

When an active duty military member or veteran wants to apply for a VA home loan, the first step in the process is to apply for a Certificate of Eligibility from the Department of Veterans Affairs.

The certificate tells the lender two basic things—eligibility and entitlement;

- The veteran has served long enough to earn VA home loan benefits.
- The veteran has X amount of entitlement to use for the home loan.

Vets and active service members are eligible when they meet certain general rules:

- The applicant must have served on active duty in the Army, Navy, Air Force, Marine Corps, or Coast Guard after September 15, 1940.
- The applicant must not have a dishonorable discharge.
- The applicant must have served at least 90 days or more during wartime or 181 continuous days or more during peacetime.

EXCEPTIONS:

There is a two-year requirement for those who served

- As an enlisted member after September 7, 1980.
- As an officer after October 16, 1981.

For all who joined after these dates, VA regulations require;

- 24 continuous months of active duty military service.
- The full period for which called or ordered to active duty, but not less than 90 days (any part during wartime) or 181 continuous days during peacetime operations.

What this basically means is that brand-new recruits and many just out of their basic training and technical school are not eligible for a VA loan...yet. The good news is that a new recruit can begin working on their credit history between the time they join the service and the time they become eligible for a VA loan. When it's time to apply for a VA home loan, a smart newcomer to the U.S. military will be ready to take the first step with a solid history of good credit—on time payments for at least 12 months and no bankruptcy issues to overcome.

For applicants who DO have eligibility, the second thing the Certificate of Eligibility tells a lender is how much entitlement the veteran or active duty service member has.