



Veterans and CalVet Home Loan Programs



What is a VA Guaranteed Loan?

VA guaranteed loans are made by private lenders, such as banks, savings & loans, or mortgage companies to eligible veterans for the purchase of a home which must be for their own personal occupancy. To get a loan, a veteran must apply to a lender. If the loan is approved, VA will guarantee a portion of it to the lender. This guaranty protects the lender against loss up to the amount guaranteed and allows a veteran to obtain favorable financing terms. There is no maximum VA loan but lenders will generally limit VA loans to \$417,000. This is because lenders sell VA loans in the secondary market, which currently places a \$417,000 limit on the loans. For loans up to this amount, it is usually possible for qualified veterans to obtain no down payment financing. A veteran's basic entitlement is \$36,000 (or up to \$104,250 for certain loans over \$144,000). Lenders will generally loan up to 4 times a veteran's available entitlement without a down payment, provided the veteran is income and credit qualified and the property appraised for the asking price.

Note: For properties in Hawaii, Guam, Alaska and the U.S. Virgin Islands loan limits can be up to \$625,000



VA Loans Offer the Following Important Features:

- Equal opportunity for all qualified veterans to obtain a VA loan.
- No down payment (unless required by the lender or the purchase price is more than the reasonable value of the property).
- Buyer informed of reasonable value.
- Negotiable interest rate.
- Ability to finance the VA funding fee (plus reduced funding fees with a down payment of at least 5% and exemption for veterans receiving VA compensation).
- Closing costs are comparable with other financing types (and may be lower).
- No mortgage insurance premiums.
- An assumable mortgage.
- Right to prepay without penalty. VA assistance to veteran borrowers in default due to temporary financial difficulty.

VA Does Not do the Following:

- Guarantee that a home is free of defects. VA guarantees only the loan. It is the veteran's responsibility to assure that he/she is satisfied with the property being purchased. The VA appraisal is not intended to be an "inspection" of the property. A veteran should seek expert advice (a qualified residential inspection service), as necessary, BEFORE legally committing to a purchase agreement.



- If you have a home built, VA cannot compel the builder to correct construction defects although VA does have the authority to suspend a builder from further participation in the home loan program.
- VA cannot guarantee that a veteran is making a good investment.
- VA cannot provide a veteran with legal services.

How Does a Veteran Obtain a VA Guaranteed Loan?

- Contract to purchase: Veteran selects home and discusses purchase with seller or selling agent and signs purchase contract conditioned on approval of a VA guaranteed loan.
- Loan application: Veteran selects lender, presents Certificate of Eligibility, and completes loan application. Lender will develop all credit information and request VA to assign a licensed appraiser to determine the reasonable value for the property. Veteran will pay for credit report and appraisal unless the seller agrees to pay. Either VA or the lender will issue a value for property for loan purposes based on the appraisal.
- Loan decision: If the established value is acceptable to all parties and the lender develops that a veteran is credit and income qualified, the loan may be approved. Most lenders are authorized to make this decision.
- Loan closing: Veteran (and spouse) attend the loan closing and sign the note, mortgage, and other related papers. The lender or closing attorney will explain the loan terms and requirements as well as where and how to make the monthly payments.



New VA Home Loan Receipts

VA Home Loan Eligibility & Requirements:

If you are interested in purchasing a home using Veteran's Administration (VA) benefits, there are specific VA Home Loan Requirements that you must meet in order to be eligible for the available programs. The first thing that you should know is that your benefits will be determined by the dates during which you served in the U.S. Armed Forces.

Wartime Service

If you served during World War II, the Korean War or the Vietnam War and have more than 90 days of service, you are eligible for a VA Home Loan. If you served less than 90 days as the result of being injured, this requirement may be waived.

If you served during the Gulf War or any time since August 2, 1990, you are eligible if you meet the following requirements:

- At least two years of continuous service, or 181 days in some circumstances
- You were not dishonorably discharged You were disabled during your service period

Current Personnel

If you are currently serving as an active duty member of the U.S. Armed Forces, you meet the service component of VA Home Loan eligibility. If you have been a member of the Reserve Forces for 6 or more years, you also meet the service requirement.



A VA Fixer Upper Home

Peacetime Service

If you were a member of the U.S. Armed Forces between any of the following date ranges, then you are eligible for a VA Home Loan:

- 26 July 1947 to 26 June 26 1950**
- 1 February 1955 to 4 August 1964**
- 8 May 1965 to 7 September 1980 (enlisted)**
- 8 May 1965 to 16 October 16 1981 (officer)**

Again there is a 181 day service requirement, with the exception of those injured in service. Dishonorable discharge will revoke your eligibility.

Non-Military Eligibility

Spouses of military members killed in action meet the VA Home Loan eligibility requirements. Additionally, spouse members of POWs or those missing in action are also eligible.



CalVet Single Family Home

If you're ready to buy a home, CalVet is here to meet your home financing needs! You will find many features and benefits with a CalVet loan that will save you money and help protect your investment for your family.

We offer competitive market interest rates with low or no down payment that increase your purchasing power and keep your payment down. We have expanded eligibility so that nearly any veteran wanting to buy a home in California is eligible. You may use the menu on the right hand side of this page to get detailed information about the CalVet Home Loan program.

Information on non-conventional loans

The **California Department of Veterans Affairs** and its **CalVet Home Loan program** is committed to helping veterans and active duty personnel attain the American Dream of home ownership and while we currently don't have the legal authority to refinance homeowners who are in difficult situations, we are exploring possible legislative solutions.

For those service members who find themselves in a difficult situation as a result of a non-conventional loan or because of activation and deployment, there are certain protections within state and federal law that could help you including:

The Service members Civil Relief Act of 2003 (SCRA) formerly known as the Soldiers' and Sailors' Civil Relief Act of 1940 (SSCRA) is a federal law that gives all military members some important rights as they enter active duty or are called to deployment. One benefit of the SCRA is the ability to reduce your mortgage interest rate to 6% under certain circumstances.

The California Military Families Financial Relief Act allows for the deferral of mortgage payments for members of the reserves or National Guard who are called to active duty. If you need assistance please contact the CalVet Customer Services Unit at (800) 952-5626 (toll free) or (916)503-8362 or email us at loanserv@cdva.ca.gov.



Am I eligible for a CalVet Home Loan?

The simple answer is that if you received a discharge classified as Honorable or Under Honorable Conditions, and you served a minimum of 90 days active duty (not including active duty for training purposes only), you are eligible for a CalVet Home Loan. Recent changes in the Military & Veterans Code and CalVet Home Loan funding policies have made most veterans eligible under state law, including those whose entire active service was during peacetime.

There are exceptions to the 90 days service requirement for veterans who were discharged sooner due to a service-connected disability, or are eligible to receive a U.S. campaign or expeditionary medal, or were called to active duty from the Reserves or National Guard due to a Presidential Executive Order.

Current members of the California National Guard or the US Military Reserves who have served a minimum of one year of a six year obligation are also eligible provided they qualify as first time home buyers or purchase properties located in certain Targeted Areas.

I need a copy of my DD214 to apply for a loan. How do I get one?

Obtaining a copy of your Release from Active Duty (DD214) is easier than ever. Once you have searched your personal records and determined that you no longer have a copy there are several things you can do. In the past veterans were advised to have their DD214 recorded in the county they went home to after their release. If you did that, contact the county recorder and you should be able to get a copy there. If you used a DD214 to apply for other benefits, such as educational or medical benefits, the agency you applied to may be able to give you a copy. If neither of these ideas work the fastest way to obtain a copy is through the National Archives on their website at <http://www.archives.gov/veterans/military-service-records/get-service-records.html>.



They are the records custodian for most discharged and retired members of all branches of service. Expect a two to three week wait to receive your record, but ordering online may speed up the process. CalVet can begin processing your loan without the DD214, and we may be able to confirm your dates of service directly through USDVA.

I am career military and currently on active duty. Can I apply for a loan now?

Yes. CalVet Home Loans are available to active duty personnel. However, there is an occupancy requirement for the life of the loan. You or members of your immediate family must occupy the home within 60 days of close of escrow and continue to occupy until the loan is paid in full. If you are uncertain about how long you will be able to occupy the home before you have a change of station, you should consider whether or not buying a home is the right decision. If you have to sell the home in the first few years the costs of sale may be more than your equity in the property including your down payment and any appreciation in value that occurs. On the other hand, if your family will remain in the home even if you are reassigned, and your intent is to live in the home after retirement, it may be a good idea to buy now.

I am currently on active duty and due to be released soon. Can I apply for a loan now?

Yes, if you or members of your immediate family will be able to occupy the home within 60 days of the close of escrow. Immediate family includes your spouse and/or dependent children. You must also have sufficient income to qualify for the loan. If you are returning to a job you held prior to your enlistment or orders to active duty, and your employer can confirm your employment and projected income, we may be able to use that income to qualify you. If you are starting a new job, the employer must confirm the start date and projected income. We can also use retirement income and your spouse's income to qualify you for the loan.



Can I refinance the home I currently own?

No. You must apply for your CalVet Home Loan prior to taking title to the property. If you are constructing a home on property that you already own, you must apply before the home is complete and a certificate of occupancy is issued.

What is the interest rate on CalVet Home Loans?

Current interest rates are published on our website. Please remember that our interest rates are subject to change without notice. Your rate will be locked in as of the date you submit a loan application on a specific property. If our rates decrease while your application is in process, your rate will also decrease.

Is there a penalty if I decide to refinance my CalVet loan with another lender later on?

CalVet Home Loans do not have a prepayment penalty. You can pay off your loan at any time. The escrow holder handling your new loan can request a payoff from us. Since your fire and hazard insurance and disaster insurance are tied to your loan make sure you have arranged for replacement coverage before you pay us off.

What is the loan term for CalVet Home Loans?

Since the bonds that we sell to fund the program are 30-year bonds we set up all new loans for 30-year terms. However, with up to 20 year loans for manufactured homes in parks, you can make additional payments on the loan principal at any time, and the effect of making additional principal payments is to reduce the loan term. If you want to pay off your loan in 15 or 20 years we can calculate what the principal and interest payment would need to be and you can make that extra payment amount each month. There is no prepayment penalty for paying the loan off early.

Can I borrow the down payment for my loan?

Yes. You can borrow the down payment provided that your income is sufficient to handle the monthly obligation for that loan in addition to the CalVet loan and your other monthly obligations. If the loan is to be secured by a deed of trust on the property, you must submit copies of the Note and Deed of Trust during loan processing, and we will require that the lender sign a subordination agreement acknowledging that their loan will be in second position to the CalVet loan. You must disclose the source of the down payment on your loan application, and if the application does not show sufficient cash assets to pay the difference between the sales price and loan amount, we will ask you for that information.

Does my CalVet Loan affect my VA or CalVet entitlement?

Possibly. CalVet obtains a loan guarantee from the USDVA on some loans, and when VA guarantees the loan you are using both your CalVet and VA entitlements. If the VA guaranty is not obtained then only your CalVet entitlement is affected. Both CalVet and VA entitlement is restored when the loan is paid off.