



THE VA HOME LOAN RESOURCE GUIDE

Understanding Your Benefit

EDUCATING VETERANS. IT'S WHAT WE DO.

DEAR VETERAN,

Before we dive into the truth behind VA loans, we wanted to extend our gratitude to you for serving our country. Although there are more than 18 million Veterans in the United States, just 19.7% utilize their VA Loan benefit. So, why is that? The plain and disappointing truth is that there's a lack of educational resources informing Veterans, like yourself, of these benefits.

I and my fellow UMortgage Loan Originators are homeownership advocates, meaning that we want to help empower individuals and create life-changing opportunities through homeownership. As part of this advocacy, we are committed to educating our country's Veterans on all of the benefits that come with VA home loans to help them own land within the country that they fight to defend, and grasp the opportunity for generational wealth through homeownership.

To help you kickstart your path toward homeownership, we've created this guide to clearly lay out the VA home loan process. We'll cover some of the highlights of the VA loan program, touch on all the qualification requirements, and debunk some of the common myths associated with VA home loans so you have a complete understanding of the true benefits that a VA loan can provide you.

We remain fully committed to assisting all of our country's Veterans and promise to provide you with a best-in-class client experience while we help you through a homebuying process specifically catered to your needs. If at any time you have questions about this process, you can find my contact information on the final page of this document. Feel free to give me a call or shoot me an email to talk through all of your options at no cost to you. And finally, thank you for your service.

Kind regards,
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THE VA HOME LOAN BENEFIT

You Served Our Country, Let's Return the Favor!

If you served, are currently serving, or are a widower of a past service member, you have earned the right to a VA loan. Before we get started, a VA loan is a home loan benefit to help you buy, build, repair, retain, or adapt a home for your own personal occupancy. VA home loans are provided by private lenders, such as banks and mortgage companies. VA guarantees a portion of the loan, enabling the lender to provide you with more favorable terms.

HIGHLIGHTS OF THE VA LOAN

- No Down Payment Required
- Flexible Underwriting & Credit Requirements
- No Closing Cost Options
- No Monthly Mortgage Insurance
- No Loan Limit with Full Entitlement Intact (Must Income & Credit Qualify)



NO DOWN PAYMENT

While most conventional financing requires a 20% down payment (to avoid private insurance) and FHA loans require at least 3.5% down, VA loans have no down payment requirements. Different lenders come with different variables, so connect with someone on my team and we'll find out what works best for you.

FLEXIBLE UNDERWRITING

Compared to conventional loans and other loan products, VA home loans come with incredibly flexible underwriting terms. With lower credit score requirements and no stipulations for debt-to-income ratios, qualification will be based on residual income requirements.

In certain regions across the country, borrowers might qualify for tens of thousands more than they might with a conventional loan. My team will be able to give you a general idea of how much house you can buy with your VA loan.

LIMITED OR NO CLOSING COST OPTIONS

Every loan has closing costs. However, with your VA loan benefit, you have rate options available to cover your closing costs, with the exception of the VA Funding Fee. These options offer you to pay zero points at a higher rate or earn rebate pricing at a higher rate, which allows the lender to provide credits to cover closing costs.

NO PRIVATE MORTGAGE INSURANCE (PMI)

Conventional and FHA loans require borrowers to pay private mortgage insurance premiums to protect the lender when paying a down payment below a certain threshold. Through your VA loan benefit, you'll be exempt from these extra monthly payments regardless of the amount of your down payment.

NO VA HOME LIMITS

The VA-backed home loan limit refers to the amount the VA guarantees (the maximum amount we'll pay to your lender if you default on your loan). They don't limit how much you can borrow to finance a home. This means, if you still have your Certificate of Eligibility (COE) intact, you can borrow the maximum amount that you qualify for at 100% financing.

Additionally, the Federal Housing Finance Agency (FHFA) increased its county loan limits throughout the United States for borrowers with partial eligibility available. In layman's terms, this means that you are entitled to greater flexibility as a borrower throughout your journey of homeownership. To learn more specifics about how much you can qualify for, feel free to consult with a member of my team.





VA ELIBILITY



WHO IS ELIGIBLE FOR A VA LOAN?



ARMY, NAVY, AIRFORCE, MARINE CORPS, COAST GUARD, & SPACE FORCE

90 DAYS: WARTIME

- September 15th, 1940 - July 1947
- June 1950 - January 1955
- February 1961 - May 1975
- August 1990 - Present

181 DAYS: PEACETIME

- July 1947- June 1950
- February 1955 - August 1964
- May 1975 - September 1980

24 MONTH RULE

In general, you can qualify if you served at least 24 continuous months, the full period (at least 181 days) for which you were called to active duty, at least 181 days if you were discharged for a hardship, or a reduction in force, or less than 181 days if you were discharged for a service-connected disability.





VA ELIBILITY (CONTINUED)



WHO IS ELIGIBLE FOR A VA LOAN?



MEMBERS OF THE RESERVE OR NATIONAL GUARD

ELIGIBLE UPON COMPLETION OF 6 YEARS OF SERVICE

AS LONG AS:

- You receive on Honorable Discharge
- You are placed on the Retired List
- You transferred to another Honorable Service
- You are still serving in the Reserve or Guard

OTHER ELIGIBLE BENEFICIARIES:

- Discharged for service-connected disability
- UN-REMARRIED spouse (age 57 or older who didn't remarry before December 16th, 2003) of a Veteran who died in service or from a service-connected disability
- Spouse of a Prisoner of War or Missing in Action



REQUESTING YOUR CERTIFICATE OF ELIGIBILITY

ACTIVE-DUTY MILITARY AND VETERANS CAN ORDER THEIR COE
IN ONE OF THREE WAYS:

1

Complete a VA Form 26-1880 and request
at www.eBenefits.va.gov

2

Complete a VA Form 26-1880 along with proof of
Military service to the VA Loan Eligibility Center:
PO Box 100023, Decatur, GA 30031

3

Your UMortgage Loan Expert can check if
your Certificate of Eligibility is available

VA Department of Veterans Affairs **CERTIFICATE OF ELIGIBILITY**
FOR LOAN GUARANTY BENEFITS

REFERENCE NUMBER 88888888

NAME OF VETERAN **JOHN DOE** SERVICE NUMBER
SOCIAL SECURITY NUMBER **XXX-XX-9999**

ENTITLEMENT CODE **05** BRANCH OF SERVICE **Army** FUNDING FEE **EXEMPT**

Example

| Prior Loans charged to entitlement | | | | | |
|------------------------------------|-------|-------------|--------------|---------------------|--------|
| VA Loan Number | State | Loan Amount | Date of Loan | Entitlement Charged | Status |
| | | | | | |
| | | | | | |
| | | | | | |
| | | | | | |

THIS VETERAN'S BASIC ENTITLEMENT IS \$36,000*
TOTAL ENTITLEMENT CHARGED TO PREVIOUS VA LOANS IS \$0*



WHAT IS THE VA FUNDING FEE?

According to the VA website, "The VA funding fee is a one-time payment that the Veteran, service member, or survivor pays on a VA-backed or VA direct home loan. This fee helps to lower the cost of the loan for U.S. taxpayers since the VA home loan program doesn't require down payments or monthly mortgage insurance."

THE AMOUNT OF THE FUNDING FEE DEPENDS ON THE FOLLOWING:

- The type of transaction (ex. - purchase vs. refinance)
- The amount of your down payment
- Whether this is your first or subsequent use of your VA loan benefit
- Whether you are/were Military, Reserve, or National Guard

Note: If you're a Veteran or active Military buyer receiving compensation for a service-connected disability or are deemed 10% or more disabled by the VA, you are exempt from paying the funding fee.

PURCHASE LOANS

| SERVICE | DOWN PAYMENT | FIRST LOAN | SUBSEQUENT LOANS |
|-------------------------------------------------------------------------------|--------------|------------|------------------|
| Army, Navy, Marine Corps, Air Force, Coast Guard, Reservist or National Guard | 0% | 2.3% | 3.6% |
| | 5% | 1.65% | 1.65% |
| | 10% + | 1.65% | 1.65% |

CASH-OUT REFINANCE

| SERVICE | FIRST LOAN | SUBSEQUENT LOANS |
|-------------------------------------------------------------------------------|------------|------------------|
| Army, Navy, Marine Corps, Air Force, Coast Guard, Reservist or National Guard | 2.3% | 3.6% |

$$\begin{array}{rcl}
 \$450,000 & \times & 2.3\% \text{ FUNDING FEE FACTOR} \\
 \text{LOAN AMOUNT} & & \text{(or appropriate funding fee)} \\
 & & = \\
 & & \$10,305 \text{ VA FUNDING FEE} \\
 & & +\$450,000 \text{ LOAN AMOUNT}
 \end{array}$$

\$460,350 FINAL VA LOAN AMOUNT



SO WHAT DOES A QUALIFYING MORTGAGE PAYMENT CONSIST OF?



CONDOMINIUM, TOWNHOUSE, OR DETACHED CONDO

- Principal and Interest
- Property Taxes
- Maintenance Fee
- Additional Flood Insurance if Required by the Lender
- Association Fees
- Interior HO6 Insurance



SINGLE FAMILY HOME

- Principal and Interest
- Property Taxes
- Property Insurance
- Flood Insurance (if needed)



VA CLOSING COSTS

WHAT FEES ARE PAID BY THE BORROWER?

- Any discount points to lower the rate
- Appraisal and compliance inspections
- Recording fees
- Credit report fee
- Prepaid items, including pro-rations for property taxes, insurance, and initial escrow deposits are required by the lender
- Homeowner's Insurance
- VA flood certification (a third-party verification to determine if a property is located within a flood hazard area)
- Survey
- Title examination and insurance
- VA Funding Fee for borrowers who are not exempt

ADMINISTRATIVE FEES

- Loan closing or settlement fees
- Document preparation fees
- Document preparation or conveyance fees
- Attorney fees, other than those for title work
- Escrow fees or charges
- Notary fees
- Underwriting fees
- Loan application or processing fees
- Broker's fees
- Tax service fees





COMMON MYTHS REGARDING THE VA HOME LOAN

MYTH #1

I CAN ONLY USE MY VA LOAN BENEFIT ONCE.

As long as you have remaining entitlement and/or have paid off your existing VA loan, you can continue to use your VA loan benefits. This means that you can buy a home, sell it, receive your updated COE, and reuse 100% of your borrowing power. You can also pay off your home or refinance with a different loan option, then receive a one-time entitlement restoration option and have your COE reinstated.

MYTH #2

OTHER TYPES OF FINANCING ARE EASIER TO QUALIFY FOR.

Unlike other loan options, VA loans are NOT debt-to-income loans. Rather, you simply have to meet the VA's residual income requirements while an Underwriter manually approves your loan. VA home loans also have lower and more forgiving credit score requirements than other loan types and deem credit acceptable with a recent history of 12 months of on-time payments.



COMMON MYTHS REGARDING THE VA HOME LOAN

MYTH #3

VA LOAN LIMITS ARE TOO LOW.

As previously mentioned in this document, the VA removed all loan limits for VA borrowers with 100% of their COE intact. So as long as your credit and income qualify, you can borrow as much as you'd like with 100% financing.

MYTH #4

I CAN'T GET A VA LOAN BECAUSE OF A PREVIOUS FORECLOSURE.

As long as your COE is intact and has remaining entitlement, you can qualify for a VA home loan despite a previous foreclosure.

MYTH #5

VA LOANS TAKE TOO LONG TO CLOSE.

With flexible underwriting requirements, VA loans have a higher probability of closing on time compared to conventional and FHA loans. Combined with UMortgage's team of VA loan experts, you can trust your loan will be cleared to close in a timely manner.



DOCUMENTS REQUESTED FOR A VA HOME LOAN PRE-APPROVAL

- Application and credit check
- Two most recent Federal Tax Returns & W-2's
- Two most recent pay stubs or LES
- Two most recent bank statements, all pages in statement form
- Quarterly statements for all stocks, bonds, mutual funds, 401K or other long-term assets
- Copy of orders if in the process of a PCS, or offer letter if relocating to a new job
- Name, address, and phone number of a nearest relative not living to you
- Other items may be required if self-employment or if the VA Certificate of Eligibility is not readily available online



TIPS FOR A SUCCESSFUL VA HOME LOAN EXPERIENCE

- 1** | Choose a trustworthy Loan Originator with VA loan experience, like myself! I and my fellow UMortgage LOs pride ourselves on our robust experience and knowledge to provide a smooth experience for all of our borrowers.
- 2** | Get pre-approved! This is the first step that I take with all of my borrowers—not just for VA loans. A pre-approval gives you a strong idea of how much you can qualify for by verifying your income, expenses, and assets, then puts you in the strongest position to have your offer accepted by the seller.
- 3** | Provide all required documentation in a timely manner. Throughout the process, I'll ask you for different official documents required to finalize your pre-approval and closing processes. Any delay in providing these documents will in turn delay the homebuying process as a whole.
- 4** | Don't open any new lines of credit until your loan closes and make sure to continue to pay your bills. While a new car would look great in front of your new home, any new lines of credit could affect your credit score and any other VA loan-related items. This could result in higher payments or event disqualification for your home loan.
- 5** | Most importantly, don't get too stressed! The homebuying process is a journey with incredible rewards to reap at the end. Things might not go the way you originally envisioned them, and that's natural! I'll be here to help you every step of the way, just make sure to breathe.

WE ARE HERE TO HELP!

IT MATTERS WHO YOU WORK WITH.



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