



THE TOP TEN MYTHS ABOUT VA FINANCING

**HELPING OUR VETERANS REALIZE THE AMERICAN
DREAM OF HOMEOWNERSHIP**

Sonya Bersani

CE Provider #10623

Course #46960





AGENDA

- The VA being available to all Veterans
- The VA Lends Money
- The VA Sets Rates
- The VA having a loan limit
- The VA having a minimum credit score requirement
- The VA benefit being used more than once
- The VA being harder on the property condition
- The VA being harder on value
- The VA being more stringent on borrower approval
- The VA limit on seller assist being 4%





MYTH #1

**ALL VETERANS ARE ELIGIBLE FOR
VA FINANCING**





NOT TRUE.

HAVING SERVED DOES NOT AUTOMATICALLY ENTITLE A VETERAN TO BENEFITS.

ACTIVE DUTY: VARIES DEPENDING ON THE TIME PERIOD AND BRANCH OF SERVICE. GENERALLY, AT LEAST 90 CONSECUTIVE DAYS DURING WARTIME OR 181 DAYS DURING PEACETIME

NATIONAL GUARD OR RESERVISTS MAY ALSO QUALIFY WITH CERTAIN CRITERIA.

DISCHARGE STATUS: YOU MUST HAVE BEEN DISCHARGED UNDER CONDITIONS OTHER THAN DISHONORABLE.

SURVIVING SPOUSES ALSO ELIGIBLE IF CRITERIA IS MET.





MYTH #2

THE VA LENDS MONEY.





NOT TRUE.

THE VA DOES NOT LEND MONEY TO VETERANS TO BUY A HOME.

THE VA DOES OFFER LENDERS A GUARANTY OF 25% OF THE LOAN AMOUNT IN THE EVENT A VETERAN DEFAULTS.

THIS IS WHY LENDERS ARE COMFORTABLE DOING 100% FINANCING, BECAUSE IF THEY HAD TO FORECLOSE, THE VA WOULD PAY THEM 25% OF WHAT THEY LENT TO THE VETERAN TO HELP OFFSET LOSSES.

WHILE THE VA DOES HAVE GUIDELINES LENDERS HAVE TO FOLLOW TO BE ELIGIBLE FOR THE GUARANTY, THEY CAN SET THEIR OWN QUALIFYING CRITERIA ON TOP OF WHAT THE VA WANTS (OVERLAYS).





MYTH #3

THE VA SETS INTEREST RATES.





NOT TRUE.

THE VA DOES NOT CONTROL THE RATE A VETERAN WILL RECEIVE.

LENDERS, THE ONES WHO ACTUALLY LEND THE MONEY, WILL SET INTEREST RATES ACCORDING TO THEIR OWN PROFIT MARGINS AND INVESTOR OR SHAREHOLDER APPETITES.

THE VA DOES LIMIT HOW MUCH ORIGINATION COST A VETERAN CAN PAY HOWEVER.





POP QUIZ!!

1) WHO LENDS MONEY ON A VA LOAN?

2) HOW MUCH DOES THE VA GUARANTEE ON A VA LOAN?

3) WHAT IS ONE WAY A VETERAN CAN BE ELIGIBLE FOR A VA HOME LOAN BENEFIT?

4) TRUE OR FALSE.. THE VA LIMITS WHAT RATE A VETERAN CAN PAY?





MYTH #4

THE VA HAS A LOAN LIMIT.





NOT TRUE.

THE VA DOES NOT HAVE A LOAN LIMIT.

AFTER THE BLUE WATER NAVY ACT OF 2019 WENT INTO EFFECT, AS LONG AS A VETERAN HAS FULL ENTITLEMENT AVAILABLE, THERE IS NO DOWNPAYMENT REQUIRED OR LOAN LIMIT (REGARDLESS OF CONFORMING LIMITS).

IF A VETERAN HAS PARTIAL ENTITLEMENT, THERE WILL LIKELY BE A DOWNPAYMENT REQUIRED HOWEVER THEIR LOAN CAN BE FOR AS MUCH AS THEY CAN QUALIFY FOR BASED ON INCOME/CREDIT ETC.





MYTH #5

**THE VA HAS A MINIMUM CREDIT
SCORE REQUIREMENT.**





NOT TRUE.

THE VA DOES NOT REQUIRE A VETERAN TO HAVE A MINIMUM CREDIT SCORE.

LENDERS, THE ONES WHO ACTUALLY LEND THE MONEY, DO HOWEVER TYPICALLY REQUIRE A MINIMUM CREDIT SCORE. THIS IS CALLED AN OVERLAY AND CAN VARY LENDER TO LENDER.

FOR VETERANS WITHOUT A CREDIT SCORE, THEIR LOAN WILL HAVE TO BE MANUALLY UNDERWRITTEN WHICH USUALLY CAUSES THE OTHER REQUIREMENTS FOR QUALIFYING TO BE MUCH MORE STRINGENT. NOT ALL LENDERS WILL MANUALLY UNDERWRITE LOANS.





MYTH #6

**YOU CAN'T USE YOUR VA
BENEFIT MORE THAN ONCE.**





NOT TRUE.

THE VA ALLOWS A VETERAN AN UNLIMITED AMOUNT OF TIMES

THERE CAN BE HOWEVER, RESTRICTIONS BASED ON HOW MUCH GUARANTEE IS USED AT ANY ONE GIVEN TIME.

EXAMPLE, IF A VETERAN USES A VA LOAN TO BUY A HOME AND LATER ON SELLS IT AND PAYS THE LOAN BACK IN FULL.. THEIR ENTITLEMENT IS 100% RESTORED FOR ANOTHER PURCHASE.

EXAMPLE, IF A VETERAN OWNS A HOME AND USED THEIR VA BENEFIT FOR IT AND DECIDES TO BUY ANOTHER HOME & KEEP THEIR CURRENT HOME, IF THERE IS STILL ENOUGH ENTITLEMENT LEFT THEY CAN USE THEIR VA BENEFIT ON THE NEXT HOME AS WELL. A DOWNPAYMENT WILL LIKELY BE REQUIRED...





POP QUIZ!!

1) CAN A VETERAN BORROW MORE THAN THE CONFORMING LOAN LIMIT?

2) WHEN A LENDER REQUIRES A CREDIT SCORE ON A VA LOAN, WHAT IS THAT CALLED?

3) CAN YOU HAVE MORE THAN ONE VA LOAN AT A TIME?





MYTH #7

**THE VA IS HARDER ON PROPERTY
CONDITION.**





OVERBLOWN

THE VA REQUIRES A SAFE, SOUND & SANITARY HOME FOR THE VETERAN, LIKE MOST OTHER LOAN PROGRAMS.

IF A HOME HAS OBVIOUS REPAIR NEEDS, DEFERRED MAINTENANCE, SAFETY HAZARDS AND OR PROJECTS IN MID RENOVATION.. WHETHER CONVENTIONAL OR VA, THERE IS GOOD CHANCE REPAIRS WILL BE NEEDED.

THE VA WILL REQUIRE A TERMITE CERTIFICATE & ON SITE SYSTEMS TO BE CERTIFIED, WHICH CAN DIFFER FROM CONVENTIONAL FINANCING.

IF A HOME IS IN POOR CONDITION, RENOVATION FINACING OR PORTFOLIO OPTIONS MAY BE BETTER SUITED OFFERS FOR A SELLER TO ACCEPT.





MYTH #8

**THE VA IS HARDER ON PROPERTY
VALUE.**





NOT TRUE.

THE VA WILL USE THE SAME COMPARABLE DATA A "REGULAR" APPRAISER WOULD.

ITS STATISTICALLY PROVEN THAT MORE VA APPRAISALS MAKE VALUE THAN ANY OTHER LOAN TYPE.

THE VA APPRAISER IS THE ONLY APPRAISER REQUIRED TO NOTIFY ALL PARTIES WHEN THEY ARE HAVING DIFFICULTY MAKING VALUE TO SEEK HELP. THIS IS CALLED TIDEWATER.





MYTH #9

**VA LOANS ARE HARDER TO
QUALIFY FOR**





NOT TRUE.

THE VA WANTS VETERANS TO OWN HOMES.

THE VA'S POLICIES ARE SUCH THAT EVERY EFFORT SHOULD BE MADE TO HELP VETERANS INTO A SAFE, SOUND & SANITARY HOME.

UNLIKE MANY PROGRAMS, VA LOANS LEAVE ROOM FOR COMMON SENSE UNDERWRITING. THERE ARE NO DEBT RATIO LIMIT OR, CREDIT SCORE REQUIREMENTS SET BY THE VA, HOWEVER LENDERS WILL APPLY THEIR OWN LIMITS BASED ON RISK APPETITE.





MYTH #10

**THE MAXIMUM SELLER ASSIST
ON A VA LOAN IS 4%.**





NOT TRUE.

MOST LENDERS GET THIS WRONG.

ON A VA LOAN, A SELLER IS PERMITTED TO PAY ALL ORDINARY & CUSTOMARY CLOSING COSTS TO INCLUDE ESCROWS & PREPAIDS. WHETHER THAT TOTALS 3% OR 7%, IT DOES NOT MATTER, AS LONG AS THEY ARE ORDINARY & CUSTOMARY.

THE 4% COMES INTO PLAY ON ANY OTHER, NON ORDINARY, NON CUSTOMARY COSTS. FOR EXAMPLE, THE SELLER CAN PAY OFF A VETERANS CAR TO HELP THE VETERAN QUALIFY FOR THE HOME. THIS WOULD BE LIMITED TO BEING NO MORE THAN 4% OF THE PURCHASE PRICE.





POP QUIZ!!

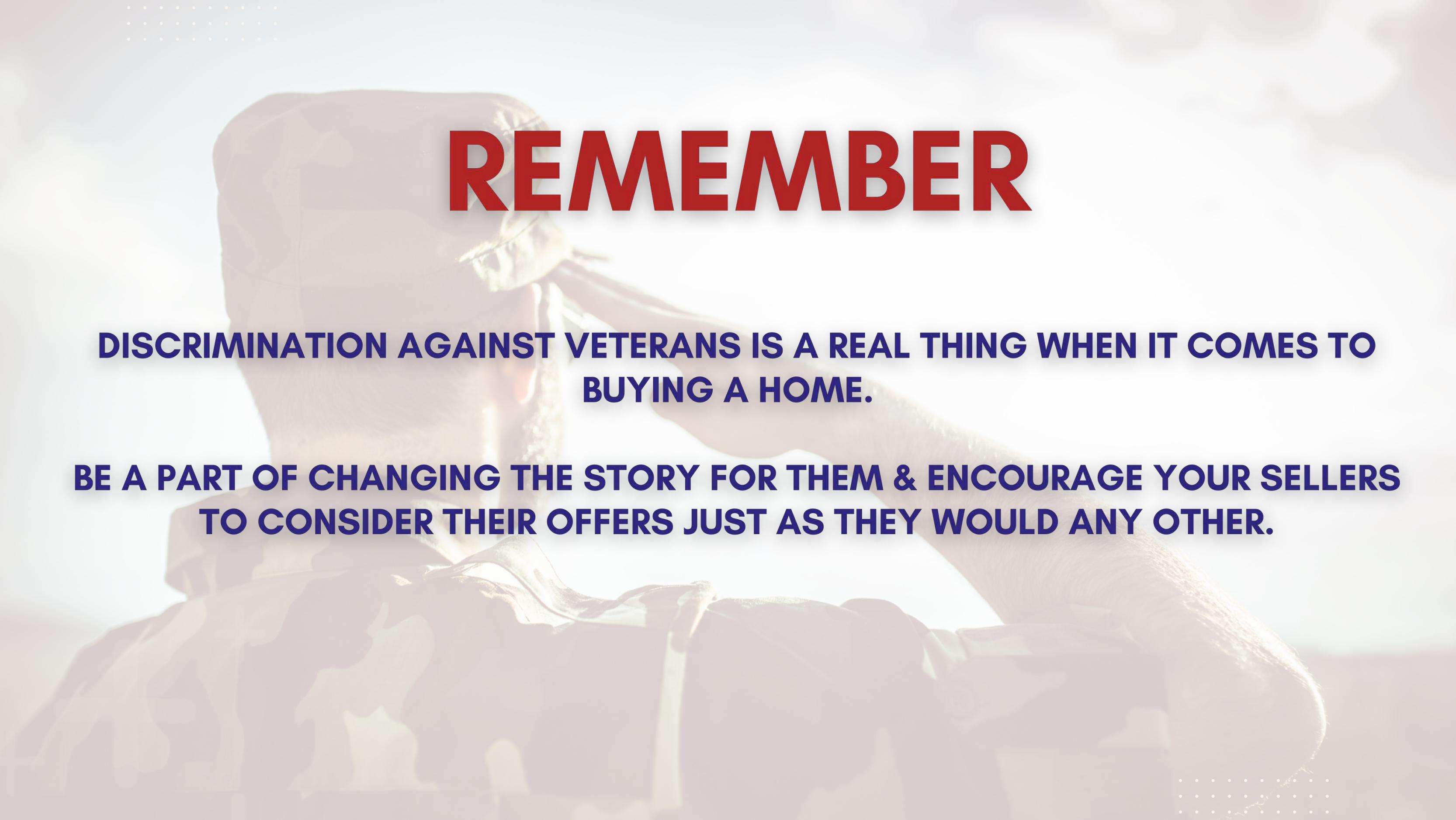
1) WHAT DOES THE VA CARE ABOUT REGARDING PROPERTY CONDITION?

2) WHAT IS TIDEWATER?

3) WHAT IS THE VA'S PHILOSOPHY WHEN IT COMES TO QUALIFYING A VETERAN?

4) WHEN DOES THE 4% CAP ON SELLER ASSIST APPLY?



A person in a military uniform is shown from the chest up, saluting with their right hand. The background is a bright, hazy sky with soft clouds. The overall tone is patriotic and respectful.

REMEMBER

DISCRIMINATION AGAINST VETERANS IS A REAL THING WHEN IT COMES TO BUYING A HOME.

BE A PART OF CHANGING THE STORY FOR THEM & ENCOURAGE YOUR SELLERS TO CONSIDER THEIR OFFERS JUST AS THEY WOULD ANY OTHER.



HELPFUL LINKS

GET A COPY OF YOUR CERTIFICATE OF ELIGIBILITY (COE): [HTTPS://WWW.VA.GOV/HOUSING-ASSISTANCE/HOME-LOANS/REQUEST-COE-FORM-26-1880/INTRODUCTION](https://www.va.gov/housing-assistance/home-loans/request-coe-form-26-1880/introduction)

GET A COPY OF YOUR DD214: [HTTPS://MILCONNECT.DMDC.OSD.MIL/MILCONNECT/](https://milconnect.dmdc.osd.mil/milconnect/)

VA MINIMUM PROPERTY REQUIREMENTS: [HTTPS://WWW.BENEFITS.VA.GOV/WARMS/DOCS/ADMIN26/M26-07/CH12_MINIMUM_PROPERTY_REQUIREMENT_NEW.PDF](https://www.benefits.va.gov/warms/docs/admin26/m26-07/ch12_minimum_property_requirement_new.pdf)

VA HOMEBUYERS GUIDE:

[HTTPS://WWW.BENEFITS.VA.GOV/HOMELOANS/DOCUMENTS/DOCS/VA_BUYERS_GUIDE.PDF](https://www.benefits.va.gov/homeloans/documents/docs/va_buyers_guide.pdf)

VA HOUSING COUNSELORS: [HTTPS://WWW.HUD.GOV/I_WANT_TO/TALK_TO_A_HOUSING_COUNSELOR](https://www.hud.gov/i_want_to/talk_to_a_housing_counselor)

BLUE WATER ACT INFO: [HTTPS://WWW.BENEFITS.VA.GOV/HOMELOANS/BWNACT.ASP](https://www.benefits.va.gov/homeloans/bwnact.asp)

ELIGIBILITY DETAILS: [HTTPS://WWW.VA.GOV/HOUSING-ASSISTANCE/HOME-LOANS/ELIGIBILITY/](https://www.va.gov/housing-assistance/home-loans/eligibility/)

HOUSTON REGIONAL LOAN CENTER: [HTTPS://WWW.VBA.VA.GOV/RO/HOUSTON/RLC.HTML](https://www.vba.va.gov/ro/houston/rlc.html)

LOCAL VETERAN SERVICE OFFICES: [HTTPS://WWW.BENEFITS.VA.GOV/HOUSTON/VETERANS-SERVICES-ORGS.ASP](https://www.benefits.va.gov/houston/veterans-services-orgs.asp)



THANK YOU!

**RATES,
SELLER PAID
BUYDOWNS &
PMI BUYOUTS**



How to structure a loan to save a borrower thousands of dollars

Sonya Bersani CE Provider #10623 Course# TBD

**CLOSING DISCLOSURES,
LOAN ESTIMATES & FEES
WORKSHEETS**

LEARN HOW TO READ, UNDERSTAND, EXPLAIN AND COMPARE ALL OF THE CRITICAL ESTIMATES A BUYER RECEIVES THROUGH THE PROCESS

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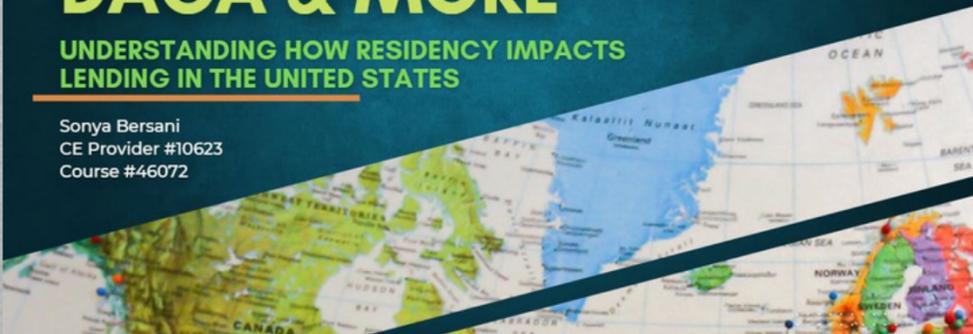
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