



REAL ESTATE HERO

Veteran & Military Specific Handouts

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Ten Reasons to Always Use VA Loans

1. There is no down payment, and no mortgage insurance

These are perhaps the biggest advantages to a VA loan. VA Home Loan buyers don't need a down payment. None whatsoever. Most mortgage programs, such as FHA and conventional loans, require at least 3.5 percent to five percent down. That's up to \$12,500 on a \$250,000 home purchase.

With a VA loan, the buyer can purchase immediately, rather than years of saving for a down payment. With a VA loan, steep mortgage insurance fees are also avoided. At 5 percent down, private mortgage insurance (PMI) costs \$150 per month on a \$250,000 home, according to PMI provider MGIC.

With a VA loan, this buyer could afford a home worth \$30,000 more with the same monthly payment, simply by eliminating PMI. Using a VA loan saves you money upfront, and tremendously increases the buyer's purchasing power.

2. The VA Home Loan benefit can be used again and again

The VA home loan benefit is not one-and-done. Eligible home buyers can use it as many times as you want. Here's how.

Assume a home was purchased with a VA loan. But after sometime, the buyer has outgrown the home and need something bigger. When the home is sold or is paid off completely, the benefit can be re-used to buy another home. The entitlement is restored in full. But that's not the only way to re-use the benefit.

Eligible Veterans and Servicepersons can receive a one-time restoration when they pay off the VA loan, but keep the home. This scenario comes into play if you purchased the home long ago, and have paid off the loan. It also applies if the VA mortgage was refinanced with a non-VA loan.

In these cases, you can keep the home, and enjoy the benefits of VA home buying one more time.

3. The benefit never expires

Once eligibility for the VA home loan has been earned, it never goes away. Those who served 20, 30, even 50 years ago often wonder whether they can still buy a home today if they never used their benefit. If eligibility can be established, the answer is yes.

Eligibility is based on the length of time served, and the period in which you served. For instance, a U.S. Army Veteran with at least 90 days in service during the Vietnam era is likely eligible.

To check eligibility, first the buyer must obtain his/her DD Form 214. With that document, a VA-approved lender can request VA Certificate of Eligibility for you, or you and the Veteran can request it directly from VA's eBenefits website, www.ebenefits.va.gov/ebenefits/homepage. Veterans may be eligible to buy a home using a VA home loan, even if you served long ago.

4. Surviving spouses may be eligible

More than 3,000 surviving spouses www.va.gov/opa/persona/dependent_survivor.asp purchased a home with their fallen partner's VA benefit in 2015. Un-remarried husbands and wives of Servicepersons who were killed in action can buy a home with zero down payment and no mortgage insurance. Plus, the VA funding fee is waived.

There's no way to repay the spouse of a fallen hero, but this benefit surely helps them move forward after tragedy.

5. VA Loan Rates Are Lower

According to loan Software Company Ellie Mae, VA loan rates are typically about 0.25% lower than those of conventional loans. The VA backs the mortgages, making them a lower risk for lenders. Those savings are passed on to Veterans.

Additionally, VA loans come with some of the lowest foreclosure rates of any loan type, further reducing risk for lenders. No surprise here, but Veterans and Servicepersons take homeownership seriously. These factors add up to lower rates and affordable payments for those who choose a VA loan.

6. VA loans are available from local lenders

The VA home loan is unlike most other VA benefits. This benefit is available from private companies, not the government itself. The Department of Veterans Affairs does not take applications, approve the loans, or issue funds. Private Banks, credit unions, and mortgage companies do that.

The VA provides insurance to lenders, www.benefits.va.gov/homeloans/lenders.asp. It's officially called the VA guaranty. The VA assures the lender that it will be repaid if the Veteran can no longer make payments. In turn, lenders issue loans at superior terms. In short, a VA loan gives you the best of both worlds. You enjoy your benefit, but have the convenience and speed of working with your chosen lender.

7. Buy, refinance or tap into home equity

The VA home loan benefit is not just for buying homes. Sure, it provides unmatched home buying advantages, but it can also use it to refinance an existing mortgage, whether it's a VA loan or not.

Homeowners with a VA loan can use the Interest Rate Reduction Refinancing Loan, www.benefits.va.gov/homeloans/irrrl.asp, or IRRRL, to easily drop their rate and payment without an appraisal, or even paystubs, W2s or bank statements. The VA streamline refinance, as it is commonly known, gives VA loan holders a faster, cheaper way to access lower refinance rates when rates fall.

Even homeowners without a VA loan can use a VA refinance. The VA cash-out loan is available to eligible Veterans who don't have a VA loan currently. As its name suggests, a VA cash-out refinance can be used to turn a home's equity into cash. And, it can be used to take out a bigger loan than what is currently owe. The difference is issued at closing.

The VA cash-out loan amount can be up to 100 percent of the home's value in many cases. Use the proceeds for any purpose – home improvements, college tuition, or even a new car. Many homeowners today are dropping their rate and taking cash out simultaneously, accomplishing two goals at once.

But taking out cash to use is not the only VA loan option. You can also use it to pay off a non-VA loan. Eligible homeowners who pay mortgage insurance or are dealing with other undesirable loan characteristics should look into refinancing with a VA loan. It can eliminate PMI, get a stable fixed-rate loan, pay off a second mortgage, or simply reduce the rate to make homeownership more affordable.

8. Lenient guidelines for lower credit scores, bankruptcy, foreclosure

Unlike many loan programs, a lower credit score, bankruptcy or foreclosure does not necessarily disqualify from a VA home loan.

Shop around at various lenders, because each will have its own stance on past credit issues. However, VA guidelines do not state a minimum credit score to qualify. This gives lenders leniency to approve loans with lower scores. In addition, VA considers your credit re-established when you have established two years of clean credit following a foreclosure or bankruptcy.

Many homeowners across the U.S., military and civilian, experience bankruptcies and foreclosures due to a loss of income, medical emergency or unforeseen event. Fortunately, these financial setbacks don't permanently bar VA-eligible home buyers from ever owning again.

The exception, though, is a foreclosure involving a VA home loan. In this case, they may need to pay back the amount owed on the foreclosed VA loan to regain eligibility. But for most home buyers with past credit issues, a VA home loan could be their ticket to homeownership.

9. Funding fee waivers

VA typically charges a funding fee, www.benefits.va.gov/HOMELOANS/purchaseco_loan_fee.asp, to defray the cost of the program and make home buying sustainable for future Veterans. The fee is between 0.50 percent and 3.3 percent of the loan amount, depending on service history and the loan type.

However, not everyone pays the VA funding fee. Disabled Veterans who are receiving compensation for a service-connected disability are exempt. Likewise, Veterans who are eligible for disability compensation, but are receiving retirement or active duty pay instead, are also exempt from the fee.

10. Buy a condo with a VA loan

Many types of properties can be purchased with a VA loan, including a single-family (free-standing) home, a home of up to four units, a farm residence, and even manufactured homes. But condominiums are commonly overlooked by VA home buyers. Condominiums are ideal starter homes. Their price point is often lower than that of single-family homes. And, condos are often the only affordable option in many cities.

The VA maintains a list of approved condominium communities. Veterans can search by city, state, or even condominium name on VA's condo search tool:

www.vip.vba.va.gov/portal/VBAH/VBAHome/condopudsearch

It's not a short list. For example, there are more than 2,400 approved condo communities in Washington State, about 1,000 in Texas, and a staggering 9,000 in California.

As a Veteran or Servicemember, consider the array of home types when shopping for a home.

11. Last, but not least – Because Our Heroes Have Earned It!

The freedom afforded to this country by members of all branches of the military, past and present, is not easily repaid. But consider this program a small “thank you” for their service and dedication.

VA Home Loan In 3 Easy Steps

- 1.** To obtain a VA Guaranty Home Loan, the buyer must have a Certificate of Eligibility. You can [apply online](#)¹ for a Certificate of Eligibility (COE) or by completing this fillable [VA Form 26-1880](#)², Request for Certificate of Eligibility, and simply mail it in. Lenders can also obtain COEs for Veterans online.
- 2.** Your Veteran Real Estate Specialist will assist through the process of buying a home. The lender will complete an application and work to determine the amount of loan for which the buyer qualifies. Then, after a pre-qualification or pre-approval has been obtained you can begin helping the buyer find the right property.
- 3.** Lastly, select a home and sign a purchase agreement or a contract with a builder. It is important to note that the sales contract should include a provision making it void if the buyer is unable to attain VA-Guaranty financing. The lender will then order an appraisal of the property, and clear the final conditions required to close on the new home.



¹ www.ebenefits.va.gov/ebenefits/about/feature?feature=cert-of-eligibility-home-loan

² www.vba.va.gov/pubs/forms/vba-26-1880-are.pdf

Military Smart Home Buying Decisions

- As active duty, the housing allowance is tax free. See the Basic Allowance for Housing – BAH – by rank and zip code, at www.defensetravel.dod.mil/site/bahCalc.cfm. Using this calculator allows you to compare the BAH in the area with your expected mortgage payment. If the average BAH meets or exceeds your expected mortgage payment, it may be a wise investment to buy and then rent the property when transferred.
- Consider buying only if you plan to stay put for at least 3 years – five is better
- Limit housing costs to no more than 30% of take-home income
- Consider the property's rental possibilities as part of the buying decision just in case you are unable to immediately sell when you are ready to move
- If you reside near a military community, try to keep your mortgage payment a few hundred dollars below the BAH of the average rank in the area. That way you will always have a pool of potential renters
- Consider Kitchen, Bath, and basic curb appeal improvements to add the most value to the property

Delinquent Home Loan Assistance

Overview

The Department of Veterans Affairs' (VA) mission is to provide eligible Veterans every opportunity to retain their home or avoid foreclosure. VA urges all Veterans who are encountering problems making their mortgage payments to speak with their loan servicer as soon as possible to explore options to avoid foreclosure or contact the nearest Regional Loan Center at (877) 827-3702.

Options To Avoid Foreclosure

The following options are generally available to all borrowers to avoid foreclosure:

- Repayment Plan – The borrower makes their regular installment each month plus part of the missed installments.
- Special Forbearance – The servicer agrees not to initiate foreclosure to allow time for borrowers to repay the missed installments.
- Loan Modification – Provides the borrower a fresh start by adding the delinquency to the loan balance and establishing a new payment schedule.
- Additional time to arrange a private sale – The servicer agrees to delay foreclosure to allow a sale to close if the loan will be paid off.
- Short Sale – When the servicer agrees to allow a borrower to sell his/her home for a lesser amount than what is currently required to pay off the loan.
- Deed-in-Lieu of Foreclosure - The borrower voluntarily agrees to deed the property to the servicer instead of going through the foreclosure process.

Veterans with VA Guaranteed Home Loans

Loan servicers have the primary responsibility of resolving loan defaults, so it is imperative borrowers contact their loan servicer as quickly as possible. However, in cases where the servicer is unable to help the Veteran borrower, Loan Guaranty has Loan Technicians in nine Regional Offices who take an active role in interceding with the servicer to explore all options to avoid foreclosure.

Servicemembers or Veterans with VA-guaranteed home loans can call (877) 827-3702 to reach the nearest Loan Guaranty office where Loan Technicians are prepared to discuss potential ways to help save the home.

Veterans with Non-Guaranteed Home Loans

For a Veteran or Servicemember with a conventional or sub-prime loan, VA does not have the legal authority to intervene on the borrower's behalf. It is imperative

that the borrower contacts his/her servicer as quickly as possible. Visit VA's home loans website or call toll-free (877) 827-3702 to speak with a VA Loan Technician for advice on approaches to take with your servicer.

Other Assistance

In addition to the resources offered by VA, the Department of Housing and Urban Development (HUD) offers assistance to homeowners by sponsoring local housing counseling agencies. To find an approved agency in your area, please search the HUD Office of Housing Counseling website, or call HUD's interactive voice system at (800) 569-4287.

Access VA Home Loans website, www.benefits.va.gov/homeloans/veteran_borrowers.asp, for additional information on VA loans, and to watch videos of Veterans who have completed some of the workout options listed above.

Service Members Civil Relief Act

Veteran borrowers may be able to request relief pursuant to the Servicemembers Civil Relief Act (SCRA). SCRA is intended to ease the economic and legal burdens on military personnel during their active service. In order to qualify for certain protections available under the Act, the borrower must request protection under the Act, and the loan must have originated prior to the current period of active military service. SCRA may provide for a lower interest rate, or prevent foreclosure, or eviction.

Please contact your nearest VA Loan Technician at (877) 827-3702 if you have any questions.

VA Loans for Farms & Rural Residents

The Department of Veterans Affairs' (VA) Home Loan benefit may be used to purchase a farm on which there is a farm residence to be owned and occupied by a Veteran as his or her primary residence. Although the VA Home Loan benefit cannot be used for business loans, including for farming, Veterans can use the benefit to purchase a farm on which there is a residence.

GENERAL GUIDANCE

- **Loans for farm dwellings are appraised the same way as for homes in urban areas.**
- **VA does not set limits on the number of acres a VA-guaranteed property may have.**
- **The appraisal of properties with acreage should not present difficulties if a sufficient number of similar properties in the area were recently sold primarily for residential use, and may include improvements not typically considered residential (i.e. barns, sheds, corrals, stables, pastures).**
- **For VA purposes, the valuation must not include livestock, crops, or farm equipment and supplies. In any case, individual improvements not typically considered residential (i.e. barns, sheds, corrals, stables, pastures) will be valued at their fair market value.**
- **Underwriting guidelines are generally the same as for non-farm type dwellings.**
- **For example, if some or all of the income necessary to support the loan payments comes from farming operations, a Veteran's ability and experience as a farm operator must be established.**
- **The procedures and analysis provided in Chapter 4 of VA Pamphlet 26-7, Lenders Handbook, under "Self-Employment Income" generally apply.**

For more information, contact a VA Regional Loan Center by calling toll-free (877) 827-3702 or visit the VA Home Loan website, www.benefits.va.gov/HOMELOANS/contact_rlc_info.asp