

Chapter Eight

VA Housing Programs

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Introduction

Housing is one of the basic necessities in life, and the VA offers several benefits to help veterans obtain, purchase, and maintain homes. There are many benefits to owning a home. The main advantage is that you can stop making rent payments and instead start making mortgage payments. When you get a loan and purchase a home, your mortgage payments build equity (your share in the ownership of the property). Rent payments do not build equity, because you are not paying toward any sort of ownership of the property that you occupy. Another advantage of home ownership is that the interest portion paid on home mortgages may amount to a substantial tax deduction. With these benefits of ownership, however, come many responsibilities, including regular payments and home maintenance, even in times of emergency or disaster.

This chapter focuses on the housing programs available for veterans to purchase homes. Specifically, it outlines the basics of VA loans in comparison to conventional loans, as well as the requirements, uses, and added benefits of choosing to purchase your home using a VA loan. It also outlines key steps to take to keep your home should you fall behind on your home loan payments. This chapter further addresses information and resources regarding state hous-

ing programs available to veterans, as well as veterans domiciliary facilities for veterans who do not wish to purchase a home, or are not physically capable of living independently or maintaining home. Included is also an update on recent changes in the laws affecting veterans and housing. Lastly, in light of recent events in this country and around the world, this chapter offers advice on what to do for yourself, your home, and your future in the case of a natural disaster.

It is our hope that this chapter serves as a resource to access relevant information on VA housing benefits, and a first step for veterans and their families in finding, financing, and keeping the home of their dreams.

VA Loans

For many veterans, the most helpful program that the VA offers is the one that provides for home loans. Getting a VA loan can be a critical step in buying a home; buying a home can be a critical step in improving the financial picture for families and single individuals alike. A VA loan makes the purchase of a home possible for many veterans who would otherwise be unable to buy one; a VA a loan can—quite literally—open the door to a new home for a returning veteran.

The first thing that it is important to note is that the term “VA Loan” does not usually mean a loan directly from the VA to the veteran. A VA loan is a home loan (also called a “mortgage”) made by a private lender (such as a savings bank or loan company), which is granted to veteran borrowers who are approved for the loan after the application process, and who fulfill all other requirements for receiving the loan. *The VA does not act as a lender; it simply guarantees the repayment of the loan. This reduces the risk to the lender that is implied in the transaction, which makes it possible for the lender to provide lower interest rates and more advantageous terms for veteran applicants.*

However, direct loans from the VA to veteran home purchasers may be available in certain limited instances. VA “direct” home loans are available to eligible Native American veterans who want to buy, build or improve a home on Native American trust land or simultaneously purchase and improve a home. Direct loans also are available to reduce the interest rate on existing loans. These loans otherwise have the same standards and requirements as the standard VA loans discussed below.

Many returning veterans may face discrimination in various aspects of their personal and professional lives. It is important for you to note, however,

that discrimination in the sale or financing of housing because of race, sex, religion, family status, handicap, or national origin is prohibited by federal laws. The Department of Veterans Affairs (the VA) oversees the VA housing program and ensures that all veterans are given an equal opportunity to buy homes with VA assistance. Lenders participating in the VA loan program are required by the Civil Rights Act of 1968 to act on loan applications without regard to a veteran's race, sex, religion, family status, handicap, or national origin. If you experience or suspect discrimination by a builder, broker, or lender, you should notify your nearest VA Regional Office (VARO), and it will investigate. To start a VA investigation, submit a written complaint directly to the VARO. Your complaint must describe the discriminatory action, including the date it occurred, names, addresses and telephone numbers of all parties involved in the action, and the address of the property involved. The VA has a form for this purpose (VA Form 26-8827, Housing Discrimination Complaint), which you can request from the VARO.

Benefits of VA Loans vs. Conventional Loan

For a majority of buyers, who need close to one hundred percent of the purchase price for a new home, a VA loan could be one of the best options available as compared to conventional loans. The biggest and most distinct advantage of a VA loan is the “no down-payment” feature. In addition, and unlike conventional loans, you have access to VA support during temporary financial hardships (this will be discussed in more detail below). You can also get pre-qualified for a VA loan before you even start looking for a new home, so that you know what your budget is.

Pre-approval is an uncomplicated process, much like the actual VA loan application process. The difference is that the process takes place before you purchase your home. The process may vary slightly between lenders. However, there are three basic steps to pre-qualification that remain relatively constant:

1. You must find an approved lender of VA loans. There are many lenders out there, and more information is also available from the VA.
2. Determine your eligibility for a VA loan. Whatever lender of VA loans that you choose will be able to assist you with this.
3. Provide your chosen lender with all pertinent information that the lender requires for a determination, such as income information, tax

returns, and a credit report. The required information may vary slightly between various lenders.

After you have given the lender all of the requisite information, the lender will inform you of the dollar amount for which you are pre-approved. Once you are pre-approved for up to a certain loan amount, the lender will also give you a pre-approval notice, which verifies the approved sum. The notice is purely for your records, but it may be useful to show to sellers when making an offer in order to demonstrate genuine interest in purchasing the seller's home.

It is not necessary to spend the entire loan amount (if you find the home you want at a lesser price). There is no penalty for spending less than the VA pre-approval amount. However, you should not exceed your budgeted loan pre-approval amount on a home, unless you have funding elsewhere.

You can borrow up to one hundred percent of the purchase price of the home that you choose to buy. The VA does not set a maximum limit on loan amounts. As of January 1, 2008, most lenders have capped the maximum amount at \$417,000, and as high as \$625,500 in certain high-cost areas. You might be able to receive a higher loan amount if you make a down payment, depending on your lender. VA loans also allow the seller to pay all of the veteran's closing cost as long as the cost does not exceed 6% of the sale price of the home. VA loans don't have the closing costs that are associated with most conventional loans because the VA has a list of fees that cannot be charged. Commissions or "buyer broker" fees are another example of fees that will not be charged to veteran purchasers.

With a VA loan, there is no private mortgage insurance which extends through the life of the loan. This is different from conventional loans, which include mortgage insurance. Mortgage insurance is required for most conventional loans to protect the lender in the event that you cannot make your payments. It is an added cost which could increase your monthly loan payments. Veterans accepting VA loans must pay a funding fee for the loan. The funding fee is standard across all lenders, but may vary between types of servicemembers (regular or reservist), and the amount paid for the down payment. For most regular military servicemembers, the basic funding fee is 2.15 percent and must be paid to the VA by all but certain veterans. A down payment of 5 percent or more will reduce the fee to 1.5 percent, and a 10 percent down payment will reduce the funding fee to a 1.25 percent. For all eligible reserve/National Guard individuals using a VA loan, a funding fee of 2.40 percent is required. As with regular servicemembers, the fee varies with the

down payment. A down payment of 5 percent or more will reduce the fee to 1.75 percent, and a 10 percent down payment will reduce it to 1.5 percent.

There is also a funding fee associated with loans used to refinance an existing VA home loan with a new VA home loan to lower the existing interest rate. Again, the percentage varies due to the amount of the down payment. A detailed table for the uniform funding fees for VA loans is available at www.homeloans.va.gov/funding_fee_tables.doc. Also note that for all VA loans, the funding fee may be paid in cash or it may be included in the loan. The funding fee can be financed, but is waived only if the veteran receives monthly payments for a service-connected disability.

The interest rates for VA loans are not necessarily lower than those for conventional loans, but the interest rates on VA loans are both competitive and negotiable. The VA does not set the interest rates and discount incentives for VA loans; these rates and programs are established only by lenders. As such, these rates and discounts might vary among different lenders. In addition, once approved for a VA loan, as a veteran or active duty service person, you are eligible for the best interest rates available regardless of your credit score or credit history. There are often easier qualification standards for VA loans, and credit and income standards are not as strict as for most conventional loans. For example, when applying for a VA loan, lenders look only at your previous 12 months of credit activity, with the exceptions of bankruptcies, tax liens, and collections, which could have an adverse impact on your loan even if they are more than 12 months old. In addition, there are no prepayment penalties associated with VA loans.

VA loans are 30-year loans with a choice of payment plan options, including: traditional fixed-payment plans, graduated payment mortgages, and growing equity mortgages. At present, however, the VA does not offer interest-only loan programs. All loans guaranteed through the VA pay back to the principal of your loan and increase your home equity with each payment. Equity is the amount of value that a homeowner has invested in their property.

Uses for VA Loans

Although they are most commonly used to buy houses, VA loans can be used to purchase, build, or improve a house, to simultaneously purchase and renovate a house, to purchase a mobile home and lot, to purchase a condominium, or to purchase a farm residence. In some cases, VA loans can be used to refin-

ance an existing home loan. A refinancing loan may not exceed 90 percent of the appraised value plus the costs of the improvements. VA loans can also be used to purchase energy-efficient home materials, appliances, or equipment. These improvements include (but are not limited to): installing energy-related features such as solar panels or heating or cooling systems, water heaters, insulation, weather-stripping, caulking, storm windows or doors, and other energy-efficient improvements approved by the lender and VA. A VA loan can be increased up to \$3,000 based on documented costs of these improvements, or up to \$6,000 if the increase in the mortgage payment is offset by the expected reduction in utility costs. The property purchased with or affected by VA loans, however, must be *residential* property.

There are some restrictions regarding the use of VA loans. First, you must live in the home you purchase using a VA home loan, and it must be your primary residence. You cannot use a VA loan to purchase a vacation home. Deployed veterans, however, can use VA loans to purchase a new home, as long as that home will be their primary residence when they return. At present, VA loans *may not* be used to purchase foreign property or cooperative apartments (known as “co-ops”). You should check with the VA or your chosen VA loan lender for more details regarding the specific uses for and prohibited uses of VA loans.

Eligibility for VA Loans

Almost all veterans who have been discharged “other than dishonorably” are eligible for VA loans. There is no requirement that the veteran must be a first-time home buyer in order to be eligible. Eligible veterans include: Veterans who served on active duty at any time during World War II, the Korean War, and the Vietnam Era and were on active duty at least 90 days or were discharged due to a service-related disability; service during the peacetime periods from 1980 (enlisted) or 1981 (officers), if 181 days of continuous active duty were served; or, after these dates, active duty service of 24 consecutive months or one full period (181 days). Individuals may also be eligible if they were released from active duty due to an involuntary reduction in force, certain medical conditions, or, in some instances for the convenience of the government.

Surviving spouses of deceased eligible veterans may be eligible for VA loans if the spouse meets certain criteria. Unmarried spouses of veterans who

died in service or from a service-related disability are also eligible to apply for VA loans, as are spouses of veterans who are prisoners of war or missing in action. Also, a surviving spouse who remarried on or after reaching the age of 57 on or after December 16, 2003, may be eligible for the home loan benefit. There was a window for applications from surviving spouses who remarried before December 6, 2003, which closed, without exception, on December 14, 2004.

In addition, there is also VA loan eligibility for certain United States citizens who served in World War II for a government that was allied with the United States. Individuals with service as members in certain organizations, such as Public Health Service officers; cadets at the United States Military, Air Force, or Coast Guard Academy; midshipmen at the United States Naval Academy; officers of the National Oceanic and Atmospheric Administration; merchant seaman with WW II service; and some others are eligible for VA home loans. Contact the VA with any questions about VA loan eligibility.

Veterans who file for bankruptcy are still allowed to use a VA home loan if they are eligible. There is, however, a two-year waiting period after the bankruptcy period before the veteran is eligible again.

VA Loan Application, Qualification and Approval

If you qualify, you may be able to receive a VA loan even if other loans are unobtainable. It is important to remember, however, that a VA home loan is not an automatic benefit. In order to qualify for a VA loan, veterans must first meet one of the eligibility requirements outlined above, and then must also have an income that is capable of supporting the monthly home loan payments that such a loan would require. You may want to consult with an accountant or financial planner while completing the paperwork involved with your loan application.

The main difference between an application for a conventional home loan and an application for a VA loan is the necessity of both a “Certificate of Eligibility” and a VA-assigned appraisal. If you don’t already have one, you can complete VA form 26-1880, which is the Request for a Certificate of Eligibility for VA Home Loan Benefits, and submit it to the VA Eligibility Center. The contact information, address and telephone number for the VA Eligibility Center are available and kept current at www.homeloans.va.gov/eligibility. You will also need copies of your most recent discharge or separation papers cover-

ing active military duty since September 16, 1940, which show active-duty dates and type of discharge. With most lenders, the process of obtaining a Certificate of Eligibility can now also be handled online through an Automatic Certificate of Eligibility (ACE) program. Your lender, once you choose one, can help you with this.

When you have chosen the house you would like to purchase, you will need a VA-assigned appraisal; the lender typically does this. A state-licensed real estate appraiser will visit the home to give the lender and VA an opinion of the market value of the property. From this information, the lender and the VA will decide if the value of the property to be purchased will be sufficient collateral (value as security) for the VA loan. This appraisal, however, is in no way a warranty for the property. It does not guarantee that the property is free from construction or other defects; these types of warranties should be requested of and given by only real-estate brokers and/or homebuilders. A separate pest inspection is also required for loan approval. If pests are found, the problem must be fixed before you can close on the home. This requirement is for the protection of the buyer, because an insect infestation not only reduces the value of your home; it also reduces your use and enjoyment of the home, as well as the life of the home. You do not need an additional home inspection for other defects, although it is highly recommended for the same reasons.

During this application and appraisal process, your lender may also be gathering credit information on you. As compared to conventional loans, these procedures may slightly slow the process of getting approved for and closing on your new home. This is why the VA loan pre-approval option discussed above is an attractive option for many borrowers. You can contact the local VARO for tips on speeding up the application process.

You can also pre-qualify for a home loan, which means determine if you can receive a VA loan, and generally how much you can afford to spend, before you choose which home you are going to buy. This does not waive the eventual requirement of appraisal, but may be a good option if you don't yet know which home you would like to buy, or you would like to be more certain of your budget before you begin looking for a new home. In order to pre-qualify for a VA loan, you must first find a qualified lender for VA loans. Next, you will need to determine your eligibility with your lender. This involves the Certificate of Eligibility process discussed above, which can be quick and easy. Once you have provided your lender with the relevant information to make a

decision about your loan, you may be pre-certified for a certain amount of loan funds.

Your lender will mail you a notice of this pre-certification, and this notice can be shown to prospective sellers to show that you are a serious buyer. Some realtors also require pre-qualification for VA loans. If you choose to pre-qualify for a VA loan, you are not obligated to accept the loan until you sign the closing documents for the home. The information that you should be prepared to provide your lender includes but is not limited to: tax returns, income information, employment history, and a credit report. Also note that if you are looking to borrow through a VA home loan and have children under the age of 13, your loan application requires a “Child Care Letter.” This is because VA loans require that childcare expenses be counted as liabilities for qualification purposes.

If and when both the home and the loan have been approved, it is then time to close on the property. In order to close on the property, you as the buyer must contact a state-licensed insurance agent to purchase homeowner’s insurance on the property. This will protect your home *and* your lender in case of any future damage to or loss of the property. Title will be transferred to you as soon as the closing documents are completed and made part of the public record. The transfer of title means that you officially own and be responsible for the property.

Foreclosure and How to Avoid It

If you fall behind in your mortgage payments, you risk losing your home. Whether you have a VA loan or a conventional loan, the lender may “foreclose” on the property if you don’t make payments on time. Foreclosure is a legal proceeding to take away your ownership of the property. The cardinal rules for avoiding foreclosure are:

1. Contact your lender as soon as you realize you will not be able to make your payments.
2. Don’t ignore your lender’s attempts to contact you; this will only make your problems worse, because fast action is *key* to a favorable resolution.
3. Stay positive. There are many options that may be available to help you avoid foreclosure.

In any event where you are unable to make your scheduled loan payments, it is important to contact your lender because there may be options available to you. There may be a way to arrange for an easier payment schedule by extending your contract terms, or you may qualify for forbearance. Forbearance is a period during which your lender gives you permission not to make loan payments; interest, however, will oftentimes continue to accrue on your loan while it is in forbearance. Because your loan could accrue interest during the forbearance, you should be aware that your monthly payment *after* forbearance might be larger than before because the accrued interest will be added to the principal. It is important to discuss these options with your lender as soon as you think it will be difficult to make payments. Once you are several months behind on your payments, your lender may be less willing or have fewer options to help you.

Unlike with conventional loans, however, a lender may not foreclose on a VA loan unless the veteran is three months behind on payments. Before foreclosing, the lender must give the VA 30 days' notice. In certain situations, the lender must accept partial payments in lieu of foreclosing on the property. All lenders are supposed to take steps to avoid foreclosure and to give veterans "all reasonable forbearance." If your lender does not make a reasonable effort to avoid the foreclosure of your property, you may want to complain to the Loan Guaranty Division at the nearest VARO.

Aside from forbearance, there are other options that you can discuss with your lender to avoid foreclosure. The first and simplest option that may be available is reinstatement. Reinstatement might be possible when you are behind in your payments yet can, nonetheless, promise a lump sum to bring payments current by a specific date. If your account is past due on account of a short-term financial hardship and you can now make payments, your lender might agree to let you catch up by adding a portion of the past due amount to a certain number of monthly payments until your account is current. This is simply a repayment plan that is structured and approved by your lender.

In some cases of long-term financial hardship, loan modification is available for a small percentage of VA loans, when both the lender and the investor agree on the terms of the modification. Essentially, this is a process where the mortgage contract is renegotiated to lower the interest rate and/or extend the term of the loan; this then results in lower monthly payments. The veteran borrower is responsible for the costs and fees associated with a modification. All property taxes must be current or you must be participating in an approved payment plan with the state and local municipalities that levy taxes on your

property in order to be eligible for a modification. Any additional liens or mortgagees must also agree to be subordinate to the first VA loan/mortgage. In addition, all of these requests are subject to your lender's approval.

A VA loan may also be re-funded; this is when the VA buys or "assumes" your loan from the lender. Re-funding may buy you time and give the VA flexibility to consider options to help you save your home that your current lender either could not or would not consider. When the VA re-funds a loan, the delinquency is added to the principal balance and the loan is re-amortized, or liquidated once again to allow for a new loan payment plan. Your new loan will be non-transferable without prior approval from the Secretary. If your interest rate was lowered and an assumption is approved, the interest rate will be adjusted back to the previous rate. This is a more common remedy than modification, because there are fewer prerequisites to begin the process. A re-funding, however, takes at least 30 days to process and must be completed before your lender initiates foreclosure.

If you are trying to sell your home and are unable to make your mortgage payments due to long-term financial hardship, you may be eligible for a "deed-in-lieu-of-foreclosure" if your house has been on the market (at a fair market value) for at least 90 days. You will need to provide a current copy of the listing agreement for your home, as well as complete a financial package. Also, there cannot be any additional claims or liens (other than the mortgage) against the property in order to be considered for this option. If you are approved for a deed-in-lieu-of-foreclosure, you will be giving up all rights to the property and the property will be conveyed to your lender; you will no longer own the home. The benefit of a deed-in-lieu-of-foreclosure is that the veteran is spared the embarrassment and negative credit consequences of foreclosure, and most all of the veteran's indebtedness from the defaulted loan will be erased through this transaction if the amount of the debt is less than or equal to the market value of the home.

If you want to challenge the foreclosure of your home and you have exhausted the resources and remedies offered by the VA, you should consult an attorney before giving up all hope. An attorney can best advise you on state laws that protect against foreclose for all homeowners (not just veterans). A lawyer can also be helpful in analyzing and explaining VA regulations, as well as the legal documents and processes that are involved with a foreclosure proceeding.

Lastly, repairing your credit should also be a long-term goal if you have fallen behind on your home loan payments. This is because when you default

on your loan payments, it will likely have a negative effect on your credit; damaged credit can drastically limit your ability to obtain later loans or credit for any purpose. A nonprofit credit-counseling agency might be able to help you work with your creditors to reduce your monthly payments by lowering interest rates or extending repayment periods. Be wary, however, of credit counseling services that offer quick solutions to your credit problems, but come with a large price tag. There are plenty of organizations that offer the help that suits both your needs and your budget. The National Foundation for Credit Counseling, available online at www.debtadvice.org, may be a good place to begin.

Selling a Home Purchased With a VA Loan

When it is time to sell the home that you purchased with a VA loan, it is important for you to remember that selling the property, alone, *does not* release you from liability for the VA loan. The veteran must notify the VA or the lender that the liability will be transferred to the new owner. The new owner must also agree to the shift in liability. This process is what is being referred to when it is said that the new owner “assumes the mortgage.” For VA loans closed after March 1, 1988, the veteran must contact the lender or the VA and request a release from liability. The purchaser who is to assume the VA mortgage must first be approved by the VA or lender for a release to be granted. If the loan was closed prior to March 1, 1988, the loan may be assumed without approval from the VA or the lender. The veteran, however, is strongly encouraged to request a release of liability from the VA. If you do not obtain a release of liability when you sell a home subject to a VA loan, and the VA suffers a loss on account of a default by the assuming purchaser or some future assumer, a debt may be established against you. Obtaining a release, regardless of when the loan was closed is the best way to avoid personal liability for the VA mortgage on the sold house.

Specialty Adapted Housing Grant Program

The VA has grant programs available for veterans or servicemembers who have specific service-related disabilities. These grants are provided to eligible servicemembers for the purpose of constructing an adapted home, or modifying an existing home, to meet their adaptive needs. The goal of these programs is to provide a barrier-free living environment that affords the veteran or servi-

remember a level of independent living he or she may not normally enjoy. Essentially, if you or a loved one is a severely disabled veteran facing the difficult choice of giving up your independence to live in specially adapted housing, you may be eligible for grant money to afford you the opportunity to modify your own home, or even build a new one to meet your present needs without sacrificing your independence. There are three main types of grant programs administered by the VA for the purpose of providing specially adapted housing for severely disabled veterans. These will be discussed below.

First, the **Specialty Adapted Housing Grant (SAH)** is available to severely disabled veterans or servicemembers who are entitled to a home especially adapted for their needs due to loss of mobility. This grant is currently limited to a maximum of \$50,000 per person to create wheelchair accessible homes for those that require wheelchair accommodations for daily living activities. Such accommodations might include the installation of ramps or elevators, as well as handrails in the kitchen, bathroom, or other areas where necessary to facilitate daily activities in the home. SAH funds may also be used in conjunction with a VA home loan (discussed above) to purchase a new, specially adapted home.

Next, the **Special Housing Adoptions Grant (SHA)** is available to veterans or servicemembers who are entitled to home adaptations due to blindness in both eyes or 5/200 or worse visual acuity. It is also available to veterans who suffered the anatomical loss, or loss of use, of both hands. This grant is currently limited to a maximum of \$10,000 per person. Grants can be used for a wide array of home modifications and improvements. For both the SAH and SHA, home ownership is a prerequisite for receiving grant funding. In other words, you are not eligible to receive monetary funding if you are living with family or friends in a home that you do not own.

However, Congress has recently created a third grant program, the **Temporary Residence Adaptation Grant (TRA)**, for severely disabled veterans and servicemembers who are temporarily living, or intend to temporarily live, in a home (which the veteran or servicemember does not own) with a family member. This grant affords specifically adapted housing to veterans and servicemembers who do not yet own a home of their own. Under the TRA program, those veterans and servicemembers who would otherwise be eligible for grants under SAH, but are precluded from obtaining funding because they do not own a home, will be eligible for a maximum of \$14,000. Similarly, veterans and servicemembers who would otherwise be eligible for grants under

SHA but do not own their home are eligible to receive a maximum payment of \$2,000 in VA grant funds.

In addition, there are other programs available through the VA to make specially adapted housing available for severely disabled veterans and service-members, such as the Vocational Rehabilitation and Employment Services “Independent Living” Program, the Veterans Mortgage Life Insurance Program, and the Veterans Health Administration (VHA) Home Improvement and Structural Alterations Grant. For more information on any of the grant programs mentioned in this section, you can contact a local VARO by calling, toll free, (800) 837-1000. Additional program information and grant application forms are also made available at www.homeloans.va.gov/sah.htm.

State Loan Programs for Veterans

Many states offer veterans benefits programs that are separate from the federal loan programs discussed at the beginning of this chapter. The separate benefits that some states offer include: home loans, veterans homes, educational grants and scholarships, special exemptions or discounts on fees and taxes, and free hunting and fishing privileges. The following is a list of links to the Web sites for each of the individual states that offer veterans benefits. For additional information, click on the name of your state in order to link to your state department of veterans affairs or to information at Military.com. **Editor’s note:** For additional information and links to each state department of veterans affairs, go to www.military.com/benefits/veterans-benefits/index.

Alabama	Louisiana	Ohio
Alaska	Maine	Oklahoma
Arizona	Maryland	Oregon
Arkansas	Massachusetts	Pennsylvania
California	Michigan	Rhode Island
Colorado	Minnesota	South Carolina
Connecticut	Mississippi	South Dakota
Delaware	Missouri	Tennessee
Florida	Montana	Texas
Georgia	Nebraska	Utah

Hawaii	Nevada	Vermont
Idaho	New Hampshire	Virginia
Illinois	New Jersey	Washington
Indiana	New Mexico	West Virginia
Iowa	New York	Wisconsin
Kansas	North Carolina	Wyoming
Kentucky	North Dakota	Commonwealth of Puerto Rico
Territory of Guam		

More information on state programs for veterans is also available at: www.military.com/benefits/veteran-benefits/state-veterans-benefits-directory.

Veterans Homes and Domiciliary Facilities

Veterans homes and domiciliary facilities are places to live that are provided for by the VA. The impetus for institutionally established veteran homes came in the aftermath of the Civil War, in order to create homes for disabled soldiers and sailors. These were originally built or bought and operated entirely by the states. The first Congressional Act providing federal aid to state-run veteran facilities was enacted in 1888, titled “An Act to Provide Aid to State or Territorial Homes for the Support of Disabled Soldiers and Sailors of the United States.” The Act provided \$100 per year for each eligible veteran residing in a state home.

Federal assistance to states for the costs of constructing nursing homes for veterans was first authorized in 1964. In 1977, state home applications for construction funds exceeded the annual appropriations, and resulted in a backlog of eligible applications has continued since that time. In 1986, Congress established a priority system for awarding state home construction grants. The backlog of currently eligible construction grant applications is approximately \$637 million. The VA was estimated to participate in the construction of approximately 645 state nursing home care and domiciliary beds during fiscal years 2006 and 2007.

The VA participation in grant-in-aid programs for the states is twofold. First, the VA may contribute to approximately 65 percent of the cost of construction or purchase of state nursing home or domiciliary facilities or the renovations to existing state homes. Secondly, the VA provides per-diem (by the day) payments to states for eligible veterans to reside in state homes. The Secretary of Veterans Affairs has the discretion to adjust these daily rates each year to account for inflation and increased costs of living.

The most recent evaluation of veterans homes and domiciliary facilities was done in 2007. That evaluation found that there are 126 homes in 47 contiguous states and Puerto Rico, including 54 facilities in 33 states with 5,644 VA-authorized beds; 114 nursing homes in 47 states with 21,031 VA-authorized beds; four hospitals in four different states with 287 VA-authorized beds; and two adult day health care facilities in two states with 95 VA-authorized beds. Per-diem rates for 2007 were set at \$67.71 for nursing homes and hospital care and \$31.30 for domiciliary care. The adult day health care per-diem rate is \$40.48. Maintenance and operation of veterans homes is also supported by the VA, which sustains roughly 33 percent of operating costs.

State Veterans Homes

These veteran homes are established by states for veterans disabled by age, disease, or otherwise, and who, by reason of such disability, are unable to adequately provide for living necessities. The Veterans Homes program, as created by the State Home Grant Program, represents one of the longest existing federal-state partnerships. The program represents a significant part of the Veterans Housing Administration's (VHA) long-term care strategy for disabled servicemembers, by providing grants to individual states for the construction and support of residences established to provide long-term care for aging veterans and those who require assisted living. Although hospital care may also be provided for in some instances, funding is limited to state homes that also provide domiciliary, or nursing home care. Domiciliary care provides shelter, sustenance, and incidental medical care on an ambulatory self-care basis. Care provided does not rise to the level of the skilled nursing services that are characteristic of nursing homes; both are eligible for funding. The hospital care referenced above would essentially be for short-term care, where domiciliary care or nursing home care involves long-term or permanent assisted living.

The VA also continues to encourage states to renovate state homes and to maintain a safe and healthy environment in existing homes for eligible veterans seeking long-term care.

Domiciliary Care

Domiciliary care is provided in VA domiciles, as well as state homes. In the 2001 fiscal year, VA domiciliary facilities provided care to 24,931 veterans. Nearly 5,000 of those veterans were homeless and admitted for specialized care. Although many state veterans homes provide services similar to those offered in VA facilities, the latter tend to provide for veterans advanced in years. Domiciliary facilities predominantly serve the homeless and provide specialized programs to facilitate the rehabilitation of patients who suffer from head trauma, stroke, mental illness, alcoholism, early dementia, and a myriad of other disabling conditions.

Although the average age of veterans overall in VA domiciles is 59 years (43 years for those in the homeless program), new programs have recently focused on aging veterans in order to address quality-of-life issues. For example, domiciliary patients are encouraged to become involved with programs in the community such as senior citizen centers and “foster grandparents” programs. These activities have enabled veteran residents to continue community involvement, as well as to reintegrate into the community.

Recent Updates in the Laws Affecting Veterans and Housing

There has been a recent push to make continued amendments to laws affecting veterans and housing a national priority. One recent bill would amend the old Montgomery G.I. Bill, and remove many of the fees associated with veterans housing loans. A senator stated that “[p]atriotic men and women have answered the call of duty throughout our history; those who put down the plow, or the books, or the laptop, who left their families to wear the uniform. . . . For too long, their sacrifice has not been matched by a national commitment on the part of our government.”

Although much change is required to meet the increasing needs of veterans returning from the wars in Iraq and Afghanistan, positive measures have already been attained. In 2006, the President signed into law the Veterans

Housing Opportunity and Benefits Improvement Act, which has proven instrumental to alleviating some of the housing concerns facing our nation's veterans. The Act provides in a pertinent part:

- **Section 101.** Permits the Secretary of Veterans Affairs (Secretary), in the case of a service-disabled veteran who is residing, but does not intend to permanently reside, in a residence owned by a member of the veteran's family, to assist the veteran in acquiring such adaptations determined reasonably necessary due to the veteran's disability. Provides assistance limits. Terminates such assistance five years after the enactment of this Act. Prohibits any veteran from receiving more than three grants of assistance. Requires an interim and final implementation report from the Comptroller General to Congress.
- **Section 102.** Allows the Secretary, with respect to hybrid adjustable rate mortgages offered to veterans under provisions of the National Housing Act, to increase or decrease the interest rate in any single adjustment by such percentage points as the Secretary may prescribe. (Currently, the Secretary is limited to an increase of one percentage point in any single adjustment.)
- **Section 103.** Amends provisions directing the Secretary to establish and implement a pilot program for making direct housing loans to Native American veterans to: (1) make such program a permanent program rather than a pilot program; and (2) require the Secretary to include information on loans so provided as part of the annual benefits report of the Veterans Benefits Administration.
- **Section 104.** Extends eligibility for Department of Veterans Affairs (VA) direct loans for Native American veterans to a non-Native American veteran who is the spouse of a Native American veteran, as long as there is joint possession or ownership on trust land.

For information on legislation currently before Congress, or legislation currently supported by your Senator or Congress person, please visit the Library of Congress Web site at thomas.loc.gov .

Veterans Benefits Initiatives in the Private Sector

Fannie Mae Announces Grant to Help Homeless Veterans:

In a recent poll conducted by Fannie Mae (the Federal National Mortgage Association), nearly one-quarter of veterans indicated that they had been concerned that they may not have a place to live, and 86 percent of veterans thought that homelessness among veterans was increasing or staying the same. The survey also indicated that nearly half (48 percent) had taken in a friend or relative who was facing homelessness. But veterans strongly agreed (60 percent) that homeless people could become self-sufficient if they had affordable housing options. In response, Fannie Mae has pledged a \$200,000 grant to Common Ground that will enable it to build supportive housing units for veterans.

Common Ground is a nationally recognized nonprofit developer of supportive housing and other innovative solutions to prevent and end homelessness. Common Ground has indicated that the Fannie Mae grant “will help them achieve their goal of creating 1,000 supportive housing units for homeless veterans through new development, joint ventures and technical assistance activities.”

The grant is an integral element of Fannie Mae’s commitment to preventing and ending homelessness. In announcing the grant, the President and CEO of Fannie Mae, Daniel Mudd, stated that “[t]hose who have defended our homeland should have a home to call their own.”

Disaster Advice for Veteran Homeowners

Several areas of the country have been devastated in recent years by natural disasters such as hurricanes, floods, and wildfires. As a result, the VA has issued current circulars in order to keep veterans who are affected by disasters up-to-date on their options. The VA offers advice and help for all veterans who are in need as a result of a natural disaster. This information is available at www.va.gov.

According to the *Disaster Advice for Veteran Homeowner* bulletin distributed by the VA, the following steps are recommended for veteran homeowners affected by natural disasters:

- **Contact Your Mortgage Company As Soon As Possible.** This is because you are not excused from making your regular loan payments,

even if you can't live in your home. At this time, you should also talk with the mortgage company about forbearance (non-payment of loans for a set period if certain criteria are met) or extending or modifying your loan agreement to lessen the monthly payment amount so that you can make payments on time.

- **Contact Your Insurance Agent or Company.** File insurance loss claims as soon as you can. The VA advises not to make an insurance settlement too quickly and to do careful research on the damages and costs. When your property appears repairable, contact your local government engineer's office to inspect for structural damage. Try to get at least two estimates from licensed contractors for the cost of repairs. Insurance checks for personal property or living expenses should be addressed to you. Checks to cover home damage should be addressed to both you and your mortgage company.
- **Contact the Federal Emergency Management Agency (FEMA).** This is the first step in recovering your losses from any other disaster recovery agency, including the Small Business Administration (SBA). Benefits such as low-interest loans, cash grants, and housing assistance may be available from agencies supporting the recovery effort. You can register with FEMA by calling the toll-free number (800) 621-FEMA (3362), or (800) 462-7585 (for the speech- or hearing-impaired). More information is available at www.fema.gov.
- **Contact Other Sources of Help.** Special assistance may be available from organizations such as the American Legion, Veterans of Foreign Wars, Disabled American Veterans, and other veterans groups, even if you are not a member. For information on additional benefits offered by the VA for veterans in need after a natural disaster, call (800) 837-1000. For information on residential care, domiciliary care, housing for relatives of hospitalized servicemembers, and other housing issues for relatives and friends of servicemembers, see Chapter 20, "Advice for Families and Caregivers of Wounded Servicemembers."
- **Change Your Address.** You should notify your post office if you are receiving a monthly benefit or other check from the VA or other source and are unable to receive mail at your regular address.

As discussed in the section on foreclosure above, you should contact your mortgage company if something happens to physically prevent you from making your mortgage payments, so that you can discuss the available options.

These options may include forbearance, a waiver of late charges for uncontrollable financial circumstances and suspension of credit reporting until the borrower can catch up on payments. These benefits may also be available for National Guard members experiencing financial hardship after leaving their normal job when called into active duty in response to an emergency.

Mathew B. Tully, Esq. is the founding partner of Tully Rinckey P.L.L.C., one of the fastest-growing law firms in Albany, NY. Mr. Tully founded the law firm in the back bedroom of his ski home in Hunter, N.Y. after escaping from the World Trade Center on September 11, 2001. The firm is one of the few in the country dedicated to the protection and preservation of veterans rights. Mr. Tully is nationally recognized as a leader in USERRA (Uniformed Services Employment and Reemployment Rights Act) litigation.

Additionally, Mr. Tully serves as a major in the New York Army National Guard. Most recently, he was deployed to the Middle East in support of Operation Bright Star. He is also a veteran of Operation Iraqi Freedom. Mr. Tully is the author of “Ask the Lawyer,” a nationally syndicated column in the *Military Times*.