



Fact Sheet

Loan Guaranty Service Sales to Homeless Providers

Non-profit organizations including faith-based non-profits may be eligible to purchase Department of Veterans' Affairs (VA) acquired properties at a discount. The non-profit must agree to use the property as a shelter for homeless veterans and their families for not less than 3 years.

VA markets these properties at fair market value through a property management contractor, Owen Loan Servicing LLC (Ocwen). Eligible non-profits may purchase these properties at discounts only after the properties have been listed for sale. The percentage of discount will vary based on how long the property has been listed.

How Does a Non-Profit Become Eligible?

VA Contact

A non-profit organization seeking eligibility to buy VA acquired properties at discounts must provide information concerning their non-profit status to VA's Loan Guaranty Service. Please contact Lance Kornicker at (202) 461-9531.

Preferred Non Profits

Title 38 Section 5902 of the United States Code names certain non-profits such as the American Red Cross, American Legion, Disabled American Veterans and Veterans of Foreign Wars as preferred non-profits. If any of these groups are interested in purchasing VA properties for a discount to use as a shelter for homeless veterans, they should contact Lance Kornicker. He will provide a letter clarifying their eligibility.

Government Units

State or local government subdivisions including housing authorities are eligible for discounted purchases of VA properties if they intend to use the property as a shelter for homeless veterans. They should contact Lance Kornicker for an eligibility letter.

Other Non-Profits

Other non-profits must provide the following documentation to Mr. Kornicker so that VA can make an eligibility determination:

Either:

- A copy of a grantee approval letter from the Department of Housing and Urban Development (HUD) for the HUD-Supportive Housing Demonstration program
- Or a pre-approval letter for the HUD Single Family Property Disposition Homeless Initiative authorized by 24 CFR Part 291, Subpart E, and a statement from the organization that such approval or pre-approval is still in effect and has not been modified or revoked by HUD.

If a Non-Profit does not have this documentation, they must provide VA with certified true copies of these documents signed by authorized officials of the organization meeting all six (6) conditions:

- **Not seeking profit**-The net earnings of the non-profit does not benefit any member, founder contributor or individual.
- **Voluntary board**-Non-profit has a voluntary board. It provides documents including the printed names, signatures, residential addresses, e-mail addresses, and telephone, and social security numbers of all board members.
- **Accounting**-Provide copies of the previous fiscal year's statement of income and expenses (and for the current year if more than 6 months into the current fiscal year) and a current balance sheet. These documents must be in accordance with accepted accounting principles.
- **Resources**-provide a list of locations where it is helping the homeless including the street address, e-mail address, telephone number, and a responsible person at each location.
- **Federal Tax Exemption**-provide a copy of an individual or group determination or ruling letter from the IRS stating the non-profit is exempt from payment of Federal income taxes, and a statement from the non-profit that the letter of exemption is still in effect.
- **Delegated Authority**-provide a certified true copy of a resolution by the voluntary board delegating certain officers or members to sign all documents related to properties used in homeless program.

How Does a Non-Profit Purchase a Property?

Listings - Ocwen lists VA acquired properties on their website at www.ocwen.com.

Ocwen Point of Contact: The Point of Contact at Ocwen is Mike Moreland. Call Mr. Moreland at (407) 737-6146 or by email at Mike.Moreland@Ocwen.com. The non-profit must provide the VA eligibility letter to Mr. Moreland.

Discounts: Eligible homeless providers are entitled to discounts of 20% below list price if the VA property has been listed for more than one month; 35% if listed more than 2 months; and 50% if listed over 3 months.

Financing: Non-profits may finance the purchase either by using their own funds or seeking private financing. Non-profits can only request VA (vendee) financing of the property if the property is eligible for the 50% discount on the purchase price. If VA finance it will waive a funding fee and the interest rate will be one percent less than the rate at the time of offer or sales closing, whichever is less.

Brokers: Non-profits may use real estate brokers to help them view properties, and submit purchase offers. VA will pay a commission for sales under the homeless program.

Non-Profit Agreements

If a non-profit submits an offer to buy a VA acquired property, it must submit a signed agreement from a certified officer of the non-profit. This agreement must state:

- The non-profit will use the property as a shelter primarily for homeless veterans and their families for at least 3 years.
- The non-profit will comply with all zoning laws for the property
- The non-profit will make no use of the property in a way that is not compatible with the area where the property is located.
- The non-profit will hold VA harmless regarding any liabilities arising from or subsequent to transfer of custody of the property from VA for use under the homeless program; and.
- For 3 years after the purchase date, the non-profit will provide VA with quarterly occupancy reports listing the names of the homeless occupants, the number of nights they occupied the property and notations as to whether they are veterans, family members of veteran occupants, or non-veterans.