

Colleagues and Fellow Veterans,

The VA Interest Rate Reduction Refinance Loan (IRRRL) lowers your interest rate by refinancing your existing VA home loan. During FY17, VA guaranteed over 190,000 home loans under this program. In FY 2017, there were nearly 1,500 lenders that participate in the VA Home Loan program.

Regrettably, some lenders have taken advantage of Servicemembers and Veterans with VA home loans in the past. They have sent unsolicited offers to refinance VA mortgages with misleading advertising. If you have a VA home loan, there is a good chance you have already come into contact with unsolicited offers which appear official and may sound too good to be true.

**The VA and the Consumer Financial Protection Bureau (CFPB) have issued their first Warning Order to Servicemembers and Veterans who currently have a VA home loan, as we have found that some of you are being targeted with misleading advertising.**

Understand that certain advertised benefits, such as no out-of-pocket closing costs, skipped mortgage payments, and escrow refunds, are costs that are generally added to your loan and increase the overall principal balance. These are all red flags that may indicate that the loan is less likely to benefit you. Before you proceed with a VA mortgage refinance, be sure to consider the long-term and short-term benefits and consequences of refinancing your loan.

If you are contacted to refinance your VA mortgage, carefully consider your options and ask questions:

- Does a lower interest rate extend the term (i.e., 30-year fixed rate to another 30-year fixed rate)?
- What are the financial implications when choosing between a fixed term and an adjustable rate mortgage loan?
- What is your total payback for the new loan vs. the original loan?
- Do offers of skipped payments or cash back ultimately get added to my loan amount?

If you have a problem with a VA mortgage refinance or other mortgage issues, you can submit a complaint to the CFPB online or by calling (855) 411-CFPB (2372). Please also see VA/CFPB's blog on this topic at: <https://www.consumerfinance.gov/about-us/blog/cfpb-and-va-warno-va-refinancing-offers-sound-too-good-be-true/>.

We are working hard, along with other government agencies, to identify, stop, and prevent illegal and misleading advertising related to VA mortgages and refinancing. If you have questions that aren't being answered by your lender, please get a second opinion from another lender, or call a VA loan specialist who is available to assist you from 8 a.m. to 6 p.m. ET, Monday through Friday at (877) 827-3702.

As always, thank you for your service.

Regards,

Curtis L. Coy  
Deputy Under Secretary for Economic Opportunity  
Veterans Benefits Administration  
U.S. Department of Veterans Affairs  
Washington, DC 20420

**VA Core Values: Integrity, Commitment, Advocacy, Respect, Excellence (“I CARE”)**

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