

Ready... Set...



Refinance



Veterans United
Home Loans

Military homeowners have access to many unique opportunities when it comes to home loans.

One of the greatest home financing tools is the VA refinance program.

Interest rates continue to hover near or at record lows. Refinancing at the right time can help military homeowners slash their monthly mortgage costs and take cash from their home's equity to pay down debt, make home repairs or tackle other expenses.

VA refinance options are designed to be accessible, clear and inexpensive, with the same kind of benefits that have made VA purchase loans so popular. Many military homeowners are hard-pressed to find a better refinance program on the market today.

To make the best use of these unbeatable refinance options, carefully consider your particular situation and your future plans. Refinancing isn't economically appropriate for all homeowners, so review all relevant factors to ensure you're making a smart decision.

Why Now Is a Great Time to Refinance

Timing is everything when it comes to a refinance loan, which allows homeowners to obtain a new mortgage at the current, lower interest rates.

It obviously doesn't make sense to refinance at a time when interest rates are soaring. The goal here is to lock in to a lower interest rate that will cut your monthly payment and drastically reduce the amount of interest you'll pay over the life of your loan.

For eligible refinance candidates, the time is now.

Interest rates on 30-year fixed-rate mortgages hit an all-time low in 2011.

Sluggish home sales and a weak economy are signs that low interest rates will continue, making this a great time to consider refinancing.

Think about the difference that refinancing could make to your fiscal outlook. Cutting your interest rate by just 1 percent could lower your payment significantly and free up funds for long-term security or short-term emergencies.

Consider this example:	Let's say you got a \$200,000 home loan in January 2006 at a rate of 6.15%. You're thinking about refinancing at a current rate of 4.11%
Monthly payment at 6.15%:	\$1,218
Monthly payment at 4.11%:	\$968
The difference each month:	\$250
The difference each year:	\$3,000
Over 10 years you will have saved \$30,000	

Switching to a lower rate can generate some serious savings. At this point, you're probably thinking: "Refinancing sounds too good to be true." There are always costs involved with refinancing, so it's not the perfect answer for every homeowner.

But the costs associated with a refinance often pale in comparison to the savings homeowners achieve, both in the short term and over the life of a 30-year mortgage.

Benefits of Refinancing

Refinancing offers a slew of benefits to homeowners. Not only can you take advantage of historically low interest rates, but refinancing also allows you to adjust the terms of your mortgage and consider taking equity out of your home in the form of cash.

What Will Refinancing Do For You?

• Build long-term security

Interest is a necessary evil. But paying more interest than you should is pointless. The money that you're currently devoting to interest could be better used to build your long-term financial security. A lower rate can help homeowners sock away cash for retirement or complete valuable home improvement projects.

• Increase month-to-month cash flow

A lower interest rate can also relieve pressure on your monthly budget. Adding \$100 to your monthly cash flow can ease constraints on food, gas or clothing expenditures. But be a cautious spender. It's easy to watch your monthly savings go up in smoke after a trip to the mall or an extravagant dining experience.

• Get a better loan

You may have started out with an adjustable-rate mortgage and want to switch to a fixed-rate loan. Or maybe you'd like to switch from a 30- to a 15-year term. Refinancing gives you that option. Refinancing also allows you to choose a different lender. If you've been unhappy with any part of a lender's service, refinancing can be a great time to shop around for a new provider.

• Pay off your mortgage sooner

Military borrowers who choose the Streamline option are in a great position to pay off their mortgages sooner. Money that formerly went to interest can be redirected to the principal, reducing the length of your loan and the amount of interest you'll end up paying.

• Pull out much needed cash

If you're considering a Cash-Out Refinance, you can use the equity in your home to help pay other obligations. Many borrowers use that cash to pay down high-interest credit card debt, send a child to college or make much-needed home improvements.

Are You a Good Candidate for Refinance?

What homeowner wouldn't want to have more cash? Or be able to pay off a mortgage sooner?

The current lending climate is awash in record-low interest rates.

All those small numbers are tantalizing, and a well-timed refinance can make a world of financial difference for military borrowers and their families. But the reality is not every homeowner is a great candidate for a refinance loan.

Every refinance comes at a cost. There's no getting around it.

Those costs may outweigh any benefits you'll see from a refinance. The key is to take a careful look at the numbers. That typically includes the monthly savings, the loan's closing costs and the number of months it will take you to break even on those costs.

Calculating your break-even point is pretty simple. You'll need to gather some figures from your potential lender, and plug those numbers into this worksheet:

	Example numbers	Your numbers
Current monthly payment	\$1,200	
New monthly payment	\$1,000	
Subtract #2 from #1 for your total monthly savings	\$200	
Cost to refinance (obtain from your lender)	\$2,500	
Divide #4 by #3	\$2,500/\$200	
This equals the number of months it will take you to break even	12.5	

This break-even point is essential in determining if you're a good refinance candidate.

If you're planning on selling your home before you hit the break-even point, a refinance is obviously not a good idea. Make sure that you're going to own your home long enough to reap the benefits of refinancing.

But it's important to discuss your unique financial situation with a trusted VA lender. Your lender goes beyond the basic calculations to determine if refinancing is the best step for you.

Who's a Good Refinance Candidate?

Every refinance scenario is different, and it's best to talk with a VA loan specialist about your unique circumstances and goals. But as a general guide, we've created three scenarios to help give homeowners a sense of who might be a great candidate for a VA refinance and why.

Borrowers A and B simply want a VA refinance to lower their monthly payments.

Borrower C needs to take cash out to cover medical bills and other outstanding debts.

Here's a look at the numbers behind their respective refinance loans:

	A	B	C
Goal	Savings	Savings	Cash-out
Loan Amount	\$300,000	\$150,000	\$200,000
Current Rate	5%	6.50%	5%
Current Payment	\$1,610.46	\$948.10	\$1,073.64
Cash Out	None	None	\$30,000
New Rate	4.5%	4.50%	4.5%
New Payment	\$1,560.59	\$772.70	\$1,210.98
Monthly Savings	\$49.87	\$175.41	None
Cost of Refi*	\$8,000	\$2,500	\$9,000
Recoupment Period	160 months	14 months	immediate

So who's a good fit for a VA refinance?

Probably not Borrower A. Saving even \$50 a month is nothing to sneeze at, but the closing costs on this refinance mean it will take the borrower 160 months (more than 13 years) to pay back the expense. Even if this is the borrower's "forever home", this isn't the ideal refinance situation.

Borrower B is a great candidate. Borrower B is saving \$175 per month, and even though the refinance adds to the principal balance, it'll take little more than a year to recoup the cost. From that point forward, Borrower B will continue to rake in savings.

Borrower C is also a solid candidate. The monthly payment increases about \$140, but the homeowner is able to take out \$30,000 and lower the overall interest rate on a \$200,000 purchase.

Types of Refinance Loans

Even homeowners who can benefit tremendously from a refinance may not be able to take advantage of record-low interest rates.

A tighter credit and lending environment has made it more difficult for many homeowners to refinance.

Fortunately for military homeowners, VA loans continue to represent the most accessible, powerful and cost-effective refinance options. These government-backed loans come with relaxed credit requirements. Veterans United borrowers can refinance up to 100 percent of the home's value, a benefit not all VA-approved lenders can offer (others are capped at 90 percent).

Conventional and FHA refinance options usually can't compete with these benefits. Some homeowners may also consider a Home Equity Line of Credit (HELOC). This isn't a true refinance but instead provides qualified borrowers with a credit line that can be used to cover expenses or pay down debt. But HELOCs often come with higher interest rates and, depending on your home's equity, less purchasing power.

Here's a closer look at the four major refinance options:

Conventional

Because conventional loans aren't backed by the government, lenders assume more risk when issuing these loans. To lower that risk, conventional lenders often employ tighter requirements. Borrowers will need a credit score around 740 to get the best rates on a conventional refinance. Some homeowners may also have to buy private mortgage insurance (PMI) depending on their equity. Homeowners with a debt-to-income (DTI) ratio greater than 41 percent may struggle to secure conventional financing. A conventional cash-out refinance is usually capped at about 85 percent of the home's value and rates are often higher than on a VA cash-out refinance.

Might be a good fit for: Homeowners with excellent credit and significant equity

FHA

An FHA Streamline is only available on a mortgage already insured by the FHA. Credit and underwriting standards can be a bit looser than on conventional loans, but homeowners with DTI ratios greater than 41 may still have trouble. FHA cash-out refinances typically

Benefits of the VA Refinance Program

- **No PMI**
- **Relaxed credit standards**
- **No out-of-pocket costs**
- **Low interest rates**

Maximum Cash-Out Value Typically Allowed

Conventional Refinance: 85%

FHA Refinance: 85%

VA Refinance: 100%

max out at 85 percent of the home value. Homeowners will pay private mortgage insurance on their refinance unless they have a 15-year mortgage term and at least 10 percent equity.

Might be a good fit for: Low- and middle-income homeowners who don't qualify for the VA loan program; homeowners with good credit and at least 10 percent equity

HELOC

Homeowners are typically eligible for a line of credit equal to a percentage of the home's value minus the mortgage balance. That may not be enough to cover some expenses. HELOCs come with variable rates, and homeowners may have to pay transaction fees whenever they utilize the credit line. The balance of the HELOC is due in full when the term expires, which can leave some homeowners with a hefty bill.

Might be a good fit for: Homeowners who don't need to borrow a lump sum; homeowners with an incredibly low interest rate on a first mortgage

VA

VA loans have flexible credit and underwriting requirements. Homeowners with a DTI ratio greater than 41 percent can still secure financing. Approved lenders can refinance up to 100 percent of the home's value, and there is no PMI in the VA program. Some VA Streamlines can be still processed without an appraisal. Military homeowners with an FHA or conventional mortgage can refinance into a VA loan. VA loans generally feature interest rates that are half to a full percentage point lower than conventional options.

Might be a good fit for: Most veterans and active duty homeowners who want a lower monthly mortgage payment or a lump cash amount

Comparing VA Refinance Options: Streamline vs. Cash-Out

After considering the overwhelming benefits of VA loan options, many eligible borrowers are ready to start the VA Refinance process. The VA program provides two flexible refinancing options for military homeowners.

Each has a different purpose and varying requirements. A VA Streamline helps borrowers shrink their monthly mortgage payment by refinancing into a new, lower interest rate. The Cash-Out option helps homeowners lower their rate and take out much-needed capital.

These refinance options are alike in one key way: They provide military homeowners with unmatched flexibility and a clear path to a brighter financial future.

VA Streamline: Borrowers can replace their current VA loan with another VA loan at a lower interest rate.

Cash-Out Refinance: Borrowers can replace their VA or conventional loan with a VA loan at a lower interest rate AND pull out equity in the form of cash.

A Closer Look at the VA Streamline

The VA Streamline exists to get veterans into a lower-rate mortgage with lower monthly costs. In fact, that's one of the loan's primary requirements. Unless the borrower is refinancing an adjustable-rate mortgage, the Streamline must lower the homeowner's interest rate.

Obtaining a Streamline Refinance is pretty simple. Since a Streamline replaces a current VA loan, many of the VA's requirements have already been met by the borrower. The steps toward obtaining a Streamline Refinance include:

1. Choosing a lender
2. Discussing your options
3. Applying for refinance
4. Closing

Step 1: Choose a lender

Your first task is to select a trustworthy lender who can guide you through the process. It's important to note that you don't have to use your current lender when refinancing. If you're happy with your lender, you're more than welcome to give them your repeat business. But keep in mind that options and costs can vary from lender to lender, so it may be worthwhile to shop around for the best rate and overall costs.

Veterans United Home Loans is the nation's leading dedicated VA lender. Working with the biggest and the best means Veterans United customers have access to the simplest and most streamlined loan process on the market. Our team is committed to helping those who have served maximize their benefits and close on their loans fast.

Using a trusted lender's expertise and experience to your advantage can be one of the best financing decisions you'll ever make.

Reasons to Use a VA Specialist

Fewer headaches

Although the VA Streamline loan is less complicated than a conventional refinance, it will still require a certain amount of paperwork. A VA-approved lender can simplify this process, resulting in less work for you.

Maximize your benefit

A VA-approved lender is extremely familiar with the VA loan program. A knowledgeable lender can help you take advantage of all of the program's benefits by tailoring a VA Refinance to your particular situation.

Familiarity with military lifestyle

Lenders who specialize in VA loans work with our nation's military homeowners every day. These lenders are familiar with the needs and lifestyles of the typical military family. They can answer your questions about service requirements, veteran exemptions and other VA program benefits.



Step 2: Discuss your loan options

A great feature of the VA Streamline is the freedom and flexibility it affords military homeowners.

By choosing a VA Streamline, borrowers can change the length of their loans or consider adding an Energy Efficient Mortgage (EEM). Add in the substantial savings you'll see from a lower interest rate and a VA Streamline can revitalize nearly every aspect of your home investment.

Once you've selected your lender, use their knowledge to help you tailor a VA Streamline to your particular needs and resources. You'll need to focus particular attention on selecting the length of your new loan.

Consider the following example of a \$200,000 loan repaid over 30 years at 5 percent versus 15 years at 4 percent:

Monthly Repayment Summary for 15- vs. 30-year fixed-rate (\$200,000 loan)		
	30 Years at 5%	15 Years at 4%
Monthly Payment	\$1,074	\$1,479
Total interest paid	\$186,512	\$66,288
Total amount paid	\$386,512	\$266,288

Note that your monthly payment will be higher with a shorter loan. No one wants to deal with the headaches of a delinquent mortgage, so make sure you have the necessary discipline and funds that a shorter loan term requires.

Making energy-efficiency improvements to your home can create significant long-term savings. The problem is usually the difficulty in paying for those upgrades now. That's where a VA Energy Efficient Mortgage (EEM) can make all the difference. You can add an EEM into your VA Refinance package and secure up to \$6,000 for energy improvements. These costs can be rolled into the loan, while providing you with the necessary cash to make improvements. Check with a Veterans United loan specialist for more details.

Consider an Energy Efficient Mortgage

How to Select the Length of Your Loan:

The 30-year home loan is the pillar of the mortgage industry. But borrowers end up paying more interest on a 30-year loan than they would on a shorter loan. This trade-off is an important factor to consider before selecting the terms of your loan.

If you've paid off a significant amount of your loan and have some extra income available, you might consider shortening the term of your mortgage. A 15-year loan provides even lower interest rates and the ability to be mortgage-free in a shorter period of time.

Step 3: Apply for a Streamline Refinance

Once you have customized your Streamline loan, you'll be ready to move on to the application process.

The "Streamline" moniker isn't just a clever marketing ploy. The VA Streamline is a no-frills refinance loan that features almost none of the hassle and paperwork that accompanies a traditional refinance. Streamline advantages include:

- No income verification
- No asset verification
- No pest inspection
- No out-of-pocket costs
- Appraisal sometimes not necessary

Note that the VA does not require appraisals on Streamlines, but some lenders have recently made them mandatory. Veterans United is still able to process some Streamlines without an appraisal, which is a significant benefit for homeowners. Appraisals average about \$450, which is a nice chunk of change to keep in your pocket.

Once your lender determines that you have met the few prerequisites for a Streamline, your application is submitted for approval. Veterans United can generally close a Streamline within 30 days, making it one of the quickest ways to improve your financial profile.

Step 4: Fees and closing

Perhaps the best feature of the VA Streamline Refinance is that it can truly be a "no out-of-pocket-cost" experience. Any fees associated with your refinance can be rolled into the loan, meaning that borrowers aren't asked to pay a dime up front.

The final step of a Streamline Refinance is signing

The application for a VA Streamline is short and simple, and serves to verify that borrowers have met the following basic criteria:

- Your new loan must replace an existing VA loan
- You are not allowed to take cash out of your loan
- The new interest rate must be lower than your current interest rate (unless you are changing terms from an ARM to a fixed-rate mortgage)
- You must be able to show that you have previously occupied the home you are refinancing
- You can't have any late mortgage payments (of 30 days or more) in the last 12 months

Typical VA Streamline Fees

VA Funding Fee (0.5 percent)

The VA mandates this fee, which helps fund the program. Homeowners with service-connected disabilities are exempt from this fee.

Appraisal (\$450 average)

Veterans United is one of the few lenders that does not automatically require an appraisal for VA Streamlines.

Closing Costs (vary)

Depending on your home and your location, your refinance may incur additional closing costs (title charges, recording fees, origination charges and others). Your lender will outline these costs early in the process and will offer to include these costs in the loan if you prefer not to pay them up front.

the closing paperwork. A closing agent will prepare these documents, which outline your refinance terms and fees.

Although closing traditionally takes place at a title office, Veterans United offers a unique and convenient option to refinance customers. Veterans United will send a notary to your home, meaning the closing can be held in your own home, at a time selected by you.

A Closer Look at the VA Cash-Out Refinance

The VA Streamline is inherently flexible, but there's one major thing you can't do with it: Get cash back. That's where the Cash-Out Refinance comes in.

The VA's Cash-Out Refinance loan allows qualified veterans with conventional or VA loans to refinance to a lower rate while extracting cash from their home's equity. Essentially, you're getting a new mortgage at a value higher than what you currently owe and taking the difference in a cash lump.

Borrowers have traditionally used Cash-Out Refinance loans to pay off high-interest debts or make home improvements. But there aren't any concrete constraints on how you spend the money, as long as the lender is on board.

Unlike on a Streamline, the VA mandates that Cash-Out borrowers submit to the standard credit and underwriting process. The loan processing for a Cash-Out Refinance is basically identical to the original VA purchase loan, from the income verification and debt-to-income ratio to a home appraisal.

A Cash-Out Refinance shouldn't be confused with a home equity loan, which is a second loan that runs alongside your current mortgage. A refinance loan replaces that existing mortgage instead of complementing it.

Step 1: Choose a lender

As you already know, choosing a VA-savvy lender is a vital step in the refinance process. For borrowers considering a Cash-Out Refinance, your choice of lender is even more important.

The VA allows Cash-Out Refinances for a maximum of 100 percent of the home's appraised value (plus the cost of any energy efficiency improvements and the VA Funding Fee). But many VA lenders are unable to exceed a 90-percent threshold.

Veterans United is one of the few lenders that can. And that extra 10 percent can make a tremendous difference for borrowers.

Step 2: Meet Cash-Out requirements

Prospective borrowers need to meet eligibility requirements and other financial standards in order to secure financing. Some of these major requirements include:

Certificate of Eligibility

Prospective borrowers will need to obtain or provide a Certificate of Eligibility, which explains how much, if any, VA home loan entitlement they possess. A Veterans United loan specialist can secure your COE in minutes using the VA's Automated Certificate of Eligibility system, also known as ACE

Credit check, income verification and appraisal

Unlike the Streamline, a Cash-Out Refinance requires a credit check, income verification and appraisal. As with any VA loan, requirements for a VA Cash-Out are more relaxed than those found with conventional options. Income requirements are also more user-friendly, with greater flexibility regarding debt-to-income (DTI) ratios. A VA appraisal is required and has two primary functions: determining the value of the property and ensuring it meets the agency's Minimum Property Requirements.

Show that you personally occupy the home

If you're obtaining a Cash-Out Refinance, you're required to show that you are personally occupying the property in question. This step prevents homeowners from using a Cash-Out Refinance on a rental, commercial or vacation property. You'll be asked to sign a VA form that verifies your intent to personally occupy your refinanced property.

Make sure you have adequate equity in the property

There is no set equity requirement for a Cash-Out Refinance. Obviously, before incurring the fees of a refinance, you should make sure that you have enough equity in your home to make the process worthwhile. Homeowners with limited equity may be better served with the interest-lowering Streamline option if possible.

VA Eligibility Requirements:

- 181 days of service during peacetime
- 90 days of service during war time
- 6 years of service in the Reserves or National Guard
- Some surviving spouses of veterans who died while in service or from a service-connected disability may also be eligible

VA Refinances By the Numbers (2010)

94,339

VA streamlines guaranteed

\$203,224

Average refinance loan amount

247,047

VA Cash-Out and other refinance loans guaranteed

No late payments (of 30 days or more) in the last 12 months

Homeowners must have made their last 12 mortgage payments on time in order to qualify for a Cash-Out Refinance. Keep this requirement in mind if you're considering a future Cash-Out Refinance.

Step 3: How much should I cash out?

Much of this decision can be based on your plans for the Cash-Out sum. Do you need to pay off high-interest credit card debt? Send your daughter to college? Calculating your needs can help you decide how much cash you would like to remove.

Although tapping into your home's equity can be a great benefit for homeowners, make sure you are using your funds in a responsible way. Equity is tough to build, and a Cash-Out Refinance can immediately deplete the funds you have accumulated in your home. Make sure that your plan for a Cash-Out Refinance is practical and level-headed.

For example, it makes sense to pay off credit card debt that racks up 20 percent interest each month. By cashing out your home's equity, you can pay off that debt at the much lower mortgage rate of 4-6 percent.

It can also be fiscally wise to make valuable home improvements. If a \$20,000 kitchen remodel will add \$40,000 to your home's resale value, you might want to seriously consider a Cash-Out Refinance.

Other homeowners may want to take advantage of investment opportunities that offer a better rate of return than the cost of the loan. Redirecting home equity into your flourishing business may be a smart, low-cost way of enhancing your livelihood.

As with any fiscal matter, be cautious. Ensure that the motives behind your Cash-Out Refinance will pay off in the long run. The benefits of a short-term luxury are quickly forgotten. Longstanding fiscal responsibility, on the other hand, will continue to pay dividends to sensible homeowners.

Step 4: Underwriting

Once you've completed the paperwork, your loan information is sent to your lender's underwriter for final approval.

An underwriter is a professional who makes sure the loan meets guidelines established by both the VA and the lender. Underwriters must be familiar with VA loan qualifications with regards to a veteran's credit history, income and debt. They must also verify that the home itself meets VA criteria.

Smart ways to use a Cash-Out lump sum

Pay off high-interest debts

Complete a value-adding home improvement project

Make a safe investment with a high rate of return

Dangerous ways to use home equity

Buying luxury items

Home theaters, monstrous SUVs and showy jewelry either offer little or negative return on your money. Purchasing luxury items is an extremely dangerous way to use the funds from a Cash-Out Refinance.

Making monthly payments (utility bills)

If you need to cash out your home's equity to ensure your gas bill gets paid, you need to take a serious look at your spending habits. You're living beyond your means, and once your cash-out sum is spent, you're going to be in the same position again (but this time without any equity in your home).

Paying off debt without changing spending habits

Credit card debt is common. Homeowners can often erase their high-interest credit card debt with the proceeds of a Cash-Out Refinance. This can often be a great financial move, since a Cash-Out Refinance is often a cheaper way to pay off that debt.

Purchasing consumables (gas, groceries, clothing)

It can be tough making ends meet. Refinancing to a lower interest rate can be a great way to relieve your monthly budget. However, the proceeds from a Cash-Out Refinance are not designed to help you put gas in your car or food on your table. A Cash-Out Refinance offers homeowners a convenient lump sum that is best used as an investment or to cover an unforeseen emergency. It's not to be considered additional income, since it can't be sustained.

Once the underwriter has finished their review, they can either issue an approval, conditional approval or denial of the refinance. Often if you are denied, you will be given a chance to clear up any problems or submit any additional documentation so that your loan can be re-evaluated.

Veterans United has a team of more than 40 experienced underwriters.

Ready access to underwriters means that our borrowers can close on their refinance in a matter of days rather than weeks or months.

If the underwriter approves your loan, a final approval notice is sent to your lender. Your lender then schedules your closing, where you will finalize the paperwork to refinance your loan.

Step 5: Closing

The fees for a VA Cash-Out Refinance loan are similar to those required by the Streamline loan, with one exception: the VA Funding Fee. Here's a look at how the VA Funding Fee applies to Cash-Out Refinances:

VA Funding Fee for Cash-Out Refinance		
Type of Veteran	1st Time Use	Subsequent Use
Regular Military	2.15%	3.3%
Reserves/National Guard	2.40%	3.3%

The VA Cash-Out Refinance will also incur appraisal fees and closing costs, which can vary. All of these costs can be included in the loan, which spares homeowners from forking over any up-front payments.

Closing on a Cash-Out Refinance is quick and painless. Veterans United will send a notary to your home to help you complete the closing paperwork, at which time you'll receive a check for your cashed-out equity.

One Veteran's Story: Getting Back on his Feet

A VA Cash-Out Refinance Helps Connecticut Veteran Pay Off Debt and Make a Fresh Start

STAMFORD, CONNECTICUT — A former Marine wounded in Vietnam, Tim Huff had been a homeowner for 40 years before learning about the VA's significant home loan benefits.

The news came just in time.

Tim had planned for a military career. But all that changed in March 1967 when the Marine Corps captain was wounded on a patrol outside Dong Ha. He accepted a medical discharge that fall and took a job with IBM outside New York City.

Tim bought his first house a couple years later. He spent his career at IBM and retired after 25 years. He and his wife, Ann, purchased a condominium in nearby Stamford, Conn.



Flash forward to 2010 and a reeling housing market.

Tim and Ann had accrued some credit card debt and were trying to get it under control. They decided to look into refinancing their mortgage. Lenders across the country were offering record-low interest rates.

Tim went back to the IBM credit union that had financed his previous home purchases. He walked away, unsatisfied with their prospective loan terms, and began to wonder if there were any benefits available to him as a veteran.

During the course of his research he came across the website for Veterans United Home Loans, the nation's leading VA purchase lender. He filled out a simple, one-page questionnaire and was contacted moments later by loan officer Mike Mange.

Mike talked with Tim about his mortgage and credit situation, explaining the basic steps involved with the VA's cash-out refinance program.

The cash-out refinance loan allows qualified veterans — with conventional or VA loans — to refinance to a lower rate while extracting cash from their home's equity. Borrowers have traditionally used the cash to pay off high-interest debts or make home improvements.

"I didn't know even know there was a VA-related program available," Tim said. "I didn't

think I was eligible for any kind of veterans benefit.”

As with a VA purchase loan, borrowers seeking a VA refinance have to go through a credit approval and underwriting process. Tim gathered tax returns and other pertinent financial information and passed them on to Mike. An independent, VA-appointed appraiser came out and appraised Tim’s home.

Veterans United loan specialists and underwriters analyzed Tim’s financial information and ultimately approved a \$417,000 cash-out refinance.

Tim’s service-connected disability also meant the couple was exempt from paying the VA Funding Fee, a mandatory cost that helps fund the VA loan program. That alone saved them nearly \$9,000 in additional costs.

The couple closed at the end of November 2010 and used the cash to pay off credit card debt and other obligations. Their monthly mortgage payment is now a bit higher than it was before, but they enjoy some much-needed financial breathing room.

“It was very positive in that way, to get me back on my feet and squared away,” Tim said. “The ease of applying and getting approval as a veteran was far and above any other experience I’ve had with a credit union or anything else.”

Conclusion

Tim’s story demonstrates the power of the VA Refinance program.

Military borrowers have access to the most formidable home purchasing program on the market.

So it certainly stands to reason that the same would hold true when it comes to a refinance loan.

VA Refinance options offer a plethora of benefits over conventional refinance programs. Low-cost refinancing loans that are easy to obtain have given Tim and thousands of other military homeowners a brighter fiscal outlook and access to much needed cash.

As you know, refinancing is not for everyone. But for those who stand to gain substantially from a refinance, a VA Streamline or Cash-Out Refinance can be your greatest prospect.

Take time to consider your options, and consult with a VA-experienced lender about the overwhelming benefits of the VA Refinance program.