

**U.S. Department of Veterans Affairs
ExploreVA Newsletter Article**

What you need to know about VA's Home Loan Guaranty



“Being a single woman just out of the military and a single mom, I wasn’t going to have \$30,000 to put down on a home,” says Nicole, an Army Veteran, “But I wanted a home for my child.”

Nicole researched a number of different banks and mortgage lenders and found one she thought was best for her. She also found, during her research and through talking to others, that because of her discharge status from the Army, she qualified for VA’s home loan guaranty program.

A VA home loan guaranty means that a purchaser obtains a loan through a private lender, such as a bank, credit union or mortgage company. VA then works with the lender to guarantee the loan. If the home owner defaults on the loan, VA will pay the debt to the lender. A VA home loan guaranty offers less risk for a lender, making eligible Veterans, like Nicole, a more attractive buyer.

VA home loan guaranty also offer a number of other benefits. For example, most VA backed loans do not require a down payment, so the stress of saving a large amount of money for a home purchase is eliminated. As such, Veterans and service members are closer to buying a home than they think. VA can help a buyer purchase a home at a competitive rate, so Veterans can save money on interest. And loans backed by VA do not require mortgage insurance, which also can save Veterans thousands of dollars each year.

“I don’t think I would’ve had the financial means or the courage,” says Nicole about purchasing her first home. “To have VA to give me the leg up that I needed to be able to do that – it’s tremendous.”

In Nicole’s case, she worked closely with her realtor to gather up the required paperwork for the loan. Typically lenders will ask for pay stubs for proof of employment, W-2 statements for record of employment, bank statements for financial history and residential history. Veterans must have their DD-214 to verify their career duration and separation information, which will be used to obtain a Certificate of Eligibility. Lenders will also check to make sure the Veteran has suitable credit to qualify for a VA home loan.

“I felt this sense of pride and joy that I had a home of my own,” says Nicole. “I could have a dog and a cat, and a fenced in yard that my daughter could play in.”

[Watch Nicole’s story](#) and learn more about VA benefits at [Explore.VA.gov](#).



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