

What Makes the **VA Loan** Such a Valuable Benefit?



The VA Loan is known to be one of the best benefits for current and retired military members and their families.

A VA (Veterans Affairs) Loan is a home loan designed to help finance homes for Veterans, eligible members of the military, and some surviving spouses.

Lenders can approve borrowers with more flexible lending standards because the VA loan is guaranteed by the government.

LOANS START AT ZERO DOWN

The VA loan does not require a down payment for qualified buyers, allowing an easier entry to homeownership for military members and veterans*.

VA buyers are required to pay a funding fee at closing time, which ranges from 0.5 percent to 3.3 percent of the loan, depending on the veteran's service and loan type. You are able to finance the VA Funding Fee and wrap it into your monthly mortgage payments. If you are retired or discharged on disability, you might be eligible to have it waived.

*A smaller down payment will result in a higher monthly mortgage payment.

NO NEED TO PAY PRIVATE MORTGAGE INSURANCE (PMI)

VA borrowers are not required to pay costly PMI, which is typically required when putting less than 20% down on a loan. PMI typically costs between 0.5 percent and 1 percent of the loan amount. This saves VA borrowers up to hundreds of dollars per month alone.

COMPETITIVE RATES AND FLEXIBLE CREDIT REQUIREMENTS

Typically, VA loans have lower interest rates than conventional loans because the mortgage is backed by the government. This also allows for more flexible credit requirements. So, if your credit score is less than perfect, don't panic. Plus, VA loans are more forgiving when bouncing back after a bankruptcy, foreclosure or short sale.

YOUR BASIC ALLOWANCE FOR HOUSING (BAH) COULD COVER YOUR MORTGAGE PAYMENTS

In many cases, your mortgage could be less expensive than the money you get from your BAH, so you could potentially even end up with more money in your pocket by purchasing a home with a VA loan.

Additionally, if you're an Active-Duty military family receiving BAH, that money could count toward your qualifying income for a VA Loan, giving you more purchasing power. This will depend on where you live, your rank, and your years in service.

SELLERS CAN PAY BORROWER CLOSING COSTS

VA loans allow the seller to pay closing costs, which further reduces the out-of-pocket costs for the buyer. This program is also the only loan program that will enable your seller credit to pay down a credit balance, such as a credit card debt or car loan.

For all of your real estate and mortgage needs, call your trusted local professionals today!



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