

2024



WEVETT HOME LOANS

VA HOME LOAN GUIDE

WeVett Home Loans

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The VA Loan is a mortgage loan that is guaranteed by the US Department of Veteran Affairs (VA). The VA Loan is a benefit provided to those who have served or are currently serving in the US Armed Forces, and can be used by Active Duty, Reserve, Guard, separated or retired military members, and in some circumstances, surviving spouses.

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VA Home Loan Fast Facts

VA Loan Fast Facts

1.

The VA Loan can close as quickly as conventional loans, in as little as 15-30 days.

6.

You CAN put money down on a VA Loan to lower your interest rate and funding fee.

2.

Loan limits do not apply if you have full entitlement.

7.

The funding fee can be waived in certain situations, such as having 10%+ VA disability compensation.

3.

You can buy a single family, duplex, triplex or quadplex home with a VA loan.

8.

The VA Appraisal does not replace a full home inspection.

4.

You can have multiple VA loans at one time.

9.

Using a VA loan allows access to the VA Interest Rate Reduction Refinance Loan in the future.

5.

The VA Loan allows you to purchase a home with \$0 down.

10.

Not all lenders work with VA loans.



Benefits of the VA Loan

A VA Home Loan is available to current and former US Armed Forces Service Members who meet the [eligibility requirements](#).

One of the most popular VA benefits, the VA Home Loan provides a number of great advantages over other traditional loan programs.

Benefits Overview

- **No down payment required**; borrowers can [borrow up to 100%](#) of the sale price or appraised value (whichever is less).
- **No PMI (Private Mortgage Insurance)**; conventional or FHA loans where borrowers put down less than 20% typically have the added cost of PMI which typically ranges from 0.5-1% of the loan amount annually. The VA Home Loan does NOT charge you PMI.
- **[Credit Score requirement](#) is lower** than other loan programs.
- **Limited closing costs.** Limits apply for how much a lender can charge for [closing costs](#) and terms allow the seller to pay all of these costs.
- **Lower interest rates.** VA Home Loans typically have the lowest rates of all options.
- **Can be used for multiple types of properties**, such as a condo, multi-family (2,3,4 units) and single-family homes.



10 Most Common VA Loan Questions

1. Does the VA Home Loan Benefit ever expire?

NO

The VA Home Loan Benefit does not expire. It remains available for eligible military and veterans throughout their lives. Whether you are active today, served recently or decades ago, you can still take advantage of this valuable benefit to purchase a home or refinance an existing mortgage.

2. Can the VA Loan be used more than once?

YES

Yes, absolutely. The VA Loan can be used [multiple times](#). As long as you meet the [eligibility requirements](#) each time you apply, you can continue to leverage the advantages of the VA Loan program throughout your life.

3. Can you have more than one active VA Loan at one time?

YES

Yes, you can have more than one active VA Loan at a time under certain circumstances, such as life-changing events. However, you must have remaining entitlement available in order to purchase a home using the VA Loan again. There are limits to the amount of entitlement you can use, called [loan limits](#), which may affect your ability to have multiple active VA Loans simultaneously.

4. Is there a limit to the size of a VA Loan?

NO

As of January 2020, there are no longer [loan limits](#) for borrowers with full entitlement, meaning the borrower has no outstanding or active VA Loans. If you are using the VA Loan with full entitlement, you can borrow any amount as long as you qualify financially for the payments.

There are, however, loan limits for subsequent use VA Loans – ie. your 2nd, 3rd, 4th, etc. active loan. Loan limits are determined based on location. You can find an up-to-date list of [national loan limits here](#).

5. Are VA appraisals difficult?

NO

VA appraisals must meet certain minimum property requirements (MPRs) set by the VA, however, as long as the property is in good condition, this is usually not an issue.

6. Are VA Loans expensive?

NO

No, in fact, because VA Loans are backed by the VA, they often offer competitive interest rates and lower closing costs [compared to conventional loans](#).

Additionally, VA Loans typically do not require a down payment or private mortgage insurance (PMI), further reducing upfront costs for borrowers. While there may be some fees associated with VA Loans, such as the [VA Funding Fee](#), these can often be rolled into the loan amount or waived for certain veterans.

7. Do National Guard or Reservists qualify?

YES

Yes, both [National Guard](#) members and [Reservists](#) can qualify for VA Loans if they meet the eligibility requirements. Generally, National Guard and Reserve members must meet the same service requirements as active-duty service members. These requirements typically involve serving for a minimum period of time, which may vary depending on when and where the service occurred.

See [eligibility requirements here](#).

8. Do VA Loans take longer to close?

NO

As long as you work with a lender who understands VA Loans and the process, then VA Loans can close in as little as 15 days. The average closing time when working with a [VA Loan specialist](#) is 30 days which is comparable to other traditional loan types.

9. Can my service-connected disability reduce my VA Loan costs?

YES

Yes, having a service-connected disability can potentially reduce your VA Loan costs via an exemption from the [VA Funding Fee](#). The VA Funding Fee is typically required for most VA Loans to help offset the costs of the program. However, veterans who receive at least 10% or greater compensation for a service-connected disability are exempt, meaning they do not have to pay the fee.

10. Can you buy land with the VA Loan?

YES

Yes, you can use a [VA Loan to purchase land](#), but there are certain conditions and limitations. Generally, VA Loans can be used to finance the purchase of land if it is intended to be used for building a primary residence. **However, you cannot finance raw land purchases without immediate plans for construction**, ie. a home must be built within 11 months of the land purchase. Additionally, the land must meet VA minimum property requirements and other eligibility criteria.



Eligibility Requirements

VA Loans are a mortgage benefit offered to veterans, active duty military, and eligible surviving spouses by the VA. In order to get a VA Loan you will need a [Certificate of Eligibility \(COE\)](#) which tells your lender that you are eligible to receive the benefit. If your lender is experienced with VA Loans, they will pull this document for you directly from the VA.

To qualify for a VA Loan, you have to meet one or more of the following:

- You served 90 consecutive days of active service during wartime
- You served 180 days of active service during peacetime
- You have 6 years of service in the National Guard or Reserve, or served 90 days under Title 10 or Title 32 orders
- You are a spouse of a service member who died while serving or due to a service-related disability

[Click here to read more about VA Loan eligibility.](#)



VA Eligible Property Types

VA Loans must be used to fund the purchase of a primary residence. You must move into the home within 60 days of closing and reside there for at least one year before considering renting or selling it. However, valid changes in circumstances, such as deployments or job changes, can provide flexibility in meeting the one-year occupancy requirement.

VA Loans can be used to purchase single-family homes, condos, townhomes, duplexes, triplexes, quads, mobile/manufactured homes (when owned with the land), and new construction.

They cannot be used for commercial property, [raw land](#), undeveloped lots, or [investment homes](#).

VA Eligible Properties	NOT VA Eligible
Single Family Home	Commercial Property
Condominium	Raw Land
Townhouse	Undeveloped Lots
Multi-Unit (2-4 units)	Investment Homes
Mobile / Manufactured Home	
New Construction	



VA Loan Limits

First Time Use

As of 1 January 2020, it is now even easier to buy your home using the VA Loan — [home loan limits](#) were eliminated for veterans and military with *full entitlement* under the [Blue Water Navy Vietnam Veterans Act of 2019](#).

VA Entitlement

VA Entitlement is the amount of money the VA guarantees to a lender on your behalf. This guarantee serves as a form of insurance for your lender, reducing their risk.

Full entitlement is given to borrowers who meet eligibility requirements and have not used the VA Loan before or have used the VA Loan and paid it off entirely.

Both Basic and Bonus Entitlement are used to calculate the total amount of a VA Loan you can qualify for without a down payment.

Basic Entitlement: Basic entitlement is typically set at \$36,000. The VA will guarantee up to 25% of the loan amount, up to the conforming loan limit established by the Federal Housing Finance Agency (FHFA).

Bonus Entitlement: In certain cases, you may qualify for [bonus entitlement](#). This allows you to obtain a VA loan exceeding the conforming loan limit without a down payment. This is especially useful in areas with high housing costs, where the conforming loan limit may not be sufficient to purchase a home.

Subsequent Use / Multiple VA Loans

While the VA does not limit the amount you can borrow when you have full VA loan entitlement, they do limit the amount you can borrow for your [subsequent VA Loans](#). The entitlement from your current outstanding VA Loans will count against your next VA Loan, limiting the amount you can borrow.

The standard VA Loan limit is:

- Single Family (1, 2, 3 or 4 units) - **\$766,550**

The standard loan limit is based on national median home prices.

In some markets, where the average home price is significantly higher than the national average, the VA Loan limits are higher, up to **\$1,149,000**, and service members can still take advantage of the 0% down payment option. *Examples of high-cost areas include Los Angeles, Boston, Washington DC, and San Diego.*

If you are purchasing an additional home using a VA Loan, you must still qualify for the benefits:

- Must be able to qualify for the loan and afford the payments
- The new home must be the primary residence
- If you have an outstanding VA Loan, the VA will consider the “remaining entitlement” and conforming loan limits when determining eligibility



VA Funding Fee

Every home loan has some kind of fee or cost associated with it. The VA Home Loan is no exception.

The good news is, unlike traditional loans, the VA carefully monitors lenders and programs to ensure veterans and active military only pay the costs that are absolutely necessary. The goal is to remove junk fees and padded costs which allows more military to enter or continue in the housing market and ensures they are treated fairly and consistently.

Among the costs associated with VA Loans is the [VA Funding Fee](#). This fee is applied to all VA Loans, whether used to purchase property or [refinance](#) an existing property. The VA Funding Fee is paid directly to the VA to help fund the [VA Home Loan Guaranty Program](#).

The VA Funding Fee varies based on a number of factors.

- The type of loan (purchase or refinance)
- The amount of the down payment
- Whether or not you have used the benefit before

Additionally, veterans with service-connected disabilities (10% or greater) and some other special circumstances could pay no fees at all.

Funding Fee Based on Service Type

Since 2020, Active Duty, Reserve and National Guard members all pay the same VA Funding Fee. The amount of the fee is also affected by the amount of the down payment and increases for subsequent loans.

In addition to new purchase home loans, the VA Loan program offers two refinance options - The **VA Interest Rate Reduction Refinance Loan (VA IRRRL)** and the **VA Cash-Out Refinance**. The [VA IRRRL](#) provides borrowers the ability to reduce their interest costs if rates drop. The [Cash-Out Refinance](#) allows borrowers to take out some of the equity they have accumulated.

Type of Service	Down Payment	First Use	Subsequent Use
VA Purchase Loan	Less than 5%	2.15%	3.3%
	5% or more	1.5%	1.5%
	10% or more	1.25%	1.25%
Cash-Out Refinance	N/A	2.15%	3.3%
Interest Rate Reduction Refinance Loan	N/A	0.5%	0.5%
VA Loan Assumption	N/A	0.5%	0.5%

Paying the VA Funding Fee

Your lender will verify funding fee status during the loan process. The [Certificate of Eligibility](#) (COE) will normally indicate whether you must pay the VA Funding Fee and the cost.

The fee is due at the time of loan closing and can be made a part of the closing cost settlement. You may also choose to roll the fee into your loan amount and pay it along with your normal monthly payment.

VA Funding Fee Exemptions

As mentioned above, there are some exemptions to the VA Funding Fee, meaning the fee is waived and borrowers do not need to pay it.

- Veterans who receive compensation for service-related disabilities (10% or greater)
- Active duty members who have received the Purple Heart
- Veterans who would be eligible for disability compensation if they didn't receive retirement pay
- Veterans who are rated as eligible for compensations based on pre-discharge exam or review
- Veterans who can receive disability compensation, but are not currently receiving it because they are on active duty
- Surviving spouses who are eligible for the VA Loan



VA Appraisals

Once a home buyer finds the right home and enters into a contract, then the final loan approval process begins. Part of this stage includes a home appraisal. For a VA Home Loan, an independent VA approved appraiser must be used.

A VA appraisal is different from a traditional home appraisal in that it includes two parts; the **property valuation** and the **property condition**.

Valuation

The first part of the VA Loan appraisal is to determine fair market value. The lender and the VA both want to ensure that the purchase price is in line with comparable homes in the area. This extra protection eliminates the chance of military overpaying for a property, especially in areas that are unfamiliar to them.

The process is simple. The VA appraiser will find 3 or more homes in the same area of the same size, age and features. They will then compare the prices and make sure the purchase price accurately reflects the market value. Once they arrive at a value, this is sent to you and your lender to review.

Tidewater Initiative

[Tidewater](#) is used when the appraised value of a home falls below its contract purchase price. The VA appraiser may request additional information that might support the purchase price.

Reconsideration of Value

A [Reconsideration of Value](#) (ROV) can be used if you believe the VA appraiser made an error in the assessment of the property. It allows you to submit additional information to the appraiser to support an increase in the appraised value.

Condition

The second part of the VA Loan appraisal is a property condition review. Similar to a FHA appraisal, the VA requires that the property meet the Minimum Property Requirements.

Some of the major requirements include:

- **Residential Properties Only** – Only residential properties are eligible for VA financing, including single family, duplex, triplex and quadplex, etc.
- **Adequate Living Space** – The home must allow for normal living requirements, it must have space for living, sleeping, cooking and a bathroom.
- **Major Systems Must be Safe and Usable** – Electrical and plumbing must be safe and usable.
- **Heating Must be Adequate** – The heating and cooling system must be able to keep the home at a temperature above 50 degrees Fahrenheit.
- **Running Water** – The home must have a safe, consistent water supply. The home must also have adequate sewage disposal and a hot water heater.
- **Roof** – The roof must be in good shape and provide a reasonable future utility. Missing shingles or holes are not acceptable.
- **Basements and Crawl Spaces** – Basements and crawl spaces must be free from debris, properly vented and mold free.
- **Property Access** – All properties must have safe access to a public street.
- **No Health or Safety Hazards**
- **No Construction Defects** – VA appraisers will assess for best practices in construction and craftsmanship.
- **Free from Termites**
- **No Lead-Based Paint**

- **Well/Septic Inspection** – If the [home has a well](#) and/or septic system the VA Loan will require a third-party inspection of these items.

[See more VA Minimum Property Requirements here.](#)

While a VA appraisal is more extensive than conventional home loan appraisals, it does not serve as a substitute for a [professional home inspection](#).

A home inspector will dive much deeper into a home's major/minor systems and deliver a detailed report on the home's overall condition. Home inspections provide a comprehensive outlook on property conditions that could create financial costs for you sometime in the near future.

Repairs

If the VA appraisal identifies condition issues with the property, this does not mean the end of the deal.

Upon request from the buyer, the seller can be afforded the opportunity to make repairs prior to close to remedy the situation. In this case, the VA appraiser might need to make a return visit to verify repairs.



Key Terms

Appraisal: An assessment conducted by a licensed appraiser to determine the market value of a property based on its condition, location, and comparable sales in the area. The primary purpose of a home appraisal is to determine the fair market value of the property, which helps ensure that the property's value aligns with the proposed loan amount and protects both the buyer and the lender.

Cash-Out Refinance: A refinance option that allows borrowers to access the equity in their home by [refinancing their existing mortgage](#) for a higher amount than what is currently owed and receiving the difference in cash.

Certificate of Eligibility (COE): A [document issued by the VA](#) to eligible veterans or service members, confirming their entitlement to VA Loan benefits. To avoid delays, make sure you obtain a copy of your COE early in the buying process. A [VA specialized lender](#) can pull this document directly for you.

Down Payment: The [initial payment](#) made by the borrower toward the purchase price of a home, typically expressed as a percentage of the total purchase price. VA Loans offer a 0% down option, but borrowers can put money down on the home if they choose.

Eligibility: The status of being qualified to participate in the VA Loan program based on [specific criteria](#) such as military service history, discharge status, and other factors outlined by the VA.

First Use: The initial use of VA Loan entitlement by a borrower to purchase a home.

Funding Fee: A one-time fee required by the VA for most VA Loans. The [funding fee](#) is intended to help offset the cost of the VA Loan program and reduce the burden on taxpayers. Some eligible veterans can have their funding fee waived.

Interest: The cost of borrowing money, paid to the lender over time.

Interest Rate: The percentage of the loan amount charged by the lender as interest over a specified period, typically expressed annually.

Mortgage Insurance Premium (MIP): Insurance premiums required for certain government-backed loans, such as FHA loans, to protect the lender against losses in the event of default. VA Loans do not require borrowers to pay MIP.

Pre-Approval: A more formal process where a [lender verifies a borrower's financial information](#) and determines the maximum loan amount they are eligible to borrow based on their creditworthiness and financial situation. We recommend a hard credit check be done at this time.

Pre-Qualification: An [informal assessment](#) conducted by a lender to estimate how much a borrower may be eligible to borrow based on their financial information provided.

Principal: The original amount of money borrowed in a loan, excluding interest and other charges.

Private Mortgage Insurance (PMI): Insurance required by lenders for conventional loans when borrowers make a down payment of less than 20%. This protects the lender against default. VA Loans do not require borrowers to pay PMI.

Streamlined Refinance: A [refinance option](#) that simplifies the process by reducing documentation requirements and streamlining the underwriting process to expedite loan approval.

Subsequent Use: Any additional use of VA Loan entitlement by a borrower after the first use, subject to certain restrictions and limitations.

VA Mandatory Occupancy: The requirement that borrowers using VA Loans must intend to occupy the property as their primary residence within a reasonable time frame after closing.

VA Entitlement: The amount of money the VA guarantees to a lender on behalf of a borrower. Full entitlement is given to borrowers who meet eligibility requirements and have not used the VA Loan before or have used the VA Loan and paid it off entirely. Both Basic and [Bonus Entitlement](#) are used to calculate the total amount of a VA Loan a borrower can qualify for without a down payment.

VA Interest Rate Reduction Refinance Loan (IRRRL): A streamlined refinance option offered by the VA to lower the interest rate and monthly mortgage payments on an

existing VA Loan. [VA IRRRLs](#) are unique in that they do not require an appraisal, there are minimal credit score requirements, minimal income verification and can close quickly.

Ready to buy a home? [Get started here](#) with our military specialized team!



GET STARTED ON YOUR HOME BUYING JOURNEY!

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