

VA Loans

What You Need to Know

Welcome!

Learn a little about us



Since 1964, Heritage Grove Federal Credit Union has proudly served our community by providing personalized financial solutions designed to help every member succeed. We know there's no one-size-fits-all approach, which is why we offer a wide range of services - from everyday banking and loans to digital tools, financial education, and fraud prevention - tailored to your unique needs, goals, and stage of life.

Built on the credit union philosophy of people helping people, we believe in the power of community and shared growth. Our members aren't just customers - they're owners, with an equal voice and stake in our success. Like a grove, we grow stronger together - rooted in the communities we serve and committed to staying actively involved and giving back.

We're dedicated to creating meaningful relationships that last. Guided by our values of integrity, respect, inclusion, relationships, and continuous improvement, we're here to support you at every stage of your financial journey.

At Heritage Grove, we're here to help you stand tall - offering the tools, support, and confidence you need to achieve your financial goals and build a stronger future.

Are you ready to stand tall with us? Learn more about Heritage Grove Federal Credit Union and its services by visiting ourgrovecu.com.



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Introduction

What is a VA Home Loan?

In June of 1944, President Roosevelt signed the Servicemen's Readjustment Act, better known as the G.I. Bill. At that time, we were still recovering from the Great Depression, and the end of the Second World War was over a year away. The Department of Labor had predicted that fifteen million returning servicemembers would result in mass unemployment and a postwar depression. The American Legion was responsible for designing the main features of the bill, and it passed both chambers of Congress unanimously.

Historically, home mortgages were high interest loans over 5–10-year terms with balloon payments. Home ownership was an unattainable dream for most Americans. The VA Home Loan program made that dream a reality for returning service members and their families.

VA loans are specifically for eligible active military, veterans, and surviving spouses. Because they are backed by the US government the borrower does not have to put 20% down or purchase private mortgage insurance (PMI).

VA loans offer favorable terms for eligible borrowers wanting to purchase or refinance their home. There are two types of VA loans: VA-direct, in which the VA itself serves as the lender and VA-backed, which you can finance through any approved lender.

Advantages

of a VA Loan

- 1.** The VA home loan makes it possible to finance a home with nothing down. For many borrowers, the down payment is the first hurdle to affording a home of their own. If you have financed a VA loan in the past, you may not be eligible for zero percent down, but there are other benefits to financing with the VA program.

- 2.** No private mortgage insurance (PMI) to purchase. Conventional and FHA loans require PMI when the borrower has less than 20% to put down. This insurance protects the lender, not the borrower, in case of default. It can cost thousands of dollars up front or hundreds each month.

Advantages

of a VA Loan

3. Closing costs are limited by the VA program. Closing costs are those charged by the lender and third parties to do the work of processing a loan and include things like the appraisal, title work, attorney's fees, etc. You will pay less at closing under the VA program and that means more in your pocket for other expenses.*

4.

Overall, the guidelines are more flexible than a conventional loan. You will still need to meet minimum qualifications and prove ability to repay.

*NOTE: Closing costs include a VA funding fee. This is a one-time fee that helps to offset the cost of the loan to taxpayers. However, you may be eligible to have this waived. Visit VA.gov for more information.

VA Loans

How do I know if I'm eligible?

When the Servicemen's Readjustment Act was signed less than half the US population owned their homes. The purpose of the act was to ease returning servicemembers' return to civilian life by providing federal aid for education, vocational training, unemployment, and home loans. Today, approximately two-thirds of Americans own their homes.

If you are a veteran, an active-duty member, or a current or former activated member of the National Guard or Reserve, you may be eligible for a VA home loan. The spouse of a deceased veteran may also be eligible

There are other criteria to meet, such as:

- 1.** You must live in the home you plan to purchase.
- 2.** You must prove ability to repay with income and asset statements and your credit history.
- 3.** You must present your discharge papers (DD214) OR your statement of service from your commander or personnel officer to your lender and obtain a COE, a Certificate of Eligibility, from the [VA website](#).

VA Loans

What are the terms & conditions?

Fixed rate VA loans are offered with either 15- or 30-year terms. The 15-year term typically carries a lower interest rate and will save you thousands in interest paid over the life of the loan. The 30-year term will have more affordable payments.

Adjustable-rate, or ARM VA loans are available from many lenders.* An ARM home loan has an introductory rate for 3,5, or 7 years and then adjusts each year that follows for the life of the loan. It is very important that you plan for your payment to increase under an ARM. They are beneficial for those who do not intend to keep the property beyond the introductory term OR expect an increase in income in the future.

While there are limits placed on the costs of the loan, you may have to pay a VA funding fee. This is a percentage of the loan charged once and upfront to offset the cost of the loan to taxpayers.

The VA home loan program also stipulates minimum property requirements (MPRs) to ensure homes are safe, clean, and structurally sound. Moderate repairs and renovations are permissible, but a real fixer-upper probably will not qualify.

In addition, you cannot buy investment (rental) properties or vacation homes with a VA home loan. It must be your primary residence.

*NOTE: Heritage Grove Federal Credit Union does not currently offer adjustable-rate mortgages.

VA Refinance

Can I refinance my VA Loan?

You can refinance a VA home loan into a new VA home loan to take out cash or improve the terms.

You can refinance into a VA cash-out loan from a VA home mortgage. You can also refinance from a conventional or other government backed home loan to a VA home loan. You can borrow up to the Fannie Mae/Freddie Mac conforming loan limit in your area on a zero-down payment loan, or even higher if you make a down payment.*

You can also refinance your VA-backed loan into another VA-backed loan with more favorable terms. This is a IRRRL (Interest Rate Reduction Refinance Loan), also known as a “streamline” refinance. You must meet certain criteria to qualify:

1. You already have a VA-backed loan
2. You are using the IRRRL to refinance that loan

AND

3. You can certify that you live in or used to live in the home

*NOTE: Heritage Grove FCU will refinance up to 90% of the combined loan-to-value on cash-out refinances.

Did You Know?

That the VA program extends to properties in U.S. territories including Puerto Rico and the Northern Mariana Islands?*



That the VA also offers Native American Direct Loans for Native American veterans or their non-Native spouses?

That many borrowers are eligible to have the VA funding fee waived?



That the VA offers housing grants for disabled veterans to buy or adapt their homes for greater independence and mobility?

*NOTE: Heritage Grove FCU does not currently lend in Hawaii, Alaska, New York, Puerto Rico or Northern Mariana Islands.

Resources



Veteran Affairs Website

<https://www.benefits.va.gov/homeloans/>

VA Home Loan Benefit Information

<https://www.benefits.va.gov/homeloans/scra.asp>

Oregon VA Home Loans Website

<https://www.oregon.gov/odva/home-loans/pages/default.aspx>

VA Housing Assistance Information

<https://www.va.gov/housing-assistance/home-loans/request-coe-form-26-1880/introduction>



Disclaimer: Dollar amounts, fee estimates, percentages, and any and all other references to mortgage financing are general estimates only and not to be construed as statements of fact or as a promise to offer or extend any rights, privileges, or permissions to any individual or entity.



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