

# VA Loans

If you are looking for a home loan, considering a VA loan is a great place to start. As America recovers from its' economic turmoil, equity is slowly returning to the average homeowner. You might want to again consider a VA loan as your vehicle of choice to the American Dream.

## **Definition**

A VA loan is a mortgage loan in the United States guaranteed by the U.S. Department of Veterans Affairs (VA). The loan may be issued by qualified lenders.

The VA loan was designed to offer long-term financing to eligible American veterans or their surviving spouses (provided they do not remarry). The basic intention of the VA direct home loan program is to supply home financing to eligible veterans in areas where private financing is not generally available and to help veterans purchase properties with no down payment. Eligible areas are designated by the VA as housing credit shortage areas and are generally rural areas and small cities and towns not near metropolitan or commuting areas of large cities.

The VA loan allows veterans 103.3 percent financing without private mortgage insurance or a 20 percent second mortgage and up to \$6,000 for energy efficient improvements. A VA funding fee of 0 to 3.3% of the loan amount is paid to the VA; this fee may also be financed. Some veterans are eligible for waiver for the upfront funding fee. In a purchase, veterans may borrow up to 103.3% of the sales price or reasonable value of the home, whichever is less. Since there is no monthly PMI, more of the mortgage payment goes directly towards qualifying for the loan amount, allowing for larger loans with the same payment. In a refinance, where a new VA loan is created, veterans may borrow up to 100% of reasonable value, where

allowed by state laws. In a refinance where the loan is a VA loan refinancing to VA loan (IRRRL Refinance), the veteran may borrow up to 100.5% of the total loan amount. The additional .5% is the funding fee for an VA Interest Rate Reduction Refinance.

VA loans allow veterans to qualify for loan amounts larger than traditional Fannie Mae / conforming loans.

- Credit cannot be on a deteriorating track
- No MI(monthly mortgage insurance) Loans ( FHA Loans have MI)
- Funding Fee exempt for Veterans with Disability
- All Closing Fee can be paid by Seller

#### VA Eligibility Calculation Examples

Veteran has full entitlement available and is purchasing a home for \$1000,000 where the county loan limit is \$625,500.

$\$625,500 \times 25\% = \$156,375$  Maximum Guaranty and Entitlement Available

$\$156,375 / \$1000,000 = 15.63\%$  Guaranty

$\$1000,000 \times 25\% = \$250,000$  Guaranty and Down Payment Combination Required

$\$250,000 - \$156,375 = \$93,625$  Down Payment

In the case borrower gets a \$1000,000 loan with a down of \$93,625 .This will be a VA Loan with borrower putting in 9.36% down and getting a no MI loan.

[More VA Eligibility Examples](#)

**TAKE A MINUTE TO FILL OUT THIS  
SHORT APPLICATION NOW!**

*\*No social security number required*

**SCHEDULE A LOAN OFFICER  
PHONE CALL TODAY!**