



## **VA home loans and bad credit, what are your options?**

### **Mortgage help for veterans with poor or bad credit.**

VA home loans help military veterans, active duty personnel, and surviving spouses who qualify purchase a house with zero money down, no private mortgage insurance, and lower interest rates. These loans can result in significant savings for Veterans compared to the costs of conventional loans.

Freedom Mortgage is a leader in providing loans to veterans and our Loan Advisors are available to help you understand your options even if you have less than perfect credit. Call us at 877-220-5533.

### **Can you get a VA loan with a bad credit score?**

Many lenders will provide VA mortgages to applicants with credit scores as low as 620. A few lenders, however, can offer mortgages to applicants with even lower credit scores. Freedom Mortgage works with qualifying applicants for VA loans with less than a 620 credit score. We appreciate the sacrifice of military personnel and we understand how credit and finances can suffer during times of service. We are more willing to look at a Veteran's full financial picture rather than just a credit score.

### **VA loan facts: eligibility, limits and credit score requirements.**

Service in the Army, Navy, Air Force, Marines, Coast Guard, Reserves, or National Guard can all make you eligible for VA loan. Learn more about the [eligibility requirements for VA loans](#).

The U.S. Department of Veterans Affairs does not set a limit on the amount of money Veterans can borrow to buy a home. The VA does limit the amount of a loan it will guarantee however. This affects the terms lenders may be willing to offer Veterans when they apply for mortgages. Visit the VA website for [details on VA home loan limits](#).

Veterans can also buy homes with FHA, USDA and conventional loans. Like VA loans, FHA and USDA loans are backed by the government, so they can offer flexibility on credit score requirements and down payments. However, these loans also have eligibility requirements you must meet to qualify.



Conventional loans are also available to veterans. Conventional loans typically have higher credit score requirements, and need at least a 20% down payment to avoid Private Mortgage Insurance (PMI). Before you choose a conventional loan over a VA loan, decide which is better for your situation. Find out more about how VA loans and conventional loans compare.

### **How to get a VA loan with poor credit.**

Even if you have poor credit, you can still get a VA loan. That's because there are other considerations lenders might look at besides your credit score number. Lenders may look at your credit history and especially look to see if you've paid your housing costs on time each month and if you have a clean payment history on credit card debt or other loans. Keeping up with all your payments for at least 12 months will help lenders determine if you can meet the financial obligations of a new mortgage. If you had a bankruptcy or foreclosure, you will need 24 months of on-time payments.

### **Ways to monitor and improve your credit score for a VA loan:**

- Check your credit once a year. You can get a free report on [www.annualcreditreport.com](http://www.annualcreditreport.com) or contact each of the credit bureaus, Experian, Equifax and TransUnion, to receive your scores.
- Look for mistakes. You may find an error that can be easily fixed to help improve your credit score and help qualify for a VA loan.
- Keep your credit limit and balance in line. Try to pay down as much credit card debt each month as possible and keep a low debt utilization ratio, which is how much you owe compared to the amount of credit you have.
- After you apply for your loan, don't add new credit cards or large expenses. Put off big purchases such as a new car until after your loan closes.
- Track your bills. Keep a calendar or set up reminders on your mobile phone or computer for when bills are due. Even a few days late can negatively impact your scores.

Freedom Mortgage can help you with all the considerations of a VA loan including understanding your credit score. To speak with one of our Loan Advisors, visit our [Get Started](#) page or call 877-220-5533.



## **NOTES & REMINDERS**