



## **BUYING A HOME WITH A VA LOAN:** Understanding the Process

### **You've served your country, and we thank you for that!**

As a veteran, you may be entitled to a government guaranteed loan program commonly called a VA loan. In most cases, these are the steps you would follow when getting a VA loan to buy a home.

### **Find a Lender**

Locate a lending institution that participates in the VA program. You may want to get "pre-qualified" at this point - that is, find out what loan amount and purchase price you can afford and be approved for. Lenders set their own interest rates, discount points, and closing points, so you may want to shop around.

### **Get a Certificate of Eligibility**

The Certificate of Eligibility (COE) verifies to the lender and VA that you meet the eligibility requirements for a VA loan. You can learn more about the evidence you submit and how to apply for a COE by referencing the attached pages.

## Find a Home and Sign a Purchase Agreement

Work with a real estate professional and negotiate a purchase agreement. Make sure the purchase and sales agreement contains a "VA Option Clause."

Here's a sample of a "VA Option Clause":

*"It is expressly agreed that, notwithstanding any other provisions of this contract, the purchaser shall not incur any penalty by forfeiture of earnest money or otherwise be obligated to complete the purchase of the property described herein, if the contract purchase price or cost exceeds the reasonable value of the property established by the Department of Veterans Affairs. The purchaser shall, however, have the privilege and option of proceeding with the consummation of this contract without regard to the amount of the reasonable value established by the Department of Veterans Affairs."*

You may also want the purchase agreement to allow you to "escape" from the contract without penalty if you can't get a VA loan.

## Apply for your VA Loan

Work with the lender to complete a loan application and gather the needed documents, such as pay stubs, bank statements, W-2s and/or tax returns, and letters of explanation. A qualified loan officer can help you to navigate the application and loan process and provide guidance and advice.

## Loan Processing

The lender orders a VA appraisal and begins to "process" all the credit and income information.

*(Note: VA's appraisal is not a home inspection or a guaranty of value. It's just an estimate of the market value on the date of the inspection. Although the appraiser does look for obviously needed repairs, VA doesn't guarantee the condition of the house. The appraiser, who is licensed, is not a VA employee. The lender can't request a specific appraiser; assignments are made on a rotating basis.)*

The lending institution underwrites the file and reviews the appraisal and all the documentation of credit, income, and assets.

## Closing

A title company or an attorney of your choice will conduct the closing. This person will coordinate the date/time and help you sign all of the paperwork, and then the property is transferred.

# Eligibility Requirements for VA Home Loans

## Servicemembers and Veterans

To obtain a COE, you must have been discharged under conditions other than dishonorable and meet the service requirements below:

Status	Qualifying Wartime & Peacetime Periods	Qualifying Active Duty Dates	Minimum Active Duty Service Requirement
<b>Veteran</b>	WWII	9/16/1940 - 7/25/1947	90 total days
	Post-WWII	7/26/1947 - 6/26/1950	181 continuous days
	Korean War	6/27/1950 - 1/31/1955	90 total days
	Post-Korean War	2/1/1955 - 8/4/1964	181 continuous days
	Vietnam War	8/5/1964 - 5/7/1975 *For Veterans who served in the Republic of Vietnam, the beginning date is 2/28/1961	90 total days
	Post-Vietnam War	5/8/1975 - 9/7/1980 *The ending date for officers is 10/16/1981	181 continuous days
	24-month rule	9/8/1980 - 8/1/1990 *The beginning date for officers is 10/17/1981	<ul style="list-style-type: none"> <li>24 continuous months, OR</li> <li>The full period (at least 181 days) for which you were called or ordered to active duty</li> </ul>
	Gulf War	8/2/1990 - Present	<ul style="list-style-type: none"> <li>24 continuous months, OR</li> <li>The full period (at least 90 days) for which you were called or ordered to active duty</li> </ul>
<b>Currently On Active Duty</b>	Any	Any	90 continuous days
<b>National Guard &amp; Reserve Member</b>	Gulf War	8/2/1990 - Present	90 days of active service
	<ul style="list-style-type: none"> <li>Six years of service in the Selected Reserve or National Guard, AND               <ul style="list-style-type: none"> <li>Were discharged honorably, OR</li> <li>Were placed on the retired list, OR</li> <li>Were transferred to the Standby Reserve or an element of the Ready Reserve other than the Selected Reserve after service characterized as honorable, OR</li> <li>Continue to serve in the Selected Reserve</li> </ul> </li> </ul>		

*\*If you do not meet the minimum service requirements, you may still be eligible if you were discharged due to (1) hardship, (2) the convenience of the government, (3) reduction-in-force, (4) certain medical conditions, or (5) a service-connected disability.*