

# VA Loan Guaranty Service (LGY)

## Newsletter Drop-In #1-4

### Drop-In 1: VA Home Loan Benefit Basics

For Veterans seeking the dream of homeownership, the Department of Veterans Affairs (VA) offers a valuable resource: the VA home loan. VA-approved private lenders, including banks and mortgage companies, fund VA home loans with VA guaranteeing a portion of the loan. This backing allows lenders to provide eligible borrowers with terms unavailable to the public. VA home loans are available to most Veterans, active-duty Service members, National Guard and Reserve members, and certain surviving spouses, depending on service length and duty status. Contact your home loan lender to determine your eligibility by requesting a Certificate of Eligibility (COE) from VA.

One of the most significant advantages of a VA home loan is that VA typically does not require a down payment (unless the purchase price exceeds the property's appraised value). Lenders may still require a down payment depending on your financial circumstances. Additionally, VA home loans offer:

- » No private mortgage insurance (PMI) premiums or mortgage insurance premiums (MIP).
- » No loan limit if the Veteran has full entitlement and the ability to meet the lender's financial guidelines.
- » Potential to own more than one property at a time if the Veteran borrower has ample entitlement, financially qualifies, occupies the property, and follows all VA loan guidelines.
- » VA does not require a minimum credit score, though lenders may set a credit score limit.
- » Competitively low interest rates compared to other loan programs.
- » No VA funding fee for eligible service-connected disabled Veterans and surviving spouses.

The VA home loan encompasses different loan options tailored to Veterans' diverse needs, providing them with the necessary support for their housing goals.

The VA home loan is a lifetime benefit, meaning you can utilize the loan guarantee multiple times to provide flexibility for future homeownership opportunities.

- » A Purchase Loan allows Veteran and military homebuyers to finance their new property with favorable terms and conditions.
- » A Cash-Out Refinance Loan enables Veterans to convert the equity in their home into cash for various purposes, such as home improvements or debt consolidation.
- » The Interest Rate Reduction Refinancing Loan (IRRRL), also known as the VA streamline refinance loan, enables qualified borrowers to refinance their existing VA home loan into a new loan to take advantage of market reductions in interest rates. This streamlined process typically requires minimal documentation, making it a convenient option for those looking to reduce their monthly mortgage payments.

VA home loans offer Veterans, active-duty Service members, National Guard and Reserve members, and certain surviving spouses a range of benefits and opportunities that can significantly improve the path to homeownership. Take advantage of this lifetime benefit and turn your dream of owning a home into reality with a VA home loan.

## Drop-In 2: Getting the Keys to Homeownership With VA Home Loans

One of the unique ways our Country says “thank you for your service and sacrifice” to members of our military community and their families is through VA Loan Guaranty Service (LGY) – more commonly known as VA home loans.

The LGY program is designed to help Veterans, active-duty Service members (including National Guard and Reserve members), and eligible surviving spouses realize the dream of home ownership by providing a highly competitive loan with the following features:

- » Typically, there is no down payment requirement.
- » No private mortgage insurance (PMI) premiums or mortgage insurance premiums (MIP)
- » No loan limit if the Veteran has full entitlement and the ability to meet lender’s financial guidelines.
- » In most cases, lenders can process eligibility in just one day (down from 26 business days in 2015).
- » Potential to own more than one property at a time if the Veteran borrower has ample entitlement, financially qualifies, occupies the property, and follows all VA loan guidelines.
- » VA does not require a minimum credit score, though lenders often set a credit score limit.
- » Competitively low interest rates compared to other loan programs.
- » No VA funding fee for eligible service-connected disabled Veterans and surviving spouses.

Since the program’s inception almost 80 years ago, VA has backed more than 28 million home loans.

If you are a Veteran, active-duty Service member, National Guard or Reserve member, or eligible surviving spouse and you are in the market for a new home, we encourage you to call our office at **[INSERT REAL ESTATE PROFESSIONAL’S PHONE NUMBER]** or contact VA home loan staff at 1-877-827-3702 to learn how to put this exclusive benefit to work for you and your family.

Our real estate brokerage has had tremendous success ensuring those who have served and sacrificed for our Country have access to this exclusive home loan benefit. The processes for loan application and certification of eligibility are straightforward and efficient. And, with the program’s zero-down-payment potential, military buyers are at a competitive advantage over other buyers. Here is one of the many success stories we would like to share with you:

**NOTE:** Real estate professional to add an example of a VA home loan success story they or their company has supported.

## Drop-In 3: VA Home Loans – There’s One That’s Right for You

The Department of Veterans Affairs (VA) offers a range of home loan programs to assist Veterans, active-duty Service members, National Guard and Reserve members, and their families in achieving homeownership. These VA home loans provide favorable terms, competitive interest rates, and flexible qualification criteria. Read on to see which one might be right for you.

**Purchase Loans:** VA’s most common home loan program helps eligible borrowers purchase a home at favorable terms, often with no down payment requirement. Private lenders provide these loans but VA guarantees them, which lowers the risk for lenders and allows for more favorable loan terms. Borrowers may use these loans for preexisting homes, new construction homes, manufactured homes, and even multi-unit homes with up to four units if the borrower uses one as their residence.

**Interest Rate Reduction Refinancing Loan (IRRRL):** The IRRRL, also known as the VA streamline refinance loan, enables qualified borrowers to refinance their existing VA home loan into a new loan to take advantage of market reductions in interest rates. The streamlined process typically requires minimal documentation, making it a convenient option for those looking to reduce their monthly mortgage payments.

**Cash-Out Refinance Loans:** Cash-Out Refinance Loans allow eligible borrowers to refinance their existing mortgage while accessing the equity they have built in their home. This program can be an attractive option for those who need funds for home repairs, renovations, debt consolidation, or other financial needs. Homeowners can also use this to refinance a non-VA loan into a VA home loan, allowing the borrower to eliminate private mortgage insurance.

VA also offers several “add-ons” to VA home loans:

**Adapted Housing Grants:** VA provides grants to help certain Veterans and Service Members with severe service-connected disabilities adapt their homes to improve accessibility. These grants can assist in modifying an existing home or constructing a new one to meet the specific needs of the Veteran. Recipients do not have to repay these grants. <https://www.va.gov/housing-assistance/disability-housing-grants/>

**Energy Efficient Mortgage (EEM):** The EEM program allows eligible borrowers to finance energy-efficient home improvements, such as solar panels, insulation, or energy-efficient appliances. By incorporating these upgrades into the mortgage, borrowers can enjoy lower utility costs and contribute to a more environmentally friendly home.

It is important to note that while these VA home loan programs provide attractive benefits, eligibility criteria and loan terms may vary. Working with a VA home loan lender or contacting a VA home loan representative directly (1-877-827-3702, M-F 8 a.m. – 6 p.m. EST) can provide more detailed information on specific requirements and benefits. We welcome you to call our office at **[INSERT REAL ESTATE PROFESSIONAL’S PHONE NUMBER]**. We’re happy to help you find a VA-approved lender to obtain your Certificate of Eligibility (COE) and determine which loan will help you get your dream home.

# Drop-In 4: Tried and True: VA Home Loans Continue to Deliver for America's Military Community

For eight decades, Department of Veterans Affairs (VA) Loan Guaranty Service (LGY) has supported our nation's Veterans and active-duty Service members, as well as National Guard and Reserve members, in realizing their dreams of homeownership. Private lenders, such as banks and mortgage companies, provide VA home loans. VA guarantees a portion of the loan to the lender, which enables the lender to provide more favorable loan terms.

LGY's program has become one of the most successful lending programs in real estate, supporting more than 28 million home buyers since 1944.<sup>1</sup> As with any program that has been in operation for 80 years, myths have emerged over time. Let's tackle those myths and share some truths about VA home loans.

**Myth #1:** VA home loans are less competitive than conventional loans or other federal agency products.

**Fact:** VA home loans offer interest rates on par with other loan programs, with limited closing costs and no private mortgage insurance (PMI) requirement.

**Myth #2:** A VA home loan takes too long to close.

**Fact:** VA home loan closing times are competitive with conventional loans. In 2023, the average number of days required to close a loan: Conventional loan = 45 days, FHA loan = 46 days, VA home loan = 32 days<sup>2</sup>

**Myth #3:** VA home loan appraisals take longer and cost more than other programs.

**Fact:** Appraisal timelines and costs for VA home loans are comparable to other loan types. In 2023, VA appraisal timelines averaged seven business days.<sup>3</sup> VA also evaluates appraisal fees to ensure they are competitive, and its appraisal program allows for use of external sources to reduce appraisal completion time.

**Myth #4:** Confirming a Veteran buyer's eligibility for the VA home loan program is time consuming.

**Fact:** In most cases, a lender can obtain a Veteran buyer's Certificate of Eligibility (COE) in just one day – compared to over 26 days in 2015.

It is easy to see why VA home loans are "A Key to Homeownership for Those Who Served." If you are a Veteran, active-duty Service member, National Guard or Reserve member, or a surviving spouse who wants to learn more about VA home loans, please speak with your real estate professional or call a VA home loan representative at 1-877-872-3702 or visit <https://www.benefits.va.gov/homeloans/>.

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1 FY23 data representative of purchase loans only

2 ICE Mortgage Technology. (2023). Days to Close. <https://www.icemortgagetechnology.com/>.

3 VA Home Loan Program. (2023). webLGY