



FACT SHEET

VA Loan Guaranty Program

Last Reviewed: August 23, 2018

Background

This fact sheet describes a home loan guaranty benefit and other housing-related programs to help active duty service members buy, build, repair, retain, or adapt a home for personal occupancy.

- ▶ VA Home Loans are provided by private lenders, such as banks and mortgage companies.
- ▶ VA guarantees a portion of the loan, enabling lender to provide officers more favorable terms.

Eligibility

- ▶ Active duty PHS Officers can apply to determine eligibility after 90 days of continuous active duty.
- ▶ Length of service, service commitment, or duty status may determine your eligibility for specific loan benefits.
- ▶ Available for purchase loans and cash-out refinance only for homes used for your personal occupancy
- ▶ You must have a good credit score, sufficient income, a valid Certificate of Eligibility (COE), and meet certain service requirements.
- ▶ Obtain a Certificate of Eligibility (COE) before applying to the program:
 - Apply online via eBenefits at <https://www.ebenefits.va.gov/ebenefits/apply> **OR**
 - Apply for a COE through your lender **OR**
 - Apply by mail by following the instructions at https://iris.custhelp.com/app/answers/detail/a_id/1080
- ▶ You do not have to be a first-time home-buyer.
- ▶ You may reuse the benefit.

Highlights

- ▶ VA home loans can be used to:
 - Buy a home or a condominium unit in a VA-approved project
 - Build a home
 - Simultaneously purchase and improve a home
 - Improve a home by installing energy-related features or making energy efficient improvements
 - Buy a manufactured home and/or lot
 - To refinance an existing VA-guaranteed or direct loan for the purpose of a lower interest rate
 - To refinance an existing mortgage loan or other indebtedness secured by a lien of record on a residence owned and occupied by the veteran as a home
- ▶ VA home loans **may** allow lenders to provide you with more favorable terms, including:
 - No down payment as long as sales price does not exceed appraised value
 - No private mortgage insurance premium requirement
 - VA rules limit the amount you can be charged for closing costs
 - Closing costs **may** be paid by the seller
 - No penalty fee if you pay the loan off early
 - Possible VA assistance if you experience difficulty making payments
 - Assumable VA-backed loans (if the person assuming the loan qualifies)
- ▶ Limits to the amount of the loan guaranty exist, based on the county where the property is located
- ▶ **Purchase Loans** help an officer purchase a home at a competitive interest rate often without requiring a down payment or private mortgage insurance.
- ▶ **Cash-Out Refinance Loans** are for homeowners who want to take cash out of home equity to take care of concerns like paying off debt, funding school, or making home improvements. The Cash-Out

Refinance Loan can also be used to refinance a non-VA loan into a VA loan. VA will guaranty loans up to 100% of the value of your home if the value does not exceed the limit established for your county.

- ▶ You may need to contact several lenders as not all lenders participate, some have more experience with the VA loan guaranty, and terms may vary.
- ▶ See the resources below for additional information about eligibility and the home-buying process

Resources

- ▶ VA home loan website <http://www.benefits.va.gov/HOMELOANS/index.asp>
- ▶ COE information http://www.benefits.va.gov/HOMELOANS/purchaseco_certificate.asp
- ▶ Eligibility questions http://www.benefits.va.gov/HOMELOANS/purchaseco_eligibility.asp
- ▶ Buying Process http://www.benefits.va.gov/homeloans/purchaseco_buy_process.asp

Note: Feedback and suggestions for this fact sheet are welcome and may be sent to PPACBenefitsSC@gmail.com.

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