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10 Benefits of Using Veterans Administration Home Loans

by Virendra Smith

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Owning a home is every familyâ€™s dream and perhaps an important decision for everybody. The VA or â€˜U.S. Department of Veterans Affairsâ€™ has guaranteed to eligible American veterans a VA home loan. In the event of a default, the VA assures to repay a quarter of the loan.

Eligibility for VA Home Loan

There are some criteria for qualifying for a VA home loan. It is mandatory for a potential borrower to ascertain his eligibility with the U.S. Veterans Affairs in order for the VA to verify and confirm his eligibility.

â€¢The first eligibility factor is the requirement of active service in any military branch. This service should be a minimum of 90 days during wartime and a period of over 181 days during peacetime.

â€¢Veterans affairs home loans are also given to those discharged due to disability caused by your service, some hardship or if the government requests a discharge after you have served for a minimum of 20 months of your 2 year recruitment.

â€¢Personnel on active duty are eligible for veterans affairs home loans.

â€¢Some reservists as well as National Guard members can qualify.

â€¢Surviving partners of military personnel who lose their lives while on active service are eligible.

Benefits of Veterans Affairs Home Loans

There are numerous benefits of VA loans for veterans which makes it extremely popular.

â€¢Firstly, you can purchase your home without any down payment.

â€¢Prime mortgage insurance or PMI payments are excluded for eligible veterans.

â€¢Origination costs and closing prices are limited by the federal government which will lessen your overall home price.

â€¢A VA inspector has to inspect the property which protects him from purchasing a bad property.

â€¢Military personnel can borrow VA loans for veterans up to 103.15% of the home value.

â€¢A veteran can re-finance to reduce the rate of interest.

â€¢If the borrower defaults, VA will provide some help.

â€¢There is no penalty for prepayment.

â€¢VA will permit selling your property and the new veteran can assume your old mortgage.

â€¢VA loan interest rates are fixed for 30 years and are very low.

Processing a VA Loan

This is an uncomplicated process. Nevertheless, a few steps have to be followed for veterans administration home loans.

â€¢A certificate of eligibility or COE has to be obtained for the loan.

â€¢Apply for your home loan by providing the COE.

â€¢The income and credit documents are reviewed by the lender which is then forwarded for approval to the VA underwriter. This process will take about a month.

â€¢The veteran can then find a suitable home.

â€¢A VA appraiser should inspect the home for the lender to finally approve the loan.

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Virendra Smith - About Author:
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