



Should I consider a VA home loan over other types of loans?

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Answer:

While you should probably consider a variety of loan options to find the one that best accommodates your particular situation, VA home loans offer benefits that generally are not available from conventional lenders. Some of the potential benefits that may be available to qualified borrowers include:

- VA home loans may offer financing of up to 100% of the purchase price with no down payment required. Typically conventional loans require at least 5% of the purchase price as a downpayment.
- Private mortgage insurance is not required (eliminating insurance premiums that would otherwise be added to the monthly mortgage amount).
- Credit and debt ratio guidelines (used to help evaluate a loan application) are generally less stringent compared to typical conventional loan credit requirements.
- VA loan interest rates may be lower than conventional loan rates in the same region.
- VA loans are guaranteed by the federal government and are available through qualifying local banks and mortgage brokers.
- VA loans generally are limited to \$417,000, but may be higher in certain regions of the country.
- Most VA loans are subject to a funding fee. The funding fee varies based a number of factors including the amount (if any) applied toward the downpayment and your military status.
- Loan closing costs and administrative charges may be "rolled" into the loan, reducing your up front costs to the borrower
- VA loans have no prepayment penalties and are typically assumable by a qualified buyer of your home.
- The VA offers personal loan servicing and financial counseling.

Finally, keep in mind that lenders act independently on most VA loan applications, so some variations in terms may exist from lender to lender. It may be worth your time to shop around and compare the interest rates, indexes, and closing costs of various lenders.

For more information about VA home loans, visit the U.S. Department of Veterans Affairs website at www.benefits.va.gov.

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