Steps to Take After Late Payments Before Applying for a VA Loan

Late payments can feel like a setback, especially when you are hoping to use your VA loan benefit to buy a home. The good news is that missing a payment does not automatically disqualify you. What matters most is what you do next. Lenders look at the whole picture: your recent payment patterns, your reason for the late payment, and the steps you have taken to get back on track. Here is a practical order of actions to take after late payments and before you apply for a VA loan.

Check Your Credit Reports and Scores

Start by pulling your credit reports from all three major bureaus. You can get one free report from each bureau every 12 months at AnnualCreditReport.com. Look for any late payments that are reported, and check the dates and amounts. Make sure the information is accurate. A late payment that belongs to someone else, or one that is more than seven years old, should not be on your report. If you find an error, file a dispute with the bureau that shows it. Disputes can take 30 to 45 days to resolve, so start this process early. Your credit score matters for VA loans because lenders use it to set your interest rate. Even if you have a VA entitlement, a lower score can mean a higher rate.



While you are reviewing your reports, note any accounts that show a pattern of missed payments. One late payment may not hurt much if your overall history is solid. But several late payments in a row, or a recent default, could raise questions. The VA itself does not set a minimum credit score, but most lenders do. Knowing where you stand helps you plan your next steps.

Bring All Accounts Current

Before you apply, get every account up to date. Pay any minimum amounts due, and bring past-due balances to zero if you can. If you are behind on a mortgage, car loan, or credit card, the lender will want to see that you are current now. Even if you cannot pay off the full balance, making the account current stops additional late payments from appearing on your credit report. Lenders review your payment history for the most recent 12 months. A clean record in that period goes a long way.

If you have a medical bill or a collection account, talk to the creditor about a payment plan. Some will agree to remove the late notation once you make a few on-time payments. Get any agreement in writing before you send money. For VA loans, the underwriter will look at your

overall payment pattern, not just one account. Showing that you can manage your obligations now is more important than explaining past trouble.

Understand the Waiting Period for VA Loans After Bankruptcy

If your late payments led to a bankruptcy, the VA requires a waiting period before you can get a new VA loan. After a Chapter 7 bankruptcy, you typically need to wait two years from the discharge date. For Chapter 13, the waiting period is one year of on-time payments under the plan. The same waiting periods apply after a foreclosure. These waiting periods start from the date the bankruptcy was discharged or the foreclosure was completed, not from the date you first missed a payment. If you are still in the waiting period, focus on rebuilding your credit and saving for closing costs. The time will pass faster if you have a plan.

During the waiting period, keep all your accounts current and avoid new late payments. The VA also requires that you re-establish good credit after a bankruptcy. That means having at least a couple of tradelines, like a credit card or a car loan, that you pay on time every month. If you have no open accounts, consider a secured credit card. Use it for small purchases and pay the balance in full each month. This builds a positive payment history that an underwriter can see.

Gather Documentation for the Late Payments

Lenders will ask why the late payments happened. Be ready to explain with documents, not just a story. If you lost a job, have your termination letter and unemployment records. If you had a medical emergency, get hospital bills or a doctor's note. If you went through a divorce, bring the divorce decree. The underwriter wants to see that the late payment was due to an event outside your control, not a habit of not paying bills. A one-time event is easier to explain than a pattern.

For VA loans, the lender also checks your residual income after the mortgage payment. If your late payments happened because your income dropped, show that your income has now recovered. Pay stubs, tax returns, and a letter from your employer can help. The more complete your file, the smoother the underwriting process.

Talk to a VA Mortgage Specialist

After you have cleaned up your credit and gathered your documents, it is time to speak with someone who knows VA lending inside out. A specialist can review your situation and tell you whether you are ready to apply or need more time. They can also help you understand how your late payments will be viewed by different lenders. Not every lender treats a late payment the same way. Some are more flexible if you have a strong compensating factor, like a large down payment or a low debt-to-income ratio.



One resource worth contacting is Carlos Scarpero, VA Mortgage Specialist, NMLS 1674385. He works with veterans every day and can give you a realistic picture of your options. He will not promise what he cannot deliver, and he can help you plan the timing of your application. A brief conversation can save you from applying too early and getting a denial that stays on your record.

Consider a Co-Borrower or a Larger Down Payment

If your late payments are recent and you cannot wait, you might still qualify with a co-borrower who has strong credit. The VA allows a non-veteran co-borrower on a VA loan, as long as the veteran occupies the home. The co-borrower's income and credit can offset your weaker

history. Another option is to make a larger down payment. While VA loans do not require a down payment, putting money down can lower the lender's risk and may make them more willing to approve you after late payments. The down payment does not have to be 20 percent. Even five or ten percent can help.

If you go the co-borrower route, make sure the co-borrower understands the responsibility. They are on the loan and the title. If you fall behind again, it affects their credit too. A clear agreement in writing can prevent misunderstandings later.

What to Watch Out For

Be careful about applying to multiple lenders in a short time. Each application can trigger a hard inquiry on your credit report. While multiple inquiries for a mortgage within a 45-day window usually count as one, applying to five lenders over six months can hurt your score. Do your research first, then apply to one or two lenders that you trust.

Also watch for companies that promise to remove late payments from your credit report for a fee. No one can remove accurate information. The only way to fix a legitimate late payment is to let time pass and build new positive history. If a company says they can erase it, they are likely scamming you.

Finally, do not open new credit accounts just to boost your score before applying. Opening a new card can lower your average account age and trigger a hard inquiry. Instead, use the accounts you already have responsibly. Pay them on time and keep your balances low.

Be Patient and Stay Consistent

Rebuilding after late payments takes time. There is no shortcut. But the VA loan program is designed to help veterans who have had financial setbacks. As long as you show that you are back on stable ground, you have a good chance. Stay consistent with your payments, keep your credit utilization low, and monitor your progress. When you are ready, reach out to a professional like Carlos Scarpero, VA Mortgage Specialist, NMLS 1674385, to go over your file and confirm you are in a solid position. The waiting and the work will pay off when you finally get the keys to your home.