

BUSINESS GUIDE TO

HELPING VETERANS

BECOME HOMEOWNERS



AN EBOOK FROM





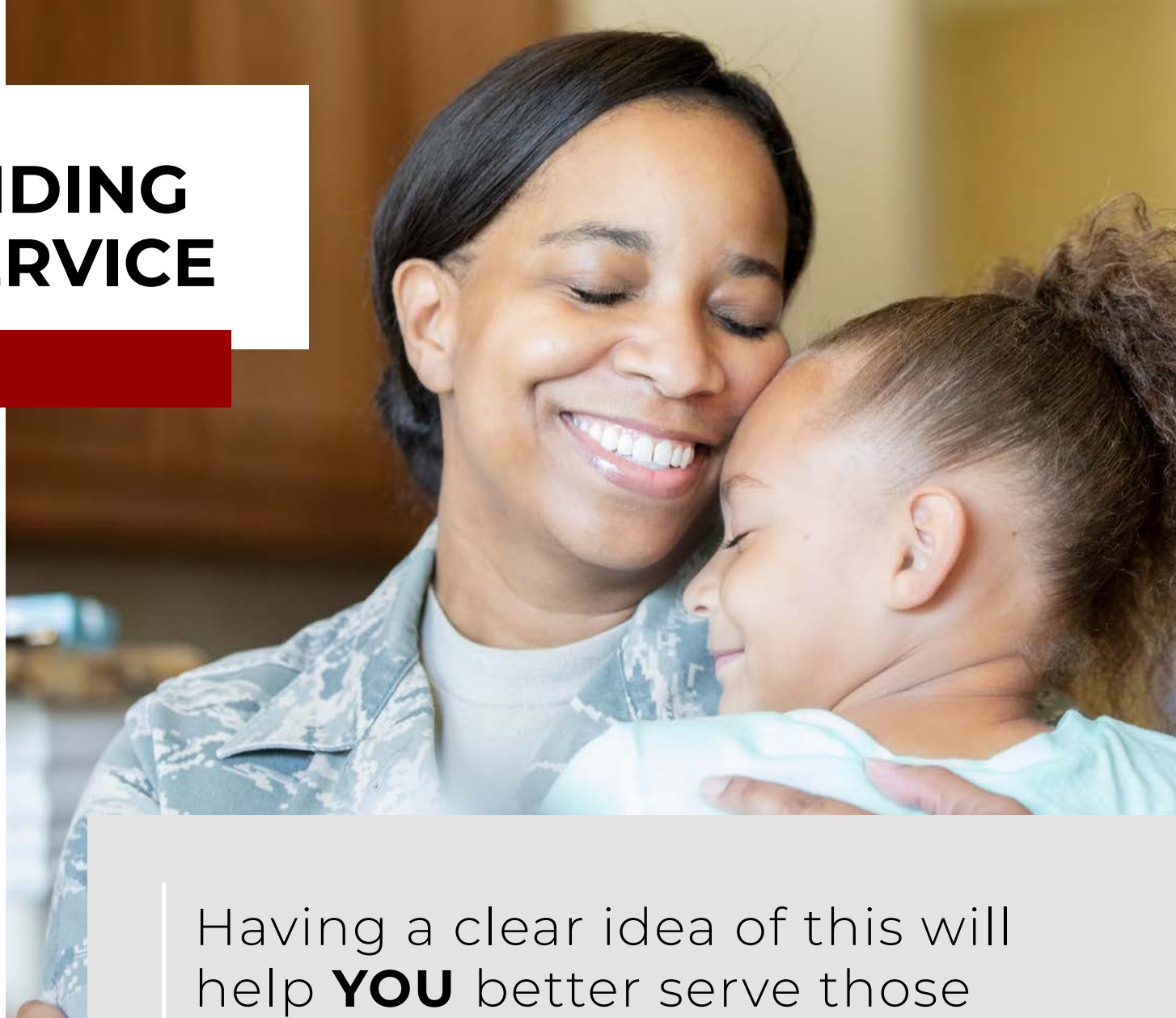
IN THIS EBOOK...

We break down how to identify the benefits of the VA home loan program.

- » **MILITARY LIFESTYLE**, what it means to serve, and how best to communicate with those who served
- » **DETAILS** around the VA home loan program benefits, qualifications, and process
- » **TOOLS AND TECHNIQUES** for educating veterans on the benefits available to them

UNDERSTANDING MILITARY SERVICE

It's likely you've come across buyers with military service experience throughout your career. To best serve them, it's important to understand VA loans and the buyers who use them. To give you a better understanding of this lifestyle, we will go over the various branches, titles, pay rankings, and stages of a military career and what that means for some in active duty or a veteran in terms of buying a home.



Having a clear idea of this will help **YOU** better serve those who serve **OUR** country.

FIVE BRANCHES OF U.S. MILITARY

Before you help an active service member or veteran, you'll need a basic understanding of military life. This begins with a look at the military branches, ranks, and proper forms of address.

Why is this important to know? Addressing service members properly is a sign of respect for their service. If you don't know, ASK. Remembering your client's branch of service is important for the relationship you develop.



ARMY

Ground force military that are made up of active components and reserve components from The U.S. Army Reserve and the Army National Guard.



NAVY

Defender of the seas. The Navy consists of active components that cover missions on bodies of water and support U.S. Marine Corps operations.



MARINE CORPS

Primarily ground force operations that operate amphibious missions with support from the U.S. Navy.



AIR FORCE

Conducting operations that protect the security of the U.S. through air and space exploration. Air support for ground operations.



COAST GUARD

The only military organization within the Department of Homeland Security, the Coast Guard conducts operations for sea rescues and controls illegal immigration and drug trade by sea.

BRANCH RANKS & TITLES

There are two different rankings: The pay ranking is set up so that the higher the ranking number, the higher the pay.

ENLISTED: E1-E9

OFFICER: O1-O10

The second ranking is the person's title i.e.: Private, Staff Sergeant etc. As an example, in each branch of service, E6 would mean this title within the branch.

ARMY
SERGEANT

AIR FORCE
TECHNICAL SERGEANT

MARINE CORPS
STAFF SERGEANT

COAST GUARD
PETTY OFFICER FIRST CLASS

NAVY
PETTY OFFICER FIRST CLASS



THE DIFFERENCE BETWEEN OFFICERS & ENLISTED PERSONNEL



It's important to know the differences

between these two military personnel and how that affects their role and pay. Officers are the primary authority in the military, and their main duty is to lead. One important qualification to become an officer is having a bachelor's degree. Enlisted personnel do not need a college degree.

Both personnel need to meet these requirements to join the military:

- » Be a U.S. citizen or permanent resident alien
- » Be 17-35 years old
- » Be healthy and in good physical condition
- » Be of good moral standing
- » Have a high school diploma or GED

STAGE OF SERVICE

A veteran's eligibility for the VA loan is determined by the stage of service they are currently in. This will also determine how much guidance you'll need to provide.

NEW TO SERVICE

This person may not be eligible for a VA loan yet, so check eligibility standards.

This person may need guidance on selecting a home with good resale value if they expect frequent transitions, as well as guidance through the VA loan program.

CURRENTLY SERVING

This person has been serving and continues to serve in the armed forces. They may already be familiar with the VA loan program, but be sure to ask.

DISCHARGED

This refers to anyone who's served in the military, but is no longer serving.

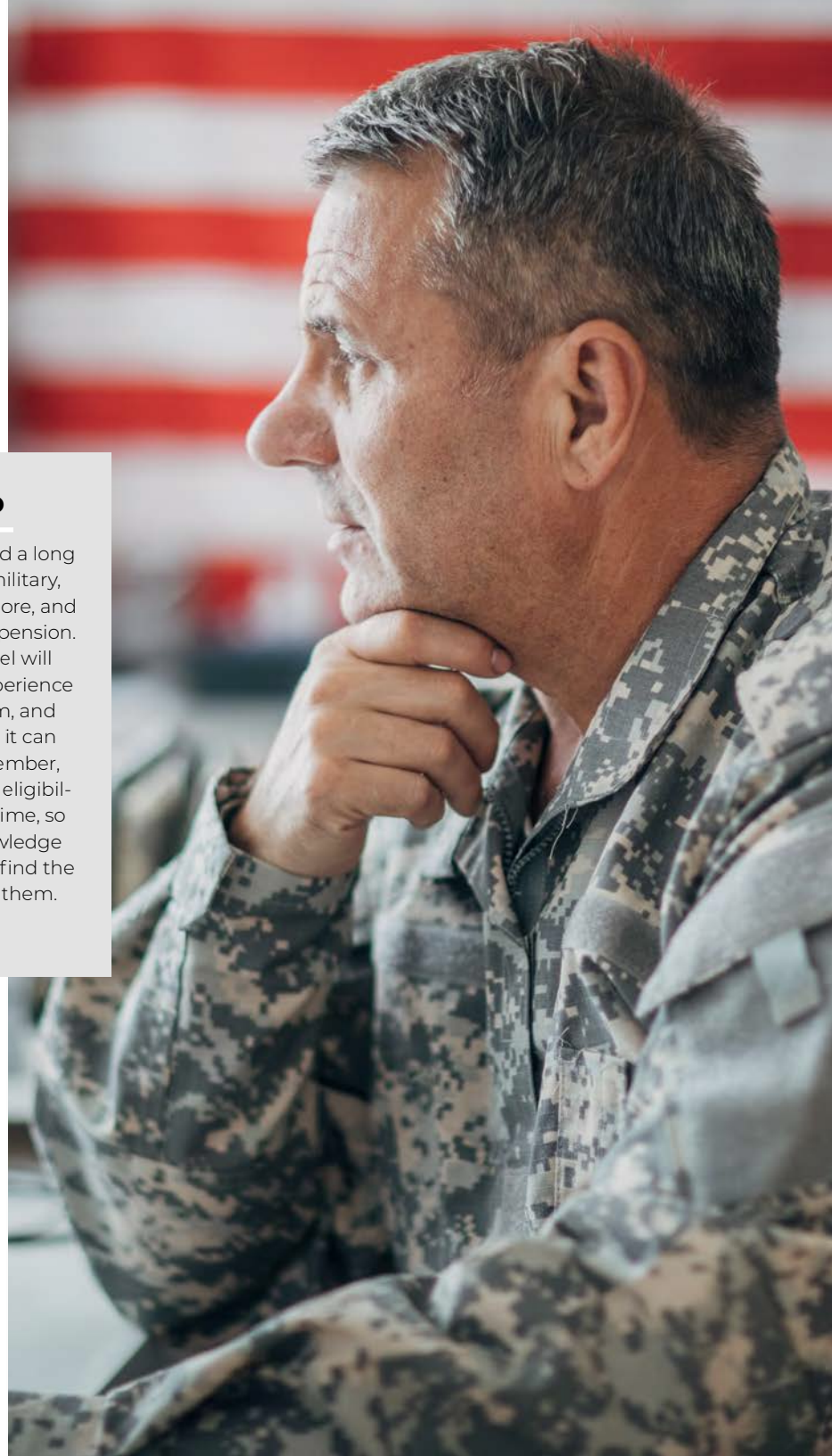
DISABLED

This refers to someone who was injured during service, and is either receiving service-connected disability compensation, or has a pending disability claim. Disabled personnel will also have different benefits, remember to note this.

RETIRED

This person has had a long career with the military, likely 20 years or more, and receives a military pension.

Retired personnel will have likely had experience with the program, and understand how it can help them. Remember, qualifications and eligibility changes over time, so refresh your knowledge with your client to find the best benefits for them.





COMMUNICATING BENEFITS WITH VETERANS

In 2013, the media assets of veterans nationwide was only \$8,760.

\$8,670

This is not enough for most down payments, and as a result 84 percent of veterans in 2013 looking to buy a home could use not a conventional loan program. This means that in just that year alone, thousands of military families did not buy a home, solely because they didn't know they had another option available.

Communicating with your veteran client is also educating them on the benefits of the VA loan program and how it can help them become homeowners.

75%

According to 75 percent of military families, owning a home is one of the most important things to service members upon returning from service. However, only one in four veterans has a thorough knowledge of the government programs that are available for those who have served or are serving.

WHAT IS THE VA HOME LOAN PROGRAM?

The VA Home Loan Program was created in 1944 as part of the “GI Bill of Rights.” This was all part of the original Servicemen’s Readjustment Act, but is better known as the GI Bill of Rights. This sweeping legislation aimed to level the playing field for those who served our country during World War II, and in many ways it reshaped the course of America.

AMENDMENTS

An aerial photograph of a suburban neighborhood, showing rows of houses with white roofs and green lawns, interspersed with trees displaying autumn foliage in shades of yellow, orange, and red. The houses are arranged in a grid-like pattern with visible streets and sidewalks.

1944

The original VA loan program was exclusively created for WWII Veterans, and had restrictive requirements compared to today. It has been changed multiple times since 1944, to include veterans of wars fought such as the Korean War.

1970

President Richard Nixon signed into law the Veterans Housing Act of 1970, which ushered in a new era for the VA loan program. The biggest change was the elimination of an expiration date on VA loan benefits, meaning veterans would be able to take advantage of the program benefits for their whole life, and for more than one home. There was also an important refinance component to the program that allowed veterans to extract cash from their equity and use it to pay off debt, make home improvements, send their kids to college, and for other purposes.



AMENDMENTS CONT.

1992

In 1992, amendments were made to the program, known as the Veterans Home Loan Program Amendments of 1992, that altered eligibility for veterans, funding fees, and more. A few of the major changes included:



» Authorizing a three-year test of a VA adjustable-rate mortgage (ARM)



» Extending home loan eligibility to those who've served at least six years in the Reserves or National Guard



» Creating a program that allows veterans to add money to their mortgage for energy efficiency improvements



» Reducing to 0.5 percent the funding fee on VA Streamline refinance loans

VA HOME LOAN REQUIREMENTS & QUALIFICATIONS

There are specific service requirements and **qualifications** that need to be met to be eligible for the home loan program. For a current list of requirements visit the [U.S. Department of Veteran Affairs website](#).

A veteran or current member **must have suitable credit**



Sufficient **income**



Valid **Certificate of Eligibility**



CERTIFICATE OF ELIGIBILITY



This is a document provided by the Department of Veterans Affairs, which states whether an individual is eligible for the VA loan and the dollar amount of eligibility available. In order for a veteran to receive a COE, they must complete and submit a copy of their DD214, which is the veteran's discharge or separation papers that outline the veteran's years and character of service.

VA HOME LOAN PROGRAM BENEFITS

VA loans offer numerous benefits to borrowers. We will cover some key benefits, as well as the rules and exceptions.

VA Loans Require No Down Payment

VA buyers can purchase a home with no money down, although they can put money down if they would like to. The exception to this is if the VA buyer purchases a home above the VA county loan limit, at which point the buyer will need to put down 25 percent of the difference between the purchase price and loan limit.

No Mortgage Insurance is Required

There is no PMI on a VA loan. The Department of Veteran Affairs guarantees the VA loan, which means VA buyers have 100 percent financing and can avoid paying PMI or MIP. To see an updated list see the U.S. Department of Affairs website.

VA Loans Offer Lower Interest Rates

It's not uncommon for a VA loan rate to fall 0.5-1 percent below the conventional loan rate. This, coupled with no monthly PMI payments, saves VA buyers a substantial amount.

VA Loans Have Lower Credit Score Requirements

The Department of Veterans Affairs has not specified a minimum credit score requirement, but lenders do establish minimum credit score requirements. For most, the minimum score is 620, which is a much lower score requirement than is needed for conventional and FHA mortgages.

VA Loans Offer Low Closing Costs

The VA limits the closing costs paid by VA buyers, so your client won't be expected to pay as much cash at closing. This is a relief for service members who make regular moves when they are transferred.



UTILIZING VA HOME LOAN BENEFITS TO EDUCATE YOUR CLIENT

Now that we've covered the VA loan and its benefits, it's important to understand how you can take all of this information and apply it to helping your VA buyer find their dream home. Surprisingly, there is a staggering lack of knowledge about VA home loan benefits among some veterans and real estate agents.

75%

MANY AGENTS & VETERANS KNOW VERY LITTLE ABOUT VA LOAN BENEFITS

According to 75 percent of military families, owning a home is one of the most important things to service members when they return from service. However, only one in four veterans has a thorough knowledge of government programs that are available for those who have served or are serving.

THIS IS WHERE YOU COME IN...

You have the opportunity and responsibility to serve your client with the numerous VA loan benefits. Let them know about the many VA loan benefits and then connect them with a lender who is knowledgeable on the VA loan requirements and process.





SUMMARY

With more than 20 million veterans living in the United States today, real estate professionals like you can have a powerful and profound impact for those who served.

Did You Serve?

When serving our nation's veterans and military families with the purchase of a home, start with one simple question.

If you want to learn more and fully grasp the ins and outs of the VA Home Loan Program, take our course today!



[Did You Serve? Identifying Homebuying Advantages for Veterans »](#)

ABOUT US

Founded in 2005, The CE Shop has become the leading provider of online real estate education. With industry-leading pass rates and support from Pre-Licensing through CE, our students are better prepared to set themselves up for success.

Our ever-expanding course catalog of Pre-Licensing, Exam Prep, Post-Licensing, and Continuing Education products are trusted throughout the industry and offer agents across the country the education they rely on.

With products available in all 50 states and D.C., we're driven by a desire to constantly improve, both for ourselves and our student

