



Texas
Veterans

**Housing
Assistance
& Home
Improvement**

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Garry Mauro, Chairman

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Housing Assistance & Home Improvement Programs

Dear Texas Veteran:

The Texas Veterans Land Board (TVLB) offers three outstanding benefits to Texas Veterans. In addition to assisting you with the purchase of a tract of land, the Board also provides low-interest loans to purchase a new home or to make improvements on an existing home through its Housing Assistance and Home Improvement Programs.

As Chairman of the TVLB I insist that these programs be run in an efficient, businesslike manner. By maintaining financially sound programs and promptly servicing applications and loans, we are able to continue to offer very generous terms to our Veterans.

This guidebook is designed to explain how the Texas Veterans Housing Assistance and Texas Veterans Home Improvement Programs work and to answer the questions we are most often asked. Whether you are just requesting information or have already received an application packet, this guidebook should prove very helpful. If you have additional questions, please call our toll-free number: 1-800-252-VETS. We will be pleased to assist you.

I want to encourage you, and as many other Veterans as possible, to apply for these benefits in recognition of service given and sacrifices made in the Armed Forces of the United States of America.

Sincerely,

Garry Mauro
Chairman

Texas Veterans Land Board



The Texas Veterans Land Board



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The Texas Veterans Land Board



History of Texas Veterans programs

Texas, unlike many other states, has been historically a “cash poor” but “land rich” state. Since the days of the Texas Republic, Texas has given its Veterans land in recognition of their military service. In the days of Sam Houston, that debt for service was paid to Texas Veterans in grants of land. Following World War II, this tradition was continued with the creation of the Texas Veterans Land Board (TVLB) in 1946 to administer a new program which would provide low-interest, long-term loans to Texas Veterans for the purchase of land.

Since its inception, more than 103,000 Texas Veterans have taken advantage of this self-supporting program without costing the taxpayers a single penny. The program is funded by issuing bonds authorized by the voters; the bonds—plus the cost of administering the program—are paid for by the Veterans who participate in the program.

In 1983, the Legislature created the Veterans Housing Assistance Program to assist Texas Veterans in purchasing a home. Texas voters overwhelmingly approved a constitutional amendment authorizing the issuance of bonds to fund the program.

In 1986, the TVLB expanded the Veterans Housing Assistance Program, adding the Veterans Home Improvement Program to provide below-market interest rate loans to qualified Texas Veterans for home repairs and improvements to their existing homes.

This pamphlet is designed to explain how the programs work and the guidelines used to ensure that quality programs are provided to the Veterans of Texas.

How the programs work

Housing assistance

The Veterans Housing Assistance Program (VHAP) will provide financing up to \$45,000 toward the purchase of a home to qualified Texas Veterans. The term of the loan can be 15, 20, 25 or 30 years.



There is no maximum sales price restriction with the VHAP; however, the Board can only invest \$45,000 toward the purchase of the home.

If the purchase price is more than \$45,000, the VHAP can be used in conjunction with Federal Housing Administration (FHA), Veterans Administration (VA) or conventional financing. This is known as a "two-note loan" and requires the use of a TVLB approved lender. (Please contact the TVLB for a list of approved lenders.)

The two notes are underwritten as co-first liens using one Deed of Trust to secure them.

As a result of restrictions imposed on the use of tax-exempt bonds by the 1986 Federal Tax Reform Act, not all Veterans are eligible for the same interest rate. **The interest rate will be determined at the time the Certificate of Eligibility is issued.** Loans originated directly by the TVLB will have a slightly higher interest rate and will also be secured by a Deed of Trust. For more information on the interest rates, please call our toll-free number (1-800-252-VETS).

All Texas Veterans Land Board loans are subject to credit approval.

All loans require an escrow account to be set up for taxes and insurance.

The VHAP is not a refinancing program.

Home improvement

The TVLB will loan a maximum of \$25,000 for home improvements to the Veteran's primary residence. After credit approval and all necessary documentation has been submitted and the loan documents are processed and signed, the selected contractor can begin work. Upon completion of the work, the TVLB pays the contractor. The Texas Veterans Land Board must be in a first or second lien position.

The Veterans Home Improvement Program (VHIP) cannot be used for refinancing.



Eligibility as a Texas Veteran

To participate in these programs, the Veteran must demonstrate that all of the following conditions are satisfied:

- The applicant must have been discharged after serving a minimum of 90 consecutive days of active duty from either the Army, Navy, Air Force, Marines, Coast Guard or United States Public Health Service, and have completed the initial obligation and have been eligible for an honorable discharge, or discharged sooner due to a service-connected disability.
- Texas National Guard members who completed all active duty training required as a condition of enlistment, Texas Veterans who served in the reserves for at least 20 years, and the unmarried, surviving spouses of Texas Veterans who died in the line of duty (Veteran's home of record must have been Texas at the time of entry into the service) may be eligible to participate in the program at a slightly higher interest rate.
- The applicant must have been a bona fide resident of Texas at the time of entry into the military or have been a bona fide resident of Texas for at least two consecutive years immediately prior to filing an application. The applicant must also be a bona fide resident of Texas at the time the application is made. A "bona fide" resident is someone who is living in Texas with the intent to remain in Texas.
- The applicant must not have previously participated in the program being applied for, as participation in each program is allowed only once.
- Service must have been after September 16, 1940.

The Texas Veterans Commission, not the TVLB, will determine the eligibility in terms of service in the Armed Forces and residency in the state of Texas.

NOTE: All Texas Veterans Land Board loans are subject to credit approval.



Housing assistance program-specifics

The home

The VHAP can be used to purchase single family attached and detached homes, townhomes, units of a condominium development or planned unit development, and two-to-four family units which were constructed at least five years prior to the closing date of the loan.

Some manufactured and modular homes may also be purchased, provided they meet certain TVLB guidelines. The Veteran must consult with the TVLB or an approved lender to determine if the manufactured home in question meets all TVLB guidelines.

The home must be located within the geographic limits of the state of Texas.

The Veteran is required to occupy the home within 60 days following the closing date of the loan. The home must remain the Veteran's primary residence for a period of at least three years. In the event the Veteran fails to comply with these requirements, the Board may require the acceleration of all money due on the TVLB loan or the escalation of the interest rate on the program loan to prevailing market rates.

Buydowns and assumptions

Buydowns of the non-VHAP portion of the mortgage loan will be permitted according to applicable restrictions of FNMA, Federal Home Loan Mortgage Corporation (FHLMC), FHA or VA.

VHAP loans can be assumed under the following conditions:

- The Veteran must have occupied the home as his/her primary residence for a period of three years from the closing date, unless this requirement is waived by the Board.
- An Assumption and Release Agreement must be entered into by the person assuming the loan.
- All applicable program insurance policies must be maintained.



- The terms of all rules of the TVLB must be met and approval of the TVLB must have been obtained.
- All paperwork and approvals must be obtained through the company where the monthly payments are made.

Take-out loans

The TVLB cannot lend interim construction money to build a home. The Veteran can, however, obtain interim financing from another source to build and, upon completion, finance up to \$45,000 of the home through the VHAP. This is known as a take-out loan. The fees and insurance involved will depend on whether the transaction is a one- or two-note situation.

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

- The VHAP loan must be used to pay off the construction loan (interim financing).
- The term of the interim loan cannot exceed 24 months, and the original indebtedness must have taken place within 24 months of the closing date of the VHAP loan.

The Veteran may occupy a 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.

Insurance

The TVLB requires title insurance policies on all homes purchased through the VHAP. This insurance policy insures the lender and obligates the issuing title company to defend problems regarding the title that began or existed prior to the purchase.

Hazard, fire and casualty insurance is also required. The policy must be payable to the Veteran and the lender as loss payees in the event of a natural catastrophe. In some cases, flood insurance may be required.



If the home is in a flood zone, the Veteran will be required to purchase flood insurance. Proof of this insurance must be presented prior to closing.

Other

The VHAP cannot be used to refinance a home.

The VHAP cannot be used as a down payment on a home.

Cosigners and guarantors may be accepted on the Veteran's behalf if the Veteran has sufficient income to qualify for at least 60 percent of the monthly payments on the mortgage loan, including taxes and insurance.

Home loans greater than \$45,000 (Two notes)

After a home is located, the Veteran should call or write the TVLB and request a list of approved lenders for the area. When a lender is chosen, the Veteran will then contact the lender and request a Veterans Housing Assistance Program application. The application consists of the paperwork necessary to initiate a VHAP loan, including the application for certification as a Texas Veteran.

The Veteran will also need to request application forms for the balance of the purchase price (conventional loan, FHA, or VA).

Once the applications have been completed, they must be returned to the lender. The lender will process the applications and, if the Veteran is approved, will fund the loan. This is known as a two-note situation. It is important to remember that all loan documents must be requested from and returned to the chosen approved lender.

The down payment, if any, will be determined by the approved lender. The interest rate on the VHAP portion of the loan will be determined at the time the Certificate of Eligibility is issued. The interest rate on the other portion of the loan is determined by the type of financing chosen.

The lender may charge all reasonable and customary charges permitted by law for the processing and closing of mortgage loans. All of these fees and expenses



will be disclosed to the Veteran by a Good Faith Estimate. The Good Faith Estimate lists all relevant closing costs as accurately as possible.

An estimate of the fees and expenses for a two-note situation are:

Certification fee

\$25 (nonrefundable)

Down payment

The amount of down payment will be determined by the lending institution and depends on the type of loan used in combination with the VHAP.

Origination fee

1% of the TVLB program loan (to be collected from either the Veteran or the seller).

Participation fee

1% of the TVLB program loan (to be collected from either the Veteran or the seller).

Mortgage insurance

Mortgage insurance is required when using VHAP with additional financing. Conventional financing requires Private Mortgage Insurance. VA requires Loan Guaranty Insurance (approximately 1.25% of the purchase price); the percentage charged is directly related to the amount of the down payment. FHA requires Mortgage Insurance Premium.

Survey fee

Varies, based on the surveyor and type of property where the house is located. This must be an improvement survey and include flood zone indications.

Title insurance

Normally, the seller pays the Owners Title Policy (cost of the policy depends on the purchase price of the home), and the Veteran pays the Mortgagees Title Policy (approximately \$60-\$70).



Credit review fee

Determined by the lending institution.

Recording fee

Determined by the lending institution.

Other

- Realtor's Commission (usually paid by seller)
- Hazard, Fire & Casualty Insurance
- Taxes for all relevant taxing authorities
- Flood Insurance (if applicable)
- Attorney Fee
- Closing Fee
- Pest Inspection

Processing two-note loan applications will basically be the same as the one-note situation; however, it may differ slightly from lender to lender. Please refer to "Home loans \$45,000 or less" for details on processing.

Home loans \$45,000 or less (One Note)

A private lender or the TVLB can originate a direct loan if the purchase price of the home is \$45,000 or less or if the maximum amount borrowed is \$45,000 or less.

One Note—Originated by a Private Lender

The VHAP will lend the amount of the home's purchase price up to \$45,000. The down payment, if any, will be determined by the approved lender.

There will be a 1% origination fee and a 1% participation fee payable by the seller or the buyer.

All application materials must be requested from and returned to the lending institution.

One Note—Originated by the Texas Veterans Land Board

The TVLB will lend the amount of the home's purchase price up to \$45,000. There is a minimum 5% down payment, and the term may be for 15, 20, 25 or 30 years.



There will be a 1% origination fee and a 1% participation fee payable by the seller or buyer. The Veteran will be responsible for both the origination and participation fees when the home is new construction.

An appraisal will be performed on the home to determine the amount the TVLB will finance. **All TVLB-originated loans are subject to an 85% loan-to-value ratio. This means the TVLB will lend only 85% of the home's appraised value up to \$45,000.**

The TVLB may charge all reasonable and customary charges permitted by law for the processing and closing of mortgage loans. All of these fees and expenses will be disclosed in a Good Faith Estimate. The Good Faith Estimate lists all relevant closing costs as accurately as possible.

The following is an estimate of fees and expenses involved in closing a loan when the TVLB is the lender:

Certification fee

\$25 (nonrefundable).

Down payment

5% of purchase price (minimum).

Origination fee

2% of the loan amount (paid by the Veteran or the seller.) If this is a take-out loan, the Veteran will be required to pay the entire 2%.

Private Mortgage Insurance (PMI) is not required on this type of loan.

Survey fee

Varies, based on the surveyor and type of property where the home is located. This must be an improvement survey and include flood zone indications.

Title insurance

Normally, the seller pays for the Owners Title Policy (cost of the policy depends on the purchase price of the home) and the Veteran pays the Mortgagees Title Policy (approximately \$60-\$70).



Credit review fee

\$50 (nonrefundable).

Recording fee

Approximately \$40.

Tax service fee

\$70.36

Other

- Realtor's Commission (usually paid by seller)
- Hazard, Fire & Casualty Insurance
- Taxes for all relevant taxing authorities
- Flood Insurance (if applicable)
- Attorney Fee
- Closing Fee
- Pest Inspection

If the Veteran is buying the home through a real estate agent, the agent will normally coordinate the purchase and closing. When applying for a direct loan from the TVLB, all paperwork must be requested from and returned to the TVLB. When applying for a loan from a private lender, the paperwork must be requested from and returned to that particular lender. An example of the normal process for obtaining a direct loan from the TVLB follows.

Direct loan process (originated by the TVLB)

- The Veteran requests an Application for Certification as a Texas Veteran, completes and returns it with a \$25 nonrefundable fee.
- After receiving the participation letter as a Texas Veteran, the Veteran must obtain a loan application, complete and return it to the TVLB with the nonrefundable \$50 credit review fee, participation letter and Earnest Money Contract.
- Within approximately three business days from receipt of the credit application, the TVLB will send a Good Faith Estimate of costs associated with the loan and an estimated Truth in Lending Disclosure.
- The application will be reviewed, an appraisal requested on the home and the certificate of eligibility will be requested.



- ❑ If no problems arise and all paperwork was submitted correctly, the loan will be presented to the Loan Committee for credit approval or denial. The Veteran will be notified within approximately three days after the Committee's decision.
- ❑ After the Veteran receives a commitment letter, the following must be submitted: certified survey, title commitment, pest inspection report, proof of hazard insurance, and flood insurance (if applicable), and other conditions which may be specified in the commitment letter.
- ❑ The title company will contact the Veteran to arrange for a closing date and time.
- ❑ The Veteran will attend the closing to make the actual purchase.

Home improvement program specifics

To apply for a Texas Veterans Home Improvement Loan (VHIP), the Veteran may call 1-800-252-VETS to request an Application for Certification (as a Texas Veteran). The TVLB information specialists can answer general questions about the program and send information and brochures. We have established Loan Production Offices (LPOs) throughout the state to provide information and assistance to Texas Veterans. The Veteran may call one of the Loan Production Offices for additional information (see directory on pages 17-18).

The Veteran must complete the Application for Certification and send it to the Texas Veterans Land Board along with a nonrefundable filing fee of \$25. The Certificate of Eligibility, which is valid for 180 days, will be mailed to the Veteran within approximately two weeks. The process qualifies the applicant to participate in the VHIP as a Texas Veteran. **It does not in any way indicate that the loan has been approved.**

While waiting for the Certificate of Eligibility, the Veteran should contact contractors and get a minimum of two bids on the improvements to be made.

Once the Certificate of Eligibility has been received, the Veteran should call the TVLB's toll-free number or an LPO to request a credit application. Submit the completed credit application and a \$50 nonrefundable credit review fee to the Texas



Veterans Land Board along with the yellow copy of the Certificate of Eligibility.
All Texas Veterans Land Board loans are subject to credit approval.

Eligible improvements

The VHIP can be used only for alterations, repairs and improvements that are eligible for financing under the Department of Housing & Urban Development (HUD) Federal Housing Administration (FHA) Title I Loan Program.

All work and/or construction must be in compliance with all applicable building codes and standards. The VHIP loan can be used to make alterations, repairs and improvements to, or in connection with, the Veteran's existing residence if and **only if** the repairs will:

- substantially protect or improve the basic livability or energy efficiency of the property; or
- correct damage resulting from a natural disaster or correct conditions that are hazardous to health or safety.

Examples of eligible improvements include:

- carpeting
- patios
- fencing
- driveways
- room additions
- garages

Examples of ineligible improvements include:

- exterior spas, saunas, whirlpool
- swimming pools
- tree surgery
- barbecue pits
- tennis courts

A more detailed listing of eligible and ineligible home improvements is available by calling or visiting any loan production office or by calling the TVLB's toll-free number, 1-800-252-VETS.

Eligible homes

The home must be geographically located in the state of Texas and must be the Veteran's primary residence.



In addition to single family dwellings, condominiums, duplexes, triplexes and four-plexes are eligible as long as one of the units is the Veteran's primary residence. Duplexes, triplexes and four-plexes must be at least five years old. Modular or manufactured homes that are on a permanent foundation and are a part of the real estate may also be eligible, but the final decision on these types of loans will be determined by the TVLB.

Texas Veterans Land Board's investment

The TVLB will invest a maximum of \$25,000 for a home improvement loan, as follows:

Single family residence:

Maximum loan \$25,000

Manufactured/modular home:

Maximum loan \$5,000

Multi-family residence:

Maximum loan \$25,000 or an average of \$12,000 per dwelling unit, whichever is less, up to a total loan of \$25,000

Fees and expenses

Down payment

None required

Filing fee

\$25 must be submitted with Application for Certification (nonrefundable)

Credit review fee

\$50; due when loan application is submitted (nonrefundable)

FHA Title I insurance

.5% (one-half of one percent) annually on the original principal balance

Recording fee

\$40



The TVLB will also charge all reasonable and customary charges permitted by law for the processing and closing of home improvement loans. Every effort is made to keep these fees at a minimum. These fees include, but are not limited to:

Escrow fees for FHA insurance

Title report fee (actual cost)

These fees cover the TVLB's costs of underwriting and establishing servicing of the loan.

Contract terms and interest rate

As a result of restrictions imposed on the use of tax-exempt bonds by the 1986 Federal Tax Reform Act, not all Veterans are eligible for the same interest rate. **The interest rate will be determined at the time the Certificate of Eligibility is issued.** (The total resulting interest rate will be determined by FHA Title I insurance provided to insure the note.) For more information on the interest rates, please call the TVLB toll-free number, 1-800-252-VETS.

The terms of the loans vary. Loans under \$10,000 may be made for a term of two to ten years. Loans from \$10,000 to \$25,000 may be made for a term of two to twenty years.

Home equity in an amount equal to the loan amount will be required on a loan that exceeds \$15,000 where the structure has not been completed and occupied for at least six months. Equity is determined before improvements.

The loan is secured by a Deed of Trust which uses the Veteran's home as collateral. The TVLB must be in a first or second lien position.

There is no prepayment penalty.

Assumptions

VHIP loans may be assumed with the written consent of the Program Administrator and Loan Servicer, Lomas Mortgage USA, with the following conditions:



- The Veteran must have occupied the home as his/her primary residence for a period of three years from the date of completion of the home improvements.
- An Assumption and Release Agreement (which provides for the eligible borrower to assume the Veteran's indebtedness) must be executed by the assuming eligible borrower .
- The home improvement loan shall continue to be insured under all applicable insurance policies.
- The assuming eligible borrower intends to use the home as his/her primary residence within 60 days after the home improvement loan is assumed.
- All terms and rules of the TVLB have been met and approval of the TVLB has been obtained.

Additional guidelines and information

The VHIP loan cannot be used to refinance any prior indebtedness. If the Veteran is required to vacate the home while the improvements are being made, he/she must re-occupy it within 60 days after completion of the construction.

VHIP loan process

- The Veteran requests an Application for Certification of Eligibility from the TVLB.
- The Veteran completes the Application for Certification and sends it, along with a \$25 nonrefundable fee, to the Texas Veterans Land Board.
- While waiting for certification (approximately two weeks), the Veteran may contact contractors and secure bids on the improvements to be made. The Veteran must inform the contractor that the improvements are being done through the VHIP and make the contractor aware of any applicable fees.



- ❑ When the Texas Veterans Commission notifies the TVLB of approval of the Veteran's eligibility, the Certificate of Eligibility will be sent (original and a yellow copy) to the Veteran.
- ❑ The Veteran should request a Veterans Credit Application by contacting the area LPO or the TVLB's toll-free number, 1-800-252-VETS.
- ❑ The Veteran should submit to the TVLB each of the following:
 - Completed Credit Application
 - \$50 Credit Review Fee
 - Title Report Fee (amount to be determined by Loan Officer)
 - Yellow copy of Certificate of Eligibility
 - Two Bids for Improvements
- ❑ After loan approval by the Texas Veterans Land Board, the Veteran or the contractor submits to the TVLB a Contract for Labor and Materials which has been signed by both the Veteran and the contractor.

Construction must not begin prior to the contractor filing a completed, notarized mechanic's lien contract in the county where the property is located. Failure to meet this requirement will prevent the Texas Veterans Land Board from providing financing for the loan and render the application void!
- ❑ Improvements to the Veteran's property are undertaken and completed. (Construction cannot start until midnight of the third business day following execution of the Contract for Labor and Materials between the Veteran and the contractor.)
- ❑ Eleven days prior to completion of the improvements, the contractor notifies the TVLB so that final paperwork can be processed. A Completion Certificate is sent to the Veteran for execution.



- ❑ Once the improvements are completed to the Veteran's satisfaction, he/she must complete and return the Completion Certificate to the TVLB. The contractor will not be paid until this document and the final inspection report are submitted to the loan officer.

At this time the Veteran must pay:

- 14 months FHA Title I Insurance (escrow)
- \$40 Recording fee
- Prepaid interest, if due

The contractor must pay:

- \$120 Servicing Fee

- ❑ After the loan has been funded, the TVLB submits the file to the servicer, Lomas Mortgage USA, who will send monthly billing statements to the Veteran.

Loan production office locations

Loan Production Offices are located throughout the state. Addresses and phone numbers listed in this publication are as of April 1995. Because situations can change, the information specialists on the toll-free line, 1-800-252-VETS, will always have an up-to-date listing of LPOs. Please call the specialists regarding questions on area LPOs.

Austin

1700 N. Congress Ave., Room 700
Austin, TX 78701-1496
(512) 475-1434

Corpus Christi

1231 Agnes, Suite B
Corpus Christi, TX 78401-3266
(512) 887-6358

Dallas

3727 Dilido Drive, Ste. 124-B
Dallas, Texas 75228-5531
(214) 320-9098

El Paso

6585 Montana, Bldg. R, #100
El Paso, TX 79925-2122
(915) 772-6285



Houston

2656 S. Loop West, Suite 500
Houston, Texas 77054-2639
(713) 666-3091

McAllen

4417 North McColl Road
McAllen, TX 78504-2464
(210) 686-8387

San Antonio

4538 Centerview Dr., #132
San Antonio, Texas 78228-1304
(210) 736-2042

Questions and answers

Housing assistance program

- Q.** What if the Veteran hasn't lived in the home for three years and wants to let someone assume the loan?
- A.** Waivers will be considered on a case-by-case basis if evidence can be submitted to prove financial incapacity, death of the Veteran purchaser, job transfer requiring the Veteran to relocate to another city, or a court order such as divorce, bankruptcy, etc.
- Q.** Can two Veterans combine their benefits and get \$45,000 each for the same house?
- A.** Yes, provided they are husband and wife, both eligible for the program, and will both be residing in the home as their primary residence for the first three years of the loan.
- Q.** Can Veterans use the VHAP if they are not eligible for federal Veterans Administration benefits?
- A.** The VHAP is a state program and not affiliated with the federal VA, so the Veteran may still be eligible for a VHAP loan regardless of VA eligibility, provided the Veteran is certified as a Texas Veteran.



- Q.** Who will do the appraisal on the home?
- A.** The lending institution will be responsible for the appraisal of the home to be purchased.
- Q.** What is the benefit of using the VHAP?
- A.** The interest rate on a VHAP loan is usually lower than rates on other types of loans. By combining a \$45,000 VHAP loan at a below-market interest rate with another loan at the current market rate, the Veteran will have a lower blended rate on the overall mortgage and lower monthly payments. This may allow the Veteran to qualify for a home that might have previously been denied.
- Q.** Who determines the Veteran's financial qualifications?
- A.** The lender will follow normal mortgage lending and underwriting guidelines to determine the Veteran's credit worthiness and financial qualifications.
- Q.** If the loan is paid in full, can a Veteran use the program again?
- A.** A Veteran can use the program only once.
- Q.** Can the program be used to build a home on land a Veteran is buying through the Veterans Land Program?
- A.** Yes. However, the Veteran must obtain a severance deed for the portion of the land where the home will be located. Please refer to the Take-Out Loans section, on page 4 of this guidebook.
- Q.** Can the VHAP be used for a shell home or a mobile home?
- A.** The term "shell home" has a different meaning for different people. The VHAP requires that the home must be a livable structure as defined by the lender. Contact the lender to see if the structure the Veteran wants to purchase qualifies under its guidelines. The VHAP cannot be used to purchase a mobile home.



Home improvement program

- Q.** What happens if the Certificate of Eligibility expires before the work is completed?
- A.** The TVLB will accept written requests for extensions if the extension is needed due to a circumstance beyond the Veteran's control. These requests must be submitted prior to the expiration date and will be reviewed on a case-by-case basis. If the request is made after the expiration date, the Veteran will be required to pay another \$25 for a new certificate. Please note that a new certificate may have a higher interest rate.
- Q.** If the improvements have already been completed, can the VHIP be used to finance them?
- A.** No. The VHIP loan cannot be used to pay off any prior indebtedness.
- Q.** Why does the work have to be done by a general contractor?
- A.** VHIP loans are FHA Title I insured loans. FHA requires that a Mechanic's and Material Lien be taken out against the property, and that the lien must be assigned to the TVLB. This type of lien cannot be secured by the property owner, but can be made by a general contractor.
- Q.** Why are certain types of improvements ineligible for an FHA insured VHIP loan?
- A.** The FHA determines which improvements are eligible for a loan. Its guidelines state that the improvement must enhance the basic livability or energy efficiency of the home or repair damage due to a natural disaster.
- Q.** Why does the FHA insure these loans?



- A.** FHA insures these loans against default, which helps to maintain the stability of the program.

- Q.** Can the VHIP be used on a mobile home?
- A.** Yes, as long as the mobile home is on a permanent foundation which is a part of the real estate. However, home improvement loans for mobile homes may not exceed \$5,000. The tongue must have been removed and the mobile home must have been transferred from personal property to real property by submitting an affidavit of transfer and the title to the Texas Department of Licensing and Regulation. There are additional requirements which also must be met. Please consult with a TVLB loan officer for those requirements.

- Q.** If someone needs more information or help completing the applications, is there help available?
- A.** For assistance contact the nearest TVLB Loan Production Office or call the TVLB toll-free line, 1-800-252-VETS.



The Texas Veterans Land Board

Notes



Notes



The Texas Veterans Land Board

***“Remember...we don't need to do our
Veterans a favor, just repay one.”***

**Garry Mauro, Chairman
Texas Veterans Land Board**



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Garry Mauro, Chairman
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