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2024

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**MILITARY
HOMEBUYERS
GUIDE**



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2024 MILITARY HOME BUYER GUIDE

If you are a military first time home buyer, you have come to the right place. We've created a first time home buyer guide to help walk you through the buying process, share the top questions to ask before purchasing a home, and provide access to home buying resources along the way.

After reviewing this guide, you will know what to expect and feel confident in the next steps you will take toward owning a home at your new assignment.

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A graphic with a blue background. On the left, the words "HOME BUYERS ROADMAP" are written in large, white, bold, sans-serif capital letters. On the right, a dark blue, wavy road with a dashed white center line curves upwards and to the right.

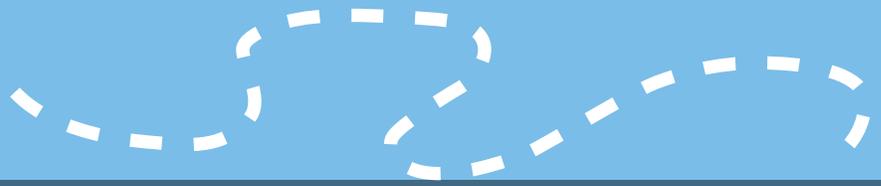
HOME BUYERS ROADMAP

Home Buyer's Roadmap

First let's take a look at your roadmap to becoming a homeowner. Owning a home in the military for the first time can be a little bit daunting, but if you have a clear picture of where you're going and how to get there, the process becomes a lot more manageable.

Review the roadmap below of the process. If you'd like to print this out as a handy resource to keep on your fridge, we have a free downloadable link [here](#).

We'll go into more detail about each piece of the roadmap later.



BUYING A HOME | Roadmap



1

Obtain Financial Pre-Approval

2

Select a Real Estate Agent

3

Analyze Needs during Buyer's Consultation

4

Select & View Properties

5

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6

Negotiate Terms

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Conduct Inspections

Resolve Any Issues

FINANCING

Credit Verification & Underwriting

Appraisal

Insurance

Loan Approval

TITLE / ESCROW

Earnest Money Deposit

Conduct Title Search

8

Transfer Funds for Closing

9

Close on the Property

10

Take Possession!





KEY TERMS

Top Fifteen Key Terms for Military First Time Home Buyers to Know

There is a lot of strange language and terminology used in real estate. Below are some of the most commonly used words in a traditional real estate transaction. Read through them or come back to them later if you come across a concept you don't understand.

Appraisal: An assessment conducted by a licensed appraiser to determine the market value of a property based on its condition, location, and comparable sales in the area. The primary purpose of a home appraisal is to determine the fair market value of the property, which helps ensure that the property's value aligns with the proposed loan amount and protects both the buyer and the lender. A short appraisal is when the property under appraises, meaning the sales price is higher than what the appraiser thinks the property is worth. As a buyer, this is important because lenders will typically

not fully finance a property that under appraises. There are several options if that happens, so it's important to work with a real estate agent and lending team who can offer wise negotiation advice.

Certificate of Eligibility (COE): The VA issues this document to confirm your eligibility for a VA loan based on your military service or status as a surviving spouse.

Closing Costs: These are the expenses tied to transferring property ownership. They include fees for title search, loan processing, attorney services, and prepaid taxes or insurance. Typically, you pay these at the closing, the final step in buying a home. Costs usually range from 2% to 5% of the purchase price.

Contingency: Conditions or requirements that must be met for your real estate contract to be legally binding. Common contingencies include home inspection, appraisal, and mortgage approval.

Entitlement: This is the dollar amount the VA guarantees to repay the lender if you default. Most eligible borrowers have a basic entitlement of \$36,000, covering up to 25% of the loan amount without a down payment.

Escrow: During a real estate transaction, a neutral third-party account called escrow holds funds and legal documents. This ensures all contract terms are met before the property transfers to you.

Funding Fee: A one-time fee you pay to the VA at closing, helping offset the cost of the VA loan program. Some veterans or surviving spouses may be exempt based on specific conditions.

Home Inspection: Before you finalize your home purchase, a professional home inspector conducts a thorough examination to identify any potential issues or defects.

Interest Rate: The percentage charged by the lender for borrowing money to buy your home. It determines your mortgage cost and affects your monthly payments.

Mortgage: If you need a loan to finance your home purchase, that's where a mortgage comes in. You agree to repay the loan with interest over a specified period. Many home loans are either 15-year or 30-year mortgages.

Private Mortgage Insurance (PMI): Unlike conventional loans, VA loans don't require PMI, as they're backed by the VA guarantee. This saves you from the additional cost of private mortgage insurance, making VA loans more affordable.

Title Insurance: This policy safeguards you and the lender against future claims or disputes regarding ownership rights to the property.

VA Appraisal: If using a VA home loan, you will need a VA appraisal. A VA appraisal is a property evaluation by a VA-approved appraiser to determine its value and ensure it meets the VA's minimum property requirements.

VA Loan: If you're an eligible veteran, active-duty service member, or surviving spouse, the U.S. Department of Veterans Affairs offers a mortgage option with favorable terms, including no down payment, no Private Mortgage Insurance (PMI), and lower interest rates.

Down Payment: When you're buying a property, your initial payment toward the total purchase price is called the down payment. You'll usually express it as a percentage of the home's value, and it's paid upfront at the closing. If you use a VA loan, you have the option to put 0% down on the home (that doesn't mean you pay nothing, but you put nothing down towards the price of the home.) If you do have a down payment, depending on your loan type you might pay 5%, 10%, or 20% of the home value.

MAJOR QUESTIONS



5 Questions to Ask Before Purchasing a Home

1. Are you financially ready to buy a home?

There are several different factors that determine what you can afford to pay each month including annual income, any debt payments you have, and additional costs like homeowners insurance.

Do you have enough money for potential closing costs? Remember that can be anywhere from 2%-5% of the home price. For a \$300,000 home that would be \$6,000 up to \$15,000. Closing costs do not include the down payment.

How much debt do you currently have? Your debt-to-income ratio will affect your ability to get a loan and dictate whether or not you can make your monthly mortgage payment.

Use our [mortgage calculator](#) to figure out what a comfortable monthly payment would be for you and compare it to your Basic Allowance for Housing with our BAH comparison tool. Not sure yet what your BAH is? Check out our [BAH calculator](#) page to look up your rate at your new installation!

2. What type of loan should you get?

There are a variety of financing options available for military homebuyers and each loan type has its pros and cons.

For most active duty military members, we recommend considering a VA home loan due to the incredible benefits offered for service members compared to other loan options.

There are a lot of advantages of a VA home loan for service members. It is the only home loan that does not require a down payment, they are government backed making rates more competitive, and they do not require private mortgage insurance (PMI), meaning more money in your bank account each month!

To learn about the different home loan options, read [here](#) or [speak with our military-friendly lending team](#) about which loan option is right for you.

3. Where do you want to buy?

Being a military member, you're most likely making the decision to buy or rent at your new installation from hundreds of miles away.

Use a [military friendly realtor](#) and consider average home prices, local schools, trending neighborhoods, and commute to your installation.

You may not have a choice in your new PCS location, but you **can** choose where you live outside of base.

Also take into consideration resale value of homes if you plan to sell when you move to your next assignment. If you want to keep this home as a rental, take the time to understand the rental market and make sure you purchase a home in an area that will draw in your ideal tenant.

4. What is your timeline?

If there is anything we know about military life, it's that there is very little certainty.

If you know you are going to be at your new PCS location for more than 3 years, then buying a house is worth considering! If you are PCSing for a shorter assignment, it may not be a good time to buy.

Check out our [PCS Buy vs Rent](#) video if you'd like us to walk you through the buy vs rent decision in more detail.

5. How much house can I buy?

Generally, you do not want to spend more than 40% of your monthly income on housing. That includes your mortgage payment, taxes, insurance, and maintenance.

Use our [BAH](#) and [mortgage calculators](#) to figure out how much house you could buy. If you have more questions, [contact](#) one of our VA home loan specialists to talk through your specific situation!



Ten Steps for Buying a Home in the Military

After ensuring that you are financially ready to buy a home, there are 10 steps you need to complete to get to closing day. We lined them out above in our roadmap, but now we'll go into more detail.

Depending on where you live and your specific situation, these steps might slightly vary but the general outline is the same. Your military specialized real estate agent will be able to confirm with you any specifics.

1. Get Pre-Approved for a VA loan:

When you're ready to kickstart your home buying journey, getting pre-approved for a VA loan is crucial. Here's what you need to know: the VA loan pre-approval process begins with an evaluation by one of our VA specialist lenders or another

VA-approved lender. We'll assess your eligibility for a VA home loan, and you'll need to provide essential financial documents like proof of military service, Certificate of Eligibility (COE), income details, employment history, and your credit score. Once you're pre-approved, you'll receive a letter stating the maximum loan amount you qualify for.

Ready to get pre-approved? Connect with us at [WeVett Home Loans](#).

2. Find a Realtor:

The right realtor can make all the difference in your home buying experience, especially if you're in the military or using a VA loan. Look for a professional, knowledgeable, and military-friendly real estate agent who can navigate long-distance purchases.

Need help finding one? Our sister company, WeVett Realty, specializes in connecting you with a military-specialized real estate agent. Contact them [here](#).

3. Analyze your Needs and Communicate Them to Your Team:

To streamline your home search, start by listing your essential requirements or "needs." This includes factors like the number of bedrooms, location, and proximity to schools or work. Differentiate these from your desirable but non-essential "wants," such as a large backyard or updated appliances. Prioritize your needs over wants to focus on the critical aspects of your future home. Once you've listed your preferences, meet with your real estate agent to discuss. They'll provide insights into what's feasible given your budget, timeline, and local market conditions. Make sure to keep your lending team in the loop for seamless coordination.

4. Select and View Homes:

Ready to start looking at potential homes? Have your real estate agent send you recommendations or off-market properties. Scroll through Zillow and Realtor.com,

earmark any properties you like, and send them to your realtor. If you can't see homes in person, inquire about your agent's ability to film videos for you. Respect your agent's time, as each property you send them requires scheduling, viewing, and filming. If planning a weekend visit to see homes, create a list and ask your agent to book appointments in succession. Make it an all-day home viewing blitz to maximize your time before heading back home.

5. Make an Offer:

Found the perfect home? Time to make an offer. Work with your real estate agent to draft a written offer, including the proposed purchase price, requested contingencies (like a home inspection or mortgage approval), and the desired closing date. Be prepared for negotiations, as the seller may counter your offer.

You also want to talk with your agent about the current real estate market. In a buyer's market there might be more room to offer under-asking price and negotiate. In a seller's market, there might be very little wiggle room on price due to demand - homes might be selling for over-asking price. Your agent will be able to help guide you based on what they are seeing in the local area.

6. Negotiate Terms:

Negotiations are a crucial phase in real estate. Both buyer and seller engage in discussions to reach mutually acceptable terms. This includes aspects like the purchase price, closing date, contingencies, repairs, and other sale terms. Skilled real estate agents play a vital role, providing market insights and helping find common ground. Successful negotiations require open communication, flexibility, and understanding the needs of both parties.

7. Accepted Contract:

a. Inspections:

Once your offer is accepted, the inspections process begins. A professional home inspector examines the property's condition, looking for

potential issues. You typically have a specific timeframe (as stated in the contract) for inspections. The inspector provides a detailed report, allowing you to request repairs, negotiate with the seller, or withdraw from the contract if significant issues are discovered. Inspections offer valuable insights into the property's condition before finalizing the purchase.

b. Financing:

With an accepted contract, the mortgage process kicks off. Your lender reviews your financial information, creditworthiness, and employment history. An appraisal of the property is conducted to ensure its value aligns with the purchase price. Coordinate insurance during this time, including homeowner's insurance and mortgage insurance if required. Both types of insurance safeguard the interests of both you and the lender.

c. Title / Escrow:

Title or escrow process also begins at this time. A thorough title search ensures the property's title is clear. Simultaneously, the escrow process is initiated, holding all relevant documents, funds, and instructions. These steps facilitate a smooth transfer of property ownership.

8. Transfer Funds for Closing:

Before closing, wire the required funds, including the down payment and closing costs, to the escrow or title company. The seller provides necessary documentation, and during the closing, the escrow or title agent coordinates the fund transfer. Once all documents are signed, funds are disbursed accordingly.

9. Close on the Home:

Closing timelines vary, but generally take between 15 and 60 days. During closing, all parties, including real estate agents, gather to sign required documents. You as the buyer pay the remaining balance, including the down payment and closing costs. The title or escrow company ensures proper fund

distribution, clears any outstanding liens, and officially transfers property ownership to you.

10. Take Possession of Your New Home:

Congratulations! Once the closing process is completed, you receive the keys to your new home, marking the official completion of the real estate sale!



DO'S AND DON'TS OF HOMEBUYING

The Do's and Don'ts of Buying a Home with the VA Loan

Now that you know the process of a real estate purchase, let's look at some do's and don'ts of buying a home in the military.

DO's

DO Check Your Eligibility Early: Confirm your eligibility for a VA loan by obtaining a Certificate of Eligibility (COE) from the U.S. Department of Veterans Affairs. Our team here at WeVett Home Loans will pull this for you automatically. A COE ensures you meet the service requirements and qualify for the loan. Do this early on so a preventable issue doesn't stop your home purchase because it was caught too late in the process.

DO Get Pre-Approved: Seek pre-approval from a VA-approved lender before house hunting. Pre-approval gives you a clear idea of your budget, streamlines the home-buying process, and makes your offer more attractive to sellers. [Our team can get you pre-approved ASAP.](#)

DO Utilize Your VA Loan Benefits: Take advantage of the benefits offered by VA loans, such as no down payment and no private mortgage insurance (PMI), which can save you significant upfront costs.

DO Work with Experienced Professionals: Choose a real estate agent and lender experienced with VA loans. Because military home purchases represent a very small portion of the market, most agents and lenders will rarely assist with a military home purchase. PCSing long distance and VA loans are nuanced situations that can pose challenges if not fully understood. Work with someone who specializes in active duty military moves.

DO Perform Due Diligence: Conduct thorough research on the property, neighborhood, and local housing market. Also, we highly recommend a home inspection to identify any potential issues with the property.

DO the Buy vs Rent Analysis: Not every military assignment is the right time or place to purchase a home. If you cannot confidently say you will be stationed in one location for at least 3 years (or plan to hold the home as a rental), you might want to consider renting. Check out our [PCS Buy vs Rent video](#) which will walk you through your own military buy vs rent analysis.

DON'Ts

DON'T Overlook Closing Costs: While VA loans offer favorable terms like 0% down, remember to budget for closing costs, which can include appraisal fees, title insurance, and other charges. Very rarely will you bring \$0 to closing day, even if you do go 0% down on your VA loan.

DON'T Skip the VA Appraisal: The VA requires a property appraisal to ensure it meets their standards. While it's not an inspection, it does help protect you from buying a property with significant issues.

DON'T Skip the Inspection: A VA appraisal is not a comprehensive home inspection. You need a full inspection to truly be sure the property is in good condition. You never want to find out later about a \$50,000 foundation issue that would have been found during a proper home inspection.

DON'T Overextend Your Budget: Stick to your financial limits and avoid purchasing a home that stretches your finances beyond your comfort level. While military pay is typically very stable, instances like government shutdowns and pay freezes can cause major issues if you are financially overleveraged.

DON'T Assume VA Loans are Slow: The VA loan process can be as efficient as other loan types when you work with a proactive and knowledgeable lender. In fact, our lending team can often close in under 30 days.

DON'T Miss the Opportunity to Negotiate: As a VA buyer, you can negotiate with the seller for certain closing costs to be paid on your behalf, potentially reducing your upfront expenses.



I'm a Homeowner. Now What?

You signed the papers, you have the keys, and are staring down towers of cardboard boxes. Now what?

Celebrate and Settle In:

You made it! Pop the bubbly and enjoy your new digs. Settle in, unpack, and explore your neighborhood. Make the space your own and revel in the ability to paint your walls whatever color you want.

Prioritize Home Maintenance:

Create a maintenance schedule for tasks like checking smoke detectors, changing out air filters and inspecting major systems. Budget for repairs and be prepared for

unexpected expenses. Familiarize yourself with the major systems and components of your home, such as the HVAC system, plumbing, and electrical panel.

Review Financial Strategies and Set Goals:

Assess your budget to account for the additional expenses that come with homeownership, such as property taxes, homeowner's insurance, HOA fees, and maintenance costs. Set new financial goals and explore ways to build equity in your home through renovations or home improvements. Create an emergency fund for when something inevitably breaks down or needs to be replaced.

Enjoy!

While in the military, you might only get the chance to live in a house for a few years. Having a place to call home, a home that you truly enjoy, can make even a tricky assignment one worth remembering.

We hope this guide gave you insight into the homebuying process while on active duty. Homeownership is not always easy, but with the right resources and a good team behind you, your dream home is within reach!

Need help getting started? [Get started here](#) with our military specialized team!



GET STARTED ON YOUR HOME BUYING JOURNEY!

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