

What is a VA Loan?

The VA Loan began in 1944 through the original Servicemen's Readjustment Act, also known as the GI Bill of Rights. The GI Bill was signed into law by President Franklin D. Roosevelt and provided veterans with a federally guaranteed home with no down payment. This feature was designed to provide housing and assistance for veterans and their families, and the dream of home ownership became a reality for millions of veterans. VA guaranteed loans are made by private lenders, such as banks, savings & loans, or mortgage companies to eligible veterans for the purchase of a home, which must be for their own personal occupancy. The guaranty means the lender is protected against loss if you or a later owner fails to repay the loan. The guaranty replaces the protection the lender normally receives by requiring a down payment allowing you to obtain favorable financing terms.

Who is eligible for a VA Loan?

Wartime/Conflict Veterans

Wartime/Conflict Veterans who were not dishonorably discharged, and served at least 90 days:

- World War II - September 16, 1940 to July 25, 1947
- Korean Conflict - June 27, 1950 to January 31, 1955
- Vietnam Era - August 5, 1964 to May 7, 1975
- Persian Gulf War - Check with VA regional office for specific eligibility.
- Afghanistan and Iraq - Check the [VA's Web site](#) for eligibility guidelines for current service in Afghanistan and Iraq.

Peacetime Service

Peacetime service of at least 181 days of continuous active duty with no dishonorable discharge. If you were discharged earlier due to a service-connected disability, you should speak with the regional VA office to verify eligibility.

- July 26, 1947 to June 26, 1950
- February 1, 1955 to August 4, 1964, or
- May 8, 1975 to September 7, 1980 (enlisted) or to October 16, 1981 (officer)
- Enlisted veterans whose service began after September 7, 1980, or officers whose service began after October 16, 1981, must normally have served at least two years.

Reserves and National Guard

Members who have completed six years of service and have been honorably discharged (or are still serving) may be eligible for a VA loan. Contact your regional VA office for more details.

Other Qualifying Service

Other types of service that may make you eligible for a VA loan:

- Certain US citizens who served in the armed forces of a government allied with the United States during World War II.
- Surviving spouses of eligible persons who died as the result of service or service-connected injuries. The surviving spouse must not have remarried.
- The spouse of any member of the Armed Forces serving on active duty who has been listed as a prisoner of war or missing in action for more than 90 days.

What type of home can I buy with a VA loan?

A VA home loan must be used to finance your personal residence within the United States or its territories, but you have many choices regarding the type of home you purchase.

- Existing single family home.
- Townhouse or condo in a VA-approved project.
- New construction residence.
- A manufactured home and/or lot.
- Home refinances. Certain types of home improvements.

How do I apply for a VA guaranteed loan?

You can apply for a VA loan with any mortgage lender that participates in the VA home loan program. At some point, you will need to get a Certificate of Eligibility from VA to prove to the lender that you are eligible for a VA loan. You can apply for a Certificate of Eligibility by submitting a completed [VA Form 26-1880](#), Request For A Certificate of Eligibility For Home Loan Benefits, to one of the [VA Eligibility Centers](#), along with proof of military service. In some cases it may be possible for VA to establish eligibility without your proof of service. However, to avoid any possible delays, it's best to provide such evidence.

I have already obtained one VA loan. Can I get another one?

Yes, your eligibility is reusable depending on the circumstances. Normally, if you have paid off your prior VA loan and disposed of the property, you can have your used eligibility restored for additional use. Also, on a one-time only basis, you may have your eligibility restored if your prior VA loan has been paid in full but you still own the property. In either case, to obtain restoration of eligibility, the veteran must send VA a completed VA Form 26-1880 to one of the VA Eligibility Centers. To prevent delays in processing, it is also advisable to include evidence that the prior loan has been paid in full and, if applicable, the property disposed of. This evidence can be in the form of a paid-in-full statement from the former lender, or a copy of the HUD-1 settlement statement completed in connection with a sale of the property or refinance of the prior loan.

What are the benefits of a VA Loan?

- 100% financing, no down payment loans are common.
- No Private Mortgage Insurance (PMI).
- No penalties if you prepay the loan.
- Competitive interest rates.
- Loan qualification is sometimes easier than if you were applying for a conventional loan.
- Sellers can pay all closing costs.

What are the negatives of a VA Loan?

- VA loans made prior to March 1, 1988, can be assumed with no qualifying of the new buyer. If a buyer of such a property defaults, the veteran homeowner may be liable for funds.
- Some sellers may be hesitant to work with someone who is acquiring a VA loan because of their past reputation of taking longer to process than conventional loans. While the time may still be a little longer, getting a VA loan is not the lengthy ordeal it once was.
- Sellers are often asked to pay a portion of closing costs, so they may not be eager to negotiate the sales price of the home.