



The Zebra®

Call icon

FINANCE

The Complete Homebuying Guide for Veterans



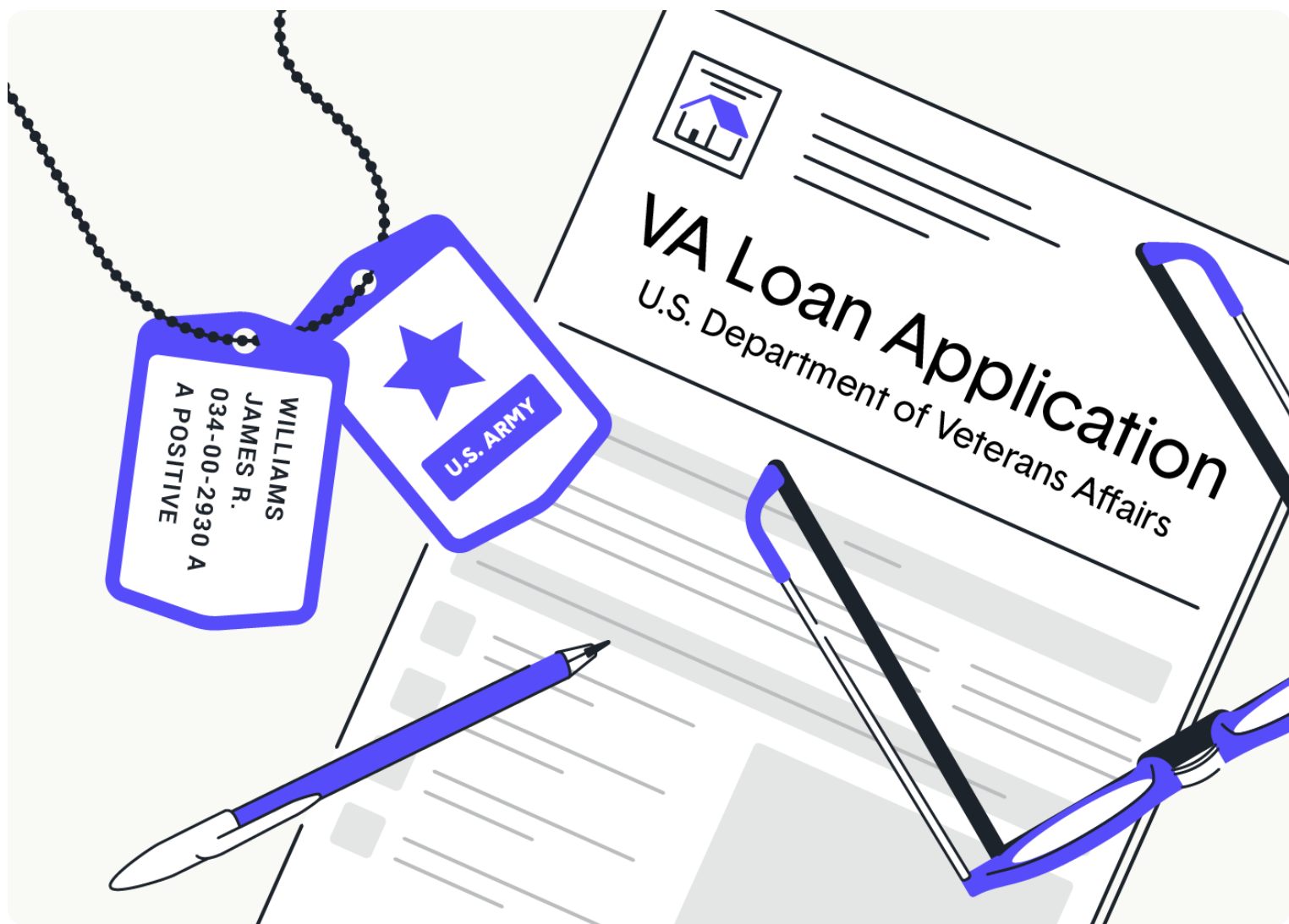
October 17, 2019

If you're a veteran and searching for a new home, you've come to the right place. The process of buying a home is unique for veterans, especially those looking to take out a VA loan. Not all homes qualify for VA loans and not all lenders are familiar with the VA loan process. Finding a real estate agent who knows the

ins and outs of veteran home buying benefits can help you save money and make the best purchase. This article can also help guide you through the homebuying process with details about VA loans, state-specific veteran benefits, and home insurance for veterans.

All about VA loans

VA loans: everything you need to know



VA loans enable veterans to buy homes, when they might otherwise not qualify for a conventional loan. VA loans are issued by private lenders but backed by the U.S. Department of Veteran Affairs (VA), allowing veteran homebuyers to secure lower rates, qualify for more expensive homes and purchase a home without a down payment.

The VA loan program is perhaps the best home lending option in the country, yet many veterans don't utilize it. This hesitance could stem from fear of red tape or a lack of familiarity with the benefits of VA loans. To help veterans better understand the details of VA loans, we've outlined the benefits and requirements below.

VA loan benefits

VA loan benefits

The primary advantages of VA loans is that they make it easier for veterans to secure financing and allow buyers to purchase a home with no down payment. Veterans will be able to qualify for VA loans with lower income and credit scores than are required for conventional loans. VA loans also enable veteran homebuyers to avoid Private Mortgage Insurance (PMI) payments, since the VA guarantees more than 20 percent of the loan.

Benefits of a VA loan



No down payment required



Low credit score accepted



No private mortgage insurance



Higher debt-to-income ratios accepted



Low interest rates



Easy to refinance

Entitlements and loan costs

Entitlements and associated loan costs

The VA guarantees a portion of mortgages with “entitlements.” Currently the basic entitlement is \$36,000 or

25% of the total mortgage, whichever is less. Lenders will usually loan up to four times this amount. A basic entitlement allows veterans to purchase a \$144,000 home with no down payment.

Bonus entitlements, sometimes called second-tier entitlements, come into play when a veteran wants to purchase a home valued at more than \$144,000. To establish bonus entitlement limits, the VA uses the national conventional financing conforming loan limit set by the FHFA. In 2019, the loan limit amount was \$484,350 and up to \$726,525 in areas with higher living expenses, though it varies from county to county (see loan limits in your area [here](#)).

It's important to remember that while the VA will guarantee 25% of the loan limit in your area, making it easier to secure a loan, veterans must still qualify through their lender. It's also important to know that even without a required down payment, there will be some one-time fees at closing.

— A borrower in the armed forces getting a VA loan for the first time, with no money down, would pay a fee of 2.15% of the loan amount.

— The fee is reduced to 1.25% of the loan amount if the borrower makes a down payment of 10% or more.

— Reservists and National Guard members normally pay about a quarter of a percentage point more in fees than do active-duty members.

COE and other requirements

COE and other VA loan requirements

In order to qualify for a VA loan, veterans must first receive a Certificate of Eligibility (COE). Eligible veterans or family members will have met at least one of the following requirements:

— Served 90 consecutive days of active service during wartime

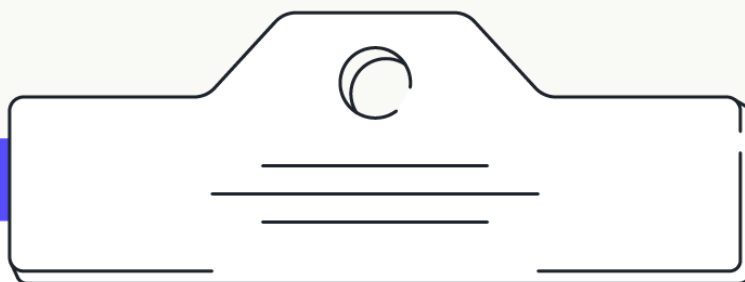
— Served 181 days of active service during peacetime

— Have been an active member of the National Guard or Reserves for 6 years or more

— Are married to a service member who died in the line of duty or as a result of a service-related disability

You can request a COE from your lender, apply online at VA.gov or mail in [this application](#). You'll be required to provide supporting documentation. You can use the checklist below to make sure you have all the necessary paperwork.

COE supporting documents



CATEGORY

DOCUMENTS REQUIRED

Veteran

DD Form 214 - required to have a copy showing the character of service (item 24) and the narrative reason for separation (item 28)

Former National Guard or Reserve member

who **has been** activated for Federal active service

DD Form 214 - required to have a copy showing the character of service (item 24) and the narrative reason for separation (item 28)

Discharged member of the National Guard

NGB Form 22, Report of Separation and Record of Service, for each

who **has never been** activated for Federal active service

period of National Guard service

AND

NGB Form 23, Retirement Points Accounting, and proof of the character of service

Discharged member of the Selected Reserve

who **has never been** activated for Federal active service

Copy of your latest annual retirement points statement and evidence of honorable service

Once you receive your COE, you can begin shopping for a home loan. Veterans must still meet lender requirements, though VA loans typically allow for more lenient credit and income qualifications than conventional loans.

Additional benefits

Additional state-specific veteran housing benefits



For veterans who don't qualify for a VA loan, or for those looking for additional benefits, many states offer their own veteran home loan programs. Look for your state below to find if you might qualify for additional veteran housing benefits.

Alaska: The Alaska Housing Finance Corporation offers several loan programs for current and former service members. Some veterans can receive a 1 percent discount on the first \$50,000 of their mortgage.

California: CalVet Home Loans can provide a below-market rate for some veterans, with special rates for first-time buyers.

Colorado: Qualified veterans can participate in the Colorado Housing and Finance Authority's FirstStep and FirstStep Plus products regardless of whether they are buying their first home.

Connecticut: The Military Mortgage Option offered by the state's housing finance authority reduces the program's interest rate by 0.125 percent for qualified participants seeking to buy their first home (or their first in at least three years).

Delaware: Qualified veterans can use the Delaware First-Time Homebuyer Tax Credit even if they're not buying their first home. Beneficiaries receive either 35 percent of their taxable interest as a tax credit or a \$2,000 credit, whichever is less.

Florida: The Florida Housing Finance Corporation offers the Florida Military Heroes loan to service members and veterans seeking affordable housing.

Illinois: The state offers veteran support via multiple programs, including @HomeIllinois (\$5,000 in down payment and closing cost help, plus other benefits) and 1stHomeIllinois (\$7,500 in down payment/closing cost help on a 30-year fixed-rate mortgage in certain counties).

Indiana: The Honor our Vets program gives up to \$5,000 to eligible participants to help with a down payment, closing costs or relocation expenses. Beneficiaries must qualify for a VA-backed loan and are subject to income limits.

Iowa: The Military Homeownership Assistance Program offers eligible veterans \$5,000 toward a down payment or closing costs. It's open only to those with time on active duty during Operation Desert Storm/Shield and since Sept. 11, 2001, and to surviving spouses of those veterans.

Louisiana: Qualified veterans are eligible for a variant of the Louisiana Housing Corporation Market Rate Program that allows beneficiaries to secure VA-backed 30-year fixed-rate loans at "favorable interest rates."

Maine: Qualified veterans can get an extra 0.125 percent off their 30-year fixed-rate mortgage under the SaluteME and SaluteME Home Again programs, offered via the Maine State Housing Authority.

Maryland: Maryland Homefront offers veterans \$5,000 in down payment and closing cost assistance in the form of a zero-interest deferred loan. The program also gives borrowers a reduced rate on a 30-year fixed Maryland Mortgage Program loan and waives the \$450 Maryland HomeCredit Fee. Refinance loans aren't

eligible.

Massachusetts: The Home for the Brave Home Loan Program offers low rates for troops and veterans, as well as spouses of service members who are killed while on active duty. Income limits and other financial qualifications apply.

Mississippi: The Veterans' Home Purchase Board offers an "advantageous interest rate" for veterans. All participants must have a VA Certificate of Eligibility.

Missouri: Veterans can take part in the state's First Place loan program even if they've already owned a home. The program offers discounted rates as well as a Cash Assistance Payment option that lets beneficiaries borrow funds for closing and related costs.

Nebraska: The Military Home Program, run by the Nebraska Investment Finance Authority, allows service members and veterans to qualify for "competitively priced" interest rates. Veterans also are exempt from the program's first-time buyer requirement. VA loan eligibility isn't required.

Nevada: The Home is Possible for Heroes program offers a below-market interest rate for 30-year fixed mortgage.

New York: The Homes for Veterans Program offers down payment assistance up to \$15,000 for eligible veterans and co-borrowers.

North Carolina: The NC Foreclosure Prevention Fund offers zero-interest loans up to \$36,000 for up to three years to help veterans discharged after Jan. 1, 2008 meet their mortgage payment while undergoing job training to prepare for life out of uniform.

Oregon: The state's veteran home loan program has paid out more than \$8 billion since 1945, according to its website, assisting more than 334,000 veterans. Unlike some other state programs, the borrower doesn't need to reside in Oregon at the time of application, so long as the property being bought is in the state. The eligibility process differs from the VA loan process.

Ohio: Service members, veterans and surviving spouses may qualify for the Ohio Heroes program, a discounted interest rate offered via the Ohio Housing Finance Agency.

Pennsylvania: The Keystone Home Loan Program offers low interest rates and fees targeted at first-time buyers, but discharged veterans can qualify for the program regardless of previous home-purchasing history.

Tennessee: Service members past and present who participate in the state's Great Choice Home Loans program can qualify for a lower interest rate (half a percentage point below other beneficiaries) and can participate in the first-time homebuyer program even if they've already owned a home.

Texas: The Homes for Texas Heroes program is offered through the Texas State Affordable Housing Cooperation. It includes special rates and benefits, including down payment assistance, for veterans (and some former spouses of deceased veterans) who are below certain income thresholds.

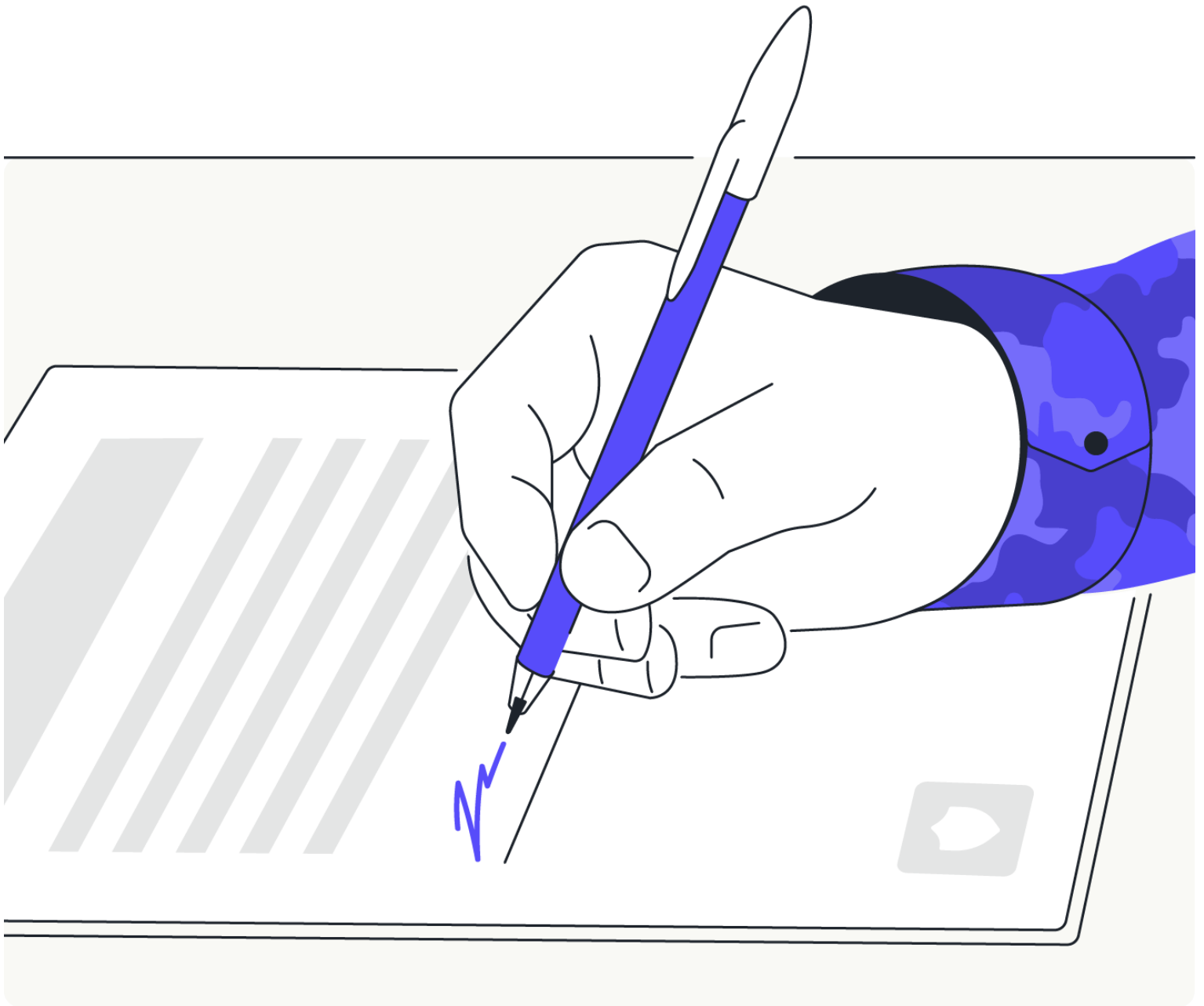
Utah: The Utah Veteran First-time Homebuyer Grant offers \$2,500 to veterans who have left service in the last five years to purchase their first home in the state. Beneficiaries must be eligible for a VA loan to participate.

Washington: The House Key Veterans program provides down payment assistance for veterans below certain income thresholds. Some veterans can borrow up to \$10,000 for down-payment purposes.

Wisconsin: The Veterans Affordable Loan Opportunity Rate (VALOR) program may allow honorably discharged veterans to qualify for a lower loan rate. Eligible veterans must meet income and property qualifications for the Wisconsin Housing and Economic Development Authority's Advantage loan program, but the first-time buyer rule is waived.

Veterans homeowners insurance

Homeowners insurance for veterans



In order to secure a home loan, including VA loans, borrowers are required to purchase home insurance. Most VA loan lenders will require veterans to pay at least a year's worth of insurance payments upfront and continue to make payments into an escrow account on a monthly basis. This can usually be bundled in with your loan payment.

Many home insurance companies offer discounts to veterans. There are also companies that cater specifically to military personnel, such as AFI and USAA. These companies offer competitive rates and potential added benefits, but veterans should [compare home insurance rates](#) and benefits from non-military

specific companies as well to ensure they're getting the best deal.

Read more about [home insurance for veterans](#).

Additional resources

- [VA.gov](#)
- [VA home loan calculator](#)
- [Transportation benefits for veterans](#)
- [Car insurance for veterans](#)

Insurance Guides

Liability Insurance

Collision Insurance

Comprehensive Insurance

Uninsured Motorist Coverage

Personal Injury Protection
Insurance

No-Fault Insurance

Non-Owners Insurance

Full Coverage Insurance

Insurance Glossary

Car Insurance Discounts

Average Car Insurance

Ask An Agent

Reviews

TV Commercials

Cheap Insurance Providers

USAA

Progressive

State Farm

Esurance

Farmers

Nationwide

MetLife

21st Century

Find Cheap Insurance By State

AL AK AZ AR CA CO CT DE FL GA HI ID IL IN IA
KS KY LA ME MD MA MI MN MS MO MT NE NV NH
NJ NM NY NC ND OH OK OR PA RI SC SD TN TX
UT VT VA WA WV WI WY | Cheap Insurance By City

Compare Cheap Car Insurance Companies

Geico vs Progressive

State Farm vs Allstate

Geico vs State Farm

Progressive vs State Farm

AAA vs State Farm

State Farm vs Farmers

USAA vs Geico

Geico vs Liberty Mutual

AAA vs Geico

Allstate vs AAA

Geico vs Allstate

State Farm vs Nationwide

[USAA vs State Farm](#)

[AAA vs USAA](#)

[Allstate vs Farmers](#)

[State Farm vs Liberty Mutual](#)

[About Us](#)

[Press](#)

[We Are Hiring](#)

[Contact Us](#)

Follow us on:

© 2019 Insurance Zebra. All Rights Reserved. Use of Insurance Zebra Insurance Services (DBA TheZebra.com) is subject to our Terms of Service, Privacy Policy and Licenses.