



Understanding the VA Home Loan Benefit

Presented by Tony Dias, NMLS 222836

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"Proudly educating Veterans since 2005!"

THE TRUTH ABOUT THE VA LOAN

Presented by Tony Dias
NMLS 222836

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What do ***you*** expect
from this seminar?

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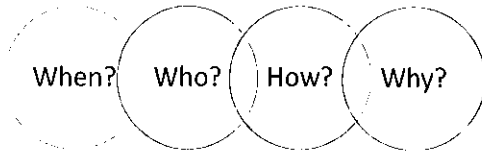
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Why would a company spend the time and
resources to conduct this seminar?

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The VA Home Loan **Benefit**



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The VA Home Loan **Benefit**

history of the
VA HOME LOAN GUARANTEE

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VA Eligibility

Who is eligible for a VA Loan?

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**Army, Navy, Air Force,
Marine Corps, Coast Guard**

<p>90 DAYS <i>wartime</i></p> <p>September 15th 1940 – July 1947 June 1950 – January 1955 February 1961* – May 1975 August 1990 – Present**</p>	<p>181 DAYS <i>peacetime</i></p> <p>July 1947 – June 1950 February 1955 – August 1964 May 1975 – September 1980**</p>
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Author: dhas.com
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Selected Reserves or National Guard

6 YEARS
member of an active

Honorable Discharge
Placed on Retired List
Transferred to Other Honorable Service
Continue in Selective Reserves

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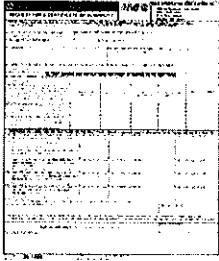
Discharged for service-connected disability

Un-remarried* spouse of Veteran who died in
service or from service-connected disability

Spouse of Prisoner of War or
Missing in Action

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requesting your
Certificate
of Eligibility



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Who can finance?

Credit Score Requirements
\$453,100.00 in the 48 Continental US and \$619,650.00 in AK/HI
Financing Below those limits you need a 580 FICO
Above those limits you need a 600 FICO

Veteran

Veteran
+
Spouse

Veteran
+
Veteran

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Who can finance?

must be owner occupied
primary residence for one year

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What can be financed?

**Water
Catchment
Systems***



**Volcano
Zones
1 & 2***



**Cesspools &
Septic Tanks***



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What can be financed?



**Good
Condition**
No "tear downs"



**Completely
Permitted**
All improvements must have
documentation

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What can be financed?

Condos & CPRs must be VA Approved

<https://vip.vba.va.gov/portal/VBAH/VBAHome/condopudsearch>

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What can be financed?

Leasehold Estates

Lease Term must exceed Mortgage Term by 14 years
Mortgage Term must not exceed Fixed Rent Period

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Why use the VA Loan?
What are the benefits?

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No down payment

up to a total loan amount of \$721,050 in Honolulu County,
\$713,000 Kauai County, \$679,650 Maui County and \$679,650 Hawaii County

No Private Mortgage Insurance

conventional loans require PMI on loans
over 80% of the appraised value

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Can borrow closing costs
 the Veteran is allowed to borrow the funds needed for closing costs associated with the mortgage

alternatively, the Veteran can receive a gift or grant to cover closing costs or they can be paid by the seller (but not required)

Author: dharson 19

Funding Fee

- one time fee paid to the VA
- often financed into the loan

Pre-Payment

- No Pre-Payment Fee is ever charged

VA Jumbo Loan

- Veteran can pay 25% of difference above County Loan Limit as down payment

Author: dharson 20

Refinance Options

Streamlined

Refinance from VA to VA quickly and easily

Cash-Out

From conventional, FHA or USDA

100% up to a total loan amount of \$721,050 in Honolulu County, \$713,000 Kauai County, \$679,650 Maui County and \$679,650 Hawaii County

Author: dharson 21

Energy Efficient Upgrades
allowed to add up to \$6,000 to the loan for energy efficient upgrades
(either purchase or refinance)

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VA Loan Myths

What have you been told about the VA Loan?

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"I can only use my VA Loan benefit for my first home."

Not true! Once the current VA Loan is paid off,
another VA Loan can be originated.

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"I can't allow someone to assume my VA Loan if they are not a Veteran."

Not true! Anyone who is creditworthy can assume a VA Loan. However, they do keep part of the Veteran's Eligibility.*

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"There is always a Funding Fee, no matter what."

Not true! If a Veteran has a qualified VA disability, they are exempt from the fee.

www.Archives.gov/veterans

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What is the VA Funding Fee?

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Purchase Loans

Service	Down Payment	First Loan	Subsequent Loans
Army, Navy, Marine Corps, Air Force, Coast Guard	0%	2.15%	3.3%
	5% - 10%	1.5%	1.5%
	10% +	1.25%	1.25%
Reserves or National Guard	0%	2.4%	3.3%
	5% - 10%	1.75%	1.75%
	10% +	1.5%	1.5%

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Funding Fee vs PMI

\$500,000 home, 680 FICO Score

Conventional		VA
4.00%	Rate	3.75%
4.54%	APR	3.913%
\$25,000	Down Payment	\$0
\$475,000	Total Loan Amount	\$510,750
2,518.72	PMI (per month)	\$2,615.36
\$412.50	PMI (per month)	\$0
\$2,931.22	Total Monthly Payment	\$2,615.36

Total Monthly Savings: \$315.86

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Cash-Out Refinance

Service	First Loan	Subsequent Loans
Army, Navy, Marine Corps, Air Force, Coast Guard	2.15%	3.3%
Reserves or National Guard	2.4%	3.3%

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Streamline Refinance & Loan Assumptions

Service	Funding Fee
Army, Navy, Marine Corps, Air Force, Coast Guard	.5%
Reserves or National Guard	.5%

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How valuable is the
BAH entitlement?

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Married, with One Dependent

(Using 2018's BAH Table)

Rank	Year In Rank	BAH per Month	BAH per Year	BAH for years in Rank
E-2 (San Diego)	2	\$2,307	\$27,684	\$55,368
E-3 (San Diego)	2	\$2,307	\$27,684	\$55,368
E-4 (Honolulu)	4	\$2,532	\$30,384	\$121,536
E-5 (Millington)	4	\$1,398	\$16,776	\$67,104
E-6 (Honolulu)	4	\$3,015	\$36,180	\$144,720
E-7 (Yuma)	4	\$1,272	\$15,264	\$61,056
E-8 (Honolulu)	5	\$3,282	\$39,384	\$196,920
	25 Years	Total BAH Received	\$702,072	

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\$702,072
(Tax free* over 25 years)

\$877,590
(Taxable equivalent over 25 years)

*We recommend consulting with a professional tax preparer.

Author: JBAI.com

What will you do with your
BAH entitlement?

Author: JBAI.com

Why don't most Active Duty Personnel
purchase while stationed in Hawaii?

Author: JBAI.com

"FEAR!"

False Evidence Appearing Real

God has not given us a spirit of fear but of power and of love and of a sound mind. 2 Timothy 1:7

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"Home prices are too high."

Median Sale Price (Honolulu County)	
1994	\$360,000
2007	\$643,500

(According to the Honolulu Board of Realtors)

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"I'm only going to be here 3 years."

How long are you going to be at the next duty station?
And the next? And the next?

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When are you going to buy?

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Median Sale Price (Honolulu County)	
1985	\$158,600
1996	\$335,000
2007	\$643,500
2015	\$700,000

(According to the Honolulu Board of Realtors)

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What legacy will you be?



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How does Real Estate compare
to the Stock Market?

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“The Power of Leverage” REAL ESTATE

Where you can purchase something
with little or no money, that can
potentially appreciate in value.

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Tax Incentives

(We recommend consulting with a professional tax preparer)

STOCK MARKET

Long Term Gain = 15%

Offset Gains & Losses

REAL ESTATE

Deductible Mortgage
Interest

Deductible Property Tax

\$500,000 tax-free Profits

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Tax Incentives

(We recommend consulting with a professional tax preparer)

Example for
an E-5

Base Pay	\$2,733.00
Non-Taxable BAS, BAH, COLA	\$3,692.30
Taxable Yearly Income	\$32,796.00
Owner-occupant home owner monthly interest (\$2,000/mo.)	\$24,000.00/yr
Net Taxable Income (before other deductions)	\$8,796.00

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Tax Incentives

(We recommend consulting with a professional tax preparer)

What would you pay in taxes on
\$8,796.00
of income?

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What are the steps to a
successful VA Closing?

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1. Select a Loan Officer that you like, trust and has **tremendous** knowledge to your benefit.

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2. Get Pre Approved, not just Pre Qualified.

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Certificate of Eligibility

DD-214/Points Total

W-2 (2 yrs)

Pay Stubs or LES (1 mo.)

Bank Statements (1 mo.)

Tax Returns (2 yrs)

Bankruptcy Documents
(if applicable)

Divorce Decree
(if paying child support)

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3. Lender will run a Credit Report, complete the VA Loan Analysis and receive "computer approval".

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4. Find a Realtor, find a home and make an offer on a "purchase contract".

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5. Seller accepts offer; you complete the official "Loan Application".

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6. Application is *sent to processing*, who ensures your Application is complete (and works to complete it if necessary).

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7. VA Appraisal is completed, then reviewed by the VA who issues a Notice of Value (NOV).

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Notice of Value (NOV)

The NOV is the VA version of an appraisal review. It will state the value of the property and any conditions that need to be completed before VA will guarantee the loan.

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8. Loan Officer receives NOV, ensures Application is complete, and *Sends to Underwriting* for "Final Loan Approval".

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9. "Closing" is scheduled and prepared, funds are transferred, and ownership is transferred.

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After you have an accepted offer (Step 5), they can complete the process in about **30 days**.

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Questions about anything
we covered today?

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I have a couple questions for you.

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Was this worth your time?

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Did you get more than
what you expected?

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Help us spread the word so we can
educate **more** Veterans.

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Thank you for coming!

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