September 4, 2026

Matthew Jones
Deputy Assistant Secretary of Single-Family Housing
Office of Housing – Federal Housing Administration
U.S. Department of Housing and Urban Development
2415 Eisenhower Avenue
Alexandria, Virginia 22314

RE: Veterans Affairs Loan Information Disclosure Act (VALID Act) Implementation

Dear Deputy Assistant Secretary Jones:

On behalf of our respective members, we appreciate the opportunity to offer recommendations regarding the Federal Housing Administration's (FHA) implementation of the Veterans Affairs Loan Information Disclosure Act[1] (VALID Act), enacted as part of the 21st Century ROAD to Housing Act[2].

While we support the intent of the law to inform servicemembers and veterans of the Department of Veterans Affairs (VA) home loan benefits, it is not possible to determine VA eligibility without additional information from the prospective borrower. Therefore, presenting VA loan terms to all prospective FHA borrowers without explaining the basic eligibility requirements could cause consumer confusion and operational challenges for lenders. To avoid these unintended consequences, we recommend that FHA present the required VA comparative column with concise and prominent eligibility language.

Consumer and Operational Concerns

FHA's Informed Consumer Choice Disclosure Notice is intended to help borrowers determine whether they would qualify for a conventional loan at a lower cost. If the VA column is presented to prospective FHA borrowers without qualification language, borrowers who do not meet VA eligibility requirements may reasonably believe that VA financing is available to them. This could create unrealistic expectations regarding interest rates, fees, down payment requirements, mortgage insurance, and other loan terms.
In addition to non-veteran borrowers, veterans and servicemembers may also face confusion when their VA home loan eligibility has not yet been established. Military service alone does not automatically grant eligibility for a VA-guaranteed loan. Borrowers generally must satisfy VA's applicable service requirements and obtain evidence of eligibility, commonly through a Certificate of Eligibility.

Our members are concerned that a comparison of loan products that could be misconstrued to suggest that all borrowers are eligible for the products presented will slow the origination process. Lenders will need to spend more time responding to borrowers who lack the necessary military qualifications and explaining why they do not qualify for the VA terms shown. These additional steps would increase administrative burdens and delay processing without improving the disclosure's usefulness.

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[1] Veterans Affairs Loan Informed Disclosure (VALID) Act, Pub. L. No. 119-101, § 603 (2026)
[2] 21st Century ROAD to Housing Act, Pub. L. No. 119-101, 140 Stat. 846 (2026)

Clear and Prominent Eligibility Language

We recommend that FHA adopt the attached draft FHA Informed Consumer Choice Disclosure Notice, which pairs the new VA comparative column with clear qualification language before the borrower reviews the pricing and product features. The notice explains that neither the lender nor HUD guarantees that the borrower qualifies for any product included in the comparison and that final approval requires a full underwriting analysis.

At a minimum, the final disclosure should include the VA-specific explanation that eligibility depends on applicable length of service, character of service, and entitlement requirements and must be validated through a Certificate of Eligibility. It should also include explanations regarding the VA funding fee, potential exemptions, and the assumptions used to calculate the representative VA loan terms.

Housekeeping Update of the Current Form

Along with fulfilling the new statutory obligations to implement the VALID Act, we recommend that FHA use this opportunity to also update the mortgage parameters that are currently on the form. Specifically, we would note that the sales price, closing costs, and monthly mortgage insurance premium parameters have become outdated. We believe that consumers would benefit from information that more closely mirror current market realities.

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The associations appreciate FHA's consideration of these recommendations and welcome the opportunity to work with FHA to implement the VALID Act. Should you have questions or wish to discuss these issues further, please contact Darnell Peterson, Manager, Residential Loan Production Policy, at (202) 557-2922 or dpeterson@mba.org.

Sincerely,

American Bankers Association
America's Credit Unions
Housing Policy Council
Independent Community Bankers of America
Mortgage Bankers Association
U.S. Mortgage Insurers

Draft Loan Informed Consumer Choice Disclosure

In addition to an FHA-insured mortgage, you may also qualify for other mortgage products offered by your lender. To make you aware of available financing options, your lender has prepared a comparison of the typical costs of alternative conventional and VA mortgage products, using representative loan amounts and costs. The loan amounts and associated costs shown below will vary from your own mortgage loan transaction. You should study the comparison carefully, ask questions, and determine which product is best for you.

Neither your lender nor the U.S. Department of Housing and Urban Development (creator of this form) warrants that you actually qualify for any mortgage loan offered by your lender. This notice is provided to you to identify the key differences between these mortgage products. This disclosure is not a contract and does not constitute loan approval. Actual mortgage approval can only be made following a full underwriting analysis by your lender.

For Illustration Purposes Only

The comparison table below is created based upon a $300,000 sales price for a borrower requesting a 30-year fixed-rate loan, financing the Upfront Mortgage Insurance Premium (UFMIP) or funding fee (as applicable), and paying the minimum down payment required by the program from the borrower's own funds. Your credit parameters and circumstances may vary from those used in the examples below, which may result in different rates, fees, costs and monthly payment
amount. Current rates and costs may differ.

	Mortgage Parameters	**FHA Financing Fixed Rate**[1]	**Conventional Financing with Borrower-Paid Monthly Mortgage Insurance**[2]	**VA Home Loan**[3]
1	Sales Price	$300,000	$300,000	$300,000
2	Down Payment Needed	$10,500	$9,000	$0
3	Base Mortgage Amount	$289,500	$291,000	$300,000
4	Upfront Mortgage Insurance Premium / Funding Fee	$5,066.25 (typically included in mortgage amount, line 2)	N/A	$6,450 (typically included in mortgage amount, line 2)
5	Total Mortgage Amount (Base Mortgage Amount + UPFMIP/Funding Fee)	$294.566	$291,000	$306,450
6	Closing Costs	$6,000-$15,000	$6,000-$15,000	$6,000-$15,000
7	Interest Rate and Term of Loan in Years	7.00%/30-Year Fixed-Rate Loan	7.00%/30-Year Fixed-Rate Loan	7.00%/30-Year Fixed-Rate Loan
8	Monthly Payment (principal and interest only)	$1,959.75	$1,936.03	$2,038.82
9	Loan-to-Value (LTV)	96.5%	97%	100%
10	Monthly Mortgage Insurance Premium (MIP)	$132.69	$169.75	N/A

[1]FHA LOANS

The monthly MIP is calculated on the average annual principal balance, i.e., as the amount you owe on the loan decreases each year, so does the amount of the monthly premium. You will pay the monthly premium for either:

- the full mortgage term or through payoff of the mortgage, whichever occurs first, for any mortgage involving an original principal obligation (excluding financed UFMIP) with an LTV greater than 90%; or

- the first 11 years of the mortgage term, or payoff of the mortgage, whichever occurs first, if your mortgage had an original principal obligation (excluding financed UFMIP) with an LTV ratio of less than or equal to 90%.

[2]Conventional Financing with Borrower-Paid Monthly Mortgage Insurance

- Total annual qualifying income limit is up to 100% of area median income (or 120% of area median income in certain high-cost areas) and at least one borrower is a first-time homebuyer.
- Borrower is eligible for waiver of the government-sponsored enterprise loan-level pricing fee.
- Borrower has a Classic FICO score of 740.
- Example conventional Mortgage Insurance Premium of 0.70%. Actual conventional MIP rates may vary based on loan attributes, borrower characteristics, and loan program.
- Borrower-paid monthly mortgage insurance is subject to cancellation and termination under the Homeowners Protection Act (12 USC 4901 et seq.). A borrower who is current on payments may request cancellation of borrower-paid monthly mortgage insurance when 20% equity is established, subject to certain conditions such as proof of the property's value. Servicers are required to terminate borrower-paid monthly mortgage insurance when the principal balance of the mortgage is scheduled to reach 78% of the property's original value and the borrowers is current on payments.

[3]VA ELIGIBLE LOANS

- Eligibility means the Veteran meets the basic criteria of length of service and character of service for the home loan benefit with sufficient entitlement consistent with applicable law, VA regulations, and VA home loan program requirements. A Certificate of Eligibility (COE) from the VA is required to validate eligibility.
- VA funding fee is a fee required to be paid to the VA unless the VA determines exemption, as confirmed through a COE. The funding fee is paid directly to the VA and may be financed into the loan amount. Funding fees vary based on your down payment and whether you have previously used your entitlement.
- Borrower is using VA benefit for the first time AND does not have a service-connected disability.