

## **VA to Scrutinize Closing Delays, Explore Ways to Shorten Wait Times**

The Department of Veterans Affairs is looking into reports that a high percentage of VA loans are not closing on time, creating a disincentive for veterans who might want a VA loan.

According to Jeff London, deputy director of the VA Loan Guaranty Service, his staff is researching the most recent closing times “to understand the reasons behind the increase for the industry as a whole” as well as how lengthy closing times are affecting veterans.

“We have invested significant effort in reducing closing times so that our industry partners will seek to offer VA loans,” he said.

Results of a recent *Campbell/Inside Mortgage Finance HousingPulse Tracking Survey* indicate that the share of VA loans closing on time fell to 55 percent in March 2015 from 70 percent in April 2014.

The data suggest that 45 percent of VA loans are still experiencing serious delay.

In addition, the average closing time for a VA loan was 41 days as of March this year, up from 39 last year.

On the other hand, 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.

VA closing takes longer, 29 additional days, when delayed, up from 16 days in March last year.

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

Participants in the survey consisted of real estate agents.

Interestingly, at the recent National Association of Realtors’ legislative conference in Washington, DC, VA officials urged Realtors to “help debunk” misconceptions about the VA home loan guaranty program, particularly about delays in closing.

In his remarks, John Bell, assistant director of loan policy and valuation, called upon the NAR to help in improving VA’s outreach to the community.

“You are the front line of defense when it comes to helping veterans understand this program; without Realtors, veterans will not come,” he said.

### **Closing Delays**

Seth Task, chairman of NAR’s federal financing and housing policy committee, noted that the VA home loan program has special closing requirements that are different from conventional loans.

Realtors, however, are concerned that the differences may deter sellers from accepting veterans’ offers, especially during bidding wars when a VA loan may seem inconvenient, he said.

“We think every veteran should be able to use a VA loan, and it is frustrating for us when there are confusions or other roadblocks that prevent veterans from getting the home they want,” said Task.

Bell said further education is needed. “There are misconceptions in the marketplace about VA loans,” he said. “People worry that VA loans [take too long] to close or are difficult to underwrite, and that the appraisal process drags on too long. Yet the facts show that appraisal and closing times are on par with the rest of the industry.”

Bell asked the NAR to remind lenders to request an appraisal early in the process to make sure a VA-certified appraiser is able to value the property in advance of the closing date.

“If agents feel that a shortage of certified appraisers is slowing down the process, they can call the local VA loan center and request a review of appraiser capacity,” he suggested.

Meanwhile, London noted that the VA continually examines the home loan guaranty program. He also pointed to April 2015 data regarding closing wait times from Ellie Mae, a third-party provider of mortgage industry data.

“According to Ellie Mae, closing times for all loan types are up by six days compared to last year,” he noted. “Further, the data for April 2015 show that VA loans close in 46 days, while conventional loans also close in 46 days, and FHA loans close in 44 days.”

London said the VA will continue to explore ways to help veterans achieve homeownership in a timely manner.

At the same time, the agency will continue monitoring accuracy to ensure every veteran has the opportunity to use the benefits they have earned. ►