

What You Need to Know About Getting a VA Home Loan

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A [VA loan](#) is a home loan issued by government-approved lenders and guaranteed by the federal government.

1) VA Loan Can be obtained without a Down Payment

A VA loan doesn't require a down payment or mortgage insurance, which is different when considering other types of home loans such as FHA (Federal Housing Authority) or the more traditional bank loans. These other types require mortgage insurance if your down payment is less than 20 percent. Both of these are money savers. When it comes to the mortgage insurance, it can save you hundreds of dollars a month on your mortgage payment. For example, if you buy a home using an FHA loan for \$200,000 at 3.5 percent interest, your monthly payment for mortgage insurance alone will be \$142.

2) A VA Loan Is Not Issued by the Veterans Administration

A VA loan is a benefit military veterans have earned and the home 'loan' you get is actually a [guaranty](#) by the VA. In order to qualify for a loan, you first need to apply for and get approval using a COE (Certificate of Eligibility) form available from the VA.

3) Every VA Loan Requires You to Pay a One-time Funding Fee

The **funding fee a veteran pays will vary depending on the amount of the down payment and certain other criteria**. This type of fee is required on many types of loans, and overall the processing costs of obtaining a VA loan can be expected to be generally lower than with other types of mortgage financing.

In the following example, a Reservist or National Guard veteran will pay about .0025 percent (one-quarter of a percent) higher than someone who served as an active duty service member. A first-time VA loan borrower who puts down \$0 on the purchase of a home would pay about 2.15 percent of the total loan as a funding fee. A 10 percent down payment would drop that rate to about 1.25 percent. If it were the service member's second time using a VA loan, the funding fee would go up to about 3.3 percent of the total amount borrowed.

4) VA Loans Can Be Applied for More Than Once

VA loans are reusable. You can use your full VA entitlement over and over again as long as you pay off the loan each time. Some borrowers who have previously purchased a home with a [VA loan will have no entitlement remaining](#) or their COE will say, "Paid in full, no restoration." This means their previous loan was paid off, but the VA lacks information as to how or if the property was disposed. Restoration of entitlement is not an automatic process. It requires an application from the borrower. Once an application has been processed and entitlement restored, borrowers can then move forward with the process of applying for a new VA home loan, generally following the same guidelines as the previous loan.

5) A VA Home Loan Is Intended to Be Used for Primary Residences Only

Attempting to apply for a VA loan for types of home purchases such as vacation homes or investment properties will not make the cut to qualify. VA loans must be used for a home that is used a primary residence. In Utah, the lending limit with a zero down payment is a home worth \$417,000.

6) A VA Loan Can Be Obtained Without a Perfect Credit Score

A decent credit score combined with a history of paying your bills on time for several years is often enough to get the green light to get approved for a VA loan. There are a number of lenders who get veterans approval when using their VA loan benefit, as the VA will guarantee the loan. That means you do not have to have perfect credit to get a loan, and you can apply without worrying about getting turned down because of it.

7) There Is No Prepayment Penalty

Should you want to pay an additional amount towards your mortgage payments, you can do so at any time without incurring a prepayment penalty. This is more common using other types of lenders than many people realize. A VA home loan allows you to restructure your monthly payments and have a little extra deducted for your mortgage payment each month. The added benefit to this is you can pay off your mortgage years earlier and save thousands of dollars.

8) How to Apply for a VA Loan

Come to America West Financial Home Loans and we will answer all your questions about the VA loan process. As mortgage brokers, we can help you achieve a rewarding goal of owning a home of your own in Utah. To get started, call America West Financial Home Loans at 801-957-0155 today.