

VA Loan Guaranty Service

VA Home Loan Overview

Streamlined for Today's Veteran Homebuyer

The VA Loan Guaranty Service (LGY) was designed to help Veterans, active-duty Service members, National Guard and Reserve members, and surviving spouses purchase a home by removing many financial barriers of traditional mortgage loans. While generations of eligible borrowers have chosen VA home loans for homeownership, LGY continues making changes to give borrowers more efficient and effective access to this important benefit. Since FY2020, VA has guaranteed more than 3.8 million loans.¹



What Does “Guaranty” Mean?

When a military borrower uses a VA home loan, VA guarantees a portion of that loan. This means VA commits to paying part of the loan back to the lender if the borrower defaults: \$36,000 for loans under \$144,000 or up to 25% of loans over \$144,000. As a result, lenders often offer VA home loan borrowers better financing terms.

VA Home Loan Features

- » Typically, no down payment is required.
- » No private mortgage insurance (PMI) premiums or mortgage insurance premiums (MIP).
- » No loan limit if the Veteran has full entitlement and can meet the lender’s financial guidelines.
- » Potential to hold more than one VA home loan across multiple properties if the Veteran borrower has ample entitlement, financially qualifies, occupies the property, and follows all VA home loan guidelines.
- » VA does not require a minimum credit score; however, lender 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 eligible surviving spouses.
- » May be used to purchase an existing home or residential condominium, build a new home, refinance the current home, or purchase a multi-unit residence.

¹ VA Home Loan Program. (2023). webLGY

Timely Appraisals and Competitive Valuation

- » In 2023, VA appraisal timelines averaged seven business days.²
- » 90% of initial VA Purchase appraisals met or exceeded the contract sales price in FY 23.³
- » LGY's unique Reconsideration of Value (ROV) process resulted in an increase in appraised value.⁴

Modernization Initiatives

VA is increasing automation and implementing web-based self-service tools and user-friendly features that will continue to streamline the loan process. These improvements will expedite data transparency and access for lenders, servicers, and buyers, making VA home loans the product of choice for Veteran home buyers.

Common VA Home Loan Myths

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

Fact: VA home loans offer interest rates on par with other loan programs, limit closing costs, and do not require private mortgage insurance (PMI).

Myth #2: Closing a VA home loan takes too long.

Fact: Closing times for VA home loans 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.⁵

Myth #3: Appraisals take too long and cost more than other programs.

Fact: VA appraisal timelines and costs are comparable to other loan types. In 2023, VA appraisal timelines averaged seven business days.⁶ VA also evaluates appraisal fees to ensure fees are competitive, and its appraisal program allows the use of external sources to reduce appraisal completion time.

Myth #4: Confirming a Veteran buyer's eligibility for the VA 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 surviving spouse who would like to learn more about VA home loans, please speak with your real estate professional, call a VA home loan representative at 1-877-872-3702, or visit <https://www.benefits.va.gov/homeloans/>.

2 VA Home Loan Program. (2023). webLGY

3 VA Home Loan Program. (2023). webLGY

4 VA Home Loan Program. (2023). webLGY

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

6 VA Home Loan Program (2023). webLGY