The Veterans Loan Guide

How VA loans work, who qualifies, and what it costs to buy a home with $0 down.



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What is it?

A VA loan is a mortgage guaranteed by the Department of Veterans Affairs for people who have served. If you're eligible, you can buy with $0 down, there's no monthly mortgage insurance, and with your full entitlement there's no loan limit.

Eligibility depends on your service. Most active duty members qualify after 90 continuous days, Guard and Reserve members after 6 years or 90 days of active duty, and veterans based on when they served. Some surviving spouses qualify too. Your Certificate of Eligibility, or COE, confirms it, and lenders can usually pull it online.

Usually a good fit if
You're eligible and you're buying a home you'll live in.

Maybe not the best fit if
You're buying a vacation home or a rental you won't live in. VA loans are only for your primary residence.

What documents do I need?

The list depends a little on your service:

- Your COE, which I can usually pull for you
- A statement of service, if you're active duty
- W-2s from the last 2 years
- Your DD-214, if you've left the service
- Pay stubs or LES from the last 30 days
- Bank statements from the last 2 months

Let's run the numbers

Here's what a VA loan, an FHA loan (insured by the Federal Housing Administration) and a conventional loan each ask for on a $400,000 home. You'll still have closing costs, but on a VA loan the seller is allowed to pay all of your normal closing costs, plus up to 4% more in concessions.

Down payment on a $400,000 home — Closing costs not included

VA loan 0% down		**$0**
FHA loan 3.5% down		**$14,000**
Conventional loan 5% down		**$20,000**

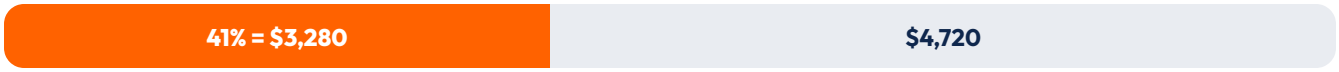
The funding fee

Instead of monthly mortgage insurance, there's a one-time funding fee, 2.15% of the loan for most first-time users putting less than 5% down. It can be rolled into the loan, and if you receive VA disability compensation, you don't pay it at all.

Your debt-to-income ratio

The VA uses 41% as a guideline, not a hard limit. If you have enough money left over each month after your bills, which the VA calls residual income, you can still be approved above 41%.

$8,000 a month in income before taxes Example



All monthly debts, including the new house payment · The rest of your income

Things most buyers don't know

1. **Your benefit can be used more than once.** It never expires, it can be restored after you sell, and even with a VA loan still open you may have enough left to buy again after a PCS move.
2. **VA loans are assumable.** When you sell, a qualified buyer may be able to take over your loan and your rate. Your entitlement stays tied to that loan unless the buyer is a veteran who swaps in theirs.
3. **The home has to meet VA standards.** The VA appraisal checks that the home is safe and livable, so a property that needs major repairs may need them done before closing.

Lesser-known strategies

1. **Pay every two weeks instead of once a month.** Paying half your payment every 2 weeks adds up to 13 full payments a year instead of 12. VA loans don't have prepayment penalties, so that extra payment goes straight to your balance.

   About 6 years
   paid off sooner

   About $136,000
   less interest

   Example: $400,000 loan at 7% for 30 years, principal and interest only. Make sure your servicer applies the extra to principal, and don't pay a company a fee to set this up.

2. **Buy up to 4 units with $0 down.** As long as you live in one of the units, you can rent out the others to help with the payment.

30-second recap

- $0 down and no monthly mortgage insurance
- A one-time funding fee, waived if you receive VA disability compensation
- No loan limit with full entitlement
- 41% DTI is a guideline, not a hard cap
- Your benefit can be used again
- VA loans are assumable when you sell



Want to see your actual numbers?

A quote takes about 2 minutes and doesn't touch your credit. Once I see your situation, I'll walk you through your options and what each one would actually cost you.

Get a Quote →

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