



Federal Hill Mortgage®

The Complete Guide To **VA LOANS**

for Veterans and Active Duty Service Members



www.federalhillmortgage.com

The Complete Guide To VA Loans

This guide is brought to you by Federal Hill Mortgage, your trusted partner in the journey towards owning a home. With years of experience in serving our nation's heroes, Federal Hill Mortgage is committed to helping veterans, active service members, and their families navigate the complexities of VA Loans and make the most of their benefits. VA Loans offer unique opportunities to assist service members during housing transitions, providing flexibility, financial assistance, and stability. Among the key benefits of VA Loans are zero down payment and competitive interest rates, making homeownership more accessible to our nation's heroes.

When combined with your Basic Allowance for Housing (BAH), a VA Loan becomes an even more affordable and attractive mortgage option. Understanding the details of VA Loans is essential for military personnel, especially when facing the frequent relocations that come with active duty. Each year, over 400,000 military service members and their families receive orders for a permanent change of station (PCS), necessitating moves across the state, country, and even the world.

Explore Key Insights in This Guide:

Learn the essentials of VA Loans, how to use your Basic Allowance for Housing (BAH) effectively, navigate common challenges, and discover how Federal Hill Mortgage's services can support you during your PCS. By the end, you'll be equipped with the knowledge to make informed decisions throughout your home buying journey.



Your Home Our Mission

The Complete Guide To VA LOANS

This VA Guide explains what VA Loans are and how service members can use their BAH to cover their mortgage costs. It also covers common challenges when applying for a VA Loan and how Federal Hill Mortgage can help during your PCS.



MEET YOUR LENDER

CEO AND CO-FOUNDER
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Tammy Saul is the official number one loan officer in her home state and ranks in the top 10 list of mortgage brokers in the U.S., according to The Scotsman Guide, the official ranking source for loan officers. In 2023, Tammy earned the distinction of being the first female to have ever achieved the #1 loan officer ranking in Maryland, breaking a long-standing industry barrier.

Tammy's success is rooted in a personal drive to bring clarity and white-glove service to every client which combined with her unstoppable work ethic has earned her a reputation as a trusted advisor to clients, business managers, and real estate professionals alike.

Hello, I'm Tammy Saul. As the top loan officer in Maryland and one of the top 10 mortgage brokers nationwide, my commitment extends beyond recognition—I dedicate my expertise to you, our nation's heroes. Understanding VA loans and leveraging them for your benefit is my specialty. I'm here to guide you through the home buying process with clear, specialized advice and the dedicated support you deserve. Let's work together to secure your home, honoring your service with every step.

Accolades and Commitment:

#1 Loan Officer in Maryland, 2023

Top 10 Mortgage Broker in the U.S.

First Female in Maryland to reach #1 ranking

Specialist in VA Loans and military relocations

Dedicated Support for veterans and active military families

VA Loans are mortgage loans specifically designed to assist active duty service members, veterans, and eligible surviving spouses in achieving homeownership. Administered by the US Department of Veterans Affairs (VA), these loans offer several unique benefits that make them an attractive option for military personnel.

History of the VA Home Loan

The VA home loan program dates back to 1944, established as a key provision of the GI Bill of Rights, also known as the Servicemen's Readjustment Act of 1944. Over its history, this initiative has helped more than 24 million veterans become homeowners. However, despite the program's advantages, only about 24% of eligible homeowners are making use of their VA loan benefits. Limited awareness among veterans and a prevailing market perception that VA loans take longer to process have been identified as obstacles to greater adoption of the program.

Eligibility Criteria for VA Loans

VA Loans are only viable in specific homebuying situations and require three criteria for evaluation.



Service Requirements

A VA Loan is a type of home loan that is available to veterans, active duty service members, and members of the military reserve. Military personnel and spouses who meet specific service requirements, including minimum active duty service periods, are eligible for VA Loans.



Certificate of Eligibility (COE)

Obtaining a Certificate of Eligibility is crucial for the VA Loan application process. This document verifies military service and determines eligibility for VA Loan benefits.



Eligibility for Surviving Spouses

In addition to active duty service members and veterans, certain surviving spouses may also qualify for VA Loan benefits under specific circumstances.

CHAPTER 1

Understanding VA Loans

KEY FEATURES OF VA LOANS



No Down Payment Requirement

VA Loans offer an advantage of requiring no down payment, allowing qualified borrowers to buy a home without upfront cash.



Limited Closing Costs

VA Loans limit the types of closing costs borrowers are allowed to pay, further reducing the financial burden associated with home purchases.



Competitive Interest Rates

Service members and veterans can enjoy lower interest rates with VA Loans compared to conventional mortgage loans, making homeownership more affordable.

VA Loans offer specific benefits designed to assist active duty service members in purchasing their own homes. It is important for service members to understand the eligibility criteria and key features of VA Loans when considering this mortgage during duty station changes.



CHAPTER 2

Understanding Basic Allowance for Housing (BAH)

The Basic Allowance for Housing (BAH) is a vital part of a service member's pay package, which helps cover housing expenses when the government doesn't provide housing. In addition to other military allowances, such as flight pay, hazard pay, and more, BAH can be considered as income when applying for a mortgage. This can help make homeownership more affordable for service members.

CHAPTER 2: Understanding Basic Allowance for Housing (BAH)

BAH rates are determined by three core factors:

Pay Grade

BAH rates differ based on the service member's pay grade, reflecting their rank and level of responsibility within the military hierarchy. Personnel with higher ranks generally receive greater BAH rates.

Geographic Location

The Basic Allowance for Housing (BAH) rates are affected by the cost of living in certain geographic regions, called military housing areas (MHAs), where military personnel are stationed. The rates may vary greatly between urban and rural areas, as well as among different states.

Dependency Status

Service members' BAH rates may vary based on their dependency status, including whether they have dependents such as a spouse or children. Those with dependents generally receive higher BAH rates to meet their housing needs.

The actual advantage of your Basic Allowance for Housing (BAH) is that based on the amount you receive from the government, it might be possible for you to use your allowance to pay off your entire monthly mortgage payment. In case you cannot pay the entire amount, it can still cover a significant portion of your mortgage.



BAH



HOW TO DETERMINE VA LOAN AFFORDABILITY

USING YOUR BAH

The amount of Basic Allowance for Housing (BAH) you receive is calculated based on several factors that may change depending on your circumstances. If you move to a lower pay grade, relocate to an MHA with lower housing costs, or no longer have a dependent child, your allowance will decrease. On the other hand, your BAH will increase if you go up in rank/pay grade, move to a duty station in an area with higher living costs or have dependents living with you.

To understand how each BAH factor affects your allowance, you can refer to the Department of Defense's yearly updated datasheet of BAH rates across all military pay grades (with and without dependents) and MHAs in the country. This information is publicly available and can help you determine your BAH rate.

Calculate your BAH allowance

Start by determining your monthly BAH rate using official military resources.

Understanding the exact amount you receive will help you establish a housing budget. You can also consider other military allowances that you may be entitled to.

Factor in additional expenses

It's important to consider all the costs associated with homeownership, such as utilities, maintenance, and insurance, in addition to the mortgage payment, when creating a budget.

BAH may not cover all your costs

It's important to keep in mind that your monthly mortgage expenses in your duty station location might exceed the average housing costs. There's a chance that your BAH might not fully cover your mortgage.

Plan for changes

It's important to anticipate changes in BAH rates that may result from duty station changes or updates in dependency status. Incorporating potential adjustments into your long-term financial plan can help maintain stability and preparedness.

CHAPTER 3

Common Challenges You May Encounter with VA Loans

CREDIT SCORE CONCERNS



It is a common misconception that the US Department of Veterans Affairs (VA) has a minimum credit score requirement for VA Loans. In reality, individual lenders have the power to set their own minimum criteria for VA Loan approval. While some lenders may require a credit score of 620 or higher, others may consider applicants with scores as low as 500.



It's important to maintain a good credit score so that you can qualify for a VA Loan with the best possible interest rate. If your credit score is lower than the recommended threshold, it's a good idea to take proactive steps to improve it before applying for the loan. You can start by paying your bills on time, reducing any outstanding debts, and disputing any errors on your credit report. By taking these steps, you can increase your chances of getting a lower interest rate and save money in the long run.



MANAGING DEPLOYMENT AND HOMEOWNERSHIP

Planning for Deployment

Dealing with a deployment can be difficult for homeowners, especially when it comes to managing mortgage payments and property upkeep from a distance. It is crucial to have a well-thought-out plan in place to tackle these concerns. This could involve setting up automatic payments and arranging for property management services.

Communicating with your Lender

It's important to keep your lender updated on any plans for deployment or changes in your military status. Some lenders may offer deployment clauses that provide temporary relief from mortgage payments during active duty service.

HANDLING SHORT NOTICE DUTY STATION CHANGES

Flexible Housing Options for Military Families

Frequent relocations are a common aspect of military life, affecting over 400,000 service members annually as they move across states and countries. To manage this disruption, consider renting or seeking temporary housing solutions until you can secure a more permanent residence.

Making the Most of VA Loan Benefits

VA Loans offer flexibility to adapt to unexpected changes in duty station locations. These loans are easily transferable and can be used repeatedly throughout your military career. Additionally, depending on your entitlement status, you may qualify for more than one VA loan at a time.

CHAPTER 4

Step-by-Step Guide to Applying for VA Loans with Federal Hill Mortgage

1 Pre-qualification Process for VA Loans



Gather Documentation

It is important to gather all required documents, including proof of military service, income verification, and credit history. These documents are necessary for the pre-qualification process and determining eligibility for VA Loan benefits.



Contact Federal Hill Mortgage

To start the pre-qualification process, you can contact Federal Hill Mortgage. You may request a free loan consultation with one of our Loan Partners to determine if you qualify for a VA Loan. We usually pre-qualify you for a mortgage within 24 hours.



Complete Your Mortgage Application

Complete your mortgage application and upload the necessary documents via our website. Our applications are streamlined to make applying easy and convenient.

2 Exploring Suitable Neighborhoods Based on BAH Allowance



Calculate Your BAH

Your BAH rate depends on your pay grade, location, and dependency status. It will be easier to narrow down suitable neighborhoods within your budget if you understand your BAH allowance.



Research Housing Options

When exploring housing options, consider areas where the BAH allowance aligns with local housing costs. Evaluate potential neighborhoods based on proximity to your base, school districts, and community amenities.

3 Navigating the Homebuying Process



1

Loan Application

To begin your home purchase journey, submit a formal loan application to Federal Hill Mortgage once you've chosen a property. Our team will promptly review your submission and determine your eligibility for a VA Loan. We aim to process your paperwork swiftly to keep your home buying experience moving forward smoothly.

2

Home Inspection and Appraisal

It's important to schedule a home inspection and appraisal to evaluate the condition and value of your potential new home. At Federal Hill Mortgage, we collaborate with trusted inspectors and appraisers who are committed to providing detailed inspections and accurate property valuations. This step ensures that your investment is sound and meets your expectations.

3

Closing Process

As you approach the final stage of purchasing your home, prepare for the closing process. Federal Hill Mortgage will oversee and coordinate the closing procedures to ensure that everything goes as planned. Our team will handle all the necessary documentation and guide you through each step to finalize your purchase efficiently. We are committed to making the closing process clear, efficient, and stress-free for you, allowing you to focus on settling into your new home.

CHAPTER 5

EMPOWERING SERVICE MEMBERS WITH FEDERAL HILL MORTGAGE

At Federal Hill Mortgage, we know that active duty service members face unique challenges and opportunities when it comes to purchasing a home. That's why we are deeply committed to understanding your needs and supporting you throughout the home buying process. We take great pride in being a trusted partner and are honored to serve those who protect our country.



WHAT OUR CLIENTS SAY ABOUT OUR MORTGAGE SERVICES

"After my husband and I were quoted a crazy high interest rate from our realtors lender we were referred to Federal Hill Mortgage. That same night, Tammy Saul worked late into the evening helping me upload all necessary information to process our application. By the next evening we were locked into a rate that would ultimately save us hundreds a month on our payment as well as need less cash to close. After being locked in, Chandra helped us get through the rest of the process quick and efficiently as we had a quick closing. Would highly recommend to anyone in need of a lender!"

ASHLEY HUDSON

via Google Reviews (February 2024)

WHAT VETERANS AND ACTIVE SERVICE MEMBERS CAN EXPECT FROM FEDERAL HILL MORTGAGE



TAILORED GUIDANCE

Federal Hill Mortgage delivers customized support, specifically catering to the needs of active duty service members. Our team expertly handles everything from explaining VA Loan benefits to simplifying the entire homebuying process, ensuring a smooth and stress-free experience.



STREAMLINED PROCESSES

Understanding the unique demands of military life, we optimize our mortgage application and approval procedures to fit the hectic schedules and quick changes characteristic of service members. Our efficient process guarantees swift and straightforward financing for your home purchase.



COMPREHENSIVE SUPPORT

Federal Hill Mortgage offers extensive support throughout the homebuying journey. From choosing the right neighborhood to finalizing the deal, our dedicated team guides service members at every step, enabling well-informed decisions and successful homeownership.

CHAPTER 6

VA Loan Resources and Tools



[Request your C.O.E](#)

Are you eligible for a VA Loan? Find out by pulling your Certificate of Eligibility



[Apply for a VA Loan](#)

Find out how much you can qualify for on a VA Loan. Apply in under three minutes!



[Visit our Learning Center](#)

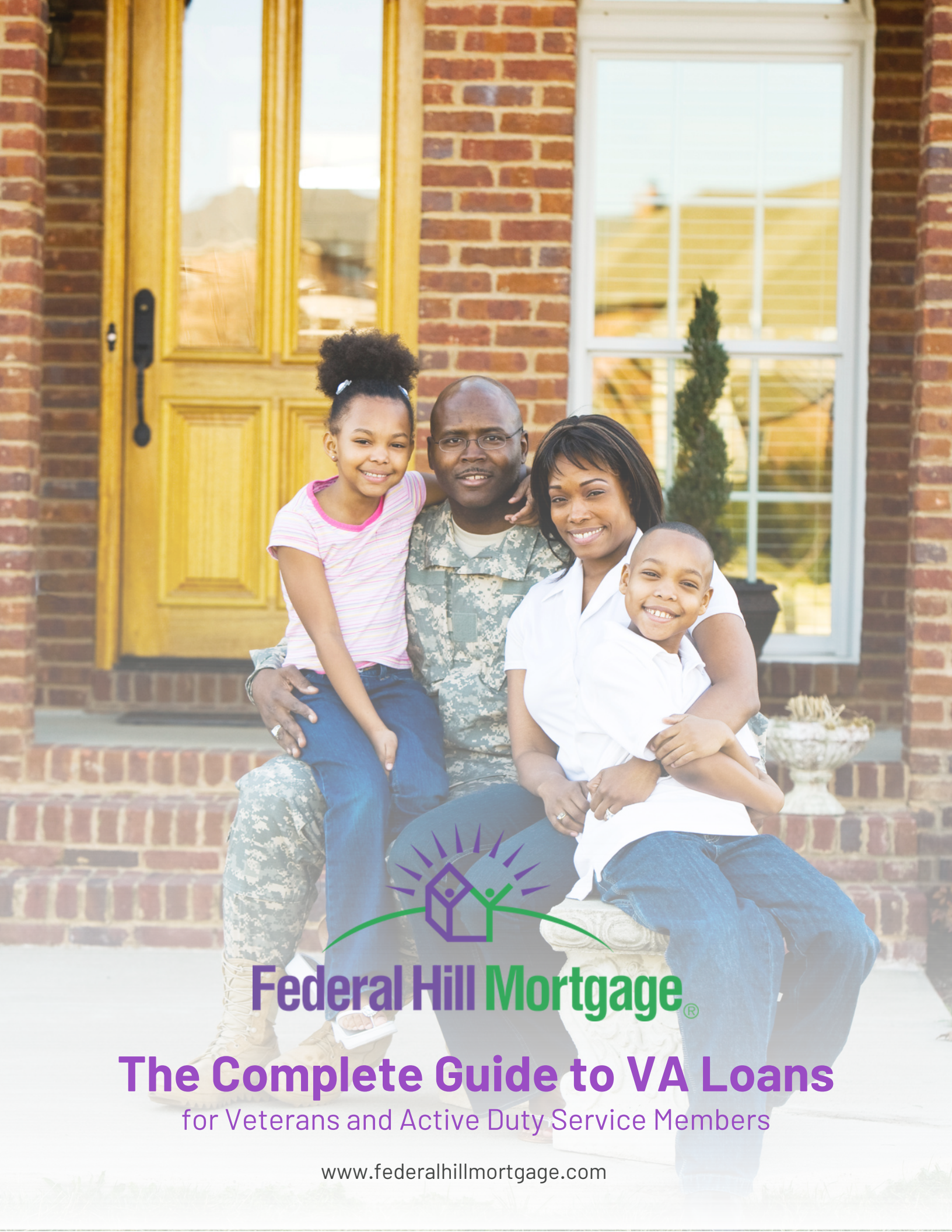
Explore our learning center to find a collection of helpful tips and resources designed to streamline your homebuying journey.



[Contact Us](#)

Have a question not answered in this guide? Reach out, and let's discuss your homebuying dreams.





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