

Foreclosure and Refinance Options for Veterans

Protection from Foreclosure under SCRA- Service members, veterans and their dependents, whose active duty military service ended within the last 12 months, can benefit from foreclosure protection under the federal Servicemembers Civil Relief Act (SCRA). The SCRA may allow you to obtain a lower interest rate or delay the foreclosure process for up to one year after service has ended. The sale, foreclosure, or seizure of real estate by a creditor against a protected borrower is invalid unless the creditor obtains a court order. The “one year” Veteran eligibility provision remains in effect through December 31, 2019. If not amended before then, the term reverts to 90 days from the end of military service. Contact your nearest VA Loan Technician at 877.827.3702 for information on SCRA and other options to avoid foreclosure.

Refinancing a VA – Backed mortgage – The VA’s [Interest Rate Reduction Refinance Loan \(IRRRL\)](#)-also known as “VA Streamline” loan –allows refinancing of a mortgaged property already secured by a VA loan. The property must be VA to refinance VA; non-VA loans are not eligible. No appraisal or credit-underwriting package is required for an IRRRL, and no down payment is required if the borrower wraps closing costs into the new loan or agrees to a higher interest rate. You cannot get cash proceeds from the IRRRL. Any VA lender can process this type of loan application. Eligible Native American Veterans can take advantage of the [Native American Direct Loan \(NADL\) Program](#), which can help reduce the interest rate on a VA loan, among other housing benefits.

NOTE: *Beware of VA home refinance scams.* The VA and the Consumer Financial Protection Bureau have issued a ‘Warning Order’ to servicemembers and Veterans with VA home loans.

VA Loan Refunding- The VA may buy your VA loan from the mortgage company if you have not been in default for six months or more. VA refunding often involves situations in which you are experiencing extreme difficulties, but circumstances are likely to be resolved in the near future so that you can make payments on the loan.

Non-VA Loans –If you are behind, contact your loan servicer quickly as possible. Visit [VA’s home loans website](#) or call 877.827.3702 to speak with a VA Loan Technician for advice on approaches to take with your servicer.

Other Foreclosure Assistance- Other alternatives to foreclosure include:

- Repayment Plan–Borrower makes a regular installment each month plus part of the missed installments.
- Special Forbearance – Loan servicer agrees not to initiate foreclosure to allow time for borrower to repay missed installments (for example, when the borrower is waiting for a tax refund).
- Loan Modification – Borrower may the delinquency to the loan balance, establish a new payment schedule, obtain a lower interest rate, or modify other loan terms.
- Extension for Private Sale –Loan servicer agrees to delay foreclosure to allow borrower time to sell the property to pay off the loan.
- Short Sale (AKA compromise sale) – Loan servicer permits borrower to sell home for a lesser amount than what is currently required to pay off the loan.
- Deed-in-Lieu of Foreclosure – Borrower voluntarily agrees to deed the property to the loan servicer instead of going through a lengthy foreclosure process.
- The [Department of Housing and Urban Development](#) (HUD) sponsors local housing counseling agencies to provide information on dealing with delinquencies. Call HUD at 800.569.4287 to find the one near you.
- [HOPE NOW](#) assists distressed borrowers retain their homes and avoid foreclosure. Call 888.995-HOPE (4673).

Other Resources- Visit www.tvc.texas.gov for other information, including property tax reductions.