

VA HOME

# LOANS MADE SIMPLE

*Simply everything you need to know  
about VA home loans.*



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## What is a VA Home Loan?

A VA home loan is simply the best mortgage loan product available today. As an eligible active duty service member or Veteran, you can buy a home with zero down payment. Or, you can refinance your current VA home loan, usually with very little documentation.

The VA backs VA home loans, allowing banks to lend with much more lenient standards compared to other mortgage programs. And, upfront and monthly expenses to the Veteran are reduced. There's simply no better way to purchase or refinance a home than with a VA home loan.

The VA home loan was introduced in 1944 to help military members buy a home after returning from World War II. Since then, over 18 million service members have taken advantage of the benefit they've earned. Join your fellow service members and take advantage of this opportunity.

### **You May Be Eligible for a VA Home Loan**

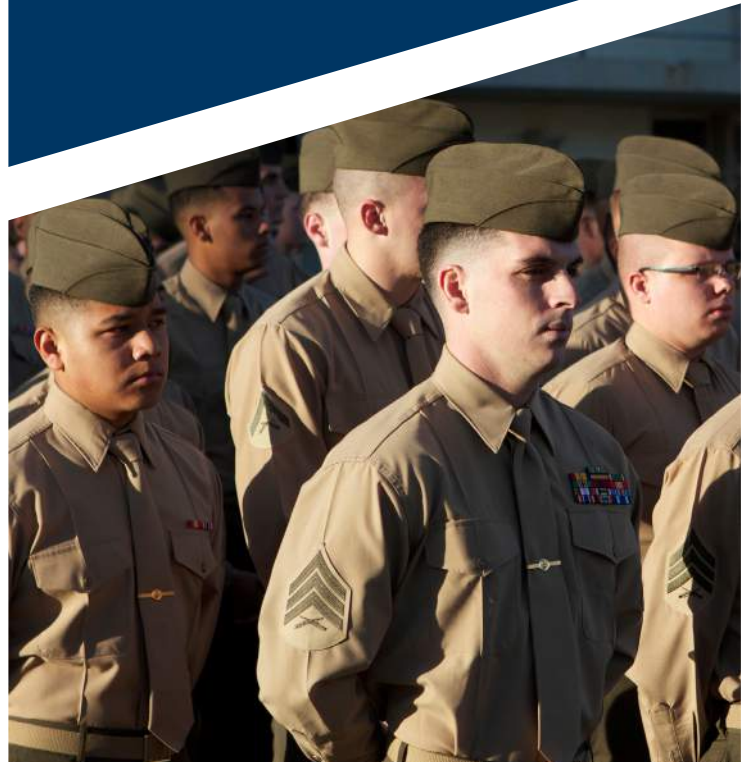
Many Veterans don't realize they are eligible for this loan program. According to a VA **study** in 2008, there were over 23 million Veterans but only 11% of those have used their VA home loan benefit.

Don't be afraid to use your benefit because you're unsure of how this loan program works. We at MilitaryVALoan.com are here to make VA home loans simple. Keep reading to find out more about the process, or simply **talk to a reputable VA-approved lender**. You can get your questions answered and be well on your way to owning a home or refinancing with a VA home loan.



To learn more about the VA home loan program, **visit our website** or simply **speak to a VA home loan professional now.**

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## VA Home Loan to **Purchase a Home**

**No Down Payment Required:** The VA loan eliminates a lot of the road blocks keeping many would-be home owners from buying a home. The biggest benefit is that there is no down payment required.

A down payment can add up to a lot of money. Another type of loan, the FHA home loan, requires a 3.5% down payment. That's \$8,750 on a \$250,000 purchase. Conventional loans typically require even more: at least 5% down, or \$12,500 on a \$250,000 home.

As a VA-eligible loan applicant, the initial down payment cost is one roadblock you won't have to deal with.

**Seller Can Pay Loan Costs:** In addition, the VA home loan allows the seller to pay all the Veteran's reasonable closing costs, meaning in some cases you could buy a home with literally no money out of your own pocket.

**No Mortgage Insurance:** Another big benefit to the VA loan is no monthly mortgage insurance. Any other loan type with less than a 20% down payment require a mortgage insurance payment each month.

But VA loans eliminate this expense. For a \$250,000 purchase, a buyer using an FHA loan would have to pay \$271 per month in mortgage insurance. A homebuyer who uses a conventional loan with a 5% down payment would have to pay \$186 per month.\* Over a 5-year period, a VA home buyer would save at least \$11,000 in mortgage insurance payments.

**The VA Funding Fee:** The VA loan requires an upfront fee, usually between 2.15% and 3.3% of the loan amount. But this can be wrapped into the loan amount, or even paid for by the seller. In either case, you don't have to pay the funding fee out-of-pocket.

**Easy to Apply:** Applying for a VA loan to purchase a property is simple. We've taken the guesswork out of the process by providing pre-screened VA home loan professionals who will take you through the process step by step.

Take advantage of this tremendous benefit. You've earned it. **Contact a reputable VA home loan lender today** to get started.

### **How to know if You Are Eligible**

General guidelines for eligibility are that you must be on active duty or honorably discharged, and served:

- 90 days in wartime
- 181 days in peacetime
- 24 continuous months if enlisted after 9/7/1980
- 6 years if in the National Guard or Reserves

#### Eligibility Fast Facts

- Your eligibility never expires. Once you earn it, you can buy a home at any time in the future.
- If you've purchased a home with a VA loan before, you may have remaining eligibility or VA **entitlement restoration** may be available to you.
- You may be eligible if you are an un-remarried spouse of a service member who was killed in action or POW/MIA.

**Certificate of Eligibility:** The best way to find out if you are eligible is to talk to a licensed VA lender who can request your Certificate of Eligibility (COE) directly from the VA. Only approved VA lenders have access to VA's WebLGY system which can release a COE in a matter of minutes.

The lender may need your DD-214 (if separated from service) and your **Request for COE Form 26-1880**. Simply complete this form, then call an approved VA lender at 1-866-437-7385 or **complete a contact request form**.

## VA Home Loan *Eligibility Charts*

<b>Era</b>	<b>Dates</b>	<b>Minimun services*</b>
WWII	09/16/40 - 07/25/47	90 continuous days
Peacetime	07/26/47 - 06/26/50	181 days
Korean	06/27/50 - 01/31/55	90 days
Post-Korean	02/01/55 - 08/04/64	181 days
Vietnam	08/05/64 - 05/07/75	90 days
Post-Vietnam	05/08/75 - 09/07/80	181 days
Post- Vietnam	09/08/80 - 08/01/90	2 years
Persian Gulf	8/2/90 - undetermined	2 years or period called to active duty, not less than 90 days

\*Veterans discharged due to a service-connected disability may be eligible for a VA home loan even though they served less than the minimum service requirement.

The time frames above apply to those already separated from service. Here are some other ways in which you may be eligible for a VA home loan:

	<b>Minimum Service Required</b>
<b>Active Duty (valid while on active duty)</b>	90 continuous days (181 days in peacetime)
<b>Active Reserve or National Guard</b>	6 years in Selected Reserves
<b>Unmarried surviving spouse</b>	No time requirement
<b>Spouse of POW/MIA</b>	Veteran has been POW/MIA for 90 days

For more information, see our [VA Home Loan Eligibility Page](#).

## *Will I Qualify for a VA loan?*

Once you know you're eligible, the VA lender will review your income, assets, and credit to determine if you qualify.

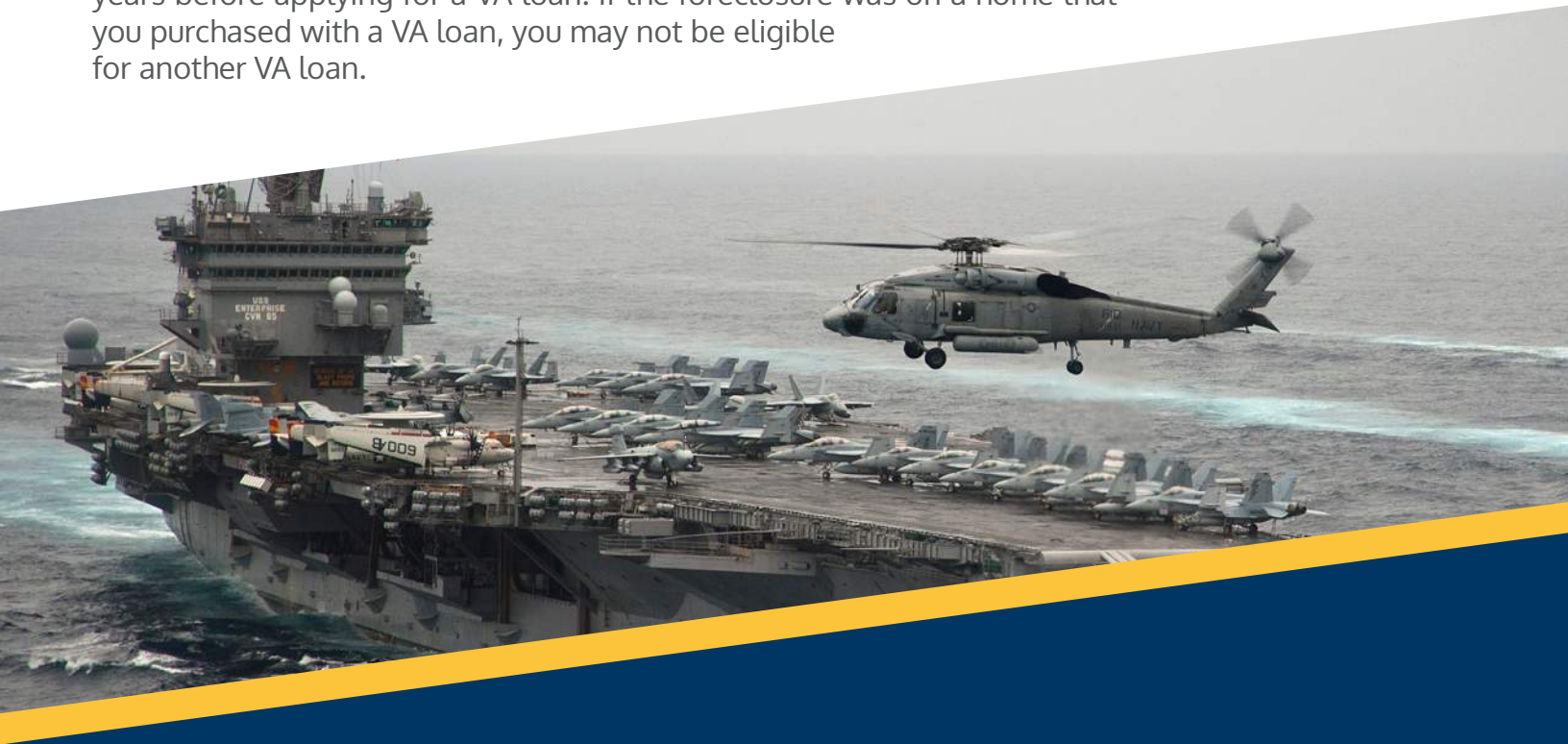
There are a few factors that go into qualifying:

**Income:** The maximum debt-to-income for a VA loan is 41%. Debt-to-income is simply the amount of all your monthly payments compared to gross income. For instance if you make \$5,000 per month, your total monthly payments including the future VA loan can't exceed \$2,050 (41% of \$5,000). So the lower your payments for things like car loans and credit cards, the more house you will be able to buy.

**Assets:** The VA home loan does not require a down payment. However, you may still pay closing costs if the seller does not pay them for you. (Your real estate agent is in charge of negotiating that the seller pay closing costs.) If you do need to pay any money out-of-pocket, you'll need to prove you have enough to do so.

**Credit:** Your VA lender will obtain a credit report which will show your score and credit history. Even if you feel you may not have the best credit score, you still may qualify for a VA loan. This loan type is generally more lenient about credit scores than other loan programs.

**Foreclosure and Bankruptcy:** If you had a foreclosure or bankruptcy, you must wait at least 2 years before applying for a VA loan. If the foreclosure was on a home that you purchased with a VA loan, you may not be eligible for another VA loan.



The fastest and easiest way to see if you qualify is to  **speak to a VA loan officer** who will examine your full profile.

### **How Much Can I Afford?**

The best way to make sure you don't spend too much on a home is to come up with a final number that you want to spend on a home each month.

Create a budget and make sure there's extra room in it for emergencies and savings. If possible, meet with a certified financial planner to make sure your finances are where they should be to buy a home.

Once you have the final amount you want to spend each month on your home, tell the number to your VA loan officer. He or she will work backward, adding in principle, interest, property taxes, homeowners insurance, and possibly homeowner's association dues, to determine a purchase price that fits within your desired budget.

## VA Home Loan Checklist

A VA loan to buy a home is approved like other home loans, meaning income, assets, and credit will be examined. Here's a checklist of items you may need. Contact a VA loan expert with any questions by calling 1-866-437-7385 or completing a **one-minute form at [MilitaryVALoan.com](https://militaryvaloan.com)**.

### Personal Information



- Your basic information like name, address, and phone number
- Previous addresses for the past 2 years
- Dates of birth and years of school completed for all applicants
- Social Security numbers for all applicants for credit check
- Race and ethnicity information (for government monitoring - requested on all mortgage loans)
- Copy of valid ID such as a driver's license or government ID
- State where you plan to purchase
- Age of dependents

### Military Information



- Copy of your **DD214** if separated from the military
- Completed **Request for COE form 26-1880**
- Statement of service from your commanding officer if you are on active duty
- Your **Certificate of Eligibility**. Your loan officer can help you get this.

### Employment/Income



- Name, address, phone number, and dates of employment for all employers over the last 2 years
- 30 days' worth of paystubs or current LES
- Last 2 years' W2s
- If self-employed: Last 2 years tax returns with all schedules (if you have commission or rental income, you will also need to provide tax returns)
- Copies of social security, pension, and/or retirement award letters and corresponding 1099s (if you receive this type of income)
- Divorce decree and settlement paperwork (if applicable)

### Assets



- 60 days' bank statements for checking and savings accounts showing enough money for your down payment (if any) and closing costs (if not covered by the seller)
- 60 days' statements for retirement accounts
- Real estate currently owned, if any

### Credit/Monthly Payments



- Your loan officer will pull a credit report that shows your current monthly payments. But it's good to know approximate account balances and payments.
- Amount paid each month in child care
- Explanation for late payments or other less-than-perfect credit history
- Bankruptcy and discharge paperwork (if applicable)



## VA Home Loans: The Best Way to Buy a Home, Hands Down

There's simply no better way to buy a home in today's market than a VA home loan. With no down payment required, no monthly mortgage insurance, and more lenient lending standards, the VA loan is one of the best benefits available to you as a Veteran. You've earned this privilege, so take advantage of it. You've earned it. **Contact a pre-screened VA lender here.**

### Quick List of VA Home Loan Advantages

- No down payment required for home purchases up to \$417,000 and up to \$625,000 in Alaska and Hawaii.
- No monthly mortgage insurance
- VA limits the amount you can be charged for closing costs.
- No penalties for paying off the loan early
- VA offers assistance and counseling if you have trouble making payments
- Reasonable closing costs can be paid for by the seller
- You don't have to be a first time homebuyer
- You can often re-use your benefit even if you've used it before
- More lenient credit and income guidelines than many other mortgage types

**Contact us** for a free VA mortgage rate quote and to see if you qualify to buy a home with a VA home loan.





## VA Home Loans for Refinancing

The VA home loan not only lets you purchase a property, but lets you refinance with much more lenient requirements than other refinance programs.

### The VA Streamline Refinance

The most popular type of VA refinance is the VA streamline, also called the Interest Rate Reduction Refinancing Loan, or IRRRL. This loan allows you to refinance your current VA loan with no appraisal, and very little documentation.

**Underwater Homes OK:** If you have a VA loan with an interest rate above today's low rates, the VA streamline loan could be a great way to save money. There is no appraisal required, so it doesn't matter if your home is "underwater," meaning you owe more than it is worth.

**No Income Verification Required:** In addition, you will not be asked for your LES, paystubs, bank statements, W2s, or any other income or asset documentation in most cases. The VA streamline doesn't require you to prove the amount or stability of your income, nor does it require you to prove how much money you have in your checking or savings accounts.

The VA streamline was introduced in 1980, and was built from the ground up to be a no-hassle, fast way for Veterans and their families to save money. It's simply the best refinance product in today's market.

### Quick VA Streamline Refinance tips.

- No appraisal required.
- No income verification required by VA, but the lender may want proof that you are currently employed.
- No verification of checking or savings accounts required.
- Requires a funding fee of only 0.5%
- Closing costs can be wrapped into the new loan amount.

Keep in mind that some lenders add their own requirements for VA streamlines, so speak to a few VA lenders for the best offer. For more information, **apply for a VA streamline refinance here** or **see our Streamline Refinance Page**.

### The VA Cash Out Refinance

If you want to tap into the equity of your home or refinance a non-VA loan, the VA cash out could be the right loan for you. This type of loan does require pay stubs, bank statements, and a credit report, but it's a great loan for many purposes.

### Receiving Cash at Closing

If you have equity in your home and are in need of cash for any reason, you may be able to use a VA cash out refinance. You can open a bigger loan amount than you currently owe, and take the excess as cash at closing.

For instance, if you have a \$100,000 loan currently, you may be able to open up a \$150,000 loan, and take the proceeds as cash.

The VA Cash out requires an appraisal, and you can often open a loan for 100% of the appraised value. This is a much bigger percentage than you can get with other types of cash out refinances, such as an FHA or conventional cash out refinance.

VA cash out loans require full documentation of income, assets, and credit. You also may be subject to a subsequent use VA funding fee, usually 3.3%, if you've used your VA home loan benefit before. **Talk to a VA-approved lender to see if you qualify.**

**Check VA cash out interest rates now** by calling 1-866-437-7385



## Refinancing a Non-VA Loan

Many Veterans in the 2000s opened a non-VA loan to finance their home purchase. Perhaps the lender was not VA approved, or they simply weren't knowledgeable about the VA loan program.

If you have a non-VA loan now, it means you are not eligible for a VA streamline refinance. A VA cash out refinance may be a good solution.

You can refinance a non-VA loan at up to 100% of your appraised value in most cases. This may be helpful to someone who has an adjustable rate loan, option ARM, Alt-A loan, or other private bank-held loan - especially if you've lost equity in recent years.

## Eliminate Monthly Mortgage Insurance

With a VA cash out loan, you could eliminate monthly FHA mortgage insurance or private mortgage insurance on a conventional loan. Because VA loans don't require mortgage insurance, you could pay off your current FHA, conventional, or USDA loan and eliminate the costly monthly expense of mortgage insurance.

## VA Cash Out Quick Tips

- Refinance up to 100% of the appraised value of your home.
- Use the cash for any purpose – paying off other debt, college tuition, or to buy a car.
- There's a good chance you could lower your interest rate while taking cash out.
- Refinance a non-VA loan to lower the rate or eliminate mortgage insurance

## Apply for a **VA Home Loan**

Whether you want to purchase a home or refinance your current loan, a VA home loan is a great solution. **Contact one of our pre-screened, VA approved lenders** to get a free rate quote and be on your way to owning or refinancing your home.



## About **MilitaryVALoan.com**



Here at MilitaryVALoan.com, we believe in making VA home loans simple. We know it can be confusing wading through VA home loan terminology and procedures. That's why we match you with experienced VA loan officers who have helped many Veterans like you.

**Connect with us on our Facebook page and on Twitter.**

MilitaryVALoan.com is an independently owned, non-government site that is not affiliated with any government agency.

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## **Credits**

**Pg 1:** Courtesy DVIDSHUB

**Pg 2:** House photo courtesy Photos.com/Andy Dean

**Pg 2:** Marines: photo courtesy DVIDSHUB/Lance Cpl. J. Scanlan

**Pg 5:** Courtesy DVIDSHUB/Seaman H. Gordon

**Pg 7:** Courtesy Jupiterimages/Photos.com

**Pg 9:** Courtesy DVIDSHUB/1st Lt. C. Morgan

\*Scenarios based on property in Washington state, 700 credit score.

### **Sources:**

<http://www.va.gov/VETDATA/docs/SpecialReports/uniqueVeteransMay.pdf>

<http://www.va.gov/opa/pressrel/pressrelease.cfm?id=1514>

