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Back in 1944, the VA Home Loan Program was created initially for the benefit of all service personnel who had served in World War II. Recent changes however have enabled even those on active duty to be eligible for VA home loans. The purpose of the VA loan was to make it possible for all those veterans who had served America in the country and abroad to own their own home irrespective of their credit history. The government wanted to save them from the hassles other civilians had to endure to get a home loan like a good credit history, down payment, closing costs, and so on.

The Purpose of VA Loan

The concept of a VA loan is designed to be beneficial to the borrower. Every attempt is made to make home buying an easy and affordable experience but at the same time a safe experience. The government realized that a lot of the veterans spent years in overseas service and thus they do not have a good credit history. Some of them do not have enough savings for a down payment. The government wanted to ensure they had a home to go back to at the end of their long service to the nation and hence was started the VA loan and VA refinance.

Lenders Backed By the VA Loan Program

Lenders who lend to the veterans are assured of the repayment of their loan by the VA Loan Program. The only criteria the veterans have to fulfill is a satisfactory payment history. They should have a history of having paid their bills, rent, and car insurance regularly. They should also show some proof of current income or anticipated income. This income should leave them enough to meet the mortgage payment after assuring the veteran and his family of a decent standard of living. They have therefore to show a FICO Credit Score of at least 602.

Advantages of A VA Loan

The advantage of getting a VA loan is that you are protected by the Veterans Administration department. There is a VA inspector who ensures that you are not cheated. VA refinance options are available at lower interest rates. Refinancing is possible in the streamline process without a credit check and usually without an appraisal. Documentation required is also minimal. Moreover the VA will not allow its member to be overcharged in service fees by the lending agency. VA loans can be taken over by a buyer. The new buyer will assume-ability and take over the old loan. The VA functions as an umbrella to protect its members.

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