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VA MORTGAGE MYTHS EXPLORED

Those qualifying for a VA loan have access to one of the best loan products available and have a variety of options available to them that other forms of financing are unable to provide. There are many misconceptions surrounding the qualification of a VA loan, making it important to know the facts as a borrower or seller.

Read on to see if any of these mortgage myths are keeping you from applying for a VA loan, or accepting an offer with VA financing.

MYTH: YOU NEED A DOWN PAYMENT

While it's true that many loans require a down payment, depending on your circumstances, a VA loan can allow for up to 100% financing. This allows veteran buyers to purchase now, rather than saving for a down payment.

MYTH: PRIVATE MONTHLY MORTGAGE INSURANCE IS REQUIRED

Many conventional lenders require borrowers to pay private monthly mortgage insurance (PMI) unless they're able to put at least 20% down. VA loans require no private mortgage insurance (PMI), translating to substantial savings for the veteran over the life of the mortgage. This savings may help a VA borrower qualify for a higher purchase price and open up more home inventory.

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MYTH: I CAN ONLY QUALIFY FOR A VA LOAN ONCE

VA loan entitlements can be used over and over again whether you buy two houses, or ten, over the course of your lifetime. As long as the loan is paid off and you no longer own the property, you may be able to acquire another VA loan. A borrower may also use bonus entitlement to qualify for a new VA loan while still owning a home that was originally acquired with a VA mortgage.

MYTH: IT IS NOT IN THE SELLER'S BEST INTEREST TO ACCEPT AN OFFER FROM A BUYER WITH VA FINANCING

With 100% financing options available, sellers open the purchase of their home to a larger market of potential buyers. A common misconception is that the seller has to pay many of the VA borrower's lender fees. Sellers are not required to pay any of the VA buyer's non-allowable fees. A seller will only pay the fees they agree to on the purchase and sale contract which is also true of a conventional or FHA loan.

VA loans have varying eligibility requirements, depending on the duration and type of military service performed. If you feel you may meet the requirements for a VA loan, talk to your local lender. You will receive tailored advice to help you make the best decision for you and your family.

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