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| **Government Financing Breaks For Those Who Serve**    The Department of Veterans Affairs (VA) has been helping veterans and military personnel obtain home loans for over 50 years.  **Here is a list of facts about the VA.**   1. The VA has helped over 13.5 million veterans and their families secure financing and homes throughout the United States. 2. The VA was initially established as a subsection of the GI Bill in 1944. The program's goal is to help returning military members secure housing so that they may return to a normalized life. The program is seen by many as a repayment or service bonus during wartime. 3. The VA program is set up so that the VA is not the lender but rather they are the guarantor of the mortgage. For every eligible veteran, the VA will allow an entitlement amount, which can vary by individual and which may be used towards the down payment requirements that a lender sets for the purchase of a home. This guaranty amount is equivalent to up to 25% of the loan amount and will reimburse the lender against loss in the event of borrower default. 4. With this guaranty backing-up the borrower's credit, a lender feels comfortable enough to lend the borrower up to 100% of the purchase price of the home. n 2008, the VA eliminated maximum loan amounts for VA loans. A veteran may borrow up to $417,000 (higher in some areas) without a down payment. A veteran who borrows more than the agency limit ($417,000 with some exceptions) must contribute 25% of the loan amount that exceeds the VA limit. With little to no down payment required, the reduced up-front cost for the borrower is minimized, which often times makes the difference whether or not an individual can purchase a home. 5. In addition to the standard fixed rate programs, the VA offer 1, 5 and 7 year ARMS. 6. In order to obtain a VA Loan there are costs which are associated with the program. According to the VA Each veteran must pay a basic VA Funding Fee of 2.15% of the loan amount to the Department of Veterans' Affairs for the use of the program. After the first time a veteran uses their eligibility, the fee increases to 3.3% for any subsequent use. This fee can be reduced to 1.50% with a cash down payment between 5-9.99% and to 1.25% with a cash investment of 10% or more. The VA also allows any funding fees (equivalent to closing costs) to be added to the amount of the loan. Along with these specific VA fees other fees may also be incurred, as with any home purchase, such as surveys, credit report, appraisal, etc. If agreed upon, some of these costs can be paid by the seller. 7. Mortgage insurance is not required for a VA Loan because the VA-guaranty replaces the guarantee that the mortgage insurance would carry. This results in savings from $50 to over $300 per month. 8. Since the VA no longer has a lending limit, a veteran may own more than one home with their VA eligibility. There are restrictions on loan amounts for - for more information contact the VA. 9. Even though this program is intended for use by veterans only, there is an option which would allow non-military members the ability to take advantage of at least one aspect of the program. When a VA home is foreclosed on, the VA often times holds auctions to attempt to recoup a portion of their money. (Since the VA was the guarantor of the mortgage, they were responsible for paying the lender for losses incurred as a result of the borrower default). 10. VA home auctions are open to the public, so both veterans and non-veterans have a chance at winning a bid to purchase a property at an attractive price. VA homes sold by auction are sold as is, so it is best to conduct some research into the house itself before buying it. 11. The best place to find information to see if you are eligible for a VA Loan is to check the VA's Home Loan web site at www.homeloans.va.gov and to also contact a local VA office. 1-800-827-1000 is the main VA number and they will be able to give you the phone number of the nearest office in your state. |