



Comprehensive VA Home Loan Guide

(Home Purchase, Refinance & VA IRRRL)

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INTRODUCTION

The VA Home Loan is one of the most powerful benefits available to eligible service members, veterans, and surviving spouses. It offers flexible guidelines, no required down payment, and competitive interest rates. This guide breaks down VA purchases, refinances, the VA IRRRL, and the most common myths — in a simple and easy-to-understand format.



1. VA HOME PURCHASE LOAN (BUYING A HOME)

The VA Purchase Loan allows eligible borrowers to buy a home with zero down payment and no private mortgage insurance.

Key Benefits:

- 0% down payment required
- No monthly mortgage insurance
- Competitive interest rates
- Flexible credit and debt-to-income guidelines
- Allows seller-paid closing costs and concessions

Basic Requirements:

- Certificate of Eligibility (COE)
- Sufficient income to qualify
- Property must be a primary residence
- Property must meet VA minimum property requirements (MPRs)

Who This Loan Is Best For:

- First-time buyers
- Buyers with limited down payment funds
- Veterans who want stable, low monthly payments

2. VA CASH-OUT REFINANCE

The VA Cash-Out Refinance allows qualified borrowers to refinance their current mortgage (VA or non-VA) into a VA loan and pull cash out.

Key Benefits:

- Convert equity into cash for home improvements, debt consolidation, or investments
- Refinance a non-VA loan into a VA loan
- No mortgage insurance
- Borrow up to 90% of the home's value (varies by lender)

Best Uses of Cash-Out:

- Paying off high-interest credit cards
- Home renovations
- Tuition or medical expenses
- Debt consolidation

Requirements:

- New appraisal required
- Standard income and credit approval
- Must occupy the home as a primary residence

3. VA IRRRL (INTEREST RATE REDUCTION REFINANCE LOAN)

The VA IRRRL — often called a "VA Streamline Refinance" — is the simplest and fastest way to lower your interest rate or convert an ARM into a fixed-rate VA loan.

Key Features:

- No income documentation required
- No appraisal required
- Minimal paperwork
- Lower funding fee compared to other VA loans
- Can skip up to two mortgage payments (depending on closing date)

Who Qualifies:

- Must currently have a VA loan
- Must be refinancing for a lower rate or better terms
- Must certify that you previously lived in the home (current occupancy not required)

Why Use an IRRRL:

- Reduce monthly payments
- Lock in a stable, fixed rate
- Improve long-term savings

4. ELIGIBILITY & CERTIFICATE OF ELIGIBILITY (COE)

To use a VA loan, you must meet service requirements.

General Service Requirements:

- 90 days active duty wartime
- 181 days active duty peacetime
- 6 years in the National Guard or Reserves
- Eligible surviving spouse

The COE confirms your entitlement and funding fee exemption status. Most lenders can pull it instantly through the VA system.

5. VA FUNDING FEE EXPLAINED

The VA Funding Fee helps keep the program running. It is NOT paid if you have a VA disability rating of 10% or more.

Typical Funding Fee Structure:

- First-time use: around 2.15% of the loan amount
- Subsequent use: around 3.30%
- IRRRL: 0.50%

The fee can be financed into the loan and does not need to be paid upfront.

6. APPRAISAL & PROPERTY REQUIREMENTS (MPRS)

VA wants veterans in safe, sound, and sanitary homes.

Common MPR Requirements:

- Roof in good condition
- No major peeling paint (for older homes)
- Heating and cooling functioning properly
- No major foundation issues
- Safe electrical systems

The appraisal also includes a fair market value assessment.

7. THE 5 MOST COMMON VA LOAN MYTHS

Myth 1: "VA loans are harder to close."

Truth: VA loans close at the SAME rate as other loans and often even faster.

Myth 2: "Sellers have to pay all the closing costs."

Truth: Sellers are NOT required to pay anything. VA allows flexibility — but nothing is mandatory.

Myth 3: "VA appraisals always come in low."

Truth: VA appraisals follow market value like any other loan. They simply check basic safety standards.

Myth 4: "You can only use your VA loan once."

Truth: You can use your VA loan multiple times — even have more than one at the same time.

Myth 5: "VA loans are only for first-time buyers."

Truth: VA loans are available for ANY eligible veteran, anytime they want to use it.

SUMMARY

The VA Loan is one of the most powerful home financing tools available. Whether you are purchasing, refinancing, or lowering your rate through an IRRRL, the program is designed to help veterans and military families build wealth through homeownership.

Understanding how each option works ensures you can make the best financial decision for your situation.

Ready to explore your VA home loan options?

Schedule your free 15-minute strategy call: 📅📅📅
<https://calendly.com/alexvalorhf/15min>