

**PROGRAM:** VA-Guaranteed Home Loan Program

**AGENCY:** Department of Veterans Affairs (VA)

**DESCRIPTION:** Assists eligible veterans to purchase single-family homes by guaranteeing a lender's mortgage against loss. Each qualified veteran receives a certificate of eligibility which provides a maximum entitlement.

**ELIGIBLE USES:** You may use VA-guaranteed financing to buy a home, townhouse, or condominium unit in a project that has been approved by VA, build a home, repair, alter, or improve a home, to simultaneously purchase and improve a home, to improve a home through installment of a solar heating and/or cooling system or other energy efficient improvements, to refinance an existing home loan, to refinance an existing VA loan to reduce the interest rate and add energy efficiency improvements, to buy a manufactured (mobile) home and/or lot, to buy and improve a lot on which to place a manufactured home which you already own and occupy or to refinance a manufactured home loan in order to acquire a lot.

**PROGRAM/LOAN STRUCTURE:**

- Maximum Program Benefits: VA will guarantee up to 50 percent of a home loan up to \$45,000. For loans between \$45,000 and \$144,000, the minimum guaranty amount is \$22,500, with a maximum guaranty, of up to 40 percent of the loan up to \$36,000, subject to the amount of entitlement a veteran has available. For loans of more than \$144,000 made for the purchase or construction of a home or to purchase a residential unit in a condominium or to refinance an existing VA guaranteed loan for interest rate reduction, the maximum guaranty is 25 percent up to \$60,000.
- Although there is no maximum VA loan (limited only by the reasonable value or the purchase price), lenders generally limit the maximum VA loan to \$240,000 because most VA loans are sold in the secondary market, which limits VA loans to that amount.
- Equity: A down payment is not required by VA if the purchase price is less than the value of the property as determined by the VA. If the price is more than the established value, the veteran must make up the difference from personal resources.
- Maturities: The maximum loan maturity is 30 years and 32 days.
- Rates: Are negotiated with the lender. Rates are fixed for the life of the loan, however the veteran may refinance at a lower rate.
- Fees: A loan origination fee of 1%, a VA funding fee of 1% and reasonable closing costs. Paying discount points in connection with VA financing is not allowed.

**QUALIFICATION CRITERIA/COMMENTS:**

- The veteran must serve at least 90 days in active service in wartime or 181 continuous days in peacetime to be eligible, and discharged under other than dishonorable conditions. If the discharge was in less than the required time of active duty, it must be attributable to a service-connected disability.
- World War I service, Reserve active duty training and active duty training in the National Guard, unless activated for regular active duty, is not eligible for the guarantee. These may qualify for HUD assisted loans.
- The lender must apply to the VA office for the guarantee.
- For more information, visit the homepage at <http://www.homeloans.va.gov/> , find specifics at <http://www.homeloans.va.gov/VAP26-4.htm#6steps> , or call 1-800-827-1000.