

## Welcome!

---



Visit the event page to download a copy of the webinar slides and any additional resources.



Select **'Everyone'** from the drop-down menu when commenting in the chat pod.



Email us if you need tech support or have questions.

**Contact@OneOp.org**



<https://oneop.org/learn/142466/>

1

1

## Military Home Buying Basics and VA Loans

---

2

2

# Military Home Buying Basics and VA Loans



## Event Materials

Visit the **event page** to download a copy of the presentation slides and any additional resources.



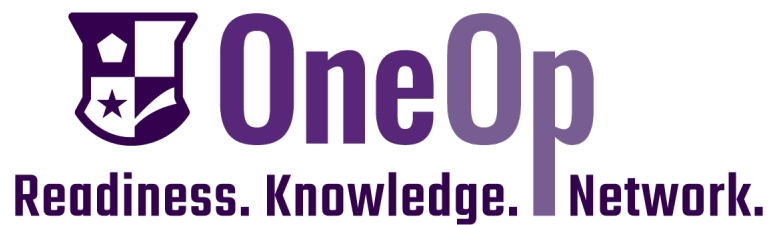
## Continuing Education

This webinar has been approved to offer continuing education credit. Please stay tuned for more information!

<https://oneop.org/learn/142466/>

3

3



This material is based upon work supported by the National Institute of Food and Agriculture, U.S. Department of Agriculture, and the Office of Military Family Readiness Policy, U.S. Department of Defense under Award Number 2019-48770-30366.

[OneOp.org](https://oneop.org)

4

4

## Today's Presenters



**Ryan A. Stuart**

Accredited Financial Counselor  
Family Wellbeing Specialist  
Iowa State University Extension and Outreach



**Mark J. Connors**

Lender Liaison  
VA Loan Guaranty Service (LGY)

5

5

## Learning Objectives

- Starting the housing conversation with service members
- Budgeting, ratio analysis, and document organization
- Loan qualification and state-specific military homeowner benefits
- Recommendations for the new homeowner

6

6

## Starting the Conversation

Discovering the “Why” behind their intentions



Photo by Ryan Smart



Photo by SDI Productions from Getty Images Culture via Gaiety

7

7

## Starting the Conversation

Encourage SMART Goal Planning

 GETTING STARTED

### Setting SMART goals

Setting goals is the first step toward achieving your dreams. This tool teaches you how to effectively set goals that are SMART—meaning they are **(S)**pecific, **(M)**easurable, **(A)**chievable, **(R)**elevant, and **(T)**ime bound

8

8

## Starting the Conversation

### "Vesting in the Community"

#### Questions you might ask your clients:

- How long do you anticipate living in this location?
- Are you planning to reenlist? PCS?
- How do a spouse or partner's plans affect this decision?
- How does active duty vs. reserve/guard duty shift the conversation?



9

9

## Housing Calculators



### Housing

Buying a house is a big financial decision. Set yourself up for mortgage success by crunching the numbers with these calculators.

[Check It Out](#)

#### ■ 15 vs. 30-Year Mortgage Calculator

A shorter mortgage means paying less interest in the end, but a longer mortgage means smaller monthly payments. Use this calculator to compare and choose.

#### ■ Home Closing Cost Calculator

Using your closing date, mortgage price, insurance and taxes, title charges, and other costs, estimate how much you will need in total closing costs.

#### ■ Home Rent vs. Buy Calculator

Want to purchase a home? This calculator uses fees, taxes and monthly payments to tally your costs and compare if renting or buying is better for you.

#### ■ Mortgage Calculator

Better understand your estimated monthly payments — including the amount of interest — and an amortization schedule using this mortgage calculator.

#### ■ Mortgage Points Calculator

Purchasing mortgage points can help reduce your interest rate and monthly payments. See if this is the best route for you with this calculator.



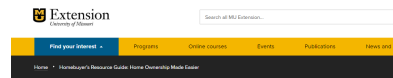
10

10

## Financial Calculators and Home Buying Guide



**PowerPay**  
Utah State University Extension



### Homebuyer's Resource Guide: Home Ownership Made Easier

Sharon Leigh  
Extension Associate

Homeowner's Resource Guide

Homeowner's Resource Guide

Homeowner's Resource Guide

Homeowner's Resource Guide

Homeowner's Resource Guide

Homeowner's Resource Guide

Homeowner's Resource Guide

Homeowner's Resource Guide

Homeowner's Resource Guide

Homeowner's Resource Guide

Homeowner's Resource Guide

Homeowner's Resource Guide

Homeowner's Resource Guide

Homeowner's Resource Guide

Homeowner's Resource Guide

Homeowner's Resource Guide

Homeowner's Resource Guide

Homeowner's Resource Guide

Homeowner's Resource Guide

Homeowner's Resource Guide

Homeowner's Resource Guide

Homeowner's Resource Guide

Homeowner's Resource Guide

Homeowner's Resource Guide

Homeowner's Resource Guide

Homeowner's Resource Guide

Homeowner's Resource Guide

Homeowner's Resource Guide

Homeowner's Resource Guide

Homeowner's Resource Guide

Homeowner's Resource Guide

Homeowner's Resource Guide

Homeowner's Resource Guide

Homeowner's Resource Guide

Homeowner's Resource Guide

Homeowner's Resource Guide

Homeowner's Resource Guide

Homeowner's Resource Guide

Homeowner's Resource Guide

Homeowner's Resource Guide

Homeowner's Resource Guide

Homeowner's Resource Guide

Homeowner's Resource Guide

Homeowner's Resource Guide

Homeowner's Resource Guide

Homeowner's Resource Guide

Homeowner's Resource Guide

Homeowner's Resource Guide

Homeowner's Resource Guide

Homeowner's Resource Guide

Homeowner's Resource Guide

Homeowner's Resource Guide

Homeowner's Resource Guide

Homeowner's Resource Guide

Homeowner's Resource Guide

Homeowner's Resource Guide

Homeowner's Resource Guide

Homeowner's Resource Guide

Homeowner's Resource Guide

Homeowner's Resource Guide

Homeowner's Resource Guide

Homeowner's Resource Guide

Homeowner's Resource Guide

Homeowner's Resource Guide

Homeowner's Resource Guide

Homeowner's Resource Guide

Homeowner's Resource Guide

Homeowner's Resource Guide

Homeowner's Resource Guide

Homeowner's Resource Guide

Homeowner's Resource Guide

Homeowner's Resource Guide

Homeowner's Resource Guide

Homeowner's Resource Guide

Homeowner's Resource Guide

Homeowner's Resource Guide

**Homebuyer's Resource Guide**  
University of Missouri Extension

11

## Budgeting and Ratio Analysis

### Front-end Ratio

Mortgage Principal (+)  
Mortgage Interest (+)  
Property Taxes (+)  
Homeowner's Insurance (+)

*If Applicable*

Mortgage Insurance\* (+)  
Homeowner Association Fees (+)

**≤ 28%**

### Back-end Ratio

← Mortgage Costs (+)

*If Applicable*

Vehicle Loans (+)  
Student Loans (+)  
Credit Card Debt (+)  
Other Long-term Debts (+)

**≤ 36%**

12

## Budgeting and Ratio Analysis

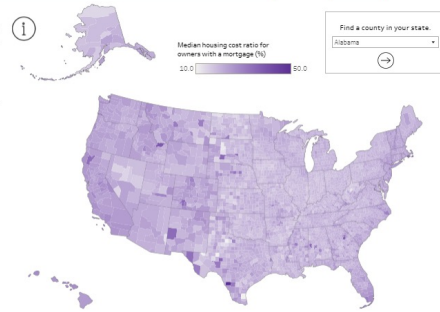
### Mapping Housing Cost Ratios in the United States

#### What Percentage of Income Is Spent on Housing in Your County?

The housing cost ratio shows the percentage of household income spent on housing costs. Households with higher housing cost ratios have less money to spend on essential goods such as food, transportation, and child care.

For owner-occupied households with a mortgage, the housing costs included in the cost ratio are first and second mortgage payments, utilities, real estate taxes, insurance, mobile home costs, and monthly condominium fees.

During the 2017-2022 period, the national median cost ratio for owners with a mortgage was 20.9% (20.1%).



Note: More information is available about the American Community Survey at the website listed below.

<https://www.census.gov/hhes/housing/acs/housing.html>

Source: 2017-2022 American Community Survey

### San Diego County, CA

Housing cost ratio for owners with a mortgage = 25.7%

### El Paso County, CO

Housing cost ratio for owners with a mortgage = 21.6%

13

## Document Organization

**Tip: Encourage a system of organization that works best for them.**



Photo by Aneta Lusina on Pexels

14

## Credit Report

---

- Obtaining a copy of credit report
- Understanding credit report
- Correct any errors

15

15

## Loan Qualification Process

---

### Factors Impacting Loan Qualification

- Depending on the loan and character of discharge
- Disability percentage, if a Veteran
- Down payment\*, Military/Veteran or Civilian
- Income, credit, and condition of the home and property



16

16

## State-specific Military Homeowner Benefits

---

- Down payment assistance
- Property tax exemptions exclusions, or credits
- Potential home repairs
- Veteran trust funds or other housing-related Assistance



17

17

## Strategies and Other Considerations

---

- Commuting, schools, and amenities
- Securing a buyer's agent
- Committing to homeownership
- Benefits of homeownership



18

18

## Veterans Benefits Administration

VA Loan Guaranty Service  
Program Overview  
July 11, 2023  
Mark Connors

VA



U.S. Department  
of Veterans Affairs

19

19

## Mission...Vision...Strategic Plan

- **Mission:** Maximize opportunities for Veterans and service members to obtain, retain, and adapt homes by providing a viable and fiscally responsible benefit program in recognition of their service to the Nation.
- **Vision:** To empower Veterans with information and access to innovative products and services by providing a Veteran-focused experience, strengthening our partnerships, driving continuous performance improvements, and never forgetting who we serve.
- **Strategic Plan:** To support VBA's strategic plan and achieve Loan Guaranty's vision for Veterans, Service members, and their families, Loan Guaranty Service will:
  - **Serve as the leading voice related to housing for Veterans**
  - **Attract and retain** a workforce with the skills, knowledge, and commitment necessary to serve Veterans
  - **Create and sustain** a culture of innovation that ensures the VA home loan is the product of choice
  - **Deliver a quality customer experience** through consistent, timely, and accurate benefits and services that meet their needs

20

20

## Home Loan Guaranty

**What is it?** The VA-guaranteed home loan program helps Veterans, their families, service members, and eligible Reservists to obtain, retain, adapt or refinance a home. VA loans allow more favorable financing terms, including no down payment or mortgage insurance premiums.

**Who is it for?** Home loan programs are available to Veterans, their families, Service members, and eligible National Guard and Reserve members. Under the separate Specially Adapted Housing Program, Veterans with certain service-connected disabilities may be entitled to grant funds to help adapt their homes to enable or maintain independence.



21

21

## Eligibility Requirements

- The applicant must qualify for the loan from the lender.
- Service requirements vary based on when the applicant served. Generally, applicant criteria are:
  - 24 continuous months active duty, OR
  - The full period (at least 90 days) called or ordered to active duty
  - Members of the National Guard who have been mobilized to perform full-time National Guard duty for not less than 90 cumulative days, including at least 30 consecutive days
  - Reserve/National Guard members must have either met the full period (at least 90 days) called or ordered to active duty, OR have completed six years of service in the Reserve/National Guard and received an honorable discharge
  - Length of service requirements do not apply to Veterans discharged due to a service-connected disability

The applicant must present a **Certificate of Eligibility (COE)** from VA that verifies his or her military service to the lender to qualify for a VA-backed loan.



22

22

## Loan Products

VA offers a variety of home loan guaranty programs for Active-Duty service members, Veterans, National Guard and Reserve members.

- **Purchase Loans** help an individual purchase a home at a competitive interest rate often without requiring a down payment or private mortgage insurance.
- **Interest Rate Reduction Refinancing Loan (IRRRL)** also called the Streamline Refinance Loan, can help a homeowner obtain a lower interest rate by refinancing his/her existing VA loan.
- **Cash Out Refinance Loans** allow a homeowner to borrow against available home equity.

There are over 1,200 lenders in the program, with the top 10 lenders making up 39% of all loan volume.

In FY 2022, over 1.5 million requests were made online for a Certificate of Eligibility (COE), with nearly 1.2 million receiving automatic issuance, which is a 78% success rate.

23

23

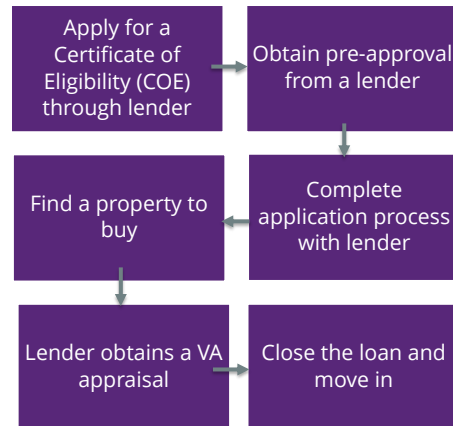
## Attractiveness to Borrowers and Lenders

- VA loans remain the most attractive mortgage product for Veterans, Service members, and their families in the industry, due to its no-down payment feature and default assistance.
- One of the lowest foreclosure rates in the industry over the past 52 quarters. Impressive considering zero down payment options, no minimum credit score, and no mortgage premiums.
- VA provides guaranty of at least 25% for most loans to compensate lenders for no-down payment.
- VA servicers may receive financial incentives for providing various foreclosure avoidance measures.
- VA's electronic interface system allows lenders to go online to obtain COEs (78% success rate), as well as electronic delivery of loan guaranty confirmation.

24

24

## Steps in the Homebuying Process



25

25

## What Can the Home Loan be Used for?

- ✓ Buy or construct a home, condo, or townhome
- ✓ Buy a manufactured home and lot
- ✓ Repair, alter, renovate and improve a home
- ✓ Refinance an existing lien
- ✓ Can be used for real property located in the US, its territories or possessions (Puerto Rico, Guam, Virgin Islands, American Samoa, and the Northern Mariana Islands).
- ✓ To improve a home by installing energy-efficient features
- ✓ Farm Loans (if used as a primary residence and not a business)
- ✗ Cannot guarantee Business Loans
  - Contact Small Business Administration (SBA)

26

26

## What are some of the Advantages?

---

- 100% financing, no down payment in most cases
- Competitive interest rates
- Limited closing costs
- Generally, no cash reserve requirements
- No prepayment penalty
- No mortgage insurance premium (MIP) or private mortgage insurance (PMI)
- Mortgages are assumable
- Benefit never expires - can be used more than once
- VA's assistance to Veteran borrowers experiencing temporary financial difficulty

27

27

## Requirements

---

- Must satisfy eligibility criteria
- Loan must be for eligible purpose
- Must occupy or intend to occupy home as a residence
- Income must be sufficient, stable and reliable
- Must have satisfactory credit
- Must satisfy lender requirements



28

28

## Occupancy Requirements

- The law requires a veteran or service member to certify that he or she intends to occupy the property as his or her home within a reasonable time.
- “Reasonable” time generally means within 60 days after the loan closes.
- More than 60 days may be considered reasonable if:
  - Veteran certifies he or she will personally occupy the property at a specific date after loan closing, and
  - There is a particular future event that will make it possible for the Veteran to occupy the property on a specific future date.
- Occupancy at a date beyond 12 months after closing generally cannot be considered reasonable by VA.

29

29

## Loan Management

- Since 2009, VA has assisted over 1.4 million borrowers in default avoid foreclosure. These delinquency resolutions have resulted in over \$44.6 billion in potential claim savings.
- During FY 2022, VA helped 96.83% (205,702) of Veterans in default retain their homes or avoid foreclosure, while making over 534,942 contacts to Veterans and their servicers.
- At the end of FY 2022, VA assisted over 205,000 Veterans in default through loss mitigation strategies to retain their home or avoid foreclosure resulting in \$3.99 billion in potential claim savings.
- The Default Resolution Rate (DRR) has remained strong despite a troubled housing market. Since implementation of the metric, the rate has gradually increased:

\*Through April

FY	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023*
DRR	71.5%	76.3%	83%	81%	79.4%	80.1%	84%	84%	85.3%	86.5%	87.4%	93.8%	98.18%	96.83%	93.34%

- VA has a past due rate of 4.21%, is maintaining one of the lowest foreclosure inventory rates in the industry (2.43%) in the past 54 quarters and has the second lowest seriously delinquent rate at .75%.  
(Source: MBA National Delinquency Survey Q4)

30

30

## Native American Direct Loans (NADL)

- VA provides direct loans for the purchase, construction, or improvement of a home to eligible Native American Veterans, or Veterans married to Native American non-Veterans, who reside on Federal Trust land. (Includes the refinance of existing NADLs).
- Most mortgage lenders will not make loans on Trust Land for several reasons:
  - Tribes are Sovereign Nations.
  - State Laws do not control Real Estate Transactions on Federal Trust Land.
  - Obtaining a Security Interest on Trust Lands is difficult.
- Fills the void of credit scarcity due to private lenders not making loans on Trust Land. Intended to mirror the no down payment home loan guaranty benefit that would otherwise be available to eligible Veterans through a third-party lender. Program created in 1992.

31

31

## Specially Adapted Housing Grants

- To ensure every eligible Veteran can enhance independent living through the purchase or construction of an adapted home, or modification of an existing home to meet their needs. This benefit may be used throughout the world, with the most numerous international grants located in the Philippines and Germany.
- There are three different grant types that an eligible Veteran can use:
  - **Specially Adapted Housing (SAH):**
    - \$109,986 for FY 2023 (adjusted annually)
    - Maximum of 6 grant usages
  - **Special Housing Adaptation (SHA):**
    - \$22,036 for FY 2023 (adjusted annually)
    - Maximum of 6 grant usages
  - **Temporary Residence Adaptation (TRA) Grant:**
    - \$44,299 for SAH grant and \$7,910 for SHA grant
    - Adjusted annually/maximum of 1 grant usage

32

32

## Questions

---

Contact a VA Home Loan Representative by calling:

(877) 827-3702

M-F 8:00am-6:00pm EST

**VA**



U.S. Department  
of Veterans Affairs

33

33

## Questions?

---



34

34

## FINRED Digital Resources





Visit the FINRED website at <https://finred.usalearning.gov> for original, reliable and up-to-date financial information you can count on.



**Discover MilSpouse Money Mission resources including:**

- Money Ready curriculum
- Videos
- Blogs
- MilLife Milestones
- Resources

<https://www.milspousemoneymission.org>



**With SenSe, find helpful information to:**

- Prepare for transitions throughout your military career.
- Make wise financial decisions when life events happen.
- Thrive while spending within your means.



**Sign up at <https://finred.usalearning.gov/eNews-subscriber> for our eNewsletters, which are tailored for:**

- Service members and families
- Service providers
- Spouses

**Follow @DoDFINRED on social media:**






35

## Upcoming Event



Photo by Mikhail Nilov on Pexels

### Helping Military Families Understand The True Cost of Convenience

**Tuesday, September 26, 2023**  
**11:00 AM-12:30 PM ET**

Join this webinar to help service members understand the cost of convenience and explore strategies to stop spending leaks.

**Continuing education credit will be available for this session!**

<https://oneop.org/learn/147551/>


36

36



37

## Continuing Education



This webinar has been approved for **1.5 continuing education (CE) credits** from the following organizations:

- **Accredited Financial Counselors** from the Association for Financial Counseling & Planning Education (AFCPE)
- **Certified Personal Financial Counselors** from the Center for Financial Certifications (FinCert)
- **Certified Family Life Educators** by the National Council on Family Relations (NCFR)
- **Board Certified Patient Advocates** by The Patient Advocate Certification Board
- **Certified in Family and Consumer Sciences** from the American Association for Family and Consumer Sciences
- **Certified Personal Finance Educator (CPFE)** from the American Association for Family and Consumer Sciences
- **Board Certified Case Manager** from the Commission for Case Manager Certification
- **Certificate of attendance** is available

**Evaluation Link**

Go to the event page for the evaluation and post-test link.

[Continuing Education](#)

**Questions?**

Email Kristen Jowers:  
[OneOpPersonalFinance@gmail.com](mailto:OneOpPersonalFinance@gmail.com)

<https://oneop.org/learn/142466/>

38

## Connect with OneOp

---

Explore upcoming events, articles, resources, and more!

**[OneOp.org](https://OneOp.org)**

