown as the home of record on discharge documents.

Forms 41 through 43 are available in a downloadable PDF titled "Certification of Eligibility Application," located at www.glo.texas.gov/vlb/_documents/loans/certification-application.pdf.

The VLB maintains a database of real estate agents and brokers who have completed special training on VLB housing loan programs (see Required Licensee Training). A list of professionals can be found at www.glo.texas.gov/vlb/veterans-benefits/veteran-loans/find-a-realtor/index.html.

Veterans can also locate a lender participating in the Veterans Housing Assistance Program and request a Texas Veterans Home Loan application. The completed application must then be returned to a lender. Locate a lender at www.glo.texas.gov/cf/vlb-lenders/VLBVetLenderSearch.cfm.

WHAT HOMES QUALIFY

A VLB home loan may be used to purchase a residence that meets the following requirements:

- ■ ■ Must be the veteran's primary residence.
- ■ ■ Must be located in Texas.
- ■ ■ Must be a single-family attached or detached home, townhome, condominium or planned unit development.
- ■ ■ Duplexes or other multifamily units must have been constructed at least five years prior to the closing date of the loan.
- ■ ■ Manufactured/modular homes may be eligible. Contact the VLB to confirm.
- ■ ■ New homes must either meet the Environmental Protection Agency's guidelines for ENERGY STAR qualification and must be ENERGY STAR labeled and certified or have a Home Energy Rating System (HERS) rating of 75 or less. This includes completion of the Thermal Bypass Checklist by a certified HERS rater prior to wall-board being installed.
- ■ ■ A copy of either the ENERGY STAR or HERS rating certificate must be included in the closed loan file.

Veterans must occupy the home within 60 days after the closing of the loan, and the home must be the veteran's primary residence for at least three years.



While the VLB cannot provide interim construction financing for new construction, Texas veterans work with participating lenders to provide a permanent take-out loan when the home is complete.

A take-out loan may be used to finance a home that qualifies as new construction under the following conditions:

- ■ ■ The VLB home loan must only be used to pay off the construction loan.
- ■ ■ The term of the interim loan cannot exceed 24 months.
- ■ ■ The original indebtedness must have taken place within 24 months of the closing date of the VLB home loan.

A veteran may occupy the newly constructed residence during the term of the interim loan and still qualify for a take-out loan. Two-to-four family units are not eligible for take-out loans.

For further information regarding take-out loans, go to www.glo.texas.gov/vlb/veterans-benefits/veteran-loans/home-loans/take-out-loans.html.

SPECIAL CIRCUMSTANCES

A disabled veteran may qualify for a lower interest rate in the home loan programs if eligible for the Veterans with Disabilities Program. Under the program:

- ■ ■ Veterans must have a compensable service-connected disability of 30 percent or greater as verified by an award letter from the Veteran's Administration.
- ■ ■ The award letter must be submitted to the lender.
- ■ ■ The rate reduction is a full 50 basis points, or one-half of 1 percent on the available VLB loan interest rate.
- ■ ■ The amount of disability discount is subject to change at any time.

The unmarried surviving spouse of any service member who was killed in the line of duty (service member must have been a legal resident of Texas at the time of death) may be eligible for a lower interest rate. Find out more about unmarried surviving spouse and disabled veterans interest rate discounts at www.glo.texas.gov/vlb/veterans-benefits/veteran-loans/loan-discounts.html.

 A VLB home loan may not be used:

-  for refinancing or
-  as a down payment.

 The VLB does not provide reverse mortgages.

 Texas reservists and National Guard troops with a VLB home loan can defer their interest payments when they are called up for active duty thanks to the Servicemembers Civil Relief Act.

-  Participants pay only the principal portion of their loans and any required escrows for taxes and insurance as long as they are on active duty, plus a three-month grace period following deactivation.
-  For nine months following the grace period, the interest rate will be no more than 6 percent. After that time, the interest rate and standard payment will return to normal.
-  Eligible reservists and National Guard members who want to reduce loan payments should send a copy of their orders showing activation date to the lending institution to which they make their payments.

INSURANCE

 The VLB requires title insurance policies on all homes purchased through the home loan program. Hazard, fire and casualty insurance is also required.

 If the home is in a flood zone, the veteran must purchase flood insurance.

LOAN TERMS

 Certification of eligibility to participate in the home loan program does not guarantee an interest rate on any loan.

 For information on locking in an interest rate on a home loan, contact a VLB participating lender. VLB interest rates are subject to change at any time.

 Down payment amount is determined by the lender.

 All loans are subject to credit approval.

A VLB home loan is not the same as a Veteran's Administration (VA) loan. The VA is a federal program, whereas the VLB is a state program. The VLB allows participating lenders to qualify a veteran client under VA, FHA or conventional guidelines, then receive funds for the loan from the VLB acting as a third-party lender. ➔

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REQUIRED LICENSEE TRAINING

Several options are available to real estate licensees who would like to become VLB Home Loan Preferred Real Estate Professionals.

First, Steve Hudson, marketing specialist with the Texas Veterans Land Board, uses one of four options to provide the mandatory one-hour training program to interested parties.

 For larger groups, local boards of Realtors can contact Hudson about providing the training in person, which counts for one hour of TREC-approved MCE credit through the Texas Association of Realtors (TAR).

 For individuals or small groups, Hudson can mail the program materials and then conduct the training over the phone.

 Hudson can also provide the training in person to larger groups in other local settings such as a title company office where no MCE credit is given.

 Finally, the VLB has applied to TREC for provider status to offer the one-hour training as a webcast. One hour of MCE credit will be available for this option when approval is received.

Hudson may be reached at 512-936-2553 or steve.hudson@glo.texas.gov to discuss these training options.

Another alternative is available through Tamara Tapman, vice president and VA liaison with SWBC Mortgage. Tapman offers onsite one-hour VLB loan training along with an additional two hours of VA loan training. TREC has approved this course for three hours of MCE credit through TAR. For details, contact Tapman at 210-218-8722 or tapman@swbc.com.





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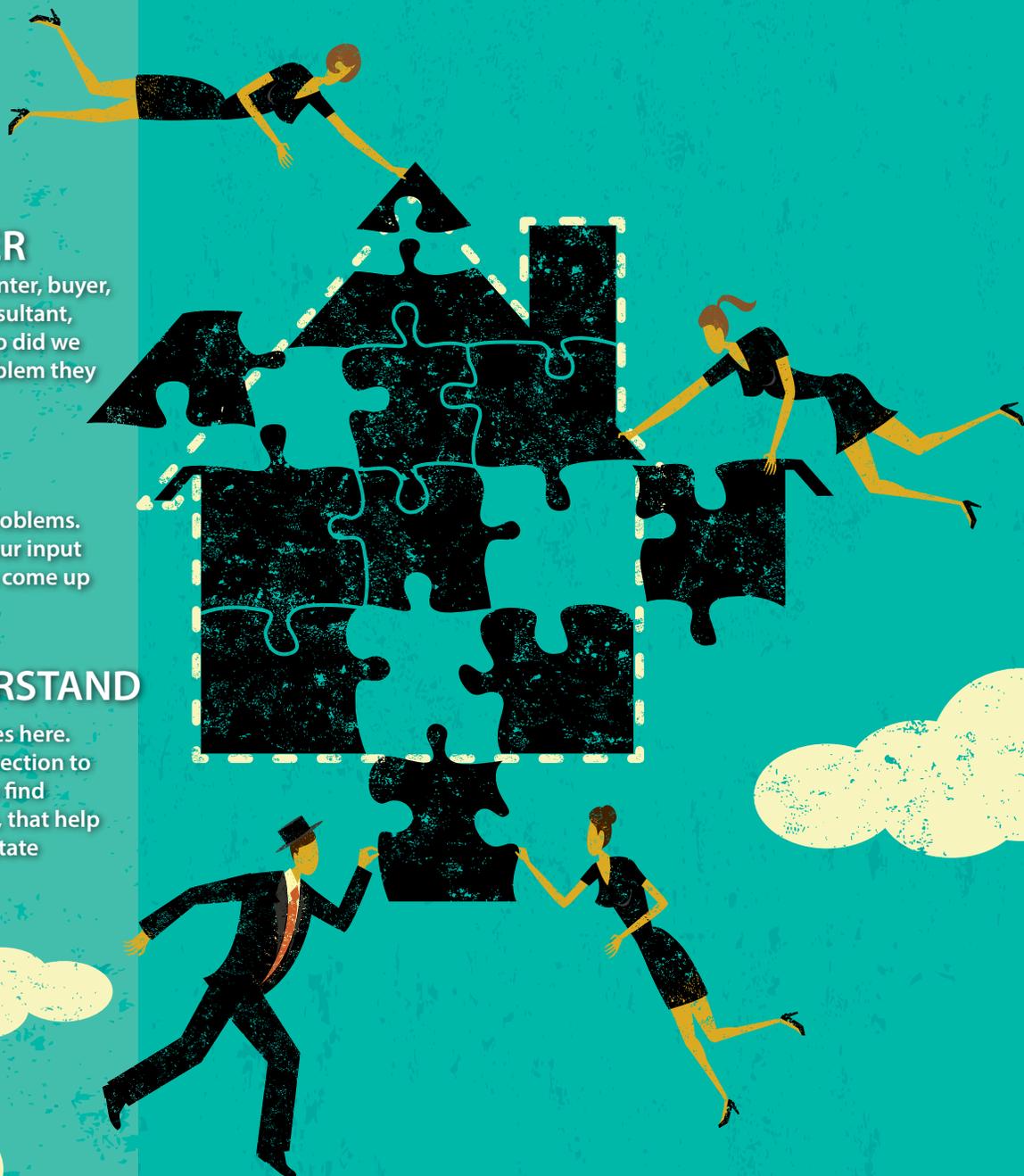
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