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Veterans Administration (VA) Loans Are Still a Bargain

Loans for eligible veterans are available and a great resource for purchasing a home. Veterans enjoy loans guaranteed by the Veterans Administration with favorable financing terms and conditions. Many times, no down payment is needed and the cost can be substantially lower than traditional financing. Additionally, the Veterans Administration provides helpful information for veterans that may be experiencing financial difficulties with their VA loan.

What is a VA loan?

VA guaranteed loans are made to eligible veterans for purchasing a home that they will personally occupy. To obtain a VA loan, an eligible veteran must apply to a bank, savings and loan, credit union, or mortgage company that offers VA loans. If the loan is approved, the VA guarantees a portion of the loan to the lender against loss. This guarantee allows favorable financing terms to veterans. A VA loan is limited to conforming loan amounts determined on the secondary market and is currently \$417,000.00.

What are the favorable financing terms?

- Equal opportunity for all qualified veterans to obtain a VA loan.
- No down payment unless the purchase price exceeds the reasonable value of the property given by the VA approved appraisal underwriter.
- Negotiable interest rate AND the ability to finance the VA funding fee
- No mortgage insurance premiums (PMI)
- Closing costs comparable to other types of financing that are lower in most cases.
- The right to prepay the loan without a penalty AND the mortgage may be assumable.

What is a funding fee?

A funding fee must be paid by all veterans except those exempt due to receipt of disability compensation. The funding fee can range from 0.5% for Interest Rate Reduction Refinancing Loans (IRRRL) to 3.3% for subsequent users of the VA home loan program. Funding fees for all VA loans can be added to the loan amount not to exceed the \$417,000.00 limit.

Who is eligible for a VA loan?

Veterans and active duty personnel, depending on days' of service, are eligible for a VA guaranteed home loan. Reservists and National Guard members may also be eligible depending on service times and dates. To check for eligibility the veteran must apply for a Certificate of Eligibility (COE) with the VA. There are two ways to obtain the COE. (1) A veteran can apply to the VA. and (2) Mortgage One can obtain your COE through VA's ACE (Automated Certificate of Eligibility).

Is a VA loan easy?

Considering you can obtain a loan with no down payment, a VA loan is not much different from a standard Conventional loan. Aside from obtaining a COE and the fact that the appraiser is assigned by VA, the application process is relatively the same. Also, if your lender is approved for automated processing and is LLAP (Lender Appraisal Processing Program) approved, such as Mortgage One of the South, your loan can be processed and closed without waiting for VA's approval of the credit application or for VA to review the appraisal. A big time saver!

Other resources provided by the Veterans Administration:

[CLICK HERE to access VA web site](#)

[CLICK HERE to access VA Loans](#)

[CLICK HERE to access Questions and Answers about VA Loans](#)

With real estate prices coming down and mortgage rates low, this is a great opportunity to become a homeowner or refinance an existing mortgage loan.

