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News Release

FOR IMMEDIATE RELEASE
June 12, 2008

VA Reaching Out to Vets with Mortgage Problems *Peake: VA Has a “Solid Record of Success” in Helping*

WASHINGTON – Many home owners have found it difficult recently to pay their mortgages, but quick intervention by loan counselors at the Department of Veterans Affairs (VA) has actually reduced the number of veterans defaulting on their home loans.

“VA is reaching out to veterans -- both those who use our home-loan guaranty program and those who don’t take advantage of our guaranties -- to keep people in their homes,” said Secretary of Veterans Affairs Dr. James B. Peake. “I’m proud of our solid record of success in helping veterans and active-duty personnel deal with financial crises.”

Accounting for much of this success are VA counselors at nine regional loan centers who assist people with VA-guaranteed loans avoid foreclosure through counseling and special financing arrangements. The counselors also can assist other veterans with financial problems. VA counselors have helped about 74,000 veterans, active-duty members and survivors keep their homes since 2000, a savings to the government of nearly \$1.5 billion.

Depending on a veteran’s circumstances, VA can intercede with the borrower on the veteran’s behalf to pursue options -- such as repayment plans, forbearance, and loan modifications -- that would allow a veteran to keep a home.

To obtain help from a VA financial counselor, veterans can call VA toll-free at 1-877-827-3702. Information about VA’s home loan guaranty program can be obtained at www.homeloans.va.gov.

Since 1944, when home-loan guaranties were offered with the original GI Bill, VA has guaranteed more than 18 million home loans worth \$911 billion. Last year, about 135,000 veterans, active-duty service members and survivors received loans valued at nearly \$24 billion.

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Foreclosures 2/2/2/2

About 2.3 million home loans still in effect were purchased through VA's home-loan guaranty program, which makes home loans more affordable for veterans, active-duty members and some surviving spouses by protecting lenders from loss if the borrower fails to repay the loan. More than 90 percent of VA-backed home loans were given without a downpayment.

April data shows that foreclosures are down more than 50 percent from the same months in 2003. VA attributes this to prudent credit underwriting standards, its robust supplemental loan servicing program and VA financial loan counselors.

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