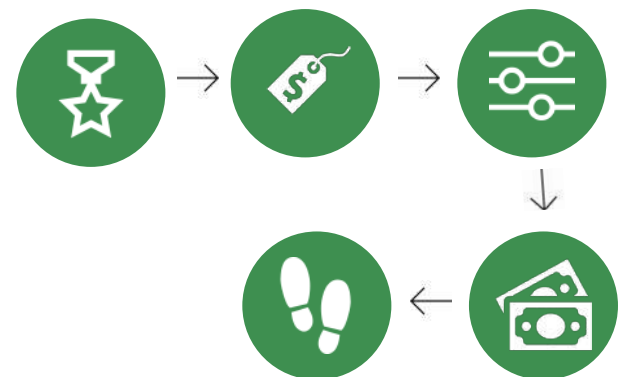

**USING A VA LOAN
TO BUY YOUR FIRST
HOME IN SEATTLE!**

With Joint Base Lewis-McChord to the south, and Naval Base Kitsap to the west, there's a fairly large military presence in and around the Seattle metro area. And Seattle is a wonderful place to live, as evidenced by the fact that it's one of the most competitive housing markets in the country right now. We frequently encounter young veterans and active military personnel seeking advice for first-time homeownership. If this describes you, we've put together this guide give an overview of the options available to you.

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SEATTLE VA HOME LOANS OFFER BIG BENEFITS TO MILITARY MEMBERS

As a result of the area's strong military presence, there are many people who could benefit from using a VA home loan to buy a house in Seattle. This section explains the benefits, eligibility requirements, and other aspects of using a Seattle VA home loan.

About The VA Loan Program.

A VA loan is a mortgage loan that is guaranteed by the federal government, via the U.S. Department of Veterans Affairs. This program was started in the 1940s, near the end of World War II. Its primary purpose was (and still is) to make homeownership more affordable for eligible military service members, veterans, and surviving spouses.

Specifically, the VA loan program gives borrowers access to low-cost financing. When using this type of mortgage, borrowers are able to finance 100% of the purchase price. You won't find this level of financing anywhere else when buying a home in Seattle.



BENEFITS FOR SEATTLE HOME BUYERS

Because this program offers 100% financing for home buyers, eligible borrowers can buy a house with no down payment whatsoever. That's the primary benefit of using a Seattle VA loan, but there other advantages as well.

Borrowers can often qualify for 100% financing without having to pay mortgage insurance. Government or private mortgage insurance is usually required for loans that account for more than 80% of the property value. But this is not the case with Seattle VA loans.

Who Is Eligible For The Program?

This program is open to most military service members and veterans, as well as surviving spouses in some cases. In general, the following groups are eligible for VA financing:



Active duty military members with at least 90 days of continuous service.



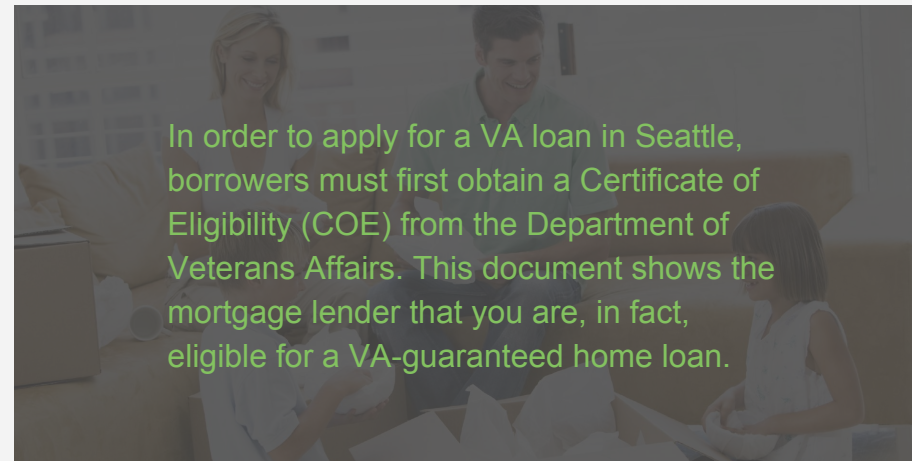
Veterans who have served for at least 90 consecutive days during wartime or 181 days during peacetime



Selected Reserve and National Guard members with at least six years of service. (Those who served during the Gulf War might be eligible with at least 90 days of service.)



Surviving spouses are generally eligible for Seattle VA loans. According to official guidelines, eligibility is extended to the “Unremarried spouse of a Veteran who died while in service or from a service connected disability, or spouse of a Service member missing in action or a prisoner of war.”



In order to apply for a VA loan in Seattle, borrowers must first obtain a Certificate of Eligibility (COE) from the Department of Veterans Affairs. This document shows the mortgage lender that you are, in fact, eligible for a VA-guaranteed home loan.

VA Loan Limits

There are limits to how much you can borrow with conventional and FHA loans in Seattle, and there were limits for VA loans, too. These “loan limits,” as they are known, vary by county and are based on median home prices and set at the county level.

As of January 1, 2020, however, VA loan limits have been eliminated. In Seattle, King County, Washington State, and the rest of the country. In 2019, the loan limit for a single-family home in King County was \$726,525. But the loan limit for VA loans for qualified borrowers is no longer in effect.

That means borrowers who use this program will be able to buy more expensive properties and still be able to take advantage of no money down regardless of the home purchase price. This is especially helpful in more expensive markets like Seattle.



2020 KING COUNTY VA LOAN LIMITS: ELIMINATED

The median home price in Seattle is currently \$755,600, and in King County, the median home price is \$654,300. If loan limits were still in place for VA loans, veterans who qualify for a no-down payment option would have to make sure the home they buy is under these thresholds.

But since VA loan limits have been eliminated in 2020 (for those who qualify, as there are certain exceptions), veterans are able to buy more expensive homes without having to worry about going over a certain limit.

Please note that loan limits will still apply to veterans who have more than one active VA loan, those who have defaulted on a loan in the past, or who only have access to partial entitlement. Please contact us if you want to know how much you can borrow using a Seattle VA loan.

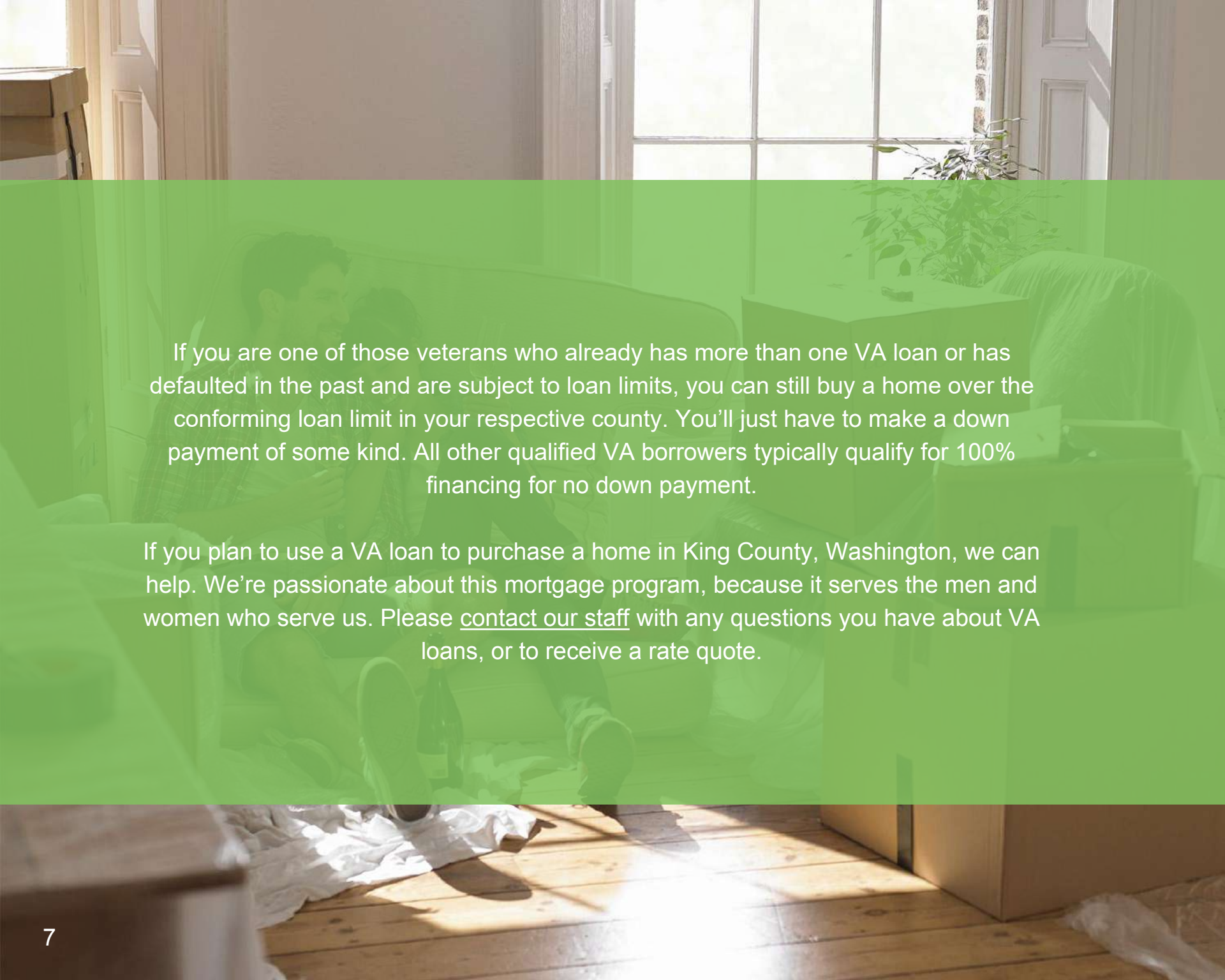
Median Home Price In Spring 2020: \$654,300

According to the real estate data website Zillow, the median home price for King County, Washington currently sits at \$654,300 in March 2020. That was an increase of 3.0% over the previous year, by their analysis.

In previous years, home prices across the Seattle metro area rose by double digits, due to strong demand and limited inventory. A 2016 study by CoreLogic found that home values in Washington State were rising faster than any other state in the nation. But things cooled down quite a bit from mid-2018 to mid-2019 when the average price for homes in Seattle and King County actually dropped. That said, prices are picking up again.

Zillow predicts an increase of 4.4% in home prices over the next 12 months in King County, and by 3.7% in Seattle.

For home buyers who plan to use a VA-guaranteed mortgage loan and are still subject to loan limits if they fall under the category explained above, they should have adequate financing to purchase a moderately priced home in the area. The Department of Veterans Affairs bases its loan limits on the “conforming” caps established by the Federal Housing Finance Agency, and those limits are based on median home prices in each county. In short, loan limits are designed to enable borrowers to purchase a moderately priced home.

A photograph of a man and a woman sitting on a light-colored sofa in a bright living room. The man is on the left, wearing a plaid shirt, and the woman is on the right, wearing a white top. They are both looking towards the camera. In the background, there is a large window with multiple panes, and a potted plant sits on a table to the right. The room is filled with natural light from the window.

If you are one of those veterans who already has more than one VA loan or has defaulted in the past and are subject to loan limits, you can still buy a home over the conforming loan limit in your respective county. You'll just have to make a down payment of some kind. All other qualified VA borrowers typically qualify for 100% financing for no down payment.

If you plan to use a VA loan to purchase a home in King County, Washington, we can help. We're passionate about this mortgage program, because it serves the men and women who serve us. Please [contact our staff](#) with any questions you have about VA loans, or to receive a rate quote.



IS NOW A GOOD TIME TO BUY A HOUSE IN SEATTLE, WASHINGTON?

Before you make this big decision, there's an important question to consider, regardless of your military status: Is now a good time to buy a house in Seattle, Washington?

Here's what the local real estate market looks like right now, and we'll give a forecast of what the future holds.

Is Now A Good Time For You?

When deciding if now is a good time to buy a house, you must consider both personal and market-related factors. Here are some questions to ask on the personal side:

- ✓ Do you plan to stay in the Seattle area for at least the next few years?
- ✓ Do you have stable income right now, with a reasonable likelihood for continued employment and income?
- ✓ Are you financially responsible when it comes to managing your debt obligations?
- ✓ Would owning a home improve your quality of life in some way?

If you answered yes to these questions, then now is a good time to ask questions about the market conditions in Seattle.

Local Housing Marketing Is Still Competitive In 2020

Clearly, a lot of residents and newcomers seem to think that now is a great time to buy a home in Seattle. Housing demand in the area is still high right now, with multiple offers being the norm. Home buyers who plan to enter the market in 2020 should be prepared for a reasonably high level of competition.

The inventory situation is tight as we head further into 2020. A recent report from the real estate site Realtor.com revealed that Seattle is still among the most competitive markets in the country. As a result of high demand and low supply, it's still a sellers' market, even though the market has cooled somewhat over recent months. It might be a good time to buy a home in Seattle, but you have to be ready for some stiff competition.

For obvious reasons, it's easier to talk about current real estate conditions than future ones. No one can predict the future of home prices or mortgage rates with complete accuracy. With that being said, there is a strong likelihood that homes in Seattle will continue to increase a bit over the next 12 months. And it's equally likely that the market will remain competitive. **The metro area attracts people from elsewhere in the state and from all across the country.** Seattle boasts a strong job market, natural beauty, and other features that will continue to bring buyers into the market. This helps to sustain housing demand and home prices alike.



USING A VA LOAN IN WASHINGTON STATE: HOW MUCH CAN I AFFORD?

“I want to use a VA loan to buy a home in Washington State. How much can I afford to borrow?” This is a common question among military members and veterans who use the VA loan program to purchase homes. Here’s what you need to know about it.

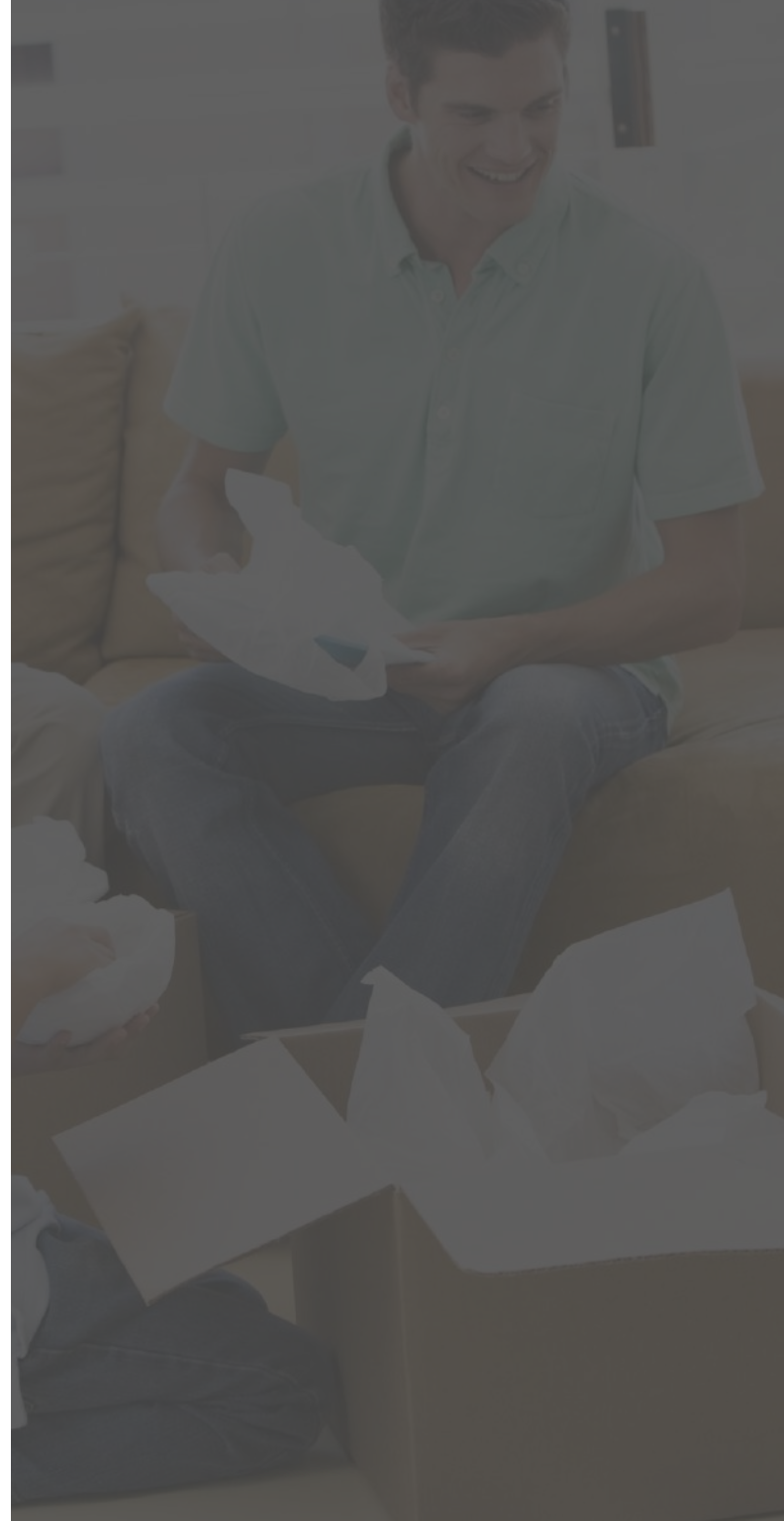
Debt Ratios and Residual Income Requirements

The debt-to-income (DTI) ratio is one way mortgage lenders determine how much of a VA loan you can qualify for — or any kind of mortgage loan, for that matter. This ratio compares the amount of money you earn to the amount you spend on your recurring monthly debts. It’s generally expressed as a percentage. **For instance, a DTI ratio of 33% shows that about one-third of my income goes toward my debts.**

As a general rule, the Department of Veterans Affairs uses a benchmark of 41% for the maximum debt-to-income ratio on VA loans, so anything above that might bring some additional scrutiny. But there are exceptions to this. In some cases, borrowers can have DTI ratios above that level, if they meet certain income requirements.

“Residual income” is the household income you have left each month, after paying all of your credit accounts (mortgage payments, credit card bills, car payment, etc.). Washington VA loan borrowers with residual income that is 20% higher than the minimum requirement are often given extra leeway when it comes to their debt ratios.

But we’re getting into the weeds here. If you would like to know how much you can afford to borrow when using a VA loan in Washington, please contact us. **We can review your financial situation to determine if you’re a good candidate for a VA-guaranteed mortgage loan.** We can also tell you how much house you might be able to afford, based on your income and other factors.



Getting Pre-Approved to Buy a Home in Washington

If you're planning to use a VA loan to buy a home in Washington State, it would be wise to get pre-approved before entering the real estate market. This is a good way to figure out how much house you can afford to buy with a VA mortgage loan.

You can think of pre-approval as a kind of pre-screening process. Your mortgage lender will review various aspects of your financial situation, including your current income, debts and assets. They'll also check your credit to see how you've borrowed and repaid money in the past. The goal here is two-fold:

- **To find out if you're a good candidate for a VA loan, and**
- **To determine the size of loan you're qualified to take on.**

It makes sense to do this on the front end of the home-shopping process. That's why it's called "pre-" approval. This process gives you a better sense of how much house you can afford to buy in Washington when using a VA loan. With a specific price range in mind, you can narrow your home search to the kinds of properties you can afford to purchase. That makes you a more efficient home buyer and increases your chance for success.

Self-Budgeting: How Much Can I Afford When Using a VA Loan?

It's also wise to do a bit of budget math for yourself, to determine how much you might be able to spend on your monthly housing costs. Fortunately, the math is pretty straightforward.

To determine how much you can afford to buy with a VA loan, start by looking at your net monthly income and your recurring monthly expenses. These are the two fundamental components you need to get a basic housing budget on paper.

- **Step 1:** Add up your total monthly expenses and debt payments (excluding your housing costs). Depending on your financial situation, this might include credit cards, car payments, student loans, savings account contributions, gas, groceries and more. These are your monthly non-housing expenses.
- **Step 2:** Next, take the total from step one and subtract it from your monthly net income. This is your take-home pay, after taxes. You're trying to figure out how much money you have leftover each month after paying all of your non-housing debts and expenses.
- **Step 3:** The number remaining is the most you could spend on your housing payments. But you probably don't want to use this entire remainder — that would leave you without an emergency fund. Many financial experts recommend keeping enough money in the bank to cover three to six months worth of living expenses. You'll want to work down from the remainder identified in step two to determine how much you can spend on housing costs.



NEXT STEPS

Would you like to use a VA loan to buy a home in Seattle? We can help. Sammamish Mortgage has been helping borrowers in the area for more than two decades. We are a local, family-owned company based in Bellevue, Washington.

We can help you every step of the way, from application through closing. We can review your financial situation to determine how much of a home you can buy in Washington State, when using a VA loan. We can even pre-approve you for a mortgage loan, to give you a much-needed advantage in the real estate market.

PLEASE CONTACT US TODAY
WITH ANY QUESTIONS YOU
HAVE, OR TO APPLY FOR THE
VA LOAN PROGRAM.



Contact Us Today!

VISIT US NOW