

10 VA LOAN MYTHS



10 Myths you should NOT believe about VA Loans

“If you have served in the U.S. Military we want to say thank you. We salute you for protecting our freedom, and keeping our nation safe and we want all our America Heroes enjoy a piece of the American Dream, to own a home”



VA HOME LOAN PROGRAM



A VA loan is a mortgage loan in the United States guaranteed by the United States Department of Veterans Affairs (VA). The program is for American veterans, military members currently serving in the U.S. military, reservists and select surviving spouses and can be used to purchase single-family homes, condominiums, multi-unit properties, manufactured homes and new construction. The VA does not originate loans, but sets the rules for who may qualify, issues minimum guidelines and requirements under which mortgages may be offered and financially guarantees loans that qualify under the program.

MYTH #1 You Need Perfect Credit to be Approved

FALSE: While the VA encourages approved lenders to provide VA loans to all qualified applicants, it does not describe a minimum credit score. Each lender has its own credit requirements, which they use to verify that borrowers meet the ability to repay the loan. Lenders are expected to use good judgment and flexibility when applying the VA's underwriting recommendations for credit, debt, and income. Typically a score in the 620s or better is needed to apply for a VA loan.

MYTH #2 Only Combat Veterans Are Eligible

FALSE: Veterans, active duty service members, reservists, National Guard members, surviving spouses, and other individuals can earn eligibility for home loan benefits. You may be eligible if you are a(n):

- Military Veteran
- Active Duty Service member
- Reservist or National Guard Member
- Surviving Spouse
- Academy Cadet or Midshipman
- National Oceanic & Atmospheric Administration (NOAA) Officer
- Public Health Service (PHS) Officer

MYTH #3 You Can Only Use The VA Home Loan Benefit Once

FALSE: If you earn a VA home loan benefit it is yours for life, and in some cases, can be used multiple times at once. Many Veterans use it again and again for their home financing needs. You can use it to buy that starter home, and then use it again to upgrade to a larger home for your growing family. And you can use it again to refinance your property for a lower interest rate or get cash out of your home's equity. Depending on the value of each property you buy, you may or may not need to restore entitlement to reuse your benefit. As long as you have enough entitlement to back your loan, a VA loan can be a great mortgage choice for all stages of life.

MYTH #4 The VA Appraisal Takes Too Long

FALSE: VA appraisals shouldn't take any longer than appraisals for conventional loans. Once you have signed a purchase contract, your lender can order the VA appraisal. Once ordered, the VA will dispatch it to the next available VA-approved appraiser. The VA guidelines state that appraisals can take anywhere from seven to 28 business days, depending on the property's location.

MYTH #5 VA Loans Have Unexpected Out-of-Pocket Costs

FALSE: In fact, VA loans are known for their benefits, including no private mortgage insurance (PMI) and, in most cases, zero down payments. Think it's too good to be true? The VA itself says that about 90% of all VA purchases have been made with no down payment since the program's inception. According to Ellie Mae, a mortgage software company, VA borrowers average 98% loan to value (LTV) in 2017, while conventional loans average 80%.

As far as other out-of-pocket costs go, you should receive a Good Faith Estimate from your lender. And there should be no surprise fees at closing time. You can expect to pay a VA funding fee (unless exempt), an appraisal fee, an origination fee, title fees and some other costs approved by the VA. You can pay these fees upfront or possibly roll some of them into your loan. Another option may be for you to negotiate seller-paid fees in your purchase contract. With VA financing, a seller can agree to pay all closing costs and up to 4% concessions.

MYTH #6 VA Loans Have Too Much Government Red Tape

FALSE: Most VA lenders have authority from the VA to underwrite loans automatically, without submitting them to the government for approval. A good lender will establish a trusted relationship with you. And you should feel comfortable working with them on all aspects of your loan journey. Unless there's some extenuating circumstance, you probably won't work directly with the government when you apply for your VA loan. You do have the option of using the VA website to obtain your COE, but even for this step, you can use your lender as a liaison

MYTH #7 You're Limited As Far As What You Can Do With Your VA Home Loan Benefits

REAL STORY: Many people believe that VA loans are only for purchasing single-family houses. But just look all the different ways to use your VA home loan benefits:

- Buy a single-family house
- Buy a condominium unit in a VA approved complex
- Buy a multi-family property (up to 4 units per VA-eligible borrower)
- Build a home
- Buy and improve a property
- Make energy efficient improvements
- Buy a manufactured home and/or lot (certain lenders)
- Streamline refinance your VA loan for a lower rate or payment
- Cash-out or regular refinance your VA or non-VA mortgage

MYTH #8 VA Loans Have Higher Interest Rates

FALSE: VA loan interest rates are usually as low or lower than competitive rates on conventional loans. Based on data from Ellie Mae, the average interest rate on 30-year conventional loans was 4.39% from January through September, 2017. The average VA rate for that same period was more than one-third point lower at 4.05%.

TIP: When you're shopping for rates, be sure you're getting an Annual Percentage Rate (APR) along with your quoted rate. A higher APR in relation to your quoted rate, typically means higher fees.

MYTH #9 Most Veterans Don't Qualify for VA Loans

FALSE: In fact, most Veterans are eligible for VA loans. More VA loans are being approved than ever. In 2016, the VA backed a record 705,474 mortgages totaling nearly \$179 billion. By Ellie Mae stats, VA and conventional loans both had a closing rate of 76.1% from January through September 2017.

MYTH #10 VA Occupancy Rule Is Too Hard For Active Duty Serving Overseas

FALSE: VA requires owner occupancy within a reasonable time after closing — usually 60 days. But there is more than one way to skin a cat for active duty military personnel. Those serving away on active duty can receive an extension of up to 12 months if needed. If the active duty member still can't satisfy the rule, a spouse or dependent child can.

Before you believe something you hear or assume about VA loans, take a moment to research it. VA loans are originated by approved lenders and backed by the U.S. Department of Veterans Affairs. The guaranty enables lenders to offer favorable terms such as:

- \$0 down payment (up to loan limit)
- No private mortgage insurance premium
- Limit on what fees you can be charged per VA guidelines
- Closing costs may be paid by the seller
- No penalty fee if you pay the loan off early
- Free VA assistance if you have trouble making payments

MY FLORIDA HERO HOME LOANS

We work with reputable lenders that specialize in VA loans that share our passion to assist America's Heroes in home ownership. Call Today!

This report is courtesy of the Dawes Team



LOVE YOUR PURCHASE
GUARANTEED
OR I'LL SELL IT FOR
ZERO LISTING FEE*



Liz Dawes

954.240.9680