

# VA LOAN

## MYTH VS. FACT

### VA LOANS TAKE WAY TOO LONG TO CLOSE

1

*Fact: VA Loans Close Just as Fast as Conventional Loans and Even Close More Frequently*

There's a lingering myth that loads of red tape cause VA Loans to close more slowly than conventional loans, but it's simply not true. According to national data collected by Ellie Mae, conventional loans closed in an average of 40 days while VA Loans closed in an average of 41 days. Not only do VA Loans tend to close just as fast as conventional loans, but the Ellie Mae data also suggest that borrowers who take out VA Loans are actually more successful in closing than those who take out conventional loans. Typically, 68% of VA Loans closed while only 49% of conventional loans closed.

### VA LOANS ARE RISKIER THAN CONVENTIONAL LOANS

2

*Fact: VA Loans Have Been The Safest On the Market Since The Housing Crash of '08*

VA Loans' competitive interest rates and \$0 down payments often leave people thinking, "What's the catch?" Many assume that VA Loans are more risky because they come with so many benefits. The fact of the matter is: VA Loans have had the lowest foreclosure rates of any type of mortgage for the last seven years, according to the National Delinquency Survey. Often, a realtor on the selling side will tell their client to turn down an offer from a buyer using a VA loan despite the offer being for MORE MONEY than the conventional loan buyer. Thus, costing their seller money. In the case of a VA loan, the amount of money presented as a down payment is not an indicator of the strength of the buyer.

### THE VA APPRAISALS TEND TO BE CONSERVATIVE AND UNDERVALUE HOMES

3

*Fact: All Appraisals Cause Differences of Opinion, and VA Appraisals are No Different*

VA appraisals in some areas have a reputation for undervaluing homes, but no data suggest that these appraisals offer more conservative estimates than conventional appraisals. Instead, it seems as if the difference of opinion about property value is often attributed to the VA appraisal because it is a convenient scapegoat. A 2012 study from the National Association of Realtors showed that 1 in 3 real estate transactions had problems because of an appraisal. The VA appraisal process, like all other appraisal processes, is influenced by subjective judgments and statistics from supposedly comparable homes, always leaving some room for disagreement.