

Applying for a VA mortgage loan

VA mortgage loans are one way our country recognizes Veterans, Active-Duty Military, and other eligible individuals for their service to our nation. These loans offer a broad range of benefits that trusted lenders is proud to provide to our Military community.



What is a VA mortgage loan?

A VA loan is a mortgage that's guaranteed by the U.S. Department of Veterans Affairs (VA). The VA doesn't provide the money for the loans, but their guaranty helps lenders offer qualified Veterans, Active-Duty Military, and others more favorable terms on a home loan or mortgage refinance. There's no first-time homebuyer requirement for a VA mortgage loan, and the VA benefit is reusable. The loan typically doesn't require a down payment, making it easier for eligible borrowers to get the home they want or the refinance they'd like.

Do I qualify for a VA mortgage loan?

To be eligible for a VA loan, you must meet specific requirements related to service in the U.S. Military. You will need a Certificate of Eligibility (COE) based on your service history and duty status. To document your proof of service, you'll need Form DD-214 discharge papers (Veteran) or a statement of service (Active-Duty Military). We can help you obtain your COE.

Active-Duty Military qualify if you have served at least 90 days continuously. Service requirements for Veterans, Reserve members, and National Guard members vary based on when you served, although at least 90 days of active service is the typical baseline. There are also certain discharge conditions that allow you to qualify even if you don't meet the service requirements, and there is a program for certain Surviving Spouses. Anyone with a dishonorable discharge is disqualified.

Are there additional qualifications for a VA mortgage loan?

Just like any mortgage, you will need to meet credit, income, and asset requirements. The advantage of a VA loan is that the guaranty lowers the risk to lenders, and as a result qualifying can be easier, with lower credit scores and more flexible debt-to-income standards.

Benefits of a VA mortgage loan

VA loans typically offer lower interest rates and more lenient credit requirements than conventional loans. Other outstanding benefits include:

- No down payment (if the sales price isn't higher than the appraisal)
- No mortgage insurance (MI)
- No appraisal needed on [VA Interest Rate Reduction Refinance Loans](#) (IRRRLs)
- Closing costs limited by VA rules and may be paid by the seller
- No penalty fee if you pay off the loan early
- If you have trouble making payments, the VA may be able to help
- Surviving Spouses of deceased Veterans or Active-Duty Military may be eligible

Understanding the VA Funding Fee

VA mortgage loans do not require MI, even when you borrow 100% of your property's appraised value. (Other loans typically require monthly MI when you borrow more than 80% of the value of your property.) However, there is a funding fee attached to each VA mortgage that helps support the VA loan program. The fee can either be paid in full at closing or financed into your loan and paid overtime. Certain individuals are exempt from the fee, including Veterans with a service-connected disability, their Surviving Spouses, and Active-Duty Military who have received the Purple Heart.

You can use your VA loan to finance a home you personally occupy or will occupy within 60 days of closing.

Eligible properties are:

- Single family residences
- 2-4-unit properties
- VA-approved condos
- Manufactured housing

How do I apply for a VA mortgage loan?

1. Contact a CCM loan originator.
2. Ask your loan originator to confirm you meet VA home loan requirements.

3. Get a valid Certificate of Eligibility (COE). Your loan originator can contact the VA on your behalf.
4. If you're purchasing, apply for loan pre-approval to determine how much you can afford.
5. Gather supporting documents for your loan. Your loan originator will let you know what you need.
6. Work with your real estate agent to find a home (purchase loans only).
7. Complete your loan application and begin the steps to closing.

VA mortgage loan types

While there are several types of VA home loans, including renovation and construction, the three most common are purchase, cash-out refinance, and Interest Rate Reduction Refinance Loan (IRRRL).

Purchase

A VA purchase loan offers the outstanding advantage of 100% financing. That means there's no down payment required if the purchase price is no higher than the appraised value of the property. In addition, the seller can provide contributions up to 4% of the purchase price to help with certain closing costs.

It's important to note that only a VA-approved appraiser can value the property. In addition to reporting the home's fair market value based on size, features, condition, and comparable properties, the VA appraiser must review the house to be certain it meets the VA's Minimum Property Requirements (MPRs). These standards are designed to ensure your home's safety, soundness, and sanitation. Your loan originator will make sure your appraiser is certified for VA properties.

Cash-out refinance

A VA cash-out refinance loan lets you take cash from your home equity, or refinance from a non-VA loan to a VA loan. A cash-out refinance can provide funds for any purpose, including paying higher-interest debt, home renovations, and educational expenses. Cash-out refinances usually require an appraisal.

IRRRL

A VA IRRRL (also known as a streamline refinance) is a VA guaranteed loan designed to refinance an existing VA loan, usually to a lower interest rate and with lower principal and interest payments than the existing VA loan. Appraisals are not typically required. There are minimum rate reduction requirements to ensure that the borrower is getting a benefit from the refinance (not required if the existing loan is an adjustable-rate mortgage [ARM] or if there's a loan term reduction).

If you're interested in learning more about other VA loans, contact us.