

## **VA Creates Borrower Disincentive With Delays, Longer Closing Time**

A high percentage of VA loans are not closing on time, potentially creating a disincentive for borrowers to use the product and opt for the competition instead, according to the latest *Campbell/Inside Mortgage Finance's HousingPulse Tracking Survey*.

Data showed that the share of VA loans closing on time declined to 55 percent in March 2015 from 70 percent in April 2014.

This suggests that 45 percent of VA loans are experiencing serious delays in closing.

“For VA, this is a significant change for the worse,” said Tom Popik, designer of the survey.

The VA's average closing time is 41 days as of March this year, up from around 39 percent a year ago..

Comparatively, 75 percent of Fannie Mae and Freddie Mac loans with private mortgage insurance are closing on time as of March 2015, up from 68 percent a year ago.

When delayed, VA closing takes a lot longer, 29 additional days, up from 16 in March 2014. This has rocketed up in the last three months, Popik noted.

Overall, the average closing time for VA loans, including delays, is up 54 percent from March last year.

Popik offered no explanation for VA's prolonged closing time. “But that to me is a real disincentive to use VA,” he said. ►