



VETERANS CLAIMS EDUCATION · FREE GUIDE

VA Home Loans **Guide & Worksheets**

No down payment or PMI · Paying off debt with seller concessions or a cash-out refinance · COE · Funding fee exemptions and refunds · Entitlement and buying your next home · Appraisals and ROVs · Refinancing · Scams · 8 printable worksheets

Before you start: we are a free education resource. We are not VA, a VSO, an attorney or an accredited claims agent, and we don't assist with or file claims. Only VA decides. Examples are made up to show how the rules work. Describe your own experience truthfully; false statements to VA can have serious consequences.

A lifetime benefit with **more power than most people use**

No down payment, no mortgage insurance, limits on fees, and no funding fee if you get VA disability pay. The seller can pay off your debts at closing, a cash-out refinance can consolidate debt, and you may be able to keep your first home while buying the next.

WHAT'S INSIDE

1. Why the VA loan is different
2. Ways it can help you pay off debt
3. Eligibility and your COE
4. Funding fee: who pays, who doesn't

5. Entitlement: buying your next home
6. Getting approved
7. Appraisals and low values
8. Refinancing
9. More features and scams to avoid

Worksheets: 1 Getting started · 2 Entitlement calculator · 3 Lender comparison · 4 Closing costs and concessions · 5 Appraisal and ROV prep · 6 Refinance check · 7 Letter of explanation or hardship letter · 8 Contact log · Also inside: Official sources

1 · WHY THE VA LOAN IS DIFFERENT

No down payment

With full entitlement. Nearly 90% of VA loans have nothing down.

No PMI

No monthly mortgage insurance, even with zero down.

No loan limit

With full entitlement; your lender decides what you can afford.

Limited fees

VA caps what lenders can charge; sellers can pay closing costs.

Reusable

Lifetime benefit; sometimes two VA loans at once.

Assumable

A buyer can take over your loan and rate.

Official sources: [VA: Home loans](#) · [38 U.S.C. § 3710](#) · [CRS: VA home loans](#)

Ways it can help you pay off debt

When you buy: seller concessions

The seller can give up to 4% of the home's value in concessions, including paying off your debts (credit cards, collections, judgments) at closing. That can help you qualify. Paying your normal closing costs is separate and has no cap.

After you buy: cash-out refinance

Borrow against your equity, generally up to 100% of the home's value, to pay off high-interest debt, school or repairs. Most other loans stop at 80%. You can also refinance a non-VA loan into VA.

Careful: turning short-term debt into a 30-year mortgage puts your home on the line and may cost more over time. Run the numbers (Worksheet 6) and don't run the cards back up.

REAL EXAMPLE

\$32,000 seller credit: closing costs plus a car payoff

A veteran negotiated \$32,000 in seller credit on a home valued at \$550,000 to cover closing costs and pay off a car loan, so the car payment would stop counting against DTI.

About \$12,500 covered normal closing costs (no cap). \$19,500 paid off the car at closing as a concession, under the 4% limit (\$22,000). The DTI dropped and the loan was approved.

1. Ask your lender first how much paying off a specific debt lowers your DTI.
2. Put it in the offer: closing costs plus "payoff of buyer debts" as concessions.
3. Check the 4% math: debt payoffs, funding fee, prepaids and buydowns count; normal closing costs don't (Worksheet 4).
4. The payoff goes straight to the creditor, and the debt must be fully paid to drop off your DTI.
5. Credit can't become cash. Any extra beyond allowed costs is lost, so size the request carefully.

CASH-OUT

Consolidating cards

Mike owes \$28,000 on cards at 24% and has \$90,000 in equity.

A VA cash-out refinance pays off the cards and lowers his monthly payments. He weighs closing costs and the longer payoff first.

Official sources: [VA: Concessions](#) · [VA: Cash-out](#) · [38 CFR § 36.4306](#) · [VA Lenders Handbook](#)

SECTION 3

Eligibility and your COE

Who	Generally need
Active duty	90 continuous days
Veterans since Aug. 2, 1990	24 continuous months, or the full call-up period (at least 90 days)
Wartime eras (Vietnam, Korea, WWII)	90 total days; most peacetime periods 181 days
National Guard	90 days Title 10 non-training duty; 90 days Title 32 with 30 in a row; or 6 years
Reserve	90 days non-training active duty, or 6 years
Service-connected discharge	Less than the minimum
Surviving spouses	Certain DIC recipients; spouses of MIA or POW service members

Get your Certificate of Eligibility online, through your lender (often in minutes) or with [VA Form 26-1880](#). It's free.

Official sources: [VA: Eligibility](#) · [VA: COE](#) · [38 U.S.C. § 3701](#) · [§ 3702](#)

4 · FUNDING FEE: WHO PAYS, WHO DOESN'T

Loan	First use	After first use
Purchase, less than 5% down	2.15%	3.3%
Purchase, 5% to under 10% down	1.5%	1.5%
Purchase, 10%+ down	1.25%	1.25%
Cash-out refinance	2.15%	3.3%
IRRRL / assumption	0.5%	0.5%

- ☐ \$0 if you get VA disability compensation, or are eligible but get retirement or active-duty pay instead
- ☐ \$0 for surviving spouses getting DIC
- ☐ \$0 for service members with a proposed or memorandum rating issued before closing
- ☐ \$0 for active-duty Purple Heart recipients who show proof by closing

Refund: if VA later grants compensation with an effective date before your closing, ask your VA Regional Loan Center for a funding fee refund.

Official sources: [VA: Funding fee](#) · [38 U.S.C. § 3729](#)

SECTION 5

Entitlement: buying **your next home**

- ☐ Full entitlement = no loan limit. You have it if you never used it, sold and paid off, or had it restored.
- ☐ Keep your first home and buy another with remaining entitlement, and rent out the first (Worksheet 2).
- ☐ Estimate: county conforming limit $\times$ 25% – entitlement used (on your COE) = remaining; $\times$ 4 = approximate no-down-payment loan.
- ☐ Restore entitlement: sell and pay off; a veteran buyer assumes and substitutes their entitlement; or a one-time restoration if you paid off the loan but kept the home.

EXAMPLE

PCS and keep the house

Sgt. Reyes used \$62,500 of entitlement on her Texas home and moves to a county with an \$832,750 limit.

$\$832,750 \times 25\% = \$208,188 - \$62,500 = \$145,688 \times 4 \approx \$582,750$ she may borrow with no down payment.

Official sources: [VA: Entitlement](#) · [FHFA: Loan limits](#) · [38 U.S.C. § 3702\(b\)](#)

6 · GETTING APPROVED

- ☐ No VA minimum credit score; lenders set their own, so shop around.
- ☐ Residual income: VA looks at money left each month after major bills, not just debt-to-income.
- ☐ VA disability pay counts as income, and lenders can often count tax-free income as more than face value.
- ☐ After bankruptcy or foreclosure: often about 2 years after a Chapter 7 discharge or a foreclosure, or after 12 months of on-time Chapter 13 payments with court approval. Lenders vary.
- ☐ Occupancy: plan to live there, generally within 60 days; a spouse can meet it if you deploy. 2–4 units are allowed if you live in one.
- ☐ Credit problems? Lenders may ask for a letter of explanation (Worksheet 7).

Need help writing it? Use our free Statement Writer at veteransclaimsedu.com/statement-writer to draft your statement or a buddy statement, then copy it onto the VA form.

Official sources: [VA Lenders Handbook](#) · [38 CFR § 36.4340](#)

SECTION 7

Appraisals and low values

- ☐ VA assigns the appraiser. They set the value and check Minimum Property Requirements: safe, sound and sanitary.
- ☐ Tidewater early warning: if the value may come in low, your agent or lender gets 2 business days to send supporting sales.
- ☐ Reconsideration of Value (ROV): after the appraisal, ask your lender to request one ROV with up to 5 better comparable sales (Worksheet 5).
- ☐ Still low? Renegotiate, pay the difference, or walk away; the VA escape clause protects your earnest money.
- ☐ Required repairs must be done before closing, usually by the seller.
- ☐ An appraisal isn't an inspection. Get a home inspection too.

Official sources: [VA: Home buying process](#) · [VA Lenders Handbook](#)

8 · REFINANCING

	IRRRL (streamline)	Cash-out refinance
Purpose	Lower rate, or adjustable to fixed	Take cash from equity, or move a non-VA loan to VA
Need a VA loan now?	Yes	No
Occupancy	Live there now or did before	Must live there
Funding fee	0.5% (or \$0 if exempt)	2.15% / 3.3% (or \$0 if exempt)
Rules	Wait 210 days and 6 payments; recoup costs within 36 months	Must show a net benefit; appraisal required

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More features and scams to avoid

Features veterans miss

VA-approved condos, manufactured homes, new construction, building on land · Energy Efficient Mortgage (often up to \$6,000) · assuming a seller's VA loan at their rate · VA-owned homes · Native American Direct Loan · paying your own buyer's agent (allowed since Aug. 2024) · no prepayment penalty · combine with adapted housing grants · state property tax breaks · VA loan technicians and the partial claim if you fall behind (877-827-3702)

Red flags

Mailers that look like they're from VA offering to refinance · "skip 2 payments" · rates too good to be true · pressure to refinance again soon · big fee changes from Loan Estimate to Closing Disclosure · anyone charging for your COE (it's free)

- ☐ Compare 3 Loan Estimates on the same day (Worksheet 3).
- ☐ VA limits lender fees: a flat 1% origination or itemized fees, plus reasonable third-party costs.
- ☐ On a purchase, only the funding fee can be financed; other costs are paid at closing or by the seller.

Official sources: [VA: IRRRL](#) · [VA: Cash-out](#) · [38 U.S.C. § 3709](#) · [VA/CFPB warning](#) · [Circular 26-24-14](#) · [NADL](#) · [Trouble making payments](#)



Getting started

Fill this in before you talk to a lender.

COE requested / received (date): _____

Entitlement shown on COE: _____

Funding fee exempt? (Y/N, why): _____

Pending VA claim? (ask about a refund later): _____

Monthly income (include VA disability pay): _____

Monthly debts (car, cards, student loans, child support): _____

Credit score (approx.) and any past bankruptcy/foreclosure dates: _____

Savings for moving, inspection, reserves: _____

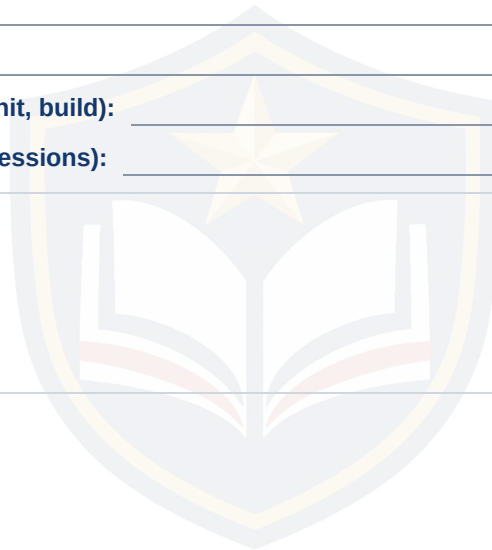
Target area and county: _____

County conforming loan limit (FHFA): _____

Home type (single-family, condo, 2–4 unit, build): _____

Debts I'd like the seller to pay off (concessions): _____

Questions for my lender:



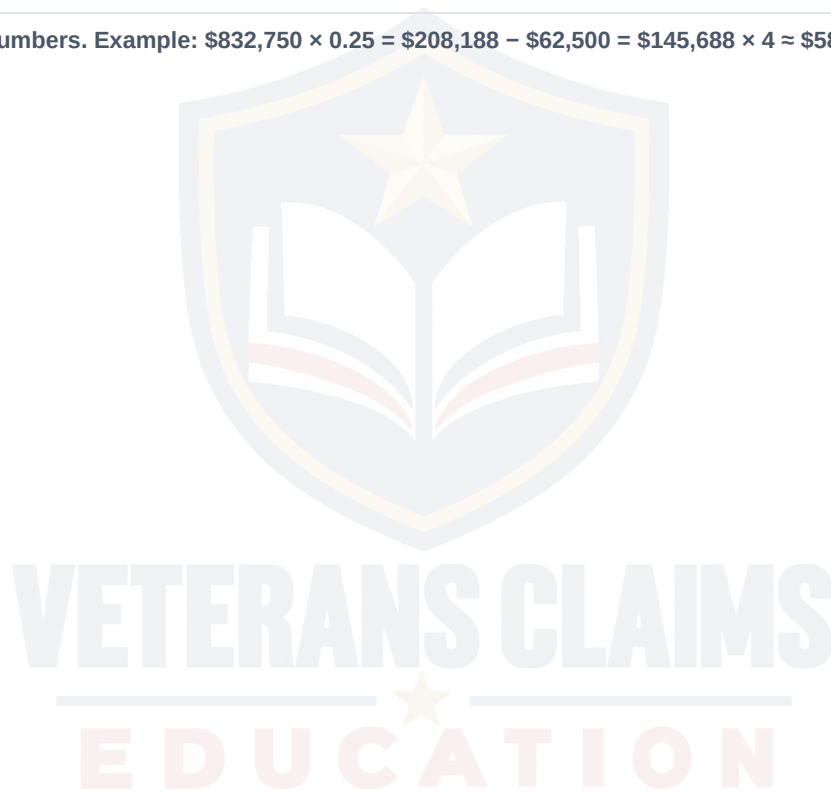
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Entitlement calculator

For buying another home while you still have a VA loan.

Step	Amount
A. County one-unit conforming loan limit (FHFA)	
B. $A \times 0.25$	
C. Entitlement already used (COE, "Prior loans charged")	
D. Remaining entitlement: $B - C$	
E. Approximate no-down-payment loan: $D \times 4$	
F. Price I want to pay	
G. If F is more than E: possible down payment = $(F - E) \times 25\%$	

Lenders confirm the real numbers. Example: $\$832,750 \times 0.25 = \$208,188 - \$62,500 = \$145,688 \times 4 \approx \$582,750$.



Lender comparison

Get Loan Estimates the same day and compare.

Item	Lender 1	Lender 2	Lender 3
Lender and loan officer			
Interest rate / APR			
Discount points			
Origination (1% flat or itemized)			
Total loan costs (page 2, box D)			
Funding fee (or \$0 if exempt)			
Monthly payment (P&I)			
Estimated cash to close			
Rate lock length			
Minimum credit score			
Knows VA well? Closes on time?			
My notes			



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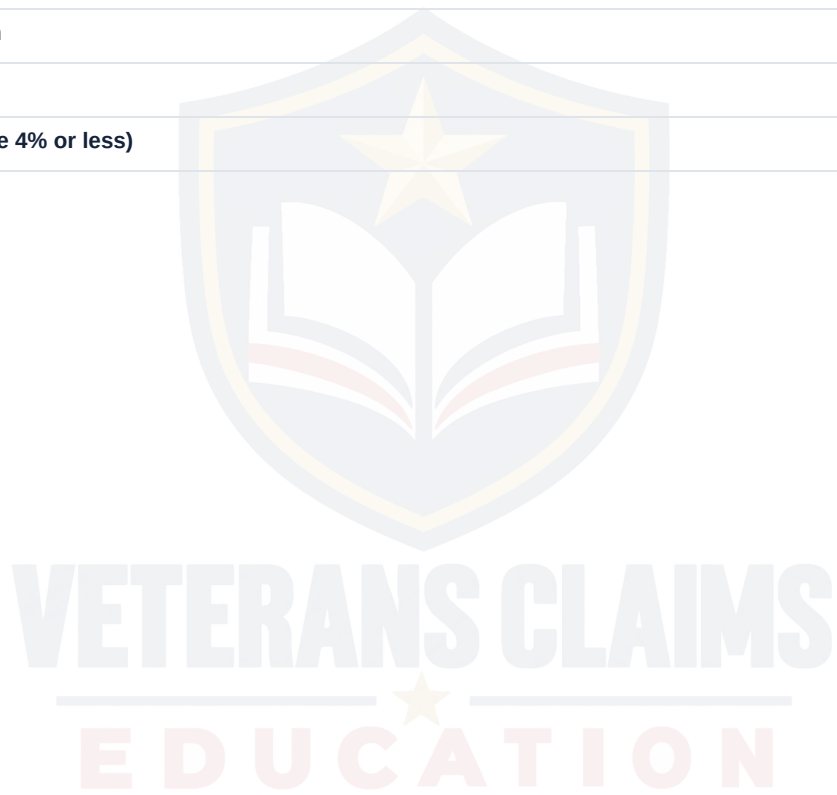
Closing costs and concessions

Ask the seller to pay closing costs and up to 4% in concessions.

Home price / VA appraised value: _____

4% of value (concession limit): _____

Item	Amount	Paid by (me / seller)
Normal closing costs (no cap)		
Concession: pay off debt #1		
Concession: pay off debt #2		
Concession: funding fee (if not exempt)		
Concession: prepaid taxes / insurance		
Concession: rate buydown		
Buyer's agent fee		
Total concessions (must be 4% or less)		



Appraisal and ROV prep

Use if the value may come in low.

Contract price: _____

Appraised value: _____

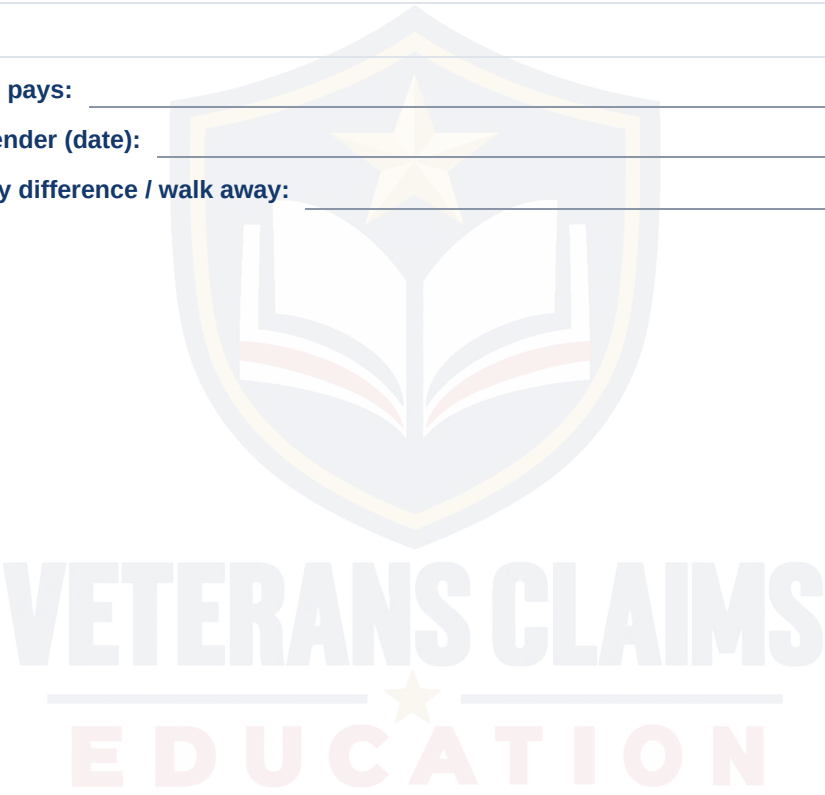
Tidewater notice received? (date): _____

Comparable sale address	Sale date	Price	Sq. ft. / beds / baths	Why it's better

Required repairs and who pays: _____

ROV requested through lender (date): _____

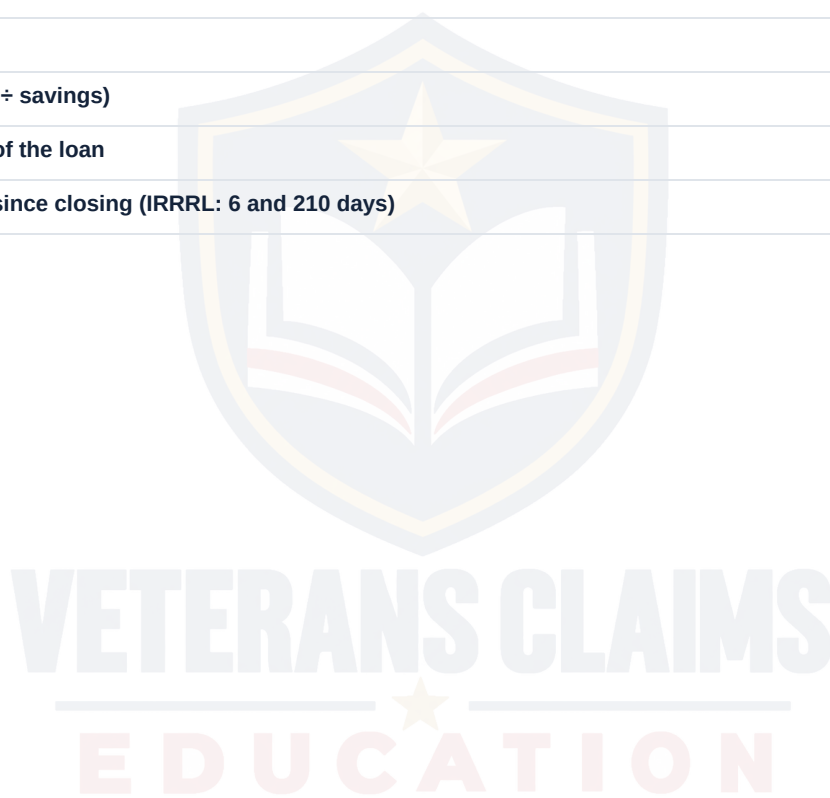
Decision: renegotiate / pay difference / walk away: _____



Refinance **check**

Run the numbers before any refinance.

Item	Current loan	New loan
Interest rate		
Monthly payment (P&I)		
Years left		
Total closing costs		
Funding fee (or \$0)		
Cash out (if any)		
Debts paid off and their monthly payments		
Total monthly savings		
Break-even months (costs ÷ savings)		
Total interest over the life of the loan		
Payments made / months since closing (IRRRL: 6 and 210 days)		



Letter of explanation or hardship letter

Lenders may ask you to explain credit issues; servicers ask for a hardship letter if you fall behind. Use our free Statement Writer at veteransclaimsedu.com/statement-writer to draft it.

To: _____ Date: _____ Loan / application #: _____

I am writing to explain _____

This happened because _____

It was temporary / is resolved because _____

Since then I have _____

My income now includes _____

I can afford this payment because _____

Signature _____ Phone _____

Example: “My late payments in 2024 happened while I was between jobs after leaving active duty. I started a full-time job in January 2025 and receive \$1,800 a month in VA disability compensation. I have made every payment on time for 18 months.”



WORKSHEET 8

Contact log

Lender, agent, appraiser, VA.

Date	Who	What happened	Next step
3/2	Loan officer, ABC Mortgage	Pulled COE; exempt from funding fee	Send pay stubs



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Official sources

What	Where
VA home loans	va.gov: Home loans · Eligibility · Request a COE · VA Form 26-1880 · Home buying process
Costs and entitlement	Funding fee and closing costs · Loan limits and entitlement · FHFA: Conforming loan limits
Loan types	IRRRL · Cash-out refinance · Native American Direct Loan · VA-acquired properties
Rules	38 U.S.C. § 3701 · § 3702 · § 3709 · § 3710 · § 3729 · 38 CFR § 36.4306 · § 36.4340 · VA Lenders Handbook · Circular 26-24-14
Help and warnings	Trouble making payments · VA loan technicians 877-827-3702 · VA/CFPB refinance warning · CFPB: Loan Estimate · HUD: Housing counseling · CRS report
Our free tools	Statement Writer · Housing Help · Housing Grants · State benefits

Stressed or struggling? You don't have to wait for a crisis. Dial 988, then press 1 · Text 838255 · Free, confidential, 24/7.

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