

Department of Veterans Affairs (VA) home mortgage loans

What is it?

The VA home loan guarantee program was created in 1944 as part of the well-known GI Bill. This program has since guaranteed more than 22 million loans. VA loans are made by mortgage lenders (such as banks) and guaranteed by the VA. This program can be used for either a primary home purchase or to refinance an existing mortgage. The home can be worth up to \$484,350, with exceptions for high- cost counties. The VA charges either a 2.15% or 3.3% upfront fee that can be rolled into the mortgage amount.

Who is Eligible?

A veteran must meet one or more of the following conditions:

1. You have served 90 consecutive days of active service during wartime.
2. You have served 181 days of active service during peacetime.
3. You have more than 6 years of service in the National Guard or Reserves.
4. You are the spouse of a service member who died either in the line of duty or from a service-related disability.

Who is not Eligible?

Someone discharged under dishonorable circumstances.

What are the Benefits?

1. No down payment! 100% financing!
2. Lower closing costs.
3. Potentially lower interest rate.
4. No private mortgage insurance is required.
5. Less stringent bank underwriting standards. Minimum credit score can be 620 instead of the typical 700. Also more bank flexibility around previous bankruptcies/foreclosures – banks typically want at least five years to pass.

How to Apply?

First you must obtain a VA Certificate of Eligibility (COE). The COE verifies your length and character of service. You can obtain the COE either through a VA approved lender, or online through the VA eBenefits portal or by mail with VA Form 26-1880.

With the COE you then go through the typical bank mortgage application process. Norwalk banks such as Webster, Bank of America, Wells Fargo, Chase, Peoples, TD and Citi do VA loans. They will require your tax returns, W-2's and recent bank statements. The loan underwriting process typically determines if one's income level can cover the requested mortgage plus other debt obligations plus living expenses.