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| **VA Mortgages**    **What Is A VA Loan?**  The Veterans Administration (VA) does not make loans. VA guarantees that the lender will be protected against loss in the event of a foreclosure up to a maximum of 25% of the loan amount. VA will guarantee a loan for any eligible veteran to purchase a home provided his income will permit him to make the mortgage payments, his credit history is acceptable and he has enough cash to close the loan without borrowing.  **Advantages of VA Loans**   * No down payment required if the purchase price of the property does not exceed the VA appraisal or conforming loan limit. * The seller may pay any or all of the veteran's costs. * Less stringent loan underwriting requirements versus other types of loans. * Fully assumable (with qualifying). * No prepayment penalty.   **Eligibility Requirements**  To be eligible for a VA loan, the veteran must have served in the Armed Forces of the United States of America for a specified amount of time. The length of service required varies based upon the period of time he or she has served. The veteran should have also been discharged under conditions other than dishonorable.  Also eligible are unmarried widows of qualifying veterans whose deaths were service related. There are some exceptions to this schedule. Please contact us to help us make a determination of eligibility.  **VA Loan Programs and Amounts**  There are no maximum VA loan amounts Loan amounts greater than $417,000 may require a down payment.  **ARM** (Adjustable Rate Mortgage) which can fluctuate based on the index (1-year Treasury Bill) and has a 1% annual cap and a 5% lifetime cap.  **VA Appraisals**  All VA appraisals are done by VA assigned/approved appraisers. A Certificate of Reasonable Value (CRV) is then issued, setting forth VA's estimate of value.  **Eligibility Restoration Criteria**  The assumption of a VA loan leaves the veteran with limited eligibility until the loan is paid off in full as a result of a bonafide sale. Eligibility may then be completely restored and another property purchased using full entitlement.  **Co-Mortgagors**  If a veteran is legally married, VA will consider the spouse's income. If the veteran is to be married and the spouse's income is being used to qualify, VA will approve the loan with a marriage certificate as a condition for closing. All other co-mortgagors must meet the following requirements:   1. Both must be veterans. 2. Both will occupy the property. 3. Both will use their entitlements. 4. Both must qualify for 1/2 of the payment.   **Buyer's Costs**   * NO DOWN PAYMENT REQUIRED * Loan Origination Fee (1% of loan amount - typical, but not required.) * VA Funding Fee (varies and can be 100% financed) * Credit Report * Appraisal Fee * ALTA. Lenders Title Insurance Policy * Property Tax Proration and Reserves * Hazard Insurance and Reserves * Interest on new loan, based on closing date * Recording Fees   **Seller's Costs**   * Sellers' and Buyers' Escrow Fees * Revenue Tax Stamps * Standard Owner's Title Insurance Policy * Sub-Escrow Fee * Pay Off Existing Trust Deed and Liens * Proration of Property Taxes * Payment of assessments, etc. * Structural Pest Control Inspection and Repairs * Other repairs or the cost of repairs * Broker fees * Association Transfer Fees * Buyers' Loan Processing Fee * Buyers' Loan Document Fee   **And Don't Forget...**  In a VA sale, the seller may pay any or all of the Veteran's costs listed above. This means that the veteran could buy with absolutely no money out of pocket. UNDER NO CIRCUMSTANCES CAN THE VETERAN PAY ANY OF THE SELLER'S COSTS. VA does not set interest rates, so VA rates reflect market conditions like any other type of loan. Discount points need not be charged to anyone, but the discount points to obtain a lower market interest rate can be paid by either the seller or the buyer.  **Funding Fees**  A funding fee is added to VA loans to guarantee that the lender has a 25% guarantee to reduce the risk of holding the loan. On a purchase, that fee is 2.15% for the first time use of the veteran's eligiblity. Any subsequent use to purchase a home or to obtain a cash-out refinance, the fee is increased to 3.3%.  A veteran can reduce the funding fee to 1.5% on a purchase by making a down payment of 5%. By making a down payment of 10% or more, the funding fee is reduced to 1.25%.  The funding fee on an Interest Rate Reduction Loan (IRRL)is 0.5%.this loan must reduce the monthly payment or the length of time of the loan to be approved. this loan does not require proof of income or appraisal. Credit is only used t prove that in the last 12 months there have been no more than one late mortgage payment and that your credit score is above 580.  Veterans who have a 10% or greater service-related disability are never required to pay a funding fee. |