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CITY OF VALPARAISO

The Honorable John B. Arnold, Jr.
Mayor of Valparaiso
465 Valparaiso Parkway
Valparaiso, FL 32580

Dear Mayor Arnold:

This letter is in response to your inquiry dated October 10, 2008, regarding the Department of Veterans Affairs' policy on providing loan guaranty for properties located in noise zones.

The Department of Veterans Affairs (VA) will guarantee loans for new and existing properties located in accident potential zones and high noise zones. VA will also guarantee loans for existing properties in clear zones, but will not guarantee loans for proposed construction in a clear zone.

Certain requirements must be met for an existing property in a clear zone to be acceptable security for a VA loan guaranty. As part of the evaluation process, the fee appraiser's market data analysis must include a consideration of the effect on value, if any, of the property being located near an airport. Available comparable sales must also indicate market acceptance of the subdivision in which the property is located. Finally, the veteran must sign a statement indicating that he is aware of the property's proximity to an airport runway and that this could affect on the property's livability, safety, value, and marketability.

These requirements are outlined in Chapter 11, section 12j, of the Lenders Handbook, VA Pamphlet 26-7, and a copy is enclosed for your review. This information is also available online at http://www.warms.vba.va.gov/pam26_7.html.

If you need information about a specific property located within an airport noise zone, you may contact the St. Petersburg Regional Loan Center at 1-800-827-1000.

I hope this information is helpful to you.

Sincerely yours,

P. W. Dunne

Enclosure