

Keys to a VA Home Loan



How long does it take to close a VA Loan?

It takes about the same amount of time as any other loan type. There is no real right or wrong answer, but I will do my best to give you as simple an answer as possible. Often times many VA Lenders will quote 45-60 days because of their current workload. However, this does not mean that it takes the VA that long to close your loan. The VA Lender lends the money and the VA just guarantees the loan. That said, the VA Loan should take no longer to close than any other loan type out there, FHA, Conventional, USDA, etc. A good general rule-of-thumb for the VA Loan closing is 30 days.

In our experience the VA Loan usually take 30 days or less to close from the date of your accepted loan application and executed contract of sale. So, if you are being told that the VA Loan takes 45-60 days to close, you may want to reconsider the lender you are working with and stay right here with King Financial Group, Inc. We will take great care of you.

Why is a VA Loan a better choice than a conventional loan?

VA Loans have many benefits not offered by conventional loans, especially for first-time homebuyers with little or no money for a down payment. Unlike conventional loans, VA Home Loans do not have private mortgage insurance requirements. Additionally, VA Loans usually have more competitive rates than conventional loans and are not subject to the amount of closing costs associated with conventional loans. Additionally, there are certain fees that VA mortgage borrowers cannot be charged. VA Home Loans also give you the ability to refinance to a lower rate without having to re-qualify for the loan, a process known as a **VA Streamline Refinance, or IRRRL**. Getting started on your VA Loan is easy; simply **contact The King Team at Highlands Residential Mortgage: (214) 762-1111**

What does it mean when I hear that a VA Loan is guaranteed?

This means the VA guarantees the loan to the lender in case of default. The lender is the one who actually loans the money. It does not mean that you are guaranteed a loan; you still have to qualify for it based on credit and income standards set by both the VA and the lender.

What does entitlement of \$36,000 actually mean?

Your entitlement is the amount that the VA will guarantee for your loan with the lender. \$36,000 is the maximum entitlement and with this entitlement the VA will guarantee a home loan up to the county loan limit, which is \$417,000 in most areas, but can be higher in some high cost counties.

Does the VA offer interest only loans?

No, the VA does not offer any interest only programs at this time. On all VA Loans you pay back to the principal of the loan and gain equity with every payment.

Are stated or no-document loans offered through the VA Home Loan Program?

No, the VA does not offer stated or no-document programs. All loans through the VA require full documentation.

Does the VA offer home equity lines of credit (HELOCs)?

No, at this time the VA does not guarantee HELOCs. The VA will allow you to cash out on your existing property with a cash-out refinance.

Can I use a VA Loan for a farm or business?

The VA does not currently offer farm loans or business loans. However, you can buy a home with some acreage without a problem (so long as it's not considered an income producing property), as long as there are other comparable properties that have recently been sold in the area.

Will my VA Loan be through the government, a private lender or both?

Your VA mortgage will be through a private lender. The VA doesn't give the loan itself; it guarantees the loans that lenders issue. All lenders have to follow the same guidelines of approvals in order to get the loan guaranteed by the VA. The VA guarantee allows them to offer this special program to those that served or are serving. Lenders may then have additional guidelines on top of those established by the VA in order to approve your loan.

Is mortgage insurance required with a VA Loan?

No, the VA guarantees the lender on the loan. There is no third-party mortgage insurance required with a VA Loan.

Can I get extra cash at closing to make improvements on my home?

In certain situations this is possible. In a purchase transaction if the improvements make the home more energy efficient you can request an energy efficient mortgage (EEM) which can allow you to finance up to an additional \$6,000 on your mortgage. If you want to refinance a current mortgage you can pursue a cash-out refinance which would allow you to take out additional funds for certain allowable reasons such as home improvements. Otherwise, if you are pursuing a purchase and just want to take out additional cash for non-energy efficient improvements, you will not be able to do so with a VA home loan.

How do I know how much I qualify for?

Qualification is based on many factors. Assuming your credit is sufficient to qualify, your income will be examined. Normally, with good credit, your debt-to-income ratio (what you earn a month versus what you pay out per month, including your new house payment) cannot exceed **41%**. **To calculate your debt-to-income ratio, divide your monthly debt obligations by your total monthly earnings and multiply the result by 100.** The best way to find out your exact debt-to-income ratio is to **call a VA Loan Specialist and have him or her crunch the numbers for you. Call (214) 762-1111.**



What if the house I want to buy costs more than \$417,000?

If your home will cost more than \$417,000 and it's not in a high cost county, one option is to put enough money down to close the gap between the purchase price and the \$417,000 loan limit. If a VA Loan is not right for you, we can assist you in choosing an alternative mortgage solution.

Can I get the full \$417,000 and then get a second loan to cover any additional amount of the purchase price?

This is allowed, but the guidelines are very strict. The second loan has to be equal to or better than what you would get with one large VA Loan. The rates on second loans are nearly always higher and, therefore, would not fit guidelines. Also, many lenders will not allow a second loan behind the VA Loan during a purchase.

Do I need to have a property picked out?

No, you can get pre-approved before you even start looking for a property. By getting pre-approved prior to entering into contract on a home you can ensure that you are contracting on a home that you can afford.

What is the letter I have to give to my realtor?

Most of the time, the realtor will want your pre-approval letter to show that you have been pre-approved for a home loan and for how much. This is a better bargaining chip with the seller because it shows you are a serious buyer and have already pursued financing.

How long is the process for getting a home loan?

Many factors go into the timing of the process. To be safe, you should allow at least 30 days from contract to closing. However, it is possible to close much sooner depending on the circumstances. With the help of our VA Loan Specialists, the process is quick and easy!

How soon should I apply for a VA Loan if I do not yet have a house in mind?

You can get pre-qualified at any time for your VA mortgage, even without a property or house in mind. Many times this is the best way to go because it allows you to look for a new home with the knowledge of how much you can afford. Additionally, you will be able to foresee any potential problems before you have a contract. Call King Financial Group and we will get you pre-approved at no cost and no obligation. Or apply online at: www.YourKingTeam.com or www.LoansforLeaders.com for our new savings program for Veterans.

Why is my local bank discouraging me from using a VA Loan?

Many local banks and credit unions are not approved to issue VA Loans or may only close a few each year. This lack of comfort in the familiar can often be what guides this opinion. If your local bank is discouraging you from choosing a VA Loan, make sure it has the ability to issue VA Loans. For a majority of Veteran homebuyers, a VA Loan is the best option due to the fact that no down payment is required.

How long will it take to complete a pre-qualification over the phone?

You should allow at least 10 minutes to get through your VA mortgage specialist's questions and then additional time to cover any questions you may have, although it may not take that long. If you have to stop in the middle of the application, just call your VA mortgage specialist back when you have sufficient time, and you can complete it then **or you can apply on line in your leisure at www.YourKingTeam.com**. To get started on your application now, contact a VA Loan Specialist.

Does the pre-qualification package obligate me to anything?

No, you are not obligated to anything until the day of closing when you sign the documents and take the key.

How long does it take to get pre-approved for a VA Loan?

It can take less than an hour for a VA Specialist to get you pre-qualified for your VA Loan. Your VA Loan Specialist will ask you some questions, check your credit, and calculate your debt-to-income ratio (what you pay out per month vs. your monthly income). Once you are pre-qualified you move on to the pre-approval process. During this step your VA mortgage specialist will send you some paperwork to complete and return and also request some supporting documentation such as copies of your pay stubs, bank statements, W-2s and identification. Once your VA mortgage specialist receives this information he can review all your documentation, update your information and, assuming everything looks good, he/she can then issue your pre-approval. Often times the process from your first phone call to pre-approval can take less than a week. It will mainly be dependent on how proactive you are in sending back your paperwork.

How far in advance should I get pre-approved?

We recommend getting pre-approved as early as possible once you start looking into buying a home. The pre-approval lets you know you are qualified for a loan and gives you plenty of time to settle any disputes found on your credit report and anything else that could hold up the process. The earlier you complete these tasks, the smoother the process will be once you find a home.

What is the difference between being pre-qualified and being pre-approved?

Being pre-qualified means you are qualified based on the information you presented on your application over the phone. Being pre-approved means you are approved based on supporting documentation, such as 30 full days of pay stubs for all borrowers, 2 years W2s, tax returns for two full years, a copy of your DD214, and 2 month bank statements with all pages proving the source of funds for closing. And a full credit report with FICO scores will be pulled on all borrower apply on the mortgage application.

What kind of information will I need to know to complete the application?

You will need to know both personal and financial information. You will be asked detailed questions and will possibly need to provide employment history for two years, current income including pay, commissions or bonuses, alimony or child support that you would like to be considered, dividends, asset information, and personal information such as your Social Security number, birthday, current address, and address history for the past 2 years. Bank and liability information as well.

What is a statement of service?

A statement of service is a letter from your commanding officer stating how long you have been in the service and what your status is. It is often required for underwriting purposes for **active duty applicants**.

Is my information completely confidential?

Yes, your information is secure and confidential. It is not shared with any parties that are not involved in your specific loan and the closing process.

If I get pre-approved through you, do I take that approval to my bank to get my VA Loan?

No, we are a one-stop VA lender. We approve you and go through the entire process with you, from the application through closing.

Who should I contact once my loan is in process? (214) 762-1111 your VA Specialist

Once your loan is in process, you will still be in contact with you VA mortgage specialist up until the day of closing. He or she will be your primary contact through the entire process.

How hard would it be for me to get pre-approved for more than I originally asked for?

That depends on your income, assets, and credit history. Normally, your VA mortgage specialist will let you know the maximum he or she can pre-approve you for based on your debt-to-income ratio. If you find a home just out of that pre-approval amount, call your VA mortgage specialist immediately and he or she can tell you on the phone whether or not you will be approved for the higher amount. Generally he will want specifics on the home such as the property taxes and estimates for home owners insurance, to ensure you don't make an offer on a home for which you can't actually qualify.

My spouse and I are both eligible for a VA Loan, how does that affect us?

There will be very little effect. You can choose to use your Certificate of Eligibility or your spouse's or a portion of both of them and it will have no impact on the details of the loan. One benefit of having an eligible partner is that you can avoid the increased funding fee for subsequent VA Loans. For your next home purchase you could use your spouse's eligibility and not have to pay the increased fee.

I just got divorced, can I obtain another VA Loan for a new house?

You will still be eligible, but you must have remaining entitlement to take out a new VA Home Loan. A VA Loan Specialist can help you run the math to determine if you have any first tier or second tier entitlement remaining and if so how much. From there he can give you a price range to stay within to avoid having to make a down payment.

With all the foreclosures happening now, can I purchase a foreclosed property?

You can absolutely purchase a foreclosed property. These transactions often take longer as they require lender approval on the seller's side of the transaction. It will also be important to select a property that appears move-in ready and structurally sound as foreclosure sellers are less willing to make repairs than others.

What is equity?

Equity is the amount of value a homeowner has in their property. You can calculate your equity by subtracting any liens or debts against your home from what your home is appraised by.

What is a discount point?

A discount point is a percentage of the loan amount you will pay to buy your interest rate lower. You can buy to a lower rate with discount points, which can sometimes save you money over the life of the loan.

What is a child care letter?

A child care letter is a letter required on a VA Loan if the borrower has children under the age of 13. A VA Loan requires that childcare expenses are counted as liabilities for qualification purposes. The letter just states what if any child care costs you occur on a monthly basis, and if none are incurred the reason.

What is title insurance?

Title insurance is insurance you obtain through the title company to protect you from any liens that may be found after closing. The title company or title attorney will do a thorough check to make sure that doesn't happen. In the off chance a lien is found, you are covered.

Additional VA Loan Questions?

If you have questions, or if you want to determine if a Veteran Home Loan is actually the best financial decision for you, you may get advice from a VA Mortgage Specialist online or call **214-762-1111** or **Apply online anytime:**

WWW.YOURKINGTEAM.COM or WWW.LOANSFORLORDERS.COM



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