

**Mortgage Tidbits**



**Keeping you informed and in the know….**

**VA Assumptions – Don’t Assume these are just for Veterans!**

Anyone can assume a VA loan provided they meet occupancy, credit, and income requirements necessary per VA. By assuming the loan, the new buyer will “assume” the interest rate that the Seller currently has with their loan.

Here are some important details on VA Assumptions:

1. The potential homebuyer must apply for a loan assumption with the servicing lender of the Seller’s current mortgage. Unfortunately, the homebuyer may not use the Lender they may be pre-approved with if they will be using the assumption process.
2. The lender may charge a processing fee.
3. The new borrower will be charged .5% funding fee on the balance of the current loan if they’re approved.
4. If the assuming borrower is NOT a Veteran, the Selling Veteran borrower’s eligibility will remain with the loan to insure the VA Guaranty. The Selling Veteran borrower will not be able to use that portion of their eligibility until that debt is paid off.
5. IF the assuming borrower IS a Veteran, they can substitute their own eligibility for the current Veteran borrower’s, allowing the Selling Veteran borrower to restore their entire eligibility.
6. If a non-Veteran assumes a VA loan and defaults on that loan, the portion of the eligibility that was used to insure that loan will be unavailable to the Selling Veteran borrower until the debt is paid off.
7. The Veteran Seller will need to get a Letter of Assumption from the lender who completed the transaction to verify that the release of liability for the loan has been completed and they will no longer be responsible for this debt.

*For more VA Loan Information, contact your Loan Officer today!*

**Call us today for the best answers to the mortgage questions!**

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