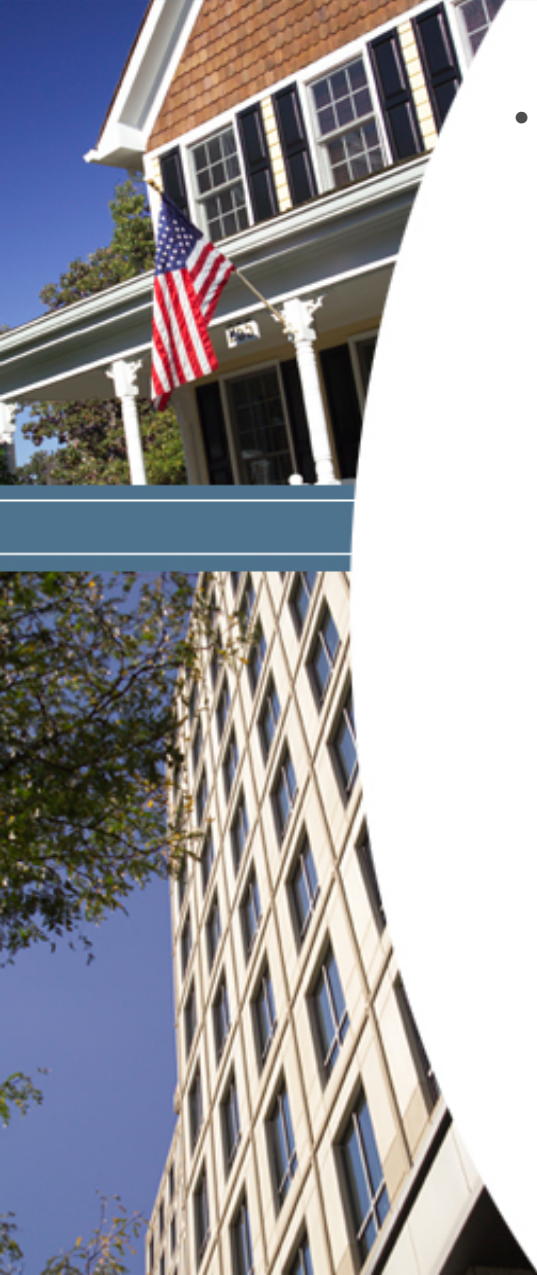
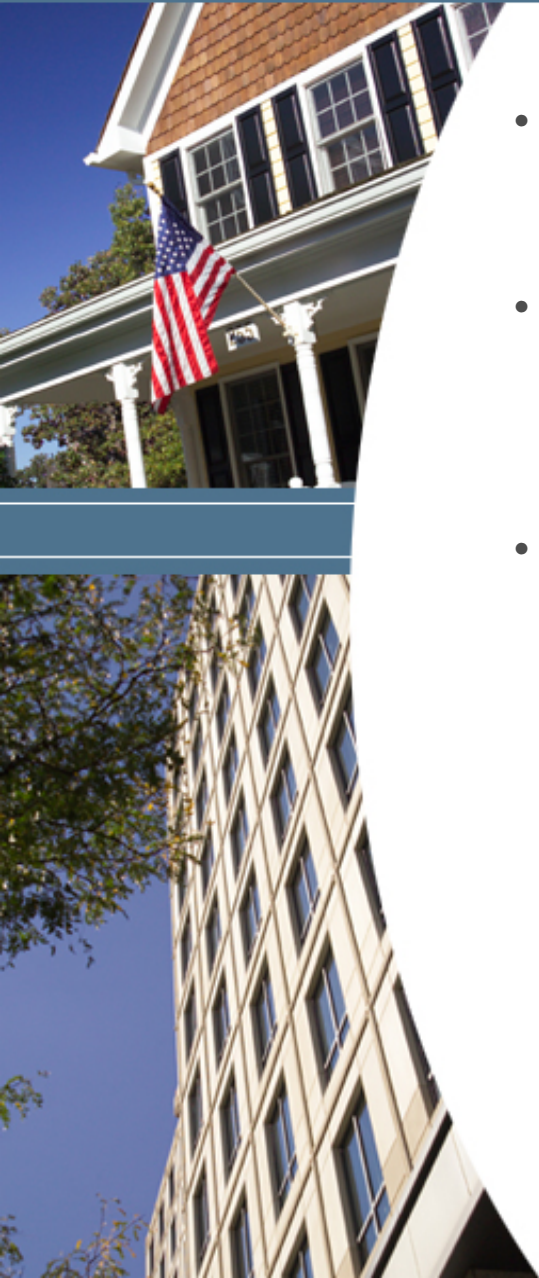




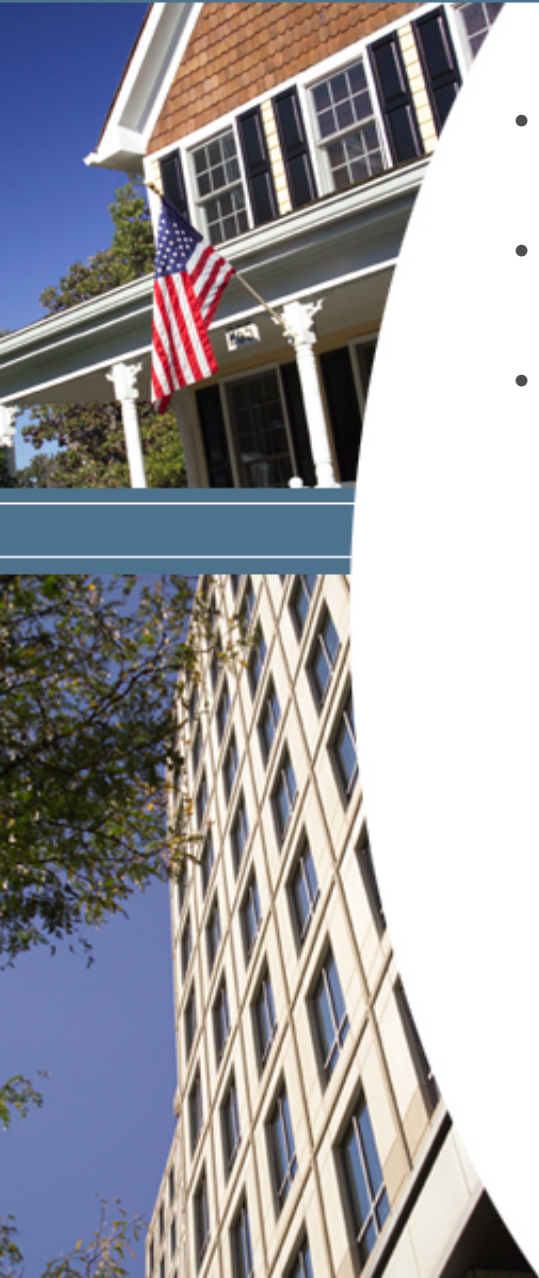
Department of Veterans Affairs Loan Guaranty Service

MBA Residential Underwriting Conference

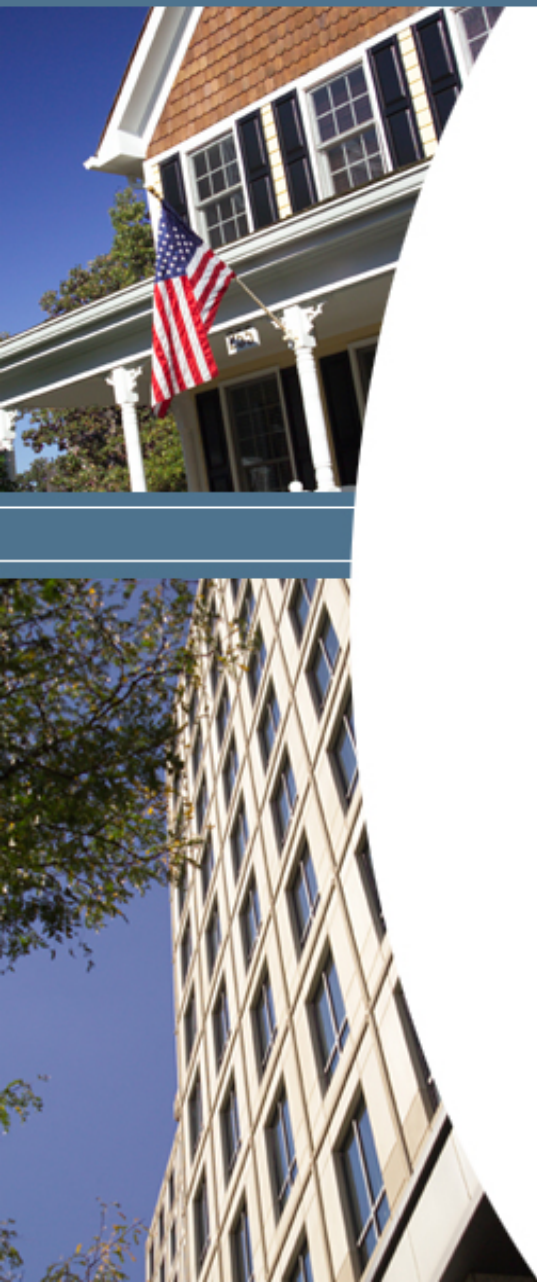
- 
- Major Handbook change completed.
 - » Updated several chapters
 - » Presently working on next change to incorporate new issues/policies



- GNMA eliminated their loan limit (was \$417,000), which means lenders can process higher priced loans and pool them with GNMA.
- Generally, veterans still need a downpayment of a % of difference between sales price and \$417,000 – but it's still less than otherwise would be required.
- Max. VA guaranty has not increased.

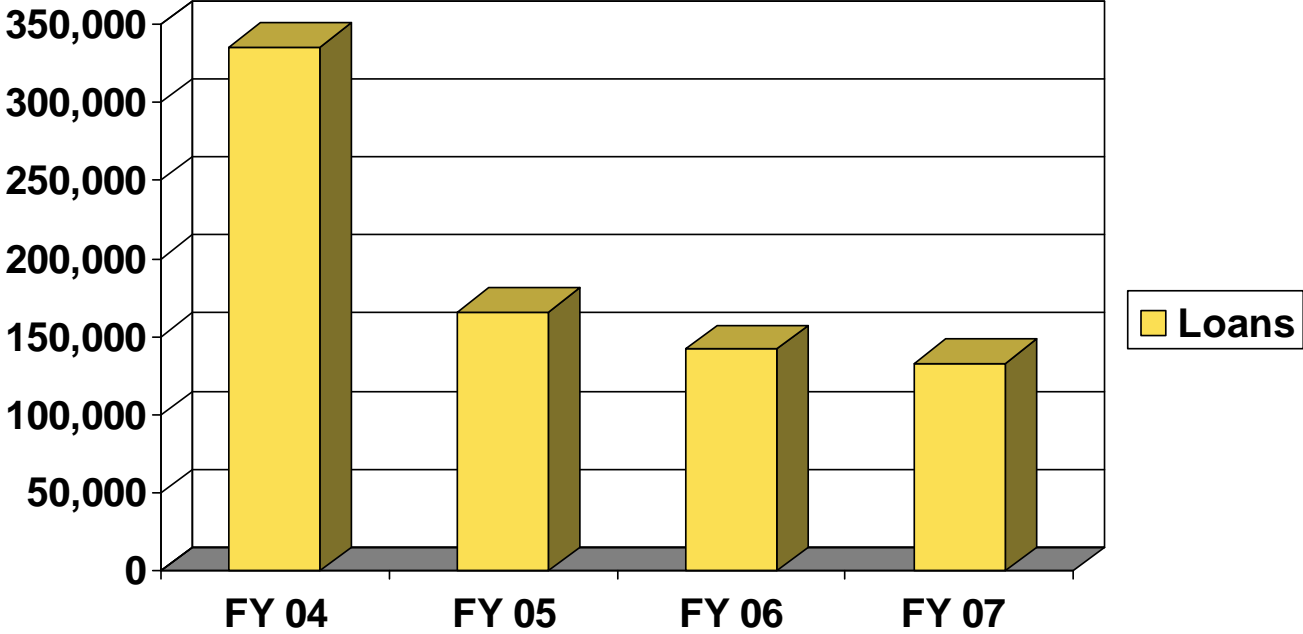
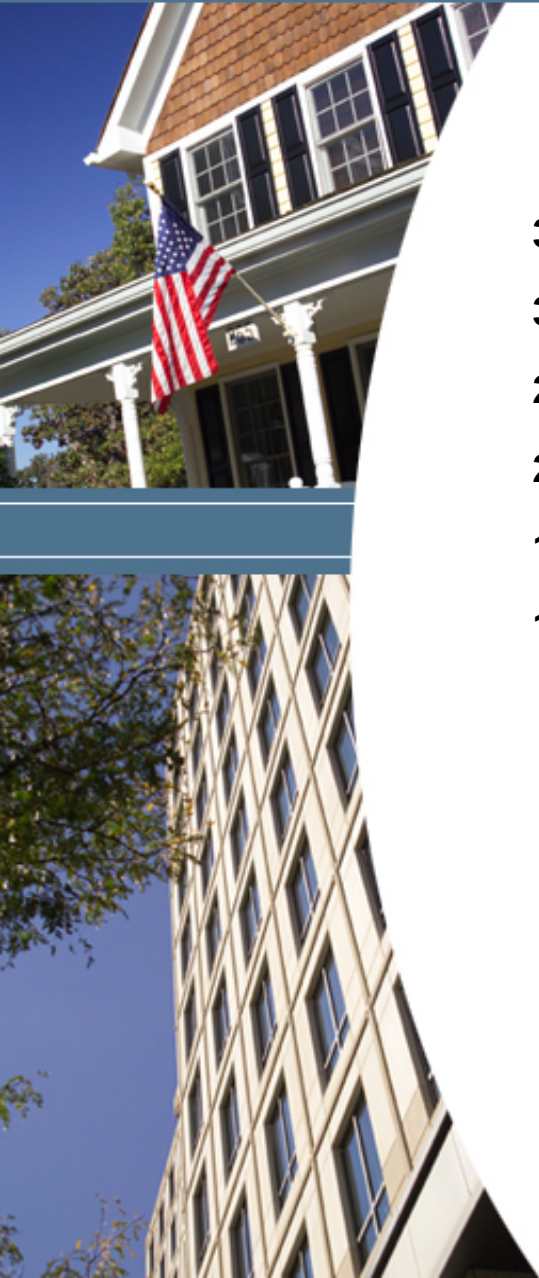


- Mortgage market “crisis” will result in more borrowers going VA
- Other loan products (80/20, 2/28, stated documentation) have dried up.
- Lenders/borrowers will likely go to Government loans as they are stable and offer safety.

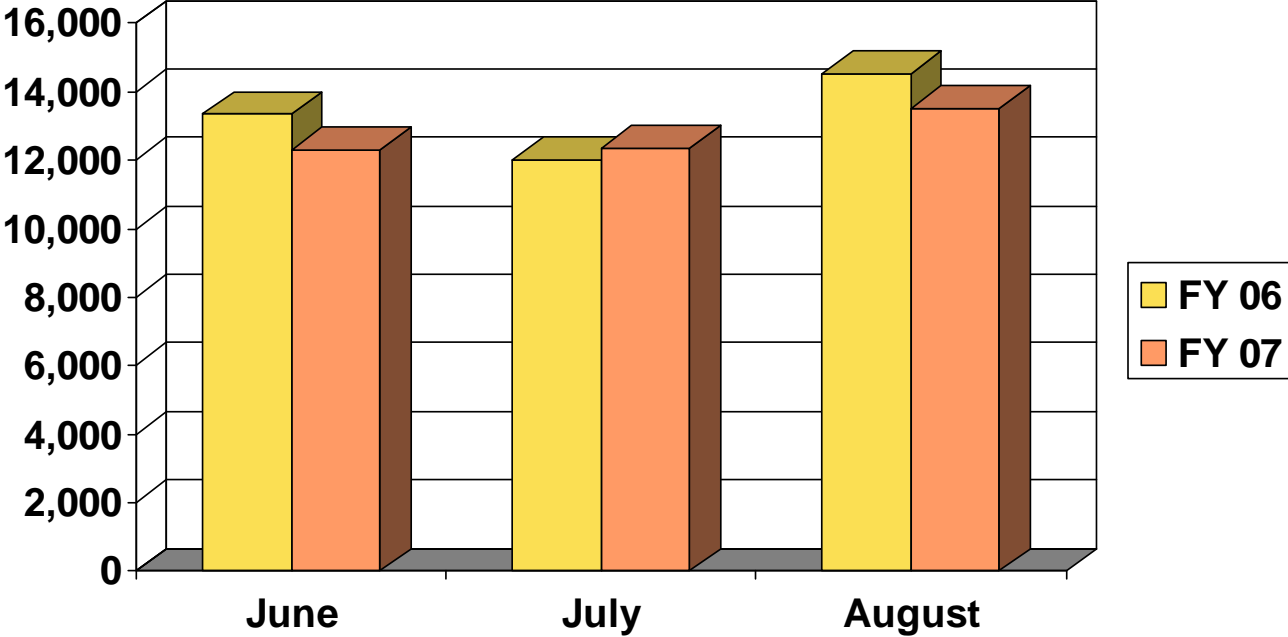
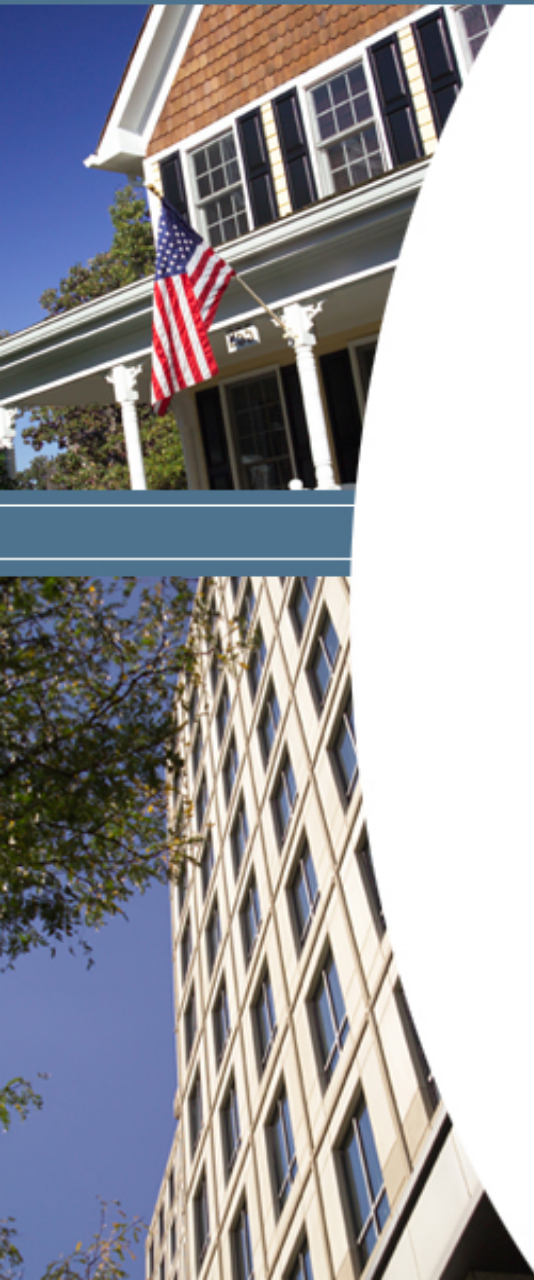


<u>Year</u>	<u># Loans*</u>	<u>\$ Amount*</u>
FY 2001	250,000	\$31 Billion
FY 2002	317,000	\$40 Billion
FY 2003	490,000	\$63 Billion
FY 2004	336,000	\$44 Billion
FY 2005	165,000	\$24 Billion
FY 2006	143,000	\$25 Billion
FY 2007	133,000	\$25 Billion
Total	1,824,000	\$251 Billion

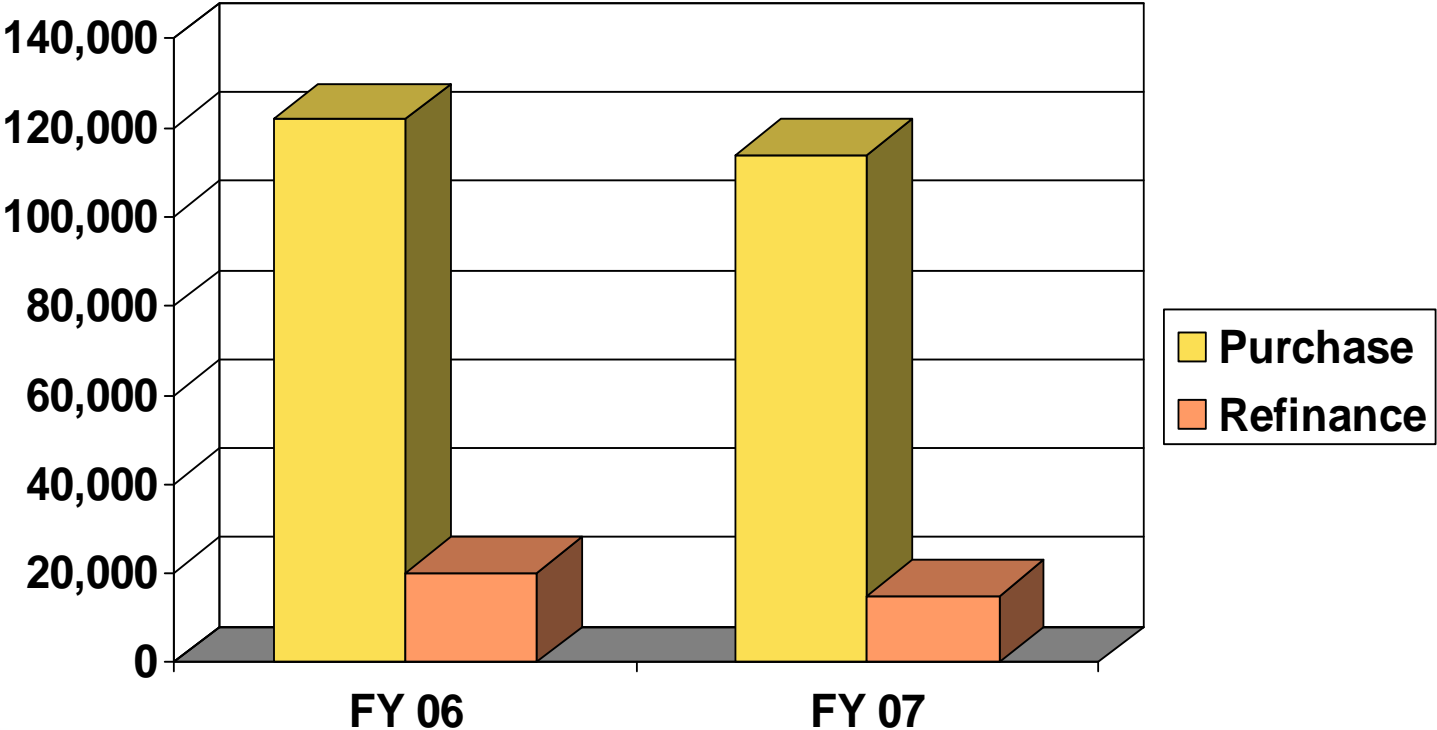
** Data represents guaranties issued during the FY in question*



Loan Volume (cont)

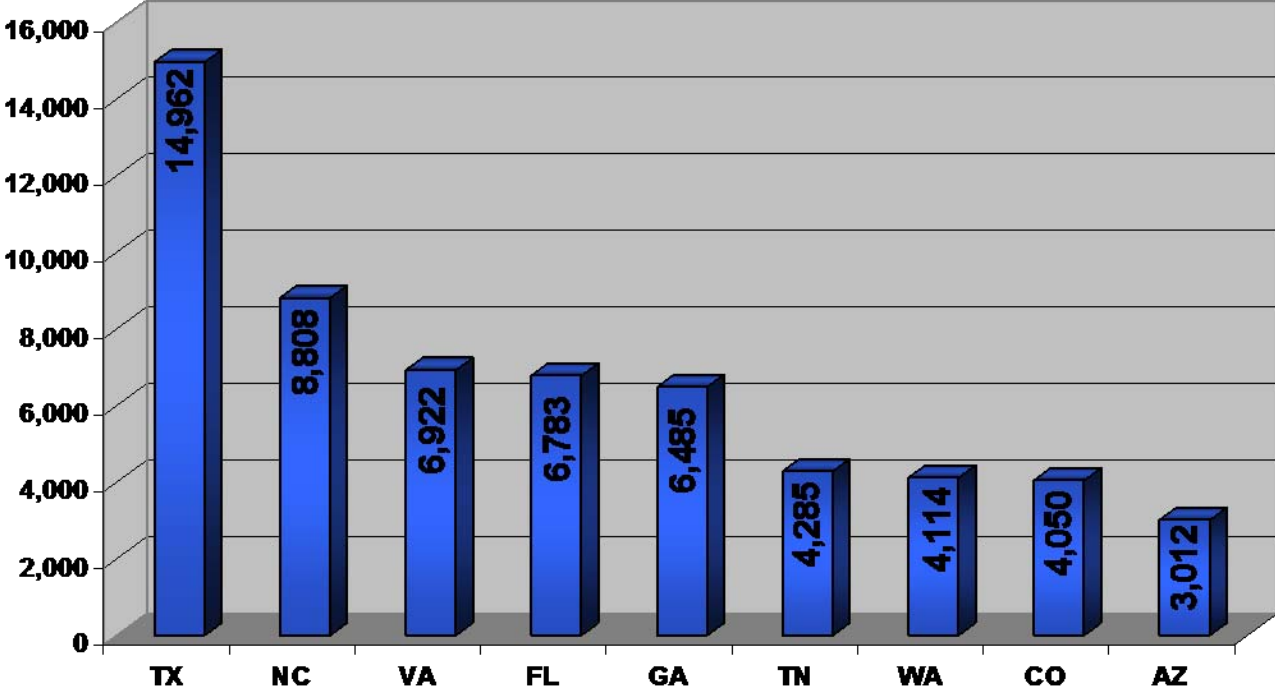


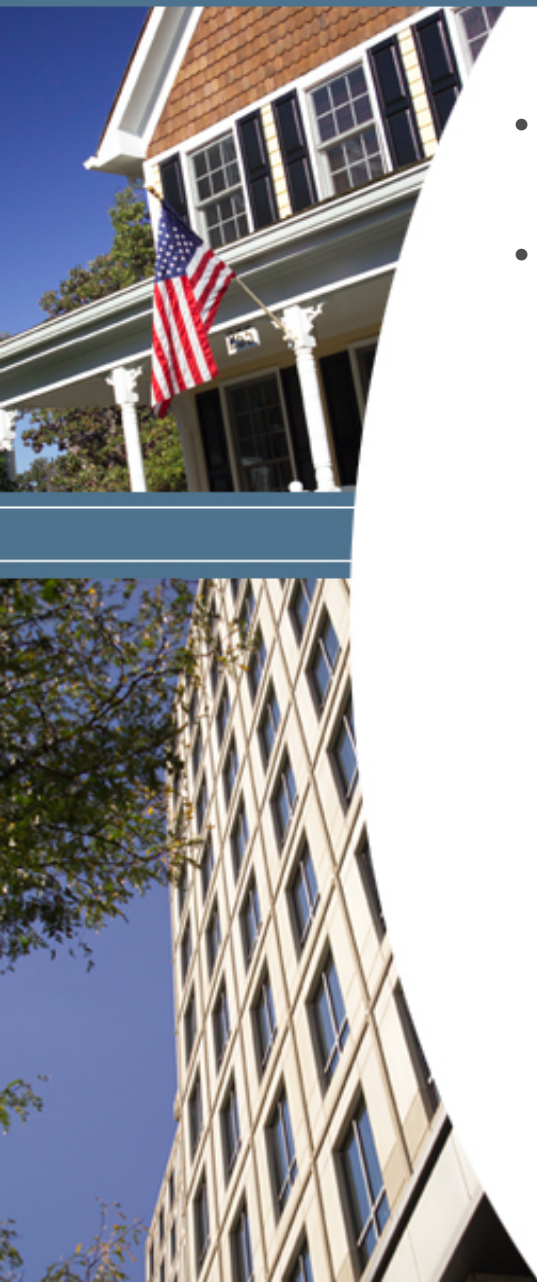
Purchase vs Refinance



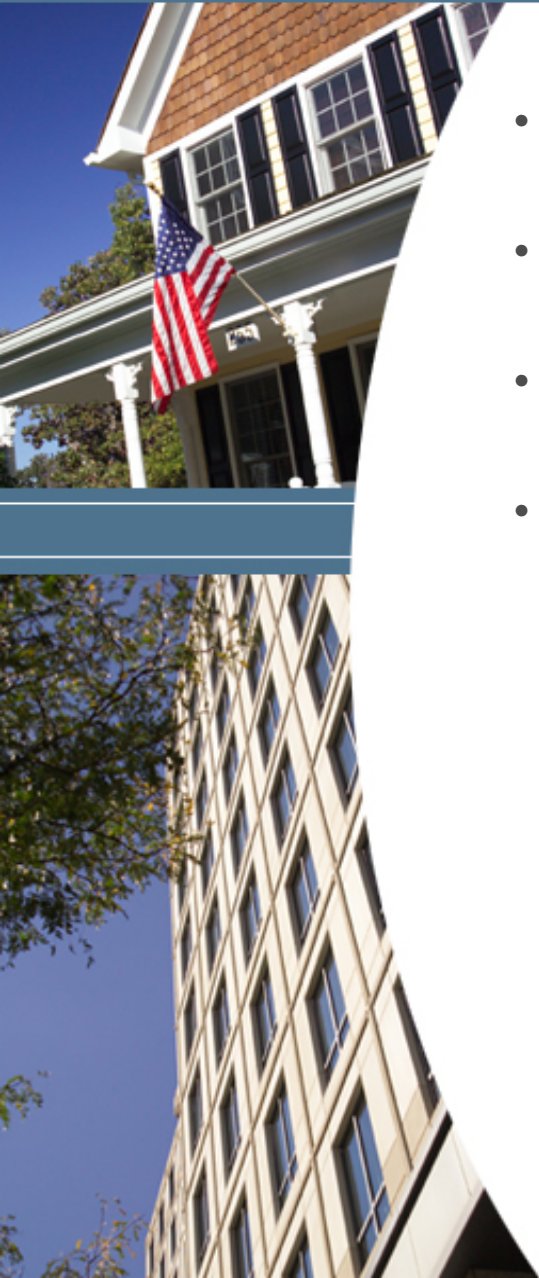


FYTD 2007 Loans Guaranteed Top 10 States

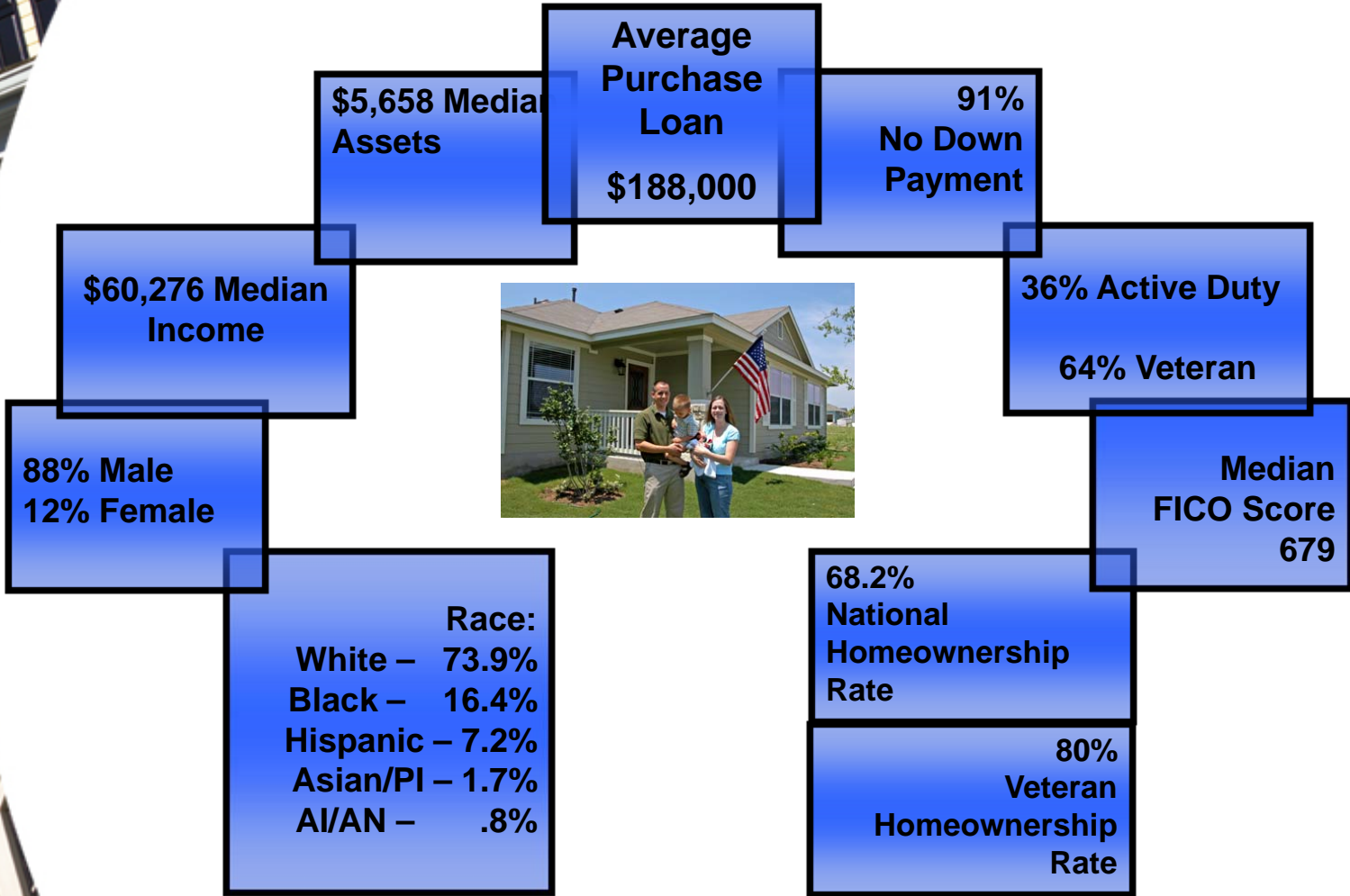


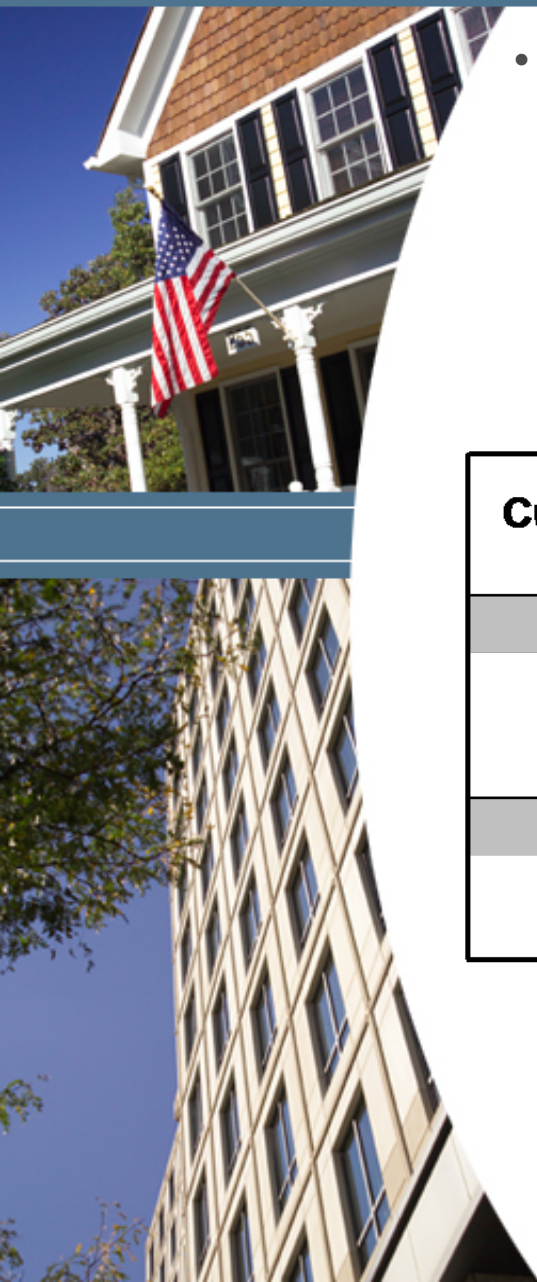


- FY 07 - 220,328 COEs issued
- 93% worked in webLGY
 - » 72% mailed
 - » 21% electronic application



- 166,791 requests online from 10/1/2006 thru 9/30/2007
- 95,941 (approx 58%) resulted in COE immediately!
- Lenders can, if necessary, send apps and supporting docs to EC online.
- Saves mail time. Response will be emailed back to lender

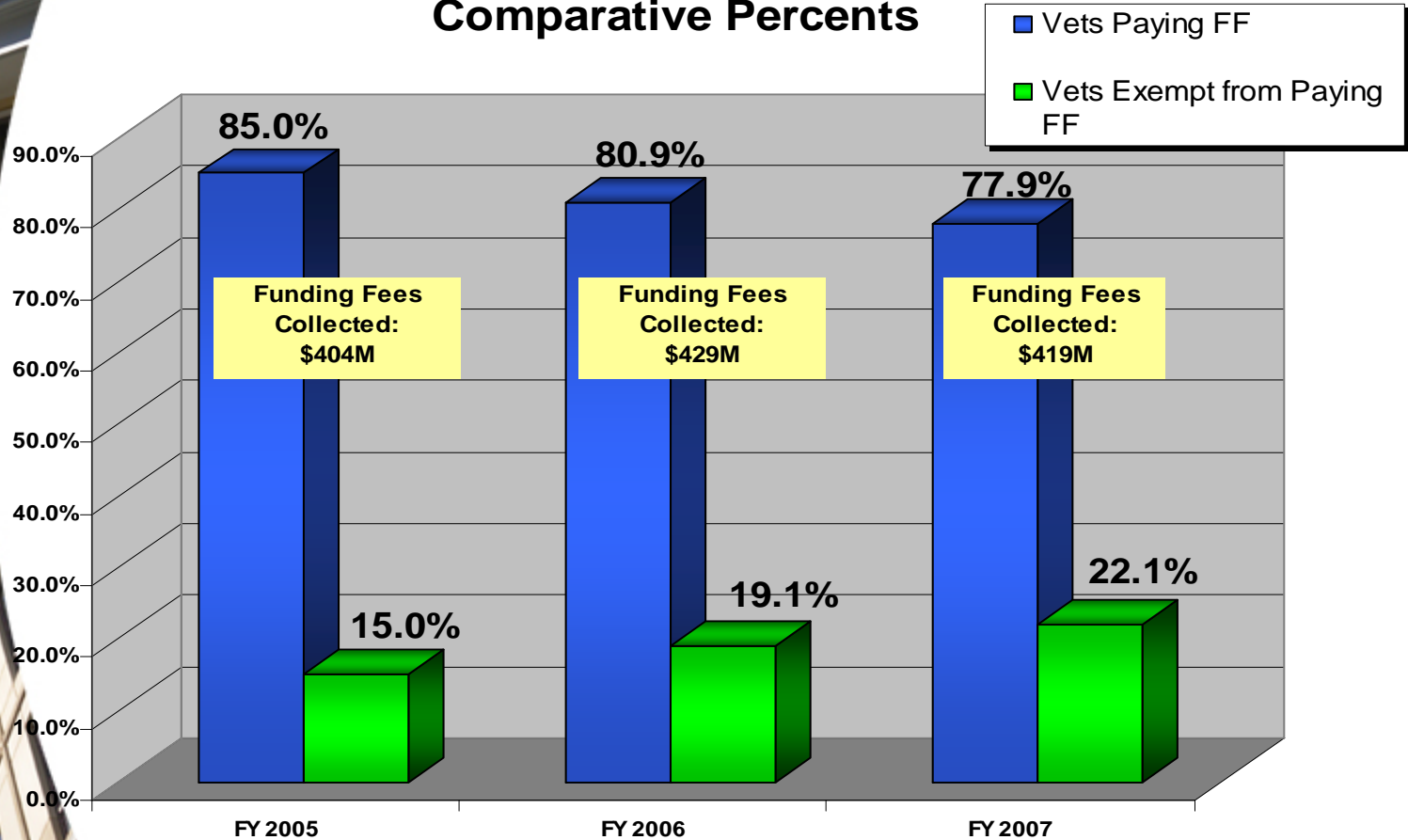


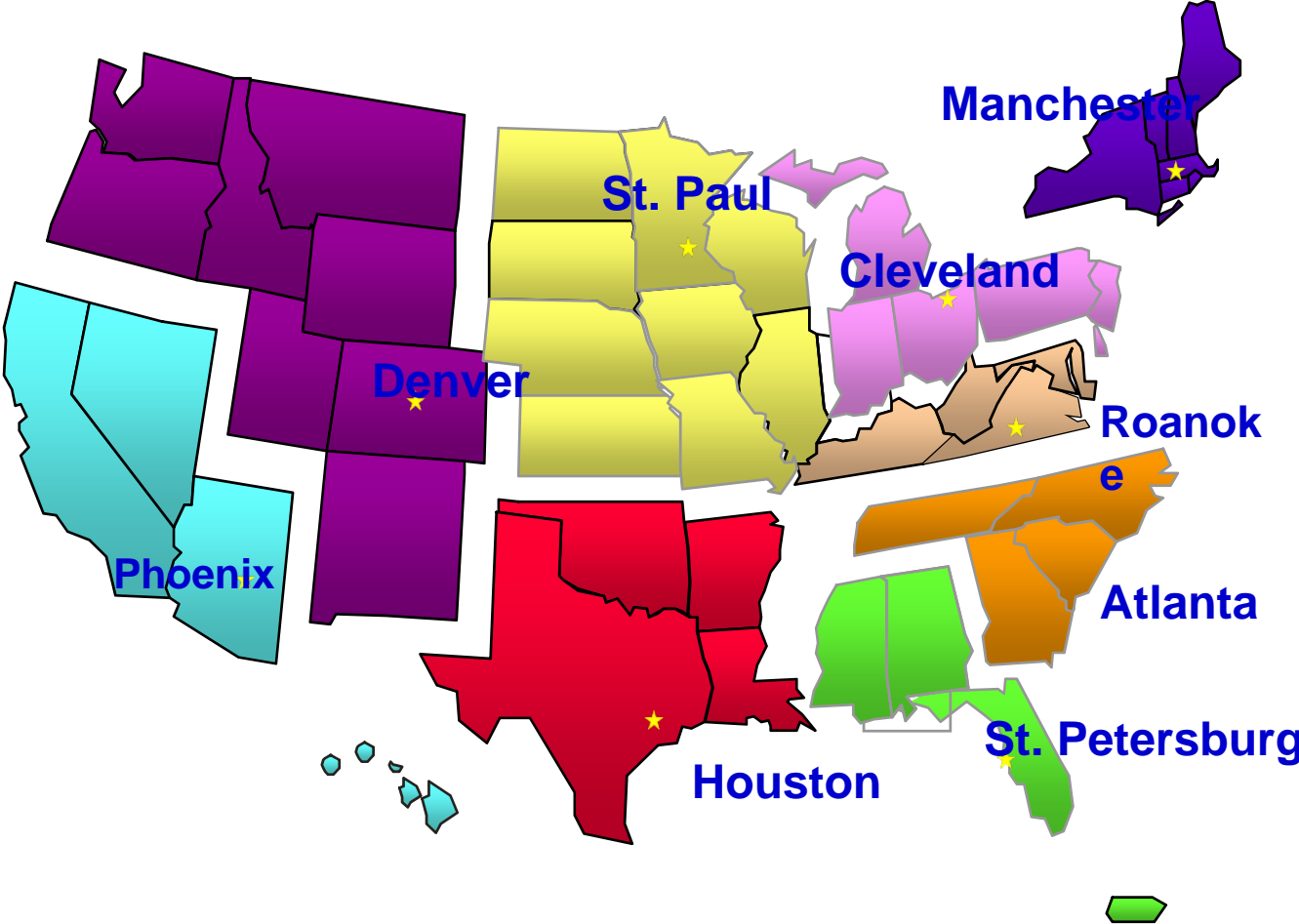


- Veterans are charged a funding fee when using the VA LGY program.
Exemptions:
 - » Veterans receiving VA compensation for service-connected disabilities, or who are rated by VA as eligible to receive compensation as a result of pre-discharge disability examination and rating.

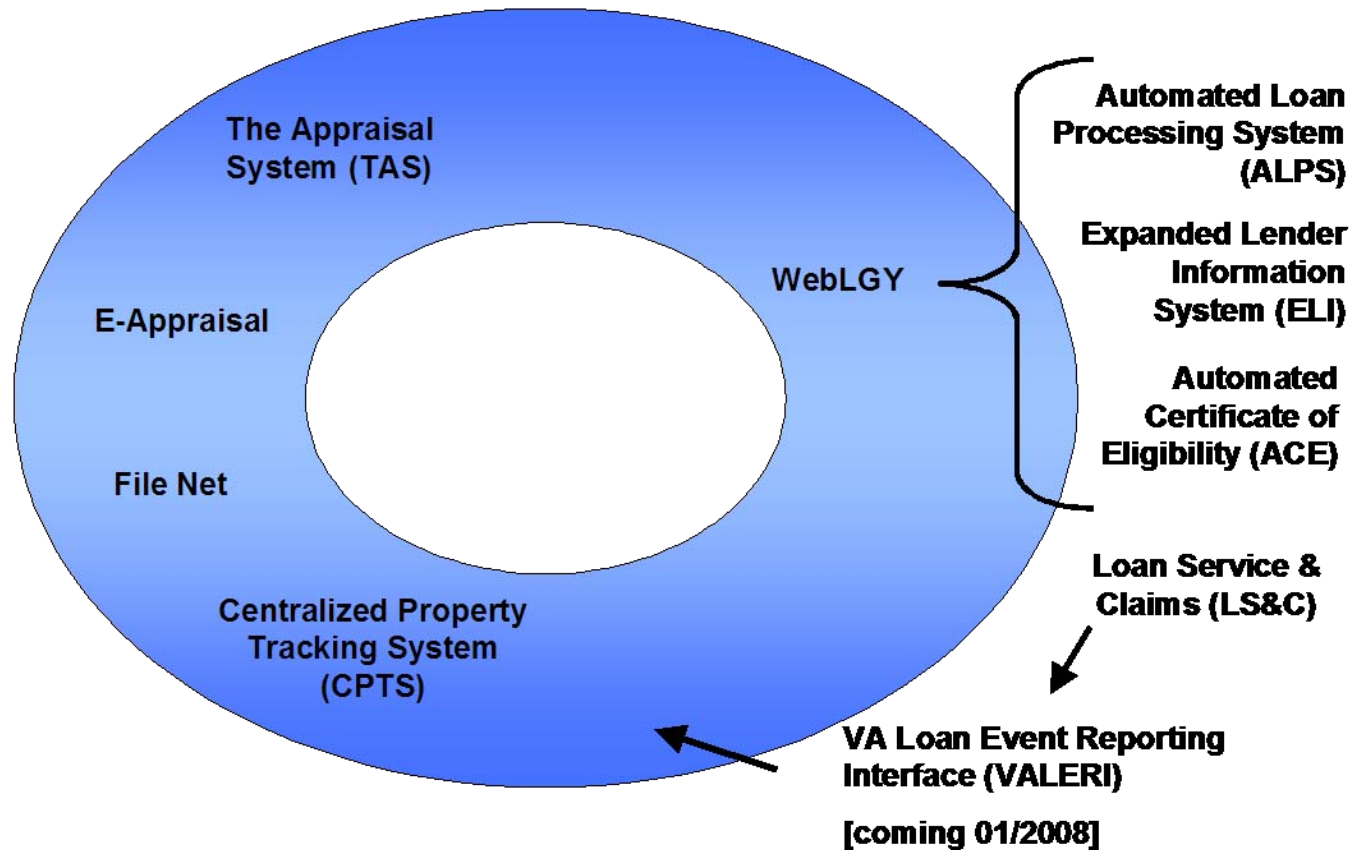
Current Funding Fee Structure	Down Payment	Percentage for First-time Use	Percentage for Subsequent Use
Regular Military	None	2.15%	3.30%
	5% up to 10%	1.50%	1.50%
	10% or more	1.25%	1.25%
Reserves/National Guard	None	2.40%	3.30%
	5% up to 10%	1.75%	1.75%
	10% or more	1.50%	1.50%

How Many Veterans Pay Funding Fees? Comparative Percents

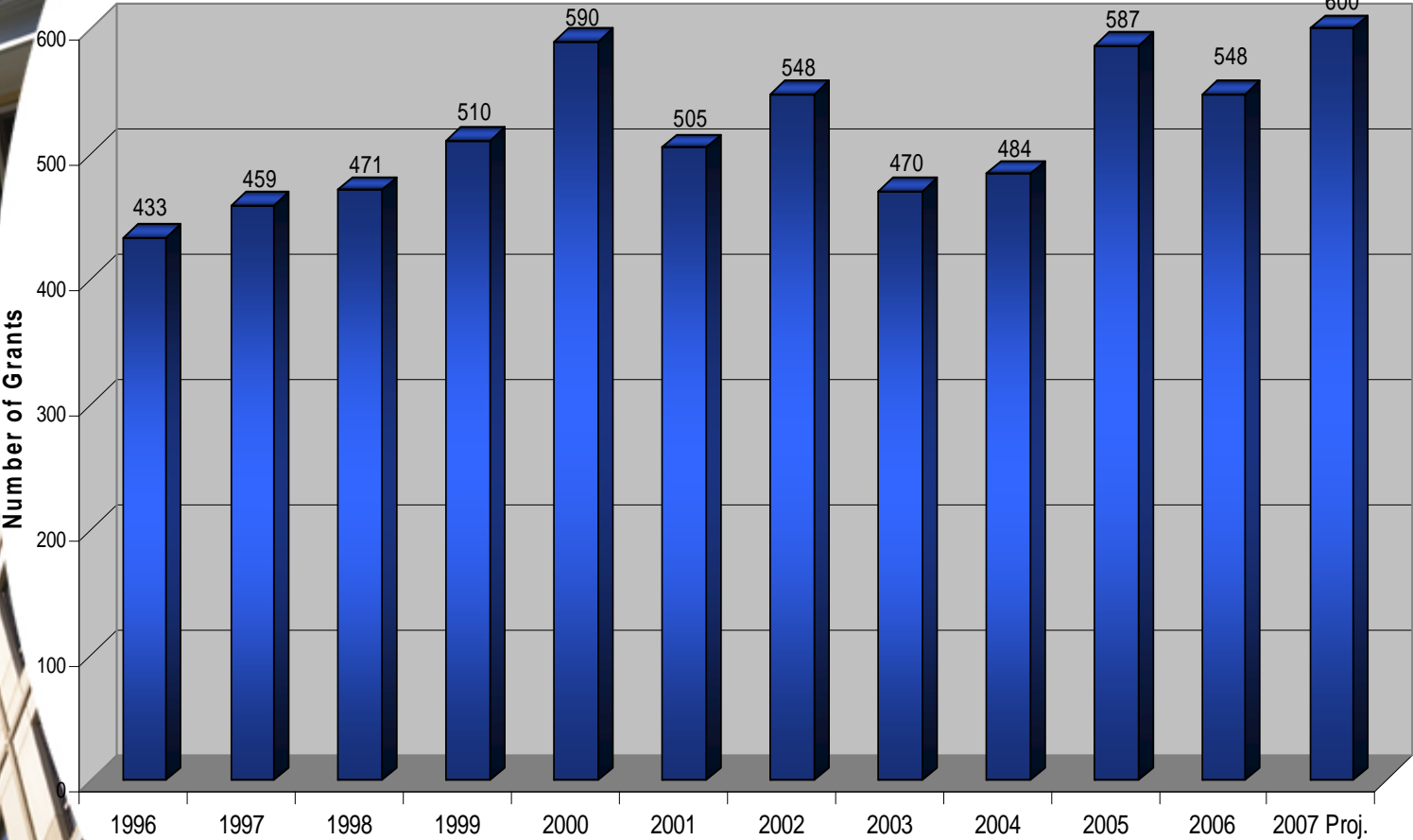
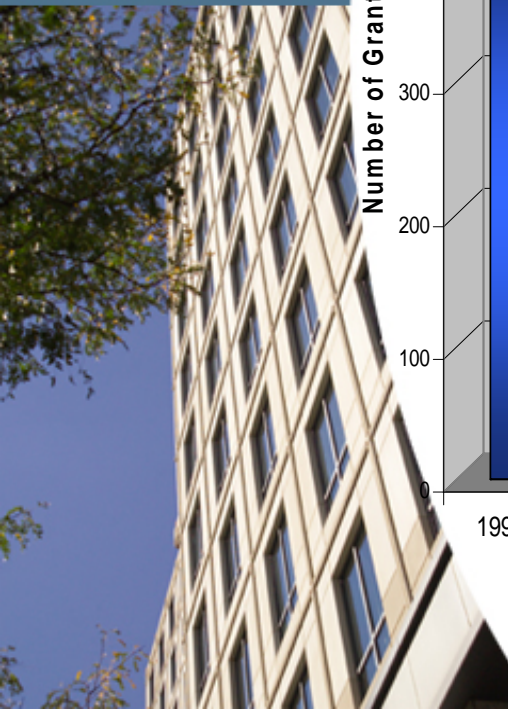
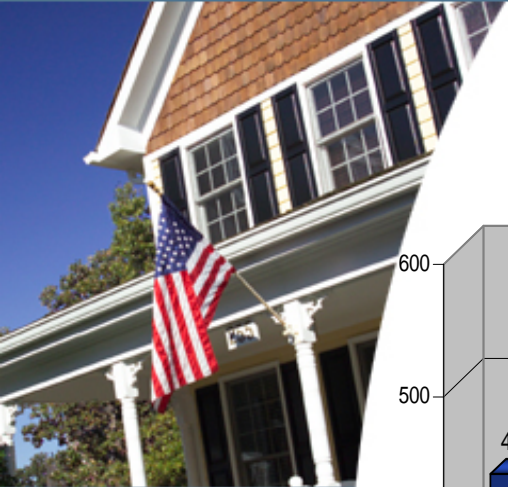


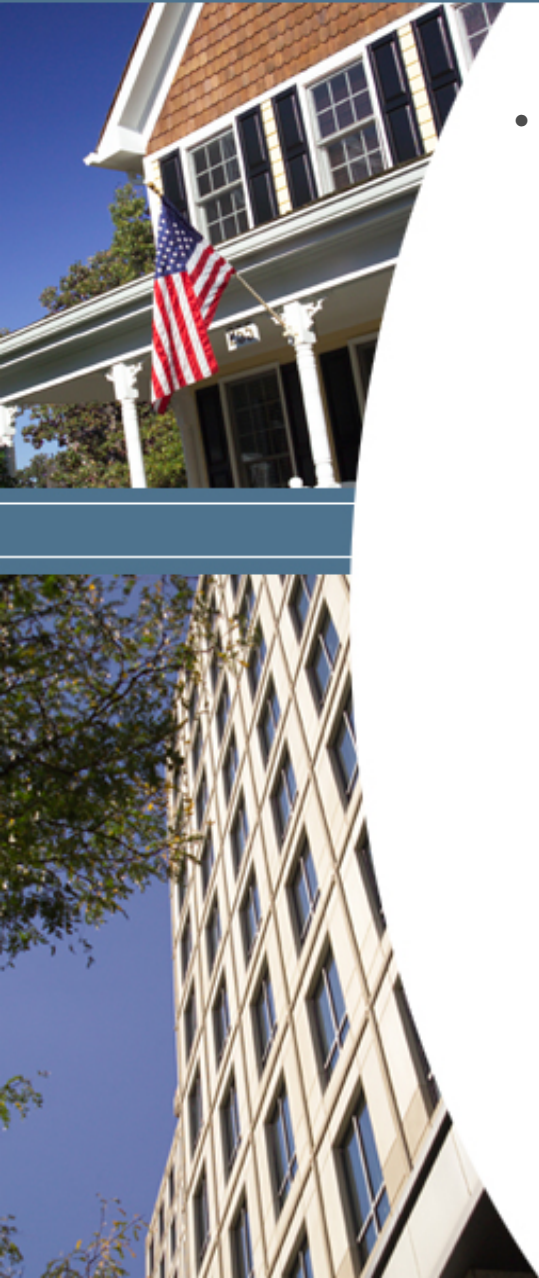


Veterans Information Portal (VIP)

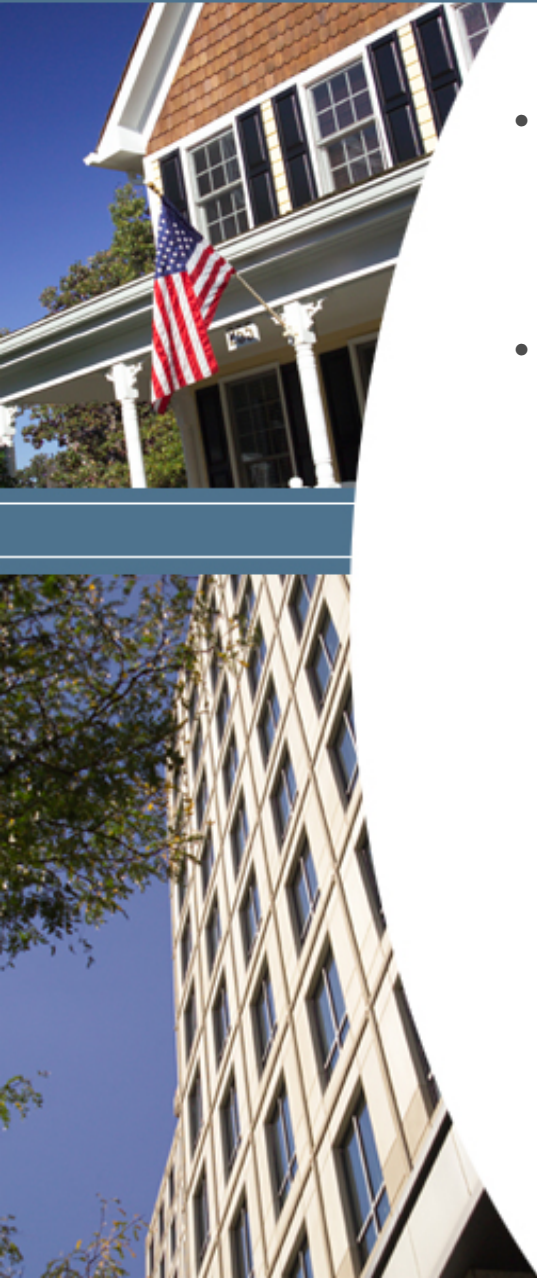


Specially Adapted Housing Grants 1996-2007



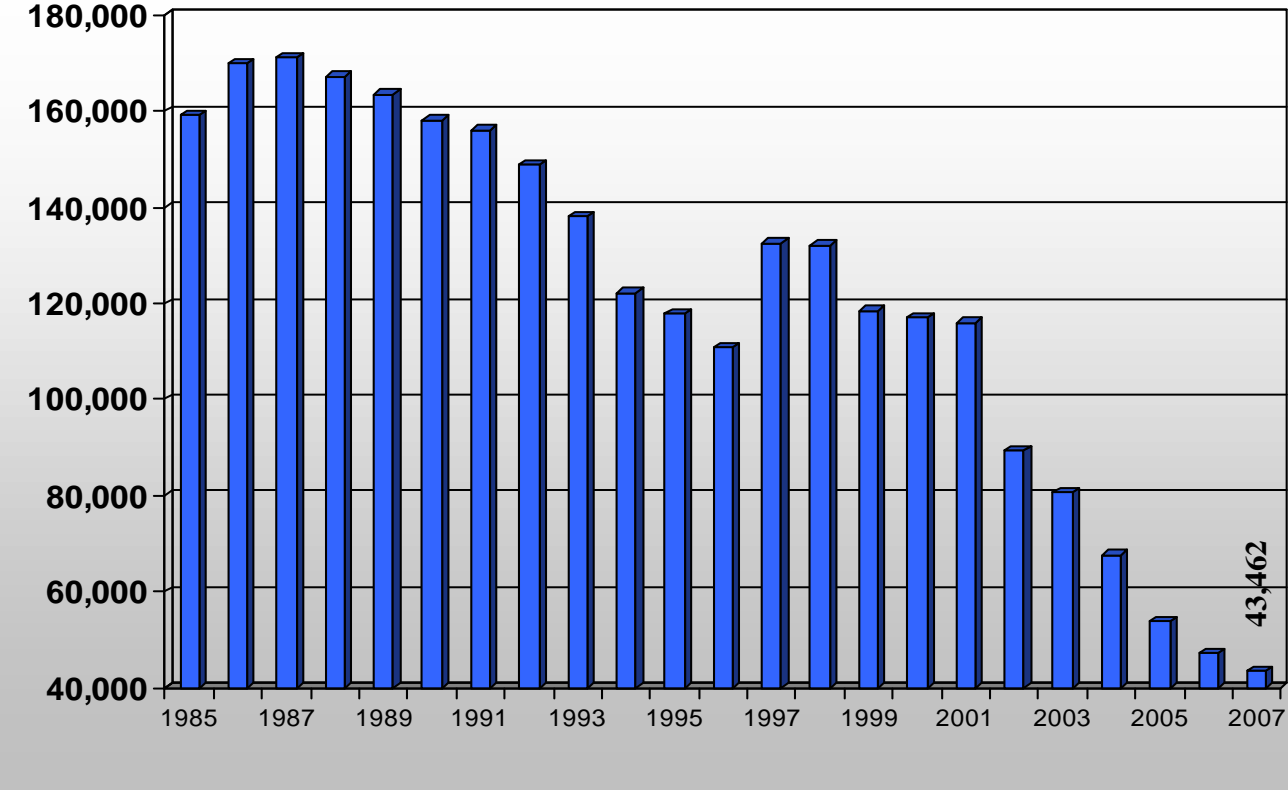
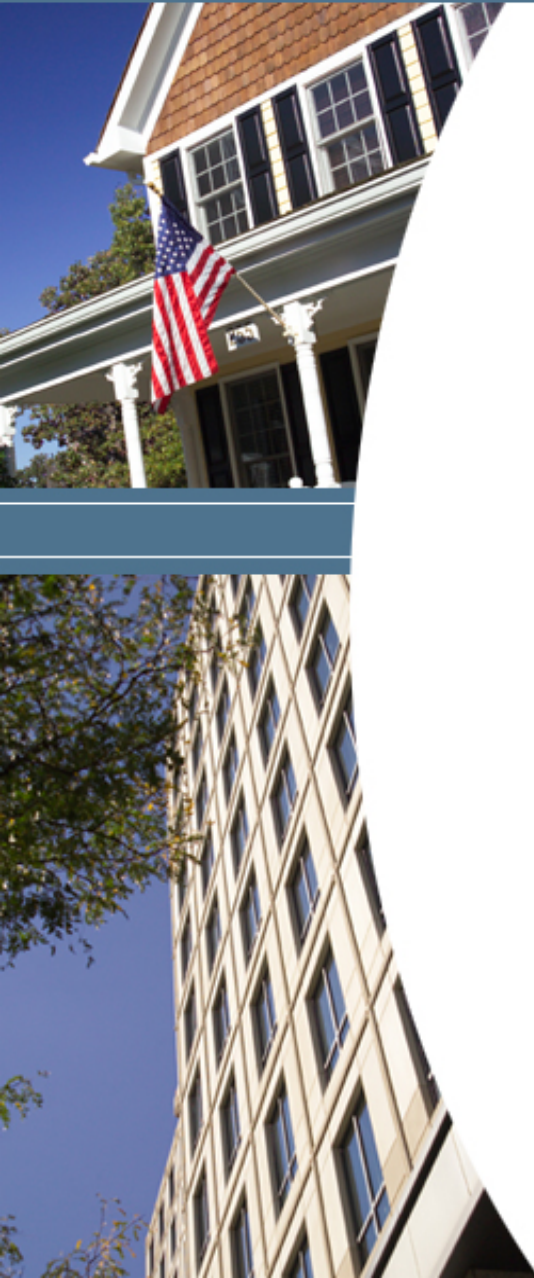


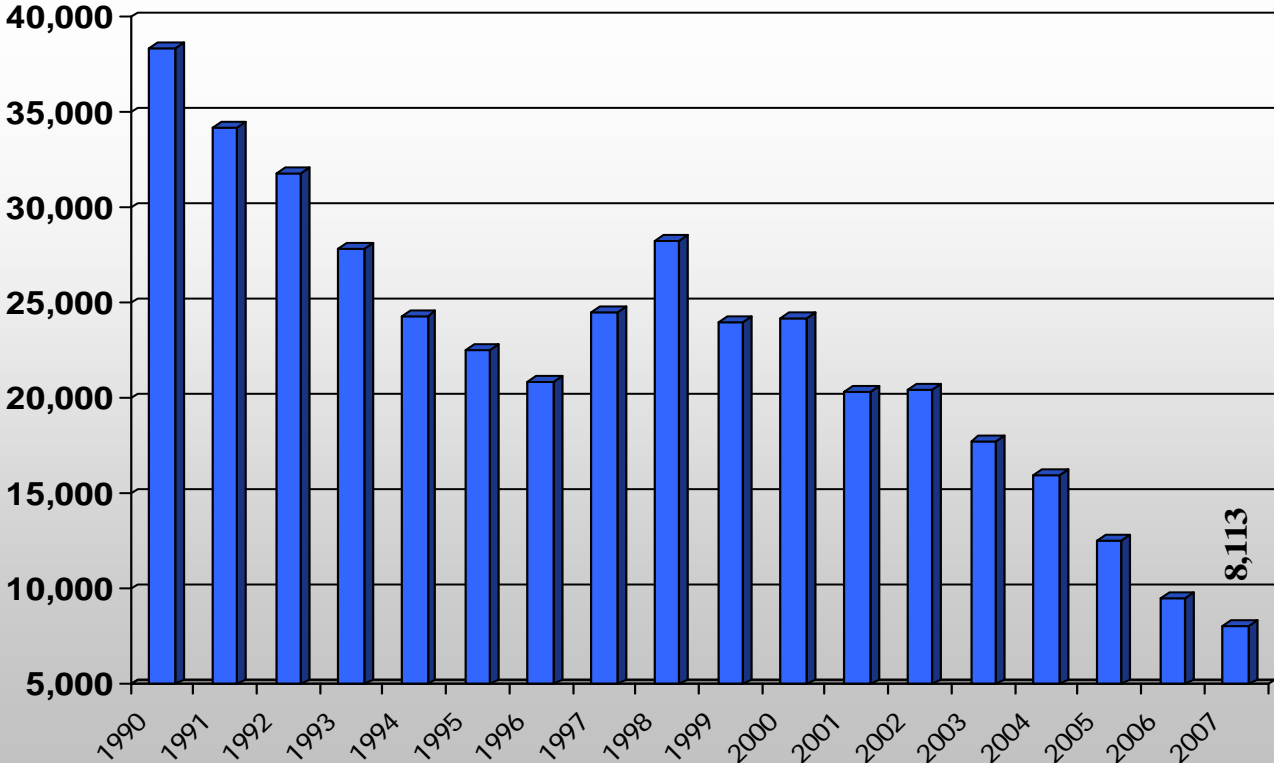
- Recent changes in law - PL109-233
 - » Authorized subsequent use of SAH Grants
 - Up to three times, not to exceed maximum grant amount
 - » Temporary Residence Assistance (TRA) grants
 - Up to \$14K for adaptation of family member's home (for veterans only)



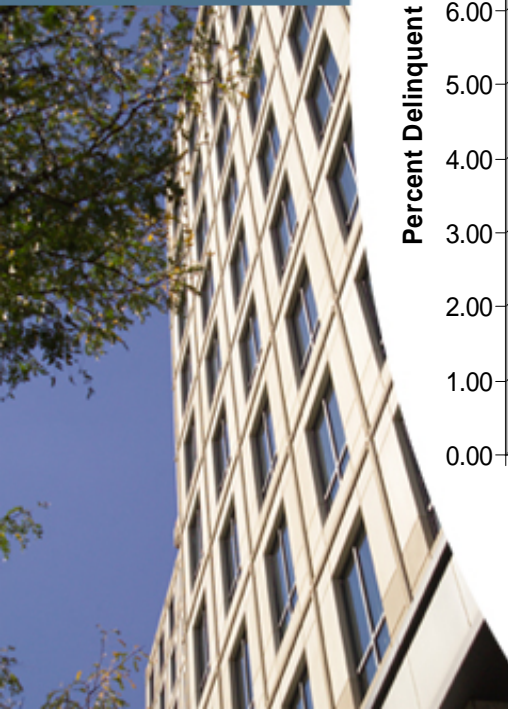
- LGY is currently conducting three customer satisfaction surveys
 - » Veteran, Lender and Specially Adapted Housing (grantees AND non-grantees)
- Currently analyzing data & formatting reports

Defaults Pending 1984 - FY2007

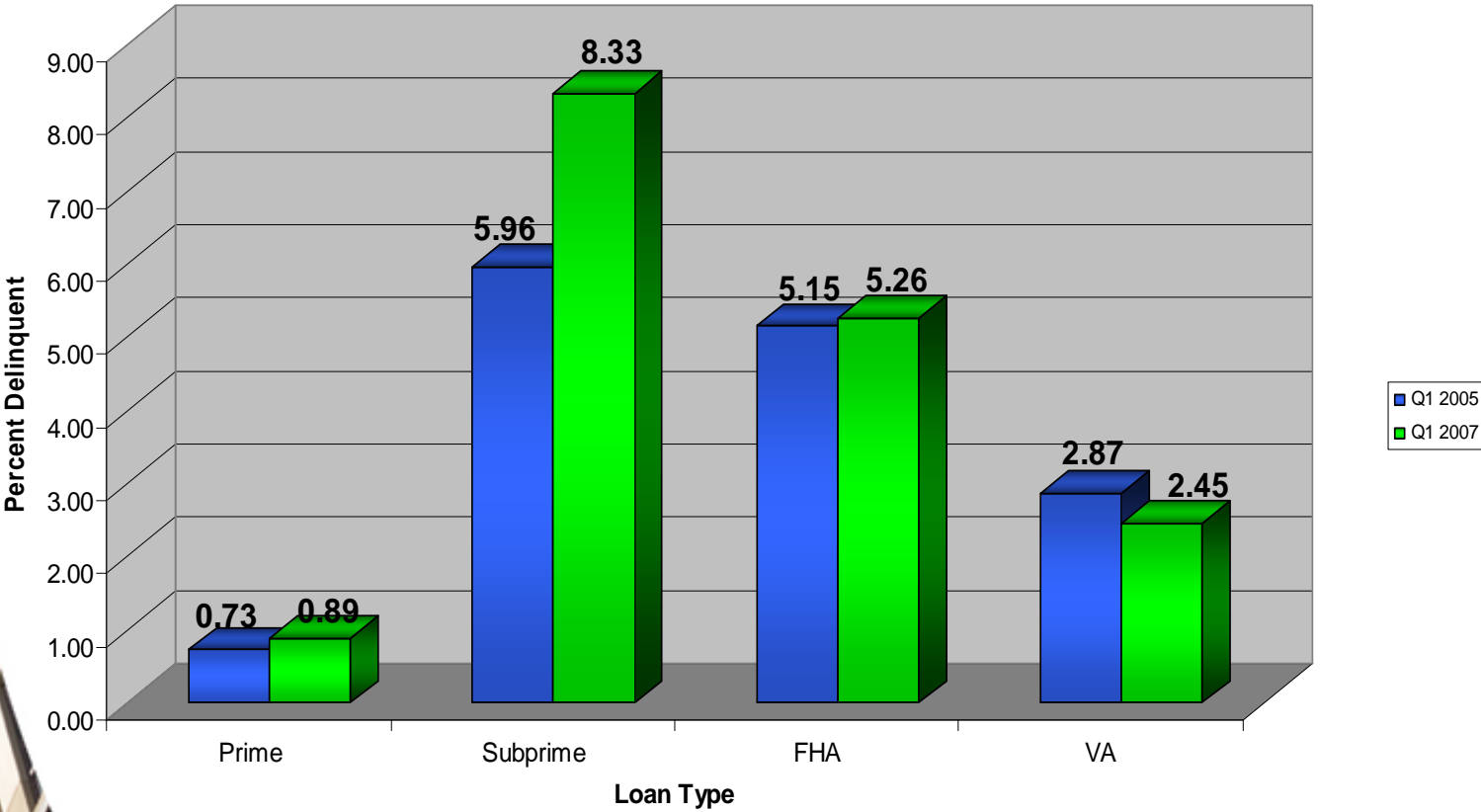




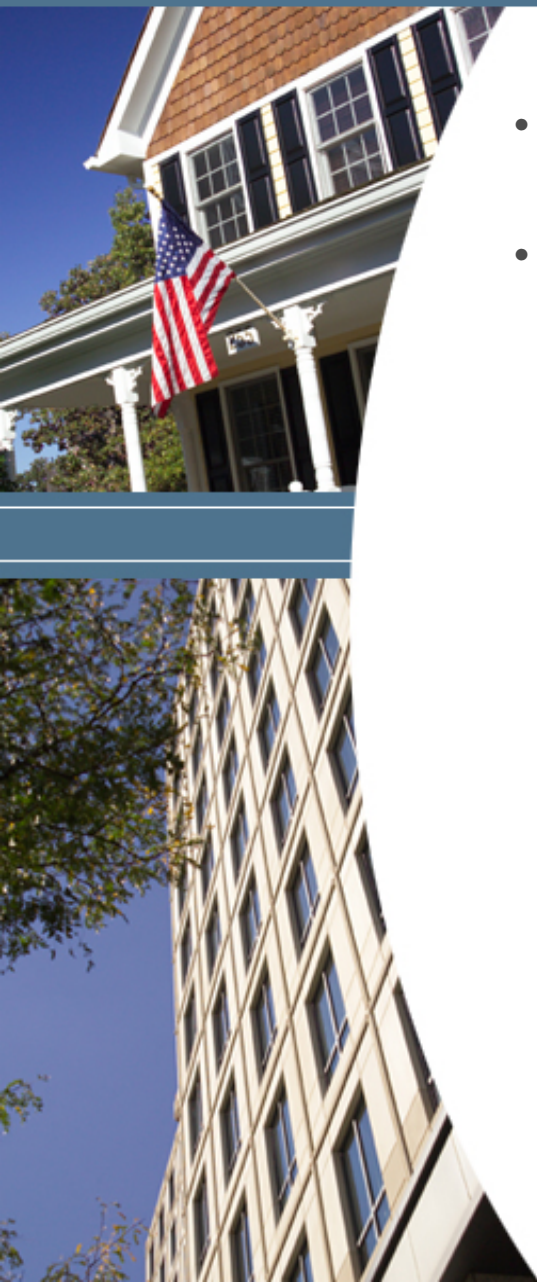
Mortgage Industry Delinquencies



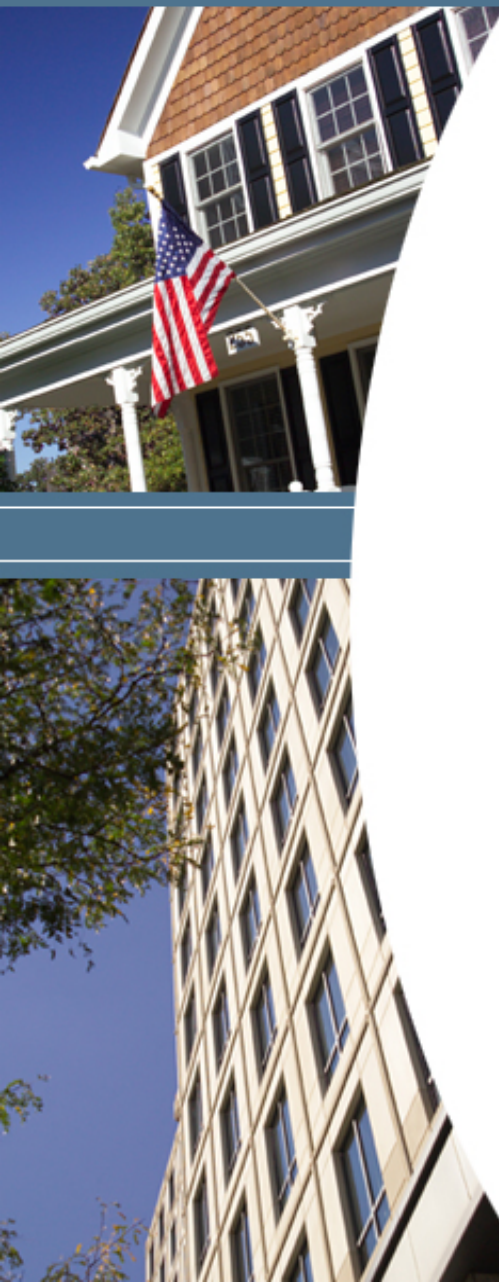
Percent of Loans Seriously Delinquent
Q1 2005 to Q1 2007



Total Veteran Population in the U.S. and Puerto Rico



- There were an estimated 27,619,205 veterans in 1990.
- In 2000, the estimated number of veterans was 26,549,704, a decrease of 1,069,501, or 3.9%, from 1990.



Region	1990	2000	+ Gain/ - Loss Since 1990	Percentage + Gain/ - Loss
Northeast	5,489,799	4,642,102	-847,697	-15%
South	9,513,035	9,941,610	+428,575	+5%
Midwest	6,597,258	6,096,476	-500,782	-8%
West	5,880,963	5,723,515	-157,448	-3%

Northeast Region: ME, NH, VT, MA, CT, RI, NJ, NY, PA

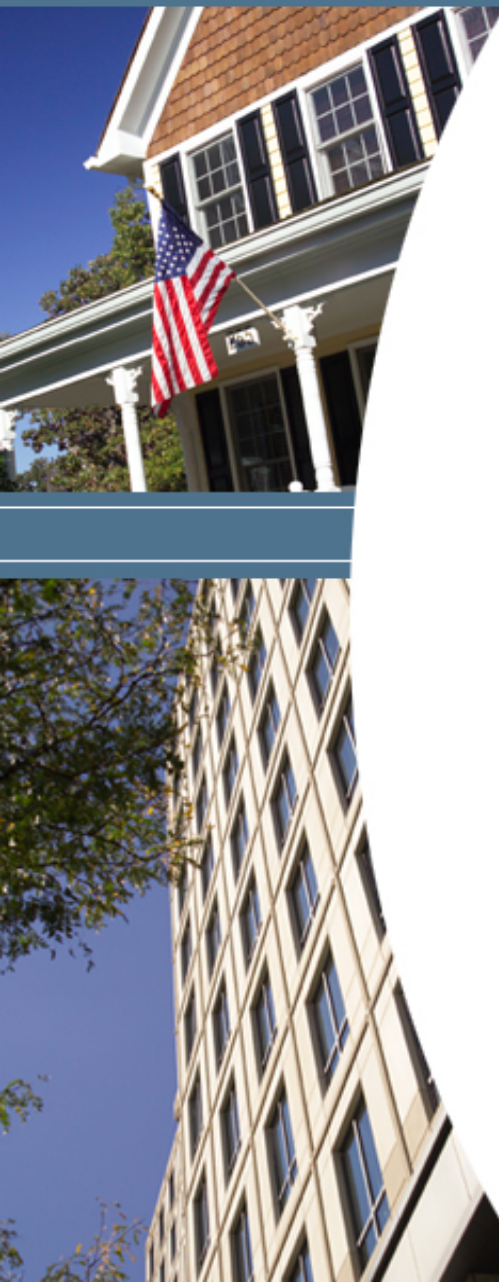
South Region: DC, MD, DE, WV, VA, KY, TN, NC, SC, GA, FL, AL, MS, AR, LA, OK, TX

Midwest Region: ND, SD, NE, KS, MO, IA, MN, WI, IL, MI, IN, OH

West Region: WA, ID, MT, WY, OR, CA, NV, UT, CO, AZ, NM, AK, HI

Puerto Rico and the Island areas are not part of any region.

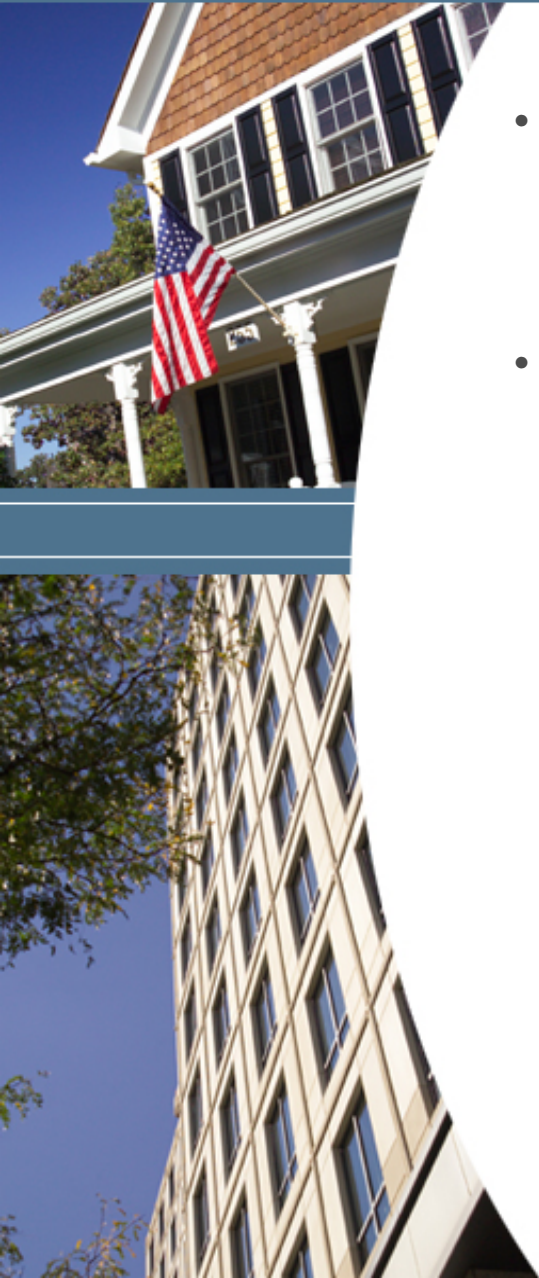
Veteran Population by State: Top 10 States



State	Veteran Population
1. California (1)	2,569,340
2. Florida (3)	1,875,597
3. Texas (2)	1,754,809
4. New York (4)	1,361,164
5. Pennsylvania (5)	1,280,788
6. Ohio (6)	1,144,007
7. Illinois (7)	1,003,572
8. Michigan (8)	913,573
9. North Carolina (11)	792,646
10. Virginia (10)	786,359

Number in parentheses reflect Census1990 ranking

Veteran Population by State: Top 10 States



- In the year 2000, the veteran population in the top ten states made up roughly 51% of the total veteran population in the U.S. and Puerto Rico compared to 53% in 1990.
- North Carolina replaced New Jersey in the top 10.

Veteran Population by State: Gains and Losses



Top 5 States that have had an increase in veteran population between 1990 - 2000

State	Gain
1. Florida	156,468
2. Arizona	98,893
3. Georgia	75,450
4. North Carolina	73,188
5. Nevada	56,044

Top 5 States that have had a decrease in veteran population between 1990 - 2000

State	Loss
1. California	-432,565
2. New York	-346,312
3. Pennsylvania	-169,249
4. Illinois	-158,586
5. New Jersey	-145,192

Veteran Population by State: Percentage Gain and Loss



Top 5 percentage increase in veteran population between 1990 - 2000

State	% Gain
1. Nevada	30.8%
2. Arizona	21.3%
3. Idaho	17.1%
4. Georgia	10.9%
5. South Carolina	10.3%

Top 5 percentage decrease in veteran population between 1990 - 2000

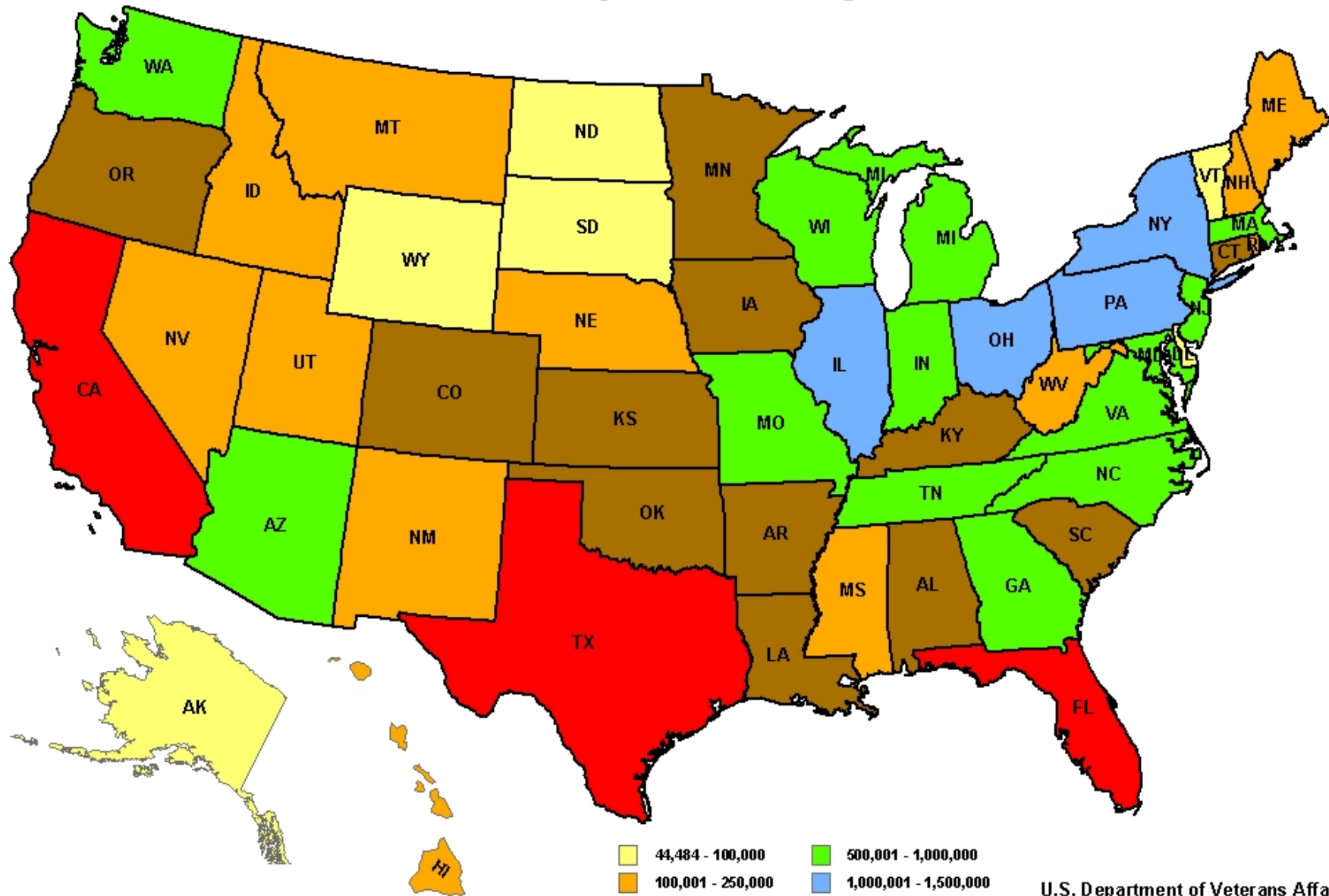
State	% Loss
1. New York	-20.3%
2. New Jersey	-17.8%
3. Connecticut	-17.1%
4. Massachusetts	-14.9%
5. California	-14.4%

Veteran Population: Top 10 Metropolitan Areas



Top 10 Metropolitan Areas with the Greatest Number of Veterans	
Metropolitan Area	Veteran Population
1. New York City–Northern New Jersey–Long Island (NY, NJ, CT, PA)	1,380,020
2. Los Angeles–Orange County (CA)	1,052,303
3. Washington DC – Baltimore (DC, WV, VA, MD)	742,858
4. Chicago – Kenosha – Gary (IL, WI, IN)	654,192
5. Philadelphia – Wilmington – Atlantic City (PA, DE, NJ, MD)	570,281
6. San Francisco – Oakland – San Jose (CA)	527,645
7. Boston – Worcester – Lawrence (MA, NH, ME, CT)	502,222
8. Detroit – Ann Arbor – Flint (MI)	469,328
9. Dallas – Ft. Worth (TX)	415,367
10. Seattle – Tacoma – Bremerton (WA)	404,531

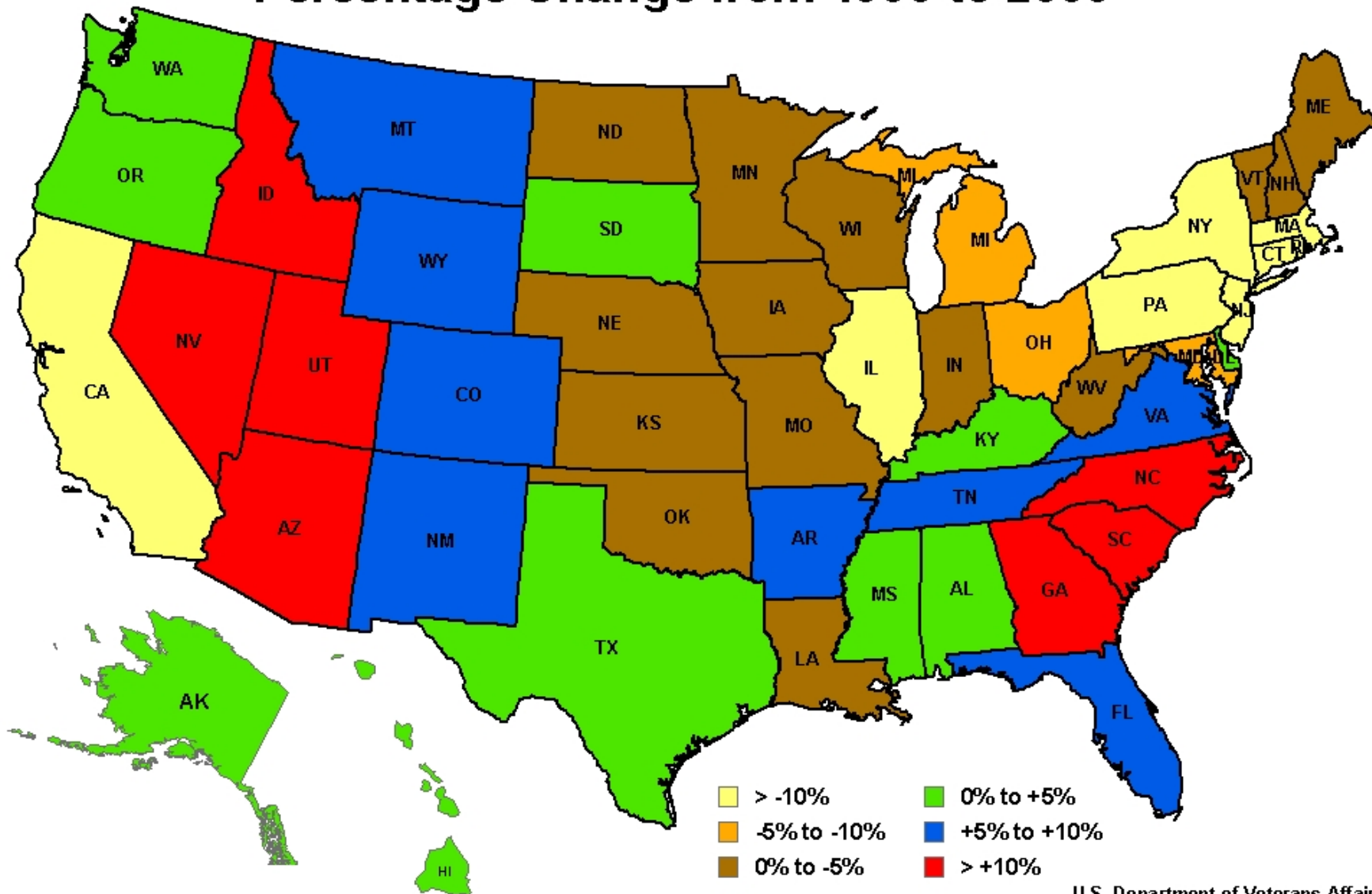
Veteran Population by State



Source: Bureau of the Census, Census 2000 as of 4/1/2000.

U.S. Department of Veterans Affairs
Office of Policy & Planning (008A3)
July 2002

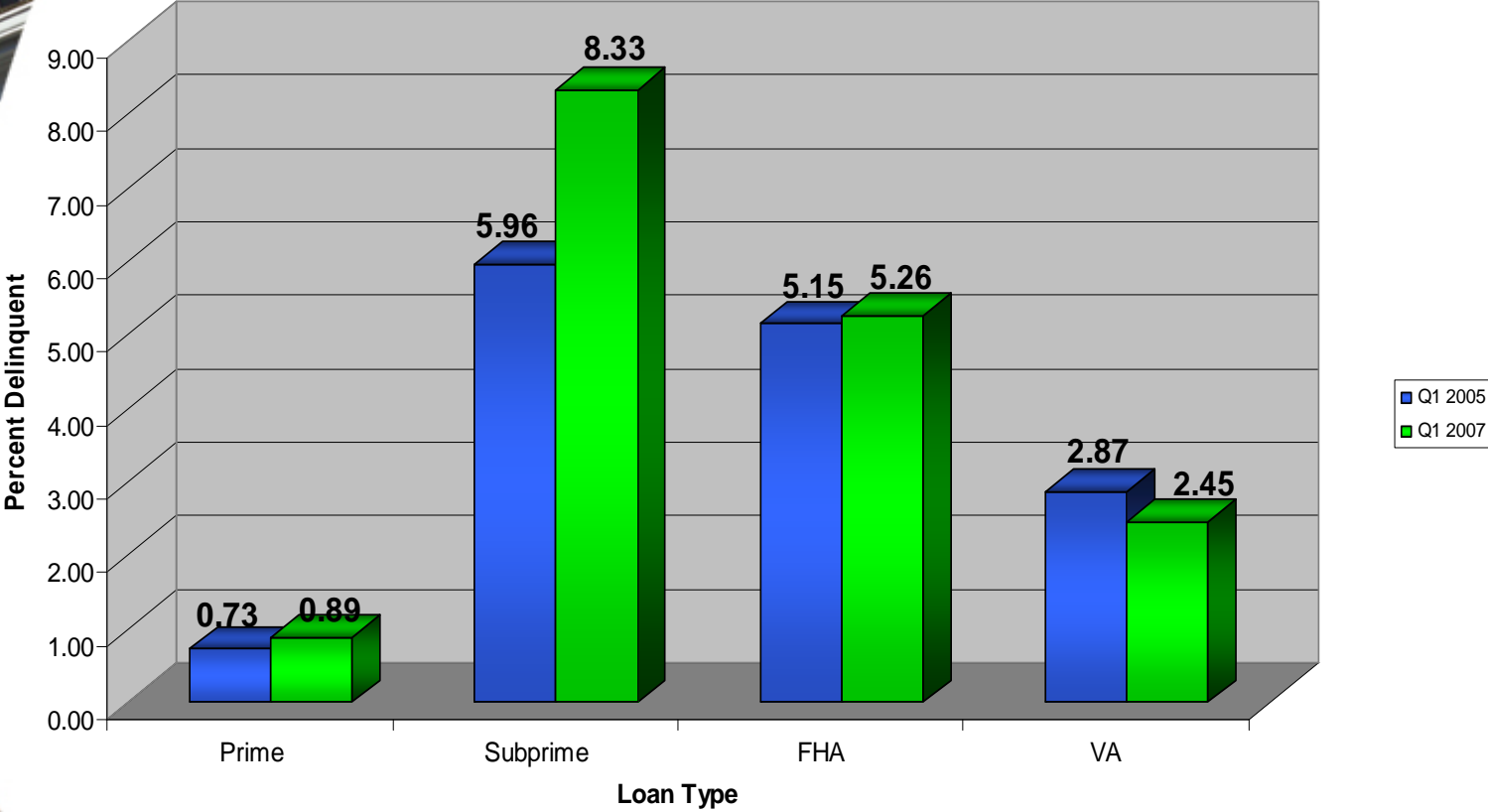
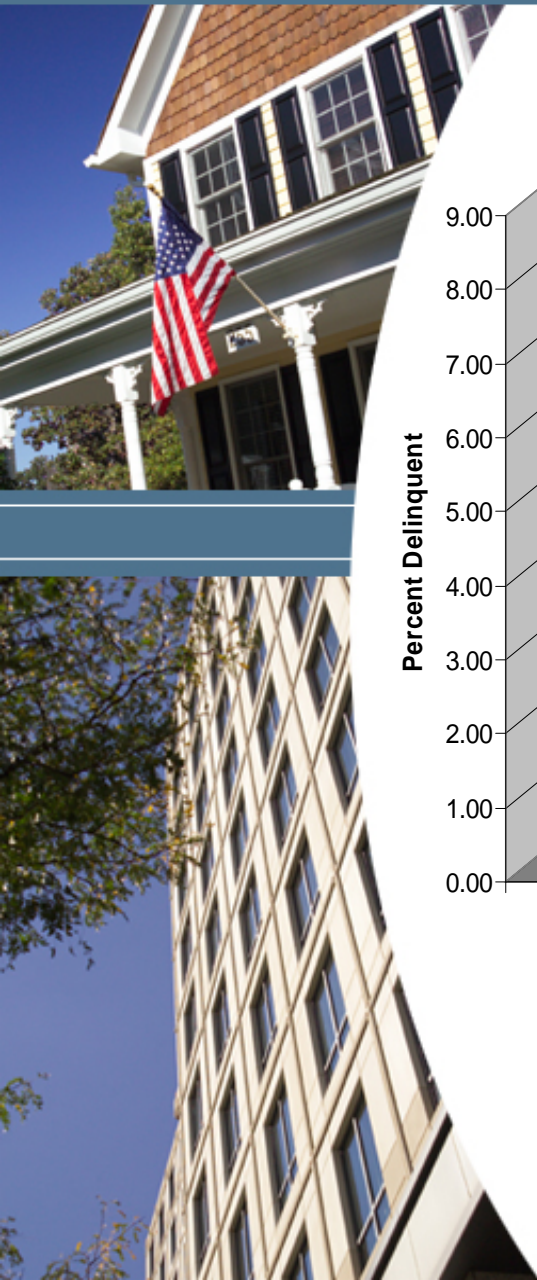
Census Data -- Veteran Population by State Percentage Change from 1990 to 2000

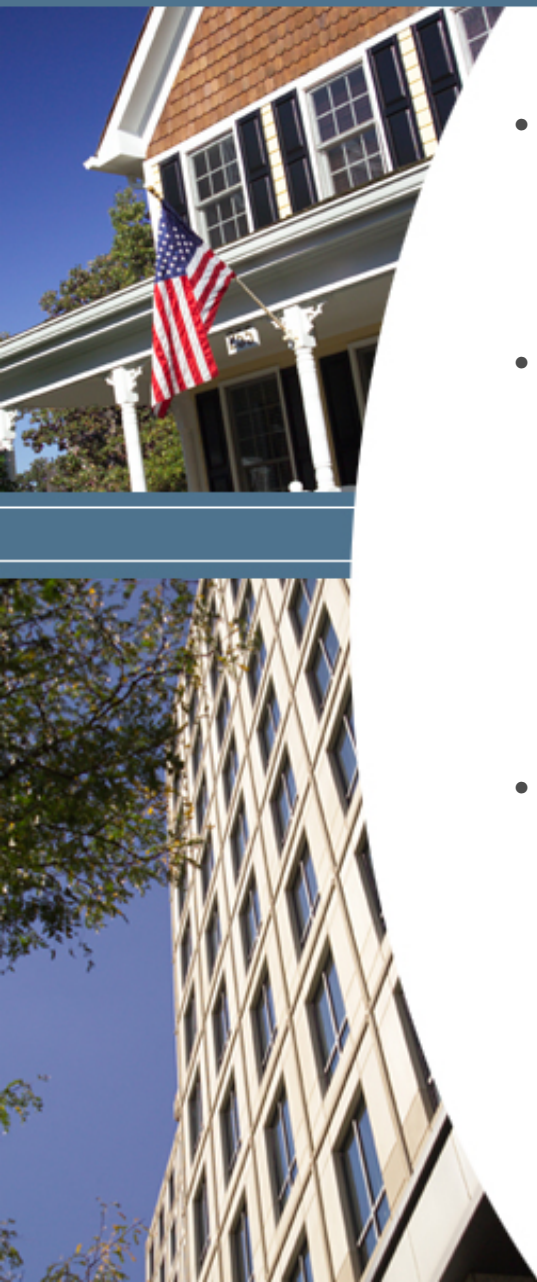


Source: Bureau of the Census, Census 2000 as of 4/1/2000.

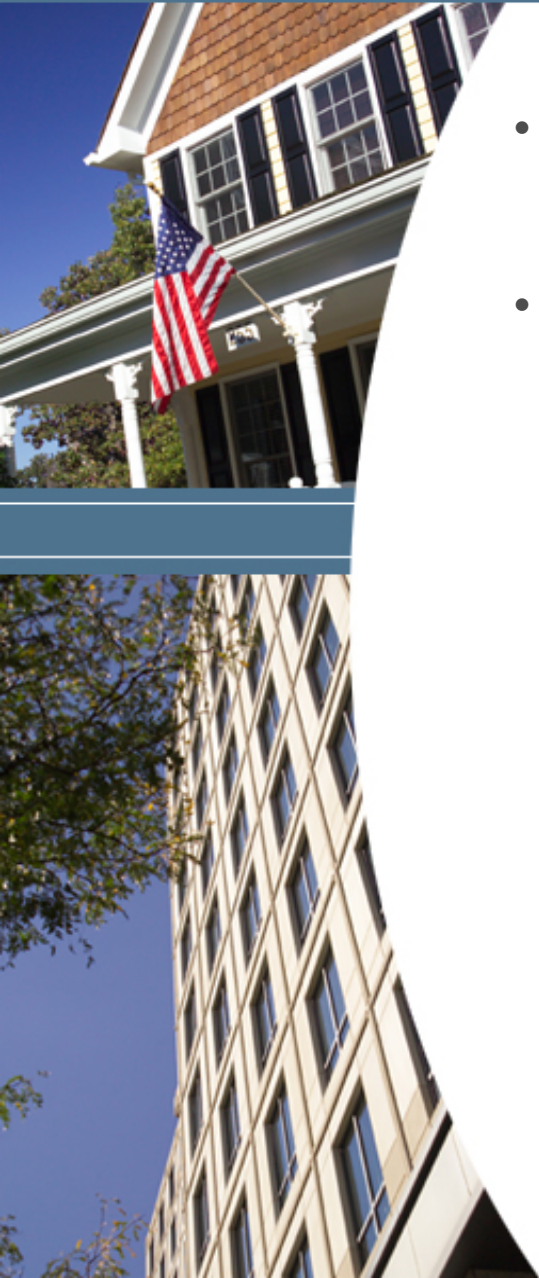
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Mortgage Industry Delinquencies

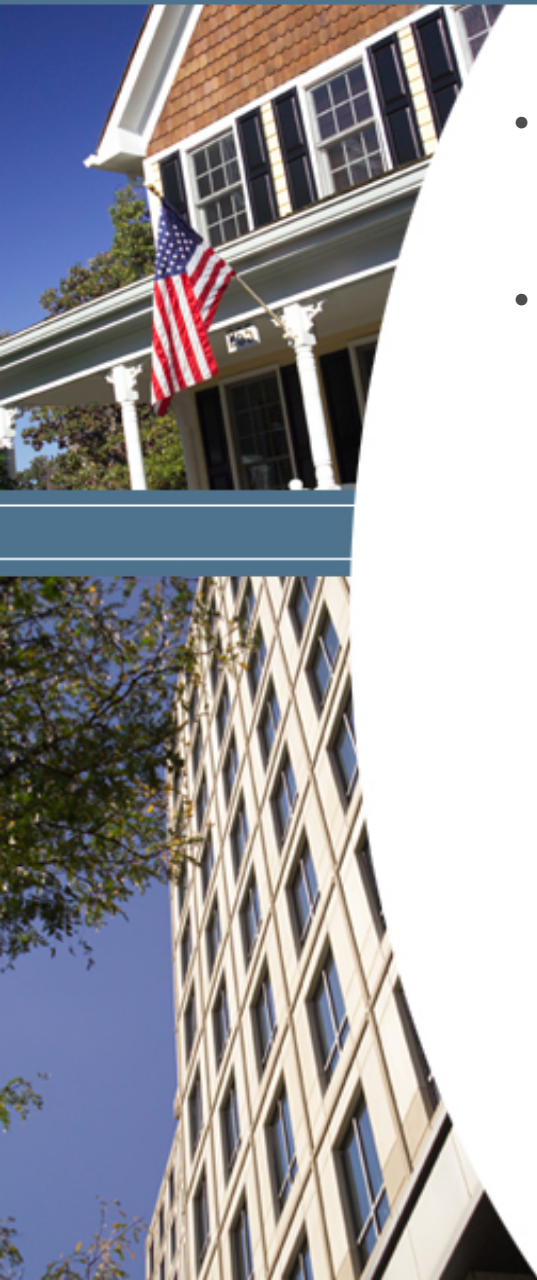




- Monitoring Unit Audits
 - » FY 2007: 34 In-house and 42 Onsite at lenders' offices
 - » FY 2008 Scheduled: 36 In-house and 46 Onsite at lenders' offices
- Bills of Collection (BOCs)
 - » Lenders required to sign Indemnification Agreements on loans which were not made in accordance with VA underwriting standards
 - » For indemnified loans that eventually foreclose, a BOC is established against a lender for the loss VA suffered as a result of the foreclosure
 - » FY 2007: Monitoring Unit collected \$1,024,844 under BOCs established against lenders
- Refunds to Veterans
 - » FY 2007: \$112K in unallowable fees & charges recovered from lenders and returned to veterans



- FY 2007: Seven Satellite Broadcasts and nine targeted short videos
- Plans for FY 2008
 - » 10 Broadcasts and 14 videos in FY2008.
 - » The broadcasts will include major program changes involving CO-OP loans, SAH legislation, and the new Appraisal Management System



- Of the 30 most popular short videos tracked on the VHA on-demand streaming internet server, 11 were produced by Loan Guaranty
- The 11th, “Thinking of Buying a Home” video, directed toward veterans, was posted in September 2004 and recently exceeded 250,000 hits, or an average of nearly 7,400 hits per month