

Reconnect Corner

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Celebrating Homeownership Month

June is Homeownership Month and if you're thinking of buying a home, shopping around for different financing options is one way to help ensure your home will fit your budget, even in a high interest rate market. In this newsletter we'll bust common myths about VA home loans, discuss the truth of buying a home in a high interest rate market, and explore the VA whole health program.

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PROGRAM LINKS

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VA Home Loan Myths

If you're looking to purchase a home in 2023, using your VA home loan benefit may allow you to reach your goal faster than expected. VA home loans come with many benefits including:

- No down payment
- More competitive rates
- Lower credit score requirements
- No PMI (Private Mortgage Insurance)
- Limited closing costs
- Waived funding fee for disabled veterans



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There are also some myths about VA home loans we would like to put to rest:

⊗ Myths	✓ Fact
You can only use your VA home loan once.	As long as you're eligible and qualify with a lender, VA loan benefits can be used as many times as you'd like throughout your lifetime.
You can only have one VA loan at a time.	You can have multiple VA loans at a time in certain circumstances. For example, if you are relocating under PCS or permanent change of station orders, you may qualify for a second VA loan.
VA loans are less preferable to sellers due to restrictions.	VA loans are not less preferable to sellers. Sellers may even find your offer more attractive if you are able to waive some contingencies.
VA loans have a more complicated appraisal process.	The appraisal process on a VA loan is similar to that of a conventional loan.
VA loans take a long time to close.	Working with a lender familiar with VA loans will allow for faster closing time in many cases.

The truth about VA home loans is that they are a great option and include many benefits you should highly consider when deciding what type of loan to use when purchasing a home. Be sure to talk with your lender to see if a VA loan might be best for you.



Truth About High Interest Rates and Buying a Home

Inflation and rising interest rates can make anyone feel uneasy, especially if you're considering a home purchase in the near future. However, there may be some benefits to buying a home in a higher interest rate market.

First and foremost no matter what the housing market is doing, ask yourself if you are financially ready with a balanced budget, reasonable debt to income ratio, adequate savings, and the ability to handle unexpected costs. Next, consider the stability of your employment and income, and whether you're planning to stay in the home for at least 5 years so you're able to build some equity. Now let's explore some benefits associated with purchasing in a market with higher interest rates.

The main reason why purchasing a home in a higher interest rate housing market can benefit you as a buyer is that rates have the tendency to level, lower, and slow the growth of property values, making things less competitive overall. When rates are lower, around 3% for example, it can create a sellers' market in which home prices rise quickly, potentially causing bidding wars on properties which could ultimately cause them to be sold over the asking price.

In a market with higher interest rates, there is also usually a larger housing stock and homes tend to stay on the market longer. For buyers, this may mean more power to negotiate. When purchasing in a housing market with increasing rates, you might also consider buying down your interest rate as part of your closing, and refinance in the future when rates decrease. There may be additional costs associated with these options however, so you will need to weigh the pros and cons.

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TAPS

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Operation Homefront

operationhomefront.org

America's Warrior Partnership

americaswarriorpartnership.org

VETSEDU

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Military Reconnect

If your lender anticipates additional rate jumps, it may also be a good idea to lock in your rate as soon as you can. And look into shorter loan terms to lower the interest rate. For example, a 15 or 20-year loan term could translate to thousands of dollars saved in interest over the life of the loan because of lower rates and repayment times. And making a larger downpayment, if you are able, can further lower your principal balance and monthly payment.

Shopping for lenders is always important but can benefit you even more in a market with increasing interest rates. Buyers win when lenders compete with one another on rates and closing costs.

Finally, regardless of market conditions, a positive credit history is key to making sure you get the best terms and rates available. Check your credit and, if necessary, work on improving it to ensure you get the most competitive terms. Remember, the higher your credit score the lower your rate. When it comes to credit, there are five main factors that influence your score: 35% of your score is based on whether or not you consistently make payments on time; 30% is how much of your available credit is being utilized; 15% is how long you've had each credit line; 10% is how many new inquires, or requests for credit, you've made recently; and the last 10% is the mix of credit types you have.

VA Whole Health Program

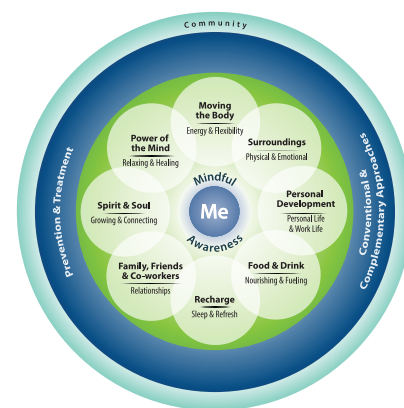
The VA Whole Health program focuses on supporting the whole health of our active-duty military members and veterans by focusing on the circle of health:

Self-care includes mindful awareness, moving the body, surroundings, personal development, food & drink, recharge, family, friends & coworkers, spirit & soul, and power of the mind.

Professional care includes preventative and conventional care including medications and clinical care as well as complementary medical care such as acupuncture, meditation, yoga and more.

Community focuses on building connections in the community through involvement. Overall, the goal of whole health is to treat the whole body and mind, not just physical medical issues, as you cultivate mindful awareness.

The VA also provides [apps and online tools](#) designed to meet veterans where they are, connecting them with resources to support emotional, mental, and physical wellbeing. These apps range from guided meditation, yoga, movement, and even tai chi. If you have not yet explored the whole health programs available in your area now is the time to do it, there is something available for everyone. To learn more or get started, visit va.gov/wholehealth today!



[The Circle of Health—Whole Health \(va.gov\)](https://va.gov/wholehealth)